



Australian Youth  
Affairs Coalition

## Australian Youth Affairs Coalition

Submission to the  
Senate Select Committee into the Abbott Government's  
Commission of Audit

January | 2014

# Australian Youth Affairs Coalition

The Australian Youth Affairs Coalition (AYAC) is the national peak body for young people and the youth sector. We strive to improve the lives of young people by building their capacity to be contributors to the Australian economy and society.

We undertake a range of activities including the development of research and policy advice, youth workforce coordination and development, and youth engagement. We work with and for young people aged 12 to 26 in collaboration with government, research institutions and the community sector.

We have over 200 members including YMCA Australia, Scouts, Girl Guides, the Inspire Foundation, the WA Association of Youth Workers, the Centre for Multicultural Youth, the Foundation for Young Australians, Anglicare WA, Left Right Think Tank, UN Youth and state and territory youth peak bodies, as well as individual researchers, youth workers and young people. Our members' collective breadth and depth of expertise and experience in youth affairs is unsurpassed.

AYAC and its members are experts working for and with young people and seek to ensure they have access to mechanisms that allow them to make decisions about issues that affect them, and to contribute to the success of their communities and to the productivity of the nation.

Through our networks and membership, AYAC is able to canvas the diverse experiences of young people across the country. We are particularly committed and experienced in hearing and sharing the views of young people who experience barriers in gaining access to services and opportunities in education and employment and are often hard to reach by other means of engagement.

We are able to contribute to policy development across government and the community by sharing the views and insights of young people into their own experiences and to their own hopes in contributing to Australia's future as well as the perspectives of services who work with them.

Committee Secretary  
Senate Select Committee into the  
Abbott Government's Commission of Audit  
PO Box 6100  
Parliament House  
Canberra ACT 2600

Dear Secretariat,

The Australian Youth Affairs Coalition (AYAC) welcomes the opportunity to provide a submission to the Inquiry into the Abbott Government's Commission of Audit.

AYAC has been able to draw on its prior consultations and research, its existing knowledge base and consultation with its broad membership and networks (including the AYAC Policy Advisory Council) to gather information on the views, needs and experiences of young Australians in the preparation of this submission to the Senate Select Committee Inquiry.

We would welcome the opportunity to discuss the issues raised further. If you have any questions in relation to our submission or wish to seek further advice from AYAC, please contact Rey Reodica [rey@ayac.org.au](mailto:rey@ayac.org.au).

Sincerely,



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## List of Recommendations

AYAC recommends:

- **Recommendation 1:** *That the Committee consider whether the Commission has made appropriate recommendations relating to the outsourcing of social services to the not-for-profit sector, including support services for young people.*
- **Recommendation 2:** *That the Senate Committee notes the important role that peak bodies play in maximising the impact of their sectors and industries, and supports the continuation of their work.*
- **Recommendation 3:** *That the Senate Committee assess any price signals recommended by the Commission of Audit to ensure that the limited capacity for young people generally, and disadvantaged young people specifically, has been properly considered.*
- **Recommendation 4:** *That the Committee assess whether risks associated with contestability of social services has been properly considered within recommendations made by the Commission of Audit.*
- **Recommendation 5:** *That the Senate Committee note the role of grant funding in delivering innovative approaches to service delivery and other programmes, and ensure that the Commission of Audit maintains the capacity for such programmes across government priorities.*
- **Recommendation 6:** *That the Senate Committee critically assess any recommendation from the Commission of Audit that could jeopardise the provision of homelessness services, in particular those provided to young Australians.*
- **Recommendation 7:** *That the Senate Committee ensures that any changes to the delivery of Centrelink services serve to strengthen the customer service experience and effective youth engagement practices, rather than outsourcing these functions to agencies that are unable to meet the requisite standard of service.*
- **Recommendation 8:** *That the Senate Committee ensures that the Commission of Audit recommendations support the ongoing funding of education support programmes for young people who have disengaged from education, or are at risk of disengagement.*
- **Recommendation 9:** *That the Senate Committee considers whether Commission of Audit recommendations relating to government programmes addressing youth unemployment are sufficiently targeted to address issues relating to the participation of young people in employment and limit Australia's productivity into the future.*
- **Recommendation 10:** *That the Senate Committee rejects Commission of Audit recommendations that place the vital role of the National Children's Commissioner at risk.*
- **Recommendation 11:** *That the Senate Committee give due consideration to whether the Commission of Audit recommendations have appropriately considered the value for money presented by compulsory income management programmes.*

AYAC looks forward to working with the Australian Government and the Senate to ensure that government activities, programmes and benefits deliver the best possible outcomes for young Australians within the real fiscal constraints we face as a nation.

