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HOUSE OF REPRESENTATIVES

BILLS

**Social Security Legislation Amendment (Stronger
Penalties for Serious Failures) Bill 2014**

Second Reading

SPEECH

Thursday, 17 July 2014

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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Questioner
Speaker Neumann, Shayne, MP

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Mr NEUMANN (Blair) (10:19): I rise to speak on the Social Security Legislation Amendment (Stronger Penalties for Serious Failures) Bill 2014. Last night the member for Barton actually gave a one-hit punch to his constituents by voting to make it much harder for them to get good health outcomes in relation to the PBS—a \$1.3 billion extra cost on Australian families and individuals. Here he is today in the chamber, representing his marginal seat in New South Wales, giving a speech on this bill—I think Sir Humphrey Appleby would call it 'political courage' to make such a speech—in which he is demonising young people and having a go at them.

Mr Bowen: It's extraordinary.

Mr NEUMANN: Yes, it is extraordinary. One time he crossed the floor and sat with us. He probably should do it again; but, after listening to that speech, I do not think he will do it. I wonder whether he has ever heard of the GFC—the global financial crisis—and its impact on government revenue, businesses, banks, Australian households, individuals and small businesses. He must never have heard of that!

I will quote the Queensland executive director of the Brotherhood of St Laurence, Tony Nicholson, who I think represents an organisation which shows tremendous compassion towards young Australian people—and I commend them for the work they do. We have seen an 88 per cent rise in youth unemployment in my home state of Queensland, and this is what Tony Nicholson had to say about it. He said:

Queensland is facing a generational crisis.... For young people caught up in this jobless spiral this can be a road to long-term poverty and reliance on welfare.

... ..

We know youth unemployment has a profoundly scarring effect on young people that will hurt their life chances, including the prospect of even holding down a job further down the track.

This is also bad news for the Australian economy. Future growth and productivity critically depends on the ability of our young people to develop their potential and aspirations. The current job market is a tough environment for all young people, especially those who are disadvantaged.

If you listen to the previous speaker, you would think that there is a job nirvana out there and a bunch of loafers and bludgers who are not looking for employment.

But the truth is that we have an unemployment problem in this country. In my home state of Queensland, we actually have 11,000 fewer jobs now than we had when Campbell Newman and his LNP government came into power. This is a mob that said they would reduce unemployment to four per cent. Let me tell you: it was 4.7 per cent in my home city of Ipswich when the coalition government came to power in Queensland. It is now, at the end-of-year term, 8.9 per cent, and youth unemployment in the last few months has gone up to exceed 18 per cent. So, we have seen a crisis in youth unemployment.

You would think that the government would therefore put a big emphasis on job training and programs. For example, when Labor was in power, since 2010 we invested over \$700 million in Youth Connections, Partnership Brokers, national career advice—across the board, in terms of skills and training, \$19.5 billion. But this mob, this government—who are demonising young people and never let an opportunity go by to demonise those on disability support pensions, or young people who are facing the challenge of unemployment—actually cut funding massively in the budget with respect to youth in training.

Mr Hutchinson: Why?

Mr NEUMANN: Extraordinary. Sunshine, you could go back to your constituents and tell them how you vote in this place. We saw massive cuts in funding programs. They have cut the following in the budget: the Accelerated Australian Apprenticeships program, the National Partnership Agreement on Training Places for Single Parents, the Alternative Pathways program, apprenticeships to business owners, the Productive Ageing through Community Education program, and STEP—the Skilling Through Enterprise Program. They even cut the trade training centre program—\$950 million. One of their senators came to my electorate and said how great this program is—announced it and opened the Ipswich Region Trade Training Centre, which will allow 5,000 young people, the people who are likely to be hurt by this bill before the chamber, to get access to trade training in Ipswich. Senator Barry O'Sullivan said, 'It's great; we should continue the funding.' That was about an hour or so before he said, 'There's no budget crisis', when he spoke before the Ipswich Chamber of Commerce in debating me.

The legislation before this chamber is about hurting young people; that is what it is about. The speech we just heard from the member for Barton was dripping with sarcasm and scorn on young people—dripping with it. And that is exactly what we hear. This government will not listen to the experts. I wish they would listen to the Brotherhood of St Laurence from time to time. The Prime Minister and these ministers never miss an opportunity to be tough on young people. And Senator Abetz, the Leader of the Government in the Senate and a minister in this government, is permanently perplexed as to why young people are not picking fruit on farms as the avenue for getting full-time employment. He obviously considers that seasonal work in rural areas is a panacea for youth unemployment. But the government's most startling impact, of course, was in the budget, and I have announced a number of things that they have done. We would not have to have legislation like this if they kept all these programs to keep people in employment—get training and skills and opportunity for young people, so that their hopes, their dreams and their aspirations could be fulfilled, as Mr Nicholson said in his comments in March 2014.

Many young people will need to wait six months before they are able to access income support through Newstart or Youth Allowance. If you are under 25, after a six-month wait you will be entitled to Youth Allowance, not Newstart. They think this is somehow convincing people to learn or earn. ACOSS says that this will force many of the same young people into poverty. And we see that today with the bill that is before the chamber. They can barely restrain themselves from boasting about their toughness.

At 28 March this year there were 5,532 people in my electorate of Blair, many of them under 30 years of age, receiving Newstart, and 1,397 receiving Youth Allowance. This is one example, in one electorate, and it will be replicated around the country, of the people who are at risk from the bill before the chamber. This is the consequence in one electorate of the number of people who might be at risk. On 16 May this year the *Australian* reported that the nation's biggest business groups were critical of the government's harsh measures in relation to job seekers under 30 years of age:

Australian Chamber of Commerce and Industry policy director Jenny Lambert told *The Australian* the welfare plan lacked the investment needed in training and job support.

