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SENATE

COMMUNITY AFFAIRS LEGISLATION COMMITTEE

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

WEDNESDAY, 5 AUGUST 2015

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SENATE

COMMUNITY AFFAIRS LEGISLATION COMMITTEE

Wednesday, 5 August 2015

Members in attendance: Senators Lindgren, Moore, Seselja, Siewert.

Terms of Reference for the Inquiry:

To inquire into and report on:

Social Services Legislation Amendment (Youth Employment and Other Measures) Bill 2015.

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GOLDIE, Dr Cassandra, Chief Executive Officer, Australian Council of Social Service

Committee met at 09:03

Evidence was taken via teleconference—

CHAIR (Senator Seselja): The committee will now commence its inquiry into the Social Services Legislation Amendment (Youth Employment and Other Measures) Bill 2015. Welcome. Could you please confirm that information on parliamentary privilege and the protection of witnesses and evidence has been provided to you?

Mr Davidson: Yes.

CHAIR: The committee has your submission. I invite you to make an opening statement, if you would like to, and then we will move to questions.

Dr Goldie: Thank you for the opportunity to appear before you this morning by phone conference. As the committee would be aware, this is a bill that will essentially implement some of the social security changes that were announced in a previous budget with some amendments. And as you will be aware, ACOSS, along with many others in the community, expressed significant concern about the direction of the overall federal budget measures when, on our own analysis and the analysis of others, overwhelmingly the effort by the budget to reduce expenditure hit most particularly people on the lowest incomes. A number of the measures contained in this bill certainly do have that effect. ACOSS did not oppose all the 2014 budget measures, but we were certainly very clear about the ones we felt were essentially savings measures and that we did not believe would pursue important public policy objectives and in fact in many respects undermined those.

I want to refer firstly to the schedule 3 youth waiting period. This proposal caused us some of the most concern. Initially it was a proposal to make young people who were not able to find paid work wait six months before receiving income support. We are aware that the proposal now is to reduce that waiting period to four weeks. I think it is very important that the committee recognises that what we are seeing here in terms of the growth in youth unemployment is an aspect of the recent economic downturn. We are very aware that the sluggish growth in employment opportunities is harshly impacting people who already, for a range of reasons, face disadvantages in the labour market, and it should be a shared concern for all of us that we are seeing a serious rise in long-term unemployment. At the moment about 70 per cent of people who are on income support payments are affected by that.

This is a global problem and I think it is very important that we recognise that other parts of the globe have not seen this kind of proposal to cut the eligibility for income support purporting to assist people who are facing unemployment. We have seen in other jurisdictions an effort to invest in jobs and training guarantees and to invest in wage subsidies and other important initiatives that are about fostering local relationships with employers and with employment service providers who are trying to assist people, including young people, to get their foot in the door of the labour market.

The ACTU, the Business Council of Australia and ACOSS have done some significant work in designing core policy responses that we believe will help people, including young people, who are disadvantaged in the labour market, and I would refer senators to that important piece of work. Again, none of it involves the idea that it helps young people to deny them any income support when they are in a situation of financial distress because they cannot find employment.

I think it is important from our point of view to recognise that the only result of this kind of proposal will be to place more young people in severe financial hardship. What is missing in the policy settings is comprehensive career development support for young people, including, importantly, commencing in school. We recognise that there are big changes going on in the labour market. It is very confusing for young people to try to work out where best to take their aspirations to put themselves in a good position to secure that very precious first job when they exit education. Some disadvantaged young people are really struggling to get the kind of guidance they need. We urge the committee to consider these kinds of initiatives and to get behind recommendations to support this kind of approach rather than what we believe is contained in this bill, which is essentially a savings measure at the expense of shifting the risk to young people.

We do not believe that a long waiting period of any kind is a solution. Unfortunately, we have seen the cutting of the kinds of programs that were incredibly important for young people, like the Youth Transitions program. You will be aware that there was a lot of concern expressed by community services about the cut in that area. We have had some modest reinvestment in that area in the most recent federal budget, but we need to do more.

ACOSS is very keen to work with employers and with the government on what is a positive, effective, youth employment strategy that we need to all get behind.

I will make a few comments also on the associated proposal—which we believe has no rationale in terms of improving employment opportunities for young people—which is the idea of delaying access to the Newstart Allowance for young people from 22 years up to 25. Again, this will be a cut in the basic income support for young people of about \$48 per week. It will only place severe financial pressure on young people. Also, as with the waiting period, it is likely to put pressure back on the families which the young people are associated with, at a time when what we should be doing is getting behind young people. The Newstart Allowance is not enough, in and of itself, at just \$37 a day. As you know, ACOSS and many others, including across the business community, have urged senators and members of parliament to finally recognise the big structural problem we have here, which is that these allowances, including the Newstart Allowance, are simply not enough to live on. We must be prepared to close the gap between the level of these allowances and other pension payments, at a time when this idea that making it financially difficult for people who are unemployed is the solution. It clearly is not.

I have just a few comments on another proposal contained in this bill, which is the idea of extending the one-week waiting period to Parenting Payment applicants, and to tighten the financial hardship rules for this group. Again, we have deep concerns about this. This looks to us like an effort to make it more financially difficult for parents who are struggling to get paid work. We see absolutely no rationale for that. We are concerned about the level of child poverty in Australia. We see that this will only create more bureaucracy and hurdles for parents who are struggling to get work. The tightening of the financial hardship rules is, for us, only going to be seen as further hurdles, which are likely to make it more difficult for parents to access basic income support at a time when they clearly need it.

Finally, I will make a reference to the proposal to freeze the indexation of allowance payments—this is about the freezing of the income test free area. We do not support this. This is essentially a slow-burn but ultimately negative savings measure. It is really important to understand that, for people who are on these unemployment payments, the payment system is not enough for them right now. We should be doing absolutely nothing to further reduce the level of income support for people who are unemployed. We should instead be placing an adequate increase in these allowances so that people can live with basic dignity, while they are doing everything they can to deal with the difficult labour market that we have in Australia right now. It is not appropriate for us to be again reducing the level of income support for people at a time when we face these major economic challenges. ACOSS and many others in the community are deeply concerned about what is going on in terms of jobs growth. That is why we are absolutely getting behind efforts like the National Reform Summit to look at ways in which we can stimulate the economy in the right way. These are the kinds of initiatives we should all be getting behind—rather than the proposals contained in this bill which are, in our view, all essentially about saving dollars in the short term.

Senators, I would like finally just to note that we are not opposing the proposal to remove the Low Income Supplement which was associated with the compensation package on the carbon price. This is a modest payment that was made available for low-paid workers who are outside of the social security system. We do not oppose that, in light of the fact that the carbon price has been removed. Thank you.

Senator MOORE: Good morning. I want to go to three areas and then we will see what happens. You would have seen the other submissions that we have. They are from the usual suspects, as you would expect.

Dr Goldie: As are we, I guess!

Senator MOORE: And so valuable, Dr Goldie. Most of them are asking to see the evidence for the rationale behind these changes and you have actually said in your opening comments that you are worried about the rationale. You have done work, over many years, in this space. Have you seen any evidence that points out that the particular measures in this bill actually do result in the outcome the government has recommended and which we all share—that is, people becoming engaged in the system and getting into work? From your experience, has there been evidence that justifies this legislation?

Dr Goldie: The short answer is no. I will refer to Mr Davidson to elaborate on that.

Mr Davidson: The social security payments for unemployed people—especially for young unemployed people—in Australia are low by international standards. People would more than double their disposable income if they moved from those payments to a full-time job at the minimum wage. In Australia, work incentives are pretty strong already. There is no need to cut payments or deny people payments to strengthen those incentives. At the level payments are at, any further reductions will create a great deal more hardship without generating more employment or encouraging more people to find it. There is a pattern in some countries of attempting to

divert claims for income support for unemployed people by making it difficult to claim or throwing hurdles in the way. That particularly disadvantages the most vulnerable, who have the greatest difficulty overcoming those hurdles. By and large, most end up on income support anyway later on. So, their access is delayed rather than removed entirely and there is a lot of hardship on the way.

Senator MOORE: Mr Davidson, for the record for this inquiry, would you mind making some comment about the much-quoted New Zealand system?

Mr Davidson: Our understanding of the New Zealand system is that, firstly, they have invested a great deal in youth transition services—a great deal more than we have in proportion to the number of unemployed young people they have—and the emphasis is on steering young people applying for income support into those services to assist them with their career development. As I understand it, they are required to undertake a number of activities before receiving income support. We have problems with proposals which put too many hurdles between people and their first income support payment if they are at risk of hardship. Our understanding of the system in New Zealand is that there is not a fixed four-week wait as has been argued.

Dr Goldie: As we have said in our most recent policy submission on the retirement income system that we will be talking about at the other end of the life cycle, the question of the adequacy of the income support arrangements is directly correlated to the pressure of the basic costs that people face. One of the very important, deep concerns right across the community sector and among our members—and I think many others are getting a growing understanding of this—is the chronic problem of affordability of housing. If there is one factor in this that we absolutely have to grapple with it is that in the Australian context at the moment it is extremely difficult for young people to keep a roof over their head.

We should be doing nothing here which is about placing young people into further financial deprivation when we know that stability in the very basics of life is crucial to supporting young people to engage in these kinds of efforts to address what might be skills barriers and to address what might be questions about mentoring and support to help particularly disadvantaged young people to engage constructively in the labour market. 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.

Senator MOORE: Thank you. The next area I want to touch on is the new test for financial hardness, to which you referred in your opening comments. Dr Goldie and Mr Davidson, the explanatory memorandum for this particular piece of legislation actually says that they do not think imposing the current test or the new test will make much difference to the number of people. I am wondering if you have any awareness of this process. In the EM, on page 49, it actually says:

It is expected that a person will meet this evidence requirement by complying with the current evidentiary requirements of the Department of Human Services.

It is my understanding that the current test is pretty tough anyway. You have got to go through a statement saying what your income and assets and all those things are and your particular circumstances. Do you have any comments about the impact of the proposed change to the proof of financial hardship?

Mr Davidson: I will respond to that. Regarding the present system for exemptions from the one-week waiting period, bear in mind that people are not getting a fortnight's payment straight after that. The payments are in arrears, so people are waiting quite a while for the first full fortnightly payment, even if exempted from the one-week waiting period. But the process for exemptions has been in place for a long time and, we think, on the whole, works reasonably well. It goes to the level of income and assets that you have, and if it is, as I understand it, less than the equivalent of benefits, which, as you know, is a very low level indeed, on a weekly basis, then you are entitled to a hardship payment. So that is fair; that is simple. It does require evidence to be provided, and that can be a problem at times for people who have no resources at all, but it is a reasonable rule on the whole. What this proposal would do is ask a further set of questions about: how did you come to be in hardship, were there exceptional circumstances you faced and how much does it hurt? In other words, prove that it is hurting. And apart for being needlessly demeaning for people who are facing up to the stigma of applying for income support, often for the first time, it is a lot of red tape for little purpose.

Senator MOORE: For one week's payment.

Mr Davidson: The savings are minuscule, there is a lot of red tape and we just cannot see a justification for it. We also have a particular concern about the extension to parenting payment. Although we are aware that many single parents are applying for Newstart rather than PPS these days, those with younger children are still eligible for the parenting payment single, and many of them are escaping domestic violence situations. I used to work in

the social security system and I know the system bent over backwards to get money into the hands of those parents as quickly as possible. The problem is 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. Indeed, we should be removing hurdles for those who have to apply for the lower Newstart allowance?

Senator MOORE: Do you have any comment on the exemption for domestic violence in the four-week period before the claim?

Mr Davidson: In the four-week period?

Senator MOORE: Yes. In the domestic violence exemption dot point it is linked to being able to prove incidents of domestic violence in the previous four weeks.

Mr Davidson: My comment would be that a situation of domestic violence two or three months ago could have just as much impact as one in the last four weeks. It betrays a lack of understanding of domestic violence and its impact. Domestic violence is often a sequence of crises rather than a single event. It betrays a lack of understanding, I think. That is a concern.

Senator MOORE: We will be asking the department these questions. I am going to go into the financial aspects with the National Welfare Rights Network, because you have mentioned them in your submission and they have gone into detail about the amounts and the impact. I have one final question and it is about the issue of consultation around these areas. We know that generally, under budget measures, there is no consultation, but this particular bill has been implemented over a long period of time and actually goes back to areas that were in the 2014-15 budget. In the interim, what consultation have you had with the department about the particular issues of employment, access to payment and impact?

Dr Goldie: We have continued dialogue with the responsible minister in order to make it very clear that our desire is to work with the government and with key employer groups on developing a concrete, clear plan for how to lift up the employment opportunities of young people and of others who are disadvantaged in the labour market. In our view, it is extremely important to recognise that, first of all, a structural problem in the current approach to policy implementation in Australia is that it is now considered routine that important changes—such as these—are developed behind closed doors in the context of formulating a budget. That is not how it has to be. In our view, a really important approach to developing good policy in critical areas such as this is to engage prior to the formulation of budget proposals, outside of the closed doors of the final stages of budget preparation, to build on where there is common ground amongst those who are expert in the area about what is going to be effective. That is not what we have seen with these budget bill proposals. As I say consistently in our discussions both with the government and with employer groups, we hear no external stakeholder that has a clear view that reducing the income support for people who are unemployed or increasing the barriers to accessing the basic income support will do anything to improve the employment prospects of those groups.

Senator MOORE: Thank you.

Senator SIEWERT: Senator Moore has covered some of the questions that I had in mind, but I am also interested in what impact you think this will have specifically on Aboriginal and Torres Strait Islander people and whether you think it will have a disproportional impact on Aboriginal and Torres Strait Islander people?

Mr Davidson: The youth measures certainly will because of the demographics of Aboriginal and Torres Strait Islander populations and the high levels of unemployment in those populations. What will happen is that the financial pressure will go back to extended families and communities because of the way in which those communities attempt to support one another financially. So it is, potentially, a significant hit to the financial resources available to communities.

CHAIR: Just on that, Mr Davidson—and I am sorry to cut across, Senator Siewert—there are a range of exemptions, as I understand it. In terms of the four-week waiting period, where there are significant barriers to finding a job, that will not apply. So wouldn't that be the case for most of the people you are speaking about, particularly people in regional and remote communities?

Mr Davidson: I am not speaking about regional and remote. The same thing has happened in urban communities as well. I have not seen the numbers lately but I am pretty sure that there would be large numbers of Aboriginal and Torres Strait Islander young people who are classified at the lower levels of employment disadvantage through the JSCI. What this one-week waiting period does is shift the financial risk of unemployment more from government to unemployed people and their families. There are protections in there, as you point out, including a series of exemptions, but the risk is still there. People are often wrongly classified, and

people at the lowest classification level often still lack employment opportunities. Even young university graduates are struggling, as we know, in the current labour market—more so young people from Aboriginal and Torres Strait Islander communities.

Dr Goldie: We struggled to think about which population of young people the legislation is thinking is the group that is left once you consider all of the exceptions that have been proposed, and what, in their situation, is the issue that this bill is trying to address. It seems to suggest that once a young person is found to be eligible for income support there is nothing to encourage them to actually get employment. It is clearly not the case. There are very strict job search obligations associated with the receipt of the income support. This is a system which is already highly regulated. With the profile of young people overall who are facing the situation of not having resources behind them, not having families that are well-resourced to support them and not being able to find a job, we cannot see how any of those young people are in a good position to look after themselves for this wait period. We cannot think of a group that will not be adversely affected by this proposal.

Senator SIEWERT: Have you looked at any perverse incentives that this bill might provoke—in terms of looking at what those exemptions are and whether they will play a role in those having perverse outcomes?

Mr Davidson: As with the hardship provisions, one thing they will do is make a complicated system even more complex. In itself, that is undesirable for social security systems. We should be simplifying social security systems. For the most part the measures used are objective ones but there may be incentives, for example, for people to remain on income support rather than reapply if they believe they are going to face these kinds of waiting periods. They could apply, as I understand it, for six months of every year. But I would not emphasise that or rely on it. It is not something we have looked at closely. People are just trying to find employment, and for the most part it is not available for young people.

Dr Goldie: And I think we can predict here that if this legislation is passed and this level of complexity is added to a system which is already complex, and knowing that we are in the end talking about human beings coming to Human Services for help and human beings working in Human Services responding to people who come to them, the main unfortunate effect from a government point of view is that we will see the staff within Human Services spending more and more time trying to get income support for the people who desperately need it, to try to help people get through more and more hoops. As my colleague Peter reflects on his own time working within that system, at the end of the day overwhelmingly people want to make sure that they can do everything they can to reduce the distress associated with having nothing to live on. So we cannot see any benefit coming out of this. We would rather see the very precious resources of Human Services going to working constructively and positively with people at that point of the interface. We know we are trying to find more effective and efficient models associated with the relationship between Human Services and employment services. We want to see the good staff working within Human Services working constructively and positively in helping to guide people coming to them in the best direction to increase their chances to get employment.

Senator SIEWERT: Can I go to the indexation point—schedule 5. This effectively means that as this particular measure rolls out people will fall further and further behind in terms of the payments they need. That makes Newstart even more inadequate than it already is.

Dr Goldie: Absolutely. This is again a proposal which ignores the overwhelming evidence that has been generated about the inadequacy of the Newstart Allowance. As you know, there was a very important inquiry into the adequacy of Newstart in a previous parliament. Nothing has been done to address this question. From the work that the ACTU, the Business Council of Australia and ACOSS did collaboratively and constructively to look at what needs to be done to reduce the barriers to employment for people who are disadvantaged in the labour market, a key recommendation was to lift and improve the adequacy of the Newstart Allowance. Which government is going to finally be prepared to acknowledge that this is a chronic structural problem in the income support arrangements for Australia? Refusing to address this structural problem has major human consequences, both social and economic. ACOSS has made recommendations in its most recent budget priority statement on the last federal budget. What we need here is, first of all, to address the immediate inadequacy of Newstart and then for government to put in place an independent commission which successively properly looks at the overall settings of adequacy for these key income support payments—allowances and pensions—so that decisions about changes in taxation and decisions about the adequacy of the base payment are properly assessed in light of the economic and social conditions of the country and that we do not have any more of these ad hoc proposals, which are essentially about saving dollars in the short term but have done nothing to look at what will be the economic and social impact of this over time. As you know, indexation arrangements are often where governments have gone in recent times to make savings without getting on the front page. This is an example of that. It has happened in the area of family payments and in other areas where there has been a freezing of indexation,

sometimes for a year, sometimes for three, without any basis for assessing properly what is the appropriate level of that income-free area and what is the appropriate level of other cut-off points in terms of eligibility and adequacy.

Mr Davidson: I will add quickly that this affects people combining Newstart and part-time employment. There is no magic formula for income tests for these payments where there is a tension between targeting the most financially disadvantaged and employment incentives and making sure people do benefit from the wages they earn, but the bottom line is that the free area for allowance payments is very low. It was increased slightly a few years ago in response to concerns expressed by a wide range of people that the income test was too tight. Restricting it further through freezing it is counterproductive in this case.

CHAIR: Thank you very much for your evidence.

HOLLAND, Dr Ian Hamilton, Director, Services Development, UnitingCare Australia

PIGOTT, Mr David Henry, General Manager, Mission Australia

WATERFORD, Ms Michelle, Research and Policy Director, Anglicare Australia

[09:43]

Evidence from Dr Holland was taken via teleconference—

CHAIR: Welcome. Would you confirm that information on parliamentary privilege and the protection of witnesses has been provided to you?

Ms Waterford: Yes.

Mr Pigott: Yes, it has.

CHAIR: Thank you. The committee has your submissions. I invite you to make a short opening statement and then we will move to questions.

Mr Pigott: Thank you, Chair. While Mission Australia did not put in a formal submission, we have certainly been involved in consultations with the department and our colleagues on this legislation. I will make a brief opening statement, if I may. Mission Australia welcomes the opportunity to appear before this committee on this legislation. We want to raise some concerns on behalf of the young clients we work with. We are a national non-denominational community services organisation, providing child care, family, children and youth homeless housing and disability employment services. Until recently, we were a major provider of employment services under the Job Services Australia contract. We no longer provide jobactive services under Mission Australia's direct banner. We are, however, a stakeholder in Mission Providence, which is a new not-for-profit entity that provides jobactive services.

Our response to the youth measures package in this legislation is based on our experience with disadvantaged and marginalised young people, many of whom are disconnected or disengaged from employment, education and training. We are one of the many organisations who opposed the under-30s measures that were announced in the 2014 budget. We were concerned at the time that these measures were particularly harsh and would cause significant hardship for many of the young people we work with in our services. We were particularly concerned about the adverse impact the measures would have on homeless young people and those estranged from their families, who do not have any family support.

Mission Australia does support the principle of mutual obligation, provided that the activity requirements of our employment system contribute to skills enhancement, which lead ultimately to an employment outcome. None of us wants to see young people go from school or drop out of school and go straight on the dole. 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.

