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**Interim Report of the Reference Group on Welfare Reform '*A New System for Better  
Employment and Social Outcomes*'**

Submission to the Reference Group on Welfare Reform to the Minister for Social Services

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August 2014

## 1. UNICEF Australia

- 1.1. UNICEF is a multilateral organisation that works in over 190 countries to promote and protect the rights of children. UNICEF supports child health and nutrition, clean water and sanitation, quality basic education for all boys and girls, and the protection of children from violence, exploitation, and HIV.
- 1.2. UNICEF has the global reach to influence decision-makers and skilled partners at the grassroots level, which enables us to strengthen national protection systems and deliver quality programs for children and young people. UNICEF is unique among world organisations and unique in our rights based and participatory approach to working with children and young people.
- 1.3. UNICEF Australia advocates for the rights of all children and works to improve community and government support for child rights and international development.

## 2. The Right to Social Security

- 2.1. The right to social security is included in a number of human rights instruments including:
  - Articles 26 of the *Convention on the Rights of the Child (CRC)*<sup>1</sup>
  - Article 22 of the *Universal Declaration of Human Rights*<sup>2</sup>
  - Articles 9 of the *International Covenant on Economic Social and Cultural Rights (ICESCR)*<sup>3</sup>
  - Article 5 of the *Convention on the Elimination of All Forms of Racial Discrimination*<sup>4</sup>
  - Articles 11 & 14 of the *Convention on the Elimination of All Forms of Discrimination Against Women*<sup>5</sup>
  - General Comment 19 Committee on Economic, Social and Cultural Rights<sup>6</sup>
- 2.2. The right to social security is linked to other core, human rights including the right to health, housing, education, adequate food and an adequate standard of living.

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<sup>1</sup> *Convention on the Rights of the Child*, opened for signature 20 November 1989 UNTS 7 (entered into force 2 September 1990 ) art 26

<sup>2</sup> *Universal Declaration of Human Rights*, 217 A (III) (entered into force 10 December 1948) art 22

<sup>3</sup> *International Covenant on Economic, Social, and Cultural Rights*, opened for signature 16 December 1966 UNTS 3 (entered into force 3 January 1976) art 9

<sup>4</sup> *International Convention on the Elimination of All Forms of Racial Discrimination*, opened for signature 21 December 1965 UNTS (entered into force 4 January 1969) art 5

<sup>5</sup> *International Convention on the Elimination of All Forms of Discrimination Against Women*, opened for signature 18 December 1979 UNTS (entered into force 3 September 1981) art 11, 14,

<sup>6</sup> UN Committee on Economic, Social and Cultural Rights (ICESCR), *General Comment No. 19: The right to social security (Art. 9 of the Covenant)*, 4 February 2008, E/C.12/GC/19, retrieved via <http://www.refworld.org/docid/47b17b5b39c.html>

### 3. Parameters

- 3.1. UNICEF Australia will focus on the following, identified sections of the Interim Report '*A New System for Better Employment and Social Outcomes*' from the Reference Group on Welfare Reform, in relation to the rights of children and young people:
- Mutual Obligation & Management of Income
  - Fair rate structure
  - Common approach to adjusting payments
  - Rent Assistance

### 4. Introduction

- 4.1. UNICEF Australia welcomes the opportunity to submit to Reference Group on Welfare Reform on the interim Report '*A New System for Better Employment and Social Outcomes*.' Social security plays a major role in protecting the rights of children and young people in Australia and alleviating poverty.<sup>7</sup>
- 4.2. UNICEF Australia notes our serious concern that welfare reform has a potentially major and negative impact on vulnerable young people in the Australian context and that the allocated timeframe has been insufficient to genuinely consult them for the purposes of this review.
- 4.3. Social security is sustainable, equitable, non-discriminatory and based on minimum thresholds to ensure an adequate standard of living for children and young people. UNICEF interprets the right to social security to encompass the right to access and maintain benefits without discrimination, in order to secure protection, with special attention provided to children and young people who traditionally face difficulties exercising the right to social security<sup>8</sup>
- 4.4. Social security is of central importance in guaranteeing human dignity when people are faced with circumstances that deprive them of their capacity to fully realise their rights. Moreover, social security has an important role to play in the reduction and alleviation of poverty and promoting social and inclusion – especially for children and young people.
- 4.5. UNICEF Australia emphasises Australia's social security system should not do harm to children and young as part of a fiscal policy measure.

