



St Vincent de Paul Society
NATIONAL COUNCIL *good works*

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Submission to the Inquiry into the Social Security Legislation Amendment (Further Strengthening Job Seeker Compliance) Bill 2015

The St Vincent de Paul Society (the Society) is a respected lay Catholic charitable organisation operating in 149 countries around the world. In Australia, we operate in every state and territory, with more than 65,000 members, volunteers, and employees. Our people are deeply committed to our work of social assistance and social justice, and we run a wide variety of programs around Australia. Our work seeks to provide help for those who are marginalised by structures of exclusion and injustice, and our programs target (among other groups) people living with mental illness, people who are homeless and insecurely housed, migrants and refugees, and people experiencing severe poverty.

On 25 September 2015, the government invited the Society to make a submission to the Inquiry into the Social Security Legislation Amendment (Further Strengthening Job Seeker Compliance) 2015. The Society welcomes the opportunity to make this contribution. We would also be very happy to provide any further information, either in writing, or at a public hearing.

1. Executive summary

This Bill seeks to penalise job-seekers who choose not to enter into an Employment Pathway Plan, removes benefits from those who do not behave in an ‘appropriate’ manner at an appointment (to be defined by legislative instrument),¹ punishes people who don’t participate in activities or interviews as prescribed by the government, and removes the discretion to continue to pay jobseekers who have refused “suitable work” their social security income. This discretion currently exists where those jobseekers are willing to reengage with job-seeking, unable to reengage with job-seeking, or are living in severe financial hardship.

In our view, this move inappropriately individualises what is a structural, labour market issue in Australia today. It also explicitly removes money from people who are experiencing severe financial hardship, which will by definition result in even more extreme poverty for some of Australia’s poorest citizens. It seeks to “punish” those who the government sees as morally unworthy, instead of seeking to engage in a meaningful way people who are the most socially excluded.

The Society opposes this Bill.

2. The changes are not necessary

The Explanatory Memorandum fails to provide any evidence that the small numbers of people who would be punished (i.e. those who miss appointments, or do not act ‘appropriately’) present a real problem within the current system. The Memorandum assumes, without presenting any evidence, that there is a subgroup of people who are determined not to work, but to thwart the government’s otherwise effective attempts to assist them to gain employment.

¹ Explanatory Memorandum, 21.

This approach is fundamentally misguided, on all the evidence. First, the government has failed to provide rates of intention non-compliance. What our volunteers tell us is that Centrelink compliance is very difficult, with a range of arbitrary, inflexible rules making it almost impossible for even well-meaning Australians to meet all of their mutual obligations all the time. Often, we are told, people simply aren't aware they have missed their appointment, or of the fact that they have to make another one immediately or risk having their payments cut off. People may also not have the resources (phone credit, English language, physical and mental health) to contact Centrelink and let them know. When a standard as vague as 'acceptable' behaviour is introduced, it heightens the risk that non-compliance will occur without the job-seeker realising.

Secondly, even if people do engage, we would question how much good appointments with job services necessarily provide. Research shows that the most successful programs for helping people into jobs acknowledge the strengths, aspirations and circumstances of the individual.² These programs tailor support to the needs of the person through training, education and adequate social security benefits, and address the many aspects of life that can impact on their ability to gain employment.³ What we hear from the people we assist is that many job services do not provide these individualised services, but treat everyone as if they have had the same experiences and challenges. For this reason as well, we would therefore question the necessity of severely punishing people who occasionally fail to attend appointments.

3. The impact is not reasonable or proportionate

The explanatory memorandum argues that any impingement by this Bill on Australians' human right to social security is reasonable and proportionate. We strongly disagree with this conclusion.

The impact will be losing income for usually up to two business days (when the appointment can be re-made immediately), which then may or may not be repaid, depending on circumstances. Where the failure to attend occurs on a Thursday, for example, it is very possible that the next appointment opportunity may not be until Monday. The full effect of this legislation will therefore be a loss of income for up to four days. Where, however, the person either doesn't realise that they had an appointment, isn't properly informed of their breach or their obligations, or doesn't have the resources to reschedule it, the penalty of no payment will last until they either realise or until they gain the resources to reschedule. This could be a far longer period.

