

# **Kicking them while they're down.....**

## **Youth Allowance and youth poverty**

**an analysis of the causes and effects  
of breaches, penalties and  
debts in the Youth Allowance system**

**researched and written by the Welfare Rights Centre, Sydney**

**published by**

**National Welfare Rights Network**

**June 2002**

*This project was undertaken with the financial assistance of the Australian  
Youth Foundation and the NSW Law and Justice Foundation*

<b>EXECUTIVE SUMMARY .....</b>	<b>4</b>
<b>PART ONE:RESEARCH BACKGROUND .....</b>	<b>6</b>
1.1 Introduction .....	6
1.2 Examination of client inquiries.....	6
1.3 Focus groups .....	6
1.4 Freedom of Information (FOI) requests.....	7
<b>PART TWO: ..... AN OUTLINE OF YOUTH ALLOWANCE THE RULES AND REQUIREMENTS .....</b>	<b>9</b>
2.1 Purpose and rates .....	9
2.2 Recipient obligations on non recipient young people .....	11
2.3 Multiple policies and agencies .....	11
<b>PART THREE:.....THE DISPROPORTIONATELY HIGH LEVEL OF PUNISHMENT EXPERIENCED BY YOUNG PEOPLE AS A RESULT OF STRUCTURAL FLAWS IN THE YOUTH ALLOWANCE SYSTEM.....</b>	<b>14</b>
3.1 Debt .....	14
3.2 Debt - where the young person does not receive the payment.....	17
3.3 Debt - rate of recovery .....	19
3.4 Advance payments .....	19
3.5 Breaches .....	20
3.6 Debt through transport fines with the NSW State Rail Authorities .....	23
<b>PART FOUR: ADMINISTRATIVE AND LEGISLATIVE FLAWS.....</b>	<b>25</b>
4.1 Claim forms .....	25
4.2 The growing cost of obligations and requirements.....	27
4.3 Transport costs compounded by breaching.....	28
4.4. Proof of Identity (POI).....	29
4.5 Seminars and other initial customer contacts.....	31
4.6 Job Seeker Classification Instrument.....	31

4.7	Timing of seminars.....	32
4.8	Current jobsearch requirements are too onerous .....	33
4.9	Job Seeker Diaries.....	34
4.10	Employer Contact Certificates – the “kiss of death”.....	35
4.11	Universal job search activities across all regions and labour markets.....	36
4.12	Study and other mutual obligation activities.....	37
4.13	Activity test break.....	38
	<b>CONCLUSION.....</b>	<b>39</b>
	<b>ATTACHMENT A .....</b>	<b>40</b>
	<b>ATTACHMENT B .....</b>	<b>42</b>

## Executive Summary

This report examines the intensification of financial hardship among young homeless people as a result of the inadequacy of Youth Allowance rates and the rapidly rising number of Social Security breaches, penalties and debts.

The report raises serious questions about the appropriateness and fairness of a Youth Allowance system that can serve to punish young people for homelessness or other disadvantage - a system that was intended to assist vulnerable young people to remain in education or training.

Key research findings include:

- **There is a high level of Centrelink indebtedness among homeless young people.** Over half of all young homeless people have a Centrelink debt<sup>1</sup> that is being recovered from their ongoing Centrelink entitlement. One of the primary causes of these debts is a failure to complete education and study.

For most of the young people interviewed in the focus groups conducted as part of this project, the primary reason for failing to complete courses of education was that they could not afford to live and meet their education costs on the \$150 per week that is paid as the full rate of independent Youth Allowance. This finding confirms a comment that appeared in the Youth Allowance Evaluation report<sup>2</sup> which indicated the “level of payment” was a significant disincentive to study for young people.

Many young people interviewed were left with virtually no income while they were homeless, because they were required to repay Youth Allowance overpayments incurred during periods they had been unable to study due to their homelessness. Ironically, had these young people been properly assessed and helped by Centrelink in the first place, they would have been exempted from the requirements to study full-time because of their homelessness and would still have been entitled to Youth Allowance. These problems are yet another symptom of improper assessments and inflexibility within Centrelink and the Youth Allowance system.

- **Any suggestion that the majority of debt is a consequence of fraud is not sustainable.** The debt and fraud data released by the Department of Family and Community Services for the period 1 July 2000 to 30 June 2001 indicates that:
  - there were a total of **1,108,217 Centrelink debtors, for all payment types;**
  - of these, **594,916 were Youth Allowance or Newstart Allowance debtors** - 102,999 of these people (ie, 17 %) had debts attributable to payment of advances;

---

<sup>1</sup> Material obtained under Freedom of Information, from the Department of Family and Community Services.

<sup>2</sup> P76 Youth Allowance Evaluation, Final Report December 2001. Commonwealth of Australia 2002

- only 12,272 debts (ie, .01%) of all debts were referred for prosecution action, of which less than half resulted in prosecution action.
- **Over half of all breaches applied in the Social Security system are applied in respect of young people under 25, and the number of people affected by third breaches as a total of all breaches is increasing.**<sup>3</sup> In the six months from July to December 2001, there were more third breaches than were applied for the full year in 1999-2000. Furthermore, the number of third breaches, for which the penalty is an eight-week non-payment period, **increased from 13,647 in the full year 1999-2000, to 15,511 in the six-month period July –December 2001.** At least half of these penalties are likely to have been incurred by people who were under the age of 25. This increase was in spite of the fact that in that same six months from July 2001 to December 2001, Centrelink adopted a policy known as a “third breach alert”, in which individuals who were to incur a third breach would be considered for specialist intervention or assistance before a third breach was applied.
- In NSW, **travel concession eligibility is lost** once an activity test breach is applied. This is because in NSW a person is only entitled to travel concessions if they are in receipt of a full rate of payment. Over 75% of the young people interviewed for this project indicated that they had incurred travel fines from the NSW transport agency. As a result they had large outstanding debts which they could not repay. Whilst the debts were outstanding they were prohibited from obtaining or using a NSW driver’s licence.
- To obtain a Centrelink payment a person needs to establish their identity. The current **Proof of Identity (POI)** requirements for a person claiming a Social Security payment involves the application of a points system. The applicant must provide documents attracting at least **170 points to prove their identity. This is more onerous than the requirements for establishing a bank account.** Unable to afford the cost of obtaining identity, many young people interviewed indicated that they were denied payment, or experienced long delays before they received assistance.

This report highlights fundamental flaws in the structure of Youth allowance and its administration, which contribute to youth homelessness. There is an urgent need for the Government, the Departmental Family and Community Services and Centrelink to address the situation by overhauling the system. The report makes concrete and practical suggestions for reform.

---

<sup>3</sup> 16.4 % of all third breaches in the six months July 2001 to December 2001 were for third breaches. Material obtained from data released through Freedom of Information obtained from the Department of Family and Community Services.

## **Part one: Research background**

### **1.1 Introduction**

In February 2001, the Australian Youth Foundation provided Welfare Rights Centre, Sydney, with funding to conduct research about young people and Centrelink. The primary focus of the research was to identify any systemic barriers that **inhibited young people's opportunities to fully participate in education and employment.**

The research intended primarily to explore data indicating that young people incurred the highest proportion of breaches and Centrelink penalties, disproportionate to their numbers as recipients of Centrelink payments. After commencing the research, additional funds were obtained from the NSW Law & Justice Foundation that allowed for more extensive qualitative research. As a result, information was also collected on young people's experiences with several State and Federal Government agencies. For many young people, the inter-relationship between these agencies was not transparent, and the policies and procedures were contradictory with very punitive consequences.

The research undertaken for this report was conducted in three stages:

1. an examination of all **client inquiries** to NWRN members, for clients identified as under 25;
2. a series of **focus groups** with young people and youth workers throughout NSW; and
3. analysis of data obtained through several **Freedom of Information** requests from the Department of Family and Community Services.

### **1.2 Examination of client inquiries**

The examination of client inquiries helped to inform the researchers about the Centrelink problems that were prompting young people to seek Welfare Rights assistance. One of the most significant matters identified through the examination of the client files was that the number of young people seeking assistance from the Welfare Rights Centre in Sydney was low - only 6.8% of all clients were under the age of 20, and 18.6% of clients were aged between 21 and 30<sup>4</sup>. This was consistent with the low number of young people seeking review of Centrelink decisions through appeals to the Social Security Appeals Tribunal and to the Administrative Appeals Tribunal.

### **1.3 Focus groups**

The client files examined highlighted a number of issues that formed the basis of questions asked of young people and youth workers in the various focus groups throughout NSW. In all, ten focus group discussions were conducted with young people, between June 2001 and October 2001. These groups were conducted at:

---

<sup>4</sup> 2000-2001 Annual Report of Welfare Rights Centre, Sydney.

- Cabramatta (2) - through a drop-in service specifically for young homeless people completing their education through special classroom arrangements; and through a JPET service
- Gosford (1)
- Newcastle (1)
- Wollongong (2)
- Taree (1)
- Muswellbrook (1)

We also conducted several focus groups with community workers throughout NSW. These included:

- NSW Council of Social Service (NCOSS) emergency relief providers forum
- Wyong
- Taree
- Muswellbrook
- Wollongong
- Cabramatta

The Fairfield /Cabramatta area was chosen in the Sydney metropolitan area, as this area has a high level of ethnic diversity with 90 different language groups represented. Furthermore, preliminary data revealed that the Centrelink offices in this area have one of the highest breach rates in NSW<sup>5</sup>. Newcastle, Wollongong and Gosford are all major regional centres and as such were chosen because of the mix of service and transport issues, as well as the unemployment levels in these areas.

The focus groups were largely organised through JPET providers and youth drop-in services. These agencies asked all their clients under 25 who had problems with Centrelink to come to a one hour focus group, at which the young person would be paid \$30 to cover transport and other incidental costs. At several of the sessions, the number of young people who attended was too many for one focus group. These attendees were divided into groups not exceeding seven, with a second focus group held later that same day.

