

## 2014/14: Should it be made more difficult for young, unemployed Australians to access Newstart and Youth Allowance?

### What they said...

*'These changes are going to unleash terrible suffering. We are going to have more people begging in the streets'*  
Dr Alan Morris, sociologist in urban studies, University of Technology, Sydney

*'There are no free lunches; that's what we must be saying to people in this space'*  
Ewen Jones, Coalition backbencher

**The issue at a glance** In May, 2014 budget the federal government foreshadowed a significant number of changes to the way in which the unemployed would be treated.

From January 2015, new jobseekers under 30 will have to wait up to six months before receiving unemployment benefits. After six months of benefits, if an unemployed person has still not found work, he or she will have to wait a further six months before benefits are restored.

The unemployed will also have to participate in an extended Work for the Dole scheme. From July 2015, unemployed people under the age of 30 will be required to do 25 hours of unpaid labour a week for six months. Those between 30 and 49 will do 15 hours.

The jobless will also be asked to apply for 40 jobs a month, double the current requirement.

Also from next year, unemployed people under 25 will no longer qualify for Newstart and instead will have to apply for the lower benefit rate of Youth Allowance. This reduces their allowance by approximately \$100 a fortnight. Youth Allowance will also be accessed under these same six months off, six months on, six months off provisions.

The changes are estimated to save the Government \$1.2 billion over the four-year forward estimates period.

They have met with immediate opposition from the Labor Opposition, the Greens, numerous Independents and a range of welfare bodies dealing with the unemployed.

On September 30, 2014, a joint parliamentary committee released a report stating that the federal government's budget proposal that those under 30 be denied unemployment or Youth Allowance payments for up to six months was in contravention of Australia's human rights undertakings.

The report states, '[T]he committee considers that the measure is incompatible with the right to social security and the right to an adequate standard of living.'

The same judgement was made regarding the proposal to have those aged between 22 and 25 access Newstart rather than Youth Allowance.

### Background

(The information below is an abbreviation of the Wikipedia entry titled 'Social security in Australia'

The full entry can be found at [http://en.wikipedia.org/wiki/Social\\_security\\_in\\_Australia](http://en.wikipedia.org/wiki/Social_security_in_Australia))

Social security, in Australia, refers to a system of social welfare payments provided by the Commonwealth Government of Australia. These payments are administered by Centrelink, a branch of the Department of Human Services. In Australia, most benefits are means tested.

### Income support

All Centrelink Income support payments are payable fortnightly, usually by direct deposit required into the recipient's bank account. They are also subject to a means test which calculates the recipient (and their partner's) fortnightly income and assets and affects the rate of their payment accordingly. As such, people on lower incomes may be entitled to part-payment of their allowance (subject to other qualification requirements). The assessment of income and assets varies greatly between different social security payments and the effect that income and assets have on each payment differs in that they have different income thresholds (i.e. how much income one can earn before it affects their payment) and different taper rates (the amount the payment drops by per dollar above these thresholds).

### Newstart Allowance

Newstart Allowance is an unemployment benefit, which is paid in the form of a payment (currently for people between 22 and 64, though this is to change at the start of 2015) which is given to those who apply for the benefit and are unemployed and are seeking work.

It is paid on the basis of a 'mutual agreement' between the customer and Centrelink, where Centrelink will continue to pay fortnightly payments to the customer, for so long as the customer attempts to find employment and fulfils the mutual obligation requirements. These mutual agreements are negotiated between Centrelink, the Job Seeker and their Job Services Australia provider or Disability Employment Services provider, and are recorded into an Employment Pathway Plan or "EPP". Activities which a job seeker may have to agree to engage in, in order to continue receiving Newstart Allowance include applying for a specific number of jobs (usually ten) per fortnight and recording these applications in a Centrelink issued diary,[1] undertaking vocational education or training, paid work experience, participation in a labour market program or Work for the Dole project, and other activities, such as voluntary work if

considered appropriate by Centrelink.[2] For example, more elderly customers who have been made redundant and are approaching the age pension age, and who may face considerable difficulties re-entering the labour market, are often permitted to fulfil their plan by engaging in voluntary activities alone. A job seeker has to nominate and engage in one activity (for example, either a vocational education activity or Work for the Dole activity) in any one mutual obligation period (lasting six months at a time).

