



24 July 2015

Committee Secretary
Senate Standing Committees on Community Affairs
PO Box 6100
Parliament House
Canberra ACT 2600

By email: community.affairs.sen@aph.gov.au

Dear Secretary,

Re: Submission to the Social Services Legislation Amendment (Youth Employment and Other Measures) Bill.

Please find attached the submission from Orygen, the National Centre of Excellence in Youth Mental Health (Orygen) to the Social Services Legislation Amendment (Youth Employment and Other Measures) Bill.

Orygen is the world's leading research and knowledge translation organisation focusing on mental ill-health in young people. At Orygen, our leadership and staff work to deliver cutting-edge research, policy development, innovative clinical services, and evidence-based training and education to ensure that there is continuous improvement in the treatments and care provided to young people experiencing mental ill-health.

Orygen would welcome any further opportunity to provide feedback regarding our submission. For any questions or additional information on the issues raised in this submission, I can be contacted

Yours sincerely,

Kerryn Pennell

Director, Strategy and Development

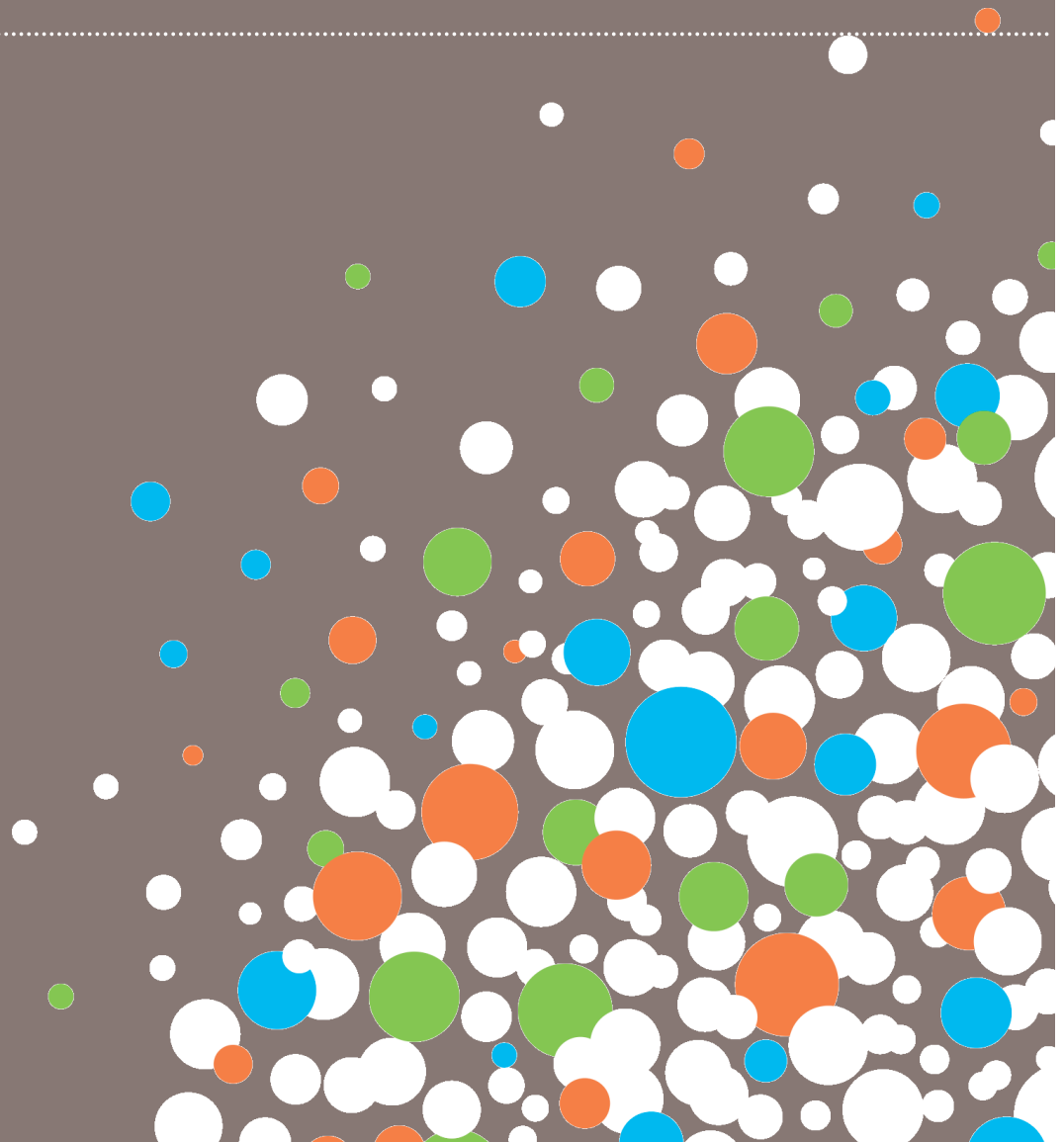


The National Centre of Excellence
in Youth Mental Health

Submission to the Senate Standing Committee on Community Affairs

Social Services and Other Legislation Amendment
(Youth Unemployment and Other Measures) Bill
2015

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Introduction

Orygen, The National Centre of Excellence in Youth Mental Health is the world's leading research and knowledge translation organisation focusing on mental ill-health in young people. At Orygen, our leadership and staff work to deliver cutting-edge research, policy development, innovative clinical services, and evidence-based training and education to ensure that there is continuous improvement in the treatments and care provided to young people experiencing mental ill-health.

In 2014, Orygen published the report *Tell them they're dreaming: Work, Education and Young People with Mental Illness in Australia* which provided a comprehensive analysis of the issues surrounding work and education for young people with mental illness in Australia. It also contained a number of recommendations for effectively supporting the participation of young people with a mental illness in the workforce.