While the abandoning of the six-months-on, six-months-off benefits proposal for the under-30s, which was contained in last year's budget, was a welcome change, we do see the following problems with the existing proposals before us. Firstly, moving eligibility for Newstart to Youth Allowance (other) for the 22- to 24-year-old age group will result in a significant reduction in income support for this cohort. It seems that, while we are happy to accept someone over 18 into our armed forces and active combat, we seem to have deemed the age that someone becomes an adult for the purposes of employment or this legislation is when they turn 25. Secondly, the four-week wait period for Youth Allowance in fact becomes a five-week wait period when taking into account the one-week mandatory, ordinary waiting period. Someone who secures work in the first six months and then becomes unemployed, for example, because of casual or short-term employment, faces another five-week wait period for the benefits. In fact, DSS in their briefings to us estimate that some 10,000 young job seekers will face a second wait period, which, in effect, will mean a total of 10 weeks in any one year without benefits.

While noting that exemptions to the wait period will apply for streams B and C—job seekers, young DSS participants and parents caring for a child—which obviously we welcome, it remains of concern to us that other than emergency support, which is very limited, and temporary activity exemptions, there is no provision in the legislation for financial hardship. Our concern relates particularly to homeless young people and those at risk of homelessness. Many of the young people we support do not have the option of returning home or securing financial support from their families should they be in financial distress as a result of being unemployed. Also, what happens, for example, to a 24-year-old who has private rental commitments and who becomes unemployed? How does that person, for example, sustain their rent payment for five weeks? We do not think the proposed

measures are sufficiently flexible to take account of increasing casualisation and short-term employment. For example, the new jobactive system gives providers a four-week outcome payment if they secure a job for someone for four weeks, but the job seeker in that situation who is unable to sustain it for more than four weeks or loses their employment is disadvantaged by the benefit-wait period.

Mission Australia also welcomes the youth employment initiatives announced in the budget but is concerned that these may be too little, too late. When the McClure review last year was recommending investment and early intervention programs for young people to help them make transitions into employment, last year's budget saw the discontinuation, at the end of last year, of the very successful Youth Connections program. The new programs will not be in place until January next year at the earliest, and, in the intervening 12 months, Youth Connections and associated programs were closed, with the loss of service and staff expertise.

Our annual Youth Survey tells us that young people do not want to sit on the couch but do want to work and make a future for themselves. Interestingly, our survey has also found that Indigenous young people and disadvantaged young people in our programs do aspire to getting a good job, just as much as other young people who are from better-off circumstances, and they are particularly interested in working in the trades and taking on apprenticeships.

So I think that we should not demonise young people or tar them all with the same brush. Young people do want to gain meaningful employment but do not always have the pathways or opportunities that were available to previous generations. We therefore think that the current measures before the committee are a bit like using a sledgehammer to crack a nut, and risk genuine financial hardship for already disadvantaged young people. Thank you.

CHAIR: Thank you.

Ms Waterford: Thank you, Senators, for inviting Anglicare Australia to speak before you today. I would just like to pay my respects to the traditional owners of the land on which we meet. I would also echo the comments of my colleague here. Anglicare Australia is concerned about policies that further widen the gap between those who are already struggling significantly in our society and those who are, for want of a better word, better off. There are people who we know are being left behind. We have had several reviews—most recently around inequality—that have illustrated very well that there are people being left behind. Recently, our colleagues at Catholic Social Services and Jesuit Social Services Australia released a report called *Dropping off the edge*. In that report, it said that three per cent of Australia is entrenched in significant disadvantage, and nine of the 12 areas are the same nine areas that were in significant hardship in the previous report, in 2007 I think it was. So it is the same people who are being left behind time and time again.

At Anglicare Australia, we are also putting together some research to try to highlight the experiences of those people who are being left behind in our society. We are looking more at cohorts or population groups, and we find again that it is the same people who are being left behind.

So policies such as the ones that we are here to discuss today, which further entrench that disadvantage and exacerbate the problem, we find difficulty in working with, and we would like to address the shortcomings in some of those policies. As my colleague said, there are some gains being made. There are some positive steps being taken—specifically, around the intensive support program and the work experience program—but they are small steps, and then there are other larger steps that are going in the reverse direction.

We feel quite strongly that the most disadvantaged members of our society should not be the catch-all for efficiencies and cost savings, and so we would like to work quite closely with the government in creating policies that will help support young people—all people who are finding it difficult to find sustained employment and meaningful employment. So we would like to work quite closely with government to establish policies and priorities for achieving that end.

CHAIR: Thank you. Dr Holland?

Dr Holland: First of all, I would like to echo the remarks of the previous two witnesses; they have made many of the points that UnitingCare Australia set out to make in our submission and I would make here, and I will not repeat them. So perhaps the main point I would add is: like the other organisations, we are keen to work with the government to ensure employment opportunities and movement into work. I think most of us have very similar goals across party lines and across organisational lines, such as ensuring people's access to welfare, to work and to their communities. There is not a lot of debate about the broader objectives here. We would like to encourage the committee in particular to engage with the government and with DSS this afternoon on what the evidence base is that these measures are going to support that kind of transition.

In our services, we see people in circumstances that cause us concern around the measures such as those in this bill. If there is evidence that we are not seeing and we are not getting, then we would very much like to hear about it, and we are very happy to work with the government with that. One of our main concerns is that we do not see the evidence that these measures are, for example, going to enhance job readiness or job motivation. As David said at the start, we are dealing with a very large pool of people seeking work and a relatively small pool of jobs. Designing the policy settings needs to be done to match that economic circumstance for the population, and we would like to understand how the government thinks this set of measures will facilitate movement into work and what the evidence base for that is. As I say, we are very happy to work with them across that and we are very supportive of some of the other measures that Michelle also noted. Chair, can I just trouble you to let me know who I am talking to?

CHAIR: I do apologise, Dr Holland. I am Senator Seselja; I am the chair. We have Senator Moore and Senator Lindgren, and we have Senator Siewert by teleconference.

Dr Holland: Good morning, senators.

CHAIR: Thank you, Dr Holland; thank you to all here.

Senator LINDGREN: I would just like to find out whether in any of your studies or the research that you have done there is a correlation between unemployment figures for those who are willing to leave their local areas and travel to look for other work and those who are not. Is there a high rate of take-up, or are people, youth particularly, unwilling to move away from their homes? My second question is: are you aware that the government actually have programs that assist people to find work more than 90 minutes away from their home with relocation expenses, and is that being utilised?

Ms Waterford: I will start on that one. Anglicare Australia last year released a report called *Beyond supply and demand*, and I noted it in the submission. I will speak more generally, and then I believe you will have some very specific questions. For us, what we found to be the most effective mechanism for working with people is to take a life-first or a person-first approach, in that it recognises people's current circumstances. For many people who have been long-term unemployed, one of their most valuable assets is their local connections: their family networks, their social networks. They are one of the most critical factors in being able to continue on in the struggle, for want of a better word. For us and for some of the programs that we have worked with in our network, people are less inclined to move away for that reason. However, we are well aware of the supports that are available for people to relocate for employment.

Mr Pigott: Yes, I would echo those comments. My understanding is that the figures, both for the adult program and for the youth programs, show that very few people have taken up that offer to move. If you have got a young family, it is obviously a major challenge to move your whole family. Particularly for young people—and particularly for disadvantaged young people—the option of moving is not a very attractive one. The Treasurer said to us, 'Well, why can't people in Wollongong, for example, go and work in Sydney?' Again, just the cost of the 90-minute-, two-hours-a-day travel to and from the city is a major factor for young people. In many cases, even their families are struggling in terms of financial support. Particularly, if we are about getting people economic and social participation, then moving people out of their communities does not help social participation. I think it is obviously a particular challenge for Indigenous communities, where there may not be opportunities at all, in many cases. But to move someone out of those communities for work without the supports or mentoring supports around them is challenging. Certainly with some mentoring support, which we have supported—there are a number of programs that do that—I think that can work, but I think the evidence of the take-up suggests that it has not been very effective.

Senator LINDGREN: So if someone did take up a position, say, 90 minutes or more away and they took up our relocation allowance, they would get I think it is about \$6,000 if relocating into a regional area—and I think there are two payments of that—\$3,000 if relocating to a capital and up to \$3,000 if relocating with dependant children. My belief is that there are two; I could be wrong about that. Do your organisations offer support in those regional areas or city areas where they move to? Can they hook up again?

Ms Waterford: Definitely. Sorry—we have not given Ian a chance to respond. The Anglicare Australia network is quite interconnected, in which case we can certainly conduct a warm referral. If a person moves from one area to another area where there is an Anglicare network we can certainly link them in with that service and provide ongoing continuation of support. Adding to the previous question, yes, the social networks and links are very important. But there is also a presumption in the question that there are the requisite qualifications and experience for that person to engage in a job that would be at a level that would require moving.

Senator LINDGREN: My understanding, though, is that it is to get a job or to start an apprenticeship or a new job; it does not give any specifications as to the type of job at all.

Ms Waterford: That is right. But what I am saying is that if someone considers changing their entire life for a job you would hope that it is a good one and not just a casual, time-limited, cyclic position. It is a trade-off that you are asking someone to do there.

Dr Holland: My two colleagues have more experience of more programs in this area. I am happy to defer to their comments except to add, building on what Michelle said, that there is an issue with the economic risk for someone who is already essentially almost completely without economic resources. Those programs, Senator, that you refer to, quite correctly, provide some economic support for that transition. But there is both an economic and a social risk for that person, and whether those programs are sufficient to overcome that I am not sure. The other thing I go back to is that if those programs can be taken up by a person who has an offer of an actual job or an actual apprenticeship, that is great. We in our services work to help people find those and encourage them to take them up. This conversation here is primarily about those who do not get that offer and do not get that apprenticeship when they are trying, and what is going to happen to them then.

Mr Pigott: On that point, I think one of the shortcomings of the previous Job Services system was that there was not a lot of looking at the national picture in terms of capacity for providers to identify employment in other states and other regions. Mission Australia had the advantage of having sites in a number of states, so we were able with limited success to achieve that. I guess the jury will be out for the new jobactive tender and whether that allows more flexibility to encourage people to move.

CHAIR: Mr Pigott, you said in your evidence a couple of things that I want to touch on. You talked about your concerns about homeless young people. It is my understanding—maybe you have a different understanding of the legislation—that homeless young people would be assessed as having significant barriers to finding a job, so they would not have this waiting period applied to them. Is that your understanding?

Mr Pigott: We would hope so. We would hope that if you were homeless you would be classified as stream B or C. But our evidence from the previous Job Services system is that sometimes a job seeker is wrongly classified. We have had instances, for example, of people under the previous contract who were placed in stream 1 and turned out to be homeless. So there is a bit of a disconnect sometimes in the assessment process at the beginning. Yes, you would hope that even if someone did not get correctly classified you would be able to have them reclassified. But that depends on having to go through that process and identifying that and getting the right classification.

CHAIR: Sure. So you are identifying that—obviously there can be failings in any system but the system is certainly not designed to see a person who is homeless having a four-week waiting period?

Mr Pigott: Ideally not, no.

CHAIR: I only heard this in passing, so correct me if I did not hear what you said absolutely. You said something to the effect—I think referring to young people—that there is one job for every six job seekers. Was that your evidence? I am not sure whether I heard it correctly.

Mr Pigott: Yes, I have used that figure. I cannot give you the actual reference for where that came from. But that is, I think, a widely used figure when you look at the overall job market and the number of job seekers out there, and underemployment.

Ms Waterford: If you do a comparison between the internet vacancy index and the number of job seekers registered, it does equate to about one in five, one in six. If you add the underemployed into that, it doubles.

CHAIR: Obviously, we know that youth unemployment is higher than the overall unemployment rate, and we hear the figures. But we do not hear figures that would suggest that there is only one job for every six. That would suggest a much higher unemployment rate amongst young people. I am not a statistician and I know there are different ways of looking at this, but if, effectively, there are no jobs for five out six job seekers then you would have, certainly, higher than 20 or 30 per cent youth unemployment. You would be pushing well above 50 per cent, I would assume. So that does not seem to match up.

Ms Waterford: It does. It talks to a couple of issues. There is a whole grey market of employment. A number of positions are not advertised. I think there are figures that show that roughly 80 per cent of jobs are not advertised. They are more the lower skill level type jobs. You would expect that a lot of people are probably going into those jobs. The ANZ monthly index and the ABS index, also released monthly and around internet vacancy rates, are used as benchmarks in terms of employment in that they are projecting future employment. They do make that comparison in saying that there are, I think it is, roughly 170,000 jobs that are advertised every month and 500,000-odd people registered through the new Job Services.

Anglicare Australia will be looking to do some work on this in the near future. We are looking to classify the advertisements in terms of their skill set. Our hypothesis is that a number of those advertised positions are actually for a higher skill set, whereas the people who are looking for work and who are long-term unemployed have a lower skill set. So there is a mismatch again. You are right: there are holes in the data because of that unaccounted word-of-mouth—

CHAIR: You talked about 80 per cent of jobs being unadvertised. I know of a young person who recently got a job just by going on the KFC website to find out how to apply. They put in an application, and that is how they got the job. So that probably would not be classified as advertised. But, if you are keen to find a job, you will go to McDonald's, to Woolworths or to various other large employers and say, 'What have you got? What are the opportunities?'

Ms Waterford: Yes, cold-calling.

CHAIR: So, if you are just relying on job ads, I suppose it can give a bit of a misleading picture of what is out there.

Mr Pigott: Just on that, there is no doubt that, for people who are well resourced, most are, obviously, able to find their own work. They can get casual work; if you are a student, you can get various work. My niece has just got a job at Sportsgirl, for example. That was advertised, I think, through word of mouth. She is educated; she is doing a degree at the same time. For someone like that, that is not a problem. But, as I said, if you are in the Illawarra, Burnie or somewhere like that, you go along to the Woolworths or McDonald's and you are one of several hundred who have their name on the list. The jobs are just not there in some of those locations for someone who is unskilled.

CHAIR: Sure. As Senator Lindgren has pointed out, there is a recognition that in some areas it is particularly tough. That is why there is that financial assistance—to help people who want to look elsewhere. We hear a lot about disadvantaged people and the exemptions. The exemptions, as I understand them, are there to try to take account of that—if you are a principal carer, if you are homeless, if you are in an area where there is very high unemployment or if there are particular barriers. Obviously, there is that desire to make sure that those who genuinely have barriers will, hopefully, not have to unnecessarily serve any waiting period. Given that is the principle behind it, let us go to the person who is living at home with mum and dad and who has just come out of school. In circumstances where mum and dad are prepared to support them, why shouldn't we be sending a little bit of a signal that when you come out of school you should not just be going straight to the Centrelink office and that, in fact, the first thing that you should do is either be training or looking for a job? Let us speak about that. Do you have any problem with those circumstances—with those people serving the waiting period, as a way of the government saying: 'It is not a good thing just to go straight to the Centrelink office when you leave school. In fact, we would prefer that you were finding a job or in training.' Do you agree with that general proposition?

Dr Holland: The short answer is: no, we do not agree with that general proposition—not because we do not agree with that objective but because we are not aware of any evidence that that is how this is going to work or how these kinds of measures work.

CHAIR: I am sorry to cut you off, and I will let you elaborate, but are you saying that—even in those circumstances where they have all the family support and they have just come out of school—you do see a problem with the government having a policy that sees those people waiting for a few weeks before they can access the dole, or Newstart?

Dr Holland: If the policy measure is designed to target those people and only those people then we would be happy to consider it, but I do not see any evidence that this measure is designed to target only those people; it is going to capture—it is designed to capture—everybody in that age category, essentially, regardless.

CHAIR: I do not think that is true, because there is a range of exemptions. So I do not think it is designed to capture everybody. It is clearly not designed to capture people who have significant barriers to accessing employment. It is not designed to capture people who are homeless and have other sorts of disadvantage. So I do not think it is designed to capture everyone in that age category.

Dr Holland: Sorry; it is designed to capture most of the population unless they are in an exemption category. It is not designed, as I understand it, to target only those living at home with parents with the economic means to support them and who are choosing, for some reason, not to engage with the training.

CHAIR: But you would acknowledge that there is a fairly wide list of exemptions?

Dr Holland: I do not know that 'wide' is the word I would use.

CHAIR: So your evidence is that that will only capture a small minority of job seekers?

Dr Holland: I would have to look at what the numbers are, but I have no reason to think that it is designed to capture a large proportion of them.

CHAIR: We might put that to the department when they come in—how many they think will be captured.

Senator MOORE: Dr Holland, have you seen any figures from the department that actually indicate the percentage of people who would be impacted and those who would be exempt? Has that been made public knowledge?

Dr Holland: My understanding is that it has not, and this is the kind of data I am really hoping the committee will be able to extract—

Senator MOORE: As are we.

Dr Holland: about who this is going to target and what the modelling is of the effect on those people.

Mr Pigott: The figures that the department gave to us were that there would be 85,000 people captured under this, and they attached a dollar figure to that, but then there are 85,000, in one instance, and they are a subset, and then there are these 10,000, though, who may go through the waiting period twice.

CHAIR: So that is 85,000 out of how many? What is the cohort we are talking about?

Mr Pigott: I am not sure. You would have to ask the department.

Ms Waterford: And as to the cut-offs.

Mr Pigott: So it is not an insignificant number.

CHAIR: We might ask the department what those numbers are. Senator Siewert?

Senator SIEWERT: Can I ask about the low income supplement, because some of you have different opinions. Can I ask each of you to quickly go over what your position is and quickly give us some of the reasons for that.

Ms Waterford: I am sorry, I did not quite hear the question.

Senator SIEWERT: Sorry. As to the low-income supplement, for example, Anglicare has a different position on that from ACOSS, and I would just like each organisation to clarify their position on that.

Ms Waterford: For us, I think it was more around the justification in the explanatory memorandum. 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. So we are suggesting that, if there were a communication strategy to promote the availability of the payment so that people who would be eligible for that payment were aware of it and if there were still a low take-up then we would have no concerns over cutting the payment, but, 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.

Senator SIEWERT: And the others?

Mr Pigott: Mission Australia has not expressed a view on that and I am not across the details, so I will defer to my colleagues and ACOSS on that one.

Senator SIEWERT: UnitingCare?

Dr Holland: We did not express a view about that. We understand the arguments of both sides: ACOSS's argument about the linkage to the carbon tax scheme but also the principle that Anglicare has enunciated that benefits are there for a reason and it should be understood by the population they are targeted at before one takes a view that they are not helping. We understand that, but we have not taken a position on it.

Senator SIEWERT: ACOSS has just said that is one bit of the legislation, as I understand it, they could support. You do not have a view either way on whether it should go or stay?

Dr Holland: Not at this point. We understand the arguments on both sides; but not at this point.

Senator SIEWERT: We were talking about work and the issue around people potentially moving for work. Ms Waterford, I think it was you who made the comment about temporary or casual work.

Ms Waterford: Yes.

Senator SIEWERT: The type of work that young people are going to be getting is casual or temporary work. Certainly I have heard that the statistics support that, but I have also heard a lot of anecdotal evidence about it. I will ask all of you: is that the experience you have had and is it sensible, therefore, for someone to move if it is

potentially only for that work? What happens if the person then falls out of casual or temporary work in a location that is not their home town or home location and without the supports that they may have?

Ms Waterford: I think that is the risk in a nutshell. For a young person to move away from their support networks is, yes, a great adventure, it is a challenge and it develops and builds character for that young person, which they will then draw on for the rest of their life—and these are all good things. However, we are already talking about a vulnerable population. I would like to clarify—and this goes back to your earlier point, too, Senator Seselja—that we are representing and working with the most disadvantaged people. We do not actually advocate for those young people who have families who can support their decisions and their actions. They are just as deserving as any other person, but our purpose here today is to represent and support the experience of the people who are experiencing the toughest conditions in our society. So, for us, it is young people who are coming from intergenerational unemployment where they do not know an adult who has held a job for more than six months, a year—short-term stints. They are already coming from a vulnerable position and so to add more vulnerability and risk to their lives for that particular time or for the short-term gain is counterproductive. If that young person were moving to a permanent job and there were strategies to link in that young person to the different social supports around them, such as I believe will be the case with the intensive support program, then fantastic. If that young person wants to take the risk, the challenge and the adventure of moving to a new place for employment then that is great. Anglicare Australia has always stipulated that a job is the best path out of disadvantage, but they have to be the right jobs, especially for this cohort.

Mr Pigott: I would reiterate those comments. We have no quantitative evidence of numbers, but I guess it is just common sense that, if you are getting a casual job and living at home with your family—assuming you can live at home with your family—that is a much more secure environment in the event that your job finishes in six or eight weeks time than if you had moved to another city and all of sudden had found that you did not have a job. You would have to either go back home, if you have got a home to go to, or find some other means of supporting yourself.

Dr Holland: While I agree with both of my colleagues I would probably take a slightly different approach to this. This bill is proposing to alter the system of welfare payments for everyone. In a sense we are not actually talking about those programs directly. Our organisation is very supportive of youth support programs for bringing people into work. We are very happy to have programs that support people to relocate to real jobs. But we are talking about the welfare payment system for the people to whom that essentially does not apply—by definition, because these people are unemployed, without access to those jobs. The question for us is what the welfare support system should be for those people, particularly in an environment where there are far fewer jobs than there are people seeking work. Our position is guided by that. We would really like to understand what the evidence is that the measures in these bills are going to help people find jobs in the existing employment market as compared to the current policy settings.