### Youth Allowance

Youth Allowance is an income support payment available to full-time students and Australian Apprentices aged 16-24, and to job seekers and those undertaking a combination of other activities leading to employment aged 16-20. (The budget changes will have all those aged up to 25 converted from Newstart recipients to Youth Allowance recipients.) Youth Allowance recipients are considered to either be dependent on a caregiver(s), or independent. The underlying philosophy of Youth Allowance is that legal guardians are responsible for supporting their children where they have the means if that young person has not lived independently from them.

### **Internet information**

On September 30, 2014, (Australian Council of Social Services) published a report and comment titled 'Government report finds plan to deprive young people of income support breaches human rights'

The piece deals with the findings of the Parliamentary Joint Committee on Human Rights which recently found that both the proposal to deny young people income support for six months of every year, and to lift the age of eligibility for the Newstart Allowance from 22 to 25 years, breach Australia's human rights obligations.

The full text can be accessed at [http://www.acoss.org.au/media/release/government\\_report\\_finds\\_plan\\_to\\_deprive\\_young\\_people\\_of\\_income\\_support\\_brea](http://www.acoss.org.au/media/release/government_report_finds_plan_to_deprive_young_people_of_income_support_brea)

On September 30, 2014, ABC News published a report titled 'Backbencher backs calls for dole waiting period after report argues proposal will breach human rights'

The report looks at a range of responses to the Parliamentary Joint Committee on Human Rights finding that both the proposal to deny young people income support for six months of every year, and to lift the age of eligibility for the Newstart Allowance from 22 to 25 years, breach Australia's human rights obligations.

The report can be accessed at <http://www.abc.net.au/news/2014-09-30/dole-wait-will-breach-human-rights-bipartisan-report-finds/5777882>

On September 29, 2014, The Guardian published an analysis by Greg Jericho titled 'The tough fight for jobs is not getting easier - and a turnaround is unlikely'

The article examines Australia's most recent employment data and shows, for example, that there are 7.1 job seekers for every vacancy advertised in Victoria.

The full text of this piece can be accessed at <http://www.theguardian.com/business/grogonomics/2014/sep/29/the-tough-fight-for-jobs-is-not-getting-any-easier>

On September 24, 2014, the National Welfare Rights Network published a comment titled 'New Zealand does not have dangerous four week waiting period for unemployed'

The comment is a response to claims by welfare minister, Kevin Andrews, that New Zealand had a four week waiting period before unemployed people were able to access benefits.

The full text of this comment can be accessed at <https://www.welfarerights.org.au/news/2014/9/24/media-release-24-september-2014>

On September 23, 2014, the ABC's radio current affairs program 'The World Today' published a report titled 'Minister Andrews rejects Labor claim he 'fabricated' NZ one-month dole wait period'

The report quotes welfare minister, Kevin Andrews', response to accusations that he had made false claims about welfare provisions in New Zealand.

The full text of this report can be accessed at <http://www.abc.net.au/worldtoday/content/2014/s4092911.htm>

On September 9, 2014, ACOSS (Australian Council of Social Services) published an opinion piece titled 'Evidence based Youth Employment Strategy needed, not more ad hoc policy ideas'

The piece calls on the government to take a pro-active approach to jobs creation and challenges its current strategies as not being evidence-based.

The full text of the comment can be found at [http://www.acoss.org.au/media/release/evidence\\_based\\_youth\\_employment\\_strategy\\_needed\\_not\\_more\\_ad\\_hoc\\_policy\\_idea](http://www.acoss.org.au/media/release/evidence_based_youth_employment_strategy_needed_not_more_ad_hoc_policy_idea)

On September 3, 2014, The Australian published a news report titled 'Newstart breakthrough hopes rise'

The report addresses claims by Clive Palmer that his party might be willing to accept a one month waiting period for unemployment benefits rather than a six-month one.