Orygen welcomes this opportunity to submit a response to the proposed amendments to the Social Services Legislation (Youth Employment and Other Measures) Bill 2015 (the bill) and to provide an analysis of the potential impact of these changes for young people, particularly those experiencing mental ill-health. In particular this submission will provide feedback on the following:

Schedule 1, which extends and simplifies the ordinary waiting period for all working age payments from 1 July 2015. This schedule creates a new ordinary waiting period (one week) for the Youth Allowance (other) and adds an additional criteria 'experience of a personal financial crisis' to the basis for an exemption from this waiting period.

Schedule 2, which provides that unemployed people aged 22-24 years would no longer be eligible for the Newstart Allowance or sickness allowance. They would instead qualify for the Youth Allowance.

Schedule 3, which introduces a four-week waiting period for job ready young people (under 25 years) to receive income support while looking for work. During the waiting period there will also be mandatory activity requirements, through *Rapid Connect Plus*, to remain eligible.

Overall

Orygen supports the stated objectives of the bill including addressing high rates of youth unemployment and supporting young people to either acquire employment or build skills to improve their workforce participation opportunities. The assertion in the bill that workforce participation improves the health and wellbeing of individuals certainly holds true for young people, including those with a mental illness or those at risk of mental ill-health.

This is supported by evidence that:

- Unemployment is associated with worsening psychological illness and social exclusion¹ and it increases anxiety and depression and lowers confidence and self-esteem²; and
- Participation in work and education are seen as key elements of the recovery process for people with mental ill-health.³

¹ McKee-Ryan, et al. (2005) *Psychological and physical well-being during unemployment*. Journal of Applied Psychology 90

² Australian Career Practitioner (Autumn 2015) Volume 26, Issue 1, p11

As identified by the Brotherhood of St Laurence for young job seekers (15-24 years) the probability of finding a job has declined since the global financial crisis and the probability of exiting a job has increased.⁴

These poor employment outcomes are compounded for people with mental illness. 37.6 per cent of all people with a mental illness (or 67.3 per cent with severe mental illness) are unemployed or not in the labour force, compared to 22.3 per cent of people without mental health conditions.⁵