Senator SIEWERT: We also had a discussion earlier about homelessness. I understand the point about the exemptions. But Mr Pigott made a comment earlier—and we also had a conversation about this with ACOSS—about the impact of these measures and people potentially becoming homeless and losing connection to accommodation. I want to ask you all about this but particularly you, Mr Pigott, given the comments that you have made around homelessness and the impact this could have in terms of leading to homelessness—rather than coming at it from the other way about homeless people being exempt.

Mr Pigott: I will use the example I gave in my opening remarks. 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 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. The other issue for us—particularly with last year's measures, not so much these ones—is about some of the young people in our youth homeless facilities. We have to charge them rent like any other place. There is a fee for staying there. It also tends to impact the capacity of organisations to meet their costs of providing accommodation if their rents drop—because it is all means tested. There are a number of interacting factors there. But certainly potentially if you have 10 weeks in any one year off benefits you are at risk of homelessness in that situation.

Senator SIEWERT: Dr Holland and Ms Waterford, do you have anything to add about homelessness?

Ms Waterford: I think that the extra stipulation around personal financial crisis as being conditional for the exemption is a step too far in addition to the five-week waiting period. The five weeks in and of themselves will be a personal financial crisis for many people trying to access these payments. In our submission we did a rough count. It would be at least two, possibly three, rental payments. It is a number of bills. So, for someone who has no income coming in, the waiting period in and of itself is a personal financial crisis. The additional criterion of having to have a personal financial crisis on top of that will certainly exacerbate people's ability to access these payments and will possibly contribute to increased homelessness.

Dr Holland: I think there is a question you can ask the department this afternoon in connection with this. The government's own provisions as I understand them envisage that these measures are going to create a crisis for some of the population and possibly homelessness for some of the population. We know that because the bill provides \$8.1 million in emergency relief funding. That is what emergency relief is. It is where you go when you are in crisis and you have got nothing left. So I encourage the committee to talk to the department about the logic and modelling and their understanding that underpins that \$8.1 million, because I think that is exactly the kind of issue that is being recognised now.

Senator SIEWERT: I will ask a further question on that. What happens to people's ability to find work and engage when they are actually in that sort of crisis?

Dr Holland: I think all of our services would agree that it is well known what happens. It decreases the ability to seek, secure and hold down employment.

Senator SIEWERT: Thank you. You are all of the same position?

Ms Waterford: Yes.

Mr Pigott: Yes, I would agree with that. As I said, you are only one payday away from crisis in some situations like that, so that is a very real possibility for those people.

Senator SIEWERT: New Zealand is often quoted as the reasoning behind some of these measures, in particular the waiting period. Do any or all of you have any comments on that aspect of this legislation or the reasoning behind the legislation?

Mr Pigott: My understanding is it was based largely on the New Zealand experience where they introduced a short waiting period. My understanding is that the jury is a bit out in terms of the effectiveness of that program. But, again, that was backed up by the early intervention investment model where the actuarial model actually invested in young people and assisted them in their pathway. My understanding is that that is where it has come from. We were very surprised last year when the government went from what was the two-week or four-week wait period in New Zealand to six months. We knew the government was looking at something like that but not to that extent. My sense is that the government has taken the view that four weeks is a reasonable waiting period given what has happened in New Zealand. They have what they call a rapid activation model where it is proposed that in that four-week period there are a whole lot of things you would be expected to do with the view that, hopefully, you can secure some employment in that period.

Dr Holland: We are still doing some work on this and may have more to say about it as an organisation soon. We are certainly supportive of designing wraparound services and intervention services around an actuarial model. We said that before. But my understanding is that the waiting period in New Zealand is not as long as the period being proposed here. I am still working on the detail of that, but my understanding is that this actually does not even represent their design.

Senator SIEWERT: Ms Waterford?

Ms Waterford: I am not sure as to the genesis of it, so I will defer to my two learned colleagues.

Senator SIEWERT: Thank you. Mr Pigott, you touched on this in your opening comments, but I ask all of you your opinions of the new programs that have been put in place to replace Youth Connections to a certain extent—their effectiveness, their extensiveness and whether they are going to adequately meet the needs of the young people who are going to be affected by these measures?

Mr Pigott: As announced in the budget and from what we have seen, they are certainly moving in the right direction. I think the quantum of dollars seems to be similar to what was existing previously before Youth Connections and the other programs with it were cut. But we have not yet seen the detail. My understanding is that these programs are scheduled to start from 1 January next year or the first half of next year. That is what has been put in the budget. So, until there is an expression of interest, tender process or invitation to come to consult, we have not seen the detail and have to reserve our judgement on that. In theory, yes, to the extent that they are

providing the intensive supports and the way they are described in the budget papers and by the department, it does sound like they will be helpful.

Ms Waterford: We would agree. We have long been of the opinion that working with people as individuals, identifying their aspirations and helping them develop a pathway to achieve their own personal outcomes is one of the better ways to support people into long-term employment. We do have some anecdotal evidence to say that Youth Connections was successful in achieving that outcome. We do also have hope for the intensive support program as it comes online; but, again, not having any of the detail, we cannot be 100 per cent assured of that. That is one of the areas we are really committed to and have expressed to government that we would like to work with them on rolling that out and helping them shape what that might look like.

Senator SIEWERT: Thank you. Dr Holland?

Dr Holland: I have nothing to add to the excellent answers of my colleagues.

Senator SIEWERT: Thank you.

Senator MOORE: In your evidence and also in the submissions from Anglicare and UnitingCare there were comments about 'evidence based' in terms of the changes. As I said earlier, these changes seem to have come from a series of budgets, so it is not the normal situation where everything is covered by 'we don't discuss budget before it comes out'. Can you indicate from your organisation's perspective discussions that you have had with the departments or government about these issues of youth unemployment, the impact of social welfare and the shared goal that everybody has of ensuring that people have access to work and have some kind of just income?

We had a large Senate inquiry into the previous legislation where a lot of things came out. I forget how long ago that was that a lot of these issues were raised. But I really want to understand, for people who are in the system and working on effective policy discussions, what has happened that has led to this next round of legislation that has come before us and the concerns that you have raised.

Ms Waterford: We also responded to the inquiry for the last set of amendments.

Senator MOORE: Yes you did.

Ms Waterford: I think it has been interesting to have the change in minister. Anglicare Australia and all of our agencies have been quite proactive in engaging with the minister to discuss our cohorts and those groups that we represents. We do it publicly through media releases, submissions, reports and the research that we release, but we do also try to meet with the minister as often as we can just to have those informal conversations and say, 'This is the public comment; but, with feeling, this is our position on that.'

Senator MOORE: And the minister has an open-door policy and encourages that. What has happened in those discussions?

Ms Waterford: With the previous minister, as an example—

Senator MOORE: That was Minister Andrews?

Ms Waterford: Yes. We raised young people exiting out-of-home care as possible exemptions from the six-month waiting period.

Senator MOORE: And now that is in there.

Ms Waterford: That came in time. Minister Morrison is well across the issues. As an incoming minister, he is very well versed with what the issues are. Because he is already on the page, some of the things we have done are to go to him with proposals and say: 'This is what you've done in the budget. Here's how we would like to help you do that.' We have put forward a few ideas for him that we will be sharing with other portfolio ministers as well. He has been quite receptive to that. It is things like that that we have been doing which have not affected the overall policy but have indicated that he is willing to work in the policy settings—

Senator MOORE: and the conversation is continuing, which is positive.

Ms Waterford: Yes.

Senator MOORE: In terms of that interaction—and I will go to each of the witnesses separately to finish the conversation—over the last few months and the legislation in front of you, does the legislation in front of you reflect the discussions you have been having with the minister?

Ms Waterford: It does not. As I said earlier, the people with the least are suffering the most. It is not fair to say that is across the board; it is a generalisation. There are other programs announced in the budget that do look to create—

Senator MOORE: You mentioned them in your submission.

Ms Waterford: Yes, which I mentioned in the submission and in this evidence here today. We are not saying that there has been a complete lack of hearing. I feel we have been heard and there are steps being made, but I do say in the submission that, with that gain, there is still the pain. There are still the increased compliance measures for people who do not attend interviews. There is still cutting of income levels. The indexation pause to the income thresholds, whilst lauded in one schedule as a generous threshold, in another schedule is actually being cut.

Senator MOORE: So it is generous for youth allowance but in the other schedule is actually part of the budget savings.

Ms Waterford: No. In the schedule referring to increasing the age for Newstart, it says, 'But don't worry, because you get access to the higher-income threshold,' but then in schedule 5—

Senator MOORE: it is a saving.

Ms Waterford: Yes. It is just little things like that. While there are gains being made—

Senator MOORE: with the employment programs—

Ms Waterford: with the employment stuff, there is still this kind of deservingness dialogue that is happening around those with the least. They are still being the catch-all for cost savings and efficiencies. Whether that goes to ideology or a genuine belief that this is the way to move people into employment, I do not know. From the conversations, there have been some changes and there are improvements, but I still think there is some ways for us to go.

Mr Pigott: Our experience has been similar. We engaged with the previous minister and his office prior to last year's budget. We have had good consultations with the department following that. This year we met early with the new minister. There was certainly openness there to discuss issues. We have sought to raise this issue a number of ways: obviously through our work with the Department of Employment around the new job services contract. We made the point there with others that we think the previous JSA system did not serve young people very well; it was sort of a one-size-catches-all. We have highlighted the disconnect between people leaving school and getting into employment. We certainly raised our concerns very strongly last year about the under-30s measures. Mission Australia does not normally go out and say things with megaphone diplomacy; our policy is to work with government and departments in a productive way to get what we think is the best outcome for our clients. In this case I must admit that we did not get any prebriefing that this was going to happen in this year's budget. I guess we put two and two together, thinking that, from the point of view of getting something through the Senate, the six-month provision is not going to work. There was universal condemnation of that proposal—

Senator MOORE: Specifically on the issues raised in this piece of legislation, which are a compliance focus, a change to a lower rate for people under 25 and also the indexing process. Was the impact of those things on young people part of discussion with the minister?

Mr Pigott: Our discussion was more around the most disadvantaged: as I mentioned, homelessness and some of the people who might fall through the cracks of the new provision. I go back to the chair's comment that certainly, in principle, the exemptions are there, but it does not specifically say homeless people will be exempt. There is always a risk that people will fall through the cracks. They are the ones we are concerned about. Someone else who is in a better situation is not so much an issue.

Senator MOORE: There is another submission that has raised quite directly the concerns you raised earlier about the streaming process and the issues with JSA streaming—that those will be the determinants of access to the exemptions. I know it was an open discussion in your network—not you personally, but across the whole network. I think it could well be the National Welfare Rights Network that detailed concerns about the exemption—that you quite rightly pointed out—which is that people going into streams 3 and 4 will be exempt from these processes. Numerous concerns were raised about people who were wrongly streamed and that this was unappellable—so they would not get the exemption because they had been wrongly streamed, and when you have a reassessment down the track it is too late to go back. Was that dynamic part of the discussions you have had not only with Ministers Morrison and Andrews but also with Minister Abetz in that field?

Mr Pigott: It was certainly more in discussions with Minister Hartsuyker and Abetz, and in our submissions to the JSA and yourselves. I have to say that, obviously, there was a long consultation period around the employment one—

Senator MOORE: It was a very long period.

Mr Pigott: We did raise that specific issue. Again, I am not directly involved now in employment services, but in the current contract I think the rules have changed somewhat. Again, I think it still relies on being placed into stream B and C.

Senator MOORE: So the streaming issues were raised?

Mr Pigott: Yes, and my understanding there was that at one stage the assessment process was fairly brief and limited and in some cases by telephone—

Senator MOORE: Yes, phone interview.

Mr Pigott: and people did not disclose some of their complicating issues—

Senator MOORE: Mental health and abuse.

Mr Pigott: That was not always picked up. Again, we would hope that if that were identified and subsequently reported to Centrelink that that would be addressed. I am not sure what the current mechanisms are, but I think there is some flexibility there.

Senator MOORE: Thank you. Dr Holland, I have the same question in terms of the impact of changes to eligibility, waiting periods and the quantum of payment, and the ongoing discussion with Uniting Care and the minister and ministers about the impact of the legislation in front of us.

Dr Holland: I think our experience has been similar to our colleagues. We have had some very constructive conversations around things like labour market transition and programs, and early intervention and prevention models—the things that are, in a sense, trying to work with some of the same populations but are not the things in this bill. Those have been constructive conversations, and we are very optimistic about them. We took the view that in the first phase of this discussion of this issue that the focus would be with the review chaired by Patrick McClure, so we focused our engagement on those issues in the initial phase. We found that was useful, and there are some interesting recommendations there. Our concern is that there is a little bit of a mismatch between those constructive discussions, some of what was said in the McClure discussion and what is in this bill, which has not really been what we have been talking about, I suppose.

Senator MOORE: So in terms of the McClure recommendations to make it a simpler more straightforward system, from the experiences of three witnesses working in the system, does this legislation add to making it a simpler more straightforward system or not? And I know it is an opinion, because the system is so large and wide, but if that is the model that the department is working on, does this legislation meet that test?

Mr Pigott: I would have to say that, given the complications with some of the exemptions, I am not sure that it does meet that test but, again, we will support—

Senator MOORE: I understand that it is an opinion.

Ms Waterford: I do not believe that it would simplify a person's experience in accessing or applying for income support.

Senator MOORE: Dr Holland?

Dr Holland: No, but the key area of disjuncture, I think, is not so much that one, which I agree with my colleagues about, but it is around adequacy.

Senator MOORE: And that is the process of changing the allowance. That covers my first area, which is about the evidence base, and you raise that in your submissions. My second question was about the area of the new test for financial hardship, and we have had discussion with previous questions on that. From your experience with the process around the whole area of financial hardship, I am struggling—and I will be asking the department this, of course—with whether the extra questions will add or detract from the process. The current system goes through a long list of questions as to whether you have sufficient means, and whether or not you are in financial hardship, and I have to find out from the department what this added test will involve in terms of the cost to human services in using the test. The explanatory memorandum says that the current test from human services would already cover most of the issues. Again, this is an opinion from people working in the system. What do you believe the impact of the extra test for the saving of one week will achieve?

Ms Waterford: I do not know that it will add a great deal. I assume the test you are currently referring to is the liquid assets waiting test.

Senator MOORE: Yes, the series of questions that your people ask about your current circumstances—your housing, your rent. You have to go through all that process now?

Ms Waterford: Yes, that is right. And that is a justifiable list of questions: if you have got the means to support yourself, then why not? As I said earlier, a person is already in financial hardship when they are seeking

income support. There are people who will try and get that little bit extra. In our experience in working with people who are trying to claim benefits it is already a harrowing experience. There is an element of relinquishing privacy. So having that additional level before the additional week—and, again, not necessarily knowing what that level is—might not necessarily add anything to the process.

Mr Pigott: I am not across the detail of how that is going to work. Again, that is a question I think you should ask the department.

Dr Holland: We are aware across the service spectrum that DHS is under enormous pressure. Without entering into any of the detail of this, we would be appealing for any initiatives that might reduce, not increase, the DHS workload because we really want to work with DHS to solve a range of issues and produce a range of policy improvements. The government itself is looking at this, not just us; we are working together on this. But to do that I think we need to free up a bit of space in DHS, so we would certainly be looking for things that might reduce the actual load.

Senator MOORE: In its short submission to the committee the department has been able to provide estimates of the cost to the department of the changes in the low income supplement changes but no evidence to say what the costings are on the changes to the eligibility process. That is a question for the department. I know that they are watching, so they should be prepared for that question when they come this afternoon. My final question is about the rates of payment. I know you have mentioned this earlier and it is a point that has been raised in the submissions. We have submissions from some of the agencies looking particularly at mental health and also from the National Union of Students about the impact on people transitioning from study to a payment. They give the figures, as does Welfare Rights, on the actual weekly impact of a change in the 22 to 25 age group. Do any of you have any further comment on that? I know that you have mentioned the general inadequacy of the Newstart system and the previous research that has been done on that. In terms of the actual quantum on a fortnightly basis is there any comment you want to add?

Ms Waterford: From Anglicare Australia's perspective age does not necessarily seem like a justifiable reason for a cut of \$100 a fortnight. If there are other justifiable measures that we are not aware of we would look at those. But purely on age I do not think it is justified.

Mr Pigott: I have nothing specific to say on the quantum. But certainly we have noted that it is a reduction, and clearly that has an impact on people. Again, on the question of what is adequate, why is there an assumption that because you are under a certain age your needs are less? That is a question which perhaps McClure needs to look at more closely and the government needs to adopt that in their reforms.

Senator MOORE: Dr Holland?

Dr Holland: I have nothing to add. I agree with those comments.

Senator MOORE: The evidence provided by the department is that the focus should be on family support. The explanatory memorandum to the legislation and also the brief departmental submission say it is expected that most people will be able to access family support. You can get family support up to 22 but now there is an expectation that you could get it up to 25. Are you aware of any other form of support that would be available apart from family support?

Ms Waterford: We represent the most disadvantaged people in our society and they do not always have the virtue of a family that can support them. It is the same as the NDIS in that it is expecting those natural supports to be available. But they are not always available. So to be able to legislate that is a misnomer. We need to look at the individual in the context of what else is available to them but the support needs to go to individuals.

Mr Pigott: Most people have families support them but we are concerned about those who cannot fall back on families to support them.

Dr Holland: Those people who do not have families or are lacking in support are disproportionately likely to be in the target group in the first place. Do we want to create a massive bureaucracy and drill down into everybody's lives and work out exactly who should get that support and who should not? Given that we know that these people are disproportionately likely to be vulnerable in the first place, we just do not see the evidence for designing measures in these ways.

CHAIR: Thank you very much for your evidence.

Proceedings suspended from 10:51 to 11:04

BAGLOW, Mr Len, Policy Advocate, Australian Association of Social Workers

BRAND, Mr Stephen, Senior Manager Policy and Advocacy, Australian Association of Social Workers

EDWARDS, Ms Terese, Chief Executive Officer, National Council for Single Mothers and their Children Inc

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

LEICESTER, Dr Steven, Head of Direct Clinical Services, headspace National Youth Mental Health Foundation

WATTS, Ms Carolyn, Vocation and Education Specialist, headspace National Youth Mental Health Foundation

Evidence from Ms Edwards, Professor Killackey, Dr Leicester and Ms Watts was taken via teleconference—

CHAIR: Welcome. Could I get all the witnesses to confirm that information on parliamentary privilege and protection of witnesses and evidence has been provided to you?

Mr Baglow: Yes.

Ms Edwards: Yes.

Prof. Killackey: Yes.

Ms Watts: Yes.

CHAIR: The committee has a number of submissions. I would now invite you, if you would like to, perhaps starting with those at the table, to make short opening statements before we move to questions.

Mr Baglow: Firstly, we welcome the opportunity to give evidence on this important bill today. The AASW is the professional body representing more than 9,000 social workers throughout Australia. We set the benchmark for professional education and practice in social work and have a strong voice in matters of social inclusion, social justice, human rights and issues that impact upon the quality of life of all Australians. Social workers work with individuals, families, groups and communities. Professional social workers consider the relationship between biological, psychological, social, cultural and spiritual matters and how they impact on clients' health, wellbeing and development. Accordingly, social workers maintain a dual focus in both assisting and improving human wellbeing and identifying and addressing external issues that may impact on wellbeing, such as inequality, injustice and discrimination.

The AASW believes that one of the best ways to assist young people out of poverty is to help them achieve meaningful full-time employment. However, we believe the proposed legislation will not help achieve this aim. In summary, the legislation will not prove an effective incentive. It is punitive towards young people and it complicates an already overly complicated system. We call on senators to reject the legislation contained in schedules 2 and 3. Further, we ask senators to seriously consider raising the youth allowance rate to a just and humane level. The changes in schedules 2 and 3 effectively reduce the amount of money received by young unemployed people either by moving 22- to 24-year-olds from the inadequate Newstart allowance to the grossly inadequate youth allowance or by denying the payment of any benefit to many young people for four weeks when they first become unemployed.

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

There is a smaller group who need some form of external incentive or encouragement. This is the justification often given for paying Newstart and youth allowance at such low rates comparative to pensions. As you are aware, this is about 66 per cent and 55 per cent respectively. The AASW does not believe that paying allowances at destitution levels is a good incentive for finding work or seeking to do further study.

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. Even if senators think that paying Newstart or youth allowance at destitution rates is a good incentive, consider for a moment how poorly targeted the legislation in these schedule is. In schedule 3, all new applicants for youth allowance who are effectively capable of work will be swept up. So somewhere between 60 and 90 per cent of young unemployed, who are already striving hard to find work, will be financially penalised so as to prod the few. Or to put it another way, the

same penalties apply to the young person who goes on to get a job after one month as the one who gets one within three or six months as the one who is still unemployed after two years. Similarly, all those between the age of 22 and 24 will have the amounts of their allowance decreased, not based on any empirical data on reduced motivation but simply as a cost-cutting measure.

