

The Senate

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Community Affairs  
Legislation Committee

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Social Services Legislation Amendment  
(Youth Employment) Bill 2015 [Provisions]

November 2015

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### **Secretariat**

Ms Jeanette Radcliffe (Committee Secretary)

Dr Josh Forkert (Senior Research Officer)

Ms Carol Stewart (Administrative Officer)

PO Box 6100  
Parliament House  
Canberra ACT 2600

Phone: 02 6277 3515

Fax: 02 6277 5829

E-mail: [community.affairs.sen@aph.gov.au](mailto:community.affairs.sen@aph.gov.au)

Internet: [www.aph.gov.au/senate\\_ca](http://www.aph.gov.au/senate_ca)

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# MEMBERSHIP OF THE COMMITTEE

## 44<sup>th</sup> Parliament

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Senator Rachel Siewert, Deputy Chair	Western Australia, AG
Senator Carol Brown	Tasmania, ALP
Senator Katy Gallagher (from 12 November 2015)	Australian Capital Territory, ALP
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Senator Dean Smith	Western Australia, LP



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# ABBREVIATIONS

ACOSS	Australian Council of Social Service
Bill	Social Services Legislation Amendment (Youth Employment) Bill 2015
Farm Household Support Act	<i>Farm Household Support Act 2014</i>
JSCI	Job Seeker Classification Instrument
Minister	Minister for Social Services
No. 4 Bill	Social Services and Other Legislation Amendment (2014 Budget Measures No. 4) Bill 2014
NWRN	National Welfare Rights Network
PJCHR	Parliamentary Joint Committee on Human Rights
Previous Bill	Social Service Legislation Amendment (Youth Employment and Other Measures) Bill 2015
Scrutiny Committee	Senate Standing Committee for the Scrutiny of Bills
Social Security Act	<i>Social Security Act 1991</i>





# **LIST OF RECOMMENDATIONS**

## **Recommendation 1**

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



# Chapter 1

## Referral

1.1 On 15 October 2015, the Senate referred the provisions of the Social Services Legislation Amendment (Youth Employment) Bill 2015 (Bill) to the Senate Community Affairs Legislation Committee (committee) for inquiry and report by 30 November 2015.<sup>1</sup>

1.2 The Selection of Bills Committee noted that the reason for referral was to 'scrutinise any impact and unintended consequences to young jobseekers'.<sup>2</sup>

## Conduct of the inquiry

1.3 Details of the inquiry, including a link to the Bill and associated documents, were placed on the committee's website. The committee also wrote to 30 organisations and individuals, inviting submissions by 5 November 2015.

1.4 The committee received nine submissions. Submissions are listed at Appendix 1 and published on the committee's website.

## Background

1.5 The Bill seeks to reintroduce, with minor amendments, measures outlined in the 2014–15 and 2015–16 Federal Budgets (Budgets) and previously introduced in the Social Services and Other Legislation Amendment (2014 Budget Measures No. 4) Bill 2014 (the No. 4 Bill) and the Social Service Legislation Amendment (Youth Employment and Other Measures) Bill 2015 (previous Bill). The No. 4 Bill was introduced in the Senate on 28 October 2014 but has not yet been passed.<sup>3</sup> The committee reported on its inquiry into the previous Bill on 11 August 2015.<sup>4</sup> The previous Bill was negatived by the Senate at second reading on 9 September 2015.<sup>5</sup>

1.6 The Bill also seeks to introduce the rapid activation of young job seekers measure announced as part of the \$330 million Youth Employment Strategy outlined in the 2015–16 Budget.<sup>6</sup> The 'RapidConnect Plus' rapid activation strategy would require claimants of Newstart Allowance, Youth Allowance (Other) and Special

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1 *Journals of the Senate*, No. 122–15 October 2015, p. 3260.

2 Selection of Bills Committee, *Report No. 13 of 2015*, 15 October 2015, Appendix 8.

3 *Journals of the Senate*, No. 61–28 October 2014, p. 1639.

4 *Journals of the Senate*, No. 104–11 August 2015, p. 2906.

5 *Journals of the Senate*, No. 113–9 September 2015, pp 3075–3076.