The full text of this report can be found at <http://www.theaustralian.com.au/national-affairs/newstart-breakthrough-hopes-rise/story-fn59niix-1227045596076?sv=bfdd0543b552f89bf75dc6b97f89adae>

On August 1, 2014, the ABC's current affairs opinion site, The Drum, published a comment by Simon Cowan titled 'Unemployment crackdown: one size doesn't fit all'

The piece argues that a number of current procedures and projected policies for dealing with the unemployed are inappropriate.

The full text can be accessed at <http://www.abc.net.au/news/2014-08-01/cowan-paternalism-for-all-does-not-work/5641674>

On May 24, 2014 The Sydney Morning Herald published a report titled, 'Young people on Newstart forced to beg and approach charities'

The article looks at survey results for young people living in Western Sydney who have been on Newstart for over a year.

The full text of this report can be found at <http://www.smh.com.au/national/young-people-on-newstart-forced-to-beg-and-approach-charities-20140523-38ufw.html>

On May 21, 2014, Pro Bono Australia published a report of Treasurer Joe Hockey's defence of a range of Budget provisions to the Australian Council of Social Services (ACOSS).

The full report can be accessed at <http://www.probonoaustralia.com.au/news/2014/05/hockey-defends-%E2%80%99remedial%E2%80%99-budget-not-profits#>

On May 3, 2014, Business Insider Australia published an analysis by Sarah Kimmorley titled 'There Are Pros And Cons In Abbott's Plan To Tackle Youth Unemployment'

The analysis looks at some of the advantages and disadvantages of the government's plans for dealing with youth unemployment.

The full text can be accessed at <http://www.businessinsider.com.au/pros-and-cons-in-abbott-plans-to-tackle-youth-unemployment-2014-5>

On February 4, 2014, economics editor for The Australian, Judith Sloan, wrote an opinion piece titled 'Work for Dole is morally just'

The argument defends work for the dole schemes from an ethical standpoint.

The full text of the piece can be accessed at <http://www.theaustralian.com.au/opinion/columnists/work-for-dole-is-morally-just/story-fnbkvnk7-1226816996312>

## **Arguments against restricting access to Newstart and Youth Allowance**

1. Employment has become harder for young Australians to find

Unemployment is often high among young people because they lack experience and because they are attempting to enter the workforce, often in large numbers at the end of their final school year. Since the global financial crisis, this situation has worsened, with increasing numbers of young people finding it harder to gain employment. Critics maintain that it is unfair to impose a waiting period for unemployment benefits on young people in these circumstances.

It has been claimed that there are structural factors in the Australian economy which have resulted in increased youth unemployment, especially the retractionary effect of the global financial crisis. In the 14 years leading up to the global financial crisis in 2008, youth unemployment had been trending down. It fell from more than 380,000 (seasonally adjusted) in October 1992 to less than 160,000 in August 2008.

In April, 2014, the number of those aged 15 to 24 who are unemployed had climbed back to around 260,000. By August 2014 the figure had reached more than 277,000, almost 40 per cent of the total pool of unemployed.

In May 2012, the rate of unemployment for 15 to 19-year-olds was 18.8%; and for the broader group of 15 to 24-year-olds it was 13.1%. This compares to an unemployment rate of 5.8% for the population aged 15 to 64 years.

University of Sydney Workplace Research Centre director Professor John Buchanan points out that the latest statistics show there are 146,000 job vacancies for 727,000 people unemployed and 922,100 under-employed.

Long-term unemployment also becomes a more severe problem as the economic downturn lengthens. Of those 15 to 24-year-olds who were unemployed in May 2012, more than 25% had been unemployed for 12 months and longer.

Currently Australia's potential labour force is growing at a faster rate than job places. In an article published in The Guardian on August 11, 2014, Greg Jericho has stated, 'As a general rule, our adult civilian population grows by around 1.6% every year (although it has been slightly higher than that for most of the past eight years). If employment doesn't grow faster than population, unemployment is likely to rise.

In the past year employment grew by just 1%, and it has now been 36 months since annual employment growth was above 1.6% - the second longest streak ever...'

On August 12, 2014, Leith van Onselen wrote in [macrobusiness.com.au](http://macrobusiness.com.au), 'The number of jobs for Australia's youth has been falling, down 6.2% since the GFC versus 10.4% growth for the rest of the labour market...'

