

Dissenting Report – Australian Greens

1.1 This Bill represents a new attack on our young people and the most vulnerable. It contains some of the Government's cruellest measures in the budget, and will take more than a billion dollars out of our social security system at the expense of low income and vulnerable Australians.

1.2 The Australian Greens cannot support the main committee report recommendation to pass this Bill because it seeks to re-introduce measures from the 2014-15 budget that were broadly rejected by the Australian peoples as a cash-grab at the expense of those who can least afford it; while big corporations continue to evade their company taxes and mining companies remain the recipients of huge government subsidies. The Government has removed some of the most controversial measures from the original Bills, but by reintroducing these measures it has demonstrates that it still doesn't understand that attacks on our social safety net must be rejected as cruel and unfair.

1.3 While the measure that denies young people income support has been watered down in response to the enormous community backlash, refusing access based on age still represents one of the most significant changes to the Australian system of income support since it was first introduced in a consolidated Social Security Act in 1947.

1.4 This inquiry was conducted under incredibly tight timelines and, as a result, did not attract a large number of submissions and only had time to conduct a single hearing. However, there is also a wealth of evidence on the record from last year's inquiry into these measures which should be considered alongside the material presented to this year's inquiry.

1.5 Both inquiries received clear evidence of the negative impacts that the measures in this Bill would have. The recommendation in the Majority Report that the measures be passed simply cannot be justified by the evidence given to the committee. As a result, we can only conclude that the Majority Report conclusions are based on ideology rather than on evidence.

1.6 This dissenting report will examine each of the measures in turn.

Measure 1 – Ordinary Waiting Periods

1.7 For people without access to income and support networks, waiting periods for payment can place them into serious financial distress. Additional waiting periods do not make sense when other waiting periods are already in place.

1.8 Mr Davidson, from ACOSS summed this up, by telling the inquiry that:

The savings are minuscule, there is a lot of red tape and we just cannot see a justification for it.¹

1 Mr Peter Davidson, Senior Advisor, Australian Council of Social Service (ACOSS), *Committee Hansard*, 5 August 2015, p. 3.

1.9 This measure is clearly about saving money, not helping people – this point was made clearly in last year's inquiry by the National Welfare Rights Network:

The changes proposed to the Ordinary Waiting Period (OWP) are not really about simplification. Actually, the Bill extends the waiting period to new payment types and introduces new evidentiary requirements and thereby effectively set a higher bar for waiver of the waiting period. For all the Government's emphasis on "simplification", the obvious simplification measure has been overlooked. A true simplification measure would be to abolish this waiting period, which is not necessary given the existence of the Liquid Assets Waiting Period.²

1.10 This measure will have the greatest effect on those who are cycling in and out of work. It does not recognise that a growing number of Australians are in insecure, casual and seasonal work and that this is particularly the case for young people. To respond to this trend, we require a better targeted social security system that can respond effectively to the way that people now work. This measure does not achieve this.

1.11 Our other concern with this measure, and particularly its extension to parenting payment, is the potential impact on women escaping domestic violence. ACOSS summed up their concerns about how this measure could act as a hurdle to those trying to leave a violent situation, by stating that:

Although there is an exemption for domestic violence on the face of it, as you know, people do not disclose, often for all kinds of good reasons. So we should not be throwing any hurdles in the way of women who are attempting to escape domestic violence with young children. If a one-week waiting period is one such hurdle, then we should not be doing it.³

1.12 Women in those circumstances really need money quickly and if they are put through some kind of complex hardship tests, unfortunately some may lose the opportunity to escape from very desperate circumstances.

1.13 The evidence demonstrates that this measure only adds to the complexity of the welfare system and puts people at risk.

Measure 2 – Age Requirements for various Commonwealth Payments

1.14 Newstart is widely acknowledged as inadequate and condemns people to living in poverty. Forcing young people off Newstart onto an even more inadequate payment will put these income recipients into significant housing stress and will drive them deeper into poverty which is yet another barrier to employment. This change will only exacerbate existing levels of hardship for many young people who have to wait three more years to access a higher rate of allowance.

2 See: National Welfare Rights Network submission to the committee's inquiry into the Social Services and Other Legislation Amendment (2014 Budget Measures No. 1) Bill 2014 and Social Services and Other Legislation Amendment (2014 Budget Measures No. 2) Bill 2014, *Submission 60*, p. 20.

3 Mr Peter Davidson, ACOSS, *Committee Hansard*, 5 August 2015, p. 4.

1.15 The National Union of Students (NUS) highlighted the inadequacy of the youth allowance payment, saying:

We know that students are very affected by extreme financial hardship while they are studying. Like we have mentioned before, in 2006 I believe one in eight students was going without regular meals. Now it is one in five students who is going regularly without meals.⁴

Measure 3 – Income Support Waiting Periods

1.16 This is a keystone budget measure that denies under 25s income support for four weeks on top of the one week waiting period proposed for all payments. This measure is just a watered down version of the harsh 2014-15 budget measure which proposed to keep people off income support for 6 months of the year.