Many young people with a mental illness are at risk of never entering the labour market, instead moving early onto disability benefits. "Today, between one-third and one-half of all new disability benefit claims are for reasons of mental ill-health, and among young adults that proportion goes up to over 70 per cent."⁶ Given the early onset of mental illness, there is a potential for a young person to spend more than 40 years on disability payments. As described in the *Tell them they're dreaming* report, this represents a personal and economic disaster that can be avoided.⁷

The National Mental Health Commission Review (2014) recommended the need to increase productivity, participation and economic impact of people with a mental illness and to measure this through reductions in the Not in Education Employment or Training (NEET) rate. Appropriate reforms and simplifications of the income support system have the potential to help improve the participation of young people with a mental illness in study and work and provide them with opportunities to develop their career pathway rather than move onto the Disability Support Pension (DSP). This includes the recently announced intensive support trials for vulnerable job seekers (including young people with mental illness). A key focus of policy should be on working with employers and industry to provide employment opportunities and supportive work environments for young people experiencing mental ill-health.

Concerns

Orygen believes that some of the proposed amendments to the Social Services Legislation are likely to negatively impact the welfare of unemployed young people (of whom many may also be experiencing mental ill-health) without enhancing their capacity to meet job seeking requirements. Young people are likely to be negatively impacted by:

- A delay (in total of five weeks) in income support for young people under 25 years. Orygen believes that this delay targets young people without adequate evidence that it would increase employment outcomes for this age group. A period of five weeks without financial resources is also likely to be highly stressful and could lead to the exacerbation, relapse or onset of illness in the vulnerable population of young people with, or at risk of, mental illness.
- The reduction of income support for job seeking young people aged 22-24 years of \$238.20 per fortnight if at home or \$92.40 per fortnight if living independently. Orygen is concerned that this reduction would be likely to place the majority of eligible low income individuals and households under increased financial stress. This reduction is not supported by consistent evidence that it would result in more young people moving into employment or education and training.

³ Orygen Youth Health Research Centre (2014) *Tell them they're dreaming*, p10

⁴ The Brotherhood of St Laurence (2015) *The Teenage Dream Unravels: Trends in Youth Unemployment*

⁵ National Mental Health Commission (2014) *National Mental Health Commission Review*

⁶ OECD (2011) *Sick on the Job? Myths and Realities about Mental Health and Work*.

⁷ Orygen Youth Health Research Centre (2014) *Tell them they're dreaming*, p10

Impact of financial hardship

Subjecting young job seekers and their families to financial hardship through reduced payments and extended periods of non-payments may compound existing vulnerability, risking the young person's mental health and wellbeing and placing their family relationships under duress. Increased distress may lead to an increased demand for community and mental health services, thus reducing financial savings from these measures.

Orygen is concerned that the proposed measure of \$8.1 million in additional funding for emergency relief providers to assist with providing services to young people without access to family support will not be sufficient. There is no detail or modelling provided to demonstrate whether it would be adequate to address either: a) the nature of the services required and b) the extent of service demand resulting from these amendments.

Barriers to employment and stigmatising young people

An unintended consequence of the Bill's targeting of young people may be stigmatising this group, identifying them as a cohort in the community who choose not to work or study in preference to receiving welfare.

The implicit message that this age group does not want to work is not supported by evidence. In fact national youth surveys reveal the contrary.⁸ Young people with onset of mental ill-health rank education and employment as their number one goal, even over symptom recovery.⁹ However, they experience higher rates of unemployment along with significant stigma and discrimination in the workplace.¹⁰ Indeed all young people face considerable barriers to labour market participation including:

- A reduction in the number of entry level jobs;
- Lack of job readiness;
- Reluctance of employers to recruit people without experience;
- Lack of informal networks; and
- Greater reliance on public transport options and/or high travel costs to get to jobs particularly in outer urban, regional and rural areas.¹¹

To effectively respond to rising rates of youth unemployment these barriers need to be addressed. The waiting period measure could be perceived as suggesting, for young people, the biggest obstacle to employment is their preference for welfare over work. This compounds perceived and actual stigma in the community and negatively impacts on young people's health and wellbeing.