2. Australian unemployment benefits are already low and the gap between rich and poor is widening

It has been pointed out that by international standards Australia's unemployment benefits are low and that the gap between the rich and poor in Australia is becoming greater.

Critics argue that these benefits are already so low that they are unlikely to encourage people to remain unemployed.

They claim it is not necessary to have a compulsory period during which the unemployed have to survive without

government financial assistance.

Peter Whiteford, an Australian National University labour market economist, has stated, 'The idea that there are people out there having fun on unemployment payments is just ridiculous.'

Professor Whiteford has noted that Australia's unemployment benefits are the lowest in the industrialised world and that their recipients live well below the poverty line. For a single person on the average wage losing his or her job, Australian benefits are now the lowest in the OECD (Organisation for Economic Co-operation and Development). Australia is the last runner among the 29 OECD countries, with a single unemployed person receiving a pension at a replacement rate of around 33% of the average weekly wage compared to the median OECD rate of 58%.

Since 1996 the level of Newstart for a single person has fallen from around 54 per cent to 45 per cent of the after-tax minimum wage.

Numerous studies have been undertaken which have demonstrated how hard it is to survive on unemployment benefits in Australia. One such study noted that if you were on Newstart and paying rent for a one bedroom property in Wyong, New South Wales, you would have just \$17.15 a day left over for your food, clothing, transport and other bills.

It has further been noted that income disparity is increasing in Australia and that the wealthiest are not paying their fair share of tax.

In recent decades the income share of the top 1% of income earners in Australia has doubled, and the wealth share of the top 0.001% has more than tripled. At the same time, poverty is increasing and many of those dependent upon government benefits, including the unemployment benefit, have fallen well below the poverty line.

It has also been noted that Australia is one of the lowest-taxing countries in the industrialised world and its welfare spending as a proportion of GDP is among the lowest in the OECD.

Critics maintain that rather than claiming our welfare system is unsupportable, governments should be looking for ways to increase equity within the Australian community. This would include developing a fairer tax scale which would increase taxation revenue and impose higher taxes upon the very wealthy.

### 3. Poverty makes it more difficult to gain employment

It has been claimed that denying benefits to the unemployed will make it more difficult for them to find work.

A new research paper by Alan Morris from the University of Technology, Sydney, and Shaun Wilson from Macquarie University has indicated that Australia's low unemployment benefits are actually making it harder for the unemployed to look for work. Their study into the implications of life on Newstart found many recipients were so deprived they were ill-equipped to get work. Newstart's very low rate was 'scarring' the unemployed and making it more difficult for them to find a job.

Studies have found that the relative poverty of Newstart recipients makes it difficult for them to travel to job interviews; to dress appropriately for job interviews; to update their qualifications and to afford child care.

Evidence from the World Health Organisation's social determinants of health data shows that lack of adequate income can lead to a loss of feelings of agency, and therefore the confidence that is necessary to do a good job interview.

Critics of the new proposals have speculated that a period of one to six months without any form of government assistance might well make it virtually impossible for many of the unemployed to apply for work.

### 4. Restrictions on Newstart and Youth Allowance cannot be addressed by families or private agencies and will create a desperate underclass

Youth Allowance presupposes that those drawing this benefit will receive additional assistance from their parents and other family members. With the upper age for Youth Allowance recipients now extended to 25 this has become increasingly unlikely. There will be many parents in no position to supplement their children's living allowance for seven years after these young people have left school.

Emma Robertson from the Australian Youth Affairs Coalition has asked, 'How do people support themselves if they have no income, no access to income and their families can't afford to help?'

If Newstart and Youth Allowance are withheld for an initial six months, private aid agency will be expected to assist these people. Yet agencies have claimed that they will be unable to offer sufficient support to help those have to wait for up to 26 weeks before they can access either Newstart or Youth Allowance.

Anglicare ACT and south New South Wales chief executive, Jeremy Halcrow, has indicated he expects the changes will lead to a significant surge in demand for services.

St John's Care director, Sue Jordan, stated that she expected services that supported young people at risk of violence and homelessness would buckle under the pressure.

Survey results released in May 2014 (before the implementation of the proposed new cuts) found six in ten people in west Sydney living on Newstart for more than a year have approached a charity for help and one in four have been forced to beg on the streets.