The ages of the participants varied between 15 and 23, and there was basically an equal gender division. The questions asked of the participants in the focus groups are detailed in ATTACHMENT A.

#### **1.4 Freedom of Information (FOI) requests**

Through the focus group discussions, the researchers identified a number of issues requiring further statistical analysis to determine whether or not these problems were as widespread as appeared from the different participants in the focus groups. This information was obtained through FOI requests forwarded to the Department of Family and Community Services. The material sought through the FOI requests is detailed in ATTACHMENT B.

---

<sup>5</sup> Material obtained through a Freedom of Information of request from Department of Family and Community Services

Throughout this stage of the research there were a number of developments in the public debate about the effect of imposing breach penalties on young people. As a result, some of the research findings were referred to in two papers<sup>6</sup> regarding breaches and the population in general, with specific focus on young people.

This report elaborates on the issues raised by the young people interviewed and on the material collected through Freedom of Information requests. From our research it became apparent **that there are fundamental flaws in the structure of Youth Allowance and its administration.**

The flaws have led to disproportionate levels of punishment for Youth Allowance recipients through breaches and debt. After our research was completed, the Government released its Youth Allowance Evaluation Report<sup>7</sup>. This report provided some useful information highlighting some of the deficiencies in Youth Allowance payments and examining some of the problems experienced by young people receiving the payment. We have not provided a critique of that report and its evaluation. Rather, where appropriate, we have used the material contained in the Youth Allowance Evaluation Report when discussing some of the findings and conclusions within our research. **Unfortunately, the Youth Allowance Evaluation Report only made passing mention of many of the concerns and problems identified throughout our research as having significant impacts on the opportunities and choices of young people.**

We have prepared this report by:

1. Giving an outline of the Youth Allowance rules and requirements, **Part two.**
2. Analysing the high level of punishment experienced by young people, **Part three.**
3. Identifying the legislative and administrative flaws within the Youth Allowance system that are having an impact on young people, **Part four.**

---

<sup>6</sup> “Breaching the Safety Net” August 2001 (Sydney) and the Welfare Rights Centre Submission to the Independent Inquiry into Breaches & Penalties. Both available from [www.welfarerights.org.au](http://www.welfarerights.org.au)

<sup>7</sup> Youth Allowance Evaluation Report, Final Report, December 2001, Department of Family and Community Services.

## Part two: An outline of Youth Allowance the rules and requirements

### 2.1 Purpose and rates

Youth Allowance was introduced in 1998 through a raft of legislation designed, according to the Government, to:

- “help young people to make key decisions about education, training and employment by **making income support arrangements simpler and more flexible**. Understanding entitlements will be much easier. This will help young people make the right decisions about their future.”<sup>8</sup>
- “encourage young people to complete or further their education by **removing undesirable incentives to leave education early or to choose unemployment** over education and training. For younger students in particular, it creates a real incentive to complete Year 12 or its equivalent before they look for work.”<sup>9</sup>
- ensure that “Youth Allowance activity test requirements recognise that increasing numbers of young people do not follow the traditional pathway from full-time study to full-time employment. Young people whose **circumstances change slightly will no longer have their payments cancelled and have to claim another payment**.”<sup>10</sup>
- provide that “Youth Allowance will be subject to parental income and family assets and actual means tests, as (applying) to AUSTUDY. **This parental means test reinforces the Government’s message that families should support their young family members until they have achieved financial independence**.”<sup>11</sup> This means that all young people are presumed to be dependent on their parents up until 21 (if unemployed) or 25 (if a full-time student).<sup>12</sup> In very limited circumstances a young person can demonstrate that they are not dependent on their parents. The consequence being that in most cases a person’s payment is assessed against their parental income.
- provide that Youth Allowance (unemployed) recipients and Newstart Allowance recipients under the age of 25 may be required to participate in a “Work for the Dole” program.<sup>13</sup>

With these stated intentions, Youth Allowance has had a significant impact on young people receiving payment and assistance whilst in education and looking for work. This report does not seek to provide a critique of the Government's rationale for

---

<sup>8</sup> Second Reading Speech of The Hon Phillip Ruddock for the Youth Allowance legislation Amendment (Youth Allowance) Bill 1997

<sup>9</sup> *ibid*

<sup>10</sup> *ibid*

<sup>11</sup> *ibid*

<sup>12</sup> Section 540 of the Social Security Act

<sup>13</sup> Section 541 E of the Social Security Act

introducing the current Youth Allowance system, however, an understanding of its goals is important when discussing the findings of our research. These findings raise some questions about the income support system that is in place for young people, particularly for the most vulnerable groups of young people.

Table A shows the amount of Youth Allowance paid to various age groups, for the different categories of Youth Allowance.

<b>Table A: Rate of Youth Allowance per week *</b>				
		<b>Unemployed</b>	<b>Full-time students</b>	<b>Full-time students who are long term income support recipients</b>
	<b>15**-17</b>	<b>18-20</b>	<b>18-24</b>	<b>21 and over</b>
Dependent or independent living at home	\$82.55	\$99.30	\$99.30	\$121.95
Dependent away from home	\$150.85	\$150.85	\$150.85	\$183.20
Independent	\$150.85	\$150.85	\$150.85	\$183.20
* As at 1 January 2002				
** Only young people classified as “independent” are qualified for Youth Allowance at age 15.				

In all of these cases, the rate of **Youth Allowance is \$54.40<sup>14</sup> per week less than the rate payable to a single pensioner, and 33 % below the Poverty Line.** The Youth Allowance evaluation report<sup>15</sup> itself indicated that among Youth Allowance recipients the “level of payment” was **a significant disincentive to study.** All of the young people interviewed in our focus group discussions indicated that as their rate of Youth Allowance was so low, they had serious financial difficulties in paying for basics such as food and shelter let alone the travel costs of attending interviews and schools.

**Table B** provides an indication of the number of young people receiving Youth Allowance, their ages and circumstances. The category of “homeless” refers to young people who are unable to live at the parental home because there is no parental home or because the young person’s physical or mental health would be placed at risk.<sup>16</sup>

<sup>14</sup> The rate of Pension paid for a single person in a week is \$ 205.25, not including Rent Assistance, Pharmaceutical Allowance. This is the rate as at 1 January 2002.

<sup>15</sup> P76 Youth Allowance Evaluation, Final Report December 2001. Commonwealth of Australia 2002

<sup>16</sup> Section 1067A(9) of the Social Security Act

Age	Dependent	Independent		Total
		Homeless	Non-Homeless	
15	78*	761	328	1,167
16	57,149	4,318	918	62,385
17	59,202	7,827	1,672	68,701
18	48,371	10,243	4,225	62,839
19	34,384	10,039	12,029	56,452
20	24,791	9,270	22,434	56,495
21	11,506	2,267	15,030	28,803
22	5,852	1,329	12,245	19,426
23	2,809	814	8,902	12,525
24	1,587	449	6,706	8,742
25	450		4,843	5,293
<b>Total</b>	<b>246,179</b>	<b>47,317</b>	<b>89,332</b>	<b>382,828</b>

\* This figure is inexplicable as under legislation, only young people classified as “independent” are qualified for Youth Allowance at age 15.

## 2.2 Recipient obligations on non recipient young people

It is significant that the Youth Allowance system adopted aspects of the AUSTUDY system. One element of the AUSTUDY system transferred was that young people classified as “dependent” cannot receive payments into their personal bank account, without parental consent. Rather, young people in these categories had their AUSTUDY paid into a parent’s bank account. These provisions were copied into the Youth Allowance legislation for “dependent” Youth Allowance claimants under 18.

The effect of this policy is that a Youth Allowance claimant is considered to be a “recipient” for Social Security purposes and therefore the one responsible for the obligation to notify of changes in parental income or other circumstances. Any failure to meet these obligations means that the young person incurs the penalty, eg, repayment of a debt, and often also a penalty for an “activity test “ breach. The penalty is applied even though the young person was not the person who had the Youth Allowance payment paid into their bank account. Further, the obligation to comply with the activities and to respond to correspondence is imposed on the young person, despite the fact that they may have had no control over or access to the money to pay for these activities. The consequences of this policy are detailed in **section 3.3**.

## 2.3 Multiple policies and agencies

Whilst Youth Allowance is a Commonwealth payment administered through Centrelink, there are numerous Federal and State departmental policies that impact on

<sup>17</sup> Figures provided by Family Community and Services are as at 17 August 2001.

a young person's ability to receive Youth Allowance. These agencies include:

1. Department of Family and Community Services, which is responsible for the income support policies covering Youth Allowance payments;
2. Department of Employment and Workplace Relations, which is responsible for the "mutual obligation" and Job Network policies and administration;
3. Department of Education, Science and Training, which is responsible for the policies and administration of a number of educational and training programs eg Greencorp, literacy and numeracy training, JPET;
4. Australian Taxation Office, where its assessment of the claimant's personal or parental income is relevant;
5. State Departments of Education, which are responsible for the administration of the secondary school educational policies and facilities;
6. State Departments of Children and Family Services (eg DOCS in NSW), which are responsible for administering policies and services for young people at risk;
7. State Departments of Transport which are responsible for transport and transport concessions necessary for a young person to access education and employment opportunities;
8. State Departments of Housing, which are responsible for policies relating to a young person's access to emergency housing services or their ability to remain in public housing with a parent after a certain age;
9. State juvenile justice departments.

Not all Youth Allowance recipients will have contact with all of these agencies. However, retaining Youth Allowance will require all recipients to negotiate with at least some of these agencies or their policies. It is ironic that the number of agencies a young person needs to deal with increases in proportion to the young person's "vulnerability". This requires vulnerable or "at risk" young people to have the most sophisticated negotiation skills, because they have to balance the often competing demands of the range of agencies with which they are dealing. Most of these agencies have systems that require individuals dealing with them to have expert knowledge if the person is to be able to make "informed choices" about their activities and obligations.

It has been our experience that the more agencies involved, the more likely that a young person is to have problems. This is because of conflicting policies that have severe punitive consequences for young people where they fail to negotiate the system effectively. These consequences include underpayments, debts, breaches and fines, all of which are discussed in more detail in Part two of this report.

