



creating a better life  
for children and young  
people in care

## ***Response to Inquiry into the Social Services Legislation Amendment (Omnibus Savings and Child Care Reform) Bill 2017***

Conducted by the  
**Standing Committee on Community Affairs, Legislation Committee**

### **CREATE Foundation**

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## CREATE's Context

CREATE Foundation is the national peak consumer body for children and young people with an out-of-home-care experience. It represents the voices of over 43,000 children and young people currently in care, and those who have transitioned from care up to the age of 25.

Its vision is that all children and young people with a care experience reach their full potential.

Its mission is to create a better life for children and young people in care.

To do this we:

- **CONNECT** children and young people to each other, CREATE and their community *to*;
- **EMPOWER** children and young people to build self-confidence, self-esteem, and skills that enable them to have a voice and be heard *to*;
- **CHANGE** the care system, in consultation with children and young people, through advocacy to improve policies, practices and services and increase community awareness.

We achieve our mission by facilitating a variety of programs and services for children and young people in care, conducting research, and developing policy to advocate for a better care system.

CREATE Foundation welcomes the opportunity to provide a submission regarding issues relevant to children and young people in statutory care across Australia. While the review covers a range of complex areas, CREATE has focussed on the potential outcomes for changing requirements to apply for Newstart Allowance, and the potential consequences of legislative changes on educational outcomes for children and young people in care.

In Australia, young people who have been in statutory care, are aged out of the system at 18 years. While all jurisdictions maintain that they support young people to the age of 21 years, and five to the age of 25 years, this is difficult to track. Some services provide after care support but many care leavers do not know to ask for this support, and there is little evidence of any such support being provided on a regular, planned basis.

In 2014–15, there were 43, 399 children and young people in out-of-home care across Australia (AIHW, 2016). An additional, 11,138 were discharged from out-of-home Care, 11% of whom had been on continuous Child Protection Orders for more than 8 years. When young people age out of care, having been subject to a child protection invention for a significant length of time, they will likely require additional supports as they mature, in the same way that children leaving parental care would.

Young people who are leaving care experience significantly reduced life outcomes compared to their peers who do not have a care history (McDowall, 2009, 2016). In a recent report (McDowall, 2016), CREATE made ten recommendations directly related to support required for young people preparing to transition from care. These are critical to enhance life outcomes for young people leaving care and include ensuring that all young people leaving care have plans for their future. Such a plan includes information related to finding appropriate accommodation, accessing ongoing supports, including dealing with financial issues and education.

CREATE's own research (McDowall, 2016) indicates that only 42% of young people leaving care actually know that they have such a plan and have seen it. In addition, CREATE has found that about half of young people leaving care nationally do not know how to adequately deal with financial issues or accommodation, and face deep uncertainty about what the future would hold for them.



## The Omnibus Bill's Implications

Christian Porter, in his Second Reading Speech for the Social Services Legislation Amendment (Omnibus Saving and Child Care Reform) Bill 2017 (Porter, 2017), noted that *“it is imperative that the income support system provide the greatest incentives for young people to find work and be self-sufficient... or undertake further education or training”*.

Young people who are preparing to age out of the foster care system face a unique set of barriers to independence related to their backgrounds and histories with the child protection system. Undermining their capacity for “self-sufficiency” are the challenges to accessing and maintaining affordable and safe housing, as well as adequate income support. Many of the 43,399 young people in out-of-home care currently in Australia will experience significant housing instability and homelessness when they “age out” of the care system at 18 years.

Christian Porter also noted in the same speech: *“educational attainment is the key to getting a job”* (Porter, 2017). The Social Services Legislation Amendment (Omnibus Saving and Child Care Reform) Bill 2017, in reintroducing the *Jobs for Families Child Care Package*, assumes that family and childcare assistance should only be available to Australians who meet the activity test requirements including: paid work; being self-employed; doing unpaid work in a family business; looking for work; volunteering or studying. Such welfare-to-work orientations have been a driving force behind global reforms to welfare for several decades, often as a response to fiscal crises facing governments. The logic, structure, and dynamics of welfare-to-work orientations are aimed at maximising (waged) work participation while minimising “dependency” through the combined use of “carrots” in the form of work activities and job search programmes, and “sticks” in the form of benefit cuts for the non-compliant (Peck & Theodore, 2001).

Emerging evidence related to welfare-to-work reforms in Canada, UK, and the USA have indicated that the success and effectiveness of such policies are dependent on localised economic and institutional conditions (for example, an expanding labour market) and more generally have had negative impacts on children and young people’s education achievement and health outcomes (Morris, Knox, & Gennetian, 2002; Morris & Michalopoulos, 2000; Peck & Theodore, 2001).

