

Social security, homelessness and participation

The following is a summary of an address given by **Michael Raper**, President of the National Welfare Rights Network, at a round table on the forthcoming homelessness Green Paper, on 28 March.

There are numerous links between social security payments, their administration by Centrelink, homelessness and the capacity of vulnerable people to engage in social and/or economic participation. It is essential that any national policy deliberations designed to address homelessness in Australia address the impact of these issues.

Social security penalties

Since the introduction of the Welfare to Work compliance regime on 1 July 2006 up to February 2008, there were a total of 40,868 no-payment penalties imposed.

Homelessness Australia has stated, based on research by the Social Policy Research Centre at the University of New South Wales, that 30% of people who had an eight-week no-payment penalty imposed lost their accommodation.

There is no place for an eight-week no-payment penalty in a system that is meant to emphasise participation rather than punishment. The new federal government has promised to review the penalty regime and make it consistent with the principles endorsed by the Breaching Review Taskforce in December 2004. Under these principles it would not be possible to have an eight-week no-payment penalty.

Financial Case Management

When the previous federal government introduced the current penalty

regime, it also introduced a Financial Case Management system to give some eight-week penalty recipients access to an equivalent weekly amount paid directly on their behalf for 'essential expenses' such as food. However, expenditure on this has been 84% below budget with only 2,674 people gaining access to Financial Case Management (that's one in 20 penalised people, rather than one in four as the previous government had indicated).

One of the reasons for this is that the eligibility criteria are exceptionally restrictive. For example, under these rules pregnant women and homeless people are not considered 'exceptionally vulnerable'.

At a Senate Inquiry in 2006, the Labor Party committed to bringing the Financial Case Management system under the umbrella of the *Social Security Act* 1991. At present, the system is outside the Act, and this means that people adversely affected by a Financial Case Management decision do not have a right of appeal.

New Zealanders

New Zealand citizens generally receive a Special Category Visa on arrival in Australia and do not need to take out Permanent Residence to be able to live, work and pay taxes in Australia; hence, most do not.

However, since February 2001, New Zealand citizens require Permanent Residence to be able to receive social security benefits. This means that increas-

ing numbers of New Zealanders who have been living and working in Australia for many years are being denied social security payments in the event of dramatic changes in circumstances such as accident, illness, unemployment or domestic violence.

Anecdotal evidence suggests that increasing numbers of New Zealanders caught in these situations are seeking support in refuges around the major capital cities.

Moving to an area of lower employment prospects

As house purchase and rent prices increase dramatically in areas of high employment, people in low income and unemployed households are increasingly forced to move to areas characterised by lower housing costs. In doing so, Centrelink often determines that such people have 'moved to an area of lower employment prospects' and hence they are ineligible for social security for six months.

Centrelink regularly applies the wrong test simply by determining that the unemployment rate in the new area is higher than the old area and hence applies the penalty. In fact, it should be deciding whether or not the particular individual has reduced his or her employment prospects by moving. If this test was properly applied, the rational choice of moving to reduce housing costs may well make survival generally, and job search in particular, more possible.

There is a likely link here between the withdrawal of social security payments for six months and homelessness in the areas to which people are increasingly forced to move to find affordable housing.

Payments for young people unable to live at home

Young people in crisis who can no longer live at home due to abuse or neglect are able to claim a Youth Allowance at the higher independent rate (referred to as the 'Unreasonable to live at home' rate). However, Centrelink rejects one in three claims – so that around 7,000 young people are left without a viable means of support.

What happens to these young people is unknown – though we do know that they generally do not appeal against the rejection of their claim. In 2004–05, only one case involving a rejection of a claim made it to the Social Security Appeals Tribunal. In this case the claimant, who was represented by a Welfare Rights Centre, had the decision reversed.

Crisis Payments

A Crisis Payment is available to people on a social security benefit who are in a limited number of defined 'extreme circumstances' – just out of prison, experiencing domestic violence or on a qualifying Humanitarian Visa.

In addition to the problem of eligibility being too limited, the level of payment is inadequate, at just one additional week's payment of a person's pension or allowance. This is insufficient to provide the assistance needed to prevent homelessness. The level of Crisis Payment should at least be doubled with a discretion for the payment to be made equal to four-weeks' additional payment in appropriate circumstances.

Barriers to earning income for social housing tenants

Over the past 15 years, social security recipients have been increasingly required to seek work as a condition of payment. The 'free area' for people receiving an allowance such as Newstart Allowance (the amount a person is allowed to earn before their social security payment starts to reduce) has increased by only \$1 per week in 30 years and remains at the very low level of \$31 per week. Once this is reached, earned income reduces Newstart Allowance by 50 cents in the dollar and then by 60 cents in the dollar.

An income test also applies to pensioners and recipients of the Family Tax Benefit. Also, where a person has a social security debt, it is recovered from ongoing payments at a rate of about 14% of weekly payment levels.

For a person in social housing, every additional dollar of earnings is also reduced by 25% or 30% to cover rent, as the formula is based on a fixed proportion of income.

The combined impact of these multiple withdrawal rates often means that the Effective Marginal Tax (or withdrawal) Rate is so high as to make working not financially worthwhile.

Although the Low Income Tax Offset means that this problem is not compounded further by income tax payments as well, the problem for many is still very real and needs to be addressed through the social housing rent formula.

Rent Assistance

In addition to the inadequacy of Rent Assistance, problems are created by Rent Assistance not being a separate payment; it is simply paid as part of the Newstart Allowance or other so-

cial security payment where a person is paying, and can verify, rent.

Many low-income and homeless people are forced into marginal housing and have landlords who are not keen to provide rent receipts. Rent Assistance is often cut off as a result of difficulties in verifying rent, but Centrelink simply notifies of a change of rate which could be due to a change in earnings or other factors. People may be unaware that they have stopped receiving Rent Assistance and therefore may not challenge the Centrelink decision.

Rent Assistance should become a separate payment or at the very least, Centrelink should be required to provide a separate notice whenever a Rent Assistance rate is varied.

Other issues relating to homelessness

Other social security and Centrelink related matters that affect homeless people or which can cause or exacerbate homelessness include:

- the failure of Centrelink to utilise its capacity to obtain and to accept 'alternative proof of identity' documentation (a problem for homeless people);
- communication difficulties between homeless people, Centrelink and employment services providers (such as Job Network);
- the difficulty of obtaining weekly instead of fortnightly payments from Centrelink, despite this being far more suitable for many homeless people; and
- the restricted availability or non-availability of many concession cards/concessions for many homeless people on social security allowances in many states. ☉