

***A New System for Better Employment and Social Outcomes:
Interim Report of the Reference Group on Welfare Reform
A response from the Youth Affairs Council of Victoria***

The Youth Affairs Council of Victoria (YACVic) is the state peak body for young people and the youth sector. YACVic is a vibrant, member-based organisation that has worked for and with young Victorians and the services that support them for over 50 years. We have over 300 members, approximately half of whom are young people; the others represent a wide range of community sector organisations, local governments, health services and research bodies committed to achieving improved outcomes for young people. Our vision is for a Victorian community in which all young people are valued as active participants, have their rights recognised and are treated fairly and with respect.

A New System for Better Employment and Social Outcomes contains several proposals for reform of the income support system which, if implemented, would have a disproportionately strong impact upon young people. It is these points which we shall be focusing on in our submission, and we will discuss them in the context of other recent, relevant changes, notably those outlined in the federal budget for 2014-15.

Background

Over a million Victorians are aged between 12 and 25 years, comprising almost a fifth of the state's population.¹ Adolescence and young adulthood are key stages in a person's life, marked by important transitions, including completing and leaving secondary school, proceeding into higher education and employment, forming adult relationships, leaving home, and becoming eligible to vote. At the same time, young people are disproportionately vulnerable to certain problems, such as low incomes, insecure employment, difficulty in securing adequate housing, poor mental and sexual health, and struggles for independence and identity.

Most young people in Victoria enjoy a good standard of wellbeing most of the time. However, many experience vulnerability at transition points in their lives, and some are living with long-term, complex and serious disadvantage. For example, according to the Foundation for Young Australians' *How Young People Are Faring* series, in 2013 20% of young Victorians aged 15-19 were not in full-time education, and 19% of young Victorians did not attain a Year 12 or equivalent qualification.² In February 2014, the unemployment rate for young Victorians aged 15-24 was almost twice that of the general population – 12.4%, compared to 6.4%³. According to Mission Australia's 2013 survey of Australian young people, a quarter of young Victorians do not feel there are sufficient opportunities for further study, training and employment where they live.⁴

These concerning outcomes cannot be separated from other issues affecting young people's lives. For example, around three quarters of people who experience a mental health disorder will develop it before the age of 25, and the Australian Bureau of Statistics (2007) estimated that one in four young Australians aged 16-24 experienced a mental health disorder in the previous year.⁵

Meanwhile, a significant number of young people are living with a disability. The Victorian Government Department of Education and Early Childhood Development estimated in their report *The State of Victoria's Children* (2010) that children and young people with a disability represented around 7% of the child and youth population, although exact figures are unknown.⁶ Around 2% of young Victorians need assistance with core activities such as self-care, mobility and communication.⁷ Dr George Taleporos, manager of the Youth Disability Advocacy Service, has observed that due to systemic inequality and discrimination, many young people with disabilities miss out on key milestones of adulthood taken for granted by their peers, and are forced instead into prolonged dependence on their families, a situation which carries great personal, social and financial costs.⁸ For example, according to the Australian Bureau of Statistics (2012), only 38% of young people with a disability were fully engaged in employment and / or education. Disturbingly, of those young people with a disability who were not fully engaged in work or education, only a minority reported studying or working part-time; more than two-thirds reported that they were doing neither.⁹ Young people in this group are especially vulnerable to long-term unemployment, poverty and homelessness.

In light of this, it is vital that any discussion of proposed reforms to income support pay attention to the particular vulnerabilities of young people, and the disproportionate impact any such changes would likely have on them. There must be a fundamental recognition of young people's entitlement to an adequate standard of health and wellbeing, which must include access to food, clothing, housing, medical care, and appropriate social services and security where needed, in keeping with the Universal Declaration of Human Rights (article 25[1]).