Orygen believes directing efforts to job creation for young people, rather than the development of punitive and potentially stigmatising measures which remove perceived incentives for unemployment, has a greater likelihood of supporting health and wellbeing outcomes for young Australians through their participation in employment.

⁸ <https://www.missionaustralia.com.au/>

⁹ Ramsay, C et.al. (2011) *Life and treatment goals of individuals hospitalized for first-episode non-affective psychosis*. Psychiatry research, 189(3), 344-348

¹⁰ Orygen Youth Health Research Centre (2014) *Tell them they're dreaming*, p26

¹¹ Brotherhood of St Lawrence (2014) *Submission to the Senate Community Affairs Legislation Committee regarding the Social Services and Other Legislation Amendment (2014 Budget Measures No. 2) Bill 2014*

Context of the 2014-15 and 2015-16 budgets

Orygen has also considered these amendments in the context of the previous two years budget measures related to employment and social services.

A number of 2015-16 budget initiatives have the potential to make a positive impact on the welfare of young people including:

- The \$1.2 billion national wage subsidy pool and the introduction of wage subsidies payable at the time the person is employed to assist with upfront costs of recruitment and training.
- \$18 million over four years for the introduction of National Work Experience programs for 6000 young people to volunteer for work experience placements of up to 25 hours per week over four weeks.
- \$330 million to implement the Youth Employment Strategy including trials of intensive support programs for particularly vulnerable young job seekers, including those experiencing mental ill-health.

However, there are no 2015-16 budget measures which address the issue that **rates of income support remain at a level well below the poverty line of \$400 per week¹²**. Currently the rate for Newstart is \$259 per week and \$210 per week for the Youth Allowance. Reductions in income support resulting from these amendments will only place many young people and their families under additional extreme financial hardship.

The proposed amendments in this Bill could conceivably place many young people under extreme stress both financially and mentally, follow cuts of \$1 billion over four years to the community and social services budget in 2014-15. They also follow cuts to the funding for youth employment programs through the defunding of Youth Connections.

The newly announced Youth Transition to Work program and Intensive Support Trials for vulnerable job seekers partially address the gap. For young people with mental illness, the trials are a good start, but just the start. The need for these services is far greater than the numbers of young people who will be eligible and able to access them in the short to mid-term.

There also appears to be a net loss of almost \$30 million in youth employment program funding in 2015-16.¹³ In responding to the proposed amendments to the Social Services Legislation, Orygen recommends that the government to consider increased investment in employment services and career pathways support for all young people, and increased targeted investment into intensive employment support for vulnerable young job seekers. More 'carrots' are needed to address shortfalls in employment opportunities, job-readiness and career pathways for all young people rather than 'sticks' to financially punish those seeking employment.

Response to Schedule 1

To extend and simplify the Ordinary Waiting Period (OWP) for all working age payments from 1 July 2015. This schedule creates a new ordinary waiting period (one week) for the Youth Allowance (other) and adds an additional criteria 'experience of a personal financial crisis' to the basis for an exemption from this waiting period.

¹² ACOSS (2014) *Poverty in Australia Report*

¹³ ACOSS (2015) *Budget Analysis 2015-16*

Given the concurrent proposed introduction of a four week waiting period (Schedule 3) for this same cohort, the extension of a new OWP to the Youth Allowance (other) will result in unemployed, but job-ready, young people waiting a total of five weeks without income support.

The extension of the current exemption criteria to include the experience of a personal financial crisis, as well as demonstrating severe financial hardship, also appears to result in unnecessary evidentiary burdens on young people.

If introduced, Orygen recommends the application of unavoidable and reasonable expenditure (which can include rent, mortgage repayments, utilities bills, medical costs, transport costs) for determining the experience of a personal financial crisis. However Orygen would note that:

- The evidentiary requirements and administration of this exception should not be unnecessarily onerous, taking into account that many young people experiencing unemployment or who have found themselves recently unemployed may be feeling anxious, depressed and low on confidence.
- This requirement will not benefit young people already experiencing extreme financial hardship without the documented living costs (i.e. for homeless/ 'couch surfing' young people). Safeguards for these groups to apply for exemptions should be maintained or introduced.
- As it is based on a 'personal financial crisis' it will not provide a safety net for young people who are living at home but in situation of family financial hardship.