One of the survey report's co-authors, Dr Alan Morris from the University of Technology in Sydney, believes that the changes outlined in the budget can only make the situation worse.

Dr Morris stated, 'The changes threaten to undermine social cohesion and will help to create a desperate underclass. ..these changes are going to unleash terrible suffering. We are going to have more people begging in the streets.'

### 5. Work for the dole schemes do not improve employment prospects

Work for the dole schemes have been condemned as politically motivated 'busy work' for the unemployed which have no positive effect on their work readiness.

Evidence suggests that work for the dole is the least successful way to get people into employment.

By March 2014, less than 20 per cent of people who had done work for the dole had found a job three months later. Of those that had, two thirds were in part-time work. This is the worst success rate of all the training categories. Specialist training programs, voluntary work and unpaid work experience were all much quicker pathways to work. University of Melbourne Professor of Economics, Jeff Borland, has studied the Howard government's work for the dole program and judged it a failure.

Professor Borland stated, 'The people who had done work for the dole spent longer on payments in the first 12 months after they had done the program than people who hadn't done work for the dole.'

Professor Borland said international research conducted in the United States and Europe on similar schemes had come to similar conclusions.

On August 1, 2014, a comment by Simon Cowan, Research Fellow at the Centre for Independent Studies, was posted on the ABC's current affairs site The Drum.

Cowan stated, 'Traditionally most people (70 per cent) cycle off unemployment benefits within 12 months, and use Newstart for short-term transitional income assistance. There is little reason to assume the bulk of this group is dysfunctional, particularly those who have worked and contributed for years. Forcing these people into training or work for the dole, while quarantining their income, might prolong unemployment.'

### **Arguments in favour of restricting access to Newstart and Youth Allowance**

#### **1. Newstart and Youth Allowance have always been meant as temporary payments**

The Government has repeatedly indicated that support supplied to the unemployed should only ever be short-term and that the object of such support should be to maintain people while they find employment. Restricting access to these benefits is seen as a means of reminding the unemployed that their access will only be temporary.

On August 6, 2014, in a speech delivered while in New Zealand, the federal Treasurer, Joe Hockey, stated, 'We need a welfare system that is sustainable and targets assistance to those most in need. It also needs to encourage participation in either work or study.'

As a society, we have a social and moral duty to provide for those who cannot provide for themselves. However, components of the welfare system - such as job search payments - should be temporary assistance rather than a long-term crutch for people. The goal of these payments should [be to] help transition people back into work.'

It is the federal government's view that individuals are ultimately responsible for themselves and that only the most disadvantaged should receive on-going government support. At a speech given at the Sydney Institute on July 12, the Treasurer, Joe Hockey, stated, '[I]t is up to individuals in the community to accept personal responsibility for their lives and their destiny...'

It is not the job of government to manufacture the outcome from public policy in such a way as to ensure that every person is an equal beneficiary notwithstanding their personal effort or circumstances...

We must reward the lifters and discourage the leaners.'

In this context, 'lifters' are understood to be taxpayers who are seen as contributing positively to society and 'leaners' are the unemployed who are reliant on the financial assistance of taxpayers.

#### **2. The changes will encourage young people to take up further training or find work**

It has been claimed that making Newstart and Youth Allowance more difficult to access will encourage young people to find work.

A spokeswoman for social services minister, Kevin Andrews, has stated, 'Introducing a six-month waiting period and time limits on income support payments will give young people a stronger incentive to earn or learn. During the waiting period, jobseekers will have access to a full range of supports to help them become work-ready, such as access to employment services, relevant training or relocation assistance to move to a stronger jobs market.'

In his 2014 budget speech, the Treasurer, Joe Hockey, stated, 'I say to the Australian people, to build a workforce for the future, those who can work, should work.'

The benefits of work go far beyond your weekly pay packet. Work gives people a sense of self, and work helps to build a sense of community.

That is why young people should move into employment before they embark on a life on welfare.'

The Government commissioned McClure report into the welfare system has indicated that there are groups within Australian society for whom living on government benefits has become almost automatic.