## Introduction

This Senate Select Committee Inquiry into the Australian Government's Commission of Audit provides the community with a welcome opportunity to comment on planned federal budget expenditure over the coming years.

However, as the inquiry submission deadline falls prior to the date on which the Commission of Audit is expected to provide its recommendations, we are unable to address specific cuts or changes proposed by the Commission.

Therefore we have focused this submission on some areas that we have assessed as being possible targets of changes and cuts, based on information available in the Terms of Reference for the Commission of Audit, as well as public statements from Australian Government representatives, and other factors that make these areas worthy of the Select Committee's attention.

We also note that there is uncertainty whether/when the Commission of Audit's recommendations will be made public and what, if any, avenues for consultation there will be. The participation of people in the processes of decision-making that affect them ensures that the decisions are in fact robust and effective both in relation to achieving their goals and in relation to being value for money. We therefore consider it crucial that the Australian Government provide the community with opportunities to provide advice on the potential impacts of the Commission's recommendations prior to final decisions on cuts and changes being made.

AYAC looks forward to working with the Australian Government and the Senate to ensure that government activities, programmes and benefits deliver the best possible outcomes for young Australians within the real fiscal constraints we face as a nation.

## Young Australians

There are over 4.3 million young people in Australia aged 12 to 26.<sup>1</sup> While this is, of course, a diverse population group, by virtue of their specific phase in the life cycle, the experiences and needs of young people often differ significantly from those of younger children and adults. Thus changes to the provision of services, programs or benefits by the Government will often affect young people in specific ways.

Key challenges currently impacting young Australians include<sup>2</sup>:

- Maximising young people's education and skill development
- Increasing opportunities for young people to enter the workforce in sustainable ways
- Building the capacity of Indigenous young people
- Ensuring that young people in rural, regional and remote areas don't miss out
- Ensuring young people's empowerment and safety online
- Improving youth mental health
- Strengthening youth services to achieve better outcomes for young people

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<sup>1</sup> ABS, 2011, Australian Demographic Statistics, 3101.0, June 2011

<sup>2</sup> AYAC, 2013, Current Priorities for Youth Affairs in Australia, November 2013

Young people face barriers to their participation in important government decisions, in particular young Australians in rural and regional communities, Indigenous young people, young people with disability, and young people from families and communities who experience 'deep persistent disadvantage'.

It is crucial that any cost savings measures recommended by the Commission are assessed with a sound understanding of the potential impact on young Australians, through direct dialogue and consultations with affected young people and specifically those harder to reach groups. AYAC and its members, as well as other peak bodies working on issues of concern to young Australians would welcome the opportunity to work with the Commission of Audit and Government to ensure that services, programs and benefits are able to achieve their aims in an effective and efficient manner.

*"...the government is subsidising fossil fuel industries with tens of billions of dollars, then crying poor when it comes to investment in renewable energies, education and healthcare. The government needs to stop spending money on helping the few well off Australians in start supporting the majority." - Imogen, Queensland*

## Inquiry Terms of Reference

AYAC has focussed its attention on the following components of the Select Committee's terms of reference for this inquiry:

- "a) the nature and extent of any cuts or changes to government expenditure recommended by the Commission;*
- b) the effect of any proposed cuts or changes on the provision of services, programs or benefits by the Government; ...*
- e) the potential impact of any proposed revenue measures on the Budget and on taxpayers, including access to services like health and education;*
- f) the potential impact of any proposed cuts or changes to government expenditure or service provision on employment and the economy; [and]*
- j) the potential effects of any proposed cuts or changes on the Government's medium to long term fiscal position, such as reducing future productivity, reducing the tax base and government revenues, or increasing future demand for government programs or support;"*

## Nature and extent of cuts or changes

AYAC submits the following in relation to:

a) the nature and extent of any cuts or changes to government expenditure recommended by the Commission;

### Not-for-profit Sector

The Terms of Reference for the National Commission of Audit (“the Commission”) states that the commission shall report on the following:

*“In relation to activities performed by the Commonwealth, the Commission is asked to identify... whether there remains a compelling case for the activity to continue to be undertaken; and... whether the activity could be undertaken more efficiently by... the not-for-profit sector.”*

AYAC notes that community-based organisations in the not-for-profit sector are uniquely placed to efficiently deliver social services that maximise the benefits for their communities with funding available. Therefore, the nature and extent of the Commission’s recommended changes to government expenditure should be assessed based on whether the unique role and potential of the not-for-profit sector in delivering services to the community has been properly considered.