If the government wants to increase the incentive for young people to study, we suggest it should immediately increase the rates of youth allowance paid to students to above the poverty line. In other words, from 55 per cent of the pension, as it is now, to 92 per cent of the pension as Newstart was in 1997. If the government wants to encourage older people off Newstart, they could raise the rate of Austudy and Abstudy accordingly. Finally, we make the point that this bill further complicates the social services legislation at a time when there is a general agreement that we should have a simpler system.

CHAIR: Perhaps we could hear from the Council for Single Mothers and their Children.

Ms Edwards: I am truly pleased to give evidence before you. I think it is so important when deliberating such important legislation that you hear from the voices who will be impacted by the legislation and all those who have lived experiences. The area that I am keen to touch on and that I can bring some knowledge to is the four-week wait for the parenting payment, particularly the concern for vulnerable women and women impacted by domestic violence and the accessing and granting of exceptions through the Department of Human Services. I really wish to put on the table the concern about pregnant women, the four-week wait and the freezing of free areas in Newstart.

We see the four-week wait for parenting payment as a very dangerous proposal. The National Council of Single Mothers and their Children provides information and assistance to mums at various times of separation. This can include while they are thinking about separation, during separation and post separation. We know through our experience that the self-identification of domestic violence is not always evident such as control over finances, control over decisions, control over employment patterns, socialisation or predominantly isolation. These do not readily come to people's mind when they talk about domestic violence. For some women, even the threat of harm, stalking or property damage has not been identified as domestic violence. We are really concerned that the identification and therefore the exemption of the four-week wait will not be adequately managed and there will be some very fine vulnerable families who will suffer because of that process.

We also understand that pregnancy is not an exception except for the six weeks prior to giving birth. I think it is a very shameful slight on our community if we have a young pregnant woman who does not have access to health care or to a safe and secure home. We are very concerned about what this will mean and the decisions that she will make in these circumstances. We particularly find it a concern given that we have already had a national apology for forced adoption.

Another part that I want to talk about or probably put on the table in case the committee wants to ask some questions, is the freezing of income-free areas of Newstart. It is so counterproductive to try and have women engaged in the labour market and particularly sole parent families who juggle the lion's share of care. Their employment patterns are often low paid, they are part-time, on-call and casual. So we need to make work a financial gain. It is often a stepping stone until the family is in a place where they can springboard into more permanent employment and more hours of employment—and that is not usually not a choice or a decision but is based around where the family is up to and it is primarily around the age of the children. We find that sole parents can engage more fully in the labour market when their youngest child is sort of 14 and older.

The other bit that I would like to mention to the committee is my experience in assisting people in financial hardship trying to navigate through the emergency relief maze, how inadequate it is at the moment, the extra pressures of any sort of four-week wait for any population group and what that will mean. I do want to dispel the myth that it is easily available and it will help families or individuals to not go hungry. They are my opening statements and I am really keen to engage with the committee.

CHAIR: Thank you, Ms Edwards. Before I go to others, I will just correct one of the things you raised. I am advised that there is no wait for parenting payment under the proposed legislation. So that concern you raised you need not concern yourself with because I am told there is no wait. Certainly principal carer parents are all exempt and all single mothers are exempt as they are principal carers.

Ms Edwards: Well that is fantastic news because I was of the understanding that it was unless there was an exception granted on the grounds of domestic violence. So that is terrific and I appreciate you letting me know.

CHAIR: I am happy to help. Could we go to representatives from headspace now.

Ms Watts: Thank you for the opportunity to present. For those that are unaware, headspace is a national youth mental health service. We currently have 85 centres throughout the country providing holistic care for 12 to 25-year-olds who are experiencing mental health difficulties. We obviously have a deep commitment to supporting

young people with mental health issues, of which a high percentage are presenting with levels of anxiety and depression on a daily basis. Our focus is on early intervention. I would like to emphasise that the young people that do access our service obviously do so on a voluntary basis.

Our services focus on four core areas: mental health, physical health, alcohol and other drug services, and vocational services. We certainly recognise the value of being engaged in education or employment as an important intervention for improving mental health, for building resilience and for helping recovery. We also recognise the long-term impact of disengagement from work and study for this group. Our experience and research shows us that young people with mental health difficulties want to work and study and experience the benefits of being engaged in these activities.

Headspace young people experience significantly higher rates of unemployment. In fact recent data shows us it is much higher than the general youth population. In some regions, the rates are quite staggering. We can use an example of Cairns. I think the current youth unemployment is around 30 per cent. For young people presenting at headspace, the unemployment rate is over 50 per cent, so there is definitely a strong relationship between mental health and unemployment.

Combining the associated barriers of having a mental health issue with a struggling labour market, with high unemployment and with financial stress, we believe that the bill amendments will invariably and necessarily provide additional pressure and disadvantage to an already vulnerable group of young people, especially those that are unable to rely on family or other social connections for financial or housing support in times of crisis. Rather, headspace believes positive incentives would be more beneficial and more impactful in creating long-term change and behavioural change than negative penalty based measures, which could have the unexpected and unintended outcomes of entrenching distrust and helplessness and of increasing stress. We do recognise the government budget announcements and welcome that in the investment of up to \$300 million in programs for vulnerable youth. We see it as a positive step in providing these sorts of positive incentives to support young people.

We also recognise government safety nets for those most vulnerable through the exemptions of these changes but it does rely on a system that we believe, anecdotally, is already failing a percentage of young people who do not accurately represent themselves either through lack of awareness or through fear of disclosure.

Overall, we believe there is a lack of evidence to really support the fact that young people are leaving study to be on Newstart and why they may be doing this. If a 22-year-old is leaving study, we would suggest that it may be more likely due to the financial hardship from surviving on the limited youth allowance that is paid. Either way, we at headspace believe that the vast majority of young people want to be independent, they want to work and study and they do not want to be on welfare payments. So such legislative changes would hit those it is trying to avoid—that is, the most vulnerable. As a result, the budget savings gained from the proposed measures will outweigh the costs borne from increasing financial hardship of this group of young people through increased demand in social and health services.

The final underlying point is that these sorts of impactful changes to welfare payments should really be developed from a well researched, strong evidence base. What we do know, finally, is that we are experiencing high levels of youth unemployment, low levels of job availability and a link that exists between mental health and youth unemployment.

CHAIR: Would the representative from Orygen like to make an opening statement?

Prof. Killackey: We also welcome the opportunity to present to the inquiry. To give some context, Orygen, the National Centre of Excellence in Youth Mental Health, is the world's leading research and knowledge translation organisation focusing on mental ill health in young people. At Orygen we basically work to deliver cutting-edge research, policy development, innovative clinical services and evidence based training and education to ensure there is continuous improvement in the treatment and care provided to young people experiencing mental ill health.

We support the stated objectives of the bill such as addressing the high rates of youth unemployment and supporting young people to either acquire employment or build skills to improve their workforce participation opportunities. We agree with the assertion in the bill that workforce participation improves the health and wellbeing of individuals and we think this is particularly so for young people with a mental illness or those at risk of developing a mental illness. However, we do have some concerns.

We believe that some of the proposed amendments are likely to negatively impact the welfare of unemployed young people, many of whom may also be experiencing mental ill health, without enhancing the capacity to meet job seeking requirements. We think they are likely to be negatively impacted by a delay that amounts to five

weeks of income support. We believe that a period of five weeks without financial resources is likely to be highly stressful and could lead to the exacerbation, relapse or onset of illness in the vulnerable population of young people with or at risk of mental illness.

Similarly, the reduction in income support for job seeking young people aged 22 to 24 years is likely to place the majority of eligible individuals and households under increased financial stress, and the relationship between increased stress and again the onset of the exacerbation of existing mental illness is well known. At the same time, we are not aware of any evidence that would result in more young people moving into employment or education and training because of these measures which might mitigate that risk.

We believe that to achieve the objectives of the bill there needs to be a greater emphasis on early intervention for young people who are experiencing unemployment or who are recently unemployed, particularly increasing the focus on those vulnerable to unemployment or who have exceptional difficulties entering the job market, such as those with mental ill health. Specifically we would actually propose the following. Evidence based vocational assistance early in the course of mental illness is extremely important. The recent announcement in the budget of \$106 million for intensive support for key groups of vulnerable job seekers, including young people with mental health issues, is a positive step in the right direction. However, more will be required to adequately meet the level of need.

We believe that funding should be provided for mental health services to have vocational specialists on staff to provide support for young people with mental illness to find and remain in work. We believe that a national mental health stigma reduction campaign focusing on workplaces and employers should be developed; that we need to introduce minimum standards of training, supervision and ongoing professional development for career or vocational specialists working with people with a disability or a mental health issue; that we need to continue to increase the number of wage subsidies available for businesses and organisations that employ job-seeking young people; that we need to increase the focus on career development for all young people engaged with employment services, so that they can aspire to more than entry level jobs and build skills to navigate career pathways; that we need to increase investment in programs that train and support young people to create enterprise, including social enterprises and business start-ups; and, finally, that we need to roll out models of apprenticeships and training support across all jurisdictions for young people during this first 12 months of employment.

CHAIR: Thank you very much.

Senator MOORE: There are questions for everybody but I will try to keep it focused. First of all, for the social workers, can you tell me how many of your members work in the Department of Human Services? Do you have any idea of how many would actually be involved in implementing these changes?

Mr Brand: I could not tell you the exact figure, but what I can tell you is that social workers who work across all sorts of sectors will have contact with people who present in these sorts of circumstances. So, it will be a feature of families and young people who present to hospitals, whether they be in physical, mental health or whatever, and it will be NGOs—you name it; across the board.

Senator MOORE: Absolutely. I am just trying to get a sense of this. I am trying to work out the cost effectiveness of some of the changes—in particular, the one-week waiting period for payment and the assessment of people having severe financial impact. I have to check with the department, who actually conducts those assessments, whether or not severe financial impact is referred to a social worker. I will check with the department.

Mr Brand: There are about 700. Sorry; when you said 'human services', were you referring to the Department of Human Services?

Senator MOORE: Yes.

Mr Brand: There are about 750 social workers in that department. They will work across a range of different places, but they are certainly are in very many front-line programs. Whether they are referred those particular clients, I cannot comment.

Senator MOORE: I will ask the department. Has your organisation being in direct consultation with the department about the impacts that you have identified in your submission? Have there been any discussions in that way?

Mr Brand: Not directly, no.

Mr Baglow: We have written to Minister Morrison asking for discussions, but we have not had a meeting as yet.

Senator MOORE: My last question is around the domestic violence exemptions. You say in relation to an organisation who supports women to seek exemptions on the grounds of domestic violence, 'We are fully aware that they are not known or granted in the manner that the legislation intends.' It is paragraph No. 5 of your submission. You make a particular point about that issue, as it is now one of the exemptions for the one-week waiting period. On what basis did you actually make that statement?

Mr Baglow: Sorry, can you give us the reference again?

Senator MOORE: It is paragraph five of your submission—'Our recommendations'.

Mr Baglow: Is there numbering?

Senator MOORE: Yes, it is No. 5.

Ms Edwards: I can interject.

Senator MOORE: I am sorry. That is you, Terese. Ms Edwards, I will go to you in terms of the process. There was your comment about the process impacting on the people who work with your organisation. They are not covered by the four-week change, but they are covered by the one-week change, in terms of the ordinary waiting period that is now being imposed on parenting payment. Your submission relates to that. I do apologise, gentlemen. It is in my folder. I have them highlighted. In terms of that process, Senator Seselja was quite right with his comment. Parents and single parents are not impacted because of an exclusion for the four-week period, but for the change in circumstances around the ordinary waiting period, when you are first assessed, parenting payment is one of the payments that will have an impact. There is an exclusion that has been put into the legislation about domestic violence experience. It says 'within a four-week period'. I would take it that recommendation 5 in your submission refers to the current knowledge and the way that people who are victims of domestic violence interact with the department. Is that right?

Ms Edwards: Yes. We have been saying this publicly and also directly to the minister for the Department of Human Services. We have had great engagement with the minister, particularly in the space of the new family and domestic violence strategy. However, the exemptions are really a concern for us. The main protective mechanism from the Department of Human Services is either a domestic violence exemption or access to crisis payment. Both of those are not granted or accessed as per the population would expect. From our latest Senate estimates figures around access to participation exemption, on the grounds of domestic violence 0.086 per cent were granted an exemption. Out of 12 possible categories, there was only one that was for less and that was for jury duty. Also, around the crisis payment—these are later figures that came out in March this year—what we do know is that two-thirds of the gender who had accessed crisis payment were male and not female. We would assume that is because crisis payment can also be accessed for other crises in addition to domestic violence.

When we did our own surveys to attend and present evidence to the welfare review reform, we found knowledge. We had a response from just over 700 women and most of them could have been eligible for such an exemption. There are three main exemptions. There is a 16-week exemption from participation obligations. There is an exemption from collecting child support on the grounds that it would be a safety risk. There is also an exemption if you are in child support private collect, and that is when two people transfer the money between themselves. They are the three exemptions. We found that it went from 77 to 90 per cent of people not knowing that those exemptions were available. That is a real concern. Most recently we had contact from a large service provider in Queensland. It was Red Cross and it was the person who headed up their support service for domestic violence. They contacted us after reading the information on our website to talk about exemptions. The woman said that she had 12 years of experience and still did not know. That is not new to us. Our experience is that you almost need to know what exemption is available. You then have to ask for it. You need to get the right wording to be granted it. There is a real disconnect between the amount granted and the number of people who would require that.

I do not take comfort in the new family and domestic violence strategy. There are five things that underpin that: information, risk identification, referral, looking after the staff in DHS, and training. What is missing from that is a willingness from the department to monitor the protective mechanisms to ensure that they are operating as they should or that their systems and processes are not used to enable post-separation violence. That bit is missing, and because that bit is missing and, because of Senate estimates and our own knowledge and our own surveys, we are not confident that exemptions are granted in the way that they should be.

Senator MOORE: So, Ms Edwards, your concern is both with the Centrelink process and the employment process?

Ms Edwards: Definitely.

Senator MOORE: The exemptions you were qualifying were in the employment area, but you went on to say that, regarding the interaction with Human Services itself and Centrelink, you do not have great confidence that there is full understanding?

Ms Edwards: No. Statistics validate our concerns.

Senator MOORE: In terms of acknowledgement of the exemption from the income process around the first assessment, you would want more information as well?

Ms Edwards: We would want more information. I am still really concerned. I am delighted—and thank you, Chair—that it has been confirmed that the waiting period is not four weeks but one week, but I still do not want us to skirt around that and breathe out. One of the most common requests that we have is around emergency relief. They are in dire straits. There is homelessness and insecurity, and putting food on the table for that one week is a concern for us and the exemptions are also a concern. Any waiting period is a concern.

Senator MOORE: Ms Edwards, you might like to look at the evidence provided by ACOSS earlier. There were statements made about that process, when you are looking at what was given to the committee earlier today. I move to headspace and Orygen. My understanding is certainly in terms of the four-week waiting period, which has been identified by both of your organisations as a concern, regarding the impact on young people, as well as the lower rate of Youth Allowance to Newstart, in terms of adequacy and stress that could lead to further mental health issues. My understanding is that there is a move to have exemptions in this process for people who are unwell. I want to find out from your organisations how you see that would work. You have both expressed concern, with the knowledge that you have of the legislation before us, about how this process would operate for people who have mental illness or are vulnerable to mental illness. I am interested to know whether you are comforted by the current exemptions or you would like to see more detail. Because headspace gave evidence first, we can go to headspace first.

Dr Leicester: One of the concerns—and this has been raised partly by a number of other people giving evidence—is the process of undergoing further assessment and the disclosure, which many may not be comfortable with, regarding the reporting of their own mental health issues or drug and alcohol issues. The concern is that it is another barrier through the assessment process. Another thing jumps out for me. A central tenant of early intervention practice and theory is doing all we can whilst people are still functioning to support them so that they do not make their way into developing mental health issues. Whilst it is a positive sign to see an exemption for people with mental health issues, for those with emerging issues or those who are at high risk, my concern is that they would not necessarily fall into that category. A delay of up to five weeks of payment for those who are already vulnerable—and we know that those at high risk as well as those with threshold illness also are more likely to face other financial, social, educational and accommodation difficulties—and placing a further burden on those at risk, which may not reach the threshold for an exemption, will push people into reaching threshold and more towards a mental health area. Eoin in his opening statement made some reference to those themes too.

Senator MOORE: I am reading the statement of compatibility with human rights and also the explanatory memorandum, and I am trying to find exactly where there is an exemption for people with mental illness. Zed, can you help me? What I am reading is:

Exemptions from the income support waiting period will be made for:

job seekers in Streams B or C ...

That is a determination by the job service provider—

CHAIR: Where are you in that?

Senator MOORE: I am at 82. It also says:

Disability Employment Services participants

—people who have already been assessed and are working with a disability service provider—and

parents with 35 per cent or more care of a child, and

young people in State care, or who have left State care within the past 12 months people with an activity test exemption of 15 days or more ...

And it says:

The Minister will also be able to determine other categories of exemption via a legislative instrument.

CHAIR: My understanding is that they would be in either stream B or stream C, but we can clarify that.

Senator MOORE: Yes, and I have this highlighted to clarify with the department, because both headspace and Orygen have identified that their concerns are around people with an undiagnosed mental illness or a

vulnerability towards mental illness and even people—as you just said, Mr Leicester—who are reluctant to identify. So we have vulnerable people who are young and have disadvantage in that sense as well—about where they will be protected in the new system. That was the issue raised by both headspace and Orygen. Is that right, Professor Killackey?

Prof. Killackey: Yes. I would echo a lot of what Steve just said. There is an issue around nondisclosure. Probably in terms of just about every health issue around there is still more stigma around mental ill health than there is around any other illness. I was thinking in the last few minutes that we even have people who are attending our specialist mental health service here who would be reluctant to identify as having mental ill health even though they are clearly well above the threshold for meeting those things. So, there are issues around that. With the high-risk group, and because we know there are very low levels of mental health literacy in the community, it is highly likely that they may not even appreciate that they are at high risk. They may not be aware of their own vulnerability. Again, it is obviously going to be very difficult for people who do not have that awareness to explain to somebody what their situation is in that regard.

The other thing I worry about, which I guess picks up on something Steve said, is that in some ways some of these measures are likely to be counterproductive in that they really will encourage people to look for alternative avenues to access support. Unfortunately one of those things is to essentially develop an illness and find other support that way. As Steve said, the last thing we want young people doing is becoming unwell. If we can prevent somebody from becoming unwell, the benefits are not just around their health but around so many other areas of their life, including their vocational functioning.

And just thinking about the numbers: 70 per cent of mental illness has its onset by the age of 25. We know that around a quarter of young people will have a mental illness. And, as Carolyn explained earlier, when you get to young people who are disengaged either from education or from work, the proportion of people with mental illness increases significantly. They are disproportionately present in that group. I just fear that these measures are going to be punitive to that group and put another strain on them that they really do not need, without there being an adequate means to pick them up. We know from a range of studies that mental health issues are very often missed in routine practice. So, sadly, I cannot imagine that we will have a system that gets any better at identifying these things when they are either subthreshold or just over the threshold.

Senator MOORE: And from headspace?

Dr Leicester: I have one thing following on from that regarding the delay or potential delay in payments. My understanding—and it may be a bit limited—is that the premise behind that is that it creates a potential incentive for people to be proactive in working. I can see how that would look. My concern, though, is that it does not work that way; it is punitive and creates a disincentive to go down the path of proactive job seeking. My massive concern in this area is that there is no evidence that creating a block will encourage good behaviour change. Behaviour change is based around providing incentives and a proactive pathway. I have immense concerns that delays in paying young people who are genuinely job seeking—which most, if not all, who go down that path are—will create a barrier that will be extremely difficult.

Senator MOORE: Many of the submitters we have had today have spoken about that issue of evidence, and you have raised it now, and in fact I will ask the other people—from the Association of Social Workers, from the National Council for Single Mothers and their Children and also from Orygen—about issues with evidence in this field. You have raised it in your submissions. Are you aware of evidence—or have you had discussions with the department or the minister that have indicated what the evidence base is—for the range of change that we have in this legislation? In particular, the changes seem to have been around in the discussion for a long time. I am just interested to know what your understanding of the evidence base for the changes is. Perhaps we could start with the social workers and then move across.

Mr Baglow: When we went to look for the evidence we certainly had difficulty finding evidence to support changes in schedules 2 and 3. I think it is very enlightening that in the Parliamentary Library there is a paper prepared by Dr Matthew Thomas on the waiting period for young people to access income support. I think a couple of his final comments sum it up:

The imposition of an extended up-front waiting period for income support is a novel measure in international terms.

'Novel' is a very interesting word to use, isn't it? It indicates that it has not been tried anywhere else and therefore there is no great evidence for it. He goes on to comment about the New Zealand requirement, which is often compared to it:

The New Zealand requirement for some claimants of working age payments to undertake pre-benefit activities within a 28-day period has been compared to a one-month waiting period. However, claimants who successfully complete the requisite

activities within 28 days can receive their payments earlier and all eligible recipients will receive back pay to the relevant commencement date.