6 Budget 2015, 'Growing Jobs and Small Business – Youth Employment Strategy', [http://www.budget.gov.au/2015-16/content/glossy/sml\\_bus/html/sml\\_bus-14.htm](http://www.budget.gov.au/2015-16/content/glossy/sml_bus/html/sml_bus-14.htm) (accessed 3 November 2015).

Benefits aged under 25 years old to undertake a number of additional job search activities within the first four weeks before they receive income support.<sup>7</sup>

1.7 In his second reading speech on the Bill, the then Minister for Social Services (Minister), the Hon Scott Morrison MP, noted that the purpose of the Bill remains the same as both the No. 4 Bill and the previous Bill:

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>8</sup>

### **Purpose and key provisions of the Bill**

1.8 This Bill proposes changes to the *Social Security Act 1991* (Social Security Act), *Social Security (Administration) Act 1999* and *Farm Household Support Act 2014* (Farm Household Support Act) to:

- extend the application of an ordinary waiting period of seven days to claimants of the parenting payment and Youth Allowance (Other);
- raise the eligibility age for Newstart allowance and sickness allowance from 22 to 25 years old and replace these benefits with Youth Allowance (Other);
- introduce a new four-week waiting period for new claimants of Youth Allowance (Other) and Special Benefit; and
- introduce the RapidConnect Plus job activation strategy.

1.9 The Bill contains four schedules that reintroduce measures outlined in the 2015–16 Budget and several measures from the 2014–15 Budget previously introduced in the previous Bill. The proposed measures are outlined below.

#### ***Schedule 1 – Ordinary waiting periods***

1.10 An ordinary waiting period of seven days currently applies to claimants of Newstart allowance or sickness allowance.

1.11 This schedule proposes amendments to the Social Security Act to extend and simplify the ordinary waiting period for working age payments by:

- creating a new ordinary waiting period for parenting payment and youth allowance for a person who is not undertaking full-time study and is not a new apprentice;
- changing the current exemption to serve an ordinary waiting period on the basis of severe financial hardship to only apply if the person is also

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7 Budget 2015, 'Growing Jobs and Small Business — Youth Employment Strategy — revised waiting period for youth income support', *Budget Paper 2: Budget Measures*, [http://www.budget.gov.au/2015-16/content/bp2/html/bp2\\_expense-20.htm](http://www.budget.gov.au/2015-16/content/bp2/html/bp2_expense-20.htm) (accessed 3 November 2015).

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

experiencing a personal financial crisis (a person will be taken to be experiencing a personal financial crisis if they have been subjected to domestic violence, incurred unavoidable or reasonable expenditure or in the circumstances prescribed by the Secretary in a legislative instrument); and

- providing that the ordinary waiting period is to be served after certain other relevant waiting periods or preclusion periods have ended.<sup>9</sup>

1.12 This schedule reintroduces schedule 1 of the previous Bill. This schedule would commence on a day to be fixed by Proclamation, or 12 months after the Bill receives the Royal Assent, whichever occurs first.<sup>10</sup>

### ***Schedule 2 – Age requirements for various Commonwealth payments***

1.13 This schedule proposes amendments to the Social Security Act to raise the eligibility age for Newstart allowance and sickness allowance to 25 years of age, and make youth allowance available to people aged under 25 years of age who can satisfy the activity test.<sup>11</sup>

1.14 This schedule includes a grandfathering arrangement for existing newstart allowance and sickness allowance recipients who are 22, 23 or 24 years of age leading up to commencement (or people undergoing certain waiting periods or suspension periods) to remain in receipt of Newstart allowance or sickness allowance.<sup>12</sup>

1.15 This schedule also makes consequential amendments to the Farm Household Support Act to align rates at which farm household allowance is paid to farmers and their partners with Newstart allowance and youth allowance rates.<sup>13</sup>

1.16 This schedule reintroduces schedule 2 of the previous Bill. This schedule would commence on a day to be fixed by Proclamation, or 12 months after the Bill receives the Royal Assent, whichever occurs first.<sup>14</sup>

### ***Schedule 3 – Income support waiting periods***

1.17 This schedule proposes changes to the Social Services Act to introduce a four-week waiting period for job ready young people who are looking for work to receive income support payments. During the four-week period, job seekers under 25 years of age who have been classified as job ready (stream A) by the Job Seeker Classification Instrument (JSCI) would be required to complete assigned activities, through a new program, RapidConnect Plus.<sup>15</sup>

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9 EM, p. 2.

