

rights review

NEWS & COMMENT ON SOCIAL SECURITY ISSUES

a budget of wrong priorities

Practice clearly doesn't make perfect. After eight budgets the Commonwealth Government still hasn't got the right balance between economic and social policy. In fact, it has wasted unfair \$2 to \$13 per week tax cuts by spreading them very widely across so many (but not those on Social Security) when it could have concentrated the \$2.4 billion each year to address great social need throughout Australia. It has also retained a significant surplus despite shortfalls in health, education and welfare expenditure.

These are hardly the right priorities given the Government's responsibilities to disadvantaged Australians. These priorities are not only questionable in policy and equity terms but also in political terms.

spending, not tax cuts wanted

To take the politics issue first: new research conducted by the Centre for Social Research at the Australian National University (ANU) indicates that Australians are increasingly less interested in tax cuts and want more money spent on social services, especially Medicare. This decline in support for tax cuts and rise in support for social spending is a trend that has strengthened since the election of the Coalition Government. The ANU study points to "the large tax cuts in 2000 driving declining support for further tax cuts" and a "strong perception in the community that key services are in decline" driving increased support for additional social spending.

Secondly: in terms of both equity and sound policy it is difficult to see how any Government could justify a \$573 annual tax cut for the top 15% of income earners when:

- ◆ the Budget projects unemployment to stay at 6% over the next two years;
- ◆ the average time on unemployment payment is now 145 weeks; and
- ◆ long-term unemployment is higher now than it was when the Government was elected in 1996.

low tax, low spend country

Australia is the sixth lowest taxing country of the 30 OECD countries. Our overall tax take each year is 6% below the OECD average.



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Available at www.welfarerights.org.au
Guide to social security payments!

Contact details for Welfare Rights

The contact details of the Welfare Rights Centres involved in the publication of the "rights review" are contained below. For contact details of all member organisations of the National Welfare Rights Network please refer to the website www.welfarerights.org.au

Adelaide

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Street address: Torrens Building, 220 Victoria Square, Adelaide, SA 5000
Postal address: As above
Telephone contact number: (08) 8226 4123, 1800 246 287
Fax: (08) 8226 4124
TTY: None
Email: wrcsa@wrcsa.org.au

Brisbane

Welfare Rights Centre
Street address: Suite 3, 28 Old Cleveland Rd, Stones Corner, QLD 4120
Postal address: As above
Telephone contact number: (07) 3847 5532, 1800 358 511
Fax: (07) 3421 2500
TTY: (07) 3847 5533
Email: wrcqld@uq.net.au

Sydney

Welfare Rights Centre
Street address: Level 5b, 414 Elizabeth St, Surry Hills, NSW 2010
Postal address: As above
Telephone: (02) 9211 5300 and 1800 226 028 for people calling from outside the Sydney metropolitan area
Fax: (02) 9211 5268
TTY: (02) 9211 0238
Email: welfarerights@welfarerights.org.au

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a budget of wrong priorities

If Australia taxed itself at the average OECD country rate, we would have more than enough to address our health, education and welfare needs. In this context, although this perspective is generally hidden from the population by our politicians and the media, we should have been concentrating the \$10 billion that the tax cuts will cost over four years on Social Security, Medicare and education needs.

real needs and priorities

In one fell swoop, we could have used this money to:

provide a living income for unemployed people:

- by increasing the rate of Newstart Allowance to the pension rate. (Cost: \$94m in 2004-05).

provide fair rewards for casual work to unemployed people:

- by reducing the high effective tax rates for unemployed people through reducing the income test taper rate from 70c to 60c in the dollar for income over a free area of \$40 (instead of \$30) per week. (Cost: \$176m in 2004-05).

provide improved financial assistance for young people and ensure that families are not financially worse off when their child turns 16:

- by increasing the independent rates of Youth Allowance and Austudy Payment (around \$150 per week) to the pension rate (\$215) (Cost: \$138m in 2004-05), and

- by increasing the dependent rate of Youth Allowance for 16-17 year olds by \$13 a week to \$95. (Cost: \$138m in 2004-05).

provide support for migrants and refugees:

- by abolishing the two year waiting period and allowing payment of

Special Benefit to people engaged in full-time study. (Cost: \$69m in 2004-05).

The total cost of these long overdue investments in many of our most disadvantaged Australians is \$615m. This is well within the cost of the misplaced tax cuts. These are clear examples of what could have been achieved with better, more targeted use of the taxpayer funds which the Treasurer squandered in the May Budget.

excessive reviews

Instead of this additional assistance for those on the lowest incomes and highest tax rates, the Government plans instead to introduce excessive reviews for people with disabilities to save \$90m over four years. This is little more than a backdoor tightening of eligibility after the Government failed to get last year's DSP cuts legislated.