For instance, in 2000-2001,<sup>18</sup>

- 57% of all Activity Test breaches were applied to young people under 25;
- 57% of all under 18 independent Youth Allowance recipients had a Centrelink debt;
- 68% of all 18-20 independent Youth Allowance recipients had a Centrelink debt;
- 42% of all 21-24 independent Youth Allowance recipients had a Centrelink debt.

---

<sup>18</sup> All data extrapolated from material provided to Welfare Rights Centre through Freedom of Information

Furthermore, over 75% of all the young people interviewed by the Welfare Rights Centre had more than one debt with the NSW State Department of Rail and Transport due to transport fines. The consequences of this are discussed further in **section 3.6**.

In short the emerging picture of income support for young people one of complexity, inconsistency, inadequacy and debt. This is particularly so for those who are homeless.

### **Part three: The disproportionately high level of punishment experienced by young people as a result of structural flaws in the Youth Allowance system**

All of the young people interviewed mentioned that they had difficulty in surviving on Youth Allowance for a variety of reasons, namely:

- the inadequacy of the payment
- the repayment of Centrelink debts, see 3.1
- the impact of Centrelink breaches, see 3.2
- the burden of transport fines, see 3.3

Essentially, these problems meant that many young people were not receiving a full or adequate rate of Social Security payment. This has significant consequences for young people, particularly those who are homeless or marginally connected with their families. These consequences include:

- entrenched poverty;
- further homelessness;
- criminal activity or contact with criminal justice agencies;
- inability to complete or undertake education.

#### **3.1 Debt**

Throughout the various focus groups a significant number of young people reported that they had Centrelink debts and that the recovery of these debts was causing hardship given their low rates of payment. To test whether or not the focus group data was an accurate reflection of a national trend of indebtedness for young people, we obtained data from the Department of Family and Community Services through an FOI request. Some of the data obtained is detailed in Table C below.

	<b>Number of recipients*</b>	<b>Number of debts raised ##</b>	<b>% of debts per total recipients in category</b>
<b>Under 18 independent</b>	15,824	9,041	57%
<b>Under 18 dependent</b>	116,429	13,091	11%
<b>18-20 independent</b>	68,240	46,294	68%
<b>18-20 dependent</b>	107,546	38,892	36%
<b>21-24 independent</b>	47,742	20,159	42%
<b>21-24 dependent</b>	21,754	8,247	38%
<b>25 and over (independent)</b>	4,843**	3,362	69%

\* As at November 2001. This is a point in time calculation but is a standard picture of Youth Allowance recipients at any particular time.  
 # “Advances” are debts that arise through receiving a proportion of entitlement in advance.  
 ## In the period 1 July 2000 to 30 June 2001  
 \*\* There were also 450 dependent people in this category

This data reveals an alarmingly high rate of Centrelink indebtedness among young people and that the highest level of indebtedness is among young people claiming independent rates of payment. This is of particular concern given that a large proportion of independent young people under 21 are categorised as independent because they are homeless. The proportion of homeless to non-homeless independent young people is detailed in Table D, below.

**Table D: Independent young people and homelessness as at November 2001**

	<b>Total number of independent Youth Allowance recipients *</b>	<b>Number of independent homeless *</b>	<b>% of recipients classified as homeless *</b>
<b>Under 18 independent</b>	15,824	12,906	81%
<b>18-20 independent</b>	68,240	29,552	43% #
<b>21-24 independent</b>	47,742	4,859	10%

\* As at November 2001. This is a point in time calculation but is a standard picture of Youth Allowance recipients at any particular time.  
 # Note that this figure is significantly lower where the 20 age group is included. For 18 and 19 year olds 55% are receiving payment under the homeless category.

Tables C and D indicate that indebtedness to Centrelink among young homeless people is extremely high. The obvious question raised by this data, is **why is there such a high level of indebtedness amongst young people?** Arguments that the majority of the debt is because of fraud cannot be sustained for a number of reasons, particularly when the debt and fraud data released by the Department of Family and Community Services through Freedom of Information is examined. For instance, in the period 1 July 2000 to 30 June 2001, there were:

- 1,108,217 Centrelink debtors for all payment types;
- 594,916 Youth Allowance and Newstart Allowance debtors in that year alone, of which at least 102,999 (that is 17.30 %) had debts attributable to advance payments
- A total of 12,272 debts (that is .01% of the total for all payments) were referred for prosecution action. Of which less than half resulted in prosecution action.

The data highlights the importance of investigating Centrelink practices as to why debt levels are so high, and how the problem can be resolved. In recent years there has been an increasing Government emphasis on catching “fraud” with a great deal of

Centrelink resources invested in electronic surveillance, extensive investigative powers and hotlines for dob-ins. All of this focus on catching “debtors” who are generally not intentionally defrauding the system, rather than focussing to a greater extent on debt prevention, is counter productive. Raising and recovery of debts is extremely expensive and resource-intensive for Centrelink and causes financial problems for the individuals involved, particularly for young people.

Reasons for young people incurring debts included:

- not completing study, because they could not afford to attend school or because of housing problems;
- discontinuing full-time education when under 18, because of housing problems or other life crisis issues.

In these situations, the young person is not qualified for payment and if they have not notified Centrelink immediately they will end up with a debt. Should the young person notify Centrelink immediately the event, eg homelessness, occurs they may be granted an exemption from the requirement to study. Unfortunately, many of the young people interviewed were not aware of the requirement to immediately notify Centrelink or failed to notify Centrelink because of the crisis they faced. As a result, the young person ended up with a debt and Centrelink did not retrospectively provide the young person with an exemption from the requirement to study.

#### **CASE STUDY: Peta**

Peta failed to meet the activity test by not attending school in the first semester; as a result a debt of around \$3,000 was raised against her.

Peta had lived with her mother sporadically since she was 11. At 15, Peta was granted Youth Allowance at the “unable to live at home” (independent) rate, on the grounds that her mother's home was not suitable and that there was extreme family breakdown. The state welfare department supported Peta’s claims.

When interviewed about her plans for study in 2000, Peta said that she planned to go to school or TAFE or a college. Peta did not enrol in a school for reasons related to her homelessness.

In early 2000, Peta told a Centrelink officer that she was "unable to become enrolled in a school". The officer said it was all right because she was homeless, but did not note on the Centrelink computer system an exemption from the study requirements.

In July 2000, Peta's payments were suspended when Centrelink found that she was not enrolled. From the time her payments were suspended Peta moved around from place to place staying wherever she could. She says that her boyfriend supported her for most of that time. Her boyfriend, who was not living with her, would give her money and food and provide transport and other help when he could.

There was no evidence that Centrelink explored the possibility of an exemption from the activity test. Although Centrelink procedures state that in cases where a young

person is granted independent rate on the basis of “homelessness”, their situation should be reviewed every 13 weeks.

Had some basic care and support been given to this vulnerable young woman an overpayment would not have arisen. There was no dispute that Peta was homeless and extremely vulnerable but Centrelink raised a debt against her and refused to consider granting her a retrospective exemption from the requirements to engage in full-time study.

Unfortunately, Peta’s case is not unique. Young people in similar situations are extremely vulnerable because of their youth and homelessness. Maintaining connections with education is difficult given their tenuous links to accommodation. Young people in these situations need more substantial support and follow-up to help them maintain educational links. When those links fail there needs to be a greater willingness to allow retrospective exemptions for these young people so that they are not “punished” for their homelessness and disadvantage.

The recent Youth Allowance Evaluation Report stated that:

“Between 1998-1999 and 1999-2000, the number of reviews, debts and the amount of debts increased. In 2000-01, the number of debts plateaued, the number of reviews decreased and the value of debts increased. The breach rate for Youth Allowance non full-time students is higher than other activity-tested payments.”<sup>19</sup>

Accordingly, there are a number of factors leading to a conclusion that there is a disproportionately high number of young people incurring Centrelink debts.

### **Recommendation**

1. That DFACS conduct an inquiry into Centrelink practices leading to Social Security debts.
2. That discretion be provided to Centrelink staff to apply retrospective exemptions to the activity test when dealing with young people in crisis who have not been able to study or meet activity obligations because of that crisis.

### **3.2 Debt - where the young person does not receive the payment**

The Social Security Act provides that when a person is under 18, and not independent, their Youth Allowance has to be paid to their parent or guardian, unless that parent or guardian agrees to Youth Allowance being paid directly to the young person. The problem with this system arises when the young person is required to repay a debt because of a parental failure to provide the correct income or a parental failure to inform Centrelink that the young person is no longer with that parent/guardian.

---

<sup>19</sup> p.122 Youth Allowance Evaluation Report, December 2001, Commonwealth of Australia

One young woman (we shall call Liz), who was interviewed for this research. She was 18 at the time of the interview and had left her parental home when she was 17 because of problems at home, including the problem gambling of her mother.

#### **CASE STUDY: Liz**

Liz notified Centrelink that she had left the parental home but her claim for Youth Allowance at the independent rate was rejected, on the grounds that she was not considered to have sufficient reasons to have left home and was therefore not "independent" for Youth Allowance purposes. Her mother continued to receive the Youth Allowance payments and Liz received no payments whatsoever.

For nearly a year Liz was trying to receive the independent rate because she was not living at home. It was not until she had assistance from a JPET worker that she was finally granted the independent rate of Youth Allowance, but it was not backdated to when she left home.

Centrelink then raised a \$2,000 debt against Liz - the amount of Youth Allowance paid to her mother whilst she was not living at home and not undertaking full-time study. Liz had not been able to undertake study because she had no income. Furthermore, she had not received any of the Youth Allowance payments paid to her mother as her mother used this money to help fund a gambling addiction. Yet Liz was required by Centrelink to repay the debt. Centrelink recovered the debt by withholding 14% of Liz's Youth Allowance, which meant that instead of receiving \$150.85<sup>20</sup> per week she received \$129.75, from which she was required to pay all her living costs.

