



Submission to the Independent Review of Breaches and Penalties in the Social Security System

October 2001

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Executive Summary

UnitingCare Burnside (Burnside) is an agency of the NSW Synod of the Uniting Church in Australia working with disadvantaged children, young people and families. Burnside has programs providing services including activities aimed at preventing child abuse and neglect, out of home care, family support, alternative dispute resolution and support for young people who are homeless. We work extensively with young people in the care of the state, young people who have left care and young people who are homeless or at risk of homelessness.

This submission focuses on the impact of breaching on young people who experience multiple disadvantages that exacerbate the effect of breaches and penalties.

1. Mutual Obligation

The underlying policy framework of mutual obligation creates the conditions where the use of sanctions thrives. This framework is what underlies the climate of extensive use of breaches and must be addressed as part of any review of breaching.

Recommendation 1

That the Independent Review of Breaches and Penalties in the Social Security System explicitly address the framework of mutual obligation and its impact on breaching and penalties.

2. Young people experiencing multiple disadvantage

The impact of sanctions for mutual obligations is disproportionate and targets people whose life circumstances result in increased vulnerability. As the case studies in this submission demonstrate, the difficulties some young people experience are overwhelming and impact on their psychological, physical and emotional readiness and capacity to undertake a range of mutual obligations.

Recommendation 2

- 2.1 That the Independent Review of Breaches and Penalties in the Social Security System recommend a relaxation of sanctions for young people experiencing multiple disadvantage.
- 2.2 That the Independent Review of Breaches and Penalties in the Social Security System recommend Centrelink develop and implement at all levels a set of policy and procedures around working with young people who experience multiple disadvantage that is flexible and meets their particular needs. Extensive training for Centrelink counter and social work staff around the underlying issues for many young people will be required to give such policy and procedures effect.

3. Income & Debt

Breaches can be made for long periods of time and accumulation of breaches could result in a breach of one hundred percent of income. For young people with no other source of income and no family networks to assist at these critical times, this is devastating and undermines attempts by young people to gain stable accommodation, access to education and training, take up work opportunities and deal with difficult long term personal issues.

The accumulation of debt impacts on a young person's capacity to meet their needs after income has been restored may have long term effects including court proceedings for non-payment of fines.

Recommendation 3

- 3.1 That the Independent Review of Breaches and Penalties in the Social Security System specifically deal in its report with the inadequacy of policy assumptions such as availability of family support that underpins breaching of young people receiving the Youth Allowance.
- 3.2 That the Independent Review of Breaches and Penalties in the Social Security System deal specifically with the accumulation of debt by people who have been breached by Centrelink and its long term effects.

4. Accommodation

The impact of breaching on young people's capacity to access and maintain stable accommodation is of great concern. The lack of stable accommodation exacerbates a young person's ability to meet their mutual obligations with Centrelink or employment assistance providers, as they may not have a fixed address or telephone number to receive information about appointments or interviews.

Recommendation 4

That the Independent Review of Breaches and Penalties in the Social Security System make specific recommendations to Centrelink regarding increased flexibility of policy and procedures for people who are homeless.

5. Family Pressure

Many young people who use Burnside's services have very tenuous connections with their parents and extended families. Where young people do have ongoing contact with their family or live with them for periods of time, the impact of reduced income through breaching can be financially devastating and have a negative impact on already strained family dynamics. (See Recommendation 3.1)

6. Other impacts of breaching

Breaches have a range of other impacts including loss of travel concession cards and increased need for material support from non government agencies for people who have been breached.

Recommendation 5

- 5.1 That the Independent Review of Breaches and Penalties in the Social Security System call for a consistent national policy to ensure travel concession cards are available to all people who are eligible for a full benefit, regardless of whether they have been breached.
- 5.2 That the Independent Review of Breaches and Penalties in the Social Security System deal specifically with the unacceptable shift of the real cost of income support from government to non government sector evidenced by increased need for material assistance by people who have been breached.

7. Extension of Mutual Obligation

Burnside believes that the mutual obligation framework should not be extended further as outlined in the government's response to the Welfare reform Review Reference Group. The extension of the possibility even as a 'last resort', of breaching to people who are the sole income provider of families where there are dependent children is unacceptable.