Parents too are in for review. Having just been brought into the Government's "participation" regime they may well be confused by the mixed messages being sent through the Australians Working Together measures on the one hand and the tough compliance measures announced in the Budget on the other. An extra 108,000 face-to-face compliance interviews will be undertaken with parents over the next four years, saving another \$30 million.

lost opportunities, wrong priorities

In summary, from the perspective of the lowest income and most disadvantaged Australians, the 2003-04 Budget was not only one of lost opportunities, as so many have been, but one of radically wrong priorities which has squandered up to \$10 billion over the next four years on unfocused tax cuts that could have achieved so much more elsewhere.▲

penalty reductions unblock "welfare reform" package

The Federal Government finally secured the passage of its "welfare reform" legislation in March 2003 after nearly two years of planning, negotiating and refining. In the end, an agreement reached with the Democrats to reduce the harsh and unfair penalty regime unblocked the package in the Senate. The changes, representing the first reduction in penalties since they were introduced in 1993, could cut the penalty for an unemployed person for a first "offence" from 26 weeks to eight weeks. This amounts to a reduction in the breach "fine" from \$890 to \$275.

These penalties, whilst much improved, still remain too harsh and the National Welfare Rights Network, along with ACOSS and the rest of the community welfare sector that has campaigned long and hard against the regime, will continue to seek further reductions. We aim to achieve the full implementation of the recommendations of the Independent Review of Breaches and Penalties in the Social Security System. The Opposition parties have all committed to this position – the Government has only come some of the way.

Under the changed penalty regime for Newstart and Youth Allowance, to take effect in September 2003, a first breach penalty, which currently provides for an 18% rate reduction for 26 weeks (activity test penalty) or 14% rate reduction for 13 weeks (administrative penalty), can be reduced to eight weeks where a person subsequently complies with the initial requirement within 10 weeks of the breach notice. It is estimated that this saving of up to \$615 per person for each breach penalty will benefit approximately 100,000 people out of the likely 150,000 breached in the next 12 months. Unfortunately, the Government refused to accept a similar change for the even more harsh second and third breaches.

positive measures proceed

The Government's eventual agreement to reduce at least first breach penalties also enabled a number of positive measures in the welfare reform bill to go through.



These had been blocked by the ALP, the Democrats and the Greens until the Government gave ground on the harsh penalties affecting unemployed people on Newstart and Youth Allowance. The unlocked positive measures include:

- ◆ \$433m for Working Credits;
- ◆ \$20m for new language, literacy and numeracy allowances;
- ◆ \$62m for the Personal Support Programme; and
- ◆ \$251m to assist sole parents into employment.

taskforce to examine "fairness"

The agreement with the Democrats also provided for the establishment of a high level Breaches Task Force with an

independent chairperson and both departmental and community sector membership. This will enable us to closely monitor the breaches and penalties regime along with the impact of the agreed changes that are due to take effect in September 2003.

Already, the community welfare sector campaign over the last few years has resulted in close to a halving of the number of breach penalties being imposed by Centrelink. This has mostly been achieved by improved procedures and accountability within Centrelink. For years Welfare Rights Centres have been winning appeals and pointing out to Centrelink, the Department of Family and Community Services and the Government that tens of thousands of breaches were being imposed wrongly and unfairly. In

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student loan scrapped as only 1 in 5 get youth allowance

As part of the 2003-2004 Federal Budget the Federal Government announced it was ending the Student Financial Supplement Loan Scheme currently available to tertiary students. The Scheme will end as of 1 January, 2004.

The loan scheme involved people "trading in" some of their Youth Allowance entitlement in order to access the loan. For every dollar traded, \$2 was loaned, however, the catch was that the loan, in total, had to be repaid. The result was that people leaving tertiary studies not only had a hefty HECS debt,

but also a substantial student loan to repay.

In announcing the end of the scheme, the Minister for Children and Youth Affairs, Mr Larry Anthony stated, "The structure of the scheme is fundamentally flawed." He noted that "Some customers have debts as high as

\$28,000. On an income of \$35,000 per annum this would take 40 years to repay."

It appears that the main concern from the Government is that as many as 50% of the loans are never repaid, as repayment commences when the student earns more than \$34,494 per annum.

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penalty reductions unblock "welfare reform" package

the last 12 months, the campaign has been not just about numbers but about the severity of the penalties. The new Taskforce will enable us to monitor both these issues as its terms of reference also cover assessing the fairness of the system.

parents brought into penalty regime

One of the main features of the Government's "Australians Working Together" (AWT) welfare reform package was the extension of activity or participation requirements to parents and mature age unemployed people. Rather than simply provide additional supports and assistance and encouragement for these groups, the Government has insisted on making participation activity a requirement of payment and hence, has brought in a penalty regime for those who do not meet their new obligations.