### 5. Guiding principles

- Any limits on social security must be reasonable, proportionate and transparent.<sup>9</sup>
- Social security should be paid at the level necessary to ensure human dignity and an adequate standard of living.<sup>10</sup> The benefits provided should be sufficient to

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<sup>7</sup> UN Committee on Economic, Social and Cultural Rights, *op. cit.*, para 2

<sup>8</sup> UN Committee on Economic, Social and Cultural Rights, *op. cit.*, para 31

<sup>9</sup> UN Committee on Economic, Social and Cultural Rights, *op. cit.*, para 24

<sup>10</sup> UN Committee on Economic, Social and Cultural Rights, *op. cit.*, para 22

ensure that children and young people do not fall below a clearly defined minimum subsistence level or poverty line.<sup>11</sup>

- Fairness. People with the same financial needs should receive the same level of income support as in response to their current financial need - regardless of their age or race.<sup>12</sup> Moreover, children and young people should not be financially worse off as a result of reform.<sup>13</sup>
- Participation. Children and young people have a right to have their say in decisions that affect them and to have their opinions taken into account.<sup>14</sup>
- Holistic support. Other measures addressing key barriers to economic participation are necessary to secure financial independence and as such compliment the right to social security. UNICEF Australia supports a holistic approach to working with young people in order to address complex and difficult issues that may act as barriers to employment.<sup>15</sup>

## 6. Recommendations

### 6.1. That income management is:

- Voluntary, on the basis of the free, prior and informed consent of young people, particularly young people from Aboriginal and Torres Strait Islander backgrounds. This provides so young people can opt-in rather than opt out. Opt out provisions should be available for all people subject to income management.
- time limited
- designed to build the capacity of young people in ways that are meaningfully and practically useful to them designed in conjunction with young people, particularly young people from Aboriginal and Torres Strait Islander backgrounds.
- approached on a case by case basis to avoid categorising all recipients of a particular benefit, location or race as being dysfunctional
- developed in conjunction with young people, particularly young people from Aboriginal and Torres Strait Islander backgrounds
- only conducted in conjunction with wrap-around and youth specific intensive support that addresses the root causes of non-participation in the labour market.

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<sup>11</sup> CRC, *op. cit.*, art 26, 27

<sup>12</sup> UN Committee on Economic, Social and Cultural Rights, *op. cit.*, para 29

<sup>13</sup> UN Committee on Economic, Social and Cultural Rights, *op. cit.*, para 35; CRC, *op. cit.* art 3

<sup>14</sup> CRC, *op. cit.*, art 12; *United Nations Declaration on the Rights of Indigenous Peoples*, GA Res 61/295, UN GAOR, 61<sup>st</sup> sess. 107<sup>th</sup> plen mtg, Supp No 49, UN Doc A/RES/61/295 (13 September 2007) art 18, 19

<sup>15</sup> CRC, *op. cit.*, art 4, 27; UN Committee on Economic, Social and Cultural Rights, *op. cit.*, para 28, ICESCR, *op. cit.*, art 11.

- 6.2. The Tiered Working Age Payment should be based on the individual circumstances of people, rather than their age.
- 6.3. Payments should be adjusted to reflect the relative cost of living, including the costs required to transition to employment. These costs should be based on circumstances, so the same people in the same circumstances, regardless of age, are supported adequately.
- 6.4. At a minimum, allowance payments to young people need to be raised so they receive the same increase granted to pensions (currently \$50 per week due to indexation to at least 27.7 per cent of male total average weekly earnings).
- 6.5. Rent Assistance should be adequate, and indexed to movements in the average cost of rent.

## 7. Background

- 7.1. The right to social security is a fundamental right, as recognised in Article 9 of the *ICESCR*. Children and young people's right to social security is further explicitly recognised in the *CRC*. These rights assure children and young people an adequate standard of living as well as assisting to alleviate poverty for children and young people.
- 7.2. In Australia, social security has traditionally provided protection and support for those who are unable to work due to limited skills, illness, disability, sole parenting responsibilities and old age. Despite this protection, around 2.6 million Australians live under the poverty line.<sup>16</sup> Almost one quarter of Australian's living in poverty are children and young people, with 618, 000 under the age of 25 and 494,000 under the age of 15.<sup>17</sup> These numbers account only for children who are dependents, and do not consider those whose families are unable or unwilling to support them.
- 7.3. Young people bring needed skills and unique perspectives to the workplace. Evidence shows that participation in formal training and education - pathways to employment - is increasing. Moreover, young people want to work, much preferring to secure their own income than rely on social security and place a high level of importance on getting a job.<sup>18</sup> The limited evidence available does not support the notion that a 'culture of dependency' on social security payments traps people on income support.<sup>19</sup> Young people face barriers to gaining and sustaining employment. These barriers are both a virtue of their specific phase in the lifecycle and by virtue of the employment market.

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<sup>16</sup> Poverty here is defined using the half-median version where a household is considered to be in poverty if the household's after-tax income is less than half of the median after-tax income of all households in Australia

<sup>17</sup> B. Phillips, R. Miranti, Y. Vidyattama & R. Cassells, *Poverty, Social Exclusion and Disadvantage in Australia*, NATSEM, Canberra, 2013, p.8.