In some states, such as New South Wales, young people in these circumstances would not have been entitled to a Transport Concession Card because the debt repayment meant she was not receiving the full rate of Youth Allowance.

In these situations, Centrelink insists that the parent or guardian is acting as an "agent" for the young person, but that it is the young person who is the final recipient of the payment and the benefits of the Youth Allowance. Unfortunately, such a system implies that the young person can choose their agent and has the power to insist that the agent act in their interests. The most vulnerable young people who have marginal connections with their parents are the least likely to have such a power of negotiation with the parent or guardian. As a result, they may not even be aware of how much money the parent is receiving on their behalf, and have no way to compel that parent or guardian to use the money in their interests.

#### **Recommendation**

3. That the liability for repayment of a Youth Allowance debt should be placed on the recipient of the moneys, that is the parent or guardian to whom the payment is made.

### **3.3 Debt - rate of recovery**

Centrelink has a standard rate of recovery for debts - generally 14% of a Social Security recipient's basic rate of payment. This situation is problematic given that the rate of payment for this group of young people is significantly lower than other basic levels of income support payment (see Table A), with an independent Youth Allowance recipient receiving \$59 per week less than a pensioner before any reduction to recover a debt.

Furthermore, Rent Assistance is not commonly paid to Youth Allowance recipients. Only 22.8 % (non full-time students) and 23.1 % (full-time students) received Rent Assistance in 2000-2001.<sup>21</sup> This low percentage is often due to young people sharing accommodation and paying marginal rent that does not attract Rent Assistance. Other young people may pay sufficient rent to receive Rent Assistance but do not claim because their name is not on the lease, or because they are in boarding arrangements and do not understand that they are entitled to receive Rent Assistance.

The application of the same debt recovery regime across all Social Security payment types, with the same percentage withheld from a Youth Allowance recipient's payment to recover a debt as from a Newstart Allowance or a pension is grossly unfair.

### **Recommendation**

4. That a lower rate of recovery for Youth Allowance debts be implemented, to reflect their lower rates of payment.

### **3.4 Advance payments**

Most Social Security recipients can receive an advance of their Social Security payment, if they meet certain stringent requirements<sup>22</sup>. The advances, generally of amounts between \$250 and \$500 in a financial year, are available provided that the individual will not be placed in financial hardship through repayment of the advance. Centrelink does not keep data on the reasons customers seek advances.

The focus groups indicated that a large number of young people seek advances from Centrelink in order to meet their day to day living expenses. Advances were used to help out in a fortnight in which the young person received the payment. After the fortnight in which the young person has received an advance they are still in financial need. As one young person explained "you just scrounge off each other, borrowing money here paying back someone else, there is never enough money".

The number of young independent people obtaining advances from Centrelink is very high. Table E, below, shows the number of advances paid for the period 1 July 2000 to 30 June 2001.

---

<sup>21</sup> page 60, Family and Community Services Annual Report (2000-2001)

<sup>22</sup> Section 1061A of the Social Security Act 1991

<b>Table E: Youth Allowance and Newstart Allowance Advances (1 July 2000 to 30 June 2001)</b>	
<b>Age and Circumstances</b>	<b>Number of advances</b>
<b>Under 18 independent</b>	20,567
<b>Under 18 dependent</b>	2,253
<b>18-20 independent</b>	56,050
<b>18-20 dependent</b>	8,570
<b>21-24 independent</b>	15,659
<b>21-24 dependent</b>	2,254
<b>25 and over</b>	1,785
<b>25 and under Newstart Allowance</b>	54,561
<b>Total</b>	<b>161,699</b>

Over the same period, there were only 208,296 advance payments made to Newstart Allowance recipients over the age of 25. This means that Youth Allowance and Newstart Allowance recipients under 25 received **43 % of all advances**, a level that is not reflective of their numbers as Social Security recipients.

Furthermore, an advance for a payment of Youth Allowance is a form of “credit”. It is of particular concern that such credit is available to a person under the age of 18 years, when in most States there are strict laws governing the provision of credit to minors.

**The research data, both qualitative and quantitative, seems to indicate that young people receiving the full rate of payment are the exception rather than the rule. This reduction in payment becomes even more significant when the level of breaches in this age group is considered, see section 3.5.**

### **3.5 Breaches**

#### **3.5.1 What is a breach?**

To receive unemployment-related payments in Australia a person must meet Activity Test requirements. Failure to meet these requirements means that a person is “breached” and is penalised by a significant reduction of their Social Security payments for up to six months or, in the case of a third breach, by cancellation of their entire income support payment for eight weeks (see Table F).

<b>Table F : Penalty</b>				
<b>Penalty</b>	<b>Youth Allowance</b>		<b>Newstart Allowance</b>	
<b>Activity test</b>	<b>Weekly reduction</b>	<b>Total amount deducted</b>	<b>Weekly reduction</b>	<b>Total amount deducted</b>
<b>1<sup>st</sup> breach: 18% reduction for 26 weeks</b>	\$27	\$705	\$32	\$853

<b>2<sup>nd</sup> breach:</b> 24% reduction for 26 weeks	\$37	\$941	\$43.75	\$1,137
<b>3<sup>rd</sup> breach:</b> no payment for 8 weeks	\$150.85	\$1,206	\$182.30	\$1,458
<b>Administrative breach</b>				
No payment for two weeks or 16% reduction in payment for eight weeks	\$24	\$192	\$30	\$240

Breaches and penalties apply only to Newstart Allowance and Youth Allowance recipients. For these people, ongoing payment is conditional on meeting a set of administrative requirements as well as an Activity Test.

The Activity Test essentially provides that a person must make reasonable efforts to find suitable work or improve their opportunities to find employment. Activity Test requirements have expanded in a number of ways in recent years. Currently, a key requirement is that unemployed people must generally apply for up to 10 jobs a fortnight. Centrelink officers have the discretion to reduce this requirement depending on factors such as the skills of the jobseeker and local labour market conditions.

### 3.5.2 Impact on Youth Allowance recipients

In June 2001, jobseekers receiving Newstart Allowance and Youth Allowance who were under 25 represented 33% of recipients.<sup>23</sup> People under the age of 25 are more likely to incur breaches than any other age group, incurring 52% of all Activity Test breaches and 61% of all Administrative breaches.<sup>24</sup>

It is evident that the number of breaches applied to young people is disproportionately high, and the Youth Allowance Evaluation report also comments that:

“Breaches are more likely to affect indigenous young people than non-indigenous young people.”<sup>25</sup>

Breach statistics reveal that the number of breaches overall has increased dramatically in the last three years, with a 310% increase in activity test breaches in the three years between 1998 and 2001.<sup>26</sup> The data released through the Youth Allowance evaluation report provides a detailed picture of the impact that the breaching regime is having on young people in particular, as shown in Table G, below.

<sup>23</sup> Labour and Market Related Payments, a monthly profile, June 2001.

<sup>24</sup> Data for the six months 1 July 2001 to 31 December 2001, Obtained from data obtained through a Freedom of Information release by Department of Family and Community Services

<sup>25</sup> page 96 Youth Allowance Evaluation Report, December 2001

<sup>26</sup> NWRN and ACOSS, Breaching the Safety Net, August 2001. Sydney

	Under 18 years						18 to 20 years					
Gender	Female			Male			Female			Male		
	CB	NB	AV	CB	NB	A V	CB	NB	A V	CB	NB	AV
<b>Indigenous</b>	272	361	1.3	354	591	1.4	768	1139	1.5	1526	2425	1.6
<b>Non-indigenous</b>	3061	3771	1.2	4190	5991	1.3	13490	18465	1.4	23908	35777	1.5

CB: Number of customers breached

NB: Number of breaches

AV: Average number of breaches per customer

The high breach rates for young people indicates that the current system of activity test and administrative breaches is not a solution for enhancing compliance. Each time a young person loses income their ability to meet basic living expenses and look for work decreases, which means that they are vulnerable to further breaches and penalties.

### 3.5.3 Third breaches

The data below reveals a considerable increase in the percentage of third breaches as a total of all breaches. In the six month period from July to December 2001, there were more third breaches than were applied for the full year in 1999-2000. Furthermore, the percentage of third breaches to the overall number of breaches increased from 7.7% in the full year 1999-2000 to 16.4% in just the six-month period July – December 2001.

	Full year 1999 – 2000		Six months – Sept 2000 - Feb 2001		Six months – July 2001 –31 December 2001	
First Breach	123,521	69.5 %	73,271	58.4 %	52,590	55%
Second Breach	39,541	22.2%	34,308	27.4%	26,760	28%
Third Breach	13,647	7.7%	17,703	14.1 %	15,511	16.4%
Unknown	1,050	0.6%	103	0.08%		
	<b>177,759</b>	<b>100 %</b>	125,385	100%		

In that same **six months, July 2001 to December 2001**, Centrelink adopted a policy known as a “third breach alert” in which individuals who were to incur a third breach would be considered for specialist assistance and intervention before a third breach was applied. Despite operation of the “third breach alert”, the number of third breaches was still significantly high, and in that six-month period exceeded the number of third breaches that had been applied for the whole of the year 1999-2000. It

is reasonable to assume that if the breach alert had not been implemented there would have been even higher numbers.

The high number of third breaches could also be attributable to the significant increase in the number of people breached in the previous eighteen months. Tougher attitudes towards the application of a first breach increased the numbers of people at risk of a third breach, and the generally tough breach administration over the last three years has increased the number of young people with at least one breach.

Without pro-active policies by the Government the number of second and third breaches will continue to increase. One means of reducing the number of third breaches would be to introduce a “clean slate” for all breaches incurred in the last two years, so that those breaches do not count towards a second or third breach.

A major shift in policy is necessary given the social impacts of breaching on young people. Given the extremely low rates of payment that unemployed young people receive, the consequences of breaches for young people are severe. A person on Youth Allowance has only \$110 to \$119 to live on each week if they have incurred their first breach penalty. Research has indicated that breaches are leading to increased homelessness and far greater reliance on charities. Anecdotal evidence also points, in some cases, to an increase in theft and unlawful activity in order to survive.