1.17 This measure has received the most criticism, and was a key area of concern for many of the submitters in both this, and the previous inquiry.

1.18 We believe that the changes proposed in the Bill will be damaging, ineffective and counterproductive to the policy objective of assisting young people into full time, productive employment.

1.19 This punitive measure will push young people into poverty and make it harder for people to transition to work. There was broad agreement across a range of submitters that this measure would be ineffective in supporting young people into employment, and potentially harmful.

1.20 ACOSS went so far as to say that:

In light of the current challenges that people generally face about finding employment and struggling to keep a roof over their heads, I think it is very important for us to state today that we will not, in any shape or form, support further reductions in the income support that is available for young people.⁵

1.21 While the Government has tried to play down what effect five weeks without an income will have on a young person, Anglicare pointed out that this is two or three rental payments and a number of bills.⁶ Mission Australia also outlined the impacts by saying:

Suppose that you are a young person and you have got work. You have felt reasonably confident, so you have got rental of some sort or you are sharing a house with someone; you are paying rent or you have your own tenancy. Then you lose your job. In that situation you are only one or two weeks pay away from disaster. And if you have to wait five weeks to get benefits then

4 Ms Rose Steele, President, National Union of Students (NUS), *Committee Hansard*, 5 August 2015, p.32.

5 Dr Cassandra Goldie, CEO, Australian Council of Social Service, *Committee Hansard*, 5 August 2015, p. 3.

6 Ms Michelle Waterford, Research and Policy Director, Anglicare Australia, *Committee Hansard*, 5 August 2015, p. 14.

that is when there is a real risk of falling into homelessness if you do not have the back-up support of your family or somewhere else to go and stay.

That is the same for the adult population but in this case we are talking about also reducing the Newstart Allowance down to the Youth Allowance (other) level, so they are already getting a reduction in payment. That is where the risk comes in.⁷

1.22 The submitters also pointed out that by providing emergency relief funding to help those affected by this program, the Government is demonstrating quite clearly that it understands that the policy will lead to significant financial hardship. The Australian Association of Social Workers noted that:

The amendments contained in these schedules will force more people into destitution. The government is so certain of this that it has signalled that around \$8.1 million in additional funding will be available to emergency relief providers to provide assistance for those impacted by the measures.⁸

1.23 The Government is not correct in its claims that this measure is being used in New Zealand. The Department of Social Services has **no** evidence from other countries that wait periods for young people before they get income support for four weeks at time helps gain employment. New Zealand hasn't been pursuing a long wait period of four weeks – the focus has been more on pre-benefit activities and in addition, people receive back-pay once they qualify for a payment.

1.24 What has become obvious from the NZ experience is that working with jobseekers upfront helps young people better connect to work. But in NZ they are building a social investment framework along with their reforms to social security and are starting to realise that these sorts of measures can have a long-lasting detrimental effect.

1.25 Given this lack of evidence, it is clear that this measure is an ideological one, and represents another radical departure from evidence based policy making.

1.26 There has also been an attempt to demonise young people as 'couch-surfers' and 'bludgers' who are unwilling to take personal responsibility. Implicit in the application of wait times is the suggestion that once young people attain a government payment, they will give up searching for a job.

1.27 The Australian Association of Social Workers have point out how flawed this thinking is by saying:

We make the point that most young people do not need an external incentive to find work. It is what they desperately want. Work gives them

7 Mr David Pigott, General Manager, Mission Australia, *Committee Hansard*, 5 August 2015, p.13.

8 Mr Len Baglow, Policy Advocate, Australian Association of Social Workers, *Committee Hansard*, 5 August 2015, p. 19.

money, status, social acceptability, freedom, security—the list goes on and on. Most young people realise this.⁹

1.28 A range of submitters pointed out that youth unemployment is a significant structural problem.

1.29 Young Opportunities Australia told the committee that:

Youth unemployment is at a 13-year high in Australia. Failure to acknowledge the complex and varied reasons for this fundamentally distorts the policy debate towards an individualised view of unemployment, rather than one that considers the broader social and structural reasons, such as job shortages, skills mismatch, over-qualification, increased levels of competition, geographic and socioeconomic inequity, employer prejudices and inexperience...Fifteen per cent of Australian graduates are working in jobs for which they are over-skilled within three years of graduating and 25 per cent are not using their university degrees in their employment at all, which represents 790 million hours or \$15.6 billion in lost economic productivity to Australia. It is in this light that any policy addressing the youth unemployment problem must be viewed.¹⁰

1.30 Young Opportunities Australia added that:

It is in this light that adopting a policy mechanism that imposes waiting periods to encourage young people into employment appears to be an inappropriate response.¹¹

1.31 This view was shared by every other witness to the Committee (excluding the witnesses from the department).

1.32 Furthermore, it appears to attempt to divide those who seek help from the Government into deserving and undeserving by highlighting the range of exemptions that have been built into the legislation. While there are clearly safe-guards that exclude those people who are assessed as vulnerable from the waiting period, the response to questions on notice demonstrated that anyone who is misclassified will not be able to access back pay. Effectively, accessing immediate support requires the individual to disclose personal information that many young people are likely to hold back in an initial encounter with Centrelink, particularly in a phone assessment.