Whilst both the participation requirements and the breaching procedures for these new activity tested groups are better than those

that apply to unemployed people on Newstart and Youth Allowance, the same harsh penalties, being 18% and 24% rate reduction for six months, will apply. The major difference is that where a person subsequently complies with the requirement that led to the breach, payment will be reinstated. Where the compliance occurs within 13 weeks, the person will receive full back pay with no loss of pay. Where compliance occurs after 13 weeks, payment will be reinstated but without back pay.

The recent Budget revealed that the Government estimates that the reduction from 26 weeks to eight in penalties for first breaches will cost the Budget some \$53m over the next four years. This is very good news! It means that unemployed people will have \$53m more in their pockets to protect themselves and their families than they would have had without these long overdue changes. Let us hope however, that the introduction of activity test penalties for parents and mature age unemployed people does not lead to similar losses for these groups. ▲

While the scrapping of an overly complicated loan scheme resulting in higher levels of debt for students is welcome, the difficulties that students face in accessing Youth Allowance remain. Further, the inadequate rate of Youth Allowance causes great hardship among many students.

The limitations of Youth Allowance were discussed in a report recently released by Monash University. This report found **only one in five students commencing university studies next year (2004) would be eligible for Youth Allowance.**

Rather surprisingly, the study also found that for older students, 22 and above, there was an increase in Youth Allowance recipients. The report concluded that the reason for the increase in Youth Allowance rates for people over 22, is that many people are delaying entering full time studies. The reason for the delay is that a person can be paid Youth Allowance as independent, and hence their parents income will not affect their payment, if they have earned a certain amount of money over an 18 month period. Given that the age of independence for Youth Allowance is 25 this seems to be a reasonable conclusion. ▲

budget targets people with disabilities - again!

If at first you don't succeed, try again. This would appear to be the Federal Government's approach in relation to cutting thousands of people off Disability Support Pension (DSP).

As a result of the Federal Government inability to tighten DSP qualification in the Senate, the 2003-2004 Budget targets DSP recipients by substantially increasing the number of reviews Centrelink will conduct.

Recently, the Government's Disability Reform Bill was rejected by the Senate for a third time, two days after the Budget. Had the Bill passed through the Senate, a person with a disability would qualify for DSP only if they could not work more than 15 hours per week, rather than 30 hours, as the

legislation currently provides. If this rule had been introduced, thousands of people with disabilities would not qualify for DSP. They would have to claim Newstart Allowance and be subject to activity testing and the harsh breach penalty regime.

61,000 reviews

The review activity announced in the 2003-2004 Federal Budget will result in an increase of 61,000 Centrelink reviews of people on DSP.

The Department of Family and Community Services (FaCS) is selling the DSP review initiative as a way of ensuring that DSP recipients are getting the assistance they need (eg mobility allowance, rent assistance etc).

The reality is, however, that this initiative is being used by the Federal Government to reduce the number of people on the DSP. The Budget indicates that it will save \$89.2m over four years.

The new "Service Update" reviews will be carried out by telephone or face-to-face interviews by Centrelink Disability Support Officers. If a person is asked to undergo an assessment, they will be referred to a Centrelink contracted "Work Capacity Assessor" to ascertain whether or not that person can work 30 or more hours a week within the next two years.

profiling

The Department of Family and Community Services has indicated that it is working out a way of "profiling" DSP recipients that will "pick up" those who should not have to continue to go through reviews. However, another reason to "profile" of course, would be to transfer people from DSP to Newstart Allowance.

A number of community organisations are worried that disability pensioners who suffer from episodic illnesses, eg, many psychiatric conditions, HIV, etc, may be treated unfairly because regular reviews increase the chance of a wrong decision being made regarding their eligibility due to the unstable nature of their disability.▲

mean spirit behind PES cuts

Changes announced in the Budget to restrict eligibility to Pensioner Education Supplement (PES) will leave sole parents, disability pensioners and carers who seek to improve their skills and education up to \$350 a year worse off.

From 1 January 2004, PES, which is paid at the rate of \$31 per week to assist with the cost of study, will be limited to actual study periods, so no supplement will be paid over the summer break. The changes will lead to \$36.2 million in savings over four years.

According to the Department of Family and Community Services, there are 50,865 people receiving PES in 2002 of which 4,129 received the part-time rate. Parenting Payment (single) recipients made up 61% of PES recipients, Disability Support Pensioners comprise 35% and the remaining 4% were Carer Payment, Veteran's Affairs Pensioners, Widow Allowees, Widow B Pensioners and Wife

Pensioners.

