



**To: Senate Community Affairs Legislation Committee**

## Submission on Social Services Legislation Amendment (Welfare Reform) Bill 2017

Submitted by Uniting Communities, South Australia

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## 1. Uniting Communities

Thank you for the opportunity to make a submission on the important issue of the proposed changes to Australia's welfare payment arrangements, through the *Social Services Legislation Amendment (Welfare Reform) Bill 2017*.

Uniting Communities works with South Australians across metropolitan, regional and remote South Australia through more than 90 community service programs such as Lifeline, disability support and mental health services, alcohol and drug rehabilitation and accommodation services, youth services, and financial counselling.

The organisation is made up of a team of more than 1,500 staff and volunteers who support and engage with more than 20,000 South Australians each year.

## 2. Statement of Concerns

This submission provides some general comments about the proposed welfare payment arrangements under the *Social Services Legislation Amendment (Welfare Reform) Bill 2017*, and then proceeds to provide more specific comments about key schedules in the bill.

### ***Extensive scope of the bill***

Uniting Communities is concerned about the extensive scope of the *Social Services Legislation Amendment (Welfare Reform) Bill 2017*. The far-reaching nature of the bill serves to gloss over and hide serious issues pertaining to human rights and discrimination and Uniting Communities believes that this approach could negatively impact on the future social cohesion of communities and serve to exacerbate existing levels of inequality in Australia.

In his second reading speech in the House of Representatives on 22<sup>nd</sup> June 2017, the Minister for Social Services indicated that 'the government is embarking on a comprehensive reform of Australia's working-age welfare payments'. It is argued here that this bill does not reflect a comprehensive reform but merely an expedient rationalisation of existing welfare payments. The bill includes a number of critical welfare entitlements and issues which are combined and given a cursory and generalised treatment but which, in their own right, deserve individual attention in the event that they are to be subsumed under a single jobseeker payment.

### ***Human rights compromised***

Under the 'Statements of Compatibility with Human Rights' in the Explanatory Memorandum of the bill, there is acceptance that the bill would limit Australians' rights in some circumstances through 'retrogressive' changes. The justification given is that such limitations are necessary to 'simplify' and 'sustain' social security in Australia. We do not believe that 'simplifying' or 'streamlining' social security payments should in any way compromise the human rights of Australians – human rights should not become a casualty of the process of simplifying the system.

### ***Comments on schedules included in the bill***

Uniting Communities takes specific issue with the following schedules, as included in the bill:

- **Schedule 5** - *Cessation of Sickness Allowance*
- **Schedule 9** - *Relief from activity test for persons aged 55 to 59*
- **Schedule 10** - *Start date for some participation payments*
- **Schedule 11** - *Removal of intent to claim provisions*
- **Schedule 12** - *Establishment of a drug testing trial*
- **Schedule 13** - *Removal of exemptions for drug or alcohol dependence, and*
- **Schedule 14** - *Changes to reasonable excuses*

#### **Schedule 5 - *Cessation of Sickness Allowance***

Sickness Allowance is paid to people who have a job yet need temporary support until they return to work. As such it seems highly inappropriate to put these people on a 'Jobseeker' allowance. The small amount of necessary paperwork provided by medical professionals and the temporary nature of the payment would indicate that the Sickness Allowance is a fair, adequate, necessary and simple allowance and should be kept in place.

#### **Schedule 9 - *Relief from activity test for persons aged 55 to 59***

Schedule 9 proposes that persons 55 to 59 years of age currently engaging in 30 hours of volunteering per week will instead have to work for 15 hours and volunteer for 15 hours to satisfy their *activity* requirements.

Persons aged over 55 have high barriers to entrance to the workforce. To require that these people obtain work for 15 hours a fortnight is to impose upon them an impossible task. Such jobs would almost invariably be at the legal minimum wage. Modelling for the future of Australia's workforce indicates a loss of many millions of jobs in low wage sectors over the next ten years due to increased automation<sup>1</sup>. As such, competition for available jobs will further marginalise job-seekers over 55.

Volunteering is a valuable social and economic activity which has significant positive effects for communities, individuals and social services such as those run by Uniting Communities, and which makes a valuable contribution to the economy in that it is effectively unpaid work. One view is that the adjusted value of volunteering resulted in a value of \$200 Billion in 2010<sup>2</sup>. Volunteering is a low cost option for the Commonwealth to multiply the value of people seeking work.

Not-for-profit organisations that benefit from volunteers' time are well placed to maximise the use and value of volunteering participants and allow volunteers to make real contributions to the community. Our view is that volunteering should remain, indeed be increasingly seen as a valuable contribution to the community and the economy and be supported by the Commonwealth.

