

The Senate

Community Affairs
Legislation Committee

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

August 2015

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MEMBERSHIP OF THE COMMITTEE

44th Parliament

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Participating members for this inquiry

Senator Claire Moore	Queensland, ALP
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ABBREVIATIONS

AASW	Australian Association of Social Workers
ACOSS	Australian Council of Social Service
ACTU	Australian Council of Trade Unions
Bill	Social Services Amendment Legislation (Youth Employment and Other Measures) Bill 2015
BSL	Brotherhood of St Laurence
Committee	Senate Community Affairs Legislation Committee
DoE	Department of Employment
DSS	Department of Social Services
Headspace	Headspace National Youth Mental Health Foundation
Minister	Minister for Social Services
NCSMC	National Council for Single Mothers and their Children
No. 4 Bill	Social Services and Other Legislation Amendment (2014 Budget Measures No. 4) Bill 2014
NUS	National Union of Students
NWRN	National Welfare Rights Network
Orygen	National Centre for Excellence in Youth Mental Health

LIST OF RECOMMENDATIONS

Recommendation 1

2.35 The committee recommends that the Bill be passed.

Chapter 1

Referral

1.1 On 28 May 2015, the Minister for Social Services, the Hon. Scott Morrison MP (Minister), introduced the Social Services Legislation Amendment (Youth Employment and Other Measures) Bill 2015 (Bill) in the House of Representatives.¹ Pursuant to the Senate resolution of 13 May 2015, the provisions of the Bill were referred to the Community Affairs Legislation Committee for inquiry and report by 15 June 2015.² On 15 June 2015, the Senate extended the reporting date to 11 August 2015.³

Conduct of the inquiry

1.2 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 29 organisations and individuals, inviting submissions by 9 June 2015.

1.3 The committee received 12 submissions. Submissions are listed at Appendix 1 and published on the committee's website.

1.4 The committee held a public hearing in Canberra on 5 August 2015.

Background

1.5 The Bill seeks to implement measures outlined by the government in the 2015–16 Federal Budget (Budget) that aim to increase jobs, growth and opportunity. This includes a \$5.5 billion Jobs and Small Business Package that aims to assist Australian small businesses and support Australia's unemployed, particularly young people, to move into long term employment.⁴

1.6 A number of these measures were outlined in the 2014–15 Budget and previously introduced in the Social Services and Other Legislation Amendment (2014 Budget Measures No. 4) Bill 2014 (the No. 4 Bill). The No. 4 Bill was introduced in the Senate on 28 October 2014 but has not yet been passed.⁵

1 The Hon. Scott Morrison MP, Minister for Social Services, *House of Representatives Hansard*, 28 May 2015, pp 1–2.

2 On 13 May 2015 the Senate passed a resolution that the provisions of all bills introduced into the House of Representatives after 14 May 2015 and up to and including 4 June 2015 that contain substantive provisions commencing on or before 1 July 2015 (together with the provisions of any related bill), are referred to committees for inquiry and report by 15 June 2015. See: *Journals of the Senate*, No. 93–13 May 2015, p. 2585.

3 *Journals of the Senate*, No. 95–15 June 2015, p. 2644.

4 Budget 2015, 'Statement 1: Budget Overview,' *Budget Paper 1: Budget Strategy and Overview*, http://www.budget.gov.au/2015-16/content/bp1/html/bp1_bs1-04.htm (accessed 12 June 2015).

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

1.7 The Minister noted during the second reading speech on the Bill, the proposed reforms 'support the sustainability of the social security system and the nation's budget'.⁶

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* (Social Security Administration Act) and *Farm Household Support Act 2014* (Farm Household Support Act).

1.9 The Bill contains five schedules that introduce measures outlined in the 2015-16 Budget and several measures from the 2014-15 Budget previously introduced in the No. 4 Bill. The proposed measures are outlined below.

Schedule 1 – Ordinary waiting periods

1.10 This schedule proposes changes to the Social Security Act to extend and simplify the ordinary waiting period for all working age payments, including:

- 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 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.⁷

1.11 This schedule reintroduces Schedule 3 to the No. 4 Bill but excludes widow allowance claimants from the one-week ordinary waiting period for working age payments. This schedule would commence on 1 July 2015.⁸

Schedule 2 – Age requirements for various Commonwealth payments

1.12 This schedule proposes amendments to the Social Security Act to provide that young unemployed people aged 22 to 24 would no longer be eligible for Newstart allowance or sickness allowance until they turn 25 years of age and would, instead, be able to claim and qualify for youth allowance.⁹

6 *House of Representatives Hansard*, 28 May 2015, p. 2.

7 Explanatory Memorandum (EM), p. 2.

8 EM, p. 1.

9 EM, p. 9.

1.13 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.¹⁰

1.14 During the second reading speech on the Bill, the Minister noted around \$8.1 million in emergency relief funding will be made available to provide assistance to job seekers affected by the measure.¹¹

1.15 This schedule reintroduces Schedule 6 to the No. 4 Bill, with a new start date. The schedule would commence on 1 July 2016.¹²

Schedule 3 – Income support waiting periods

1.16 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 will also be required to complete assigned activities, through a new program, RapidConnect Plus.¹³

1.17 This schedule introduces a replacement for the 2014 Budget measure, *Stronger Participation Incentives for Job Seekers under 30*, proposed in Schedule 7 to the No. 4 Bill, which would have required young people with full capacity to serve a six-month waiting period for income support, with access to payment for six months and rolling six-month non-payment periods thereafter. This schedule would commence on 1 July 2016.¹⁴

Schedule 4 – Low income support

1.18 This schedule proposes to cease the Low Income Supplement assistance measure for low-income households for costs associated with the introduction of the carbon price from 1 July 2017.¹⁵

Schedule 5 – Indexation

1.19 This schedule proposes implementing the following changes to Australian Government payments:

- maintain at level for three years from 1 July 2015 the income free areas for all working age allowances (other than student payments) and for parenting payment single; and

10 EM, p. 9.

11 *House of Representatives Hansard*, 28 May 2015, p. 2.

