

Committee Secretary
Senate Standing Committees on Community Affairs
PO Box 6100
Parliament House
Canberra ACT 2600
Australia

Dear Senate Standing Committee on Community Affairs,

The Australian Youth Affairs Coalition (AYAC) welcomes the opportunity to provide a submission to the *Social Security Amendment and Other Legislation Amendment (Income Support and Other Measures) Bill 2012*. However, AYAC would like to raise concerns about the timeline and handling of this inquiry. As a signatory to *The National Compact: working together*, AYAC is concerned that this agreement is not being upheld. As part of the National Compact we have agreed 'that authentic consultation, constructive advocacy and genuine collaboration between the not-for-profit sector and the Government will lead to better policies, programs and services for our communities.'¹ AYAC would like to see genuine collaboration translated into adequate timelines and process that enable the social sector to meaningfully engage in these important debates.

In relation to the *Social Security Amendment and Other Legislation Amendment (Income Support and Other Measures) Bill 2012*, AYAC will focus on the measure affecting young people who are 21 years of age and unemployed. AYAC urges the government to provide youth-friendly support without payment cuts in order to adequately support the most disadvantaged young people into employment. The rationale that the disparity between Youth Allowance (YA) and Newstart is a disincentive to study undercuts some of the real issues affecting young people trying to find work.

Young people in need of income support assistance may be experiencing multiple levels of disadvantage and the punitive approach of cutting payments only serves to further disadvantage young people. Some measures in this Bill aim to ease the burden on young people but for many the proposed changes will further entrench disadvantage and make it harder for young people to participate in employment and skills building.² The context and environment in which young people live is critical to understanding the impacts of this policy. The Hon. Bill Shorten, Minister for Employment and Workplace Relations, highlighted that 'many young people face challenges entering the workforce...[yet] With the unemployment

¹ Australian Government, 2010, *National Compact: Working Together*, accessed July 2010, p7

² ACOSS, 2012, Submission to the Senate Community Affairs Committee for the *Social Security and Other Legislation Amendment (Income support and other measures) Bill 2012*

rate expected to stay reasonably low, there is an opportunity for many more young people to find work given the right encouragement and support.³ AYAC asserts that the approach of cutting payments, even with the adjustment to the income free threshold and other measures, will in fact further entrench disadvantage for young people who are most vulnerable. In fact, the right encouragement and support needs to be a youth-friendly support process and a system that gives young people choice rather than limiting opportunity. AYAC believes this should include a reform to the Jobs Australia program to be more youth-centred and better supports to adequately meet the needs of young people facing multiple disadvantage.

AYAC endorses the ACOSS submission that asserts the benefits of the 'earn or learn' requirement and raising the income free threshold should be made without cutting the payment. The cut in payment will be counterproductive, particularly for those young people who are most disadvantaged and cannot find work due to education, circumstance or other barriers.

The Government has highlighted that changes to Newstart for 21 year olds will be an 'incentive to engage in study or work'⁴ because the YA and Newstart payments will now be the same. However, it is the context,⁵ resources and supports available to young people that impact on their ability to engage in work or study.

There are a range of factors – often outside the control of young people – that impact on young people's ability to engage in work or study. If we take parental employment as an example, the Australian Bureau of Statistics report indicates that '[p]arental employment can influence the financial resources available for a young person to study.'⁶ Also, a young person whose parents are unemployed may need to find work instead of studying⁷ and they should be adequately supported to do this. As ACOSS have highlighted in their submission to this inquiry, 70,000 young people will lose an average of \$65 per week under this measure, which puts undue pressure on young people who are already disadvantaged from entering the labour market⁸. The OECD has recognised that 'young people are much more vulnerable to unemployment than adult and older workers'.⁹ AYAC strongly urges the government to consider raising YA rather than lowering Newstart to avoid placing greater barriers on young people who need support to engage in employment.

³ Hansard, 2012, *Social Security and Other Legislation Amendment (Income Support and Other Measures) Bill 2012*, Second Reading, 9 February 2012, p15

⁴ *ibid.*

⁵ Context includes life circumstance, family history, parental socioeconomic status, parental educational attainment and location.

⁶ Australian Bureau of Statistics, 2009, *4250.0.55.001 - Perspectives on Education and Training: Social Inclusion*, accessed 01/03/12

<http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/4250.0.55.001Main+Features42009>

⁷ *ibid.*

⁸ Rose et al, 2011, 'Swimming upstream': *Young people and service provision under Job Services Australia*, Youth Affairs Council of Victoria.

⁹ OECD as cited in *ibid.*, p6

AYAC asserts that the most vulnerable groups of young people stand to lose the most from the proposed changes to Newstart Allowance. In a study on trans-generational income support recipients, it was found that 'young people from low income working families were more than twice as likely to have received an unemployment payment as those from middle income families.'¹⁰ There are other indicators that suggest a parents level of education impacts on the educational attainment of young people,¹¹ so in effect young people affected by this policy are already those who are most disadvantaged by life circumstances. Young people need to be supported by measures that resource and empower young people to choose what is right for them. The Government approach needs to help not hinder young people's opportunity to engage in employment.

AYAC is concerned that the supports implemented in this Bill are a "one-size-fits-all" approach that may fail to match the individual and diverse needs of young people. If the ultimate policy aim is to get young people meaningfully engaged in work or study, the Government should develop youth employment targets, direct job creation and employer subsidy programs to better address youth unemployment and underemployment.

AYAC would like to work with the Government to build a policy framework that helps vulnerable young people to successfully participate in employment or education. We look forward to the outcomes of this inquiry and would welcome the opportunity to meet to discuss this further.

If you have any questions or wish to seek further advice from AYAC please contact Maia Giordano, Deputy Director (Young People) via phone _____ or email _____

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We acknowledge the traditional owners of country throughout Australia and their continuing connection to land, sea and community. We pay our respect to them and their cultures, and to the elders both past and present.

¹⁰ McCoull, F. and J. Pech, *Trans-generational income support dependence in Australia: early evidence*, p107, http://www.aifs.gov.au/institute/pubs/saunders4/RAWS_Chap5.pdf

¹¹ ABS, *op.cit.*