In a speech given at the Sydney Institute on June 30, 2014, Kevin Andrews described the following scenario, 'A teenager passes most of his day at the local skateboard park. He left school as soon as he could and hasn't had a job for two years. His life is aimless. He has few prospects and little hope. This is a face of welfare.'

The federal government believes that its current changes to Newstart and the Youth Allowance will prevent such entrenched welfare dependence and encourage people to undertake training or commence work.

On September 30, 2014, Coalition backbencher, Ewen Jones, stated that the tough approach would help ensure young unemployed people get jobs.

Mr Jones asked, 'Are we better to say to them, "Look there's your dole - go home, eat Cheezels, get on the Xbox."'

Mr Jones rejects a view of government allowances as financial assistance to do nothing. He has stated, 'There are no free lunches; that's what we must be saying to people in this space.'

### 3. There are safeguards in place for the genuinely disadvantaged and those with children

People exempt from the six-month waiting period for unemployment benefits are those in full-time education, people assessed as being unable to work more than 30 hours a week, a single parent receiving the family tax benefit, a part-time apprentice, principal carer parent and people eligible for disability employment services.

A spokeswoman for social services minister, Kevin Andrews, said if people found themselves in "extreme hardship" while without an income for six months they could apply to Centrelink for emergency assistance or a referral for further support. The Special Benefit is now available to people who prove extreme hardship and is the equivalent of Newstart or Youth Allowance.

The treasurer, Joe Hockey, has defended the changes, arguing that there are still safety nets in place. While speaking at the National Press Club on May 14, 2014, he was given the scenario of a 25-year-old tradesman made redundant with no savings or family support and asked how such a person would feed himself for six months.

Treasurer Hockey explained that if the man were not given a redundancy payout he would have access to the Fair Entitlements Guarantee scheme which gives people taxpayer-funded redundancy payouts so long as they meet the criteria.

Mr Hockey concluded, 'After you get the redundancy you go into a Centrelink office [where] you will [be] able to have the six-month waiting time reduced by a month per year that you have worked.' This can be done for a maximum of five months, leaving the claimant with only one month during which he cannot draw benefits.

### 4. The work-for-the-dole scheme will make the unemployed job-ready and is a fairness issue

It has been claimed that the expanded work-for-the-dole program is necessary to supply the unemployed with skills and to bring about a shift in their attitude.

Assistant Minister for Employment, Luke Hartsuyker, has stated, 'Many employers are telling me that young job seekers are presenting at the gates of their business without the basic skills to get by in the workforce.'

I mean the very basic skills - turning up on time, how you conduct yourself in the workforce, how to deal with customers...

Regrettably, there is a significant cohort of young people who have become disconnected with earning or learning. I think that's widely known.'

The Department of Human Services conducted a survey which found that in the first three months of 2014 more than 121,000 of the reasons given by jobseekers for not attending interviews were inadequate. These people had their benefits suspended for eight weeks.

Almost one in four of the jobseekers penalised in this manner had slept in, got the date wrong or forgot to attend the interview.

Over 16 per cent did not want to participate because the scheduled time 'was not convenient', they 'did not see the value in attending' or they 'did not care whether they attended or not'.

Ten per cent pretended they had a medical problem, while others said the job did not pay enough, they had 'cultural issues', or had a personal matter they needed to attend to.

Such attitudes have been condemned as inappropriate and the work-for-the-dole scheme is seen as a way of remedying them.

The government has indicated that it is not aiming to punish the unemployed. Rather it wants to make them more work ready, to boost their self-esteem and to allow them to make a contribution to the larger community which is supporting them.

Mr Hartsuyker has stated, 'Those work for the dole programs should not be seen as punitive. There's a skills element to it. There is a community contribution. There's a self-esteem element to it.'

It has been claimed that there is also an equity element involved in work-for-the-dole schemes. Those who receive benefits from the public purse should be required to make contributions toward the public good.

On February 4, 2014, a contributing economics editor to The Australian, Judith Sloan, stated, 'Work-for-the-dole is as much about morality as it is about economics. Where unemployed persons receive financial assistance from the taxpayer, a mutual obligation is triggered.'