12 EM, p. 1.

13 EM, p. 16.

14 EM, p. 1.

15 EM, p. 23.

- maintain at level for three years from 1 January 2016 the income free areas and other means test thresholds for student payments, including the student income bank limits.¹⁶

1.20 The government has stated that together these indexation measures would result in an estimated saving of \$134.8 million over the next four years.¹⁷

1.21 This schedule reintroduces changes proposed by Schedule 4 of the No. 4 Bill.¹⁸

Financial implications

1.22 The Explanatory Memorandum notes the following estimated savings are expected for each of the measures over the forward estimates:

- schedule 1 – \$274.8 million
- schedule 2 – \$517.0 million
- schedule 3 – \$173.3 million
- schedule 4 – \$42.9 million
- schedule 5 – \$134.8 million.¹⁹

Consideration by other committees

1.23 The Parliamentary Joint Committee on Human Rights (PJCHR) found the income support waiting periods (schedule 3) engage and limit the right to equality and non-discrimination on the basis of age. The PJCHR noted the statement of compatibility does not sufficiently justify that limitation for the purposes of international human rights law and sought advice from the Minister for Social Services as to whether the measure is a proportionate means of achieving the stated objective.²⁰

1.24 The Senate Standing Committee for the Scrutiny of Bills (Scrutiny Committee) raised concerns 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). The Scrutiny Committee noted the provision may be considered to delegate legislative powers inappropriately, but leaves the question of whether the proposed approach is appropriate to the Senate as a whole.²¹

16 EM, p. 27.

17 EM, p. 2.

18 EM, p. 1.

19 EM, p. 2.

20 Parliamentary Joint Committee on Human Rights, *Human Rights Scrutiny Report: Twenty-fourth report of the 44th Parliament*, 23 June 2015, pp 12–19.

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

Acknowledgement

1.25 The committee thanks those individuals and organisations that made submissions and gave evidence at the public hearing.

Note on references

1.26 References to the committee *Hansard* are to the *Proof Hansard*. Page numbers may vary between the proof and official Hansard transcript.

Chapter 2

Key issues

2.1 Submissions and witnesses supported the objective of the Social Services Amendment Legislation (Youth Employment and Other Measures) Bill 2015 (Bill) to address youth unemployment and support workforce participation by young people. However, the majority of submissions opposed the proposed changes to the income support waiting period for young job seekers (schedule 3). A number of submissions also raised concerns about the following measures:

- changes to the one-week ordinary waiting period (schedule 1);
- raising the eligibility age for Newstart and Sickness Allowance to 25 years (schedule 2);
- abolishing the low income supplement (schedule 4); and
- freezing indexation to income free areas for certain payments (schedule 5).

2.2 In its submission, the Department of Social Services (DSS) noted the proposed measures 'are designed to support the sustainability of the social security system and the nation's budget'.¹

Income support waiting periods

2.3 While supporting the government's decision to withdraw the six-month waiting period for income support for young job seekers proposed in the Social Services and Other Legislation Amendment (2014 Budget Measures No. 4) Bill 2014 (the No. 4 Bill), most submissions opposed the introduction of a four-week waiting period, as proposed under schedule 3.²

2.4 DSS noted that the government expects to save around \$173 million over the forward estimates from this measure.³

Impact of waiting period on vulnerable groups

2.5 Submissions and witnesses expressed concern that the introduction of a four-week waiting period would disproportionately affect young people from disadvantaged backgrounds.⁴

1 Department of Social Services (DSS), *Submission 2*, p. 1.

2 See: Australian Council of Social Services (ACOSS), *Submission 5*; Brotherhood of St Laurence (BSL), *Submission 7*; National Welfare Rights Network (NWRN), *Submission 6*, UnitingCare, *Submission 4*; National Council for Single Mothers and their Children, *Submission 8*; Headspace National Youth Mental Health Foundation, *Submission 9*; Anglicare Australia, *Submission 10*; Orygen, *Submission 12*.

3 Explanatory Memorandum (EM), p. 2; Ms Cath Halbert, Group Manager, Payments Policy, *Estimates Hansard*, 4 June 2015, p. 107.

2.6 Representatives from DSS and the Department of Employment (DoE) told the committee that the \$5.5 billion 'Growing Jobs and Small Business' package announced in the 2014-15 Budget includes investment in 'transition to work' programs for vulnerable groups. DoE's programs aim to support unemployed early school-leavers, as well as early-intervention assistance to 'those parents who are at greatest risk of entering a life of long-term welfare dependency'.⁵ DSS is also leading two 'innovative youth trials' aimed at young people under 25 with mental health issues, and vulnerable young migrants and refugees.⁶

Exemptions from waiting period

2.7 Submitters and witnesses expressed concern that the proposed exemptions to the four-week waiting period were not broad enough to apply to a range of vulnerable groups.⁷

2.8 DSS explained that the Bill does not intend 'that those vulnerable job seekers should serve the four-week waiting period' and there are a number of exemptions for vulnerable people including:⁸

- parents with at least 35 per cent care of a child;
- young people who are in or leaving state care;
- people with an activity test exemption of at least two weeks (including pregnant women in their last few weeks of pregnancy);
- people with temporary illness; and
- people who are homeless or in a crisis situation.⁹

2.9 DSS further noted that the Bill allows the Minister for Social Services (Minister) to define additional exemption categories by legislative instrument.¹⁰

4 See: ACOSS, *Submission 5*; BSL, *Submission 7*; NWRN, *Submission 6*, UnitingCare, *Submission 4*; Anglicare Australia, *Submission 10*; Mr David Pigott, Mission Australia, *Committee Hansard*, 5 August 2015, p. 8.

5 Ms Margaret Kidd, Group Manager, Labour Market Strategy Group, Department of Employment, *Committee Hansard*, 5 August 2015, p. 47.