## **Recommendations**

5. That a “clean slate” provision for all breaches, as at 1 January 2003, be introduced.
6. That a new system of penalties be adopted.

### **3.6 Debt through transport fines with the NSW State Rail Authorities**

A large proportion of young people interviewed for this project indicated that they were experiencing problems in paying their necessary transport costs for meeting their activity test obligations.

In NSW a person loses entitlement to a travel concession card when an activity test breach penalty is applied. This is because in NSW a person is only entitled to travel concessions if they are in receipt of a full rate of payment (**see 3.2**). When a person has been breached they still need to meet the Centrelink activity test requirements or face the possibility of another activity test breach. Once a young person has lost a concession card their ability to pay for their travel is greatly reduced. Many of the young people interviewed indicated that the only way that they could afford to travel was by taking a chance and “jumping the train”. If caught, they faced substantial fines. A large proportion of the young people interviewed, around 75%, had been caught “jumping the trains” at least once and as such had State Debt Recovery Office (SDRO) debts.

These penalties are applied for failure to have a valid ticket on New South Wales State rail. The penalty is \$100. Many young people do not have the financial capacity to repay these fines. As one young person stated, “ if I had \$100 in the first place I could have bought a ticket”. Many of the young people interviewed indicated that they had numerous outstanding **Rail and Transport Authority (RTA)** fines and that these fines were accumulating interest. A large number of young people and youth workers indicated that they were having a great deal of difficulty negotiating with the New South Wales RTA about what are called Time to Pay Agreements.

The New South Wales SDRO has the power to recommend to the RTA that a debtor’s driver’s license be cancelled for failure to meet a Time to Pay Agreement. This policy is presumably intended to encourage debtors to enter and comply with Time to Pay Agreements. Difficulties can arise for young people where they have complied with a Time to Pay Agreement for a reasonable period of time but there is still an amount outstanding, and they are unable to meet the Agreement due to a breach penalty and/or debt recovery. The SDRO attitude is that there should be no recommendation to the RTA to restore the driver’s license until the debt is paid in full. This is not always possible in a short period of time, and not always possible for young people without the skills to effectively negotiate with the RTA.

A number of young people indicated that they could not meet the time in which to pay the debts, and as a result were refused a driver’s licence. Furthermore, young people’s circumstances can change rapidly because of Centrelink debts or other types of debts and it is difficult to balance all of the repayment arrangements necessary, particularly given their low rates of payment. This effectively impeded jobseeking for many young people, as there are a number of jobs that require a driver’s licence for a person to commence employment.

## **Recommendations**

7. That the NSW RTA travel concession should not be revoked when a person has incurred a breach.
8. That the NSW Government review SDRO policies regarding negotiation of Time to Pay Agreements, interest charged on outstanding debts, and powers to revoke or refuse driver’s licences.<sup>28</sup>

---

<sup>28</sup> The NSW Combined Community Legal Centres have a working group dealing with the issues of the Fines Act and the implications for members of the public who have outstanding fines with the State Department of Revenue. In their submissions to the review of the NSW Fines Act, they highlight a number of significant issues affecting young people in particular. We endorse the recommendations in those submissions.

## **Part four: Administrative and legislative flaws**

The research highlighted a number of administrative and legislative flaws that hinder young people's access to income support, and increase the incidence of penalties.

### **4.1 Claim forms**

Several participants complained that they lost payment or were denied payment when they were homeless. Some had been told that they could not receive payment if they did not have a "fixed address", and as a result a number of young people walked out of Centrelink without receiving assistance. One young woman explained that she did not understand she was entitled to payment until she was advised to claim by a community worker. (The community worker arranged for the young woman's mail to be sent to the agency, and to be used as the postal address.)

Part of the problem for this young woman, and for other participants in the research was that at the initial interview, Centrelink obtains the jobseeker's postal address and records it on their electronic file. The computer<sup>29</sup> questionnaire program does not continue to run unless a postal address is recorded. Moreover, the system will not process and forward an allowance unless a postal address is recorded. There is no tolerance in the system for jobseekers without a postal address and some Centrelink officers are reluctant to accept a community agency address as their postal address. Homeless young people are penalised because of Centrelink's failures to develop flexible policies and appropriate computer systems.

Young homeless people also have to provide evidence as to why they cannot live at home if they are to receive a payment. There is a difficult onus of proof on a young homeless person to establish that they are "not at fault" because their parents will not let them live at home. In the interim they can only receive a payment if they advise the parental income for determining the dependent rate.

#### **CASE STUDY: Mark**

Mark lived with his mother and his sister for most of his childhood. When he was about 12, he and his sibling went to live with their father. Mark stayed with his father until he was in year 10, when he returned to live with his mother. He then spent the next few years travelling between his parents' homes.

When he was about 17, Mark found that neither of his parents wanted him to live with them. Mark went to see a social worker at Centrelink (in late 2000), and was told that there was insufficient information to grant him Youth Allowance. No assistance was given to him as to what information should be collected, or where to go for assistance.

Mark moved in with a cousin who allowed Mark to stay free of charge at his home, but was unable to provide him with any other assistance.

---

<sup>29</sup> The "Sprite" computer software is the system Centrelink uses for processing Newstart Allowance and Youth Allowance claims

In March 2001 Mark saw a Centrelink social worker and he was granted Youth Allowance at the independent rate because neither parent wanted Mark to live at their home. Mark found full-time work, soon after but this only lasted a few months. He then obtained casual work with a large company, then moved interstate and found some casual work with the same company, but not enough to pay his ongoing living costs.

Mark eventually moved back to his home state and in October he decided to reclaim Youth Allowance. Centrelink decided he could not receive the independent rate as it was considered that he could live with his father. The Centrelink social worker failed to take into consideration reports written by previous social workers. The father provided a Statutory Declaration in November 2001 stating that his son could not live with him because his defacto wife refused to allow Mark to live with them.

In reviewing the decision not to pay the independent rate, the Authorised Review Officer said, "your father has stable accommodation but has chosen to live in a situation that excludes you therefore you do not satisfy these criteria. Although his girlfriend will not allow you to live at her place, there is nothing to prevent your father from arranging alternative accommodation for you and him or procuring other suitable accommodation for you."

Mark's situation illustrates young people's vulnerability in the face of Centrelink's inflexibility. Young people in such situations cannot force their parents to make a choice to provide care, or even to insist that a parent end a relationship so as to support an adult child. Yet Centrelink officers have the discretion to refuse access to income support in these situations, which can in effect punish a young person for parental choices.

The difficulty of establishing "independence" means that many young people just give up and find alternative ways to support themselves - not always by legal means. Nearly all the young people interviewed indicated that payment of Youth Allowance at the independent rate was only achieved through the support of a youth community worker or some adult who could help represent them.

Even when in receipt of Youth Allowance at the independent rate, most young people found meeting their day to day living costs a struggle, as the maximum rate of Youth Allowance independent is \$150 per week<sup>30</sup>. Very few of the young people interviewed received Rent Assistance. Rent Assistance was not payable because the young person did not have a fixed address, or the young person could not provide rent certificates because their name was not on a lease. To help make ends meet many of the young people interviewed indicated that they borrow money or obtain a Centrelink advance if possible. They live from week to week, not always able to pay for basic necessities.

Travel costs were a significant expense for all the young people interviewed. Most of the young people indicated that they spent around \$30 to \$50 a week (around one third of their Youth Allowance) on travel costs. This travel was considered necessary because the young person needed to attend interviews at Centrelink, Job Network

---

<sup>30</sup> This is the figure as at 1 January 2002. At the time of interviews that amount was \$145 per week.

officer, job interviews and various other appointments related to government departments. The amount of money spent varied but was much higher for people relying on private buses as their main form of transport. Young people in rural towns and parts of Western Sydney had no choice of public transport, and hence could not utilise travel concessions. The costs were significant and imposed a considerable financial burden.

#### 4.2 The growing cost of obligations and requirements

Over the past five years, more and more requirements have been imposed on unemployed people, particularly on younger students and young unemployed people. This Mutual Obligations agenda has added a range of additional requirements to administrative and activity test obligations.

The intention of these additional requirements has been in some cases to help improve the assistance provided to unemployed people, but they also include compulsory activities such as the “Work for the Dole” scheme which are not designed to help people into work, but to “develop work habits”. Whatever the policy rationale, each new obligation has **required extra activity and travel** that have often proven to be expensive for unemployed people. Additional expenses include the cost of:

- attending additional interviews;
- registering at a number of Job Network agencies;
- attending seminars; and
- submitting forms to Centrelink regularly.

The costs of travel to and from the various Job Network agencies, to job interviews, and to visit Centrelink offices, continues to increase. Yet these additional costs have not been matched by any increase in rates of payment or an extra "participation allowance". They are also rarely taken into account when breaches are imposed.<sup>11</sup>

It is now apparent that compliance costs are a crucial aspect of the Activity Test and the overall fairness of the requirements imposed on unemployed people, particularly for young people on low rates of Youth Allowance. Weekly expenditure on transport was a repeated concern among young people interviewed, and among community workers.

Many submissions were made to the McClure inquiry into welfare reform regarding the need for a 'Participation Allowance' to help unemployed people meet the cost of transport and other activity test related expenditures. In response, the McClure Report recommended the introduction of a Participation Allowance. The Government has not acted upon that recommendation.<sup>12</sup>

---

<sup>11</sup> Note there are other key factors that impact on a person's ability to meet the requirements imposed on them that are not discussed in detail here. These include the affordability and availability of transport; the reasonableness of the obligations; their family and caring responsibilities; difficulties posed by homelessness; and/or their housing situation.

<sup>12</sup> Participation Support for a More Equitable Society: Final Report of the Reference Group on Welfare Reform, p29, DFACS, July 2000

However, the Government has announced that it will provide \$20.4 million over four years for a Literacy and Numeracy Training Supplement. This means that those people undertaking literacy and/or numeracy training and receiving a Social Security payment will be paid a \$20.80 supplement every fortnight while they undertake training.