At a minimum, we expect the unemployed to search hard to find (and accept) a job. But where no jobs are in the offing, it is not unreasonable to expect those without jobs and in receipt of unemployment benefits to participate in socially useful activity. A form of WFTD [work-for-the-dole] was introduced by the Howard government in 1998 following a trial in the previous year. Over the years, the program's scale has varied and there have been various changes.'

### 5. Australia cannot afford to continue its current level of welfare payments to the unemployed

The changes to unemployment and Youth Allowance eligibility fit into a broader package of welfare cuts and reforms that the Abbott government claims is necessary to take control of what it has described as a 'budget emergency'. The federal government has maintained that current levels of welfare expenditure are unsustainable and that means have to be found to reduce them and bring the budget into surplus.

The government has repeatedly stressed that all welfare payments are drawn from the taxes of the employed and that running deficit budgets imposes a tax debt on future citizens.

With regard to unemployment benefits in particular, it has been claimed that Australia has a significant problem because of a dramatic increase in the number of young people living on welfare payments. Such a growth in welfare dependency is seen as a threat to Australia's future, distorting public expenditure and placing an unreasonable burden on taxpayers now and into the future.

In his 2014 budget speech, the Treasurer, Joe Hockey, stated, 'I say to the Australian people, every dollar we spend in this Parliament comes from you.

If we can get on with the job of fixing this budget, then you and your family will benefit. We will all share in more jobs, greater wealth and greater prosperity.

But unless we fix the budget together, we will leave the next generation a legacy of debt, not opportunity.

As Australians, we must not leave our children worse off. That's not fair. That is not our way.

We are a nation of lifters, not leaners.

[This] budget... delivers a sustainable future for your children, and the generations beyond.'

### Further implications

Tightening restrictions on the unemployed is largely an ideological measure, founded on concepts of civic worthiness as demonstrated by the often repeated distinction between supposed 'lifters' and 'leaners'. It is claimed that those of us who 'lift' (because we are taxpayers in the paid workforce) should not have to support those who do not. Why these measures appear ideological is that they cannot be sustained by factual argument.

Historically, approximately 70 percent of those on unemployment benefits find work within a year. Denying these people income support for six months seems more likely to hinder than facilitate their search for work. Those who remained unemployed for beyond a year usually had some significant impediment to their employment such as low skills or living in a remote area.

More recently the pattern has changed because of a contraction in the labour market. The workforce is growing at a faster rate than available jobs. To condemn those who are out of work to six months without financial support when there are not sufficient jobs to provide them all with employment seems futile. People cannot be forced into jobs that are not available.

It should also be noted that Australia's level of support for the unemployed is already low by international standards.

There have been repeated calls for Newstart to be lifted, rather than effectively halved. Forcing most of those under 25 onto the lower Youth Allowance and delaying access to that by six months also will only exacerbate the problem of extreme poverty in the Australian community.

It is difficult to imagine how those condemned to living for six months without either Youth Allowance or Newstart are expected to do so. Recent studies conducted in western Sydney indicate that people on Newstart for over a year are already relying on private charities and begging.

Australia is witnessing a growth in awareness of the importance of mental health, yet the proposed changes to Newstart and Youth Allowance are likely to increase the incidence of depression. Youth suicide rates in Australia are high. The current measures are likely to see them rise further. It also seems inevitable that crime rates will increase as a result of these changes, because desperate people often do desperate things.

What these measures indicate is a shift in values regarding the function of government, which for successive generations in Australia has included the provision of social welfare. However, there appears to be resistance within some of our governing elites to the maintenance of a broadly-based welfare state. It has become a government objective to narrow the criteria under which it is possible to access welfare assistance.

The welfare state grew out of belief in 'the commonweal', that is, the belief that all of society benefits when each of its members is adequately supported.

The electorate will need to decide the extent to which it wishes to support those who have reduced capacity to support themselves.

### Newspaper items used in the compilation of this issue outline

The Age: June 20, 2014, page 5, comment by Peter Martin, 'Hockey's welfare claim confused and ultimately flawed'.

<http://www.smh.com.au/federal-politics/political-opinion/hockeys-welfare-claim-confused-and-ultimately-flawed-20140619-3ah2y.html>

The Australian: June 19, 2014, page 12, comment by Chris Kenny, 'Targeted welfare keeps us ahead of more generous nations'.

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