10 EM, p. 2.

11 EM, p. 9.

12 EM, p. 9.

13 EM, p. 9.

14 EM, p. 9.

15 EM, p. 16.

1.18 Under proposed section 549CAB, a person would be exempt from an income support waiting period if the person:

- is a parent who has 35 per cent care of a child;
- is the principal carer of a child;
- is in State care or ceased to be in State care during the previous 12 months;
- is not required to satisfy the activity test for 15 days or more on the basis that the person has:
  - a temporary incapacity exemption;
  - a pre-natal exemption or post-natal exemption;
  - a domestic violence or other special family circumstances exemption;
  - a disabled child or other family circumstances exemption;
  - a training camp exemption; or
  - a special circumstances exemption;
- requires employment services or disability employment services of a class determined by the Minister in a legislative instrument under proposed paragraph 549CAB(2)(a); or
- is covered by an exemption determined by the Minister by legislative instrument under proposed paragraph 549CAB(2)(b).<sup>16</sup>

1.19 This schedule proposes a new special rule that was not included in the previous Bill. Under proposed subsection 549CAA(7), a person incorrectly determined to be job ready by the JSCI may be reassessed if the initial assessment was not made on the basis of all the information that applies to the person. If such persons are found to require employment services or disability employment services (stream B or C), they would be exempt from the waiting period under proposed section 549CAB (see above) and be eligible for back-pay for any of the four week period already served.<sup>17</sup> Where a person is reassessed following a change of circumstances and found to require employment services or disability services, the person would be exempt from the remainder of the income support waiting period that would have applied, but would not be entitled to back-pay.<sup>18</sup>

1.20 This schedule reintroduces schedule 3 of the previous Bill, with the addition of the special rule under proposed subsection 549CAA(7). This schedule would commence immediately after the commencement of schedule 1.<sup>19</sup>

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16 EM, pp 19–20.

17 EM, p. 18.

18 EM, pp 18–19.

19 EM, p. 16.

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#### ***Schedule 4 – Other amendments***

1.21 This schedule seeks to implement the rapid activation of young job seekers measure outlined in the 2015–16 Budget.

1.22 Under the proposed schedule, job seekers aged under 25 years of age who are subject to a four-week waiting period would be required to complete the new RapidConnect Plus pre-benefit activities program. Under RapidConnect Plus, pre-benefit activities could include:

- attending an interview with a jobactive provider;
- preparing a résumé;
- completing a job seeker profile;
- entering into and complying with a Job Plan (negotiated between the job seeker and their jobactive provider and intended to assist young job seekers who are job ready to prepare for and find work as soon as possible); and
- undertaking adequate job searches (taking into account the job seeker's capacity and/or the job seeker's local labour market).<sup>20</sup>

1.23 This schedule proposes that a special benefit claimant could be required to enter into a Job Plan if they contact the department about a claim, or the department is contacted on their behalf.<sup>21</sup>

1.24 This schedule also provides that job seekers could still be eligible for income support if they can demonstrate a 'reasonable excuse' for not complying with their pre-benefit activities. Under proposed subsection 549CAC(2), the Secretary of the Department of Employment must not make a determination that youth allowance is not payable at the end of the income support waiting period where they are satisfied that the job seeker has a 'reasonable excuse' for not complying with their pre-benefit activities. The matters to be taken into account when deciding whether a person has a 'reasonable excuse' would be determined by legislative instrument under proposed subsection 549CAC(3).<sup>22</sup>

1.25 This schedule would commence immediately after the commencement of schedule 3.<sup>23</sup>

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20 EM, p. 24.

21 EM, p. 24.

22 The Explanatory Memorandum notes that this legislative instrument is intended to combine the existing *Social Security (Reasonable Excuse–Participation Payment Obligations) DEEWR) Determination 2009 (No.1)* and the *Social Security (Reasonable Excuse—Participation Payment Obligations) (FaHCSIA) Determination 2009 (No.1)* into a new, single instrument. See: EM, p. 26.