This supplement is a mirror of the extra payment that participants in “Work for the Dole” receive. Both payments are recognition that attending such programs can incur additional expenses, yet the general cost of compliance with other obligations has been ignored.

**Recommendation:**

9. That the Participation Allowance recommended in the McClure Report be paid to all people subject to activity test requirements.

**4.3 Transport costs compounded by breaching**

Not all States and Territories provide concessions to unemployed people travelling on public transport (see Table I, below). Furthermore, even in those States and Territories in which concessions are available, they are of little use to young people who live in areas serviced only by private bus companies or in areas with little, if any, public transport. The result is that within a Federal Government system requiring people to meet their job-seeking activities, there can be wide variations in how the costs of these activities impact on individuals. For example it is not uncommon for people to pay \$10 to \$15 a day for transport to meet activities required by their Preparing for Work Agreement.

To compound the problem, in NSW and the Northern Territory once a person incurs a penalty they lose access to travel concessions, even though the person must still travel to meet their activity test obligations. Thus, in NSW and the Northern Territory, being breached by Centrelink results in not just one penalty, but two – the loss of income imposed by Centrelink for six months, and the loss of transport concessions imposed by the State for the same period.

<b>State</b>	<b>TRAVEL CONCESSIONS AVAILABLE</b>	<b>CONCESSIONS AVAILABLE IF BREACHED</b>
NSW and NT	To pensioners and to unemployed people in receipt of maximum rate of payment	No, because only available if in receipt of maximum rate of payment
SA, VIC, ACT & WA	Pensioners and unemployed people	Yes, the concession card is available for a three month period
QLD & TAS	Only available for pensioners, not for	Not applicable

	unemployed people	
--	-------------------	--

All of these additional costs add to the burden already borne by unemployed young people who are in receipt of payments at rates that are well below the Poverty Line. The costs associated with meeting each and every activity are substantial.

Part-time students, who are participating in study as part of their “mutual obligation” requirements, experience additional problems. In most states, part-time students are not eligible for transport concessions. These students are still required to meet their “mutual obligation” requirements but without concessions they have less financial resources than other people receiving Newstart Allowance or Youth Allowance.

All of the young people interviewed mentioned the cost of attending interviews at Centrelink or with Job Network members. The costs are particularly significant for under 21 year olds, given the very low rates of payment of Youth Allowance (this is discussed in further detail at section 4.2).

#### **4.4. Proof of Identity (POI)**

Any person claiming a Social Security payment must establish proof of their identity (POI) in order to receive payment. A “two pay review” system has been in place for many years, which provides that if a person does not have sufficient POI and Centrelink is reasonably satisfied as to their identity, they can be paid for two fortnights whilst the person collects appropriate POI.

In September 2001, the Department of Family and Community Services and Centrelink introduced a new POI system for people claiming Social Security payments. The new POI model utilises a points system, similar to the "100 points" system currently used by banks. POI documents are divided into “cardinal” documents (which prove the person’s right to be in Australia either by birth or immigration) and “other approved documents” (which link the person to the identity created by the “cardinal” document).

Each document attracts a score, with POI only accepted if the score is 170 points or more.

#### **The problems**

Young people can experience great difficulty obtaining the required 170 points. Our interviews indicated that many young people have had POI problems and were not offered payment for the two fortnights while the young person gathered further documents. Centrelink POI requirements are too onerous for many young people, particularly for homeless young people and for young people who cannot approach a parent for POI documents due to a history of domestic violence or other abuse.

Particular POI issues are associated with:

- requests by Centrelink for further documentation from relevant authorities, although the documentation is already with Centrelink;

- the time and expense that can be involved in attempting to obtain other documentation. (A “catch-22” can also apply. For example, in NSW the cost of obtaining a Birth Certificate is between \$29 and \$44 and will not be provided to a person with “insufficient identification”);
- The problems disadvantaged young people can have in providing appropriate documentation that is recognised by Centrelink. Requesting documents relating to car or home ownership for example, assumes a level of resources not always available to a young person who is homeless.

A large number of young people who were interviewed in the period June to September 2001 reported problems with obtaining payment from Centrelink because they had insufficient POI. Centrelink had offered only one of the people interviewed.

**CASE STUDY: Bobby**

Bobby is 19, and lives 40 minutes drive from the nearest town. He does not own a car and only two buses a day run a day to the town – one early in the morning and the other in the early evening. He generally pays friends \$10 to drive him into town when he needs to get there. Bobby’s residence does not have a telephone.

Bobby had been on Youth Allowance for some time. However, following a number of activity test breaches his payments were cancelled. The breaches were subsequently waived and his payments reinstated, however, Centrelink insisted that he provide fresh POI for his payments to be reinstated.

Bobby did not have a birth certificate or a passport and he was required to produce one of these in order to prove his identify. He was granted a two pay review period in which to obtain an extract of his birth certificate. Due to a number of family difficulties (including the death of his grandmother), and difficulties living on his allowance, Bobby was not able to obtain his birth certificate (which currently costs \$29), within the two-pay period.

A Welfare Rights Centre advocate contacted Centrelink on behalf of Bobby. Centrelink agreed to put him back on payment for another “two pay” review period in order for him to get his birth certificate but warned that this was his last opportunity for a two-pay review period for twelve months. Bobby had to seek assistance from an Emergency Relief provider to assist him to meet the cost of obtaining his birth certificate.

Bobby’s breaches and his subsequent troubles were in large part due to the difficulties he faced in attending Centrelink interviews and keeping Centrelink informed about his situation, due to inadequate transport links to the town centre.

**Recommendations**

10. That people claiming Social Security payments only be required to present 100 points of POI in order to receive payments.
11. That Centrelink pay for the cost of obtaining a birth certificate for specified groups of people, for example for homeless young people.

12. That Social Security law be amended to allow access to Family Tax Benefit records in order to verify a Youth Allowance claimant's birth certificate details, and to be used for establishing POI.

#### **4.5 Seminars and other initial customer contacts**

It is important that Centrelink informs people of their rights and obligations when dealing with Centrelink at the earliest possible stage. The consequences of failing to fulfil obligations are serious and can include prosecution, debts and breaches. Unfortunately, the systems in place to ensure people have appropriate understanding and knowledge of their rights and obligations at the time of claim, and thereafter, are often inadequate and can at times be counter-productive. This is largely because of fundamental problems with:

- the format and targeting of seminars for job seekers;
- the timing of seminars; and
- explanations about obligations and reviews targeted at high risk or high need clients.

The seminars for unemployed people claiming Newstart Allowance or Youth Allowance are generally conducted in a format similar to that of a classroom, yet the traditional classroom model of learning, is inappropriate for many young, homeless people who have a history of problems with school attendance due to family problems. The format can alienate people who are already at risk because of an inadequate understanding of mutual obligations, or a reduced capacity to meet obligations due to a crisis. Several young people indicated that their seminars involved 20-30 people and that they were not encouraged to ask questions.

The current system means that all people are automatically referred to seminars to find out about their rights and obligations. This is alienating for young people with low levels of literacy who have little life experience in dealing with bureaucracies, and for those with poor life management skills. This results in breaches and debts due to failure to understand income-reporting arrangements.

Many young people interviewed complained that this whole process was a waste of time. They did not think there was any purpose other than it being yet another "activity".

#### **4.6 Job Seeker Classification Instrument**

When a person first claims unemployment payments, Centrelink is required to make an assessment to determine that person's level of employment disadvantage through the use of the Job Seeker Classification Instrument (JSCI). As a result of this process, a person obtains a JSCI **score**. A person with a high JSCI score should be identified as a person who may have difficulties in dealing with the seminar process, and should be considered to be at risk of misunderstanding their rights and obligations when dealing with Centrelink

There is no such process to identify clients at risk of breaching, and in many cases people are required to attend the seminar before the initial claim interview has occurred. Unfortunately, Centrelink rarely takes appropriate steps in the initial claim and follow-up stages to address the factors identified in the JSCI process. The referral to a seminar is automatic regardless of whether or not it is appropriate. In itself the JSCI score should ring alarm bells with officers when considering breaches.

The JSCI process is a means by which Centrelink is able to identify jobseeker disadvantage at an early stage. However, there are problems with the way the JSCI is administered. Generally it is administered at the initial interview stage, in a public space. The JSCI requires a person to disclose highly personal information, to a complete stranger within minutes of meeting that person. It is not surprising that information about mental illness, abuse, homelessness or substance abuse is not initially revealed to Centrelink. Such information generally only becomes apparent through the breaching process, which has become a de-facto filtering system picking up the issues not identified through the initial claim procedures.

A system of assessing individual needs and circumstances can only be achieved through better initial claim and interviewing processes.

#### **Recommendations:**

13. That more time and attention be given to the development and administration of the JSCI, and other “risk identification” mechanisms.
14. That a person identified through the JSCI process as having a high level of employment disadvantage should not be referred to a job seeker seminar. They should instead be provided with a post-grant interview, at which rights and obligations can be explained, before they are required to attend any seminar.

#### **4.7 Timing of seminars**

The timing of seminars is also important. Seminars are often held at 8.30 in the morning or at times when unemployed people have to compete with people traveling during peak hours for work. This can mean:

- transport delays; and
- increased costs for transport.

This is a significant issue for unemployed young people who are living below the Poverty Line, on \$150 per week.<sup>31</sup> If an unemployed person is late for a seminar because they have missed a bus, a common experience during peak hour, a breach may be applied.

When breaches are applied so early in the process of claiming payment and often unreasonably, the system is ultimately diminished in the eyes of the claimant. It is also highly questionable how appropriate it is to breach a person who was late for a

---

<sup>31</sup> Youth Allowance independent rate as at 1 January 2002

seminar in which they were to be informed about their rights and obligations and about the consequences of not fulfilling those obligations.