The *Jobs for Families Child Care Package* closely replicates aspects of the USA policy reform *Personal Responsibility and Work Opportunity Reconciliation (PRWOR) Act* of 1996, in that the focus of the Package is on strict employment requirements with limited safety nets or elasticity for those whose circumstances may reasonably and disproportionately impact their capacity to be “self-sufficient.”

The Social Services Legislation Amendment (Omnibus Saving and Child Care Reform) Bill 2017, proposes raising the eligibility for Newstart Allowance to 25 years. It is noted that the proposal includes potential for young people who do not meet this age requirement to apply for Youth Allowance or other payments such as disability payments. In 2016, CREATE released the *Go Your Own Way* report which found that 56.8% of young people surveyed depend on these payments to meet their day-to-day living expenses (McDowall, 2016). However, these are subject to stringent and increasingly harsh eligibility requirements and extended waiting periods. Also, if more mainstream young people now will need to apply for these allowances (because Newstart would be more difficult to obtain), access will become for more competitive for those disadvantaged young people leaving care.

Youth unemployment at December 2016 stood at 13.3%. This is a significant issue for young people leaving statutory care as it assumes that young people can rely on parents and other supports that are simply non-existent for this cohort. Longitudinal studies have found lower earnings and higher joblessness rates among aged-out youth compared to young people of a similar age range, even when controlling for other important factors, such as socioeconomic status prior to age 18 (Goerge et al., 2002; Macomber et al., 2008). Of those who do manage to become employed, earnings are rarely high enough to raise them above the poverty threshold (Dworsky,

2005). There is also evidence that these employment-related challenges persist for many of these youth well into their mid-twenties (Curry & Abrams, 2015; Macomber et al., 2008).

Christian Porter's justification for the changes to the Newstart Allowance suggesting that it will "*increase a sense of self-reliability among young people*" (Porter, 2017) is in contrast to criticisms of Australia's already low unemployment payment rate that hasn't changed for 20 years (OECD, 2016), violation of human rights explicitly for sole parents dependent on welfare payments (Morris & Wilson, 2014), and evidence of recipients limited access to goods and services deemed necessary and essential by community standards (Morris & Wilson, 2014; Saunders, 2011). The proposed reforms to the Newstart Allowance that further limit financial resources and employment programs to young people under 25, would, unquestionably, further restrict young Australians' capacity for self-reliance (if that is to what "self-reliability" refers). Greater investment of time, resources, and innovation is necessary to prepare young people to be "self-reliant" under current and future economic instability in which deterioration in labour markets disproportionately affect young people.

The Social Services Legislation Amendment (Omnibus Savings and Child Care Reform) Bill 2017 increases the criteria necessary to demonstrate hardship as well. It is proposed that not only do applicants have to demonstrate financial hardship but they will also have to demonstrate a "financial crisis", which is defined as person being "in severe financial hardship because the person has incurred unavoidable or reasonable expenditure" (Parliament of the Commonwealth of Australia, 2017, p. 142). This may have a significantly negative impact on the wellbeing of young people leaving care whereby they cannot apply for Newstart if they lose a job (assuming they had one), and have to demonstrate additional Youth Allowance criteria which also shuts them out of some benefits as well, and have to demonstrate a financial crisis in addition to demonstrating hardship.

Ordinarily, a young person might move to live with their parents in order to weather such a crisis but that is not an option open to many of the already vulnerable young people who have been separated from their birth families by the system. One could argue that, as the children were in the care of the state, irrespective of which government was involved, they should continue to be supported by the body that assumed the role of their "corporate parent."

CREATE's research indicates that young people preparing to leave care are often highly motivated, have worked through numerous adverse situations, and only require a little assistance to access work. They do not require punitive and draconian legislative reform that forces them into poverty and increases their risk of homelessness.

Finally, each amendment has a statement of how it complies with human rights. For example, in attempting to justify increasing the threshold for accessing Newstart to 25 years, the Memorandum suggests that "*this measure is compatible with human rights because it generally advances human rights including the opportunity for education and gainful employment. To the extent that it may have any adverse impact on human rights, that impact is reasonable and proportionate, and is for legitimate reasons*" (Parliament of the Commonwealth of Australia, 2017, p. 244). This statement is mere assertion. As noted above, there are significant concerns with how such a Bill does indeed adhere to human rights expectations, when clear evidence suggests that the opposite is more likely to be true.

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