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Committee Secretary
Senate Standing Committees on Community Affairs
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Parliament House
Canberra ACT 2600

Via email: community.affairs.sen@aph.gov.au

9 June 2015

Dear Committee Secretary

**SUBMISSION REGARDING SOCIAL SERVICES LEGISLATION AMENDMENT (YOUTH
EMPLOYMENT AND OTHER MEASURES) BILL 2015**

UnitingCare Australia is the national body for the UnitingCare Network, one of the largest providers of community services in Australia. With over 1,600 sites, the network employs 39,000 staff and is supported by the work of over 28,000 volunteers. We provide services to children, young people and families, Indigenous Australians, people with disabilities, the poor and disadvantaged, people from culturally diverse backgrounds and older Australians in urban, rural and remote communities.

UnitingCare Australia works with, and on behalf of, the UnitingCare Network to advocate for policies and programs that will improve people's quality of life. UnitingCare Australia is committed to speaking with, and on behalf of, those who are the most vulnerable and disadvantaged for the common good.

We take this opportunity to provide feedback to the Committee on the Social Services Legislation Amendment (Youth Employment and Other Measures) Bill 2015. The feedback that follows relates to specific provisions of the Bill and details UnitingCare Australia's response in relation to these.

Welfare payment eligibility should not be tightened for people seeking work

UnitingCare Australia believes that there is a fundamental problem with any measures that tighten eligibility for welfare payments to people seeking work, because there is a wide gulf between the number of people seeking work, and the number of jobs available. There are



currently around 150 000 job vacancies in Australia,¹ a figure dwarfed by the number of people on welfare payments who are seeking work. The reality is that, no matter how much training unemployed people do, and how diligently they apply for work, at any given time a significant number of them will be unable to get a job, through no fault of their own. Seeking to increase their level of motivation by reducing their access to welfare will be irrelevant to their employment outcome.

Changes to the Ordinary Waiting Period for all working age payment

UnitingCare Australia notes that Schedule 1 of the Bill proposes to reintroduce measures previously included in the 2014-15 Federal Budget, to extend the Ordinary Waiting Period to all working age payments from 1 July 2015, with the exception of the Widow Allowance.

The Schedule also 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”; namely, that they have been “subjected to domestic violence, incurred unavoidable or reasonable expenditure”².

UnitingCare Australia welcomes the recognition of people subjected to domestic violence under the revised definition of ‘experiencing family violence’. We oppose, however, the broader implication of the changes, which require an individual to have reached crisis point before they are entitled to assistance. UnitingCare Australia regards the measure as counter-productive, and likely to increase costs across the welfare system. Necessary support should be available to individuals prior to them reaching crisis point.

In this context, we 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 provided³.

¹ See ABS 6354.0 - Job Vacancies, Australia.

² House of Representatives. 2015. ‘Social Services Legislation Amendment (Youth Employment and Other Measures) Bill 2015. Available at: http://parlinfo.aph.gov.au/parlInfo/download/legislation/ems/r5467_ems_f2e5b475-4592-41f2-945e-71d91bdb9c5d/upload_pdf/502795.pdf;fileType=application%2Fpdf

³ See, for instance, Stiglitz, J. 2014. ‘Invest in people, infrastructure and technology for future prosperity’. Accessed 9 June 2015, Available at: <http://www.abc.net.au/lateline/content/2014/s4036416.htm>



We recommend that the committee seek documented evidence from the government that demonstrates why it believes there will be benefits from the tightening of exceptions for people to serve waiting periods, and demonstrates how this measure will result in more positive outcomes for individuals facing hardship. UnitingCare is 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. If the government cannot produce solid evidence, the measure should be opposed.

UnitingCare Australia also notes the proposal to introduce a four-week waiting period for people under 25 years applying for Youth Allowance or Special Benefit, to commence from 1 July 2016. We observe that the Bill provides for approximately \$8.1 million in emergency relief funding to be made available to providing assistance to job seekers affected by the measure who are experiencing hardship.

UnitingCare Australia is concerned by the assumptions underpinning this measure. We do not consider it appropriate for job seekers to have to rely on emergency relief funding. The provision of additional emergency relief funding indicates that the government itself expects this measure to cause harm, driving individuals to access emergency relief funding.

In addition to opposing the measure on this basis, we seek additional clarification on whether or not the provision of emergency relief funding would be drawn from existing funding allocated to emergency relief services more broadly. In this regard, we strongly advocate the need to ensure the effective targeting of emergency relief funding to provide vital services for those in severe hardship, and for the broader emergency relief funding pool to remain unaffected by the proposed measure.