6 Ms Cath Halbert, Group Manager, Payments Policy Group, Department of Social Services, *Committee Hansard*, 5 August 2015, p. 47. In response to questions on notice, DoE and DSS provided the committee with the number of job seekers expected to participate in the 'Growing Jobs and Small Business' measures. See: DoE, answer to question on notice, 5 August 2015 (received 7 August 2015); and DSS, answer to question on notice, 5 August 2015 (received 10 August 2015).

7 See: NWRN, *Submission 6*, pp 7–8; Mr David Pigott, Mission Australia, *Committee Hansard*, Canberra, 5 August 2015, p. 7; Ms Kate Beaumont, President, NWRN, *Committee Hansard*, 5 August 2015, p. 40.

8 Ms Cath Halbert, *Committee Hansard*, 5 August 2015, p. 47.

9 Ms Cath Halbert, *Committee Hansard*, 5 August 2015, p. 46.

10 Ms Cath Halbert, *Committee Hansard*, 5 August 2015, p. 46.

2.10 Under the proposed exemption categories, DSS estimated a greater proportion of young people would be exempt from the four week waiting period (83 000) than would serve them (75 000). DSS estimated that 85 000 waiting periods would be served by 75 000 young people, as some young people would serve two waiting periods in a year.¹¹

Evidence base

2.11 In the 2015 Budget papers, the government explained that the four week waiting period 'will set the clear expectation that young people must make every effort to maximise their chances of successfully obtaining work'.¹² Representatives from DSS told the committee that the intention of the four-week waiting period is that 'job-ready young people should be given every motivation to look for work rather than going to income support in the first instance'.¹³ During the second reading speech on the Bill, the Minister emphasised:

We do not want to see young Australians seeking out welfare as a career choice. We do not want to see a shuttle run from the school gate to the Centrelink front door.¹⁴

2.12 Representatives from DoE suggested that evidence from its 2014 *Surveys of Employers' Recruitment Experiences* indicated that 28 per cent of employers seeking to fill lower skilled vacancies experienced difficulties.¹⁵ DoE noted young people are predominately employed in lower skilled occupations.¹⁶

2.13 Under the proposed measure, young people assessed as 'job ready' would be required to undertake an intensive activity called RapidConnect Plus during the four-week waiting period.¹⁷ Representatives from DoE noted evidence from the OECD and past programs indicates that 'early activation' activities are successful in assisting young people find employment, as well as having a 'tree-shaking effect':

it certainly flushes out a lot of job seekers who think it is probably easier to either get a job or declare a job that they already have than to do that activity. So we do have a lot of evidence around this cohort and the kinds of measures that work.¹⁸

11 Ms Cath Halbert, *Committee Hansard*, 5 August 2015, p. 45.

12 Australian Government, *Budget 2015: Growing Jobs and Small Business*, 'Moving job seekers into work,' http://www.budget.gov.au/2015-16/content/glossy/sml_bus/html/sml_bus-15.htm (accessed 9 June 2015).

13 Ms Cath Halbert, *Committee Hansard*, 5 August 2015, p. 42.

14 The Hon. Scott Morrison MP, Minister for Social Services, *House of Representatives Hansard*, 28 May 2015, p. 1.

15 Ms Margaret Kidd, *Committee Hansard*, 5 August 2015, p. 42.

16 Department of Employment, answer to question on notice, 5 August 2015 (received 7 August 2015).

17 See: EM, p. 16.

18 Ms Margaret Kidd, *Committee Hansard*, 5 August 2015, p. 43.

2.14 During Budget Estimates on 4 June 2015, DSS told the committee the four-week waiting period was informed by (though not directly comparable to) a model used in New Zealand, whereby a four-week 'activation period' applies to all job seekers who have to undertake a series of 'activation activities' prior to receiving income support payments.¹⁹ DSS told the committee that evidence suggests 37 per cent of young people who undertake the activation activities do not end up going on to income support.²⁰

Emergency relief payments

2.15 A number of submissions and witnesses expressed concern that the introduction of a four-week waiting period would require young people to seek emergency relief payments, and questioned the accessibility and adequacy of these payments.²¹ Ms Beaumont from NWRN expressed particular concern about how many of the 75 000 people estimated to be affected by the proposed measure would be able to access emergency relief.²²

2.16 During the second reading speech on the Bill, the Minister noted around \$8.1 million in additional funding will be made available to provide assistance to job seekers affected by the measure who are experiencing hardship.²³ Representatives from DSS told the committee that the department would consult with the sector on the appropriation of the emergency relief funding, including mapping of the likely areas with a high proportion of young people accessing payments.²⁴

Ordinary waiting periods

Exemptions to ordinary waiting periods

2.17 Some submissions recognised and expressed support for the exemption categories for the ordinary waiting period. The National Council for Single Mothers and their Children (NCSMC) noted particular support for exemptions for parents with primary care responsibilities and people who have been in state care.²⁵

2.18 However, a number of submissions also expressed concern about the level of awareness about and accessibility of exemption categories.²⁶ Ms Terese Edwards told

19 Mr Finn Pratt, Secretary, Department of Social Services, *Estimates Hansard*, 4 June 2015, p. 109.

20 Ms Cath Halbert, *Committee Hansard*, 5 August 2015, p. 43.

21 See: AASW, *Submission 1*, p. 3; NUS, *Submission 3*, p. 7; UnitingCare, *Submission 4*, p. 3.

22 Ms Kate Beaumont, *Committee Hansard*, 5 August 2015, p. 41.

23 The Hon. Scott Morrison MP, *House of Representatives Hansard*, 28 May 2015, p. 2. During Budget Estimates, DSS confirmed the payment would be spend over three years from 1 January 2016. See: Ms Cath Halbert, Group Manager, Payments Policy, *Estimates Hansard*, 4 June 2015, p. 108.