1.33 My own work with both people on income support and the agencies that support them has highlighted to me how over and over again young people in particular are often unwilling to disclose information that reveals how vulnerable they are – even when that information is critical to ensuring they receive appropriate and timely support.

1.34 This is echoed by submitters such as headspace National Youth Mental Health Foundation, who noted that the system:

9 Mr Len Baglow, *Committee Hansard*, 5 August 2015, p. 19.

10 Ms Margaret Quixley, Founding Director, Young Opportunities Australia, *Committee Hansard*, 5 August 2015, p. 30.

11 Ms Margaret Quixley, *Committee Hansard*, 5 August 2015, p. 30.

is already failing a percentage of young people who do not accurately represent themselves either through lack of awareness or through fear of disclosure.¹²

1.35 The Australian Greens believe that any attempt to exclude people based on age, gender or race is discriminatory and undermines the spirit of a universal safety net that is there for everyone who needs it – regardless of how that need developed. The attempts by the Government to divide young people into deserving and undeserving is nothing more than a cynical attempt to disguise the insidious nature of this attack on our social security system.

Measure 4 – Low income supplement

1.36 This measure is a remaining component of the Clean Energy legislation. It has a low take up but is still providing support to a number of households.

1.37 While we note that a number of submitters were unconcerned about whether the payment was retained or not, the Australian Greens are concerned that there has been little thought given to those who are currently receiving the payment and that this is just another cash-grab by a desperate Government.

1.38 Anglicare also raised the role this payment plays in addressing the inadequacy of our payments system during the committee hearing:

Just to say that there was a low take-up and high administrative costs was not, we felt, a justifiable reason to cut the payment completely...because there are already low payment levels, we felt that this, as an additional cut, just seemed like a particularly harsh measure when Anglicare Australia and the community sector in general are trying to increase the level of payments. If there were a better reason or a more justifiable reason to cut that payment then we would be happy to hear it, but just because the department did not do a very good job in communicating its availability was not a good enough reason, we thought.¹³

Measure 5 - Indexation

1.39 This measure will mean that payments are not able to keep in line with changes in the cost of living; it is a petty measure that targets those that can least afford it and will have a detrimental effect on supporting people to find work.

1.40 NUS noted that:

To unfreeze indexation rates was one of the quite positive parts to come out of the Bradley review reforms. There was an indexation pause in the early nineties and this was also meant to be a short indexation freeze. It ended up going for just under 10 years, I believe. We are quite concerned that the freeze of indexation really would erode the value that students can earn throughout their paid work while under financial hardship and in need of

12 Ms Carolyn Watts, Vocation and Education Specialist, headspace National Youth Mental Health, *Committee Hansard*, 5 August 2015, p. 21.

13 Ms Michelle Waterford, *Committee Hansard*, 5 August 2015, p. 12.

support payments throughout the years. We have also noticed that there will be no jump from CPI after the three-year indexation freeze.¹⁴

1.41 Freezing free areas reduces incentives to work which is at odds with the government's other policies which are ostensibly aimed at encouraging people into work.

Conclusion

1.42 The overarching problem with this Bill is that rather than addressing the problems of inadequacy of income support, and the need for real incentives and support into work, many of the measures will:

- exacerbate the inadequacy of the current payments, particularly Newstart and youth allowance; and
- undermine the efforts of jobseekers by subjecting them to measures that make it impossible to maintain a basic standard of living, including stable housing, which is critical in order to stay attached to the labour market.

1.43 The Australian Greens share the concerns of submitters that:

the most disadvantaged members of our society should not be the catch-all for efficiencies and cost savings.¹⁵

1.44 This inquiry again highlighted the complete inadequacy of our current payments system. As well as undertaking serious structural reform that reduces the number of Australians living in poverty, and abandoning its cruel agenda, the Government should immediately increase Newstart by \$50 a week to alleviate the worst pressures on those least able to bear them.

For these reasons, the Australian Greens recommend that the Bill not be passed.

Senator Rachel Siewert

14 Ms Rose Steele, *Committee Hansard*, 5 August 2015, p. 33.

15 Ms Michelle Waterford, *Committee Hansard*, 5 August 2015, p .8.