23 EM, p. 24.

## Financial implications

1.26 The Explanatory Memorandum states that the following financial impacts are expected for each of the measures over the forward estimates:

- schedule 1 – saving of \$241.0 million;
- schedule 2 – saving of \$517.0 million;
- schedule 3 – saving of \$173.3 million; and
- schedule 4 – expense of \$0.8 million.<sup>24</sup>

1.27 The EM further states that these estimates are indicative only and may be subject to change, contingent on the date on which the measures commence and on the costs associated with their implementation.

## Consideration by other committees

1.28 The Parliamentary Joint Committee on Human Rights (PJCHR) reiterated its comments on schedules 2 and 3 of the previous Bill and did not seek a further response from the Minister.<sup>25</sup> The PJCHR reported that the proposed income support waiting period for people aged under 25 years old outlined in schedule 3 engages and limits the right to social security, right to an adequate standard of living and the right to equality and non-discrimination. The committee was divided on whether these limitations were justified. Some members of the PJCHR considered that the measure has not been justified as a proportionate limitation. Other members of the PJCHR considered that the limitations have been justified and 'further consider that incentivising young people to find work is an important policy objective'.<sup>26</sup>

1.29 The Senate Standing Committee for the Scrutiny of Bills (Scrutiny Committee) reiterated its concerns raised in relation to the Youth Employment and Other Measures Bill about provisions empowering the Secretary to prescribe, by legislative instrument, circumstances for the purpose of determining whether a person is experiencing a personal financial crisis and for the purpose of waiving the ordinary waiting period (schedule 1).<sup>27</sup> Consistent with its previous report, the Scrutiny Committee noted that while it remains 'concerned as a matter of general principle about the delegation of legislative power in such circumstances', it leaves the question of whether the proposed approach is appropriate to the Senate as a whole.<sup>28</sup>

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24 EM, p. iii.

25 See: Parliamentary Joint Committee on Human Rights, *Human Rights Scrutiny Report: Twenty-eighth report of the 44<sup>th</sup> Parliament*, 17 September 2015, pp 53–61.

26 Parliamentary Joint Committee on Human Rights, *Human Rights Scrutiny Report: Twenty-ninth report of the 44<sup>th</sup> Parliament*, 13 October 2015, pp 34–41.

27 See: Senate Standing Committee for the Scrutiny of Bills, *Alert Digest No. 6 of 2015*, 17 June 2015, pp 55–56.

28 Senate Standing Committee for the Scrutiny of Bills, *Alert Digest No. 11 of 2015*, 14 October 2015, p. 34.



**Acknowledgement**

1.30 The committee thanks those individuals and organisations that made submissions.



# 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**



# Australian Labor Party Senators' Dissenting Report

## Introduction

1.1 On 15 October 2015, the Senate referred the Social Services Legislation Amendment (Youth Employment) Bill 2015 (Bill) to the Senate Community Affairs Legislation Committee (committee) for inquiry and report.

1.2 In the face of significant evidence as to the harsh nature of the measures contained in this Bill, and with little or no stakeholder or community support for the measures contained therein, the majority of Senators on the committee have nonetheless recommended the passage of the Bill.

1.3 The Labor Senators on this committee strongly reject this view. The majority Report completely ignores the evidence presented to the committee. The measures contained in this Bill are simply repackaged measures from the 2014 Budget that have already been rejected by the Parliament. They are too harsh and will do nothing to achieve the stated aim of the Bill, namely supporting young people into work.

1.4 The Labor Senators on the committee recommend that the Bill be rejected by the Senate, and that the Government commit to taking these measures out of the Parliament and out of the Budget.

## Summary of Bill

1.5 As the majority report indicates, this Bill seeks to reintroduce measures that were rejected by the Senate on 9 September 2015. The same measures are also contained in a third bill, the Social Services and Other Legislation Amendment (2014 Budget Measures No. 4) Bill 2014, which was introduced into the Senate following the 2014 Budget and never passed.