24 Ms Cath Halbert, *Committee Hansard*, 5 August 2015, p. 45.

25 NCSMC, *Submission 9*, p. 2.

26 See: ACOSS, *Submission 5*; NWRN, *Submission 6*; Headspace, *Submission 9*; Orygen, *Submission 12*; NCSMC, *Submission 9*.

the committee NCSMC were 'not confident that exemptions are granted in the way that they should be'. A survey conducted by NCSMC of 700 women eligible for exemptions to the ordinary waiting period found 77 to 90 per cent of respondents were not aware of the current exemption categories.²⁷ Headspace Youth Mental Health Foundation expressed particular concern that young people with mental health issues would not be able to access exemptions, especially:

those young people who either don't recognise their difficulties as related to their mental health, or who are unwilling to disclose mental health difficulties due to stigma or shame.²⁸

2.19 Representatives from DSS told the committee around 40 per cent of claimants (approximately 170 000) are estimated to have their one-week waiting period waived under the proposed revisions to the exemption categories.²⁹

Personal financial crisis and family violence

2.20 Submitters and witnesses expressed concern about tightening the financial hardship exemption to only apply if the person is also experiencing a 'personal financial crisis'.³⁰

2.21 In particular, submissions and witnesses expressed concern that the proposed definition of 'personal financial crisis' is too narrow, including that family violence must have been experienced in the past four weeks.³¹ Ms Amie Meers, Executive Officer at the National Welfare Rights Network (NWRN) noted that vulnerable families often experience a:

...slow slide into financial hardship, not necessarily in the immediate four weeks prior to claiming...There are a myriad of reasons why a person might find themselves in severe financial hardship or in a personal financial crisis that go beyond domestic violence and reasonable and unavoidable expenditure. A person might be the victim of a crime. They might have had all of their possessions stolen. They might be a young person who has been kicked out of home.³²

2.22 DSS noted exemptions based on personal financial crisis 'will better target exemptions to those who are most vulnerable and most in need of immediate assistance'.³³ Noting previous concerns raised by the committee about exemptions being outlined in a legislative instrument that could be disallowed, DSS noted the

27 Ms Terese Edwards, CEO, NCSMC *Committee Hansard*, 5 August 2015, p. 23.

28 Headspace, *Submission 9*, p. 3.

29 DSS, answer to question on notice, 5 August 2015 (received 10 August 2015).

30 See: ACOSS, *Submission 5*, p. 2; NWRN, *Submission 6*, p. 14; UnitingCare, *Submission 4*, p. 2; Anglicare, *Submission 10*, p. 5.

31 See: ACOSS, *Submission 5*, p. 2; NWRN, *Submission 6*, p. 14.

32 Ms Amie Meers, Executive Officer, NWRN, *Committee Hansard*, 5 August 2015, p. 39.

33 DSS, *Submission 2*, p. 2.

exemptions are now included in the primary legislation, with the legislative instrument 'providing flexibility to include additional exemptions'.³⁴

Raising Newstart eligibility age

2.23 A number of submissions expressed concern about raising the eligibility age for Newstart and sickness allowances to 25 years old.³⁵ Submissions noted young people moving from Newstart to youth allowance would lose a fifth of their weekly payments, decreasing from \$519.20 per fortnight (Newstart) to \$426.80 per fortnight (youth allowance).³⁶

2.24 Submissions expressed concern that the proposed change would disproportionately affect young people from disadvantaged backgrounds and 'exacerbate poverty and disadvantage'.³⁷ Witnesses also argued that the low rates of Newstart do not provide incentives for young people to leave study or employment, in favour of unemployment.³⁸

2.25 DSS noted in its submission that for young people aged 22 to 24 years old, the current arrangements (where the Newstart allowance is paid at a higher rate than youth allowance) act 'as a disincentive to pursue full-time study to better aid a transition into work' and the proposed change 'removes that incentive'.³⁹

Indexation

2.26 A number of submissions opposed the proposed freeze on indexation on personal income free thresholds for some payments, arguing it would negatively impact people on very low incomes seeking to transition to secure employment.⁴⁰ The National Union of Students (NUS) argued freezing indexation on the threshold would particularly impact disadvantaged students. Ms Rose Steele, President of NUS, told the committee the freeze would 'erode the value that students can earn throughout their paid work'.⁴¹

2.27 Under the proposed change, DSS noted that while some recipients would not receive increases to payments that would otherwise have occurred, payments will not

34 DSS, *Submission 2*, p. 2.

35 See: ACOSS, *Submission 5*; AASW, *Submission 1*; NUS, *Submission 3*; NWRN, *Submission 6*; BSL, *Submission 7*; Anglicare Australia, *Submission 10*.

36 See: ACOSS, *Submission 5*, p. 2; NWRN, *Submission 6*, pp 16–17; Anglicare Australia, *Submission 10*, p. 6.

37 NWRN, *Submission 6*, p. 3.

38 See: Ms Margaret Quixley, Young Opportunities Australia, *Committee Hansard*, Canberra, 5 August 2015, p. 32; Ms Rose Steele, President, National Union of Students, *Committee Hansard*, Canberra, 5 August 2015, p. 33.

39 DSS, *Submission 2*, p. 2.

40 See: ACOSS *Submission 5*, p. 7; NWRN, *Submission 6*, p. 18; Anglicare Australia, *Submission 10*, p. 8.

41 Ms Rose Steele, President, NUS, *Committee Hansard*, 5 August 2015, p. 33.

be reduced unless their circumstances change, such as their income increasing in value. DSS estimated the measure would result in a saving of \$134.8 million over the forward estimates.⁴²

Income supplement

2.28 Most submissions made no comment on abolishing the income supplement. ACOSS supported abolishing the supplement noting in its submission that following the abolition of the carbon tax, 'it is appropriate that this supplement is abolished'.⁴³

2.29 In its submission, DSS noted the program has a 'very low take-up rate and is administratively highly complex and expensive to deliver', with the costs in administering the payment exceeding the financial benefit accrued by eligible individuals.⁴⁴ DSS estimated that 6 000 people would no longer receive the low income supplement under the proposed measure with around 70 per cent of these continuing to receive the Energy Supplement as part of the Family Tax Benefit payment.⁴⁵

Committee view

2.30 The committee notes concerns that the four-week waiting period will disproportionately impact on vulnerable young people, including those with mental health issues. The committee is satisfied the existing exemption categories and Job Seek Classification Instrument process, together with the emergency relief payments and additional support programs for vulnerable young people announced in the 'Growing Jobs and Small Business' package, will ensure the waiting period is targeted to 'job ready' young people. The committee notes more young people are expected to be exempted from rather than serve the waiting period.