"The carrot's not good enough," she said.

"They've changed the welfare system, but we need to also change what influences the job market and that is by making the kids more work-ready and creating apprenticeships and traineeship opportunities."

Amen to that; I agree entirely with what she said. But the budget got rid of so much training. It got rid of the job support carrot and reduced it to basically a twig—it julienned it off. And what we have here is the stick, the legislation before the chamber.

And then they cut \$2 billion in skills programs in the budget. What they need to do is have a really good look at the consequences of this type of bill. We see more of the stick in the bill before the chamber. It is not fair; it is just tough. We took steps when we were in government in relation to this issue. For job seekers in receipt of participation payments—Newstart, Youth Allowance, parenting payments or special benefits—there may be an eight-week non-payment period for serious failures, consisting of either refusal of suitable work or persistent noncompliance with participation obligations. However, we recognised that there could be some reasons for that, and the goal was to encourage non-compliant job seekers to re-engage with the participation process, which would more than likely lead them to employment opportunities. So we provided that a non-payment penalty may be waived if the job seeker begins to comply with a serious-failure requirement for eight weeks in lieu of serving a non-payment period—for example, work for the dole, job search training or undertaking more intensive job

searches or if the job seeker does not have the capacity to comply with such a requirement and would be in serious financial hardship if the non-payment period was not ended.

These provisions successfully encouraged re-engagement as young job seekers continued to look for work. They encouraged people to accept suitable job offers, penalised them if they refused and allowed some discretion for waiver in circumstances of serious financial hardship. But this bill here before the chamber is the big stick. The government proposes to remove Centrelink's capacity to consider the individual circumstances of job seekers who have incurred a potential eight-week nonpayment penalty period for serious failures, preventing Centrelink from waiving the penalty, or allowing Centrelink to waive the eight-week nonpayment penalty for persistent failure to comply with participation requirements only once during each period of continuous receipt of their participation payment. This will only be granted if the job seeker complies with serious failure requirements or is unable to comply with such requirements and would be in severe financial hardship if the nonpayment period was not ended. So the government's measures are very harsh. They will discourage participation of job seekers during a nonpayment period. We must remember, as I said before when I quoted those figures, they will affect some of the most vulnerable job seekers.

In 2010 the Commonwealth Ombudsman produced the *Falling through the cracks* report, which considered how Australian government social security agencies responded to customers with a mental illness. The Ombudsman reported that Centrelink deals with about six million customers every year. It was difficult to quantify how many people had a mental health issue. Centrelink advised the Ombudsman that mental health was recorded as a primary or secondary health condition for a large number of its customers. The Ombudsman reported that the experience of Centrelink staff indicated that many of its customers were suffering from undiagnosed mental health conditions, and that should not shock anyone in this place. We know mental health is an important issue in this country and mental illness is very common in Australia.

The 2007 national survey of mental health and wellbeing indicated that 45 per cent of Australians aged between 18 and 85 would suffer a mental disorder at some stage in their lives. One in five Australians has had a mental disorder in the last year or so. So these are the kinds of customers that are likely to be in the firing line with this particular bill. Centrelink recognises this and their staff record a vulnerability indicator on the customer's file if they are identified as vulnerable due to mental illness. Vulnerability indicators are taken into consideration in relation to these issues currently, and we can see the types of vulnerable job seekers who this bill will affect in the breakdown of job seekers Centrelink applied nonparticipation penalties to in the last year, and that is the case.

I will just quote a couple of figures on the vulnerability indicators. There were 4,019 job seekers with psychiatric problems or other mental illness, 2,443 were flagged as homeless, 393 had been released from prison, 286 had experienced traumatic relationship breakdown and 276 job seekers had cognitive or neurological impairment. So we are talking about the most vulnerable people in our economy and our community. Under this bill, a great many of these types of job seekers will automatically lose income support for eight weeks. We understand this bill will prevent Centrelink from considering the vulnerability indicators when deciding on the enforcement of the eight-week nonpayment period.

In my area, as shadow minister for Indigenous affairs and ageing, Indigenous job seekers are overrepresented in those penalised by Centrelink. In 2012-13, 11,915 no show, no pay penalties were imposed on Indigenous job seekers compared to 34,409 non-Indigenous job seekers, and 6,895 eight-week nonpayment penalties were applied to Indigenous job seekers compared to 29,563 for non-Indigenous job seekers. So Indigenous job seekers had one-quarter of the no show, no pay penalties and about 19 per cent of the eight-week nonpayment penalties, in the context of Indigenous people being about three per cent of the Australian population.

The government has not considered the impact on Indigenous Australians, nor on the homeless, nor on the aged. It simply does not care, and this will have a disproportionate impact on those people who are vulnerable. It is a government led by a Prime Minister who said that he is the 'Prime Minister for Indigenous affairs'. It is just hollow talk and this bill is indicative of that.

Older Australians want to work. More and more Australians want to work and this government wants to make them work until they are 70 years of age. This type of bill will impact adversely on those people who need the kind of help and assistance a job will provide for them. At a time when the government is making every effort to make it harder for Australians to meet the cost of living and the cost of health care by in effect cutting

their pensions in real terms in the years ahead and by freezing the thresholds, this legislation makes it harder for Australians to get by.