Recommendations

That this schedule of the bill not be adopted, particularly in the context of the proposed concurrent introduction of the four-week waiting period in Schedule 3.

If adopted, Orygen would like to see safeguards for young people with mental ill-health and other identified vulnerable groups (such as homeless young people) and their exemption from the OWP. For young people with mental illness this exemption could be contingent on an assessment by a government contracted doctor, as per the current Disability Medical Assessment arrangements.

Response to Schedule 2

Provides that young unemployed people aged 22-24 years would no longer be eligible for the Newstart allowance or sickness allowance. They would instead qualify for the Youth Allowance. This will mean a reduction in income support of \$238.20 per fortnight for a young person aged 22-24 years living at home or \$92.40 per fortnight if living independently.

Orygen notes that the reduction in income support payments when transferring from Newstart to the Youth Allowance may constitute a financial disincentive for young people to move into study or training options.

There may also be instances where young people between the ages of 22-24 years currently receive the Newstart Allowance at \$519.20 a fortnight while living with their family who are in a financial position to support them.

However, Orygen does not believe that the blanket reduction of income support for all job-seeking young people 22-24 years of \$238.20 per fortnight if at home or \$92.40 if living independently is an appropriate or evidence based response to these issues.

As noted earlier, the rates for both Youth Allowance and Newstart are already well below the poverty line. Further reducing the income of job seeking young people is likely to result in increased financial stress, potentially creating difficult personal situations for young people. Such stressors may trigger or exacerbate an experience of mental ill-health such as anxiety and depression in vulnerable young people, which in turn creates barriers to effective job-seeking. Reducing the levels of income support may also result in many young people remaining at home, placing pressure on families to provide financial support.

Rather than creating financial imperatives for young people to find work in an increasingly competitive job market, Orygen would recommend a focus on increasing the incentives for employers to recruit unemployed young people into positions. For young people experiencing mental ill-health, employers also need additional support to provide a workplace that accommodates their individual needs.

Recommendations

- That this schedule of the bill not be adopted.
- If necessary, young people aged 22-24 years living at home, Newstart could be subject to a parental means test similar to that applied for those young people receiving the Youth Allowance under 22 years of age.

Response to Schedule 3

Introduces a four-week waiting period for job ready young people who are looking for work to receive income support. During the waiting period there will also be mandatory activity requirements through *Rapid Connect Plus*.

Orygen believes that the four week waiting period for job ready young people under 25 may have negative impacts on the welfare of these young people for the following reasons:

Young people in this age group are already a vulnerable cohort of the population.

Young adulthood is both a critical time for completing education and setting up career pathways. It is also a period with high onset of mental ill-health. Among people aged 15-24 years, mental health and substance-use disorders account for over 60-70% of the burden of disease¹⁴ and 75% of these disorders will have developed by the age of 25 years.¹⁵ Experiences of mental illness have also been shown to impact on high school completion.¹⁶ Receiving no income for five weeks (taking into account the additional one week OWP proposed in Schedule 1) is likely to compound the myriad of stresses and transitional issues with an experience of financial hardship.

Young people are already significantly disadvantaged in the job-market.

Even if young people overcome the barriers to employment described earlier, they are often only likely to attain tenuous - often short term - employment at the beginning of their careers. As a result they are at greater risk of finding themselves suddenly out of work, without savings to draw on and, through this schedule, not receiving any income support for four weeks (and an additional one week for the OWP).

¹⁴ headspace: www.headspace.org.au

¹⁵ McGorry et al (2011) *Is this normal? Assessing mental health in young people*. Australian Family Physician 40(3)94-97

¹⁶ Orygen, Youth Health Research Centre (2014) *Tell them they're dreaming*, p17

Extreme financial hardship is counter-productive to the purpose of encouraging people into workforce participation.