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<sup>1</sup> <https://app.griffith.edu.au/sciencesimpact/job-losses-due-to-automation/>

<sup>2</sup> <https://www.volunteeringaustralia.org/wp-content/uploads/VA-Key-statistics-about-Australian-volunteering-16-April-20151.pdf>

**Schedule 10 and 11- *Start date for some participation payments and Removal of intent to claim provisions***

Uniting Communities affirms that it is appropriate to commence payments for people seeking social security payments from the date of their first contact. The rationale behind payments beginning from first date of contact is to ensure that there is no gap in the provision of basic needs such as shelter, food and health care. To delay payments until all paperwork is presented and meetings are attended is a punitive measure in order to save a small amount of commonwealth money, while at the same time creating a time-lag during which individuals may go without essential services or be forced to borrow funds, thereby leading to cycles of debt and potentially poverty.

**Schedule 12 and 13 and 14 - *Establishment of a drug testing trial and Removal of exemptions for drug or alcohol dependence and Changes to reasonable excuses.***

Drug use is properly a health concern, which is often beyond the control of the individual and is invariably the result of multiple health and socio-economic determinants. To penalise people for their health issues is of serious concern.

It is not the proper role of the Department of Human Services or Centrelink to 'police' individual's health care or to coerce them into obeying laws around drug use.

The view of Uniting Communities – a large organisation that works every day with people with drug use issues – is that attempts to coerce individuals into compliance will have far-reaching and other-than-intended effects. We do not support Schedules 12,13 and 14 because they will potentially lead to an increase in poverty, criminal activity, suicide, domestic violence, and in the number of people seeking emergency assistance from organisations such as Uniting Communities.

If schedules 12, 13 and 14 are adopted, government costs will rise due to increased incarceration rates, and due to an increased need for policing.

We are also concerned about the increase in costs of administering drug testing and note that the Financial Impact Statement, as set out in the Explanatory Memorandum, states that the estimated costs of such testing are listed as 'not for publication' (Schedule 12, Financial Impact Statement p.4).

Furthermore, the imposition of the cost of the second and subsequent drug test onto the client themselves is unethical and is punitive. Social security payments are already marginal and, *de facto*, all persons on social security payments are already experiencing extreme hardship.

For those that 'fall through' the wide gaps in these proposed amendments, a possible route to ensure baseline financial survival is to engage in further illegal drug or other crime related activity, including unregulated prostitution.

Our work in the drug and alcohol services area informs us that problem drug use is only able to be ceased by persons that have come to this realisation on their own terms – by further marginalising these people in need we will only damage them and our communities further.

### 3. Recommendations

In seeking to comprehensively reform social welfare payments we ask the Parliament to consider not only immediate cost savings by rolling many payments into one, but to look at the needs of individuals and communities in non-economic terms. We would argue that by accounting for these non-economic needs, our society and economy will be better served in the long run.

We ask Parliament to consider the cost of *not* providing these services and the resultant longer-term implications such as family violence, crime, unemployment and marginalisation of human rights. The longer the provision of comprehensive alcohol and other drug services is delayed, the more it will cost later on. The proper place for reducing drug and alcohol use over the long term is through early intervention, in the education and health sectors. The proper place to initiate treatments of existing users is through non-punitive education, and through the health and community sector.

We call on Parliament to increase welfare payments, especially Newstart or Jobseeker payments to reflect rises in rents and the costs of other essential services.

To minimise expense to the welfare system, we recommend considering a universal basic income for declared jobseekers and people below a certain income threshold. By minimising paperwork and 'hurdles', costs could be significantly lowered.

We call on Parliament to remove punitive and coercive payment suspensions and cancellations. We see that given a modicum of proactive support, jobseekers will use their time and resources to find and develop gainful employment and other productive social tasks. Costs of administering payment suspensions could be better used to provide for people's basic needs.

Our recommendations go beyond the scope of the current bill in order to advise of what we see constitute sustainable and progressive reforms in welfare. Uniting Communities is concerned that retrogressive changes to welfare are indeed that – retrogressive. For comprehensive welfare reform, we need broader and public discussions around emerging practices (such as universal basic incomes) with clear input from individuals receiving welfare, community groups, and services.

In conclusion, we call on the Senate to deny passage of the bill. If the Parliament feels that each schedule is necessary, we would ask Parliament to reintroduce the schedules as separate bills to ensure proper and rigorous Parliamentary and community debate and transparency. Notably, we see that combining several payments into one payment is not necessarily connected to drug testing.