

Australian Greens' Dissenting Report

1.1 The Social Security Legislation Amendment (Stronger Penalties for Serious Failures) Bill 2014 is one piece of the Government's cruel attacks on people who find themselves in need of income support. This legislation is harsh and will punish the most vulnerable people. A decision to take away all of someone's income is serious and can have catastrophic impacts on people's lives.

1.2 All witnesses to the hearing on the 18th August 2014, apart from the Department, were not only concerned about the devastating effect that this Bill would have on people's lives, but were also concerned that the Bill would be counterproductive to the aim of supporting jobseekers into work.

The main aim does not seem to be to get people into employment. I feel it can be counterproductive. It could prevent people from getting employment, because they will be sanctioned even if they try to re-engage in intensive activities.¹

1.3 This Bill discourages people from re-entering the system quickly which we know is vitally important for positive outcomes. The Bill is unnecessary, ineffective and punitive.

1.4 The Australian Greens are concerned with several assumptions and consequences of the Bill. The Bill assumes that everyone who wants a job can get one, that deterrence will result in positive outcomes for job seekers, and that there is a problem with radical increases in non-compliance that need to be solved.

1.5 We are also deeply concerned with the cumulative impact that this Bill will have together with a range of other proposed budget measures. We are also concerned with the Government's reliance on charities to respond and solve crises knowingly caused by their own policy and legislation.

More jobseekers than jobs

1.6 While the Government perpetuates the myth that people have to be forced into work witnesses stressed throughout the inquiry that people wanted to work. "As opposed to the set of assumptions that this legislation is predicated on, people do want to work and they love the opportunity to meaningfully participate economically and socially".² The truth of the matter is that jobseekers far outnumber the jobs available, "we have approximately 150,000 job vacancies for around 1.5 million unemployed and underemployed people in the labour market."³

¹ Dr Kemran Mestan, Private capacity, *Committee Hansard*, 18th August 2014, p. 27.

² Dr John Falzon, Chief Executive Officer, St Vincent de Paul Society National Council, *Committee Hansard*, 18th August 2014, p. 19.

³ Dr John Falzon, Chief Executive Officer, St Vincent de Paul Society National Council, *Committee Hansard*, 18th August 2014, p. 15.

My experience, as well as in the research evidence suggests, that people are highly motivated to build independent lives. They actually do not, for the most part, want to be reliant on income support; they want to build independent, sustainable lives.⁴

1.7 The problem we have is not a behavioural issue, but a structural one. We need solutions that are structural, not punitive measures that drive people into despair.

Achieving negative outcomes

1.8 These reforms will have negative impacts and are counterproductive to supporting job seekers into work. We have evidence that this approach does not and will not work.

Our network opposes the introduction of the Bill before you, fundamentally on the ground that we question the purpose of the Bill—whether it is actually to punish people or to help people into paid work. We would think that we would all be united in the view that helping a person who is unemployed into paid work should be the goal, and we do not believe that this Bill will achieve that goal—in fact, we think it will be counterproductive. That is based on our casework experience with the heavy penalty system introduced in 2006 and the many changes to that system since that time.⁵

1.9 If the aim is to get job seekers to comply with requirements and move into employment, it seems unwarranted to punish people once they have complied or intend to comply.

Worse than ineffectual, the policy is likely to be counterproductive because, once a person is sanctioned, they have no incentive to meet requirements, whereas in the current regime, where payments are recommenced upon compliance, there is a strong incentive for a sanctioned person to quickly meet requirements.⁶

Increase in numbers of non-compliance

1.10 One of the stated reasons for the Bill is that there has been a surge in non-compliance. While there has been a higher number of non-compliance in not accepting a job, this is due to a number of factors, which do not justify this harsh approach.

1.11 A very small percentage of jobseekers incur serious failures – approximately 2%⁷. In June quarter last year there were over 25,000 cases of non-compliance

⁴ Professor Shelley Mallett, General Manager, Research and Policy Centre, Brotherhood of St Laurence, *Committee Hansard*, 18th August 2014, p. 21.

⁵ Ms Maree AM O'Halloran, President, National Welfare Rights Network, *Committee Hansard*, 18th August 2014, p. 9.

⁶ Dr Kemran Mestan, Private capacity, *Committee Hansard*, 18th August 2014, p. 27.

⁷ Moya Drayton, Group Manager, Job Services Australia Group, Department of Employment, *Committee Hansard*, 18th August 2014, p. 42.

reported with over 18,000 of these being waived. Of the 25,000, only 1718 were penalised for refusing a suitable job. This is a very small number.

Those small numbers—small relative to the total number of job seekers in the system in any given year—suggest that the system is providing deterrence. We believe the relatively low rate of eight-week penalties applied is a sign of success, not a sign of failure, and that the removal of protections against those eight-week penalties is unnecessary.⁸

1.12 While the numbers of non-compliance are still low, the increase is due to a number of factors including a dramatic increase in the numbers of people on Newstart, and a drop in the numbers of appeals, due to changes in the administration of penalties.

If you look at the number of appeals, the appeals also dropped. Our casework experience was that people were getting penalties but they stopped appealing because it was a much faster, better route for them to just re-engage and do a compliance activity.⁹

Greater burden for charities

1.13 An important safeguard in the current system is the waiver of a payment penalty, if withholding payment will trigger serious financial difficulty. The removal of this waiver will mean that people barely surviving could find themselves on no payments for eight weeks. This will result in charities carrying a greater burden, at a time when they are already stretched to capacity.

Other measures

1.14 This Bill needs to be considered as part of a number of other proposed changes to the social security system; not least of all is the six-month waiting period for unemployment benefits for job seekers under 30.

Conclusion

1.15 It is clear that the Government is more interested in its ideological agenda than it is in helping job seekers find work. “There are so many reasons why people find themselves on the pathway to despair instead of the pathway to employment.”¹⁰ This government is not interested in the barriers and experiences of people relying on income support, it rather seeks to punish and humiliate them at every opportunity in the hope that it can deter people with this cruel and unyielding policy.

1.16 The Greens are concerned with many of the proposed changes, including the Social Security Legislation Amendment (Stronger Penalties for Serious Failures) Bill 2014. This Bill will not assist jobseekers into work, it will in fact make finding work harder for people. That is why the Greens will not be supporting the Social Security Legislation Amendment (Stronger Penalties for Serious Failures) Bill 2014.

⁸ Peter Davidson, Senior Advisor, Australian Council of Social Service, *Committee Hansard*, 18th August 2014, p. 24

⁹ Ms Maree O’Halloran President, National Welfare Rights Network, *Committee Hansard*, 18th August 2014, p. 13

¹⁰ Dr John Falzon, Chief Executive Officer, St Vincent de Paul Society National Council, *Committee Hansard*, 18th August 2014, p. 18.

Recommendation 1

That the Social Security Legislation Amendment (Stronger Penalties for Serious Failures) Bill 2014 not be passed.

Senator Rachel Siewert