<sup>18</sup> Australian Youth Affairs Coalition (AYAC), *Beyond Learn or Earn*, November 2012, retrieved via <<http://www.ayac.org.au/uploads/AYAC%20Beyond%20Learn%20or%20Earn%205.7MB.pdf>>; Mission Australia, *Youth Survey 2013*, 2013, retrieved via <https://www.missionaustralia.com.au/what-we-do-to-help-new/young-people/understanding-young-people/annual-youth-survey>; AYAC, *Youth Welfare Survey Summary Report*, 2014, retrieved via <<http://www.ayac.org.au/news/268/67/AYAC-Youth-Welfare-Survey-Results.html>>

<sup>19</sup> T. Vinson, *Intergenerational disadvantage*, commissioned paper on Social inclusion, Department of Education Employment and Workplace Relations, January 2009

- 7.4. Youth unemployment is high and insecurity of work for young people concerning. Australia's youth unemployment rate is almost 3 times the national average of 5.8%. Employment opportunities for young people have deteriorated over the last 20 years,<sup>20</sup> with rates of unemployment, underemployment, labour underutilisation and casualisation increasing.<sup>21</sup> Many young people are often only able to enter the workforce through part-time and casual employment, resulting in fewer hours at low wages, with little potential to develop the skills and experience that will enable them to gain a solid foothold in the labour market. Younger workers are also twice as likely to be seeking more hours of work than workers in other age groups, with more than half of those aged 17-24 indicating that they wanted more work (53%).<sup>22</sup> Casual workers do not have secure jobs with predictable incomes and are, therefore, more likely to move in and out of unemployment. This is significant, as it "...may be contributing to the creation of an 'Australian underclass', as cycling in and out of employment can entrench reliance on income support and thus, disadvantage and poverty."<sup>23</sup>
- 7.5. Young people have multiple and specific barriers to seeking and gaining employment. Research has shown that regardless of the range of experiences, capacities, ethnicities, localities, aspirations, and needs of young people, they are generally at a disadvantage in the labour market.<sup>24</sup> The globalised economy has made it even harder for young people without work experience and university degrees to find employment.<sup>25</sup> And there are reports of fewer jobs, with 425,617 Newstart and Youth Allowance recipients looking for work, but only 140,800 vacancies resulting in at least three job applicants for each vacancy.<sup>26</sup> Even so, the average length of time it takes to become employed has also increased from 16 weeks in 2008 to 29 weeks in 2014. It is a different and difficult environment for young people to gain and sustain sufficient work to maintain a basic standard of living. A range of factors contribute to employment insecurity for young people including:<sup>27</sup>
- socio-economic disadvantage
  - education

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<sup>20</sup> L. Walsh, *Earning, learning or confused: mixed signals on jobs for young*, Monash University, 4 June 2014

<sup>21</sup> J. Stanwick, T. Lu, T. Karmel & B. Wibrow, *How young People are Faring 2013*, report prepared by the National Centre for Vocational Education Research for the Foundation for Young Australians, FYA, Melbourne, 2013

<sup>22</sup> P. Cameron & R. Denniss, *Hard to Get a Break?*, The Australia Institute, 20 November 2013, retrieved via <<http://www.tai.org.au/content/hard-get-break-1>>

<sup>23</sup> N. Marsh & L. McGaurr, 'Youth Income Support in Australia' *Face the Facts Briefing*, vol. 1, no.3, Australian Clearinghouse for Youth Studies, June 2013

<sup>24</sup> J. Greenwood, 'Lessons Learned on the Effectiveness of Programs and Services for Youth', in *Evaluating the Effectiveness of Employment-Related Programs and Services for Youth*, a Research Report to Human Resources Development Canada, November 1996, pp.98-111, 99; see also KPMG, *Youth Services Mapping Project: Final Report*, Department of Planning and Community Development, November 2007, pp.1-80, 9.

<sup>25</sup> V. Hernandez, 'Youth Unemployment Rate in Australia Hits 12.5%; Average Time to Get Hired Goes Up to 29 Weeks', *International Business Times*, 15 April 2014, viewed 30 July 2014, <<http://au.ibtimes.com/articles/548111/20140415/youth-unemployment-rate-australia-hits-12-5.htm>>

<sup>26</sup> L. Gilbie, 'Young People Pushed onto Income Management', *Green Left Weekly*, no. 1015, 5 July 2014, viewed 31 July 2014 < <https://www.greenleft.org.au/node/56778>>

<sup>27</sup> N. Marsh & L. McGaurr, *op. cit.*

- globalisation, technology, fewer unskilled jobs, demographic and policy changes leading to increased competition from sole parents, older people and people with disabilities re-entering the workforce
- limited availability of active labour market programs targeted at highly disadvantaged young jobseekers who are not 'job ready' and face multiple barriers to employment
- location, particularly for people living in regional and remote communities where there are limited employment options
- young peoples relationship with the complex and often fragmented support offered by federal, state and non-government organisations
- personal issues such as family violence or conflict, health problems, lack of social capital/connectedness, a lack of motivation to seek employment, alcohol or other drug problems, antisocial behaviour or criminal activity
- individual characteristics such as low levels of literacy or insufficient work experience

7.6. It is this combination of structural, social, and individual factors that means some young Australian's, regardless of willingness to work, will not make a smooth transition to employment. It is important that young people and children have the means to an adequate standard of living, as is Australia's obligation under *CRC* and *ICESCR*, to avoid entrenching generations into poverty and making the transition to financial independence unattainable.