Recommendation 6

- 6.1 That the Independent Review of Breaches and Penalties in the Social Security System deal specifically with the probable impact of extension of mutual obligation to other groups.

- 6.2 That the Independent Review of Breaches and Penalties in the Social Security System seek a clear assurance that people who are the sole income provider to dependent children will not be breached.

Introduction

UnitingCare Burnside (Burnside) is an agency of the Synod of the Uniting Church in NSW working with disadvantaged children, young people and families. Burnside has programs providing services including activities aimed at preventing child abuse and neglect, out of home care, family support, alternative dispute resolution and support for young people who are homeless.

Within our many programs, young people and families regularly struggle with the difficulties arising as a result of Centrelink breaches. Many of these young people are or were NSW state wards, live independently or are homeless.

This submission will focus on the impact of breaching on young people who experience multiple disadvantage that exacerbates the effect of breaches. These are young people who are homeless (or regularly experience homelessness), have little or no family or parental contact and support and have a range of barriers to education, training and work.

The issues raised in the submission are drawn from two key sources:

1. the experiences of young people who use Burnside services and
2. the preliminary findings of a small scale research project by Burnside into the extent of family support available to young people and how much the policy assumptions underlying the Youth Allowance reflect the reality of their lives (Urquhart, Matheson, O'Brien and Schnieder, *in press*).

Case studies are based on interviews conducted with young people involved in Burnside youth services in Campbelltown and the Central Coast. These interviews were part of Burnside's ongoing work on welfare reform.

Burnside's research project into the Youth Allowance will be released by the end of 2001.

1. Mutual Obligation

The underlying policy framework of mutual obligation creates the conditions where the use of sanctions thrives. This framework is what underlies the climate of extensive use of breaches and must be addressed as part of any review of breaching.

Mutual obligation is an instrument for compelling some members of society to undertake activities, through making income support conditional on these activities. Burnside has three key objections to mutual obligation:

- it is unfairly targeted and coercive
- it undermines the rights based framework of the social security safety net
- it is a blunt instrument, administered with very little flexibility.

The lack of supportive services coupled with the use of sanctions in the current system, particularly in relation to Youth Allowance, have made mutual obligation extremely coercive. Where there is this coercion, the obligations hardly seem to be mutual. Young people have suggested that the system lacks fairness because when one party makes errors or mistakes they are punished (ie the young people), but when the other party makes a mistake or error (ie Centrelink) they are not and may not be subject to any scrutiny or redress about how or why the error happened.

Mutual obligation undermines the rights based framework that has been a cornerstone of the social security system. It moves the emphasis on the right to a social safety net and makes income support conditional.

In Burnside services we are increasingly seeing the impact of the shift from a rights based framework to a mutual obligation framework. The result of this shift is that we are seeing more people who have absolutely no income or whose income has been reduced because of the breaches.

The way that mutual obligation has been implemented in the current system has made it a blunt instrument, without sensitivity to the enormous differences in individual situations and the impact of structural inequality. For young people who are already struggling to manage both emotionally and financially this has been particularly of concern.

2. Young People Experiencing Multiple Disadvantage

“If Centrelink could walk in my shoes for a week and see the stress I go through every day.... I would like to see how they would cope with my situation - the emotional stress is overwhelming. The workers take their money for granted.” (Karen, 16 years, accessing Youth Allowance and living independently as a result of family conflict)

Multiple disadvantage describes the experiences young people have as a result of being not only unemployed, but also as a result of homelessness, family breakdown, violence and lack of other social networks. Young people experiencing multiple disadvantage may also have other barriers to work, education or training, including poor literacy, interrupted or incomplete education and health issues (including mental health issues).

Preliminary findings from a small qualitative study of young people experiencing multiple disadvantages accessing the Youth Allowance (Urquhart *et al* in press) suggests that the incidence of breaching for this group may be higher than the reported rates for other groups. Although the research was about the extent of family support available to young people and how much policy assumptions underlying the Youth Allowance relate to their lives, breaching was a major issue for all of the young people in the study. The relationship between the difficulties they experience (eg in accessing stable accommodation) and breaches for ‘infringements’ such as not attending a Centrelink interview was clear.