While we acknowledge the wide-ranging expertise contained with the Commission, it has been noted by AYAC and our colleagues across the not-for-profit sector that the Commission of Audit does not have specific representation from the community and not-for-profit sector within its composition, which may hinder a proper assessment of the value that community-based not-for-profit organisations could bring to increasing the efficiency and effectiveness of government service delivery.

As the Community Council for Australia notes in their submission to the Commission of Audit, not-for-profit organisations exist for and are driven by purpose and seek to achieve positive and sustainable outcomes for the communities they serve.<sup>3</sup>

For young Australians in need of support, youth workers in not-for-profit organisations provide a passionate and committed workforce to address an expansive range of issues, such as engagement in education and employment, mental health and homelessness.

Furthermore, a representative survey conducted for AYAC early 2013 showed that both the general public and professionals that work with young people value the contribution of youth workers and consider it a good use of tax payers money.

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<sup>3</sup> Community Council for Australia, 2013, National Commission of Audit Submission, p 10

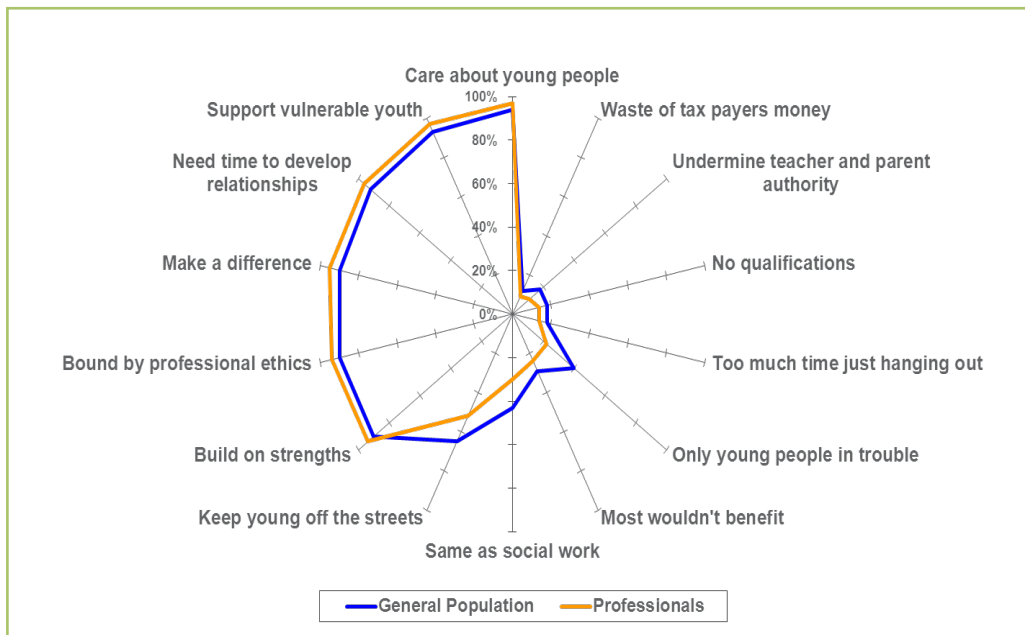


Figure 1: Agreement with statements about youth workers<sup>4</sup>

While there is a compelling case for the Australia Government to retain responsibility for its current activities in many areas, the effect of divesting the provision of some government services to the not-for-profit sector through well-structured funding partnerships could be significantly contribute to the achievement of positive outcomes in the community, and, importantly, benefit Australia's overall fiscal position.

We also note the important role of peak bodies and other overarching infrastructure in supporting the not-for-profit sector to effectively contribute to the achievement government's public policy objectives. Strong leadership, coordination and sector development is required to maximise synergy and efficiencies and promote professionalisation and to be an effective conduit between government and the not-for-profit sector. For example, by providing a cost effective and time-efficient mechanism for government to access the knowledge and expertise contained within their constituencies, peak bodies contribute to the improvement of the quality, efficiency and relevance of government and not-for-profit programmes and services.<sup>5</sup> It is therefore important that any cuts or changes recommended by the Commission do not impair the ability of peak bodies to fulfil this role

It is imperative that the Senate Committee assess whether the unique value of the not-for-profit sector has been given due consideration by the Commission, as evidenced by the extent to which the value of the not-for-profit sector is examined in any recommendations relating to the outsourcing government services.

