

# Chapter 2

## Key issues

2.1 All submitters supported the objective of the Social Services Legislation Amendment (Youth Employment) Bill 2015 (Bill) to address youth unemployment in Australia. However, submitters did not support the measures proposed in the Bill and expressed concerns that they could potentially disadvantage unemployed young people.<sup>1</sup>

2.2 The committee notes that the proposed measures outlined in schedules 1–3 of the Bill are substantially the same as those introduced in schedules 1–3 of the Social Services Legislation Amendment (Youth Employment and Other Measures) Bill 2015 (previous Bill). The committee notes that these measures were examined in detail in the committee's inquiry into the previous Bill in August 2015.<sup>2</sup>

2.3 The committee recognises that a number of submitters reiterated concerns examined during its previous inquiry. In summary, these concerns included:

- impact of the proposed waiting periods on vulnerable groups;
- provision of emergency relief funding for those affected by the four-week waiting period;
- need for broader exemptions from the four week waiting period and ordinary waiting period;
- lack of evidence to support the efficacy of a four week waiting period; and
- impact of raising the Newstart eligibility age and associated reduction in fortnightly benefits for disadvantaged young people.<sup>3</sup>

2.4 The committee does not propose to re-examine these arguments in this report and instead will focus on the following measures not previously considered by the committee, namely:

- the special rule relating to employment services or disability employment services for the four week waiting period; and
- the RapidConnect Plus pre-benefit activity program.

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1 See: Australian Association of Social Workers, *Submission 1*; National Welfare Rights Network, *Submission 2*; Orygen National Centre of Excellence in Youth Mental Health, *Submission 3*; Miss Amber Russell, *Submission 4*; St Vincent de Paul Society, *Submission 5*; Anglicare Australia, *Submission 7*; Australian Council of Social Service, *Submission 8*; Welfare Rights Centre Sydney, *Submission 9*.

2 See: Senate Community Affairs Legislation Committee, *Social Services Legislation Amendment (Youth Employment and Other Measures) Bill 2015 [Provisions]*, August 2015.

3 See: *Submissions 1, 2, 3, 5, 7, 8 and 9*. While some submitters did not submit to the previous inquiry (such as the St Vincent de Paul Society and Welfare Rights Centre Sydney), the concerns raised were discussed in the committee's previous report.

2.5 In his second reading speech, the then Minister for Social Services (Minister), the Hon Scott Morrison MP, explained that the Bill has the same objective as the previous Bill and should be considered in the context of the Youth Employment Strategy announced in the 2015-16 Budget:

This is an important bill, an important measure, which is titled the youth employment bill because it is designed, together with the other measures in the budget—the more than \$330 million we have put into the budget—to support young people in getting into employment. They are important measures, addressing those who suffer disadvantage and other impediments, for them to be enabled and empowered and made capable of being able to enter the workforce.

That is what this bill was about the first time we introduced it, in the 2014-15 budget, that is what this bill was about when we re-engineered it, for the last budget, and it remains about that purpose today. This is about sending the right message to young people, about encouraging them and incentivising them into work together with a package of measures that is all about removing disadvantage so that young people can get into work and choose work not welfare.<sup>4</sup>

### **Schedules 1 and 2 – Ordinary waiting periods and age requirements**

2.6 As with the previous Bill, submitters did not support the tightening of exemption categories for the ordinary waiting period, or the raising of the eligibility age for Newstart allowance to 25 years of age.<sup>5</sup> A number of submitters suggested instead raising the current rates of Newstart and Youth Allowance.<sup>6</sup>

2.7 The committee notes that these schedules are substantially the same as those in the previous Bill. For an examination of these schedules, the committee draws attention to its report on the previous Bill.<sup>7</sup>

### **Schedule 3 – Four week waiting period**

2.8 As with the previous Bill, submitters did not support the introduction of a four week waiting period for unemployment benefits. Submitters argued that imposing waiting periods would be unlikely to increase the youth employment rate and risks negatively impacting on unemployed young people, especially those from vulnerable groups.<sup>8</sup>

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4 The Hon Scott Morrison, Minister for Social Services, *House of Representatives Hansard*, 16 September 2015, p. 10 331.

