



Committee Secretary  
Senate Standing Committee on Community Affairs  
PO Box 6100  
Parliament House Canberra ACT 2600

Dear Committee Secretary,

### **Endorsement of the Australian Council of Social Service Submission**

The Australian Youth Affairs Coalition (AYAC) welcomes the opportunity to provide a Submission to the Senate Community Affairs Committee Inquiry into Social Security and Other Legislation Amendment (Welfare Reform and Reinstatement of Racial Discrimination Act) Bill 2009 and related bills.

AYAC is Australia's non-government youth affairs peak body, which seeks to represent young people aged 12-25 and the sector that supports them. AYAC boasts a growing membership of State and Territory youth peak bodies, national youth Organisations, researchers, policy makers and young people themselves, who are all passionate about creating an Australian community that supports and promotes the positive development of young people.

Passage of this legislation will result in the most significant changes to the Australian welfare system for sometime and therefore we believe it vital that service providers, community organisations, peak bodies and most importantly welfare recipients, should have the opportunity to educate the Government on the potentially negative impacts these modifications have.

Due to the timeframes established by the Committee and our organisational capacity unfortunately AYAC has not been able to provide the committee with comprehensive statements in relation to the legislative proposals. Instead we would like to offer our unequivocal endorsement of the Australian Council of Social Services (ACOSS) submission and its recommendations.

In endorsing the ACOSS submission AYAC would like to draw the Committee's attention to a few aspects of the proposed legislation that we believe will unfairly impact on young Centrelink recipients and will develop an ongoing dependency rather than the desired affect of supporting young people away from a reliance on the welfare system.

### **Evidence Based Practice**

The national rollout in designated '*disadvantaged location*' area's of income management, AYAC believes is a flow on from strategies implemented as part of the Northern Territory Emergency Response Intervention. These strategies were implemented in a child-protection context, aimed at protecting children from abuse and neglect. Trials launched in Western Australia and Queensland were framed with similar objectives.

Without critiquing the effectiveness of income management in dealing with child protection issues, it must be highlighted that there is no evidence to suggest an expansion to other welfare recipients will have positive impacts in terms of breaking the welfare cycle or ensuring that payments are spent appropriately.

AYAC believes that the principle of evidence-based practice must be at the centre of any policy development or legislative change. We know from past experiences that failure to follow the guidance of empirical evidence or premature service design, will in most cases lead to ineffective and deficient strategy outcomes.

### **Presumption of Inability to Manage Personal Affairs**

In the Explanatory Memorandum which accompanies the bill, young people are identified as an at risk group due to *'their high risk of social isolation and disengagement, poor financial literacy and participation in risky behaviours'*. Such a statement makes the dangerous presumption that young people are incapable of managing their financial affairs and diminishes their abilities to make life decisions.

It must be recognised that the vast majority of young people are fully capable of managing their financial interests. Such a broad based approach in introducing income management will in many cases negatively impact on young people who are doing well at managing their money.

That said, for those young people who may not display certain levels of financial literacy, the practice of income management might, rather than educating young people about financial affairs, cement their reliance on the State for support. Such a situation is untenable and the focus should be on empowering individuals rather than restricting them.

What is not noted in the Explanatory Memorandum is the deplorable level of welfare given to young people on Youth Allowance, which is noted by many as being less than 60% of the poverty line. AYAC believes that the difficulties many young people face in making ends meet has nothing to do with an inability to make decisions, but instead is related to the reality that current welfare payments made to young people are simply not *'liveable'*.

### **System Flexibility & Exemptions**

One of the greatest frustrations of young people with the current welfare system is its stringent rigidity. This inflexibility has created a strong distrust and dissatisfaction of Centrelink amongst young people.

Blanket introduction of income management will significantly increase the administrative burden for both young people and Centrelink workers, entrenching widely held opinions of the welfare system that it is too bureaucratic and inaccessible.

AYAC assessment of the legislation suggests that there is very little room for young people to seek any exemptions from the compulsory management regime. The legislation requires demonstration of *'socially responsible behaviour'* and evidence of engagement in full-time study prior to exemptions being granted.

AYAC is concerned that without the provision of a more detailed definition of what constitutes *'socially responsible behaviour'*, young people's financial futures could be negatively impacted by the whim Centrelink Officers.

The broad based approach to income management implementation is fraught with difficulties, and presumes all individual's situations are the same. It is patently obvious this is not the case and that if introduced the only responsible way to implement income management is on an individual case-by-case basis.

AYAC genuinely hopes that the passage of this legislation is not a *fait accompli* as we believe that the introduction of income management may result in greater social exclusion and stigmatisation of

young people in the Australian community, which we trust is contrary to the intention of the Government in introducing this legislation.

We believe it is imperative that the Committee is cognisant of the impact that this legislation will have on the everyday young person so that Committee Members can earnestly consider the difficulties the legislation may pose for them. As such AYAC would like to seek the opportunity provide verbal evidence to the Committee, an opportunity we will use to bring young people to tell their stories.

If you have any questions in relation to our submission or wish to seek further advice from AYAC please contact Craig Comrie, Senior Policy Officer by phone 0405 972 978 or via email [policy@ayac.org.au](mailto:policy@ayac.org.au)

Kind Regards,

**Meredith Turnbull**  
**Executive Director**  
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4 February 2010