Any changes must be informed by strong and meaningful consultation with young people themselves, including those with a disability. It is all too common for major decisions affecting the lives of young people to be made with little consideration of their insights or aspirations. For example, at the first National Youth Disability Conference (2012), which brought together over 100 young people with disabilities from around Australia, the young participants highlighted their wish for a national advocacy voice, and to be properly engaged in decision-making about their own rights, needs and interests. Comments from young participants included:

- “[Y]oung people with disabilities ... are often overlooked when it comes to making decisions about what they want and need, when they are perfectly capable of doing so... We are the experts in this, and should be treated as such.”
- “We are a minority that not many people listen to very often, usually assuming that we know nothing and that everybody else knows what is best for us because they have more life experience! They don’t!”¹⁰

The services which support young people must also be properly engaged in the consultative process, so that their diverse networks of young people can be involved, and so that the significant impacts of welfare reform on their own organisations can be properly considered.

In light of this, YACVic is concerned about the limitations of the 6-week consultation period for the interim report. Further work is needed to ensure that those Australians most likely to be affected by the proposed changes – including young people and people with disabilities, and the services that support them – have meaningful opportunities to contribute fully to the process.

Better employment and social outcomes: key concerns and future approaches

The interim report proposes four pillars for reform: a simpler and sustainable income support system; strengthening individual and family capability; engaging with employers; and building community capacity.

YACVic recognises that participation in appropriate paid employment brings many benefits for an individual, as well as their family and community. These benefits are not only financial, but also physical, social and personal. We would welcome any initiatives which supported young people to increase their participation in paid work which improves their wellbeing and life prospects. We are pleased to note the report's recognition of the importance of equipping people with skills for employment, and building their capacity to participate economically and socially.¹¹

We also note the report's call for payments that support families to increase progressively in response to the growing costs as a child grows up, and for supplements to reflect additional costs experienced by some families whose children may live across more than one household. Payments which accurately reflect real living costs would prove beneficial to young people and their families.¹² In principle, YACVic also supports the idea of an income support system that is easier for people to understand, enabling them to more clearly identify their 'pathway to participation.'

However, we would express concern at several other key aspects of the interim report, especially in light of recent developments in the 2014-15 federal budget. We would urge further consultation, based on more detailed modelling, around these issues.

Working age payments and 'mutual obligation'

The interim report calls for 'an employment focus that encourages people to work to their capacity', with employment participation as 'a priority across the whole social support system'.¹³ While reasonable in theory, this approach appears concerning in light of controversial and punitive initiatives announced as part of the 2014-15 federal budget. It is difficult to discuss any proposals for future welfare reform without addressing the concrete changes already being planned in this space. Also potentially concerning is the interim report's suggestion that income management

could be used to build the capacity of young people who are not fully engaged in education or work.¹⁴

YACVic, along with other state peaks representing young people and the youth sector, has expressed deep concern at the likely impacts of the 2014-15 federal budget on young people. With reduced access to income support, education, training and employment, the proposed changes will leave many young people at heightened risk of poverty and homelessness. Under changes announced in the 2014-15 budget, the eligibility age for Newstart will rise from 22 to 24 years for new applicants. Young people in this age bracket must access Youth Allowance instead; a loss of around \$48 per week. Moreover, people under the age of 30 will now have to wait six months before receiving any income support, which will then be contingent upon them taking part in 'work for the dole'. After six months of support, if they have not found a job, their payments will be cut off for another six months. Effectively, young people will be left without any income support for 12 months out of every 18. We note that this interim report calls for recipients of income support to experience 'appropriate and timely sanctions if [employment participation] expectations are not met,' explaining 'The system of sanctions should be progressive, with timely, lighter measures first. The strongest sanctions should be reserved for serious non-compliance.'¹⁵ However, this more moderate approach does not seem to align with what the federal government is already proposing for young people.

There is no evidence that the harsh measures outlined in the 2014-15 budget will increase the number of jobs available, or help young people to find jobs and keep them. The measures seem based on the assumption that parents can and will support their sons and daughters until the age of 29, but for many families this is not possible. Concerns are being raised by our members that family conflict will increase as a direct result. Youth services are also especially worried about the impact upon young people exiting out-of-home care, most of whom cannot rely upon financial assistance from their families.¹⁶ Services supporting young people are already under strain; in a 2013 survey of 213 community services and local governments around Victoria, YACVic and the Victorian Council of Social Service found that the most critical support gaps for young people were crisis accommodation and transitional housing and support.¹⁷ With the proposed changes to income support, this situation is likely to worsen.