5 See: *Submissions 1, 2, 3, 4, 5, 7, 8 and 9*.

6 See: *Submissions 1, 5, 7, 8 and 9*.

7 See: Senate Community Affairs Legislation Committee, *Social Services Legislation Amendment (Youth Employment and Other Measures) Bill 2015 [Provisions]*, August 2015, pp 7–14.

8 See: *Submissions 1, 2, 3, 5, 7, 8 and 9*.

2.9 The committee notes that the Statement of Compatibility with Human Rights for the Bill explained that this measure seeks to address the youth unemployment rate (at June 2015, 13.4 per cent, compared to an average total unemployment rate of 6 per cent) by:

...establishing firm expectations for young people to accept jobs or move into education and training rather than relying on income support in the first instance.<sup>9</sup>

2.10 The committee notes that this schedule is substantially the same as schedule 3 of the previous Bill, with the exception of the proposed special rule discussed below. For an examination of this schedule, the committee draws attention to its report on the previous Bill.<sup>10</sup>

### ***Special rule for reassessment***

2.11 A number of submitters welcomed the proposed amendment to the previous Bill under proposed subsection 549CAA(7), that would allow for people incorrectly assessed as job ready (stream A) by the Job Seeker Classification Instrument (JSCI) and reassessed as requiring stream B or C services to be exempt from the four week waiting period.<sup>11</sup> The Australian Council of Social Service (ACOSS) noted the measure 'corrects a previous fault in the Bill and provides for appropriate reinstatement of entitlements'.<sup>12</sup>

2.12 The National Welfare Rights Network (NWRN) also welcomed the proposed special rule. However, NWRN expressed concern that people who are reassessed following a change of circumstances may not receive back-pay to the date their circumstances changed. NWRN suggested that it is 'necessary to ensure that such a person will receive back-pay to the date on which their circumstances changed, which may be prior to the date they were reassessed'.<sup>13</sup>

2.13 In his second reading speech, the then Minister noted that the measures in the Bill aim to ensure vulnerable people would not be further disadvantaged:

There are strong exemption measures contained in this bill to protect the vulnerable but to encourage the able to go—and not go from the school gate to the Centrelink front door, to not choose that path—and choose the path of work.<sup>14</sup>

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9 EM, Statement of Compatibility with Human Rights, p. 10.

10 See: Senate Community Affairs Legislation Committee, *Social Services Legislation Amendment (Youth Employment and Other Measures) Bill 2015 [Provisions]*, August 2015, pp 7–14.

11 See: *Submission 2*, p. [2]; *Submission 8*, p. 2.

12 *Submission 8*, p. 2.

13 *Submission 2*, p. [2].

14 *House of Representatives Hansard*, 16 September 2015, p. 10 332.

## **Schedule 4 – Rapid activation activities**

2.14 The committee notes that the key difference between this Bill and the previous Bill is the introduction of a rapid activation measure under proposed schedule 4. The Department of Employment submitted that the rapid activation measure:

...is aimed at ensuring that those job seekers who are required to serve a four week waiting period also undertake pre-benefit activities as part of a new programme, RapidConnect Plus. RapidConnect Plus will require job seekers to complete pre-benefit activities during their four-week income support waiting period before they can begin receiving income support payments.<sup>15</sup>

2.15 Submitters expressed concern that under the proposed measure, job seekers would be denied access to income support if they did not complete the pre-benefit activities during the four week period and could not demonstrate a 'reasonable excuse'.<sup>16</sup> For example, Orygen National Centre of Excellence in Youth Mental Health expressed concern that the additional activity requirements may be 'additionally challenging to fulfil without income support' and 'potentially place more vulnerable young people (including those with undisclosed mental ill-health) at risk of extended periods without any income support'.<sup>17</sup>