Rather than the increased waiting period acting as an incentive to work, research has shown that a lack of income can impact on a young person's capacity to meet job seeking requirements and look for employment (such as limited access to transportation, impact of financial stress on mental health potentially triggering depression and anxiety).¹⁷

Orygen notes in the statement regarding Schedule 3's compatibility with human rights: 'the limitation of immediate access to unemployment benefits is reasonable and proportionate to the objective of having young people either earning or learning to increase their employment prospects'. Orygen believes that this statement may be open to question. In the absence of clear evidence that these measures will achieve their objectives (and reasonable grounds to believe that they may in fact provide a barrier to workforce participation) it may be discriminatory and stigmatising to apply this measure to young people under-25 years.

In accordance with the rights of persons with disabilities, the statement also identifies a provision that young people who qualify for Disability Employment Services (including those with mental illness) will be exempt from the waiting period. However, the recent reassessments of DSP eligibility for people aged under 35 years is anticipated to result in some young people no longer being eligible for DSP. Orygen believes directing young people with mental ill-health, where appropriate, away from DSP and into supported work placements and career pathways is a good outcome. However, it should be noted that this may result in more young people with mental ill-health not qualifying for exemption.

There are a number of other details of this amendment which are cause for concern relating to their potential impact on young people at risk of, or experiencing, mental ill-health. These include:

- An overreliance on the Job Seeker Classification Index to determine 'job-readiness' may potentially lead to arbitrary and incorrect assessments of particularly vulnerable young people. Young people early in the stages of mental ill-health may have difficulties disclosing or articulating their condition and are at particular risk of misclassification. Indeed it has been estimated that in at least one-third of cases the assessment process misclassifies people with severe mental illness.
- Meeting the requirements of *RapidConnect Plus* may be more challenging for particularly vulnerable young people, including those with mental ill-health potentially resulting in additional wait times (and prolonged financial hardship) for these young people.
- For some young people with mental ill-health returning to/or remaining at home for family support in lieu of income support during this period is either a) not possible or b) in the best interests of the young person.

Recommendation

That this schedule of the bill be not be adopted.

¹⁷ C Ey, M Klapdor, M Thomas and P Yeend, *Social Services and Other Legislation Amendment (2014 Budget Measures no. 2) Bill 2014*

Orygen proposes

To achieve the objectives of the bill in supporting young people to either acquire employment or build skills to improve their workforce participation opportunities, Orygen proposes a greater emphasis on early intervention for young people who are experiencing unemployment or are recently unemployed.

This includes increasing funding for programs and employer incentives which improves job-readiness, increases employment opportunities and provides for supportive, sustaining work environments ultimately saving money in costs of long-term unemployment for this age group.

Increasing the focus on those young people particularly vulnerable to unemployment or difficulties entering the job-market, such as those experiencing mental ill-health is also required. As such Orygen would propose the following:

- Evidence based vocational assistance early in the course of mental illness is important for young people. The government's budget announcement of \$106 million for intensive support for key groups of vulnerable job seekers, including young people with mental health concerns is a positive step in the right direction. More will be required to adequately meet the level of need.
- Provide funding for mental health services with vocational specialists on staff to provide support for young people with mental illness to find and remain in work.
- Develop national mental health stigma reduction campaigns focusing on workplaces, including increased media and promotion on mental health in the workplace and incentives for employers to implement stigma reduction programs.
- Introduce additional support for workplaces that employ people experiencing mental ill-health including access to assistance and information when mental health issues arise at work.
- Introduce minimum standards of training, supervision and ongoing professional development for career/vocational specialists working with people with a disability/mental health issue.
- Continue to increase the number of wage subsidies available for businesses and organisations that employ job seeking young people.
- Increase the focus on career development for all young people engaged with employment services so that they can aspire to more than entry level jobs and build skills to navigate career pathways.
- Increase investment in programs that train and support young people to create enterprise, including social enterprises and business start-ups.
- Roll out models of apprenticeship and training support across all jurisdictions for young people during their first 12 months of employment.