**Recommendation 1:** *That the Committee consider whether the Commission has made appropriate recommendations relating to the outsourcing of social services to the not-for-profit sector, including support services for young people.*

**Recommendation 2:** *That the Senate Committee notes the important role that peak bodies play in maximising the impact of their sectors and industries, and supports the continuation of their work.*

<sup>4</sup> AYAC, 2013, *Youth work: attitudes, beliefs and knowledge (unpublished)*

<sup>5</sup> QCOSS 2013, *The Role of Community Sector Peak Bodies, Information Paper*, pp 1-2



# Effect of cuts or changes on young Australians

AYAC submits the following in relation to:

b) the effect of any proposed cuts or changes on the provision of services, programs or benefits by the Government

## User-charging and Co-payments

The Terms of Reference for the National Commission of Audit (“the Commission”) states that the commission shall report on the following:

*“The Commission is asked to review and report on... savings and appropriate price signals – such as the use of co-payments, user-charging or incentive payments – where such signals will help to ensure optimal targeting of programs and expenditure (including to those most in need), while addressing the rising cost of social and other spending”*

The effect of price signals such as the use of co-payments or user-charging would disproportionately hinder access to services, programs and benefits for those Australians with limited ability to absorb additional costs. Many young people in particular have limited access to financial resources. In areas such as Medicare and youth mental health services, this would particularly affect the most vulnerable young people who are most in need of services. Co-payments and other price signals could limit access to preventative measures and decrease the ability of services to intervene early before issues deteriorate. This would have longer-term detrimental impacts for young people throughout their later lives and result in increased costs to government programmes in future.

*“Like I’ll always run out before I get paid when it’s like a whole week before I get paid, it’s like that every few payments. It’ll usually be if I’ve had to spend money on something that I don’t usually, like doctor’s visits where I have to get out a few scripts and stuff like that, that’s when it will run out before I get paid again.” - ‘Janine’*

AYAC is concerned that the Commission of Audit pay due regard to the lower spending capacity of many groups in the community, and in particular the financial dependence of many young people and their limited earning capacity. For instance, industrial awards in the retail sector provide lower wage rates for young people aged under 21 years for doing equivalent work to those aged 21 years or over, meaning that this sector places young people at a financial disadvantage by virtue of their age alone.

Spending capacity is particularly limited for young people facing disadvantage. Young people living independently and unable to undertake paid work (including students) are wholly reliant on Youth Allowance: the \$29 per day currently available is far below levels that would allow them to cover the essentials of life. The expectation that this group would be able to absorb the costs of co-payments and user-charging for government services would be unreasonable in these circumstances, and the effect of price signals could be that these already hard to reach groups would face significant further barriers to accessing government programmes and services.

Any increase in user-charging and co-payments for services accessed by young people, such as general health services, would require appropriate concessions, which may create administrative

barriers for service users and may in fact be counterproductive in fiscal terms if this increases the administrative costs for services implementing these changes.

**Recommendation 3:** *That the Senate Committee assess any price signals recommended by the Commission of Audit to ensure that the limited capacity for young people generally, and disadvantaged young people specifically, has been properly considered.*

## Effect of changes on service delivery to young people

In addition, AYAC submits the following in relation to:

b) the effect of any proposed cuts or changes on the provision of services, programs or benefits by the Government

### Contestability of Services

According to the Terms of Reference for the Commission,

*“The Commission is asked to report on efficiencies and savings to improve the effectiveness of, and value-for-money from, all Commonwealth expenditure across the forward estimates and in the medium term, including... options for greater efficiencies in the Australian Government, such as... increasing contestability of services”*

The scope in which the Commission will approach this task is unclear, particularly whether the desire to increase the contestability of services will be applied to tendering of community services to the not-for-profit and private sector.

AYAC notes that there will always be a role for appropriate tendering for government services in the delivery of social services, however the impact of the Commission’s proposed changes will be dependant on whether the detrimental effect that competitive tendering processes can have in breaking down trust and working relationships in the delivery of services and programmes to communities has been taken into account.

Young Australians in need of support often face multiple barriers that require collaboration and coordination between services in order to achieve outcomes that benefit them and their communities. For example, young people at risk of disengagement from education will often face financial stresses, mental and physical health issues and family conflict, with each issue requiring a different set of skills.

Furthermore, young people often require support and assistance to navigate the complex web of community services available to them and maximise their impact. The ability of services to work in such a manner is often undermined by the process of competitive tendering and results in services being less able to work collaboratively to identify the best service response to the issues presented by the young person.