There is no reason why unemployed people should be required to attend seminars at a time when it is most inconvenient for them in terms of travel and cost. If Centrelink is to use seminars as a means of delivering information, **more consideration needs to be given to the financial constraints of unemployed people when scheduling appointments**. It also has to be remembered that:

- very few states offer adequate travel concessions to unemployed people;
- even if those concessions are available they can only be accessed if the person is **receiving** a payment (this means that the concessions are not available until the person has lodged a claim);
- if those concessions do exist they may not assist because the unemployed person can only access private transport systems;
- in rural and regional areas, public may not be available at all, and arranging private transport may pose difficulties.

**Recommendation:**

15. That a person only be required to attend a seminar after they have had their initial claim interview, and first payment has been granted.

**4.8 Current jobsearch requirements are too onerous**

Many people are required to search for 10 jobs per fortnight. This is unrealistic given that throughout 2000/2001, there were generally over seven unemployed people (20 in many regions) for one job available. Having to apply for up to 10 jobs per fortnight breeds a sense of frustration and futility and sets people up to fail. Young people find it progressively harder to meet these unrealistic requirements. It also leads to young people burning out in their job seeking efforts as week after week they get rejection after rejection. The problems are particularly with:

- Job Seeker Diaries; and
- Employer Contact Certificates

Currently, a person can only be exempted from the Activity Test if they have a temporary illness that incapacitates them for work. However, there are many reasons why a person may have temporary difficulties looking for work, for example, when moving house, or due to a bereavement, or during rehabilitation for substance abuse. In such situations, people run the risk of being breached because they do not have the emotional or physical capacity to fulfil their requirements for a short period of time. If it were possible for people to seek short exemptions (say allowing a recently bereaved person to have a four-week exemption), many breaches would not occur.

#### **4.9 Job Seeker Diaries**

In the period September 2000 to February 2001 there were 5,720 breaches applied because of failure to comply with Job Seeker Diary requirements. Yet in the four-month period from March 2001 to June 2001 there were 9,223 breaches were applied because of breaches associated with Job Seeker Diary requirements. This is a significant increase in the number of breaches for one type of activity test requirement.

It is important to note that a large number of breaches for failure to comply with Job Seeker Diary requirements are considered as a breach of the Preparing for Work Agreement. This is because Job Seeker Diaries appear to be issued automatically, as part of the process of renegotiating the Preparing for Work Agreement, rather than through an assessment of whether or not the requirement is appropriate.

When interviewing young people in NSW, it appears that there are a number of problems with the administration of the Job Seeker Diary. The main problems were that:

- diaries were issued to young people who are known to have literacy problems, and/or who are homeless;
- inconsistent requirements were imposed as to the type, location and number of jobs that need to be identified in the Diary;
- letters were sent by Centrelink telling people not to complete the Diary, after the Diary had been issued. The letters were effectively sent in error, but the recipients had no reason to know this.

#### **CASE STUDY: Arthur**

Arthur was 22 at the time of the interview and he had been living independently for many years, working in a series of casual jobs. He had been given a Job Seeker Diary and was told this needed to be completed. He then received a letter from Centrelink saying he did not need to complete the diary. After several 'phone calls he was told by Centrelink that he should ignore the letter, and complete the diary because if he did not complete the diary, he would be breached. When Arthur handed in his diary he was told that he was going to be breached because the diary was not completed correctly. He was told that his diary needed to show that he was “looking for jobs outside his area”, however, his Preparing for Work Agreement did not indicate that he had agreed to look for work outside his area.

#### **Literacy and other exemptions from the issue of a Job Seeker Diary**

When the Job Seeker Diary was introduced in 1997, it was described as a tool to aid job seekers find employment. A great deal of public concern was expressed about the appropriateness of the Diary for people who are illiterate, have difficulties speaking or writing in English or who are homeless. Accordingly there were very specific guidelines introduced to protect those individuals from being issued with a Diary. There were clear guidelines that ensured exemptions. Yet guidelines issued by the

Department of Family and Community Services in January 2000 changed the circumstances in which a person could be exempted from completing a Job Seeker Diary.<sup>6</sup>

One 20 year old young woman explained that Centrelink knew she was functionally illiterate but still required her to complete a Job Seeker Diary. She incurred a breach because the Diary was not completed properly. She then incurred several over breaches until a youth worker assisted her and the breaches were overturned.

Another common problem for Job Seeker Diary recipients is the inconsistent assessment of how many jobs a person must apply for, and whether or not a person is required to apply for work outside their area.

### **Recommendations:**

16. That legislative exemptions be introduced as a safeguard against the inappropriate issue of Job Seeker Diaries.
17. That the guidelines for the issue of a Job Seeker Diary be clarified, to detail exemptions for vulnerable individuals who are likely to have difficulty in the completion of the Job Seeker Diary.

### **4.10 Employer Contact Certificates – the “kiss of death”**

Employer Contact Certificates (ECC) are issued to NSA<sup>7</sup> or Youth Allowance recipients who are considered “at risk” of not complying with the requirements of the activity test. The ECC’s are given by jobseekers to employers who are then required to sign them, indicating that the unemployed person has in fact applied for a job.

A number of the young people interviewed stated that they had difficulties with ECCs. Several said that they had been breached for not handing in a correctly completed ECC with no explanation of how to complete them and their purpose.

Department of Family and Community Services guidelines indicate that an ECC should be issued if the Youth Allowance/NSA recipient:

- has unsatisfactory or questionable reasons for ceasing work
- has incurred previous activity test breaches in the last two years
- recently left secondary or tertiary education
- could be limited in their job search existing by employment commitments
- could be limited in their job search by other existing commitments, eg part-time study
- could be limited in their job search by stated work intentions
- could be limited in their job search by a commitment to particular occupations
- could be limited in their job search by personal circumstances

---

<sup>6</sup> Guide to the Administration of Social Security Law, paragraph 6.2.1.70, available from the Department of Family and Community Services web site.

<sup>7</sup> 601(1C) of the Social Security Act 1991

- lives in an area of an identified labour shortage.<sup>8</sup>

Unfortunately, application of these guidelines can tend to target people who are disadvantaged in the labour market. They also tend to target a person who has already been breached, with further obligations imposed on a person whose capacity to meet obligations has been reduced by the imposition of the breach penalty. Such additional obligations are unhelpful and further compound the problems of unemployed young people.

A recent study found that the majority of ECC recipients (62%) do not feel as though having to get ECCs signed enhances their employment prospects. Indeed for most, they are perceived to be a “kiss of death” for contact with any potential employer. The main reasons for holding this view are:

- a belief that ECCs may in fact have a negative impact and lessen one’s chances (31%); and
- a feeling that ECCs increase the “stigma” of being unemployed (22%).<sup>9</sup>

These conclusions are supported by our interviews with young people. A number of the complaints regarding ECCs were that:

- “Centrelink does not adequately explain what they are for, and how they are to be completed”;
- “you would never show the ECC to an employer with whom you thought you had a reasonable chance of success, because you would be seen as a trouble maker”;
- “the obligation to complete them, plus look for another 10 jobs per fortnight and undertake part-time study, which is a recognised mutual obligation activity, is just too much.”

Section 601 (1E) of the Social Security Act provides that there is no need to issue an ECC if the Secretary considers there to be “special circumstances”. There is reluctance among Centrelink staff to exercise this discretion.

### **Recommendation:**

18. That Employer Contact Certificates be abolished.

## **4.11 Universal job search activities across all regions and labour markets**

The Social Security Act states that a person is required to look for suitable work within their region. A person can nominate to look for work outside their area, but they cannot be compelled to do so. In our experience, many people are not told that they have a choice to limit their work search to local labour markets (ie, within a reasonable commuting distance).<sup>10</sup> Several young people interviewed in regional areas complained that they were told they had to look for work outside their area. One

<sup>8</sup> Guide to the Administration of Social Security Law, paragraph 6.2.1.50

<sup>9</sup> Wallis Group, Activity Test Evaluation Customer Survey (May 2001) p 49

<sup>10</sup> Section 601 (2AB) of the Social Security Act 1991

young person had been breached because his Job Seeker Diary indicated that he had not looked for at least two jobs per week in an “outside job area”.

The imposition of such requirements is in our view based on an incorrect reading of section 601(2AA) of the Social Security Act. This section adds nothing further to the requirements of section 601(2A) of the Social Security Act, and simply creates confusion as to where a person is required to look for work.

One 16 year old client lived more than 90 minutes away from the closest Job Network provider and had no transport other than a horse but had fortnightly commuting requirements inserted into his Preparing for Work Agreement.

### **Recommendations:**

19. That section 601(2AA) of the Social Security Act be repealed.
20. That no person should be required to look for work outside a “reasonable commuting” distance from their home, unless there is a payment available to assist the person meet travel and relocation expenditure.

### **4.12 Study and other mutual obligation activities**

Young unemployed people under 18 years of age cannot generally receive Youth Allowance unless enrolled in education. Whilst this policy is intended to encourage young people to remain in secondary education, it fails to acknowledge that:

- full-time education is not appropriate or possible for all young people;
- alternative educational courses are not available for young people in many non-metropolitan areas;
- full-time study is costly.

These realities have led to many young people incurring activity test breaches for not attending school or dropping out altogether. In addition this group of young people can end up with debts due to failure to complete educational courses. These debts are then recovered from the young person’s Social Security payment, further reducing their ability to undertake activities, particularly because of travel costs. As a result the young person ends up in a spiral of breaches and debt (discussed in further detail in part three of this report).

Statistics reveal that in the period 1 July 2000 to 30 June 2001<sup>32</sup>, there was a significant number of Youth Allowance and Newstart Allowance debts related to study issues, namely:

- insufficient workload	3,094
- commenced full- time	244

---

<sup>32</sup> Department of Family and Community Services statistics released to Welfare Rights through a Freedom of Information request

- discontinued studies/course	9,032
- eligibility periods study change	24
- failure to start studies	2,237
- not enrolled at institution	2,791
Total	17,422

Several of the young people interviewed indicated that they had not been able to complete a course or attend classes because they had insufficient financial resources. In one focus group a number of the young people had a lengthy discussion about their problems because of debts, and how this impacted on their ability to complete school.