2.31 The committee notes concerns about the tightening of eligibility criteria for the ordinary waiting period and definition of the 'personal financial crisis'. The committee is satisfied these changes will ensure exemptions are targeted to assist vulnerable individuals and families.

2.32 The committee notes concerns about raising the eligibility age for Newstart and sickness allowance to 25 years of age. The committee considers the higher income threshold under youth allowance will encourage young people to find stable employment.

2.33 The committee notes concerns about proposed changes to the income free indexation threshold for some payments. The committee is satisfied payment recipients will not have their payments reduced under the proposed measure.

42 DSS, *Submission 2*, p. 4.

43 ACOSS, *Submission 5*, p. 6.

44 DSS, *Submission 2*, p. 3–4.

45 DSS, *Submission 2*, p. 4.

2.34 The committee is satisfied with DSS's justification for abolishing the low income supplement, noting the program currently costs more to administer than payments provided.

Recommendation 1

2.35 The committee recommends that the Bill be passed.

Senator Zed Seselja

Chair

Dissenting Report from Labor Senators

Introduction

1.1 Labor Senators on this committee hold serious concerns about the impact of measures set out in this Bill which will significantly erode support for young Australians and push them into financial hardship and poverty.

1.2 These concerns are shared by all participants to this inquiry, with the exception of the Government departments. Labor Senators note that the recommendation in the majority report does not reflect the view outlined by the stakeholders who provided written and oral testimony to the inquiry.

1.3 A number of the measures in this Bill are the same or substantially the same as measures announced by the Government in the 2014-15 Budget. These measures were considered by the committee's inquiry into the Social Services and Other Legislation Amendment (2014 Budget Measures No. 1) Bill 2014 and the Social Services and Other Legislation Amendment (2014 Budget Measures No. 2) Bill 2014.

1.4 Labor Senators are of the view that the committee heard no new evidence during the inquiry into the Social Services and Other Legislation Amendment (Youth Employment and Other Measures) Bill 2015 to alter the conclusions reached in their Dissenting Report from the previous inquiry.

1.5 As the Australian Council of Trade Unions (ACTU) stated in their submission to the committee:

[T]his Bill is merely a recycled and watered-down version of the 2014 proposals. The measures contained in this Bill are harsh, draconian and unfair, and very little different to those proposed (and rejected by the Senate) last year.¹

1.6 This view was echoed in the submission of the Australia Council of Social Services (ACOSS) where they state:

It is disappointing that measures widely regarded as unfair and harmful for people on the lowest incomes are being recycled from the 2014 Budget into the latest one.²

1.7 In particular, Labor Senators remain concerned by the Government's attempts to completely withdraw the safety net for young jobseekers. Whether for one month, as proposed in this Bill, or six months, as was proposed in the previous Bills, it is clear that the measure will drive young people into poverty and disadvantage.

1.8 The devastating impact on young Australians is only compounded by other measures in the Bill before the committee.

1 ACTU, *Submission 11*, p. 5.

2 ACOSS, *Submission 5*, p. 1.

1.9 Labor Senators are of the view that the financial hardship which would result from a number of measures in this Bill will only serve to make it hard for jobseekers to undertake job seeking activities and secure employment.

1.10 As the Australian Association of Social Workers stated in their submission:

Factors leading to poverty such as lack of money for accommodation, subsistence food, clothing suitable to attend job interviews or insufficient funds for transport all interfere with people's ability to actually look for work.³

1.11 The measures in this Bill take a punitive and counter-productive approach to the issue of youth unemployment in Australia, particularly given the difficulties and barriers faced by young people in the current job market.

1.12 As the ACTU put it in their submission:

[T]his Bill will achieve nothing save to punish young people for not being able to find employment in a sluggish labour market.⁴

1.13 In his evidence to the committee, Mr David Pigott, General Manager, Mission Australia, highlighted the same issue, stating:

We are concerned, however, that the current budget measures before us risk taking a punitive approach to young people in the current labour market, where there is only one job available for every six job seekers. Youth unemployment has remained stubbornly high since the global financial crisis, and in some areas where we work it is as high as 30 per cent.⁵

1.14 Accordingly, Labor Senators are of the view that Schedules 1, 2, 3 and 5 should be removed from the Bill.

Schedule 1: Ordinary Waiting Period

1.15 Schedule 1 seeks to apply a one week waiting period to all working age payments, excluding widow allowance claimants.

1.16 This measure is substantially the same as a previous proposal announced in the 2014-15 Budget and examined as part of the committee's inquiry into the Social Services and Other Legislation Amendment (2014 Budget Measures No. 1) Bill 2014.

1.17 While the measure includes a number of grounds upon which the one week ordinary waiting period can be waived, evidence to the committee made it clear that the grounds were too narrowly defined, administratively burdensome and designed to push claimants to a crisis point.

1.18 The measure provides that the current exemption on the basis of severe financial hardship will be restricted further, to only apply if a person is also experiencing a 'personal financial crisis'.

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

4 ACTU, *Submission 11*, p. 5.

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

1.19 The committee heard evidence that the changes to the ordinary waiting period and the additional requirement that a person being experiencing a 'personal financial crisis' would mean that people with no means of supporting themselves would end up having to serve the one week period without payment.