## 8. Mutual Obligation

- 8.1. UNICEF Australia supports the provision of assistance to young people who require it on a case-by-case basis to develop responsible life skills, such as financial literacy and budgeting. UNICEF Australia agrees there may be benefits to social security recipients participating in various forms of social and economic activity to increase their ability to transition.
- 8.2. However UNICEF Australia is concerned that measures such as the proposals to extend compulsory income management may indirectly discriminate based on race, location and benefit type. It is widely recognised in Australia by leading human rights experts, Indigenous groups, and social justice advocates that current income management legislation and practices are likely to be indirectly discriminatory.<sup>28</sup> Furthermore UNICEF is concerned

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<sup>28</sup> National Aboriginal and Torres Strait Islander Legal Services (NATSILS), *Position Statement on Income Management*, October 2012; Senate Community Affairs Legislation Committee, Parliament of Australia, *Social Security and Other Legislation Amendment (Welfare Reform and Reinstatement of Racial Discrimination Act) Bill 2009 [Provisions], Families, Housing, Community Services and Indigenous Affairs and Other Legislation Amendment (2009 Measures) Bill 2009 [Provisions], Families, Housing, Community Services and Indigenous Affairs and Other Legislation Amendment (Restoration of Racial Discrimination Act) Bill 2009* (2010) 25, 71–2, 83 ('SCALC NTER Bills Report'); E. Cox, 'Evidence-Free Policy Making? The Case of Income Management' *Journal of Indigenous Policy*, No. 12; Australian Human Rights Commission (AHRC), *Inquiry into the Welfare Reform and Reinstatement of Racial Discrimination Act bill 2009 and other Bills*, 10 February 2010, retrieved via <<https://www.humanrights.gov.au/inquiry-welfare-reform-and->



that such proposals are not evidence-based or proportionate, have harmful impacts on children and young people, are not cost-effective, and fail to produce the intended outcomes.

- 8.3. Contemporary income management legislation was implemented in 2007, as part of the broader 'Northern Territory Emergency Response', resulting in the quarantine of part of or whole amounts of certain social security payments for Australians living in prescribed locations in the Northern Territory.<sup>29</sup> Purportedly this response was based on individual deficit assumptions, such as a lack of financial capacity, incapability to care for children and an inability to participate in the cash economy for example, ignoring the structural causes associated such as inadequacy of payments to meet basic financial needs, lack of infrastructure, little support services, and the state of economic development resulting in little or no local work opportunities.<sup>30</sup> It was in effect a blanket measure based on race that applied even to those who did exhibit the conduct that was satisfactory to government.<sup>31</sup> This approach required the suspension of the *Racial Discrimination Act 1975* (Cth) (RDA) and consequentially placed Australia in breach of its obligations under the *International Convention on the Elimination of Racial Discrimination*.<sup>32</sup> As reported by the Australia Human Rights Commission in 2009, 'It was clear that the income management measures as enacted under the 2007 NTER legislation were racially discriminatory as well as denying procedural fairness to those to whom they applied.'<sup>33</sup> Moreover, while social security payments are generally subject to some form of conditions, income management is criticised as paternalistic and stigmatising.<sup>34</sup>
- 8.4. In 2011, the Australian Government extended the duration and breadth of income management measures. The legislated changes extended the geographical jurisdiction of income management and the particular recipients of social support payments subject to income management. Effectively this legislation allowed for the extension of income management across Australia at the discretion of the Minister without further passage of legislation. While these changes, due to their general application, were not developed as a 'special measure'

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[reinstatement-racial-discrimination-act-bill-2009-and-other-bills#s8a](#)>; ACOSS, *Community Sector Statement on Income Management*, December 2009, retrieved via [http://acoss.org.au/images/uploads/Final\\_sector\\_statement\\_on\\_income\\_management.pdf](http://acoss.org.au/images/uploads/Final_sector_statement_on_income_management.pdf); Amnesty International, *The NT Intervention and human rights*, 21 December 2010, retrieved via

<<http://www.amnesty.org.au/hre/comments/24400>>; P. Billings & , A.E. Cassimatis, 'Redesigning the Northern Territory Emergency Response – Social Welfare Reform and Non-Discrimination', *Law in Context*, Vol.27, No. 2., 2011

<sup>29</sup> S. Bielefeld, 'Compulsory Income Management and Indigenous Australians: Delivering social Justice or Furthering Colonial Domination?' *UNSW Law Journal*, vol. 35, no.2, 2012, p.522

<sup>30</sup> NATSILS, *op. cit.*

<sup>31</sup> S Bielefeld, *op. cit.*

<sup>32</sup> Opened for signature 21 December 1965, 660 UNTS 195 (entered into force 4 January 1969). Letter from the United Nations to the Australian Government, 28 September 2009 <[http://www2.ohchr.org/english/bodies/cerd/docs/early\\_warning/Australia28092009.pdf](http://www2.ohchr.org/english/bodies/cerd/docs/early_warning/Australia28092009.pdf)>.