Therefore, it is not really comparable. I went back and looked at the evidence as far as I could, from what is provided publicly by the New Zealand government, and I certainly agree with Dr Thomas on this.

Senator MOORE: And you have had no discussion with the department that gives you any more information?

Mr Baglow: No, we have had no discussion on this. Again, on evidence, we keep harking back to the low payments of Newstart and youth allowance. I remind senators of your own Parliamentary Library's evidence from a couple of years ago, from Michael Klapdor, in social policy. He looked at the adequacy of these payments and again commented unfavourably on it. From memory, the Henry tax review also commented unfavourably on it. And—again, from memory, but I am fairly certain—McClure also was concerned about it. Although not directly addressed in this legislation, it is an underlying problem of the legislation and change at the moment.

Senator MOORE: Ms Edwards, are you aware of an evidence base? Or, in the discussions that I know you have been having with the minister and the department, has there been any clarity of the evidence base for these changes?

Ms Edwards: No, there was no clarity, but it is a continuous discussion, because we are saying that we want evidence, and we can put on the table evidence about the assumptions that underpin this. We have pointed to the changes that happened on 1 January 2013, when women were denied access to a parenting payment when the youngest child turned eight. We were told at that time that it was about making sure that women engaged in the labour market. What happened was that the women who were engaged in the labour market suffered the greatest financial and unrecoverable losses. So we keep pointing to evidence that dispels these assumptions that sole parents do not wish to work, are not engaged or are not studying, and no evidence has been put on the table to support the assumptions that underpin this legislation.

Senator MOORE: Orygen? In the discussions you have had with the department or with the minister, has any evidence base been put forward as to why the proposals in this legislation will benefit young people?

Prof. Killackey: No, we have not had discussions around the evidence of this. I guess what I would say around evidence—and I would agree with Mr Baglow, I think it was, from the Australian Association of Social Workers—is that we cannot seem to see any evidence of this having been tried or working anywhere else in the world. But in terms of young people with mental health issues, we can say that we do know that a significant proportion of those young people have a long history of experiencing one social defeat after another, and my suspicion is that as a consequence this will not act as a spur to action for them but will just be experienced as another social defeat and another burden that they have to passively endure.

In terms of what does work, we know that young people with severe mental illness, in survey after survey going back to the early 1990s, put getting back into employment and education ahead even of addressing their health issues. This is a group of people who desperately want to work but who are not working. We have evidence about an intervention called individual placement and support which does that. In our studies at least 85 per cent of young people who received individual placement and support—and there would be young people with psychosis, so, quite severe mental illness—returned to work or school and were still in work or school 18 months later. They were not necessarily the same jobs or courses, but those young people were still vocationally occupied. So, there is evidence about what works, but it is about working positively with people to harness their ambitions and to find them ways of getting there rather than punishing them and hoping that it will act as some sort of spur to action. Young people with mental illness have already been punished significantly in their life, and the capacity for something to act as a motivator is probably dulled by experience.

Senator MOORE: Are there any further comments from headspace on the issue of research?

Ms Watts: I would just add one last point, and it is simply to do with some of the evidence and data that we are collecting. There is another group of people, and that is those who are not studying, are not working and are not receiving benefits. We see those young people from time to time, and I am sure there are many more out there. When they apply for welfare, that actually provides them with access to services. They suddenly become recognised in the system. There is also a concern that delays and additional barriers to connecting to the broader system will keep this particular ultravulnerable group in silence. I just wanted to add that point.

Mr Brand: In terms of evidence, all you have to do is hear the stories of people who go through these experiences. What they find is that, the more hoops they have to go through and hurdles they have to go over, the more they have to expose and talk about their experiences, which they already find demeaning.

You asked the question about who is doing the assessments in the department in relation to these sorts of matters. I do not know, but I suspect it requires an enormous amount of sensitivity. Particularly for people who come from a family violence situation or young people who have an experience of psychosis or who maybe come from family break-up, you are retraumatising them by putting them through an assessment to satisfy a bureaucratic process. The question I think the Senate and the government have to ask is: to what extent is that good value for money, given the discomfort you are producing and the further abuse of those people? This is particularly the case if it is done by a clerical person who may not have the training in that area, who may carry a bit of the stigma themselves. We can talk about the stories; for evidence, talk to the people.

Senator SIEWERT: I would like to ask a question of the National Council of Single Mothers and their Children. Ms Edwards, while we have cleared up that issue about the waiting period, the other impact is where young people are forced off for the waiting period and need the support of their families. What impact will that have on a single-parent family?

Ms Edwards: We already deal with that when child support stops. Child support is a payment that ceases when the youngest child turns 18. We already know that in the primary place where this young person lives they may not be an independent young adult at that point in time. They might be cycling in and out of casual and part-time work and finding their way. But there is enormous pressure on a lower income household. We have experiences of young people either being morally forced or needing to leave home just because the family cannot manage it, or they feel obliged because they feel they have to make their own way.

We are aware that, when you start imposing waiting periods, the families have less resources to assist those individuals, their children, over the line when the harshest pain is felt. We are also aware that families that do not live in areas where there are large TAFEs or universities really struggle. Those gap years are important and they often do not involve full-time work. So there is already a body of work showing that adults who are not independent in lower income households are already at a disadvantage, so those four weeks, I would say, would create great harm.

Senator SIEWERT: I also wanted to ask a question of both Orygen and headspace. We have been talking about the impact on those who already have poor mental health and we have touched on the issue that these measures are likely to put more pressure on those in stream A or those who have not disclosed. Is this measure likely to cause mental health issues in people in stream A?

Prof. Killackey: Yes, we believe that that is the case. Obviously one of the things that we would all like to know is what the cause of mental health issues is, but we know that there is a mixture of genetic vulnerability and environmental stressors. Those environmental stressors can take nearly any shape or form, but obviously one of the most keenly felt is financial stress. My suspicion is that most of the people we are talking about are not people who would have money to get them through a month without any other sort of income. So they are looking at stress around their capacity to provide the basics for themselves and anybody else they might be providing for, stress around their accommodation and the stress of already being unemployed. I do not think we should ever discount that that is a fairly stressful experience in itself. All the health outcomes for people who are unemployed are significantly worse than the people who are employed.

So our contention is that this would definitely add stress to people, and for a proportion of people it would probably lead to the exacerbation of pre-existing threshold or sub-threshold issues. For other people it would probably lead to the onset of a first episode of mental illness.

Senator LINDGREN: I have a question that may be for headspace but, if not headspace, maybe one of the others. I think you mentioned that a quarter of the young people that you deal with have a mental issue. Is this diagnosed or undiagnosed, and are they are accessing sickness benefits as well?

Prof. Killackey: It was me who said that. What that reflects is epidemiological data that shows that around about a quarter of young people experience a mental illness. Not all of those people access mental health services. In fact, we know that only around about 13 per cent of males and 30 per cent of females under the age of 25 access care for their mental health issues. So there are a substantial number of people, as I think Carolyn pointed out, who have mental health issues but who are not accessing care. They are probably not accessing the appropriate support or benefits for those things either.

Senator LINDGREN: If it has been undiagnosed by a professional, then how can we say it is a mental illness? Are there red flags to say that it is mental illness? I am not quite sure how it can be measured.

Prof. Killackey: The epidemiological data basically comes from a large population survey. Then we infer from that survey the proportion in a given population with a particular health issue. For example, we know that schizophrenia affects around about one to two per cent of the population, depression about a quarter of the

population. From the National Survey of Mental Health and Wellbeing in 2007 we know that around 47 per cent of people will have a diagnosable mental health issue at some point in their life. It is from data like that that we are able to say around about a quarter of people under the age of 25 will experience a mental health issue.

CHAIR: Thank you very much to all of our witnesses in this section.

D'ANGELO, Mr Dean, Welfare Officer, National Union of Students

QUIXLEY, Ms Margaret, Founding Director, Young Opportunities Australia

STEELE, Ms Rose, President, National Union of Students

[12:03]

Evidence from Ms Quixley was taken via teleconference—

CHAIR: I welcome representatives of the National Union of Students and Young Opportunities Australia. Could you confirm that information on parliamentary privilege and the protection of witnesses in evidence has been provided to you—you are all saying yes. The committee has submissions from the National Union of Students. Starting with NUS, I now invite you to make short opening statements, if you would like to, and then we will move to questions.

Ms Steele: Thank you for the opportunity to speak to our submission today. NUS represents over a million students in Australia currently, and we have quite a few concerns about the changes proposed in this bill. In particular schedule 1 and 3 around waiting periods—we currently do not believe that six months to one month is a justified concession or a compromise. We believe that this four-week waiting period would be compounded by the ordinary waiting period of seven days and that would create a five-week waiting period.

We believe that the gap of five weeks for graduates and for young people after hard work studying will be penalising the people who will be working and building Australia's economy. This gap is long enough to create considerable financial stress and poverty, and severely limit the ability of young people to afford the essentials such as rent, textbooks, food, clothing and it will be a disincentive to find work and to continue to look for work. The National Union of Students will be opposing the imposition of all waiting periods on support payments and are happy to speak to this.

Mr D'Angelo: In my capacity as national welfare officer, I have spoken to hundreds of students who are frightened of facing the prospect of going without income support for an entire month when they graduate. The response has been the same across the board. Students feel that the government is abandoning them, potentially, at one of the most crucial times in their lives when they are trying to break into the workforce and find a job in the industry that they dream of working in.

As outlined in our submission, rates of student poverty are already at alarming rates and, according to the Universities Australia report on student finances, 17 per cent of students reported going without food and necessities due to lack of money. These figures are unacceptably high and demonstrate the challenges that many students already face. The truth is the government has no legitimate explanation or justification for these policies other than that cuts need to be made across the board in an effort to remedy what is now a self-inflicted budget emergency. A one-month waiting period down from six months is not a compromise, because a six-month waiting period never had the support of the parliament. On the contrary, it was widely condemned.

These cuts to Newstart speak volumes about the government's priorities when it comes to budget repair, choosing to make savings at the expense of vulnerable students who are doing it tough instead of making cuts in other areas or raising revenue by further increasing taxes on big businesses who can afford it.

I just want to point out that in his letter to the National Union of Students dated 27 July 2015, social services minister Scott Morrison stated that 'due to the Newstart allowance being a higher rate of income support than youth allowance, a 22- to 24-year-old student could be better off giving up full-time study to access Newstart'—effectively saying that Newstart was a disincentive for young people to study and that they would be better off on the dole. This was one of the main reasons why the government wants to increase the age of eligibility for Newstart.

Further Mr Morrison said that placing all young people aged under 25 years on the same level of payment, regardless of whether they are studying or unemployed, would remove the incentive to rely on the dole. NUS completely rejects the argument that Newstart is a disincentive for young people to pursue study and that this is the justification for increasing the age of eligibility for a payment rate that graduates rely on to survive whilst seeking employment.

Many students graduate at the age of 21 and therefore rely on access to this payment to assist them. Age should not be a factor when it comes to determining a graduate's need for income support. We believe that throwing graduates onto work for the dole programs is not a solution to youth unemployment; rather, that the government should be supporting graduates in their living situations to foster a good base for them to launch their careers at such a crucial time when they are entering the workforce and trying to get a start in the industry that they have been educated to work in.

In closing, Mr Morrison also stated that emergency relief funds delivered through NGOs on a discretionary basis may be available for young people affected by the introduction of a waiting period. We believe that this is not an acceptable compromise to cutting income support payments to students and graduates at a time in their lives when they are most needed; and we reject the notion that relief funds will have any impact in providing support to already struggling graduates who will be forced to live in poverty whilst at the same time trying to find a job in their chosen industry.

CHAIR: Thank you. Ms Quixley, would you like to make an opening statement?

Ms Quixley: Yes, thank you. Thank you to the committee for the opportunity to comment on this piece of legislation. Young Opportunities Australia did not provide a submission to this bill, but we did provide one to the 2014 amendment bill, and it was on that basis that we were invited to comment today.

Young Opportunities Australia is a youth-led social enterprise that provides information, support and advice to students and graduates seeking purposeful career development opportunities. In the 15 months since inception, our online community has grown to a following of more than 8,000 highly engaged young people all actively looking for personal and professional development opportunities. Our vision is a society that nurtures and inspires young people to find or create pathways to employment by responding to the unique challenges they face within a highly competitive economic environment.

It is particularly relevant that we have been able to provide comment on the proposed 2015 legislation amendment bill, given that YOA was in fact formed on 14 May 2014, directly following the release of the 2014 federal budget. This was largely out of concern for young people whom we believed would be disproportionately affected by the proposed policy changes. We commend the government on heeding the advice of policy advocates at that time and revising their requirement that job seekers under 30 serve a six-month waiting period before receiving any form of income support. We note significant changes in the proposed 2015 bill, now only requiring young people under 25 be placed on a one-month waiting period.

Notwithstanding the government's \$1.8 million emergency relief fund and \$375 million provision of additional support services to young job seekers, Young Opportunities Australia continues to hold serious reservations about proposed policy changes, particularly in the context of extremely high youth unemployment levels right across Australia. 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 youth, rather than a lack of demand affected by broader macroeconomic conditions.

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, overqualification, increased levels of competition, geographic and socioeconomic inequity, employer prejudices and inexperience. 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.

While YOA wholly agrees that young people need to take individual responsibility for their employment futures, they also need to be supported by industry and government, who each play a significant role in shaping employment outcomes through structural and regulatory means. Any youth employment strategy must be nuanced enough to account for an array of growing complexities, such as skills mismatch and underemployment. 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.

We note that the 2015 federal budget included a number of key measures to encourage entrepreneurship, including expanding tax concessions and deductions and removing obstacles to crowdfunding, which we see as vital in creating youth employment opportunities. However, also critical to this discussion is a shift in the policy discourse itself around the value of young people. We need to lift the tone of the debate to create an environment that is conducive to supporting the development of this new frontier; one that instils hope in the next generation. It is with this in mind that we strongly encourage the development of policies that reward and inspire rather than penalise; policies that reinforce the value young people have to offer and policies that motivate them to reach their full potential. We believe that creating an economic and social environment conducive to youth entrepreneurship and intrapreneurship is the only way that the scale of this global problem is going to be sustainably addressed. Thank you very much.

CHAIR: Thank you, Ms Quixley. Senator Siewert?

Senator SIEWERT: Thank you for your evidence today. In terms of needing this particular measure—I am talking about the five-week waiting period—to incentivise graduate students to find work, is it your experience that young people that have finished their studies need any incentive to find work?

Ms Quixley: I might step in, if I can. I am sorry, but I am not able to see when people are speaking. I wholly reject the notion that young people, particularly students and graduates, need any incentive to find employment after university. I am sure my colleagues will probably agree that young people train for years, at least three years, to move into their profession of choice. Certainly, they undertake unpaid, volunteer work and an array of professional development opportunities to provide pathways—and that includes working in jobs for which they are largely overqualified—to move into those professions. I definitely reject the argument that they need incentive.

Senator SIEWERT: Thank you. Do either Ms Steele or Mr D'Angelo want to comment on that?

Ms Steele: I agree with Ms Quixley. I think that young graduates and students are facing many structural issues and, as I said before, high unemployment. I believe that it is important that we reward and motivate young graduates and students to get out into the workforce, and I do believe that this policy will penalise them further and create larger disincentives. I think students are willing, but they do need support and help while they are looking for jobs and work.

Senator SIEWERT: We have just had quite a lengthy conversation with our previous witnesses, particularly headspace and Orygen, about mental health and both the particular impacts of these measures on people with mental illness and/or the possibility that this will lead to a greater incidence of mental illness. Have you got any comments on those issues?

Ms Steele: I was listening to that conversation. I think that is a very pertinent part of this debate and this discussion. A much higher proportion of students at university are affected by mental illness, especially depression and anxiety, than in the general population; about a quarter of the general population but more than one-third of students are affected by these issues. We know that around two-thirds of current students are living below the poverty line, so we think these two issues would be linked and further compounded by these changes and definitely could lead to further issues with mental health, which is a grave concern for us.

Senator SIEWERT: Ms Quixley, did you have a—

Ms Quixley: Certainly, anecdotally, we support the notion that young people are already experiencing many challenges and stresses in their lives, and it seems to be compounded by increased economic pressures, so we certainly agree with that assertion.

Senator SIEWERT: Were either of your organisations consulted by the government on these measures, particularly following the concerns with, as you mentioned, the six-month waiting period that was proposed in the last budget? Were either of your organisations consulted by the government on these new measures?

Mr D'Angelo: I will jump in there. We did send a request to the minister to meet with him with regard to these changes. He was not able to meet with us. He did provide a response to our submission and a response to our concerns, but we were not consulted.

Ms Quixley: We were not formally consulted either at Young Opportunities.

Senator SIEWERT: Thank you.

Senator MOORE: Thank you, NUS, for your detailed submission. I found it very useful in terms of the history that you put in there. You actually put in the ordinary waiting periods, and you talk about the list of things that are already taken into account when people are being interviewed about their financial situation. You make a particular point that the issues around students are not taken into account now, and you see nothing in the legislation that seems they will be taken into account with the new provisions either. There is a provision for the minister to have a regulation to take other issues into account. Have you actually raised that with the department or the minister as an ongoing issue for students?

Ms Steele: With our submission, and with what we have tried to raise in the past as well, it is that this bill really does not seem to consider students. It is not a bill that is far-reaching into the concerns and issues of students. Obviously we have raised, for part-time students in particular, that they will not be part of any exemption from extreme financial hardship for issues around extra study fees, textbooks, uniforms et cetera. This is something that we will be continuing to discuss and continuing to hope can be further raised in our submission.

Senator MOORE: As a particular financial circumstance.

Ms Steele: Yes.

Senator MOORE: In justification for the legislation, students are mentioned in the fact that, for 22- to 25-year-olds, they are bringing the youth allowance into line with the student allowance. So there is an acceptance that students already have a lower payment while engaged in full-time study, and part of the explanation for the bill is to make a more equitable arrangement. I feel certain you have a response to that, but, in terms of the process, part of the issue is that the expectation for 22- to 25-year-olds now is that they will move from Newstart to youth allowance, which brings them in line with student payments to make that more equal. I would imagine you would have an argument about the equality process there.

Mr D'Angelo: I am sorry: what was the question?

Senator MOORE: I am trying not to put words into your mouth, but certainly in your process you talk about the difficulty that students have surviving on the lower student payments. Already, talking about the poverty levels with students—and the information you put from Universities Australia talks about the concerns that are already there—there could well be an argument that, instead of bringing the payment back to the youth allowance rate, all payments should go to the higher rate, taking into account the living expenses of young people.

Ms Steele: Yes. Something that we are quite concerned about, especially—and I think Dean can talk about this further—in the responses that we have had around different payment and what that will mean for students, is that they might even have an incentive to leave study because there will be—

Senator MOORE: The more generous payment of Newstart.

Ms Steele: Yes, because there will be a much more generous payment. We completely reject this notion. We do not think that either of these payments are generous enough for students to leave the prospects of a graduate job and we believe that they will be better off under these payments. 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.

Senator MOORE: That is from Universities Australia research.

Ms Steele: That is from the Universities Australia report, yes. And they are working more hours than ever—often over 20 hours a week for full-time students to be able to catch up and to afford living and studying at the same time. We do not think that there is a justification for that argument.

Mr D'Angelo: In the conversations that we have had with hundreds of students across all campuses across the country, they say that the rates of youth allowance are already extremely low and they struggle to survive on those rates as mentioned, particularly with regard to the increase in the age of eligibility. As I mentioned before, many people graduate below the age where they would be—

Senator MOORE: At 25.

Mr D'Angelo: eligible for Newstart, so these rates of payment are simply not going to cut it for students that are already doing it tough.

Ms Steele: Just on that, we have heard, in the response from the minister, that many of these students may be able to rely on their parents or families further, and this is a notion that we are very concerned about. We do reject this idea. At the age of 24, many students are or have been living out of home for more than six years or so. Many of their parents are unable to keep and support those students. It also dismisses issues around high rates of queer homelessness due to the inability to rely on their parents for support, and there are quite a few issues around this that we are concerned about that may not be captured in some of these exemptions and considerations as well.

CHAIR: Just on those exemptions, Ms Steele, you would be aware that there are a range of exemptions which do cover some of the things you have raised. Earlier, mental health was raised, and we understand they are B or C stream. And obviously people experiencing homelessness would be exempt from these. You are aware of those broad exemptions that exist?

Ms Steele: Yes.

Senator MOORE: Ms Quixley, do you want to add to the arguments around student payments and youth allowance and Newstart?

Ms Quixley: Sure. I would concur that we do not believe that those payments are generally incentives for young people to leave study or employment to take up a permanent place on the Centrelink line. We reject the notion that young people would be switching for the higher payment. In saying that, youth allowance across-the-board is substantially lower than Newstart across the course of the year. The needs of young people are not being met through that payment. We would support moving to the higher payment.

Senator MOORE: Is either organisation aware of data that indicates students are leaving study to go to Newstart because of financial difficulty?

Ms Steele: We don't think that there is.