The detrimental effect of changes to government expenditure towards competitive tendering between social and community services must be taken into account wherever this approach is applied to not-for-profit community services.

**Recommendation 4:** *That the Committee assess whether risks associated with contestability of social services have been fully considered in recommendations made by the Commission of Audit.*

## Grants Program

AYAC understands and supports the need to ensure that funding for all grant programmes align well with Australian Government priorities and commitments and the needs of the community. However, the Senate Committee should be mindful of the effects of cuts to programmes that fund innovation across the community and not-for-profit sector, often resulting in a very positive return on investment.

A key example of funding programmes that serve this purpose is the Youth Development & Support Program (YDSP), which is a small pool of funding made available to not-for-profit organisations, including youth-led groups, to develop and support the leadership, resilience, wellbeing and community connectedness of young Australians. Funding available through the YDSP has been utilised by not-for-profit organisations to develop innovative and alternative approaches to meeting the development and support needs of young people, including youth-led initiatives that foster the social entrepreneurship inherent in many young people.

We note that this program's future is uncertain, according to the [www.youth.gov.au](http://www.youth.gov.au) website:

*"While the department planned to announce the outcomes of the Youth Development and Support Program (YDSP) 2013-14 funding round in October 2013, there will be a delay in making this announcement. The Australian Government is currently assessing all grant spending for consistency with Government priorities and commitments."*

AYAC hopes that within consideration of the Australian Government's priorities and commitments, grants programs such as the YDSP are made available to the not-for-profit sector to support innovation and the development of alternative service delivery approaches by providers, in line with government aims and objectives.

**Recommendation 5:** *That the Senate Committee note the role of grant funding in delivering innovative approaches to service delivery and other programmes, and ensure that the Commission of Audit maintains the capacity for such programmes across government priorities.*

## Funding to Youth Homelessness Services

The COAG decision to enter into single year transitional arrangements under the National Partnership Agreement on Homelessness (NPAH) have created a great deal of uncertainty in the delivery of homelessness services to some of the nation's most vulnerable individuals, including homeless youth. This uncertainty has been exacerbated by fears that cuts recommended by the Commission of Audit could apply in this area, and would come into effect once the transitional agreement expires at the end of this financial year.

As highlighted in the submission of Homelessness Australia to the Commission of Audit, more than 26,000 young people each year are users of homelessness services, including those who require support within the context of high youth unemployment and low youth wage rates and income support payments.<sup>6</sup>

Currently, the NPAH transitional arrangements provide up to \$159 million in Australian Government funding for programmes, including services for rough sleepers through 'Street to

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<sup>6</sup> Homelessness Australia, 2013, *National Commission of Audit Submission from Homelessness Australia*, p 3

Home' initiatives and support for young people exiting the child protection system.<sup>7</sup> In Western Australia alone, this represents approximately 88 full-time equivalent positions providing vital ongoing support and case management services that keep young people off the street.

While funding arrangements between the states and territories and the Commonwealth government for specialist homelessness services, such as those provided to young Australians, are complex and AYAC appreciates the need to ensure that the funding arrangements are well constructed, the Commission of Audit must affirm the role of the Commonwealth in funding the National Partnership Agreement on Homelessness, beyond the current transitional arrangements in order to achieve certainty for clients in need.

*"I didn't know where I was going to be sleeping each night, which made it really, really hard, so yeah I couldn't finish Year 12. I could barely focus, let alone do the rest of school. I had no idea where I was going to be and had no one like looking out for me, so yeah I just got really lost. It was really 'life' things that made high school really hard." – 'Janine'*

*"Housing prices seem so high at the moment, and costs only appear to be growing. I worried about whether or not I will be able to take care of myself once I leave home." - Krystal, New South Wales*

**Recommendation 6:** *That the Senate Committee critically assess any recommendation from the Commission of Audit that could jeopardise the provision of homelessness services, in particular those provided to young Australians.*

## Centrelink Service Provision

As per the Commission's Terms of Reference:

*"The Commission is asked to report on efficiencies and savings to improve the effectiveness of, and value-for-money from, all Commonwealth expenditure across the forward estimates and in the medium term, including... rationalising the service delivery footprint to ensure better, more productive and efficient services for stakeholders; "*

There has been discussion in the media regarding the possibility of the federal government outsourcing the role of Centrelink to another service, such as Australia Post. AYAC would have significant concerns if a change such as this were to take place and encourages the Senate Select Committee to examine the impacts on young jobseekers and others receiving income support.