<sup>33</sup> AHRC, *Inquiry into the Welfare Reform and Reinstatement of Racial Discrimination Act bill 2009 and other Bills*, *op. cit.*

<sup>34</sup> L Buckmaster & C Ey, 'Is Income Management Working?', *Parliamentary Library – Social Policy Section*, June 5<sup>th</sup> 2012, p.1, retrieved via <[http://www.aph.gov.au/About\\_Parliament/Parliamentary\\_Departments/Parliamentary\\_Library/pubs/BN/2011-2012/IncomeManagement](http://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/BN/2011-2012/IncomeManagement)>



under the *RDA* and did not raise issues of direct discrimination,<sup>35</sup> some have argued that the 2011 legislation permits indirect discrimination by virtue of the disproportionate impact on Aboriginal and Torres Strait Islander people.<sup>36</sup> Statistics have demonstrated this indirect impact.<sup>37</sup>

- 8.5. UNICEF Australia refutes the assertion in the Interim Report that ‘Overall, the evidence to date suggests income management has assisted individuals and families to stabilise their financial circumstances, helped them meet priority needs, particularly the needs of children, and can protect vulnerable people from financial harassment and exploitation’.<sup>38</sup> While there is also not sufficient evidence to suggest it doesn’t work, the overall picture that does emerge is one where recorded positive changes (which should be treated with caution due to weak research methods and data) have been fragile and uneven.<sup>39</sup> This ‘evidence base’ has been further disputed by the UN Special Rapporteur on the rights of indigenous peoples, who stated numerous times in a report to the UN Human Rights Council that the evidence in relation to income management ‘is ambiguous at best’, despite the Australian Governments assertions otherwise<sup>40</sup> There has been limited ability to assess income management as successful in and of itself, as it is often conducted in conjunction with intensive support services. What was proposed to be a ‘provisional and exceptional measure’ in response to an ‘emergency’ is in danger of becoming a rule rather than the exception, with very little reliable evidence base to suggest income management measures are effective in achieving the desirable goals.
- 8.6. Income management has reportedly had a range of unintended and harmful impacts. These include:<sup>41</sup>
- relocation of families has been reported to occur as a result of the policy, regardless of the fact that the policy still applies after relocation
  - difficulty in paying for goods and services, with minimum amounts being applied to BasicsCard transactions by vendors, with \$10 being incorrectly taken from the card for a \$3 purchase
  - detrimental impacts on long term spending patterns, where communities are unable to support each other, for example, to pool funds to assist those moving house
  - restrictions to religious and cultural practices, such as restricting access to particular produce

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<sup>35</sup> AHRC, *op. cit.*

<sup>36</sup> S Bielefeld, *op. cit.*; NATSILS, *op. cit.*

<sup>37</sup> NATSILS, *op. cit.*

<sup>38</sup> Reference Group on Welfare Reform to the Minister for Social Services, *A New System for Better Employment and Social Outcomes*, Department of Social Services, June 2014, p.84

<sup>39</sup> L Buckmaster & C Ey, *op. cit.*

<sup>40</sup> J Anaya, *Report by the Special Rapporteur on the situation of human rights and fundamental freedoms of indigenous people: Situation of indigenous peoples in Australia*, HRC 15<sup>th</sup> sess. UN Doc A/HRC/15/37/Add.4, (2010) retrieved via <[http://unsr.jamesanaya.org/docs/countries/2010\\_report\\_australia\\_en.pdf](http://unsr.jamesanaya.org/docs/countries/2010_report_australia_en.pdf)> GA Res 61/295, UN GAOR, 61<sup>st</sup> sess. 107<sup>th</sup> plen mtg, Supp No 49, UN Doc A/RES/61/295 (13 September 2007) art 18, 19

<sup>41</sup> Refugee Council of Australia, *Income Management: Impacts on Refugee and Humanitarian Entrants*, May 2012, retrieved via <http://www.refugeecouncil.org.au/r/rpt/2012-NIM.pdf>; NATSILS, *op. cit.*

- limits capacity to participate in financial management and savings practices
- fear of revealing vulnerabilities to staff, resulting in reduced access to appropriate and adequate support
- restriction of movement, in terms of dictating where communities can purchase essentials
- additional costs incurred, due to increase requirements to contact Centrelink increased contact and progression through the justice system due to inability to pay off lump sums, such as fines.