² Ian Goodwin-Smith & Claire Hutchinson, 'Beyond supply and demand: addressing the complexities of workforce exclusion in Australia' (2014) 10-11 at anglicare.asn.au/userfiles/Beyond%20Supply%20and%20Demand%20final%20without%20embargo.pdf.

³ Ibid.

For those already on Newstart, Youth Allowance, and Parenting Payment, the deprivation of income for any period will cause a severe impact. Newstart has already been shown to be so low as to risk breaching the human rights of its recipients,⁴ and Youth Allowance is lower again. In 2010, over half of households receiving Newstart Allowance had incomes below the poverty line (50% of the median wage). Nearly half of households receiving the Parenting Payment were also below the poverty line.⁵ This highlights the low level of payment and the low number of recipients who have earnings from employment. Moreover, there is a strong connection between low income from income support and persistent poverty: nearly half of all households surviving on unemployment benefits will still be living in poverty two years later.⁶

This compounds the many deep cuts that have already been made by the 2014 Federal Budget, including many cuts to income support payments, allowances, and to a wide range of government services.⁷

We find it unconscionable that the government would, having providing no evidence as to how these measures are necessary, or will achieve the aim of helping people into work, remove payments from those Australians who are already doing it toughest. The loss of up to four days' income (or more) in a fortnight represents a 30% or more reduction in income in any pay period. There is no question that this will absolutely devastate people's ability to survive.

4. Conclusion

The Bill cites no evidence that its measures will actually help anyone to get into work. In fact, it goes against all the evidence that low payments are already a barrier to paid work.⁸ Moreover, in an environment where there is only one job for every twelve people seeking work,⁹ it is completely illogical to believe that cutting income from those who are the most marginalised will somehow enable them to be *more* competitive with the eleven other people who are not as disadvantaged who are applying for that job. Finally, the Bill threatens violating Australian citizens' inalienable right to social security, and a decent standard of

⁴ Australian Human Rights Committee (2012) at <https://www.humanrights.gov.au/adequacy-allowance-payment-system-jobseekers-and-others-appropriateness-allowance-payment-system-0>.

⁵ Australian Council of Social Sciences, 'Poverty in Australia', (2012) at acoss.org.au/uploads/ACOSS%20Poverty%20Report%202012_Final.pdf.

⁶ Ben Phillips & Binod Nepal, 'Going Without: Financial Hardship in Australia' (2012) 5 at natsem.canberra.edu.au/storage/2-Going%20Without%20MCP%20Report_Aug%202012.pdf.

⁷ See St Vincent de Paul, Budget Submissions 2015, at http://www.vinnies.org.au/page/Publications/National/Submissions/Budget_Submissions/.

⁸ See, eg, Business Council of Australia, *Submission to the Senate Education, Employment, and Workplace Relations References Committee Inquiry into the Adequacy of the Allowance Payment System for Jobseekers and Others* (August 2012).

⁹ See ABS, Labour force statistics (August 2015) at <http://www.abs.gov.au/AUSSTATS/abs@.nsf/allprimarymainfeatures/F756C48F25016833CA25753E00135FD9?opendocument>; ABS, Media release (12 March 2015).

living.¹⁰ As described above, removing income from people who may not realise they have not complied for an indefinite amount of time risks seriously threatening their ability to house and feed themselves and their children.

It is false to pretend that employment participation is a problem that is addressed by punishing individuals. Behavioural solutions will never address structural problems. The Society also holds that already inadequate income support payments should not be used as a bargaining chip to achieve compliance.

The Society believes that **Australia needs a Jobs Plan**, which will address the challenge of creating the types of jobs we need into the future for inclusive economic and social progress. We must empower people to fulfil their desires and their destinies, by increasing, not decreasing, the support that we give to the people who need it most. This is the only practical pathway to building a society that is fair, equal, respectful and inclusive.

¹⁰ International Covenant on Economic, Social, and Cultural Rights, Arts 9, 11.