Furthermore, if young people, especially those experiencing disadvantage, are to find and keep meaningful jobs, it is vital that expert supports are in place to help them achieve this. We were very concerned to note in the 2014-15 budget the removal of federal funding to Youth Connections and the Local Learning and Employment Networks (LLENs). Youth Connections provides career counselling and support to early school leavers; since 2010 they have helped 74,000 vulnerable young Australians to re-engage with study and work.¹⁸ The LLENs provide partnership brokerage between schools, vocational providers, businesses and young people, to support youth employment at a local community level. They work with around 5,000 organisations and businesses across Victoria, and are widely recognised as the main partnership brokers in this space. At a recent forum for 120 youth service providers from across Victoria in response to the federal budget, YACVic heard many testimonies to the importance of such programs.

Any serious attempt to increase young people's employment participation must include investment in employment programs which provide intensive, case-managed support for vulnerable young people who face barriers – vocational and non-vocational – to employment. Vulnerable young people cannot be 'work-ready' until they have support with their education and training, employability skills, health and wellbeing, and housing and family issues. It is also important that different stakeholders in the youth employment space – such as businesses, schools, training providers, and community services – are properly supported to work together in partnership.

Income support and young people with disabilities

Another key proposal of the interim report is the restriction of the Disability Support Pension only to people with a 'permanent impairment and no capacity to work'. Those with 'current or future capacity to work' would be moved into system of a tiered working age payments, alongside other job-seekers. (Within this tiered system, the report suggests, people with a disability could receive higher-end rates of payment.)¹⁹

While YACVic strongly encourages moves to support young people with disabilities to access appropriate and meaningful work, we would voice several concerns about this proposed approach. Firstly, it is unclear how such a system will treat people with episodic disability, whose capacity to work may vary considerably over time. More broadly, the focus of any such changes

should be on the wellbeing and aspirations of the young person. If the system of 'working age payments' should prove punitive, unstable, or set at a level which keeps recipients in poverty, a young person might understandably be reluctant to leave the relative security of a Disability Support Pension to seek work, even if they wish to be employed.

Again, the changes proposed in the interim report must be seen in light of recent undertakings by the federal government to reassess the eligibility of recipients of the Disability Support Pension (DSP) aged under 35 who were granted the DSP between 2008-11. Concerns are being raised that this will lead to people being moved onto Newstart. The Newstart allowance of \$36 per day does not recognise the costs associated with living with a disability, such as transport, utilities, aids and equipment. If any new system of 'working age payments' were to be introduced, these would have to accurately reflect the real living costs experienced by a young person with a disability, including the costs involved in seeking appropriate and meaningful work.

Moreover, moving young people with disabilities into different systems of income support does nothing to address the inequalities that keep them out of the workforce in the first place. For one thing, young people with a disability face considerable barriers to accessing the education system. In 2012, the Australian Social Inclusion Board noted that 74% of 20-24 year old Australians with a disability or chronic health condition attained Year 12 or Certificate II or above, compared to 87% of their peers without a disability or chronic health condition. Of those young people who were classified as needing time off from regular classes or needing special tuition, less than two-thirds had attained Year 12 or equivalent.²⁰

This is indicative of profound, structural exclusion. Examples of the educational barriers faced by young people with disabilities were outlined recently in a report by the Victorian Equal Opportunity and Human Rights Commission, *Held Back: The experiences of students with disabilities in Victorian schools* (2012). This report, based on a survey of 1800 students, parents and educators, found that many students continued to experience barriers including learning environments not adjusted to their needs, transport problems which prevented them from getting safely to school on a regular basis, significant levels of bullying, and the use of restraint against students. Other common concerns included students being steered towards specialist schools when they seek entry to a mainstream school, insufficient training and support for teachers around disability, and unmet need for support services such as integration aides, occupational

therapists, speech therapists, and assistive technology. Many students also found it hard to fully engage in school because could not access extracurricular activities, such as school camps, excursions and holiday programs.²¹ Addressing these inequalities in the education system is vital if a larger proportion of young people with disabilities are to find and keep paid employment.