8.7. Income management is an expensive model to administer with little evidence that it has any positive impact. ACOSS has estimated these costs, based on the Northern Territory Scheme, as '\$4100 per person per annum. Put in perspective, this is one-third of the allowance paid to unemployed people over a year (\$11,600 per annum). It is more than eight times the amount provided to employment service providers to address barriers to work for long-term unemployed people (\$500 per annum).'<sup>42</sup>

8.8. It is therefore concerning that the current review of the welfare system continues to propose the use of income management. Rather, UNICEF Australia supports the use of limited funds to resource evidence-based youth-specific, place-based, intensive, individually tailored and culturally appropriate support services that have a proven impact on the proposed outcomes of income management of:

- Promotion of personal and family responsibility
- Building capacity of individuals and families to stabilise their circumstances and manage money to meet essential needs

## 9. Fair Rate Structure

9.1. UNICEF Australia supports the focus on children's wellbeing as a major consideration in structuring payment rates.<sup>43</sup>

9.2. UNICEF additionally notes the specific reference to young people when considering fair payment structures, as part of the family unit and as identified as appropriate by virtue of their age to receive lower payments, or as less in need. This is concerning and UNICEF considers this structure to be unfair.

9.3. There is a trend for young people to stay in the family home longer than before, and a policy shift towards a higher expectation on families to support their children for longer. It should be acknowledge that this isn't the reality for many children and young people.<sup>44</sup> Many young

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<sup>42</sup> ACOSS, *Compulsory Income Management: A flawed answer to a complex issue*, Policy analysis, June 2010, retrieved via <[http://acoss.org.au/images/uploads/ACOSS\\_analysis\\_income\\_management.pdf](http://acoss.org.au/images/uploads/ACOSS_analysis_income_management.pdf)>

<sup>43</sup> Commonly known as the 'best interests of the child', as protected in the *CRC*, *op. cit.*, art 3

<sup>44</sup> UN Committee on Economic, Social and Cultural Rights, *op. cit.*, para 2

people do not have the option to continue to live with their family or have a family that can provide support to them - whether those families are unable or unwilling.

- 9.4. Often young people are supporting their family, rather than relying on their family for support. These circumstances should not be ignored in deference to age assumptions. In the Life Chances Study it was found that 80% of 21-year-olds in high-income families received financial help from their parents in contrast to only 19% in low-income families. Another 19% of 21-year-olds in low-income families were actually providing financial support rather than receiving it, giving substantial help to ill or unemployed parents.<sup>45</sup>
- 9.5. Young people who are living independently face the same costs to achieve a basic standard of living as an adult in the same circumstances. Many young people do not have the option to fall back on family support. Indeed many are in circumstances where they are supporting others, or are facing a number of barriers to enter labour market, which requires an increased level of financial support. A young person should therefore receive the same rate of income support as an adult who is in the same circumstances.

## 10. Common Approach to Adjusting Payments

- 10.1. UNICEF Australia believes that current allowances are inadequate to achieve a basic standard of living, often entrenching people into poverty. The OECD and the Business Council of Australia, only two commentators of many, have clearly indicated that current levels of social security are not adequate to enable individuals to make the transition to self-reliance and workforce participation.<sup>46</sup>
- 10.2. The Business Council of Australia state payments offered are so low they 'present a barrier to employment and [risk] entrenching poverty...[as jobseekers are] severely disadvantaged in their ability to maintain an active job search and present themselves decently for job interviews.'<sup>47</sup> The Benevolent Society, the Salvation Army and St Vincent de Paul Society have also commented on the inadequacy of payments in relation to seeking and finding work, pointing to the difficulty to meet additional costs such as paying for transport to interviews, buying appropriate interview and work clothing, and paying for telephone, computer, printing and internet costs to contact prospective employers.<sup>48</sup>

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<sup>45</sup> J. Taylor, 'Life Chances: policy must respond to the real lives of young people', *The Conversation*, 26 June 2014, viewed 31 July 2014 <<https://theconversation.com/life-chances-policy-must-respond-to-the-real-lives-of-young-people-27425>>

<sup>46</sup> N. Marsh & L. McGaurr, *op. cit.*

<sup>47</sup> Business Council of Australia, in N. Marsh & L. McGaurr, *op. cit.*

<sup>48</sup> The Benevolent Society *Submission to the inquiry into the adequacy of Newstart and other allowances*, 2012 retrieved from, <[http://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate\\_Committees?url=eet\\_ctte/completed\\_inquiries/2010-13/newstart\\_allowance/submissions.htm](http://www.aph.gov.au/Parliamentary_Business/Committees/Senate_Committees?url=eet_ctte/completed_inquiries/2010-13/newstart_allowance/submissions.htm)>; St Vincent de Paul Society National Council, *Submission to Senate Education, Employment and Workplace Relations: The adequacy of the allowance payment system for jobseekers and others, the appropriateness of the allowance payment system as a support into work and the impact of the changing nature of the labour market*, 2012 retrieved from, <[http://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate\\_Committees?url=eet\\_ctte/completed\\_inquiries](http://www.aph.gov.au/Parliamentary_Business/Committees/Senate_Committees?url=eet_ctte/completed_inquiries)

- 10.3. Social security, regardless of its classification as a pension or allowance, should be adequate for a dignified standard of living that doesn't subject any child or young person to poverty and deprivation, as is provided for in the *CRC and ICESCR*. Social security should be sufficient enough to support young people to enter and maintain employment.
- 10.4. UNICEF Australia recommends that payments need to be adjusted to reflect relative cost of living, including the costs required to transition to employment. These costs should be based on circumstances, so the same people in the same circumstances, regardless of age, are supported adequately. At a minimum, allowance payments to young people need to be raised so they receive the same increase granted to pensions (currently \$50 per week due to indexation to at least 27.7 per cent of male total average weekly earnings).