One young woman studying at TAFE explained that “if you are under 18, transport is not too problematic because you have a NSW school bus pass that at least it covers your school cost. If you are over 18 you do not have a bus pass and you have to pay \$25 just to go to TAFE, and that is at a concessional rate.”

Another young woman indicated that sometimes she had to choose between eating or paying for school books or bus fares. There is “no way I can afford to buy the textbooks for the course, and it makes everything really hard when you have to study, in the end you just drop out”.

Bus fares were a particular issue for part-time students. Many of the young people were undertaking part-time study because they were homeless or had other disadvantages that meant they were unable to cope with full-time study, however, as part-time students they were unable to access the same transport concessions available to full-time students.

#### **4.13 Activity test break**

The system does not adequately recognise the difficulties associated with being unemployed. Requiring young people to ceaselessly satisfy the activity test leads to fatigue. People become disillusioned and tired and, make mistakes, which leads, to breaches. If the legislation were amended to allow for short breaks from the activity test – similar to annual leave for paid workers – so that people could take up to four weeks off for any given year, this would give people the opportunity to have a respite from the exhausting, and often depressing task of job-searching and would assist them to revitalise their energies.

Many of the young people interviewed indicated that they had multiple agencies to deal with. The various agencies had conflicting requirements and as one young women indicated “ we have very busy lives just meeting every bodies requirements of us, it is hard”.

At the very least, Centrelink should take into account four weeks of non-activity each year before imposing any breach.

#### **Recommendation:**

21. That the legislation be amended to provide for an activity test exemption for all unemployed people of four weeks each year.

## **Conclusion**

Our research has identified a number of fundamental flaws in the legislation providing for the income support of young people. It has also highlighted systemic issues in service delivery by Centrelink that compound the impact of those flaws. These flaws are deepening rather than relieving the poverty and alienation of disadvantaged young people. As such the current system is counter-productive to the Government's stated intention that the introduction of Youth Allowance system would enhance education and employment opportunities for young people.

- It is time for reform of the Youth Allowance system.

## **ATTACHMENT A**

### **Questions to be asked of the focus group - July 17, 2002**

Take all their names

**How old are you?**

**How many of you have been breached?**

**How many breaches each?**

**If there is a debt how many of them have had debts?**

**Have you had any dealings with Centrelink?**

Yes

No

**If yes, what happened when you first claimed payment?**

**How long before you got an interview with Centrelink?**

Delays in payment, especially in being granted independent rate? How long they waited and did they get back pay?

Proof Of Identification

Payment two fortnights whilst waiting for ID.

**Did you sign a Preparing for Work Agreement?**

**Did you attend an information seminar?**

Was the seminar before or after you started receiving payment?

The various obligations explained, did they understand the obligations and the purpose of the seminar?

**Did you have any problems, or delays in claiming payment?**

**Did you feel that your rights were explained to you, at that time?**

Transport costs, how much how many interviews per week.

Train jumping and fines, did you have any fines?

**Have you had a Centrelink breach?**

How many of them have been breached and how many breaches.

**If yes, do you know why?**

**Did you appeal, if not why not?**

**Do you know why people get these penalties?**

How many committed crime, because of a breach?

How many homeless etc?

How many have had exemptions from the activity test and if so what are the exemptions

**Do you know what penalties are imposed?**

**Do you think that these penalties are fair?**

**Do you think that Centrelink could deal with these penalties in a different way?**

**If you could how would you improve Centrelink?**

Have you had any difficulties getting a copy of your file?

## ATTACHMENT B

Annette Hillier  
Privacy/FOI Officer  
Box 7788  
Canberra Mail Centre  
ACT 2610

Dear

Re: FOI request

We are writing to obtain information about debts and advance payments.

The information sought from your Department is to supplement information and research our service has obtained from interviewing young people and service providers about their experiences when dealing with Centrelink. The series of focus groups has highlighted a number of areas that require further investigation particularly around

Issues incurring debts and are having problems with advances as well as breaches. Accordingly we are seeking information about:

1. The number of Youth Allowance and Newstart Allowance recipients (each category separately identified) who have received advance payments in the periods 1 July 2000 to 30 June 2001 and 1 July 2001 to 30 September 2001. We are seeking a breakdown by age:  
under 18 [independent, dependent and at home rates separately identified]  
18 to 20  
21 to 25  
25 and over
2. The number of debts raised in total in the **period 1 July 2000 to 30 June 2001** against all Social Security, Family Allowance and Family Tax Benefit recipients. Each category of payment separately identified with the number of recipients who have incurred a debt raised for each payment identified.
3. The number of debts raised in the period **1 July to 30 June 2001** against Youth Allowance recipients and Newstart Allowance (each category separately identified). We are seeking the information broken down as follows  
under 18, receiving independent rate of Youth Allowance  
under 18, receiving dependent rate of Youth Allowance  
18 to 20, receiving independent rate of Youth Allowance  
18 to 20, receiving dependent rate of Youth Allowance  
21 to 25, receiving Newstart Allowance  
21 to 25, receiving Youth Allowance  
25 and over

The reasons for those debts, detailed in item 3 above, raised in the period 1 July 2000 to 30 June 2001. For example failure to notify because of ending education, failure to notify because of receipt of income.

The total number of debts that have been waived because of administrative error in the period 1 July 2000 to 30 June 2001, then a breakdown of waiver decisions made at

- Original Decision Maker level
- Authorised Review Officer level
- Social Security Appeals Tribunal level
- Administrative Appeals Tribunal level

The total number of all Social Security and Family Allowance, debts that have been waived because of "special circumstances" in the period 1 July 2000 to 30 June 2001. Each payment type separately identified. With a breakdown of waiver decisions made at

Original Decision Maker level  
Authorised Review Officer level  
Social Security Appeals Tribunal level  
Administrative Appeals Tribunal level

The number of debts raised in the period 1 July 2000 to 30 June 2001 that have resulted in prosecution action as at 30 November 2001.

#### Fees

Our organisation seeks to be exempted from the requirement to pay the fees associated with the provision of information through the Freedom of Information Act, on the grounds that the release of the information is in the interests of the public.

The Welfare Rights Centre Sydney is a Community Legal Centre that specifically assists people in receipt of Social Security payments. We are associated With Welfare Rights Centres throughout Australia who are responsible for:

- advice and assistance about Social Security and Job Network rights and obligations;
- publications for individuals and organisations about Social Security payments;
- education and training them of informing individuals about their rights and responsibilities when dealing with Centrelink and Job Network agencies.

Ultimately, we seek to use the information to help identify areas of priority for casework assistance, training and education. We also intend to use information in research about young people who are more likely to incur a breach or a debt, so as to help us develop strategies for improved assistance for this group of clients.

Accordingly, we believe that the information will be used for the public benefit.

Thank you for your assistance in providing this material. We have ENCLOSED a cheque in the sum of \$30 by way of payment for the application fee for a Freedom of Information request. Should you have and queries about the material we are seeking please do not hesitate to contact me.

Yours sincerely

Carla Mullins  
Senior Policy Officer

13 February 2002  
Ms Peta Winzar  
Executive Director  
Economic and Social Participation  
Department of Family and Community Services  
Box 7788  
Canberra Mail Centre  
ACT 2610

Dear Peta

### **Re Freedom of Information Request**

We are writing to obtain further data about breaches and the activity test. We are requesting the release of this information through Freedom of Information. This information requested is the substantially similar to several previous data requests sent to the Department. The only additional information sought is about the gender of those people breached.

In particular we are seeking:

1. A monthly breakdown of the number of administrative and activity test breaches imposed by Centrelink for the period **1 July 2001 to 30 January 2002**.
2. A whole of period breakdown, for the period **1 July 2001 to 30 January 2002**, of the number of administrative and activity test breaches imposed, by Centrelink area, gender, and by age group, the age groups being:  
Under 18  
18 – 20  
21 – 24  
25 – 29  
30 – 34  
35 – 39  
40 – 49  
50 – 59  
60 and over
3. A monthly breakdown of the type of breaches that have been imposed and applied for the period **1 July 2001 to 30 January 2002**.
4. A breakdown of the number of first, second and third activity test breaches that have been applied, broken down into States and Territories, in the period **1 July 2001 to 30 January 2002**.
5. The number of activity test breaches recommended by Job Network providers and the subsequent number imposed by Centrelink, in the period **1 July 2001 to 30 January 2002**.
6. A monthly breakdown of the number of administrative and activity test breaches imposed by Centrelink in each State and Territory of Australia, and details

of the number of people receiving Newstart Allowance and Youth Allowance in that State or Territory for the period **1 July 2001 to 30 January 2002.**

A breakdown of the number of activity and administrative breaches applied to Youth Allowance (full-time students) and Austudy recipients for the period **1 July 2001 to 30 January 2002.**

8. A breakdown of the number of first, second and third activity test breaches that have been applied because of recommendations by Job Network providers in the period **1 July 2001 to 30 June 2002.**

9. A whole of period breakdown of the number of administrative and activity test breaches imposed by each Centrelink customer service centre around Australia for the period **1 July 2001 to 30 January 2002.**

10. The number of activity and administrative test appeals to each stage of appeal and the percentage of appeals that were successful for the period **1 July 2001 to 30 January 2002.**

Thank you for your assistance in providing this material.

We have ENCLOSED A cheque in the sum of \$30 by way of payment for the application fee for a Freedom of Information request. We again request that our organisation be exempted from any further charges for the provision of this information on the grounds that the material is in the public interests. The information is of use to our organisation to enable us to:

Plan education campaigns for community workers assisting people who could be breached.

Provide appropriate educational material, to people about breaches and information about appealing these breaches.

Research into the connections between young people and breaches.

Should you have and queries about the material we are seeking please do not hesitate to contact me.

Yours sincerely

Carla Mullins  
Senior Policy Officer