1.6 The measures in this Bill include:

- creating a new ordinary waiting period for parenting payment and youth allowance for a person who is not undertaking full-time study and is not a new apprentice;
- changing the current exemption to an ordinary waiting period on the basis of severe financial hardship to only apply if the person is also experiencing a personal financial crisis;
- providing that the ordinary waiting period is to be served after certain other relevant waiting periods or preclusion periods have ended;
- raises the eligibility age for Newstart Allowance and sickness Allowance to 25 years of age, and make youth allowance payable to people under 25 years of age who can satisfy the activity test; and
- introduces a four week waiting period for jobseekers under the age of 25.

1.7 In addition to these measures, the Bill also introduces a new 'rapid activation' for young jobseekers, a measure which would require claimants of Newstart

Allowance, Youth Allowance (other) and Special Benefits aged under 25 years old to undertake a number of additional job search activities within the first four weeks before they receive any income support.

### **Stakeholder Views**

1.8 This is the third senate inquiry that has examined these measures. As such, this inquiry was undertaken on the papers. Nine submissions were received. All submitters, apart from the Government departments, opposed the passage of the Bill.

1.9 For example, the Welfare Rights Centre Sydney submitted that:

This Bill, like its predecessors, will further weaken and undermine access to vital social security support by expanding waiting periods for income support payments. Young people and recently separated women who experience domestic violence will be placed at significant risk, as incomes, personal safety, secure housing and mental well-being are threatened by the harmful measures contained in this Bill. The WRC recommends that the Committee reject the Bill in its entirety.<sup>1</sup>

They recommended that the Bill be rejected.

1.10 The Australian Association of Social Workers submitted that:

One of the best ways to assist young people out of poverty is to help them achieve meaningful full-time employment. However we believe this proposed legislation will not help achieve this aim, and in many instances may hinder their attempts by forcing young people into destitution. We call on the Senate to reject the legislation contained in Schedules 2 and 3, and further we ask Senators to seriously consider raising the Youth Allowance rate to a just and humane level.<sup>2</sup>

They also recommended that the Bill be rejected.

1.11 Orygen Youth Mental Health submitted that:

Subjecting young job seekers and their families to financial hardship through reduced payments and extended periods without income support may introduce or compound vulnerability, risking a young person's mental health and wellbeing over time and placing their family relationships under duress. This may also lead to an increased demand for community and mental health services, potentially reducing the financial savings from these measures. There is no evidence that the \$8.1 million in emergency relief funding would be directed to these types of services or would be sufficient to address demand.<sup>3</sup>

The submission further states:

Rather than the increased wait period acting as an incentive to work, Orygen again refers to research which shows that a lack of income can

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1 *Submission 9*, p. 1.

2 *Submission 1*, p. 3.

3 *Submission 3*, pp 1–2.

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impact on a young person's capacity to meet job seeking requirements and look for employment. This may be due to limited access to transportation and the impact of financial stress on mental health, potentially triggering or exacerbating depression and anxiety. As the level of income support for Newstart is already well below the poverty line, further reduction to these rates (along with a period of no income support) could increase the barriers to finding work for young people already experiencing financial hardship.<sup>4</sup>

They recommended the Bill be rejected.

1.12 The Society of St Vincent de Paul submitted:

After careful consideration of the proposed changes, the Society is of the belief that the Bill will not achieve its intended aims. Instead, the changes will only be to the detriment of those groups who are most vulnerable within our society.<sup>5</sup>

They recommended the Bill be rejected.

1.13 The Australian Council for Social Services (ACOSS) also submitted that:

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.<sup>6</sup>

They too recommended that the Bill be rejected.

### **RapidConnect Plus**

1.14 As detailed above, this Bill seeks to introduce new 'rapid activation' requirements on young jobseekers whilst they are serving a four week wait period for income support.

1.15 This measure would require the jobseekers to undertake 'pre-benefit' activities, such as:

- attending an interview with a jobactive provider;
- preparing a resume;
- completing a jobseeker profile;
- entering into and complying with a Job Plan; or
- undertaking adequate job searches.

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4 *Submission 3*, p. 2.

5 *Submission 5*, p. 10.