## 11. Rent Assistance

- 11.1. UNICEF Australia supports recognition from the review that rent assistance is not sufficient to meet current need. The right to safe and secure housing is embedded in the *CRC* and *ICESCR*. Yet secure accommodation accounts for a major part of a young person's income expenditure and places a high level of stress upon the range of other necessities a young person needs to finance. When young people need to use their already inadequate allowances to top up the deficiencies in rent assistance their ability to cover the basic costs of living decreases, let alone costs associated with seeking and gaining employment. This can therefore act as a barrier to transition off social security.
- 11.2. Housing affordability is a major issue in Australia, where less than 1 per cent of dwellings available for private rent are affordable<sup>49</sup> to people living on the lowest incomes.<sup>50</sup> Such results suggest most allowance recipients wishing to live in single occupancy accommodation would have to pay much more than 30 per cent of their income to house themselves, leaving little after expenditure on other necessities for the kinds of purchases that help people make a good impression when applying for jobs and attending interviews, such as appropriate clothing and grooming, internet access, reliable transport and mobile phones.
- 11.3. It has been calculated that, after rental expenses, a single recipient of the Newstart Allowance with no employment income will only have \$17 per day for all other costs such as food,

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s/2010-13/newstart\_allowance/submissions.html>; The Salvation Army, *Submission to Senate inquiry: The adequacy of the allowance payment system for jobseekers and others, the appropriateness of the allowance payment system as a support into work and the impact of the changing nature of the labour market*, 2012, retrieved from, <[http://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Committees?url=eet\\_ctte/completed\\_inquiries/2010-13/newstart\\_allowance/submissions.htm](http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Committees?url=eet_ctte/completed_inquiries/2010-13/newstart_allowance/submissions.htm)>.

<sup>49</sup> 'affordable' is defined using the common benchmark of 30% or less of income.

<sup>50</sup> Household income was derived from the combination of the maximum Centrelink pension, allowance or net minimum wage, with Rent Assistance and FTB where applicable; Anglicare Australia, *Rental Affordability Snapshot*, Canberra, April 2014.

clothing, utilities, personal care, transport, and medical and school expenses, in addition to the costs of jobseeking.<sup>51</sup>

- 11.4. Homelessness Australia has further iterated that ‘when you are reliant on less than \$45 per day including the maximum rate of Commonwealth Rent Assistance to provide for all [of] what most Australians would consider the necessities of life including safe and secure accommodation, transport and ICT expenses could be the tipping point’.<sup>52</sup>
- 11.5. Young people therefore are at a high risk of homelessness, where poverty, inability to access affordable housing and financial stress are the main drivers for homelessness.<sup>53</sup> Youth homelessness is one of the biggest problems facing Australia, where current statistics show that almost half of all homeless persons are less than 24 years of age.<sup>54</sup> Three quarters of young people who present to Special Homelessness Services are in receipt of government allowances, which suggests that low levels of income support are implicated in their homelessness.<sup>55</sup> Young people may also find themselves homeless when their families are unable to afford suitable housing or are evicted from their housing.
- 11.6. Access to safe and secure housing is one of the most basic human rights.<sup>56</sup> Homelessness further risks violations of the right to an adequate standard of living, the right to education, the right to liberty and security of the person, the right to privacy, the right to social security, the right to freedom from discrimination, the right to vote, and many more. This is due to the lack of connectedness with family, friends and the community and lack of control over one’s environment that is interrelated with homelessness.<sup>57</sup>
- 11.7. Children and young people experiencing homelessness are likely to face constant violation of these rights, enduring conditions, which are detrimental to their health and development. Affected young people therefore need to navigate additional barriers to achieve personal safety

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<sup>51</sup> P. Whiteford, ‘Tax forum: Make the social security system fair’, *The Conversation*, 3 October 2011, retrieved from <<http://theconversation.edu.au/taxforum-make-the-social-securitysystem-fair-3640>>; P. Whiteford, *Submission to Senate Education, Employment and Workplace Relations References Committee inquiry into the adequacy of the Allowance payment system for jobseekers and others, the appropriateness of the allowance payment system as a support into work and the impact of the changing nature of the labour market*, Crawford School of Public Policy, Australian National University, 2012, retrieved from, <[http://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate\\_Committees?url=eet\\_ctte/completed\\_inquiries/2010-13/newstart\\_allowance/submissions.htm](http://www.aph.gov.au/Parliamentary_Business/Committees/Senate_Committees?url=eet_ctte/completed_inquiries/2010-13/newstart_allowance/submissions.htm)>

<sup>52</sup> Homelessness Australia, *Submission to the Senate inquiry into the adequacy of the allowance payment system for jobseekers and others, the appropriateness of the allowance payment system as a support into work and the impact of the changing nature of the labour market*, 2012, retrieved from, <[http://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate\\_Committees?url=eet\\_ctte/completed\\_inquiries/2010-13/newstart\\_allowance/submissions.htm](http://www.aph.gov.au/Parliamentary_Business/Committees/Senate_Committees?url=eet_ctte/completed_inquiries/2010-13/newstart_allowance/submissions.htm)>.