1.20 In her evidence to the committee, Ms Kate Beaumont, President of the National Welfare Rights Network, stated:

Make no mistake, there will be people experiencing financial crisis who will no longer qualify for the exemption.⁶

1.21 In their evidence to the committee, ACOSS stressed that the proposed exemption test would require an extremely thorough assessment of a claimants financial circumstances to determine if they needed access to income support one week early and would result in one of two outcomes:

Either the administrative cost of the proposed rules would exceed the savings to government, or many people who need immediate help would abandon their application.⁷

1.22 In their submission to the committee, UnitingCare Australia argued that the requirement that a person be experiencing a 'personal financial crisis' was counter-productive and would likely result in increased cost to the system:

[W]e highlight that the provision of services is not only more costly if delivered at the point of crisis than if support is provided in a preventative manner, but also, the adverse impacts experienced by the individual are reduced through earlier assistance being provided.⁸

1.23 The National Welfare Rights Network echoed this in their submission stating:

[T]he additional limitations being placed on exemptions to the OWP [ordinary waiting period] will operate so that some people, with no means to support themselves or others to rely on for support, will be required to serve the OWP.⁹

1.24 Labor Senators on the committee are of the view that the changes, in particular the tightening of the financial hardship exemption, will only serve to reduce living standards for an already vulnerable group of people, increasing their risk of harm and hardship.

1.25 The evidence to the committee strongly refutes the Government's claim that 'claimants without the means to support themselves will have access to exemptions and waivers'.¹⁰

6 Ms Kate Beaumont, President, National Welfare Rights Network (NWRN), *Committee Hansard*, 5 August 2015, p. 35.

7 ACOSS, *Submission 5*, p. 2.

8 UnitingCare Australia, *Submission 4* p. 4.

9 National Welfare Rights Network, *Submission 6*, p. 13.

10 Statements of compatibility with human rights.

1.26 This impact is compounded when considered in combination with other measures in the Bill, specifically the proposed Income Support Waiting Period.

Schedule 2: Age requirements for various Commonwealth payments

1.27 In line with the announcement in the 2014-15 Budget, this measure seeks to extend Youth Allowance (Other) from 22 to 24 year olds in lieu of Newstart and Sickness Allowance.

1.28 This measure would result in a cut of at least \$48 a week, or almost \$2 500 a year, for young jobseekers between the ages of 22 and 24.

1.29 This measure was originally proposed in Schedule 8 of the Social Services and Other Legislation Amendment (2014 Budget Measures No. 2) Bill 2014 which was previous considered by the committee.

1.30 The stated intention of the measure is to 'provide incentives to young unemployed people to obtain the relevant education and training to increase employability'.¹¹

1.31 The need for incentives such as this for young jobseekers was countered in the submission from the Australian Association of Social Workers, which stated that:

[T]here is no strong evidence to indicate that the current cohort of young people is avoiding employment more than any other segment of the population.¹²

1.32 The evidence presented to the committee, which Labor Senators concur with, is that the measure could exacerbate the disadvantage some young people face in the job market, while doing nothing to address the structural problems faced by these young jobseekers.

1.33 In their submission, UnitingCare Australia highlighted the range of barriers that young jobseekers face, such as limited prior education and training, limited experience and lack of job applications skills, arguing that:

These factors highlight the absence of a level playing field, and point to the reality that extra assistance is needed to facilitate education and employment opportunities for those at most disadvantage.¹³

1.34 Submitters to the inquiry raised particular concerns about the impact of this measure on already at risk or vulnerable young people.

1.35 In their submission Orygen stated that:

[R]educing the income of job seeking young people is likely to result in increased financial stress, potentially creating difficult personal situations for young people. Such stressors may trigger or exacerbate an experience of

11 Explanatory Memorandum.

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

13 UnitingCare Australia, *Submission 4*, p. 4.

mental ill-health such as anxiety and depression in vulnerable young people, which in turn creates barriers to effective job-seeking.¹⁴

1.36 For these reasons Labor Senators do not support this measure.

Schedule 3: Income Support Waiting Periods

1.37 This measure seeks to introduce a requirement for young people under 25 to wait four weeks prior to receiving income support, an Income Support Waiting Period.

1.38 The Income Support Waiting Period is a revision of the Government's 2014-15 Budget measure requiring young people under 30 to actively seek work for six months prior to receiving income support payments.

1.39 The Government originally sought to introduce the six month waiting period in Schedule 9 of the Social Services and Other Legislation Amendment (2014 Budget Measures No. 2) Bill 2014 which the committee previously examined.

1.40 Labor Senator's expressed serious concerns about this measure when it was previously considered by this committee. These concerns are not allayed by the revised proposal which the Government seeks to implement in the Bill now before the committee.

1.41 Throughout this inquiry Labor Senators questioned the evidence base upon which either iteration of the policy is based. Participants to the inquiry were unable to identify any evidence to support the rationale for the measure.

1.42 The ACTU argued that the Explanatory Memorandum:

[F]ails to provide any real rationale for the introduction of these waiting periods, beyond claiming (with no evidence) that it will 'provide an incentive for affected persons to be self-sufficient'.¹⁵

1.43 In their submission, the National Welfare Rights Network, stated that they were:

[N]ot aware of any modelling or evidence that there will be a measureable increase in take up of work by young people or a reduction in time spent on benefits if this measure is introduced.¹⁶

1.44 The same was noted by UnitingCare in their submission:

[We are] not aware of any evidence that these measures will do anything other than lower the living standards, and increase the risk of harm, for an already vulnerable group of people.¹⁷

1.45 Under questioning from the committee, officials from the Department of Social Services conceded that there is no evidence that the measure will help young people find work:

14 Orygen, *Submission 12*, p. 8.

15 ACTU, *Submission 11*, p. 3.

16 National Welfare Rights Network, *Submission 6*, p. 5.

17 UnitingCare, *Submission 4*, p. 3.

It was a decision of Government, Senator, to apply the four-week waiting period and that was after, I believe, extensive consultation on the previous year's budget measure, which was a six-month waiting period and following that consultation the Government has decided to apply a four-week waiting period.¹⁸