Senator MOORE: You aren't aware of any studies that look at that issue in particular? I know there has been recent media about concerns with higher dropout rates. That came out last week, I believe. We will check with the department on that.

Ms Quixley: I think it is a false dichotomy. I don't think young people would be leaving to switch to another Centrelink payment. I think they would be leaving to move into employment. I think that needs to be clear that they would not be leaving study and switching from youth allowance to move then onto a permanent Centrelink payment. I think the intention would be that, if youth allowance were unsustainable, they would be leaving to find a full-time job.

Ms Steele: We don't really believe that the dropout rates would have linkages to students leaving for support payments. We think there are high dropout rates for other reasons, but there is not sufficient evidence to support that link.

Senator MOORE: The NUS inquiry also talks about the indexation pause and makes particular comment about that. Would you like to put something on the record about your concerns about that schedule?

Ms Steele: Yes. We are quite concerned about the indexation freeze. I think this is an area that is often not highlighted. 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 support payments throughout the years. We have also noticed that there will be no jump from CPI after the three-year indexation freeze. That will be of detriment to students and young people as well as their ability to escape poverty.

Ms Quixley: That is not an aspect that we explored.

Senator MOORE: Okay. The NUS talked about emergency relief and your concerns about access and knowledge of that system. Is there anything you wish to add? Is that something that your members have talked to you about as well or is it something you have researched in terms of general information?

Mr D'Angelo: I believe the figure is eight-point-something million. We are yet to see any explanation as to how the government arrives at that figure and how that figure is appropriate in terms of being able to deal with the volume of people who might need to access those emergency relief fund payments as a result of the waiting periods that they will be forced to face.

Senator MOORE: Has the NUS done any work on students' access to emergency relief? Given the figures that you have provided from the Universities Australia research about the poverty levels of students, do you have any information about whether students access the current emergency relief provisions that are available now? I have not seen anything. I am just wondering whether that has been a subject that you have looked at?

Ms Steele: We don't have the exact evidence. We don't know that students are using them. We know that due to processing it is harder for those students to access or have the knowledge to access those relief funds.

Something that we are quite concerned about with the relief funds is that it was deliberately created as part of this legislation knowing that there was obviously going to be many loose ends in removing that safety net in social security. We think it is quite concerning that there would have to be emergency relief funds created because of the knowledge that young people would not be able to survive without help and support.

Senator LINDGREN: You said earlier that some students are working up to 20 hours per week. I would think that would be a reasonable amount of hours based on some of the study workloads. I would see that, with some of the degrees, you would not have a heavy workload, as opposed to medical and other corresponding type degrees. So, when you talk about incentives and rewards, what do you mean? Could you clarify whether you think 20 hours a week is a lot for a student to actually be working? I worked as a student, and I worked a lot more than 20 hours and I coped quite well.

Ms Steele: I do think that it is a lot of hours for students to work. In the Universities Australia finance report, which I have mentioned throughout our submission, the amount of hours that students are working and the fact that that has increased has been highlighted as one of the biggest factors for students worrying about their ability to complete the degree and to complete the degree at a high-quality level. So we do think it is quite a high concern for students.

Ms Quixley: We certainly agree that a balance needs to be struck between how many hours that young people are required to work.

Senator LINDGREN: I am just trying to equate what 20 hours would be in terms of a working week. I would not imagine that it would be more than five hours a day. I am not sure. I am not great with mathematics. The 20 hours would be over a whole week, you would think.

Ms Quixley: Yes.

Senator LINDGREN: I would not suspect that would be a great deal to work some extra hours plus do your degree.

Ms Quixley: It is not something that we have specifically dealt with with our constituents and therefore I do not feel well placed to make a specific comment on the number of hours that young people should or should not be working. But we certainly would agree that a balance needs to be struck. A full-time workload is far more than just contact hours that young people are present at uni. More research would need to be done before assumptions could be made about what is or is not a reasonable amount of hours that a young person should be working.

CHAIR: Thank you very much for your evidence.

Proceedings suspended from 12:32 to 13:32

BEAUMONT, Ms Kate, President, National Welfare Rights Network

MEERS, Ms Amelia Louise, Executive Officer, National Welfare Rights Network

Evidence was taken via teleconference—

CHAIR: We now welcome representatives from the National Welfare Rights Network. Could you both confirm that information on parliamentary privilege and the protection of witnesses and evidence has been provided to you?

Ms Meers: Yes, it has.

Ms Beaumont: Yes.

CHAIR: The committee has received your submission. I now invite you to make a short opening statement and then we will move to questions.

Ms Beaumont: Thank you for the opportunity to appear before this committee today. We are the peak body of a national network of community legal centres providing front-line casework assistance to people experiencing problems accessing their social security entitlements. Measures in this bill are likely to exacerbate poverty and disadvantage. We object to the bill in its entirety. We are not opposed to the abolition of the low-income family supplement, as the carbon tax is gone, there were low take-up rates and it was administratively complex. The four-week income support waiting period presumed incorrectly that people choose to be unemployed and that poverty will force them into work. The truth is that there are many labour market factors beyond their control causing youth unemployment. For this reason, we predict that for most people this measure will just remove the social security safety net at a time many people are extremely financially vulnerable.

The Department of Social Services expect 158,000 youth allowance claims by people under 25 next year. They estimate that 75,000 four-week income support waiting periods will be applied, and that 10,000—or 13 per cent of these—will serve more than one of these waiting periods. This waiting period is to be contrasted with many other waiting periods in the social security system—and there are many. All are aimed at making sure a person uses their money to support themselves before seeking government assistance. However, other waiting periods are fundamentally different because they only apply when the person has the means, such as savings with the liquid asset waiting period, or are in receipt of a legal redundancy with an income management period.

The income support waiting period will apply irrespective of whether a person has the means to support themselves during the waiting period. On the contrary, evidence suggests that very few will have such means. New data reveals that only 1.2 per cent of young people under 25 on Newstart have sufficient savings to be impacted by the liquid asset waiting period. In 2013-14 only 3,650 jobseekers under 25 had sufficient backup savings to cover essential living costs through the non-payment period. Data for the ordinary waiting period in the 2012-13 year showed that, of 541,440 Newstart clients, only 17.6 per cent were applied. There were 180,126 exempt and 201,838 were waived. These are an indication of how many people have little or no savings at the point of claim.

Changes to the ordinary waiting period mean that some people with no means to support themselves will now need to serve the ordinary waiting period if they are not also experiencing a narrowly defined financial crisis. Make no mistake, there will be people experiencing financial crisis who will no longer qualify for the exemption. Moreover, the start date for both the four-week income support waiting period and the ordinary waiting period mean that people who have delayed claiming while self-supporting will be significantly disadvantaged.

The bill will also tighten eligibility for the one-week waiting period and will increase the age of eligibility for the Newstart allowance to 25. Many people will serve at least five weeks of waiting period and people aged 22 to 24 will no longer be eligible for the higher Newstart allowance or sickness allowance rates and will be left with up to \$48 a week less.

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. Thank you.

CHAIR: Thank you.

Senator SIEWERT: Did you have any consultation or discussion with the government about this approach, particularly following the move away from the six-month approach?

Ms Beaumont: We did not have any before the budget. Obviously, we have had some discussion post-budget in relation to our concerns about the waiting period or the income support waiting period, and around issues to do with people self-serving waiting periods. We often see people who do not go to Centrelink straightaway because, with these new measures, it only goes to the date of claim and it means that they are disadvantaged. We have highlighted those issues.

Senator SIEWERT: And for that waiting period, they are using their liquid assets, or are beyond the use of their liquid assets?

Ms Beaumont: Most other waiting periods will go to some other event. So something like a liquid asset waiting period will go from the date of the person becoming unemployed rather than the date that they lodge a claim. Similarly, with things like income maintenance periods where it might be a redundancy or they have been paid leave payments on termination, that would usually go from the date of unemployment, or from the date that they are paid those payments, but not necessarily from when they connect with Centrelink the first time. So, if someone waits and is looking for work for three, four or six weeks, deplete their resources and then go to Centrelink, then, potentially, they will have a period of on top of that where they have to wait, whereas previously it would be said that the person self-served that waiting period.

Senator SIEWERT: I am interested also in your response to the government saying, 'We're modelling this on the experience from New Zealand.' Have you looked at the New Zealand experience and do you have any comments on that?

Ms Beaumont: Really, we would query that. The New Zealand model does require job seekers to undertake some tasks before a benefit is paid, but the benefit can also be backdated once those tasks are complete. There is a 20-day period to complete the pre-benefit activities and then they may receive back payment for this period. So to say that this is modelled on the New Zealand experience is questionable because there is no part of this proposed legislation that allows for that back payment once a person has fulfilled the requirement in the pre-benefit activation stage.

Senator SIEWERT: Are there any other aspects of the New Zealand approach that you think are applicable here?

Ms Beaumont: One thing that we are concerned about is that in the budget the government have provided an amount of \$20.7 million for an actuarial study to be done about our social security system, and yet they are taking a portion of the New Zealand experience and dropping it into Australia on vulnerable young people without the evidence necessarily to back it up to say that it is going to work.

Senator SIEWERT: Regarding your comments on the Job Seeker Classification Instrument, you raise concerns about the consistency and quality of the streaming process and the figures that have come out of estimates. Would you expand on the comments you have made about the impact this may have when it comes to this legislation.

Ms Meers: We have had discussions with the Department of Employment and we are aware that the Job Seeker Classification Instrument has been recalibrated recently, which, hopefully, will lead to some improvements, but there is still the problem that it is a tool designed for employment service providers and streaming and not for waiting periods. There remain a lot of people who have difficulties expressing to the department what is going on in their lives—that kind of thing. Concerns that have existed about the JSCI remain and there will be a lot more importance, I guess, placed on it from a social security perspective and from a client's perspective now if the outcome of the JSCI also impacts on whether or not you get income support for four weeks.

Senator SIEWERT: In the past, I recollect, you have made comments to other inquiries about just the sort of thing you have just indicated, about people having difficulty disclosing and that it takes a bit of time for a person to be confident when they are in this situation to disclose their difficulties. Earlier today the committee took evidence from headspace and Orygen about mental health, for example, and people's unwillingness in some instances to disclose their mental illness. In those circumstances, how would it be better to approach this? I understand what you have just said about this placing even more importance on this process. What do you suggest we should be doing?

Ms Meers: If this measure were to go ahead, which we do not think it should, you would need to ensure that, first and foremost, there is a freestanding discretion in the act for DHS not to apply the four-week waiting period—and we have spoken about that in our submission—but also there would need to be a lot of very carefully targeted safeguards within DHS's administration system. For example, you would want anyone who was slated to receive a four-week waiting period to go through a JSCI administered by the department to possibly run the JSCI

again, making it clear to people why the JSCI is being run. Sometimes it gets run at the point of claim and people really do not have any awareness of why they should be disclosing all sorts of extra problems that they might have and that kind of thing. There would need to be some serious administrative safeguards put into place around it.

Ms Beaumont: There is also the issue that many of these are done over the phone. Because it is not a face-to-face contact, quite often people will not necessarily disclose to someone on the other end of a phone that they have spoken to for five minutes issues in their life around domestic violence, mental health issues, homelessness, even being an offender or limited literacy. They do not necessarily disclose those things that might put them in stream B or C at that point. Also, even if the JSCI was done again—say the jobactive provider thought, 'I need to do the JSCI again'—with this process it is really only meant to be one meeting that a young person will have with the jobactive provider in that month anyway. So I would question whether that opportunity to pick up on those issues is really there not.

Senator SIEWERT: How many of the assessments are done over the phone?

Ms Beaumont: I am not sure what the proportion is. I am sure that DHS would be able to provide that information through DSS, because they would obviously have access to it, but we know that most of our clients who are trying to access youth allowance or Newstart allowance will be told, 'You need to do this over the phone,' and then an appointment is done over the phone that someone is taken through, as opposed to people going into an office and sitting down across the table from someone.

Senator SIEWERT: But they end up in an appointment after that process—is that correct?

Ms Meers: That is right. The JSCI can be rerun at any time. There would just need to be really good triggers in this system. For example, with a person who is in a four-week waiting period who fails to meet their activation requirements, you would want to be looking closely at that cohort to see that the reason they did not comply with the requirements was not barriers that did not get picked up in the JSCI, for example.

Senator SIEWERT: So that is when they would get picked up—in that process. Sometimes the face-to-face would not be until they have failed to comply.

Ms Beaumont: But then there are some clients who will never have face-to-face appointments because of where they are located in the country. In remote, rural and regional areas, just how those sorts of things occur on the ground for someone who is without payments four weeks—actually, it is five weeks when you add the ordinary waiting period—can be difficult.

Senator SIEWERT: Can I ask you to comment on what impact you think this would have in particular on Aboriginal and Torres Strait Islander young people. Will this have a disproportionate impact on them, for example?

Ms Beaumont: It will have a disproportionate impact because the unemployment rates with young Aboriginal people are around 20 per cent. There are difficulties if someone falls out of the system, and we already have information provided to us by services in the Northern Territory that, often, young people are not claiming entitlements, just because they find it too difficult trying to deal with Centrelink over the phone, for example. They do not use phones and are not comfortable with that sort of process, so they are reliant on family. So I think that this will probably make that process even more difficult for young people, because they will say, 'I have to do all of these things within this period of time; if I don't get through this period, I might have to serve another pre-benefit period,' which is a possibility with this. And there are the difficulties that might be there, such as that there have been some exemptions that are provided for, say, some of the waiting period, but they are not provided for people who might have remote area exemptions as well, in reference to the employment situation where they are living. Amy, do you want to speak more about that?

Ms Meers: The remote area exclusion exemption from the activity test was left off the list in section 542(c). Given the scarcity of jobs and the additional barriers faced by young people in remote communities that lack of access to an exemption via that activity test exemption is, I think, problematic. And yes, we have had a lot of feedback from our people in the Northern Territory about Aboriginal clients being less likely to disclose a lot of their problems to Centrelink, certainly in earlier conversations, and the higher likelihood of people just disengaging from the system and falling out of the system altogether.

Senator SIEWERT: One of the other issues that we have been talking about today is the impact on single-parent families—the waiting period for young people and what impact that will have on families, and particularly on single-parent families who are already in a number of instances on fairly low incomes as well. Have you got any additional comments on that particular issue?

Ms Meers: There are at least three things that are going to impact on that cohort. There is the increased amount of time spent on youth allowance. In families where you have younger children and older children and the older children are studying, the increase in Newstart allowance age will mean that those older children will be on the lower youth allowance rate for a considerably longer period of time and be parental income tested while they are there, which also might reduce their payment. There are the Family Tax Benefit cuts in the Senate. A previous submission of ours on that bill highlights the ways in which those changes will impact on those families. Then also there is the weight of carrying a young person for four weeks without income support during four-week waiting periods, which in effect will actually be five weeks in total, given the ordinary waiting period—and possibly several times a year. Put all those together and you have quite a big impact on single-parent families and so on.

Ms Beaumont: You will also have the imposition of an ordinary waiting period for people going on Parenting Payment. I know that there are exemptions for people who have experienced domestic violence in the last four weeks—which is part of that experience of financial crisis. The difficulty is that exemptions for things like domestic violence that are available often are not sought, just because people do not necessarily want to disclose. But also saying that it has to be in the four-week period before a person lodges a claim seems to really constrain those provisions, when we need to be very mindful that it can take a person who has been experiencing domestic violence a long period of time before they are able to move out, whether it is securing accommodation or having some sort of escape plan. That is quite difficult. And it should also be that, if it is about consistency of waiting periods and things like that and engagement with employment participation, people with children under six should not necessarily have that waiting period imposed. That is questionable as well. Often someone claiming Parenting Payment needs money virtually straightaway, and this consideration of the ordinary waiting period beforehand adds an extra barrier potentially for someone who needs income support to be able to set up a new life.

Senator MOORE: I want to run through a series of questions, but my first one is about the evidence base for these changes. Based on the experience that you have had in this system or based on discussions that you have had with the department or the government about the process, can you point to the evidence base for these changes?

Ms Beaumont: We cannot find if there is an evidence base for it, except for saving money. That seems to be the agenda here. Yes, this is a much better proposal than last year's six-month waiting period. There was no evidence to suggest that a six-month waiting period for under-30s would assist in getting people participating, and I do not think there really is any evidence to say that the under-25 measures are going to work to help people to get into employment more quickly. If you look at Senate estimates, information provided to Senator Smith recently was that for people under 25 less than 10 per cent go off payments in that first four or five weeks. If we are targeting this to the 10 per cent and the other 90 per cent are without support, one questions whether this is really going to be helpful.

Senator MOORE: I want to go to the waiting periods first. Currently Newstart and sickness allowance have waiting periods, and one of the arguments put forward is to bring consistency to the legislation. Do you believe that the legislation actually brings more consistency to the experience of social welfare in the nation?

Ms Beaumont: We do not think that it adds to that conversation at all. At present the process is that, if a person has less than two weeks available funds at the time of lodging the claim, there is a consideration of whether or not an ordinary waiting period should be served. In that consideration the stats bear it out that a lot of people do not have the wherewithal and do not have that two weeks money. I think that the government is trying to make it much more complex by having that test and then additionally having the extra test. I am fairly sure that there will be a lot of people who may not be able to provide the evidence to support that they are in a financial crisis. We know that there are some safeguards there for when someone has an income maintenance period and whether or not that can be waived. The requirements for that are very extensive and not many people have those waiting periods waived.

The government are saying that they are trying to make the system simpler, but we think that they are adding an extra level of complexity for people in Centrelink assessing these claims, because it may be that the client will have to go and bring back evidence and things like that. I think that they are probably making more work for themselves through this process, as opposed to looking at the question of, 'Do they have this amount of funds?' That is a very easy test to establish yes or no. I do not think there is anything to support that this is the path that we should be going down.

Senator MOORE: The added impost of experiencing a personal financial crisis is explained in the explanatory memorandum. It makes the point—I will not quote the page, because I always get it wrong—that:

It is expected that a person will meet this evidence requirement by complying with the current evidentiary requirements of the Department of Human Services.

So the EM actually says that the extra hoops may well already be covered by the existing process of looking at reasonable expenditure, rather than experiencing a personal financial crisis. Have you looked at that, with the experience you have had in welfare rights? My understanding of the current justification for waiving the week is that there is quite a detailed list of things that you have to meet anyway.

Ms Beaumont: Amie, did you want to answer that one?

Ms Meers: Reasonable and unavoidable expenditure currently applies to income maintenance periods and liquid assets waiting periods. It applies differently. It looks at expenditure generally in the period after the waiting period has applied and so on.

We run a lot of cases where reasonable and unavoidable expenditure rules are not actually redressing the problems that can ensue when these waiting periods are applied. Correct me if I am wrong, Kate, but apparently the ordinary waiting period looks at severe financial hardship, which is a fair, general standard to apply to people. The reasonable and unavoidable expenditure that is being introduced now for the ordinary waiting period is going to have all of the usual problems with reasonable and unavoidable expenditure, in that it caps the amount that a person has for living expenses rather than looking at the actual amounts that they have for living expenses. It does allow for the department to look at expenses accrued in the four weeks prior to the waiting period, but it does not look as though it allows them to look at the expenses in the period after the claim.

In our experience anyway, for a lot of people, they have been trying to keep their head above water for quite a long time. It is often a slow slide into financial hardship, not necessarily in the immediate four weeks prior to claiming. So they are actually bigger hoops, and the severe, personal crisis, I mean, it does not exist now, and it is so very narrow. 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. There are so many reasons. They are just not going to cover it, and I think that—

Senator MOORE: The understanding is that there can be a legislative instrument.

Ms Meers: Sorry?

Senator MOORE: My understanding is that there can be a legislative instrument developed for the minister to—

Ms Meers: Yes, that is right, and, once again, instead of including a general discretion for DHS in the act that could then be followed by providing for the minister or the secretary to provide guidelines for the application of that discretion, the parliament and the public are asked to look at passing legislation that does not actually have the detail attached to it as to what those exemptions are going to be. There are plenty of other examples in the Social Security Act where, in actual fact, a general discretion is given and then the minister or the secretary is given power to put guidelines in place and make categories of people. We think that would be a better approach here.

Senator MOORE: The department's submission, because we have raised issues before about things being put into delegated legislation, says:

A person is 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. This will better target exemptions to those who are most vulnerable and most in need of immediate assistance. Additionally, in recognition of the Senate Committee's earlier concerns about exemptions being contained in a legislative instrument, the abovementioned exemptions are now in the primary legislation with the legislative instrument providing flexibility to include additional exemptions.

So the department's argument is that the instrument will provide the flexibility that you are seeking. Do you accept that as an argument?

Ms Beaumont: Until we see what is included in the legislative instrument—and I guess that is the thing—it is all up in the air as to what will be included and what will be excluded as well. I know that there is usually some consultation around these things in the preceding period, and it is that the broad discretion that we think should still be there within this part of the legislation.