Age requirements for various Commonwealth payments

UnitingCare Australia notes the reintroduction of a previous 2014-15 Budget measure, proposing to increase the age eligibility for Newstart Allowance and Sickness Allowance from the revised date of 1 July 2016.

Noting the intention of the measure to “provide incentives to young unemployed people to obtain the relevant education and training [required] to increase employability”, UnitingCare Australia highlights the impact of other barriers to employment facing young



people, and particularly those from disadvantaged backgrounds⁴. 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.

We are concerned that increasing the age eligibility for Newstart Allowance and Sickness Allowance would result in the withdrawal of vital support to facilitate young people's entry into the workforce. Specifically, we refer to estimates regarding the previous iteration of the measure, indicating that the changes to age requirements would result in around 70,000 young people having \$48 a week less to live on⁵. We highlight the added pressures that would be placed on young people seeking employment in the context of such a significant cut to their weekly income, and subsequently urge the need for reconsideration of this measure and its likely detrimental impact.

Changes to income support waiting periods

UnitingCare Australia welcomes the proposal to abandon the six-month waiting period for youth income support proposed through the 2014-15 Federal Budget. We note the subsequent proposal via this Bill to introduce a revised four-week waiting period for youth income support from 1 July 2016.

While the reduction to the waiting period is welcomed, UnitingCare Australia highlights that the alternative four-week waiting period is still problematic, as many young people facing hardship would still not have access to income support during this waiting period.

As UnitingCare Australia has previously noted, withdrawing access to income support is likely to detract from a young person's ability to find and secure paid employment⁶. Those young people subject to the proposed new waiting period who are unable to call upon family support could lack sufficient means to find a job and would require immediate access

⁴ Such barriers can include limited prior education and training, limited experience, lack of job application skills.

⁵ Australian Council of Social Services. 2014. 'Government urged to make a new start in 2015'. Accessed 9 June 2015. Available at:

http://www.acoss.org.au/media/release/government_urged_to_make_a_new_start_in_2015

⁶ See UnitingCare Australia's submission to the Welfare Review Reference Group (McClure Review) Interim Report, available at:

http://www.unitingcare.org.au/images/stories/submissions/2014/140808_sub_welfare_review_reference_group_interim_report.pdf



to income support in such situations⁷. In addition, if they have no savings or other means of support, they would be more likely to be preoccupied with the immediate needs of paying for food, securing shelter and paying rent, than with finding paid employment. The perverse effect of this is that it would prolong their reliance on welfare payments when they ultimately receive them⁸.

Changes to indexation of payments

The Bill's amendments would provide that the income free areas for all working age allowances (other than student payments) for parenting payment single, in addition to the income free areas and other means test thresholds for student payments, including the student income bank limits, will remain at their current level for three years. This means they will decline in real terms.

UnitingCare Australia opposes measures that would pause indexation. We highlight, for instance, that pausing indexation for the Parenting Payment single alone would leave single parent families worse off by around \$80 per week⁹.

We observe that whilst pursuing savings through pausing indexation may be perceived as having a less noticeable impact than eligibility rule changes or payment rate cuts, a comparatively large number of people would be affected by the changes, as their income and asset values increase in nominal dollars and they lose more of their benefits. We note that the actual purchasing power of their income or assets may still be declining because of inflation. Thus the government will be cutting the value of welfare payments to people who may also be experiencing a decline in the value of their non-welfare income.

We recommend that the committee ask the government to explain why it is appropriate to reduce the real value of benefits over time to this group, and produce evidence that the

⁷ Thomas, M. 2015. 'Waiting periods for young people to access income support'. Accessed 9 June 2015. Available at:

http://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/BudgetReview201516/IncomeSup

⁸ Ibid.

⁹ Australian Council of Social Services. 2014. 'Government urged to make a new start in 2015'. Accessed 9 June 2015. Available at:

http://www.acoss.org.au/media/release/government_urged_to_make_a_new_start_in_2015



payments are currently in excess of what recipients need to live. Unless the government can provide robust evidence to the committee, we believe it should oppose the measure.

We thank the Committee for the opportunity to provide the above feedback in relation to the Bill and invite any further questions in relation to the comments expressed.

Yours sincerely,

Lin Hatfield Dodds
National Director
UnitingCare Australia