The impact of sanctions for mutual obligations can be disproportionate and target people whose life circumstances result in increased vulnerability. As the case studies show, the difficulties for some young people are overwhelming and impact on their psychological, physical and emotional readiness and capacity to undertake a range of mutual obligations.

Case Study: Samantha and James

Samantha is 16 and James is 17. They live together in a caravan on the Central Coast. In order to access one of the major Centres on the Coast they have to catch a bus that runs reasonably regularly and takes between half an hour and an hour. Samantha has an aunt who drives them to town once a week to do the shopping.

Samantha and Michael met at a refuge in Sydney, where they had both moved in order to get away from violence and abuse at home. Samantha has four siblings who are in out of home care. Samantha came into contact with Burnside through a youth suicide prevention service.

James has recently accessed Youth Allowance, after mostly working and studying over the last 8 months. James is small for his age as a result of long term neglect. He would like to be a carpenter or work in the building industry and has already developed skills in the area. He has had a job in the area, but found it very difficult to maintain getting out of bed at 4:30 am in order to get to work at 6am on his own, without any family support. James has paid Centrelink \$300 back out of a total of \$800 he owed them because he had been overpaid.

Samantha has been on Youth Allowance for the last 8 months and has had no offers of work. Samantha has been breached by Centrelink for failing to attend an interview and her income has been reduced by 18% for the last five months. Samantha would like to work in child care and has had plenty of personal experience in caring for her younger siblings, but finds her age a barrier to TAFE courses and work in the area. Samantha fills in a Job Seekers Diary as well as completing employment certificates to prove that she has sought three jobs each week.

Samantha and James are both registered with a number of employment agencies, which they find helpful at times.

Samantha and James are both dealing with having experienced violence and neglect. They are young and have very limited access to support from any adults. Samantha feels that the pressure to constantly fill in forms and meet the Mutual Obligations that Centrelink decides for her is very difficult and that the constant pressure is unfair "for people who are running away from violence at home". Samantha feels that she and James are singled out because they are young.

Casestudy: Julie

Julie is 16 and lives in a refuge in Sydney. She was a NSW state ward and uses a Burnside Aftercare service. She has been living in stable accommodation for 7 months and has found things a lot easier since then. Before living in a refuge Julie lived on the streets for a while, which she says was really hard.

Julie currently has a casual job at MacDonaldis for two days per week. She is also studying at TAFE. Since starting work and studying she has had fewer hassles with Centrelink and but she says that "before I got my job I was having shit with them".

However, she is finding working really difficult because of having to do it all herself. For example starting a shift at 6:am means getting up at 4:30 am, getting ready and walking to work at 5:30 am to start at 6:00am.

At the moment, Julie is managing studying, working part time, dealing with Centrelink whilst living in a refuge with 5 other girls who are also unable to live with their family. She says "it's really hard" when you have no family to support you and no parents to help you out.

Julie had lived in South Western Sydney for some months and found it difficult to find work. She thought that the people from Centrelink thought that it was easy to find a job in that area, but that really it was very hard. During that time, she had not found stable accommodation, which meant that it was difficult for her to look for work, keep appointments with Centrelink etc.

Julie had previously been breached from her Youth Allowance because a person whom she worked with informed Centrelink that she was not studying, even though she was. As a result she was unable to access any income support for some time and had to advocate extensively with Centrelink to have her benefit reinstated.

She has a 6 month exemption from attending interviews and job seeking because she is working casually and studying.

These case studies highlight the range of experiences young people have had before they access the Youth Allowance, and the ongoing impact of those experiences on their capacity to manage their issues and difficulties, access their benefit and meet their mutual obligations.

Burnside contends that the policy assumptions underlying the Youth Allowance and Centrelink's approach to breaching, are based on an assumption of parental support and family assistance that simply are not available to these young people. As a result, the harshness of the penalty regime is greatly amplified.