*"If Centrelink wasn't there it'd be harder, yeah, but at the same time, no one's really proud of being on Centrelink. I'd much rather be working." – 'Charles'*

*"I felt like I sold my soul the day that I got it. I feel like they own me." – 'Kirstie'*

*"In regards to homeless young people, they need to deal with their personal problems before they can actually get into work and I feel that job networks and Centrelink, they need to know that people can't work if they've got mental illnesses that aren't resolved, full stop, and that's where I think they go wrong with a lot of young people. Because in this day and age, like there is thousands of homeless young people on the street every night and they don't deserve to be." – 'Amanda'*

*"You're just another case, it's like hurry up kind of thing, get this over and done with." – 'Boris'*

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<sup>7</sup> Department of Social Services, 2013, *The Transitional National Partnership Agreement on Homelessness*, accessed 30 Jan 2014, <http://www.dss.gov.au/our-responsibilities/housing-support/programs-services/homelessness/the-transitional-national-partnership-agreement-on-homelessness>

In 2012, AYAC conducted interviews with highly disadvantaged early school leavers across all Australian states and territories and an in-depth online survey with youth workers who support them. Feedback from that process highlighted that Centrelink is a main connection point for young people with services that seek to keep them engaged, however recurring administrative errors, contradictory advice and limited assistance from Centrelink staff resulted in additional difficulties for young people already facing barriers to engagement in employment or training.<sup>8</sup>

Our research identified a number of requirements for young people engaging with Centrelink, including an increased capacity for Centrelink staff to engage effectively with young people, greater face to face contact with staff members who are skilled in conducting proper assessments of their support needs and an increase in out-servicing arrangements between Centrelink customer service officers and local youth service providers.<sup>9</sup>

Any changes to Centrelink must factor in the needs of young people for the appropriate level of support to ensure that errors in payments are avoided and supports to assist young people to get off income support are available.

**Recommendation 7:** *That the Senate Committee ensures that any changes to the delivery of Centrelink services serve to strengthen the customer service experience and effective youth engagement practices, rather than outsourcing these functions to agencies that are unable to meet the requisite standard of service.*

## Revenue measures affecting access to education

AYAC submits the following in relation to:

- e) the potential impact of any proposed revenue measures on the Budget and on taxpayers, including access to services like health and education

### Support for Youth Engagement in Education

Much of the public discourse in relation to Commonwealth expenditure and the provision of education services to young Australians has revolved around recent changes to federal/state arrangements and the quantum of funding for public and independent schools. AYAC welcomes the ongoing commitment from the Australian Government to provide funding certainty for schools and their communities, which we therefore have confidence will not be targeted for cuts by the Commission of Audit.

However, in considering the potential impact of possible revenue measures to be recommended by the Commission in relation to access to education services, AYAC also wishes to highlight that schools funding is only part of the picture in delivering education services for young people, particularly the most disadvantaged. A significant number of young people do not complete school and do not complete further education or training: 26% of young people who left school at the end of 2011 had not completed Year 12, and in 2012 16% of school leavers were not engaged in

<sup>8</sup> AYAC, 2012, *Beyond Learn or Earn* p 29

<sup>9</sup> AYAC, 2012, *Beyond Learn or Earn* p30

employment, education or training (NEET).<sup>10</sup> In 2011 8% of 23 year olds were NEET, while 22.4% were not fully engaged, e.g. because they were only in part time work or study.<sup>11</sup>

AYAC's 2012 research into the support needs of young people who had disengaged from mainstream education highlighted that flexible learning options were an important factor in the re-engagement of many young people, particularly those from disadvantaged backgrounds. The report notes "For young people excluded from formal schooling, the way to re-energise them about education may only be through alternative education programs... Young people need good initial assessment with realistic, measurable and motivating targets."<sup>12</sup>

Services that assist young people who have disengaged from education or are at risk of disengagement, such as those funded through the Australian Government's Youth Connections programme, also play an important role in securing the participation of young people who are unable to remain in mainstream educational institutions.

The Australian economy cannot afford to have young people that are not engaging in education and employment. School completion is key and currently 21% of students are not completing year 12<sup>13</sup>. Investment in flexible learning approaches, such as Hands on Learning, have a significant return on investment with a \$12 return for every \$1 spent on countering early school leaving.<sup>14</sup>

Any revenue measures that impact on education spending in such a way as to limit access to alternative education options for young people who have disengaged from education, or are at risk of disengagement, must be assessed in light of the ongoing detriment to the community and to future government expenditures that are likely to result from such measures.