Senator MOORE: I am interested in a legislative instrument that determines flexibility, but I just thought that was an important element in that process. In terms of the age requirements for various Commonwealth payments, we are going into a change from 22 to 24. Your submission goes into detail about the possible financial impacts

of that change and the impact that that could have on people's ability to seek work. Is there anything that you want to add to that in terms of your submission or to the answers you have given to Senator Siewert?

Ms Beaumont: We see that this is kind of going backwards. Following the Bradley review, it is going against some of the reforms that occurred at that particular time. It is accepted that the idea of unemployed people being able to rely on their parents—that type of thing—for assistance over that period of time is questionable when someone has usually been fairly independent in the preceding period of time. There are also, potentially, some disincentives, even with the grandfathering of it—if someone stays on Newstart until they are 25 if they are already on it at the moment. There can also be some disincentives within legislation. Although, we do think that there should be protection of people who are currently receiving a particular rate of payment, rather than legislation changing and a rate being reduced overnight almost.

Senator MOORE: My understanding from the explanatory memorandum is that if people are currently on payment, or in the midst of being assessed for payment, they will be maintained at the higher payment of Newstart. The difference would occur if they lose payment and seek to come back. That is how I read it, but I will check with the department. In terms of the equity for people who are already in the system, I believe that the EM has responded to that.

With the income support waiting periods, basically, from your previous evidence the justification is that it is better than the previous one with the four weeks. I have to admit that when I was reading the legislation and the explanatory memorandum my head was spinning with all of the different kinds of waiting periods that people are subject to. But, in terms of the four weeks, again my understanding is there is going to be a range of exclusions picking up many of the concerns that were raised when the previous legislation was being discussed 12 months ago. Your submission particularly concentrates on your concerns about the reference to streaming and assessment under the JobSearch process and also about the fact that that is non-appellable. I know that is other legislation, but my reading of the current legislation is: once a decision is made it would be very difficult to go back and give people money back if they were already waiting for a four-week period. Is that your understanding? If someone has been assessed because they are job-ready as a determining person under the process, and they are subject then to the four-week wait, but then it is determined later that they, in fact, should not have been determined as job-ready, I do not see anything in the legislation that would actually give them the money back for the four-week waiting period and the original determination.

Ms Beaumont: I guess that is the thing. There should be that sort of protection. I think that one in eight job-seeker cases are done incorrectly. The potential for someone to be put into stream A rather than into 3B or C is quite high—relatively high. It is the same if someone has a change of circumstances during that four-week period. Potentially, someone, all of a sudden, goes to their doctor and get an activity exemption—the type of thing that goes over 15 days. At what stage, and up to what time or date, are they able to have it so that the decision is changed about that income-support waiting period? Amie, are you—

Ms Meers: No. I will go back and have a look at it now. I guess the question is whether a person's exemption can be retrospectively—

Senator MOORE: I will ask the department, but I am not sure from reading it. In fact, the protection for people not being caught up in the four-week waiting period is that they are not determined to be job-ready. They are part of the B or C streaming. If you are saying, and I have heard the evidence before, that a number of determinations are incorrect, that would actually take away someone's protection, would it not?

Ms Meers: I would need to go back and look at it.

Senator MOORE: That would be great, if you would not mind. I always have to double-check how I read something.

Ms Meers: The Social Security decision that gets made based on the JSCI is appellable. So it may be possible that the original decision was incorrect—and, on appeal, a person might be able to fix that. It would be worth checking with the department when they give their evidence.

Senator MOORE: But you cannot appeal your assessment?

Ms Meers: Not the assessment itself, but they can re-run the assessment.

Senator MOORE: They can ask for it to be re-run. Wonderful. The other thing I want to mention is emergency relief—the \$8.1 million which has now been determined to support this particular mechanism. Have you had any discussions with the department or with the minister's office about where the \$8.1 million came from and what the matching is? I remember when we had the original legislation last time there was a lot of discussion about the determining factor for the amount of emergency relief which was put in place as a protection mechanism for people who may be affected by the changes.

Ms Beaumont: We had a conversation after the budget in relation to the amount that was being provided with this initiative. It was really that this is a small cohort and therefore we have to allocate a small amount. But they said it would just be provided through normal emergency relief provision. It is quite a small allocation for the period of time. For four years \$8.1 million is not a lot of money for this particular group, especially if we know that there are going to be at least 75,000 young people impacted. The question is: how many young people go to emergency relief places? I am sure DSS would be able to provide those sorts of stats because they provide that ER. They would have age break-ups and things like that. Another question is: is this a group that will readily access emergency relief organisations for support over the income support waiting period?

Senator MOORE: Thank you very much. And thank you for your detailed submission.

CHAIR: Thank you very much for your evidence.

HALBERT, Ms Cath, Group Manager, Payments Policy Group, Department of Social Services

HATTON, Ms Melinda, Branch Manager, Job Seeker Operations Branch, Department of Employment

KIDD, Ms Margaret, Group Manager, Labour Market Strategy Group, Department of Employment

McGUIRK, Ms Emma Kate, Branch Manager, Labour Market Payments Policy, Department of Social Services

STILLER, Mr Derek, Branch Manager, Job Seeker Participation Branch, Department of Employment

[14:13]

CHAIR: Welcome. I remind senators that the Senate has resolved that an officer of a department of the Commonwealth or of a state shall not be asked to give opinions on matters of policy and shall be given reasonable opportunity to refer questions asked of the officer to superior officers or to a minister. This resolution prohibits only questions asking for opinions on matters of policy and does not preclude questions asking for explanations of policies or factual questions about when and how policies were adopted. Officers of the department are also reminded that any claim that it would be contrary to the public interest to answer a question must be made by a minister and should be accompanied by a statement setting out the basis for the claim. Information on parliamentary privilege and the protection of witnesses and evidence has been provided to you. The committee has your submission. I invite you to make an opening statement if you would like to and then will move to questions.

Ms Halbert: I was not going to make an opening statement.

CHAIR: All right. Senator Siewert.

Senator SIEWERT: What evidence do you have that a four week waiting period, which is essentially a five week waiting period, will be effective in helping young people engage with work?

Ms Halbert: The government's view is that young people should be encouraged to look for work in the first instance rather than turning to income support. We have looked at the way other countries have done things, and apparently some have got results in encouraging young people into work through additional activities et cetera. But it is the government's view that job-ready young people should be given every motivation to look for work rather than going to income support in the first instance.

Senator SIEWERT: What evidence have you got that young people are not looking for work? I am sure you were listening this morning when we heard from other witnesses that they do not think there is evidence that young people are not looking for work. We heard from the National Union of Students, who were very clear that young people are very keen to look for work and engage with work. We also heard from Headspace and Origin that one of the things that young people with mental illness want to do is engage with work and education.

Ms Kidd: Certainly what we know in terms of young people and job search is that early activation is very important. We know particularly from OECD evidence that countries that use an early activation approach have better results. We also know from the New Zealand model, where they look at pre-benefit activities for young job seekers, that 40 per cent of job seekers doing those pre-benefit activities do not actually go onto benefits. So there is certainly some evidence there. In terms of the job search efforts of young people, we do a number of surveys of employers to seek their views on how they go with trying to recruit. When we talk to employers about trying to recruit for lower skilled vacancies, 28 per cent of them say they have trouble filling those vacancies. These are jobs such as labourers, sales assistants and waiters. Employers are struggling to get suitable candidates presenting for those jobs and those who do present are not suitable. Those are some of the indicators that suggest to us that we need to work with the group of more job ready job seekers in employment services to act as quickly as possible to get them into work.

Senator SIEWERT: How does the four week waiting period play into that?

Ms Halbert: During the four week waiting period young job ready job seekers are subject to rapid activation—and the Department of Employment can talk about that. The government's view is that, rather than going straight to income support, serving a four week waiting period will provide an additional motivation for young people to find work.

Senator SIEWERT: What evidence are you basing that on? What evidence do you have to support the fact that they are not getting payment? Which other country is doing it?

Ms Halbert: I think we have talked about this before, Senator Siewert. The key country that has something similar, but it is not the same, is New Zealand. Ms Kidd just talked about the activation process over there. New

Zealand says there is some evidence that, I think, about 37 per cent of young people subject to that do not end up going onto income support. I do not think you can directly compare the two policies though.

Senator SIEWERT: Yes, they do not have the four-week waiting period. They have not activated that, as I understand it. In fact, people get back pay as well, and some would argue that that acts as a motivation as well. That is not present in this legislation. So what other examples beyond New Zealand have you got where denying people income support for that period of time is an activation for them?

Ms Halbert: It was a decision of government to apply the four-week waiting period, and that was made after, I believe, extensive consultation on the previous year's budget measure, which, as you are aware, was a six-month waiting period. Following that consultation, the government has decided to apply a four-week waiting period.

Senator SIEWERT: Do I interpret what you are saying as: in fact, you have not got the evidence on the four-week waiting period; it was a decision by government?

Ms Halbert: We do not have evidence that is directly comparable to this particular policy, which, of course, has not yet been implemented.

Senator SIEWERT: I am just being clear: you do not have evidence of anything that is comparable to denying people income support for four weeks—essentially, it is five weeks.

Ms Halbert: Not directly, no.

Senator SIEWERT: Thank you.

Senator MOORE: Ms Kidd, you said you had surveys of employers that talked about their particular employment needs, and I know the department does that regularly to get a test of the market. You said that 28 per cent of employers said that for low-skilled jobs they were not able to get a good market. They were not getting people turning up. On that discussion, was there any work done about age? For the 28 per cent of employers who expressed concern that they were not getting a relatively low-skilled response, was any work done in that cohort to look at whether there was an age component in that?

Ms Kidd: I would have to look at the survey again to see if it is disaggregated by age.

Senator MOORE: That would be good.

Ms Kidd: But I guess the correlation is between the skill status of the jobs and age. We know a lot of young people tend to be drawn towards the lower skilled jobs that we were looking at, so I guess we were using lower skilled as a bit of a proxy for age.

Senator MOORE: Can we have a look at the questions that the employers were asked as well?

Ms Kidd: Certainly.

Senator MOORE: That would be very useful to see. It is just to see whether we can correlate the datasets and the information the departments have with the introduction of the legislation.

CHAIR: I think it would be useful if you were able to come back with as much detail on that survey as possible so that the committee can have a look at it.

Senator MOORE: That would be great.

Ms Kidd: Certainly.

CHAIR: I think that would be very useful.

Senator SIEWERT: In terms of then looking at what the early activation process is, we have already established that there is not the evidence there, there are not any studies that can be directly correlated with the waiting period. In terms of the early activation, what are the overseas examples and what are the mechanisms that you have looked at in other jurisdictions around those early activation mechanisms?

Ms Kidd: If you take the OECD as an international body that is across best practices in a number of countries, they recommend early activation for young people. They base that on their knowledge of what works in different settings in different countries through their analysis. We also know, though, from previous programs that we have run and previous interventions within programs and we have quite a bit of evidence on what works. We used to have an activity under, I think, the previous employment services model, which was an intensive activity for the job ready. I think a couple of months into their period of unemployment we would put them on an intensive activity, and that would have what we would call a 'tree-shaking' effect. If you call in these people to what is a much tougher activity than, I guess, passively receiving income support, 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.

Senator SIEWERT: So the interaction between the early activation and the early support for young people—in the past there has not been that early contact with job seekers, has there? They have been left alone for that first period of time. It is the interaction of the early activation to help people find work with the waiting period that is the issue here. What interaction do you have in terms of the early activation? Surely that in itself is a valuable way of supporting young people into work without the waiting period.

Ms Kidd: Yes, we certainly think the activation model that we are putting in place for under-25s is a valuable thing to do. Our component of the measure is ensuring that there is adequate support there for those job seekers in stream A who might not otherwise have support.

Senator SIEWERT: When you say 'adequate support', what do you mean? Do you mean in terms of the early activation process?

Ms Kidd: That is right. 'Pre-benefit activities' is the term that we use. This includes that the job seeker will meet with the jobactive organisation and will be connected very quickly after they present to the Department of Human Services and are streamed into stream A in employment services. That meeting will be as quick as possible. Then they will sit down with the jobactive provider to agree a job plan. They will develop an up-to-date resume. It is really getting them equipped in their job search as soon as possible.

Senator SIEWERT: I would argue all of those things were good things to do. The point there is the interaction with that and the waiting period. We have already established that you do not have the evidence from overseas that the waiting period is critical in terms of how it interacts with those pre-benefit activities. Is that correct?

Ms Halbert: As I think I stated before, the government's objective in bringing forward this proposal around the waiting period is to send a very strong message to young, job-ready people who are able to immediately look for work that that is what they should be doing in the first instance rather than relying on income support while they are undertaking those activities. That is the policy objective.

Senator SIEWERT: We had some comment earlier from welfare rights about undertaking the JSCI process—the streaming process—and it potentially being done over the phone. You just said human services will meet with the young person. Can you clarify whether any of that streaming process will be done over the phone and at what stage they will actually meet with the young person.

Ms Kidd: The process will be that a job seeker will present to the Department of Human Services. DHS would apply the JSCI to stream the job seeker into employment services, whether it be jobactive, disability employment services or elsewhere.

Senator SIEWERT: Would there be any time that that was done over the phone?

Ms Kidd: Yes, it is possible for that to be done over the phone.

Senator SIEWERT: So in fact a person may not have a face-to-face meeting when they are being assessed.

Ms Kidd: That is correct.

Senator SIEWERT: Under what circumstances would that occur?

Ms Kidd: I think that is largely the call for the Department of Human Services. They make that call based on the way they service job seekers.

Senator SIEWERT: So you have no idea under what circumstances a person may end up just being dealt with over the phone?

Ms Kidd: I think any more detail is really for the Department of Human Services, but a large number of assessments are done over the phone.

Senator SIEWERT: Yes, but in these circumstances you are talking about young people being streamed and potentially not having income support for five weeks.

Ms Kidd: Yes.

Senator SIEWERT: That will be done over the phone.

Ms Kidd: The streaming tool, yes, potentially.

Senator SIEWERT: When do they then have a face-to-face meeting?

Ms Kidd: They would have a face-to-face meeting with their jobactive provider. They would present to jobactive, and that would be a face-to-face meeting.

Senator SIEWERT: Once they have been streamed.

Ms Kidd: That is right. Certainly if there are issues that were not disclosed in the phone call or if there are any changes in the individual's circumstances then there is an opportunity for the streaming tool to be reapplied, so the jobactive provider could refer them back for another assessment if it was seen that there was something potentially wrong with the streaming.

Senator SIEWERT: So they would then go through that process. How long does that process of reallocation to stream B or C take?

Ms Hatton: I would like to refer to that question to DHS as well because it is about their servicing level standards. We have only had a few coming through the system at this stage, so I cannot tell you what we are seeing in the way of the new jobactive program for that referral process. So I think we will take that on notice at this stage.

Senator SIEWERT: Okay. If you could, that would be appreciated. So then my next question, which you potentially cannot answer, would be: if that takes a period of time, where does the four weeks kick in? Do they get back pay? You are probably aware we were also talking to welfare rights about whether they would get back pay if there was a mistake made and they should have been in a different stream not subject to the waiting period.

Ms Halbert: I heard you discussing this earlier. My understanding—and I am happy to confirm this—is that, if someone goes through an assessment process and it is later found that that decision is wrong and the decision is overturned, the date of effect of the new decision would be the one on which the first one was made, so they would be able to be back paid. I am happy to confirm that.

Senator MOORE: That would be an SSAT decision?

Ms Halbert: It could be, but it is human services because it is a human services decision in the first instance.

Senator MOORE: Rachel, I think there will be a series of questions to human services about the mechanics, so that is another one.

Senator SIEWERT: Yes, exactly. If you could take that on notice, thank you.

Ms Halbert: We certainly can answer that question. I believe that is the right answer; I would just like to confirm.

Senator SIEWERT: Thank you. I go to the \$8.1 million emergency relief process. If my memory serves me correctly—I do not have estimates in front of me—we discussed this in estimates, and you were still working out how that was going to work.

Ms Halbert: That is right. It has not been progressed, because the legislation has not been passed yet. As you know, it is another area of the department that is responsible for emergency relief; but, once it is, the department will be undertaking the normal process of consultation with the sector. They will be mapping the likely areas of higher population of young people who might be accessing emergency relief et cetera.

Senator SIEWERT: Thank you. You are only doing that once the legislation is passed, correct?

Ms Halbert: That is correct—given the implementation date.

Senator SIEWERT: Okay. Can I pass to Senator Moore for a bit and then come back?

CHAIR: I might some questions if you want a break. I have several questions that I would like to ask and then I will go to Senator Moore.

Senator SIEWERT: Okay.

CHAIR: There has been some discussion around the exemptions in this policy. I wanted to drill down a little bit and get an idea of how wide the exemptions are and how many people you expect these exemptions will cover.

Ms Halbert: The number of young people expected to be covered by exemptions is 83,000.

CHAIR: Out of roughly how many? Are we talking in terms of proportions of young job seekers?

Ms Halbert: I have not quite got the right figure here. It will be 85,000 four-week waiting periods are served by 75,000 people. So, about 83,000 people will be exempt and about 75,000 people will serve 85,000 waiting periods, because some people serve two.

CHAIR: There will be more people getting an exemption than serving a four-week waiting period is your expectation.

Ms Halbert: Correct.

CHAIR: That puts it into some context, I suppose, because that was one of the things we were discussing with a number of the groups who are looking after vulnerable young people in many cases, be they homeless or

suffering from a mental illness. I assume in those sorts of cases they would be in the over 50 per cent who are exempted from this four-week waiting period.

Ms Halbert: The clear objective is that only those young people who are job ready will serve the four-week waiting period. There are a range of ways that you might become exempt—being in personal crisis or in circumstances beyond your control and/or if you are being serviced by a disability employment service you could have mental illness et cetera. There are a range of ways that you could be exempt. Yes, the waiting period is intended to be served by job ready young people who do not have those significant barriers.

CHAIR: Could you take us through some of those exemptions, please.

Ms Halbert: Certainly. Job seekers in streams B or C—who will have been streamed into B or C—are, as I said, disability employment service participants.

CHAIR: I will let you go through the list, but in terms of streams B and C—

Ms Halbert: It is for employment.

CHAIR: I might come back to that around streams B and C.

Ms Halbert: 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, and that includes, for example, pregnant women in their last few weeks of pregnancy. It could be someone who is just temporarily ill. It could be someone who has just been made homeless and is in a crisis situation. That gives you an idea. The other ways that you would not serve the waiting period is if you were transferring from payments other than youth allowance student or you have served a four-week waiting period in the last six months.

CHAIR: And then there is a further ability for the minister to have additional exemptions?

Ms Halbert: The legislation provides for the minister to add specific exemption categories.

CHAIR: So, if there are specific other concerns raised by advocates in one form or another, the minister can then potentially respond to that and carve out another exemption, if he deems it necessary.

Ms Halbert: Correct. It will be a disallowable instrument.

CHAIR: Ms Kidd, perhaps you could talk us through these different streams. Who is in stream A, stream B and stream C? What do they look like and why do they end up where they are?

Ms Kidd: Stream A, as we have talked a little bit about, is for the relatively more job ready job seekers—so those that should be able to get a job with minimal assistance from an employment service provider. Stream B is for those with relatively greater barriers to employment, and they include, for example, early school leavers amongst the young cohort. So all early school leavers would be in stream B as a minimum. And then stream C—

CHAIR: Who else would be in stream B other than early school leavers?

Ms Kidd: Job seekers needing a reasonable amount of assistance to get work. Basically, they are streamed in there through the job seeker classification instrument and there are multiple factors that are taken into account. There is no typical stream B person, as such. We look at indicators such as homelessness, or they might have been a refugee, are Indigenous or have English as a second language. There are a whole range of factors that we look at, and it is the combination of those factors that determine which stream you are in. Basically, our streaming looks at the probability of you being long-term unemployed, and it puts those who are more at risk of becoming long-term unemployed in the higher streams.

CHAIR: So those factors you were talking about are for both stream B and stream C?

Ms Kidd: Stream C is a little bit different. It is not just the job seeker classification instrument that gets you into stream C. Stream C is really for job seekers with what we call non-vocational barriers. The barriers are around things like drug and alcohol problems, perhaps mental health issues—significant non-vocational issues that are preventing them from looking for and gaining work. That is how you would end up in stream C.

CHAIR: The combination of all those things, in summary, in relation to the way this is working in relation to this policy, is that a significant number, over 50 per cent, of young job seekers will find themselves either having a direct exemption as a result of the legislation being listed or being stream B or C job seekers. That will be factors such as homelessness, which we have heard about. Mental illness could be part of it. And you have added other potential factors such as being from an Indigenous background or a non-English-speaking background, drug and alcohol issues and a range of other factors that no doubt might affect someone's ability to look for work. What we are left with then in the fewer than 50 per cent of young job seekers to whom this applies are people who are deemed job ready and capable in broad terms?

Ms Kidd: Correct.

CHAIR: It is interesting when we combine that with the evidence earlier. Could you remind me of that figure from the survey that you referred to—was it 28 per cent of employers in these particular fields?

Ms Kidd: Yes, 28 per cent of employers recruiting for low-skill vacancies struggle to fill them.