6 *Submission 8*, p. 1.

1.16 Labor Senators on this committee are of the view that while the stated objective of these measures is to prepare young people for the workforce, the measures are unprecedented in that they do away with the longstanding mutual obligation requirements that have been a part of Australia's social security system for years.

1.17 Far from softening the original measures, these new measures only serve to make this Bill even harsher, imposing requirements on people who are not in receipt of income support. It is also worth noting—as many of the submitters themselves have—that jobseekers with no income will find it very difficult to meet these new requirements, potentially resulting in further penalties.

1.18 With no evidence as to how these new measures will support young people into work, they too should be rejected.

### **Conclusion**

1.19 The Labor Senators on the committee stand by the views expressed by stakeholders, and the community at large, that these measures are too harsh, will push young people into poverty and hardship and do nothing to support young jobseekers into work.

1.20 The Labor Senators on this committee call on the Senate to once again reject these harsh measures. We also call on the Liberal Government to cease its attack on young jobseekers and drop these measures, take them out of the Parliament and out of the Budget.

### **Recommendation 1**

**1.21 Labor Senators recommend that the Senate oppose this Bill.**

**Senator Carol Brown**

**Senator Katy Gallagher**

# Australian Greens' Dissenting Report

## Introduction

1.1 The Australian Greens do not support the recommendations of the majority report of the inquiry into the Social Security Legislation Amendment (Youth Employment) Bill 2015.

1.2 As noted in the majority report this Bill seeks to reintroduce, with some minor amendments, measures that were contained in both the Social Services and Other Legislation Amendment (2014 Budget Measures Number 4) Bill 2014 and the Social Services Legislation Amendment (Youth Employment and Other Measures) Bill 2015.

1.3 The Australian Greens have expressed along with a plethora of community organisations their deep concerns of the devastating effect that keeping young people off income support will have. These concerns have been explained in detail in the Australian Greens dissenting reports to both the previous inquiries.

1.4 The introduction of this Bill, despite the community and the Senate's clear opposition to keeping young people off income support, is a clear indication that while the Government may have a new leader they clearly have the same cruel policies.

1.5 This Bill demonises young people and will not assist them in finding work. It is clear that whether it is six months or five weeks, the community overwhelmingly does not accept that keeping young people off income support will help them gain employment. In their submission the Australian Association of Social Workers said:

We believe that this Bill will not assist the most vulnerable gain employment and will or could act as a further barrier.<sup>1</sup>

1.6 Orygen National Centre of Excellence in Youth Mental Health had similar views:

As we stated in our previous submission, young people want to work. We believe these measures will only create unnecessary financial hardship, emotional, mental and family stress which will in turn impact on young people's job-readiness, defeating the objectives of the bill.<sup>2</sup>

## Inadequacy of payment

1.7 Both Youth Allowance and Newstart are inadequate payments, if the Government is serious about addressing barriers to work income support payments need to be raised. This was noted by several submissions to the inquiry, including the Australian Association of Social Workers:

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1 Australian Association of Social Workers, *Submission 1*, p. 1.

2 Orygen National Centre of Excellence in Youth Mental Health, *Submission 3*, p. 3.

If the Government wants to create proper financial incentive to encourage young people to enter training or study, they should immediately raise the payments to students to above the poverty line. Paying student allowances at destitution rates is no incentive at all and indeed has a range of other negative consequences for individual students as well as society as a whole.<sup>3</sup>

1.8 St Vincent de Paul Society also noted the low payments in relation to rising costs of living:

Studies conducted by the Crawford School of Public Policy at the Australia National University calculate that after budgeting for rental expenses, a single recipient of Newstart with no employment income will only have \$17 per day for all other costs such as food, clothing, utilities, personal care, transport, and medical and school expenses, in addition to the costs of job seeking. By contrast, the average single Australian under 35 spends around \$84 each day, not including their housing-related costs, or more than four times this much.<sup>4</sup>

1.9 The four measures contained in the bill are examined below.

### **Ordinary waiting period**

1.10 Currently, most Newstart recipients must serve an ordinary waiting period of seven days before allowances are payable. This Schedule provides that the current exemption on the basis of severe financial hardship will only apply if the person is also experiencing a personal financial crisis.