1.46 Officials also told the committee:

We don't have evidence that is directly comparable to this particular policy...¹⁹

1.47 The officials also refuted claims, by the Government, that the measure was comparable to the New Zealand model of support for young jobseekers, stating:

I do not think you can directly compare the two policies though.²⁰

1.48 In contrast the committee heard evidence from a range of stakeholders about the possible unintended consequences of the measure. In their submission the Brotherhood of St Laurence stated:

[A] period of four weeks without income support continues to have potential for harsh unintended consequences that will be borne hardest by those young jobseekers who do not have financial support of their families.²¹

1.49 Other submitters were less circumspect about the negative consequences of the measure. The National Welfare Rights Network argued that the measure would do nothing to improve young people's employment prospects and only serve to entrench disadvantage, stating:

The likely outcome, despite the Government's stated intentions, will be to exacerbate poverty and disadvantage.²²

1.50 ACOSS Chief Executive Cassandra Goldie was similarly clear on the consequences of the measure, saying:

The only outcome that will be the result of this kind of proposal is to place more young people into financial hardship.²³

1.51 A number of submitters highlight that the allocation of additional emergency relief funding for individuals affected by the measure shows that the Government expect the measure to cause harm and drive individuals to access these services.

18 Ms Cath Halbert, Group Manager, Payments Policy Group, Department of Social Services, *Committee Hansard*, 5 August 2015, p. 43.

19 Ms Cath Halbert, *Committee Hansard*, 5 August 2015, p. 43.

20 Ms Cath Halbert, *Committee Hansard*, 5 August 2015, p. 43.

21 Brotherhood of St Laurence, *Submission 7*, p. 1.

22 National Welfare Rights Network, *Submission 6*, p. 3.

23 Dr Cassandra Goldie, Chief Executive Officer, ACOSS, *Committee Hansard*, 5 August 2015, p. 1.

Ms Kate Beaumont, President of the National Welfare Rights Network, highlighted this in her evidence to the committee:

This is clearly is not a path to self-sufficiency; it is a one-way street to poverty, an impact on long-term unemployment, poor health, depression and homelessness. This is borne out by the government allocating \$8.1 million to help pay the people made destitute by this very policy. The simple reclassification of people and grant them interventions, if their situation deteriorates during the four-week waiting period, should be enough to be convince the public that this is a bad idea, poor social policy and should be rejected.²⁴

1.52 The National Union of Students also highlighted this issue, arguing:

It seems very poor policy to deliberately create circumstances where many more people will be in need of the already highly stretched and limited emergency relief system.²⁵

1.53 Labor Senators are also convinced by testimony from submitters which shows that rather than assisting young jobseekers into work, the financial hardship that would result from this measure would have disastrous impacts on the health and wellbeing of young people.

1.54 Orygen's submission stated that:

Rather than the increased waiting period acting as an incentive to work, research has shown that a lack of income can impact on a young person's capacity to meet job seeking requirements and look for employment (such as limited access to transportation, impact of financial stress on mental health potentially triggering depression and anxiety).²⁶

1.55 In their submission Headspace also made it clear the measure will negatively impact on the mental health and wellbeing of young Australians, stating:

[W]e believe these changes are unlikely to encourage greater workforce and education participation, but rather have the potential to impact negatively on the mental health and wellbeing of all young Australians and disproportionately on those already disadvantaged due to factors such as mental health difficulties, poverty, social isolation or disengagement from family.²⁷

1.56 Headspace went on in their submission to argue that the negative impacts of this measure would be counter-productive and would actually make it harder for jobseekers to find employment:

The impact of such a change has the potential to leave young people without the ability to meet their basic needs at a time when they should be

24 Ms Kate Beaumont, President, NWRN, *Committee Hansard*, 5 August 2015, p. 35.

25 National Union of Students, *Submission 3*, p. 6.

26 Orygen, *Submission 12*, p. 9.

27 Headspace, *Submission 8*, p. 3.

focused on finding and securing employment, and to increase their risk of experiencing homelessness and mental health difficulties. Such changes would also impact disproportionately on those most vulnerable young people, who are unable to rely on family or other social connections for financial or housing support in times of crisis.²⁸

1.57 Labor Senators are of the view that extreme financial hardship which would result from this measure is counter-productive to the stated intention of encouraging people into workforce participation.

1.58 As the ACTU stated in their submission:

The proposed changes will only serve to place financial stress on those who can least afford it and make it more difficult for young people to focus their energies on job search activities.²⁹

1.59 The Australian Association of Social Workers similarly stated in its submission that:

This enforced destitution will further inhibit the ability of young people to look for work.³⁰

1.60 As with other measures contained in this Bill, the only policy basis for this measure appears to be the ill-informed and incorrect assumption that unemployment in a choice for young unemployed Australians and that depriving them of income support will force them to support themselves through employment.

1.61 This assumption and consequently this measure do not take account of any of the systemic issues impacting on the extremely high youth unemployment levels right across Australia.

1.62 In her evidence to the committee Ms Margaret Quixley, Founding Director, Young Opportunities Australia, commented on the flawed assumptions underpinning the measure and the systemic issues which are at play, stating:

We believe the basic tenets underpinning this policy around the causes of youth unemployment to be problematic. Implicit in these policy changes are assumptions around the availability of work, that the problem has to do with supply and willingness of use rather than a lack of demand affected by broader macroeconomic conditions.³¹

1.63 In their submission ACOSS similarly stated that the measure:

28 Headspace, *Submission 8*, p. 2.

29 ACTU, *Submission 11*, p. 3.

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

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

[S]hifts the risk of financial hardship arising from unemployment from government to the individuals affected, implying that they are personally at fault for an economic policy problem governments have struggled to fix.³²

1.64 Labor Senator's concur with the evidence provided to the committee, that there is no evidentiary basis for this measure and that it is instead based on the false belief that young people choose unemployment.

1.65 All the information available to the committee shows that this proposal is merely a punitive measure which would push young jobseekers into poverty, negatively impact on their health and wellbeing and possibly decrease their ability to seek employment.

