



Australian Council of Social Service

13 November 2015
Committee Secretary
Senate Standing Committee on Community Affairs
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Committee Secretariat,

Re: Inquiry into the Social Services Legislation Amendment (Youth Employment) Bill 2015

Thank you for the opportunity to participate in this inquiry. ACOSS is a national voice for people affected by poverty, disadvantage and inequality. Our vision is for a fair, inclusive and sustainable Australia where all individuals and communities have the opportunities and resources they need to participate fully in social and economic life.

The Bill being considered by the Committee re-introduces measures proposed in the previous *Social Services Legislation Amendment (Youth Employment and Other Measures) Bill 2015*, introduced to the Parliament on 28 May 2015 and negatived by the Senate on 9 September 2015.

As with the previous Bill, the measures in the current Bill would significantly weaken the social security safety net by increasing waiting periods to access income support payments, especially for young people and recently-separated parents. It would also reduce the maximum rates of income support payments for many young people and reduce financial incentives for unemployed people to take up part time employment.

ACOSS remains opposed to the re-introduced measures in this Bill and recommends that the Bill be rejected. It is disappointing that measures widely regarded as unfair and harmful for people on the lowest incomes from the 2014 Budget were recycled in the 2015 budget and have now been introduced to Parliament again. ACOSS has consistently stated that there are fairer and more sustainable ways to restore the Federal Budget and improve employment outcomes than these measures, as outlined in our ACOSS Budget Submission 2015.¹

Our submission to this Committee's inquiry into the previous *Youth Employment and Other Measures Bill*, including detailed comment on each of the measures proposed, is attached for the Committee's consideration and summarised below:

¹ Available at: http://acoss.org.au/images/uploads/ACOSS_2015_Budget_Priorities_Statement_FINAL.pdf.



- Schedule 1, Ordinary Waiting Periods: This would introduce a new 1-week waiting period for Parenting Payment and Youth Allowance (Other), and tighten criteria for 'financial hardship' exemptions from the waiting period. This would particularly affect those people applying for Parenting Payment (Single) who are experiencing or at risk of domestic violence, and who need immediate income support. It can be difficult for people in this situation to apply for an exemption from the wait period, as they would need to disclose domestic violence in an administrative process where there is a written record and an uncertain outcome, prior to being able to leave their situation. Many people in this situation will be unwilling to do this, and as such any waiting period could delay women from fleeing domestic violence situations, placing them and their children at risk.
- Schedule 2, Age requirements for various Commonwealth payments: This measure would increase the Newstart eligibility age from 22 to 25 years, leaving young unemployed people, whose employment opportunities have been impacted by a sluggish employment market, \$48 per week worse off (and receiving just \$30 per day, in addition to any rental supplements). The Explanatory Memorandum to the Bill notes this may create an incentive for young people to stay on the payment for longer to become eligible for the higher Newstart allowance. A fairer approach would be to increase the Youth Allowance payment to match the already low (\$37 per day) Newstart Allowance.
- Schedule 3, Income support waiting periods: This would introduce a 4-week wait in addition to the existing 1-week ordinary waiting period for working age payments for people under 25 who are classified as 'Job ready' in the Job Seeker Classification Structure, and would provide for them to undertake assigned job search-related activities during the wait period. Despite the introduction of some exemptions, the wait period would impose hardship on vulnerable people looking for work with no other source of income, particularly as no set of exemptions can cover every circumstance in which vulnerable people may be living. The measure also undermines a basic principle of our social security system: that income support is available to people, subject to activity requirements, when they need it.

Schedules 4 and 5 of the previous Bill regarding abolition of the low income supplement and freezing of indexation of working age payments have been removed and will be re-introduced in other Bills. ACOSS will provide comment as appropriate in the context of those Bills.

This current Bill introduces minor changes to schedule 3. These would provide for people wrongly classified as 'job ready' (i.e. Stream A of the Job Seeker Classification), who have therefore been subject to the 4-week wait period, to be re-classified to an appropriate stream and provided with back pay for any of the 4-week wait already served. This corrects a previous fault in the Bill and provides for appropriate reinstatement of entitlements.

The Bill introduces a new Schedule 4, which provides details of the Rapid Connect Plus program under which activities required during the 4-week wait waiting period will be developed for unemployed young people. If an unemployed young person does not meet these requirements by the end of the 4-week wait and cannot demonstrate they meet the 'reasonable excuse' criteria, they



will be denied income support. If the young person then re-applies they will be required to re-start the 4 week wait, with the effect that young job seekers who do not meet requirements could be perpetually required to serve the wait period and therefore unable to obtain income support. This is a particularly harsh measure and should be rejected.

If the policy goal is to encourage young people to undertake further education or training or seek employment, this is best achieved by engaging with them, preferably before they leave school, and assisting them to develop transitions pathways. For those still seeking employment once they have left school, access to a regular income will put them in a better position to participate in job search, training and other activities which are already required of them under the current system.

The attached submission in response to the previous bill provides further detail, including on policies that have a better chance of improving employment outcomes for young people than those proposed this Bill.

Yours sincerely,

Dr Tessa Boyd-Caine
Acting CEO