1.11 This measure is of real concern as it will mean that severe financial crisis alone does not result in an exemption from this waiting period, pushing people further into financial crisis. The National Welfare Rights Network said:

Some people with no means to support themselves will now need to serve the ordinary waiting period if they are not also experiencing a narrowly define 'personal financial crisis'. Make no mistake, there will be people experiencing financial crisis who will no longer qualify for the exemption.<sup>5</sup>

### **Changes to the age requirements for various Commonwealth payments**

1.12 This measure increases the eligibility age for some income support payments and will compound financial stress for young people for longer periods of time. St Vincent de Paul said:

The Society believes that such a change is unacceptable, as it would only serve to aggravate the gross inadequacy of Australian Government's current framework for income support.<sup>6</sup>

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3 Australian Association of Social Workers, *Submission 1*, p. 2.

4 St Vincent De Paul Society, *Submission 5*, p. 6.

5 National Welfare Rights Network, *Submission 2*, p. 3.

6 St Vincent De Paul Society, *Submission 5*, p. 5.

## **Income support waiting periods**

1.13 The key concern in this Bill is the re-introduction of a revised four-week waiting period for young people to access income support.

1.14 It should be blatantly clear that people with little financial support who are unemployed will be unable to live if they are locked out of income support payments for any length of time. This measure has been almost universally criticized, as well as being rejected by the Senate in previous Bills. The Australian Greens join many of the organisations who submitted to this inquiry in their concerns. The Australian Association of Social Workers said:

The AASW is further concerned that this measure will force a number of young people who have little or no resources into genuine destitution.<sup>7</sup>

1.15 Australian Council of Social Service outlined not only the danger of this measure for young people but to our entire social security system:

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.<sup>8</sup>

1.16 Other organisations shared these concerns, National Welfare Rights Network said:

The Government assumes that job ready young people to whom the four week waiting period will apply will have access to adequate support from their families. There is no evidence base for this assumption. It ignores that that poorest families will struggle to support young people during a four week period without payment.<sup>9</sup>

1.17 Orygen also raised the affect that such a measure could have on young people's mental health:

Subjecting young job seekers and their families to financial hardship through reduced payment and extended periods without income may introduce or compound vulnerability, risking a young person's mental health and wellbeing over time and placing their family relationships under duress.<sup>10</sup>

## **Implement the rapid activation of young job seekers**

1.18 This Bill introduces details of the RapidConnect Plus Program. This measure requires young people on the waiting period to undertake activities, if a young person

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7 Australian Association of Social Workers, *Submission 1*, p. 3.

8 Australian Council of Social Service, *Submission 8*, p. 2.

9 National Welfare Rights Network, *Submission 2*, p. 2.

10 Orygen National Centre of Excellence in Youth Mental Health, *Submission 3*, pp 1–2.

fails to meet these requirements they could be denied income support and have to re-apply and begin the 4 week waiting period again. The Australian Council of Social Service said:

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.<sup>11</sup>

## **Conclusion**

1.19 The Australian Greens would welcome genuine efforts to help young people into employment, but this Bill will simply make life harder for those young people who are already struggling. This view was shared by many of the submitters, the Australian Council of Social Service said:

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.<sup>12</sup>

**1.20 The Australian Greens cannot support the majority report or this Bill.**

## **Recommendation 1**

**1.21 That the Social Security Legislation Amendment (Youth Employment) Bill 2015 not be passed.**

**Senator Rachel Siewert**

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11 Australian Council of Social Service, *Submission 8*, p. 3.

12 Australian Council of Social Service, *Submission 8*, p. 1.



# **APPENDIX 1**

## **Submissions received by the Committee**

### **Submissions**

- 1** Australian Association of Social Workers
- 2** National Welfare Rights Network (plus an attachment)
- 3** Orygen National Centre of Excellence in Youth Mental Health
- 4** Miss Amber Russell
- 5** St Vincent de Paul Society
- 6** Department of Employment
- 7** Anglicare Australia
- 8** Australian Council of Social Service (plus two attachments)
- 9** Welfare Rights Centre Sydney