**Recommendation 8:** *That the Senate Committee ensures that the Commission of Audit recommendations support the ongoing funding of education support programmes for young people who have disengaged from education, or are at risk of disengagement.*

*"I've been here I've probably done more work here in the short time I've been here than in my mainstream school... I was going downhill for a while with a lot of outside problems. If it wasn't for this school and its services I'd probably be in gaol or dead. If it wasn't for these types of services that are willing to help people in my situation it could've been a lot worse, so I'm lucky that I'm still here... This school has changed my life dramatically in every way possible." – 'Gary'*

*"Education is important to me as it illuminates the future, shows the way forward and gives us hope and the ability to tackle any challenges presented to us" - Liam, New South Wales*

*"School was difficult to go to because I didn't have stuff like textbooks and uniforms and stuff and like if you didn't have a uniform you'd get detention and stuff like that" – 'Cass'*

<sup>10</sup> ABS, 2013, *Education and Work, Australia*, 6227.0, May 2012

<sup>11</sup> Longitudinal Survey of Australian Youth (LSAY), y03 data, cited in FYA, 2013, *How Young People are Faring*, p. 18f

<sup>12</sup> AYAC, 2012, *Beyond Learn or Earn*, p 17

<sup>13</sup> Hands On Learning (2012) *The socio-economic benefits of investing in the prevention of early school leaving*, Deloitte Access Economics, accessed 7 Jan 2014, p i.

[http://handsonlearning.org.au/DAE\\_investing\\_in\\_preventing\\_ESL\\_via\\_HOL\\_September\\_2012.pdf](http://handsonlearning.org.au/DAE_investing_in_preventing_ESL_via_HOL_September_2012.pdf)

<sup>14</sup> *Ibid.*

# Impact of funding cuts to youth employment & future productivity

AYAC submits the following in relation to:

- f) the potential impact of any proposed cuts or changes to government expenditure or service provision on employment and the economy, and
- j) the potential effects of any proposed cuts or changes on the Government's medium to long term fiscal position, such as reducing future productivity, reducing the tax base and government revenues, or increasing future demand for government programs or support;

## Targeting of Youth Employment Services

At times of economic downturn the unemployment rate for young people increases disproportionately. Despite avoiding much of the economic and social difficulty faced by most advanced economies in the wake of the Global Financial Crisis, Australia's youth unemployment rates remain at concerning levels for governments and the entire community. As of September 2013, the unemployment rate for 15-19 year olds was 16%, compared with 5.7% for the population as a whole.<sup>15</sup>

Participation in the labour force is particularly low for people with no post-school qualifications. Young people in Australia rate youth unemployment as one of the most significant issues they are facing today.<sup>16</sup>

AYAC's 2012 research highlighted that many providers of *Job Services Australia* programmes lack the requisite specialist skills and knowledge for the creation of pathways for young people into secure employment. Young people with complex support needs require specialised services to prepare them for the jobs market if we are to ensure their retention in employment.<sup>17</sup>

Changes to government expenditure in the provision of youth employment services that strengthen and expand more targeted approaches could potentially increase the positive impact of taxpayer funds and

*"I had to go there but they were a joke, so I just never showed up. It was easier to find a job on my own because they don't know what they're doing." – 'Harriet'*

*"I swear I hardly know anyone's that's ever gotten a job from those things, ever. I've been with them for years and they've never gotten me a job. My worker abused me for not finding a job and being lazy and stuff like that. I'm not good enough and I was just dealing with homelessness and all the stuff that was going on and it really made me feel bad you know because I wanted to get a job so bad, but she was meant to be here to help me and I thought that was what was happening but she just made me feel worthless just because I hadn't found a job yet." – 'Anna'*

*"Work gives me and other young people a sense of purpose and security." – Tom, New South Wales*

*"I reckon if the people at... whatever job search provider drives you to a whole bunch of job sites or whatever, and says, 'come here for an interview, bring your resume' and stuff, that would be good. Instead of, 'we have this job – go on the internet and apply for it'." 'Andy'*

*"Like every appointment I'd turn up to would be a five minute appointment and she'd say 'right you've turned up, I'll put down that you turned up and you can leave now.'" – 'Jasmine'*

<sup>15</sup> ABS, 2013, *Labour Force Australia*, 6202.0, Sep 2013

<sup>16</sup> AYAC, 2013, *Australia's Youth Matters*

<sup>17</sup> AYAC, 2012, *Beyond Earn or Learn*, p 24

achieve improved outcomes for young jobseekers, through the targeting of youth employment services to meet the needs of young clients.