3. Loss of Income & Accumulation of Debt

3.1 Loss of Income

Youth Allowance and Newstart recipients are expected to continue to meet Centrelink requirements for attendance at interviews, training, job interviews etc while their benefits have been reduced as a result of a breach or breaches (up to 100% of benefit). For the young people Burnside works with, this is particularly difficult because of a lack of family financial support and the flow on effects of reduced income (eg lack of money for accommodation, clothes and travel).

Breaches can be made for long periods of time and accumulation of breaches could result in a breach of 100% of income. For young people with no other source of income and no family networks to assist at these critical times, this is devastating and undermines attempts by young people to gain stable accommodation, access education and training, take up work opportunities and deal with difficult long term personal issues.

3.2 Accumulation of Debt

Burnside staff have been particularly concerned about the accumulation of debt as a flow on effect of breaching. The accumulation of debt may be directly related to loss of income – for example borrowing money off friends, using credit cards or taking out high interest short term loans (eg ‘payday loans’). It may be as a result of Centrelink overpayment, which adds to loss of income as a result of a breach and continues to be deducted from the reduced income or after income is reinstated. Debt may also be accrued as a result of travel fines because of travelling without a valid ticket or travelling on a concession ticket without a valid concession card (see 5.1 for more information). Young people may also accumulate significant debt as a result of inability to pay rent or bills.

Debt impacts on a young person’s capacity to meet their needs after income has been restored and may have long term effects such as:

- a poor credit rating affecting their ability to obtain rental property or other finance later in life,
- court proceedings for non-payment of fines.

Case Study: Dave

Dave is 17 years old and lives independently in a flat in outer Sydney. He receives the Youth Allowance and this includes rent assistance. Dave was breached and as a result found it difficult to manage his day to day needs on reduced income. He applied to Centrelink for a \$500 loan to assist while his income was reduced. Despite the fact that he was on a breach (although this was noted by Centrelink), the loan was granted.

At this time, Dave was assaulted, resulting in him sustaining head injuries. He stayed with family for several weeks and during this period was breached again for missing an appointment. This breach was lifted after he submitted a doctor’s certificate.

At this time he also become aware that his arrangement with Centrelink to pay his rent (through rent assistance) had been suspended during the time of the various breaches. He was by this time several weeks behind in his rent. He now has an arrangement to pay increased rent each week to catch up on the rent arrears.

Dave's breaches were revoked after investigation. However, he continues to pay two sets of debts (one to Centrelink and one on his rental property) and therefore his discretionary income to pay for food, travel etc is significantly reduced resulting in a further decreased standard of living.

4. Accommodation

The impact of breaching on young people's capacity to access and maintain stable accommodation is of great concern. As mentioned above, debt related to loss of income from breaching may result in a poor credit rating impacting on their access to the private rental market. Stable accommodation may also be lost when they are unable to pay the rent as a result of the loss of income.

The lack of stable accommodation may also exacerbate a young person's ability to meet their mutual obligations with Centrelink or employment assistance providers as they may not have a fixed address or telephone number to receive information about appointments or interviews. Without a telephone, they may be unable to notify Centrelink that they are unable to meet certain obligations or limited in their capacity to follow up employment, education or training opportunities.

As Ken's story (below) highlights, the level of stress related to the accommodation is exacerbated by loss of income due to breaching. Even in subsidised or supported housing, the tenuous hold young people have on stable accommodation is shaken (if not severed completely) by loss of income due to breaching. Added to the other stressors young people experience, this can be devastating at a time when they are seeking to deal with personal issues, return to study or find work.

Case Study: Ken

Ken is 21 years old. He lives in Burnside supported accommodation, where he is assisted by Burnside staff to live independently and safely whilst sorting out issues that prevent him from being able to live with his family. Ken was receiving Youth Allowance but recently changed to the New Start benefit.

Ken currently receives no income at all. He was breached once by Centrelink because he did not attend a scheduled interview and breached a further two times for reasons he still does not understand. The third breach saw his income completely suspended, for an unknown (to him) period of time.

Ken has had several jobs whilst living in different areas. All of those jobs had been very positive and he had mostly left his jobs in order to assist his mother, with whom he cannot live. Until obtaining stable accommodation in Burnside, Ken's life had been very transient, including times living on the streets.