2.16 ACOSS expressed particular concern about proposed subsection 549CAA(2A) that provides that if a person is not found to have completed the activities within the four week period and then reappplies for Youth Allowance, they would have to serve another four week waiting period, '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'.<sup>18</sup>

2.17 The EM notes that the effect of proposed subsection 549CAA(2A) would be:

...where the Secretary has determined that income support is not payable to a job seeker because they have not complied with their pre-benefit activities (and they have no reasonable excuse for not complying) and the job seeker then makes a further claim for income support, even if that claim is within six months of their original claim, that job seeker will be subject to a further income support waiting period.<sup>19</sup>

2.18 The committee notes that the determination of pre-benefit activities, including the number of job searches required, would be negotiated between the job seeker and the job active provider and would take into consideration 'the job seeker's capacity

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15 *Submission 6*, p. [1].

16 See: *Submissions 3, 8 and 9*.

17 *Submission 3*, p. 3.

18 *Submission 8*, p. 3.

19 EM, p. 25.

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and/or the state of the job seeker's local labour market'.<sup>20</sup> The EM notes that the pre-benefit activity requirements are 'designed to assist young job seekers who are job ready to prepare for and find work as soon as possible'.<sup>21</sup>

2.19 The Department of Employment further clarified that where a job seeker could demonstrate a 'reasonable excuse' for not complying with their pre-benefit activities, the Secretary 'must not make a determination that income support is not payable':

A job seeker who has a reasonable excuse for not complying with their pre-benefit activities will be treated in the same way as a job seeker who complies with their pre-benefit activities.<sup>22</sup>

2.20 In his second reading speech, the then Minister noted that the pre-benefit activities outlined in the Bill 'have a strong similarity to measures that have been introduced in New Zealand with great success':

In New Zealand, they found that around 40 per cent of people who registered for pre-benefit activities did not go onto payments at the end of those four weeks. That is 40 per cent who as a result of those measures went onto a pathway of work rather than on a pathway of welfare. That is the sort of measure that we need in this country. These are the sorts of measures which help people choose work and get into work rather than staying on welfare.

Particularly from a young age, the New Zealand experience also extends to the high proportion of those who are on a lifetime of welfare. Their investment approach analysis showed that these people entered the welfare system at a young age. That is the point at which we can have an intervention. That is the point where we can change the course of a life—onto work and not onto welfare.<sup>23</sup>

2.21 At the 2015 Supplementary Budget Estimates, representatives from the Department of Social Services clarified that while the New Zealand model differs from the measure outlined in the Bill, it demonstrates the positive impact of pre-benefit activities in helping job seekers transition from income support to work. The department further noted that similar results were also observed in the Netherlands.<sup>24</sup>

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20 EM, p. 24.

21 EM, p. 24.

22 *Submission 6*, p. [2].

23 *House of Representatives Hansard*, 16 September 2015, p. 10 332.

24 See: Ms Cath Halbert, Group Manager, Payments Policy, *Estimates Hansard*, 22 October 2015, pp 44–45.

**Committee view**

2.22 The committee acknowledges the concerns raised by submitters about schedules 1–3 of the Bill, noting that these concerns were examined in detail in the committee's inquiry into the previous Bill.

2.23 The committee maintains its support for these measures as outlined in its previous report. The committee considers that these measures are strengthened by the inclusion of provisions that allow job seekers incorrectly assessed as 'job ready' to be reassessed.

2.24 The committee acknowledges the concerns about the proposed RapidConnect Plus pre-benefit activities. The committee considers that these activities will assist young people who are job ready to find work as soon as possible and is satisfied that the range of pre-benefit activities will take into consideration the job seeker's individual circumstances. The committee is satisfied that the Secretary of the Department of Employment would be granted sufficient authority to determine when a 'reasonable excuse' for not completing the activities may be demonstrated to ensure vulnerable job seekers are not further disadvantaged.

**Recommendation 1**

**2.25 The committee recommends that the Bill be passed.**

**Senator Zed Seselja**

**Chair**