<sup>53</sup> Human Rights & Equal Opportunity Commission (HEROC), *Homelessness is a human rights issue*, 2008, retrieved from <<https://www.humanrights.gov.au/publications/homelessness-human-rights-issue>>

<sup>54</sup> YFoundations, *Youth Homelessness Facts and Figures*, n.d., retrieved via <[https://yfoundations.org.au/index.php?option=com\\_content&view=article&id=50&Itemid=93](https://yfoundations.org.au/index.php?option=com_content&view=article&id=50&Itemid=93)>

<sup>55</sup> Australian Institute of Health and Welfare (AIHW), *Special Homelessness Services 2012-2013*, Cat No. HOU 273, AIHW Canberra, 17 December 2013, retrieved via <<http://www.aihw.gov.au/publication-detail/?id=60129545629>>

<sup>56</sup> International Covenant on Economic, Social and Cultural Rights (ICESCR), article 11; Convention on the Rights of the Child, article 27.

<sup>57</sup> HEROC, *op. cit.*

and security let alone employment. These barriers include 'extreme levels of distress, low self-esteem, depression, mental health problems and behavioural problems because they are victims of or witnesses to abuse'.<sup>58</sup> Children and young people are also at high risk of exploitation and further exposure to violence, and often have difficulty participating in school education.<sup>59</sup> This can make it extremely difficult for young people to achieve positive social and employment outcomes.

- 11.8. As a party to the *ICESCR*, Australian Governments at all levels are under an obligation to progressively implement the right to adequate housing. This requires 'concrete', 'targeted', 'expeditious' and 'effective' steps, including budgetary prioritisation.<sup>60</sup> In the case of children protected by the *CRC*, the government has an immediate obligation to take all appropriate measures to implement this right. The *CRC* provides for the right of children to a standard of living adequate for the child's physical, mental, spiritual, moral and social development and the right to protection against all forms of neglect, cruelty and exploitation.<sup>61</sup>
- 11.9. UNICEF Australia therefore stresses the importance of Rent Assistance being adequate, and indexed to movements in rent. As already stated, rent assistance should complement, not substitute adequate housing.
- 11.10. The review identifies the impacts of public housing on income support recipients and employment outcomes. The review stated concerns regarding 'perverse incentives' that may obstruct the transition to financial independence. One in four public rental houses and/or State Owned and Managed Indigenous Housing are home to children and young people.<sup>62</sup> The social housing system is important when many young people are excluded from the private rental market or home ownership and might otherwise be homeless.<sup>63</sup> UNICEF Australia stresses that there are other factors associated with employment outcomes than purely 'perverse incentives' for those in the social housing scheme, including poor location of housing in relation to employment opportunity, health, education, transportation, and mental health.

## 12. Contact

For more information please contact: Amy Lamoin, Head of Advocacy, UNICEF Australia at [alamoin@unicef.org.au](mailto:alamoin@unicef.org.au) or telephone 02 8917 3220.

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<sup>58</sup> HEROC, *ibid.*

<sup>59</sup> HEROC, *ibid.*

<sup>60</sup> UN Committee on Economic, Social and Cultural Rights (*ICESCR*), *General Comment No. 3: The Nature of States Parties' Obligations (Art. 2, Para. 1, of the Covenant)*, 14 December 1990, E/1991/23, [2], [9], retrieved via <http://www.refworld.org/docid/4538838e10.html>

<sup>61</sup> United Nations. *Convention on the Rights of the Child 1989*. Article 27, retrieved via <<http://www.ohchr.org/EN/ProfessionalInterest/Pages/CRC.aspx>>

<sup>62</sup> AIHW, *Young people and Children in Social Housing 2013*, Bulletin Series no. 85. Cat. no AUS134. AIHW, Canberra

<sup>63</sup> Yfoundations, *Inquiry into Social, Public and Affordable Housing*, 14 March 2013, retrieved via <[http://www.parliament.nsw.gov.au/Prod/Parliament/committee.nsf/0/fa7a8d2e0e93118dca257caf001aedef2/\\$FILE/0233%20Yfoundations.pdf](http://www.parliament.nsw.gov.au/Prod/Parliament/committee.nsf/0/fa7a8d2e0e93118dca257caf001aedef2/$FILE/0233%20Yfoundations.pdf)>