CHAIR: So we have a quarter of all employers with low-skill vacancies finding it difficult to fill them. Then we have this policy, which will only apply to fewer than half, and it is saying to those job-ready young people, 'We would prefer that you don't go straight to the Centrelink office when you come out of school; you in fact should be out there looking for some of those jobs which some people are finding hard to fill. And if you still can't find a job after four weeks then of course you go onto the benefits.' It does put it into some context for me, because I had not heard the numbers before in that sense. We were discussing this with some of the groups earlier. Certainly they are dealing with vulnerable job seekers, and it is pretty evident from those figures that it would be very unlikely for a vulnerable job seeker to be facing the four-week wait. Is that a reasonable assessment?

Ms Halbert: It is not the intention that those vulnerable job seekers should serve the four-week waiting period.

CHAIR: That is good. Most of the groups we have heard from represent some of those vulnerable young people, so that is good to hear. I know there are some additional supports for people seeking work—whether it is mental health or other vulnerable youth. Are you able to outline some of that? We also had issues raised around whether there is enough support for people to find work.

Ms Halbert: I will list them. A couple of them are employment-led measures, so if you want I can go into more detail on those. One employment-led measure is the innovative youth program which seeks to obtain sound evidence for what works in getting young people at risk of long-term welfare dependency into work. There is support for parents—again an employment-led measure—to plan and prepare for employment, which will target early-intervention assistance to those parents who are at greatest risk of entering a life of long-term welfare dependency. Then there are the social services led measures. There is employment support for young people with a mental illness, which will trial two specialised models of employment support nationally to focus on improving employment outcomes for young people up to the age of 25 with a mental illness. That includes a national trial of individual placement and support to assist young people with mental illness to participate in the workforce, and a one-year trial of an individually tailored employment support model for up to 200 young job seekers with mental illness in Disability Employment Services.

Senator MOORE: How many is this helping?

Ms Halbert: For the segment it is up to 200 young job seekers. Another social services led measure is transition support for young refugees and other vulnerable young migrants, which will assist young humanitarian entrants and other vulnerable young migrants aged under 25 to make a successful transition to work. There are four elements to that initiative: partnerships for employment, which will see young refugees and vulnerable migrants improve their work readiness, gain work experience and fill existing job vacancies; strong connections to education, which is assistance for young refugees and vulnerable migrants to remain engaged with education through addressing and building self-confidence and social connections; sports engagement for youth, which will involve participation in sporting activities delivered by community groups and sporting organisations to help young people build social connections and confidence beyond their own community; and increased vocational opportunities, which will be the designing of innovative partnership-based models and piloting of new arrangements to create pathways for young refugees and vulnerable migrants to strengthen and obtain vocational skills. As I said, Ms Kidd can probably provide more detail on the employment-led measures amongst those, if you wish.

CHAIR: Thank you.

Ms Kidd: The Growing Jobs and Small Business package that was announced in the budget was a \$5.5 billion initiative and included significant investment in youth unemployment in particular. So we had a \$375 million component of that package. One of the flagship elements of that package is what we are calling a transition to work program. It focuses on young unemployed job seekers, primarily early school leavers who have not managed to achieve a year 12 certificate. It is really creating a new program to invest in these job seekers and get them up to the level that is needed for them to get and maintain ongoing employment. As Ms Halbert said, it is also supplemented by what we are calling innovative youth trials. Where there are really significant issues or barriers with young people, we are looking to community organisations to come forward with ideas to be piloted to see what will work with these particularly difficult and most vulnerable client groups. So there is quite a bit in our budget on the support side for young job seekers.

CHAIR: Thank you very much for that. Senator Siewert, are you ready to ask more questions?

Senator SIEWERT: Yes, thanks. I have finished my coughing fit for the time being. Can I go back to the comment that you just made about the survey where businesses were saying they cannot find people to fill specific spots. So the evidence you are providing is based on that survey? Is that correct?

Ms Kidd: Sorry, I cannot quite hear the question.

Senator SIEWERT: I beg your pardon; sorry. It is around the discussion you were just having with the chair about the number of businesses who cannot find people to fill positions. We have already asked you for a copy of the survey. Is the evidence you are providing based on that survey of businesses?

Ms Kidd: The evidence I have provided around employers having difficulty filling low-skilled vacancies is based on that survey, yes.

Senator SIEWERT: So that is purely based on that survey. Is there other data available—for example, from the ABS—that shows whether businesses can find people to fill those positions?

Ms Kidd: I guess there is a whole range of different data sources, and we tend to use the ones that are most suitable. Our surveys can hone in on exactly what we want rather than a generic area that the ABS might cover. I might also mention that we use our vacancy reports to track newly advertised jobs in particular. For example, in the month of June there were 151,000 newly advertised jobs on the three major jobs boards that we look at. They are new job opportunities appearing in a month. Of those, 60,000 were for low-skilled jobs.

Senator SIEWERT: Did you say 60,000?

Ms Kidd: Yes, 60,000. That was just in the month of June.

Senator SIEWERT: Sorry; did you say 50,000 or 60,000?

Ms Kidd: Yes, 60,000—six-zero.

Senator SIEWERT: Thank you. Low skilled?

Ms Kidd: Yes, low-skilled jobs. For example, there were 7,700 jobs for sales assistants; 2,500 newly advertised jobs for receptionists; 1,700 for waiters; and 700 for kitchen hands. As I said earlier, this is sort of a proxy for the jobs where young people work. We do know that even though the labour market is tight there are quite a number of new opportunities coming up every month. So we put that information together with our other survey information to get a bit of a picture of where the opportunities are and to look at why employers are not able to fill their jobs.

Senator SIEWERT: Do you know where those jobs are?

Ms Kidd: Yes, we do. I do not have that information with me, but the vacancy reports have locations.

Senator SIEWERT: Are they where the young people looking for work are?

Ms Kidd: There are newly advertised jobs in most regions of Australia. Some are clustered, and there are stronger and weaker labour markets, but it would be pretty fair to say that all labour markets have new opportunities coming up. The job seekers are also scattered.

Senator SIEWERT: I need to look at the survey you have undertaken with employers, but, even if you go with the premise, this will affect 85,000 people and even if there are 60,000 low-skilled positions available and other people, not just young people, are applying for some of those low-skilled positions—there are nearly 800,000 unemployed people at the moment and they will also be competing—you still have a hell of a lot more unemployed people than you have positions for people.

Ms Kidd: Yes. I do not think it pays to do the maths on this too closely.

Senator SIEWERT: The point I am making is that you are trying to imply that there are plenty of jobs for people to apply for. I can quote you evidence of where, in Western Australia, 1,000 people applied for one position working in a pet store, for example.

Ms Kidd: Sure. Sorry; let me finish. It does not pay to do the maths in that way. For example, the 60,000 jobs that I mentioned were just new vacancies advertised across three jobs boards in one month. We know that 47 per cent of employers recruiting for low-skilled jobs use only informal methods to recruit, so you would at least want to double that number as a starting point if you were using it. The figures that you compared it to were annual figures of people being exposed to the measure, so we are not comparing like with like, which is why I was saying we should not be doing the maths on it. And I do not think these figures suggest that the solution is really simple. I am just providing them to suggest that there are job vacancies, newly created vacancies, each month—quite a number of them—and we know from our employers that they are struggling to fill those, even at the lower skill level. They are just bits of evidence being tabled to suggest why we would be targeting youth unemployment

as a cohort that needed additional support, whether it be through our new programs such as Transition to Work or whether it be through our pre-benefit activities for stream A job seekers.

Senator SIEWERT: You say they are struggling to fill positions. Do they say whether they get any applicants or whether they get any suitable applicants?

Ms Kidd: It is a combination, and the survey actually unpacks that. It looks at the number of applicants that they had for each position and then it looks, within those applicants, at what proportion was suitable.

Senator SIEWERT: It would be very helpful to get that survey as soon as possible.

Ms Kidd: Sure.

Senator LINDGREN: You were just talking about low-skilled workers. Can you please give me the definition of low-skilled workers as opposed to unskilled workers? I am just a bit confused, because I am thinking: is the barrier to gaining employment the fact that they are not skilled enough, even if it is working in a coffee shop or McDonald's or whatever it may be? I am just trying to see if there is a point of difference.

Ms Kidd: No. What I was really getting at is entry-level jobs. Are there jobs available where there are minimal skill requirements, where you can just walk in off the street and get some training on the job and be ready to go? That is what I was really referring to.

Senator LINDGREN: And that figure would be?

Ms Kidd: The figure that we were looking at is 60,000. This was in the comparison to the newly created jobs each month. There were 151,000 jobs newly advertised in June, and, of those, 60,000 could be termed lower skilled jobs.

Senator LINDGREN: Lower skilled?

Ms Kidd: They are jobs such as on the list I have here: sales assistants, receptionists, waiters and kitchen hands.

Senator LINDGREN: They would require something like maybe a cert I? Is that what you are referring to as lower skilled?

Ms Kidd: They may or may not have a low-level certificate, or often they just require some on-the-job training, if an employer is willing to take an individual on and train them up.

Senator LINDGREN: Thank you.

Senator MOORE: I am not going to go over the mathematics of the jobs, but I want to find out what the government's priorities for job seekers are. It is my understanding that we now have a priority for older workers and putting special effort into older workers, a priority for workers with disabilities and, from Ms Halbert's evidence, issues around migrants and asylum seekers—and there was one other group. Are they all being focused on the same available jobs?

Ms Kidd: I think the response is that the government has a priority for all job seekers, and certainly their agenda to address that is really around job creation. It is really important to have a strong economy to create jobs so that people can move into them. That is a lot of the government priority. Having said that, we need to ensure that those who are unemployed stay relatively skilled or receive the support that they need so that they can move into available jobs. We have talked a bit about our jobactive model and how we stream job seekers according to their need. In some ways, that is a bit of a prioritising mechanism as well: the providers get more funding to support those job seekers in stream C and get higher outcome payments when they get them into work.

Also, within employment services the government often targets additional assistance to some job seekers. One of the ways we do it is through additional programs outside of the mainstream program, but also within our portfolio we prioritise by providing earlier access to certain job seekers for certain interventions. The wage subsidy measure, which is a \$1.2 billion pool of funding that was announced in the recent budget, is probably a good example of where we prioritise a number of categories of job seekers to get earlier access to the wage subsidies. There are certain categories—young people; mature-aged job seekers, as you mentioned; sole parents—that will have access to that wage subsidy from the six-month mark, but otherwise it is available for those at the 12-month mark. They are a range of—

Senator MOORE: So 75,000 young people will be determined under your estimates to be job ready A—or it is 85,000, whatever is Senator Seselja's mathematics—and we have all these jobs with about 85,000 people going for them. There are really many more other groups of priority job seekers that the department is working with who are looking at the same job pool.

Ms Kidd: That is right.

Senator MOORE: So the only group that the government has decided will have this specialised program, the focus of which is the waiting period and the reduced payment, is 22- to 25-year-olds. That is the only one at this stage? Is that right?

Ms Kidd: The under-25-year-olds is the only age group that is having the four-week waiting—

Senator MOORE: Can we also find out the list of programs that you read out, Ms Halbert and Ms Kidd? I am sorry; it is a Qantas issue with planes to Brisbane deciding not to fly and that is why we have been out there. Maybe they need some job ready people? In terms of the focus, can we find out from those programs that you read out, which already seem very positive, what numbers of job seekers they are targeted at. I will take that on notice, because I did pick up in particular about the issue of the 200 young people with mental health issues. The evidence given by Orygen and also headspace indicated that they were very keen to be involved in such programs, but they indicated they had many more than 200 on their books that could well be part of it. It is to build up the picture that from all the submissions we have got—and I am sure that you have read them all—everybody was actually speaking very positively about the support of programs that have been brought in. I think every submission, whilst raising concerns about this legislation, then went on to say that they welcomed the other things. It is important that the department gets the feedback. It was not everybody just saying, 'We hate what's going on.' I think they were very positive.

Ms Halbert: We can certainly get you those numbers.

Senator MOORE: It would be good to see. There are the wraparound programs, which were asked for by everyone, to indicate the vulnerabilities and need for support. Could we find out how many people are getting those? One of the things that I wanted to talk about was the extension of the waiting period that people have before they get onto any payment, and that is not just for 22- to 24-year-olds. There is the definition of experiencing a personal financial crisis. You have heard a lot of evidence on concerns about that particular change. We have had evidence about how the process is done to look at which stream people fall into under the job-readiness element, but, regarding the particular change in the waiting period before you can to onto the payment, it is really a Centrelink question as to how that process is done—who does it and is it done face-to-face or is it done by phone? Do either of you know that?

Ms Halbert: Again, it is a question for DHS. I should not speak for them. Depending on the circumstances of the person, a departmental officer will make a decision or they will refer them to a social worker to establish the circumstances.

Senator MOORE: That was the question I asked earlier to the group who look after the social workers professionally. It is my understanding that the current process of looking at someone's financial situation is quite rigorous. A number of questions are asked and people have to show their financial situation. There is the new component that is being brought in with this legislation. It makes another change which is looking at experiencing personal financial crisis. I want to understand what difference that makes, who does it and the sensitivity around those questions. I refer to page 4 of the explanatory memorandum to the legislation, which says:

It is expected that a person will meet this evidence requirement by complying with the current evidentiary requirements of the Department of Human Services.

What I am trying to understand is: why the change and what will that change entail and what will the cost be? In the departmental submission you provided, which justifies getting rid of the low-income supplement—which, by the way, people tend to agree with; I think we have only had one or two submissions that do not agree with that—one of the reasons for bringing in the change is that it will cost more for the Department of Human Services to do this than actual payments being made to people who claim it. By bringing in this new change to the eligibility process, what is the cost of doing that and to what intent?

Ms Halbert: From a policy perspective, there is change in what constitutes financial hardship. There is a change to the circumstances. You need to have experienced financial hardship in the last four weeks. There is a policy change.

Senator MOORE: What is the intent of that policy change?

Ms Halbert: The one-week waiting period is a longstanding waiting period for Newstart and Sickness Allowance. Previously, up to 75 per cent of people had that waiting period waived. So the intent of the waiting period did not seem to be applied. In looking at the previous policy, it was considered that, one, it should be focused on immediate financial crisis and, two, evidence should be provided in relation to that financial hardship. If you had sudden reasonable expenses—say, your car had broken down—you simply provide evidence around the cost that you think—

Senator MOORE: It says:

It will not always be necessary for a person to provide written evidence.

Ms Halbert: No. They are not going to go on to what evidence. That is a question for DHS. I am told that it is just the normal kinds of evidence that DHS would ask for, but that is a question for them.

Senator MOORE: From a policy perspective—this is not in the departmental submission—you were saying that up to 70 per cent of people who were claiming financial hardship, which is the term we used to use in the department, were found to have met that requirement and the waiting period was waived. What kinds of figures are the department basing the change on?

If 70 per cent are getting through with it being waived now, to make the savings that have been budgeted for in this legislation, what percentage of people do you think will still meet the requirement, which includes experiencing a personal financial crisis?

Ms Halbert: It was previously 75 per cent being waived. We are expecting around 40 per cent.

Senator MOORE: What kind of numbers?

Ms Halbert: About 250,000 people a year.

Senator MOORE: Who will meet the requirements to be waived?

Ms Halbert: Sorry—250,000 would be affected by the one-week waiting period, and after assessment approximately 160,000 will serve the one-week waiting period.

Senator SIEWERT: Perhaps I could just clarify that. You are saying that 150,000 people will then still be affected, will be subject to—

Ms Halbert: Forty per cent will have their one-week waiting period waived. That is 160,000 people.

Senator SIEWERT: Okay; thank you.

Senator MOORE: The modelling is done around the tightening; that will mean that 90,000—is that right?

Ms Halbert: I have a total figure for the number of people affected—

Senator MOORE: That is 250,000—

Ms Halbert: That is right. So, about 35 per cent more people will be affected.

Senator SIEWERT: So, I must be—

Senator MOORE: I am still a bit lost, too. Ms Halbert, could you provide those figures to us and spell that out, rather than having us going backwards and forwards now?

Ms Halbert: Sure.

Senator MOORE: Perhaps we could have a look at it in terms of this change. The savings around this one were proposed to be, for ordinary waiting periods, \$274.8 million. Is that right?

Ms Halbert: Yes, that is correct.

Senator MOORE: So, the \$274.8 million is for the people who will not have it waived under the new process.

Ms Halbert: Correct—who have served the waiting period.

Senator SIEWERT: How many people will be affected? Let's just get that clear: who will now be subject to that one-week period who will not have it waived but who would have in the past?

Ms Halbert: I would rather take it on notice, but are you asking for the total number of people, or the additional?

Senator SIEWERT: The additional.

Ms Halbert: We will take that on notice.

Senator MOORE: Yes. We just want it spelt out how the \$274.8 million gets there. That would be good.

Ms Halbert: Yes. I understand.

Senator SIEWERT: It must be a substantive number, because that is a substantive amount of money.

Senator MOORE: Yes, it is a lot of money. And we will get some questions for DSS about the costing of that and how it is done and the fact that social workers are often involved in that discussion. That is my understanding.

Ms Halbert: It depends on the circumstances.

Senator MOORE: Also, the other change to the ordinary waiting period is that up until now the ordinary waiting period could be combined—served with the other series of waiting periods that people have to apply for a payment. When you apply for a payment there is a number of waiting periods to which you can be subject,

depending on your circumstances. It is my understanding that up until now if you were subject to the two-week waiting period for Newstart or sickness allowance—which were the two that were covered previously—you could combine the waiting periods. But under this proposal it is specifically precluded. The one-week waiting period is served regardless.

Ms Halbert: After any waiting period that you have served.

Senator MOORE: So, that is a change. Is that specially budgeted for in the \$274 million?

Ms Halbert: It would be incorporated in the costing. I would have to take it on notice.

Senator MOORE: And the other question around the waiting periods was the fact that in special circumstances people with a particular concern could get special benefit for emergency circumstances. Both in that and the four-week waiting period that is going to be introduced for Newstart allowance, it specifically precludes a special benefit payment. Is that right?

Ms Halbert: That is correct, unless you fall into the category of people who—

Senator MOORE: Who are already getting an exemption.

Ms Halbert: That is correct.

Senator MOORE: So that would fall into the other lot of savings—would that be the \$173.4 million savings, income support waiting periods?

Ms Halbert: Sorry—could you repeat the question?

Senator MOORE: I mean the question about the fact that you will not be able to claim special benefits, that once—

Ms Halbert: Correct. It will be incorporated in—

Senator MOORE: That would be in item 3, which is the income support waiting period.

Ms Halbert: Yes. It would be part of that.

Senator MOORE: Again, in the past that special benefit requirement would require justification by a social worker to determine that you were in special need—

Ms Halbert: It would depend on the circumstances—the reason you were claiming special benefit.

Senator MOORE: The emergency relief component: we have talked a lot around that, but one of the particular questions we had from one of the witnesses was emergency relief access and the types of people who gained it. In talking with the National Union of Students and the other organisation that was looking at young people, we were trying to get an idea of the access to emergency relief that students have. Does DSS have any information about the kinds of people who access emergency relief? Is the student population or the young population a huge user of emergency relief at this point in time?

Ms Halbert: I expect that DSS would have information on the types, but I would have to take it on notice.

Senator MOORE: Yes, it would be useful, if we are looking at the kinds of people who have used the emergency relief model. We have now, in the development of this legislation, identified that there could be people who will be impacted by the loss, particularly the four-week-plus-one waiting period, to see whether that is a group of people—the age, the demographic of people—who have been using it. If we could get that, that would be very useful.

Ms Halbert: I will take it on notice.

Senator MOORE: I just wanted to give you the background of why I want it. Regarding the emergency relief usage, I know you said that work is still being done around it, but the other thing I would like to know is how in fact the linkage will be made with the target audience. That will be put on notice to the people who work with emergency relief. If it has been identified specifically for a group, the questions we asked last year were about how it was going to be separately allocated to the people who have won emergency relief money under the grant process. How will we know and be able to track the \$85 million to see whether it has in fact been used by the right people to give us an indication of whether it is adequate, if there has been a basis? Did we find out whether there was a basis for \$8.5 million—whatever the figure was?

Ms Halbert: It was \$8.1 million. I will take the first part of your question on notice. In answer to the second part, it is proportionate to last year's budget measure in relation to the smaller population et cetera.

Senator MOORE: And perhaps we could refine that to find out what the justification is, just to figure out what the basis of that is. It has come up consistently in the evidence we have received that people were concerned about the linkage of an emergency relief package with a budget measure in terms of the policy background to it.

CHAIR: We are going to have to wrap it up there. Before we adjourn, I will ask that responses to questions taken on notice be provided as soon as possible and preferably by 12 noon on Friday 7 August, as the committee is due to report to the Senate on Tuesday 11 August.

Senator MOORE: Could I just ask something regarding the questions to Human Services? Do you need us to give them to you again, or have you picked them up from the evidence?

Ms Halbert: We will get them.

Senator MOORE: They came both to Ms Hatton's area and yours, about things that should have gone to Human Services. Can we be confident that you have them?

Ms Halbert: Yes.

Senator MOORE: Thank you.

Committee adjourned at 15:13