Schedule 5: Indexation Pause to Income Thresholds

1.66 This measure seeks to freeze the income free areas for working age payments and student payments for three years from 1 July 2015 and 1 January 2016 respectively.

1.67 This measure was previously announced in the 2014-15 Budget and was examined by the committee in the aforementioned inquiry.

1.68 The impact of a freeze on the income free areas will be a decline in their value in real terms.

1.69 Labor Senators are of the view that this measure will only further financially disadvantage jobseekers and provide a disincentive to engage in the workforce. As Anglicare stated in their submission:

[T]his is a cost cutting measure only and provides no added benefit in terms of goals of either the safety net or the participation agenda: that is it will not provide protection against poverty or support an individual to prepare for, seek or sustain employment.³³

1.70 Low-income earners, low-skilled employees and part-time and casual employees will be impacted by this measure which will erode the value of what they earn.

1.71 In their submission to the committee, ACOSS stated:

It is therefore clear that this measure will affect people in very low paid employment, who are attempting to transition from unemployment to a secure, reasonably paid job.³⁴

1.72 ACOSS go on:

It will particularly discourage part time and casual employment, which is often the only work low-skilled unemployed people can obtain.³⁵

32 ACOSS, *Submission 5*, p. 4.

33 Anglicare Australia, *Submission 10*, p. 8.

34 ACOSS, *Submission 5*, p. 7.

35 ACOSS, *Submission 5*, p. 7.

1.73 Due to the likely negative impacts on jobseekers financial position and the reduced incentive to work Labor Senators are of the view that this measure should be rejected.

Conclusion

1.74 The measures from the 2015-16 Budget in this Bill are endemic of a Government that attacks the most vulnerable and at risk within our country to find budgetary savings.

1.75 As Ms Michelle Waterford, Research and Policy Director, Anglicare Australia, told the committee:

[T]he most disadvantaged members of our society should not be the catch-all for efficiencies and cost savings.³⁶

1.76 This view was echoed by Ms Kate Beaumont, President of the National Welfare Rights Network, who said:

We cannot find if there is an evidence base for it, except for saving money. That seems to be the agenda here.³⁷

1.77 The measures discussed above appear to be based on the belief that youth unemployment in Australia is the fault of young people rather than a product of the current economic and labour market conditions.

1.78 Many of the measures that the Government seeks to introduce in this Bill will have a negative impact of jobseekers ability to seek and sustain employment, counter to the stated intention of the Bill.

1.79 This approach also risks the health and wellbeing of young jobseekers across this country. The committee heard compelling evidence on the impact the measures would have on the general wellbeing and mental health of young people, including concerns that people could be forced into abandon study, be pushed into homelessness and family relationship stretched to breaking point.

1.80 For these reasons Labor Senators recommend that Schedules 1, 2, 3 and 5 should be removed from the Bill.

36 Ms Michelle Waterford, Research and Policy Director, Anglicare Australia, *Committee Hansard*, 5 August 2015, page 8.

37 Ms Kate Beaumont, President, NWRN, *Committee Hansard*, 5 August 2015, page 35.

Recommendation

- 1. The Bill not be passed in its current form.**

Senator Carol Brown

Senator Nova Peris

Senator Claire Moore

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.

APPENDIX 1

Submissions and additional information received by the Committee

Submissions

- 1** Australian Association of Social Workers
- 2** Department of Social Services
- 3** National Union of Students
- 4** UnitingCare Australia
- 5** Australian Council of Social Service (plus three attachments)
- 6** National Welfare Rights Network
- 7** Brotherhood of St Laurence
- 8** National Council of Single Mothers and their Children
- 9** Headspace National Youth Mental Health Foundation
- 10** Anglicare Australia
- 11** Australian Council of Trade Unions
- 12** Orygen

Answers to Questions on Notice

- 1** Answers to Questions taken on Notice during 5 August public hearing, received from Department of Employment, 7 August 2015
- 2** Answers to Questions taken on Notice during 5 August public hearing, received from Department of Social Services, 10 August 2015

APPENDIX 2

Public hearings

Wednesday, 5 August 2015

Parliament House, Canberra

Witnesses

Australian Council of Social Service

DAVIDSON, Mr Peter, Senior Advisor

GOLDIE, Dr Cassandra, Chief Executive Officer

Anglicare Australia

WATERFORD, Ms Michelle, Research and Policy Director

UnitingCare Australia

HOLLAND, Dr Ian Hamilton, Director, Services Development

Mission Australia

PIGOTT, Mr David Henry, General Manager

Australian Association of Social Workers

BAGLOW, Mr Len, Policy Advocate

BRAND, Mr Stephen, Senior Manager Policy and Advocacy

National Council for Single Mothers and their Children Inc

EDWARDS, Ms Terese, Chief Executive Officer

headspace National Youth Mental Health Foundation

LEICESTER, Dr Steven, Head of Direct Clinical Services

WATTS, Ms Carolyn, Vocation and Education Specialist

Orygen

KILLACKY, Professor Eoin, Associate Director, Research, Orygen, and Head, Functional Recovery in Youth Mental Health, The National Centre of Excellence in Youth Mental Health

Young Opportunities Australia

QUIXLEY, Ms Margaret, Founding Director

National Union of Students

D'ANGELO, Mr Dean, Welfare Officer

STEELE, Ms Rose, President

National Welfare Rights Network

BEAUMONT, Ms Kate, President

MEERS, Ms Amelia Louise, Executive Officer

Department of Social Services

HALBERT, Ms Cath, Group Manager, Payments Policy Group

McGUIRK, Ms Emma Kate, Branch Manager, Labour Market Payments Policy

Department of Employment

HATTON, Ms Melinda, Branch Manager, Job Seeker Operations Branch

KIDD, Ms Margaret, Group Manager, Labour Market Strategy Group

STILLER, Mr Derek, Branch Manager, Job Seeker Participation Branch