Investing now in targeted youth employment services would have ongoing benefits to the future productivity of the nation. Workforce participation is associated with a range of other positive outcomes, such as sense of identity, financial independence of families and social connectedness and wellbeing. The longer young people are disengaged from the workforce, the harder it is for them to enter, entrenching social disadvantage and weakening social cohesion.

AYAC's research also indicates that young people on income support would rather not be dependant on welfare, but would instead prefer making a contribution through secure employment.<sup>18</sup>

By the 2020s the retirement of the baby boomer generation will begin to have a tangible impact on the Australian economy. Between 2010 and 2050 the proportion of the population of traditional working age (15 to 64 years) is projected to fall by around 7 percentage points, resulting in a slowing in the rate of growth of real GDP per person.<sup>19</sup> In this context, Australia's future productivity relies on the maintenance of funding for services that support youth employment, as well as the proper targeting of programmes and funding to those young people most in need of support.

**Recommendation 9:** *That the Senate Committee considers whether Commission of Audit recommendations relating to government programmes addressing youth unemployment are sufficiently targeted to address issues relating to the participation of young people in employment and limit Australia's productivity into the future.*

## Other issues

AYAC submits the following in relation to:

b) the effect of any proposed cuts or changes on the provision of services, programs or benefits by the Government;

### National Children's Commissioner

The role of National Children's Commissioner was introduced in legislation in 2012 and the inaugural Commissioner appointed in 2013. This move was welcomed by AYAC and many other leading children's and youth organisations, who had advocated strongly for the introduction of a Children's Commissioner. In an NGO sector joint position paper, we collectively articulated the need for such a role to protect and promote the rights, well-being and development of Australia's children and young people, and address issues such as abuse, neglect and discriminations experienced by some of the most vulnerable in the Australian community.<sup>20</sup>

It has been widely reported that senior ministers in the Australian Government did not support legislation creating the role of National Children's Commissioner in 2012 and have been highly

<sup>18</sup> AYAC, 2012, *Beyond Earn or Learn*, pp 28-29

<sup>19</sup> Australian Government 2007, *Intergenerational Report 2007*, p.16f., 29, 40; Australian Government, 2010, *Australia to 2050: Future Challenges. Intergenerational Report 2010*, p.10

<sup>20</sup> AYAC et al, 2011, *NGO Sector Position Paper, A National Commissioner for Australia's Children*, p 7



critical of the Human Rights Commission generally. It is possible that the Commission of Audit recommend reducing or cutting this role.

As the CEO of the Australian Research Alliance for Children and Youth stated in 2012:

*“The funding of the National Commission needs to be seen in light of the consequential benefits to children and young people here and now, as well as in terms of the future productivity of Australia. Data from Canada shows GDP growth of 1% can be achieved for every 1% reduction in child vulnerability. Investment in a National Commissioner is a fiscally responsible move to facilitate greater coordination, accountability and efficiency across all levels of government.”<sup>21</sup>*

AYAC considers that it would be a backward step for the Commission of Audit process to result in the meagre resources provided to this role within the Australian Human Rights Commission to be placed at risk, particularly considering the already limited funding provided to the Commissioner to exercise its important functions.

**Recommendation 10:** *That the Senate Committee rejects Commission of Audit recommendations that place the vital role of the National Children’s Commissioner at risk.*

## Compulsory Income Management

AYAC shares concerns raised by numerous groups, including the National Welfare Rights Network, about the efficacy of compulsory income management programmes that are being trialled across Australia and the high administrative cost to government for its implementation. These concerns arise from numerous reviews of compulsory income management schemes in the Australian context that indicate the impact of the scheme is disproportionate to the cost to the taxpayer.

Of particular concern is the expansion of the programme in July 2013 to apply to young Australians receiving Youth Allowance in trial sites across the country, despite the previous government being aware of issues relating to the effectiveness of the programme and the high cost per person for its implementation.

Thus, the roll back or cessation of compulsory income management programmes would have a positive impact on budget expenditure.

**Recommendation 11:** *That the Senate Committee give due consideration to whether the Commission of Audit recommendations have appropriately considered the value for money presented by compulsory income management programmes.*

## Conclusion

The wide-ranging nature of the Commission of Audit process means that the impacts of any recommendations made by the Commission could have significant impacts for young Australians, including those most in need. AYAC would welcome the opportunity to further examine and address the impacts of any changes proposed by the Commission in future, once its recommendations have been provided to the Australian Government.

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<sup>21</sup> AYAC, ARACY, et al, 2012, *Joint media release: Australian Children Need Better Monitoring of Outcomes from Government*