Inequalities also exist within the workforce. Dr George Taleporos, manager of the Youth Disability Advocacy Service, has traced workforce inequalities to a number of causes, including:

- The underutilisation by employers of Disability Employment Services (DES), the body which supports people with disabilities to find a job and employers to hire them, including providing wage subsidies and work-based personal assistance funding. Only 3% of employers use DES when recruiting.
- The failure of governments to be proactive in setting an example of employment inclusion within the public service. Employment of people with disabilities in the Australian Public Service, for instance, declined from 5% in 1999 to 2.9% in 2012.
- The need for people with disabilities to have access to adequate equipment and personal supports to enable them to move successfully into the workforce.
- The need to combat negative employer attitudes and discrimination. Research conducted through Deakin University demonstrated that it does not cost employers more to hire a person with a disability, as government covers the costs of workplace adjustment, and that workers with disabilities do not take more days off than their colleagues.²²

The interim report suggests the development of covenants with business to improve employment outcomes for people with disabilities. We would welcome such an approach, but note that it should take place alongside other initiatives, such as:

- Stronger research to build an evidence base around employer attitudes towards people with a disability (as suggested by People with Disability Australia and former Disability Discrimination Commissioner Graeme Innes).
- Information campaigns targeting employers about the benefits of DES.
- Supporting coalitions of stakeholders to enhance the workforce participation of people with a disability. These should include people with a disability (including young people entering the workforce), government, employers, unions and disability services.²³

Vocational Education and Training

YACVic notes the interim report's assertion that vocational education and training (VET) should be directed according to market demand, ensuring that young people are trained in areas that match the skills being sought by employers.²⁴

While it seems reasonable to match skills and training to available jobs, there are other key issues which must also be considered. In particular, more work is needed to address the growing costs of vocational education and training, which are making the system less accessible to young people facing disadvantage. For example, in Victoria, state subsidies to VET decreased from \$1.3 billion in 2012 to \$1.2 billion in 2013, as part of a radical overhaul of the VET system. Other changes included the removal of caps on hourly fees (enabling providers to set their own rates); setting concession rates as a percentage of course costs instead of a fixed fee; and weighting government funding to VET courses according to their assessed value to the economy. In practice, this has made many courses less accessible to young people. Engagement in VET by young Victorians aged 15-19 who have left school without a Year 12 qualification appears to have declined recently.²⁵

While it is important that young people are well informed about labour market prospects and opportunities, simply targeting support away from certain areas of VET is problematic. YACVic has identified that many vocational courses judged by governments to be of less value to the economy are also courses with disproportionately high levels of enrolment by young people, especially young women. These include courses at a Certificate I-III level, and courses in areas such as commerce and hospitality.²⁶ For some vulnerable young people, this may be their first point of re-engagement with the education and training system. It is important that any new initiatives to align vocational training with market demand be driven by the goal of improving life outcomes for all young people. This should include proactive measures to address systemic inequality in the training and employment space experienced by some groups, such as young women, Aboriginal young people, and young people in rural and regional communities.

Next steps

Any changes to the system of income support should aim to increase people's wellbeing and reduce poverty. There should be a fundamental commitment to ensuring that socially accepted essential living costs for all Australians are being met, that no group at risk of disadvantage are worse off as a result of reforms, and that those experiencing greatest hardship are better off as a result. Before any new systems of income support are put into place, it is vital to undertake further consultation, based on more detailed modelling. This process should include national meetings with peak and consumer bodies, facilitated discussions with people directly impacted by income support system, advice from independent experts, and feedback sought on detailed models for reform. The consultation process should actively involve young people, including those with disabilities. YACVic would be pleased to take part in any such processes.

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For more about YACVic, see www.yacvic.org.au

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