At the moment, Ken is depending on assistance from Burnside to obtain food and is very concerned about paying his rent. His access to food parcels and other forms of relief from other agencies is limited because of his age and gender (his experience is that food parcels are more available for older unemployed people and women with dependent children).

He is keen to find work, but finds it very difficult to search for work with the stress of having absolutely no income.

5. Pressure on Families

Many young people who use Burnside's services have very tenuous connections with their parents and extended families. For many reasons, including violence at home, family conflict and family breakdown, young people are unable to live at home, or only able to live intermittently at home. Some young people have had little or no contact with their parents or extended family for years. Some were removed from their families as a result of abuse and neglect and have lost contact while in care.

The reality of these young people's experience is clearly in contrast to the policy objectives of the Youth Allowance, where it is expected that families will make up the financial gap resulting from inadequate income support or loss of income from breaching.

Where young people do have ongoing contact with their family or live with them for periods of time, the impact of reduced income through breaching can be devastating. Preliminary findings from the Burnside research showed that a young person's loss of income and resulting financial dependency had a negative impact on family dynamics and was particularly acute because parents and other family members had low incomes (Urquhart *et al* in press).

6. Other Impacts

As mentioned above, the flow on effects of breaching are troubling and wide-ranging. The effects are on individuals who are breached, their families and agencies providing support.

6.1 Loss of Travel Concession Cards

In NSW, young people who have been breached by Centrelink also lose access to a travel concession card during the time of the breach. This is because only people who are receiving a full benefit are eligible for a travel concession card.

The loss of travel concession at the same time as the loss of income due to a breach is very difficult for young people, as it further limits their access to education, training, job and social opportunities because of the expense of travel. It also exposes them to further penalties, such as fines for travelling without a valid ticket or travelling on a concession ticket without a valid travel concession card.

The administration of concession cards also appears to be inconsistent and applied very much at the discretion of the Centrelink Officer involved. Young people using Burnside services have reported a range of policy and practice positions about travel concession cards from Centrelink staff. These include:

- “The rule is that as soon as you are on your first breach you are not entitled to a concession card and once you are over 25 years you are no longer entitled to concession”.
- “Loss of concession card is the same as losing privileges at home as if you are grounded and can’t go out”.
- In another case, a young woman was breached by an employment agency when she failed to attend an appointment. Her travel concession card was *not* revoked because the breach was removed when she was informed that her only option was to do a work for the dole placement and she consented.

In NSW, community organisations continue to advocate for the administration of travel concession cards to be available to people who are eligible to receive a full benefit, but have been breached.

6.2 Impact on Agency Material Assistance Capacity

Burnside programs and other community agencies have reported increased demand for material assistance for young people’s day to day living expenses, such as food, travel (train and bus fares) and clothing because their income support payments have been reduced, or completely cut off.

Young people report that they feel embarrassed and reluctant to seek material assistance, food parcels etc. Young people who live independently wish to support themselves and use their income at their own discretion. The current breaching regime makes it almost impossible for them to do so with any dignity.

The other impact of this increased call on material assistance is that it severely limits our agency’s ability to assist more people in other practical ways and to meet our own program and policy objectives. This results in an unacceptable shift of the real cost of income support from government to non-government organisations.

7. Extension of mutual obligation and breaching

The government's welfare reform agenda has resulted in an extension of the concept of mutual obligation to older unemployed people, people with disabilities and sole parents with children aged 12 and over.

Given our concerns about the amplification of difficulties resulting from breaches on young people experiencing multiple disadvantages, that other groups experiencing multiple disadvantage will have similar difficulties. Assurances by the government that sanction will only be applied to these groups 'as a last resort' have not been sufficient to allay our concerns. The definition of 'last resort' given by the Minister for Family and Community Services, Senator Vanstone, also continues to be of concern. For those income support recipients whose income support is the only income for a family with dependent children, the possibility of any breach of income is unacceptable.

8. Recommendations

Recommendation 1

That the Independent Review of Breaches and Penalties in the Social Security System explicitly address the framework of mutual obligation and its impact on breaching and penalties.

Recommendation 2

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