Students with disabilities and parents have significant extra unfunded costs to meet while studying. Most students use the supplement to cover costs that are not semester specific. Blind students, for example, may use PES to cover the cost of living close to campus, and all students use the supplement to help cover the cost of purchasing textbooks.

In many cases, these changes to PES are likely to undermine the thrust of Government policies aimed at encouraging single parents, carers and people with disabilities to engage in study with a view to return to paid employment. Hopefully the Senate will not pass this Bill. ▲

budget 2003-2004

2003/2004 budget changes at a glance

The following list outlines the major Social Security Budget announcements and the Federal Government's proposed dates of effect.

holocaust payment exemptions

All Holocaust restitution payments to be exempt from assessment under Social Security income testing, regardless of the country of origin of the payment.

Proposed date of commencement:
13 May 2003
Cost: \$0.6m over four years

expansion of Centrelink's agent and access point network

50 new sites to be established to provide improved access to Centrelink services to Indigenous people in rural and remote locations.

Proposed date of commencement:
1 July 2003
Cost: \$8m over four years

parenting skills for newstart allowees

New claimants for Newstart Allowance who have a child support liability to be referred by Centrelink to community parenting and relationship skills programs.

Proposed date of commencement:
1 July 2003
Savings: \$0.4m over four years

risk profile reviews for parenting payment recipients

Additional 27,000 Parenting Payment recipients to be interviewed each year, with those

to be reviewed to be selected on the basis of "risk profiling" (ie, those deemed to be at high risk of failing to report changes in circumstances).

Proposed date of commencement:
1 July 2003
Savings: \$29.4m over four years

expanded data matching reviews

Previous data matching reviews announced in 2002-2003 Budget to be extended, resulting in an additional 43,000 reviews per year.

Centrelink's data matching to be expanded to data sources such as Australian Business Numbers, Pay As You Go Payment Summaries from Australian Taxation Office and Job Network placements in casual employment. This will result in additional 125,000 reviews each year.

There will also be "risk profiling" of Age Pensioners to identify people who fail to declare changes in their real estate holdings. This will result in an additional 20,000 reviews each year.

Proposed date of commencement:
1 July 2003 for data matching reviews

Proposed date of commencement:
1 January 2004 for age pension asset valuation reviews
Savings: \$330.5m over four years

changes to disability support pension reviews

"Service Update Reviews", involving phone and/or face-to-face interviews, to be introduced for

Disability Support Pensioners. 61,000 "Service Update Reviews" to be undertaken per year, in addition to standard eligibility reviews, making a total of 150,000 Disability Support Pension reviews per annum.

Proposed date of commencement:
1 September 2003
Savings: \$89.2m over four years

austudy and youth allowance risk profile reviews

45,000 Austudy Payment and Youth Allowance recipients to be reviewed, with selection on the basis of "risk profiling" (ie, those deemed to be at high risk of failing to report changes in circumstances).

Proposed dates of commencement:
1 July 2003 (Youth Allowance)

1 April 2004 (Austudy)
Savings: \$47.2m over four

pensioner education supplement

Pensioner Education Supplement payments to be limited to periods of actual study. Payment to be limited to the academic year for full year or longer courses, with payment continuing for mid-year breaks but with no payment for the summer break. For shorter courses, payment only to be made for the duration of the course.

Proposed date of commencement:
1 January 2004
Savings: \$39.3m over four years

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budget 2003-2004

identity fraud

Additional strategies to identify fraud to be introduced. The Australian Federal police will investigate the more complex cases of identity fraud and the Director of Public Prosecutions will prosecute all fraudulent cases.

Proposed date of commencement:
1 January 2004
Savings: \$60.1m over four years

payment overseas

Payments to people who travel overseas without having advised Centrelink will be suspended, and potentially cancelled (this measure will be accompanied by improved data-matching between Centrelink and the Department of Immigration, Multicultural and Indigenous Affairs). Also payments to people who travel overseas identified as being involved in terrorist activities will be cancelled.

Proposed date of commencement:
1 July 2004
Savings: \$3.2m over four years

portability restrictions

The period for which most pensions and allowances are payable during temporary absences overseas to be reduced from 26 to 13 weeks.

Portability of Disability Support Pension, currently payable overseas indefinitely for people with a "severe disability", will be restricted. Payment of Disability Support Pension will only be paid overseas beyond 13 weeks in limited circumstances, for example, where the pensioner has a terminal illness and needs the care and support of overseas family members.

There will be no changes to the current arrangements for Age

Pensions and for Austudy Payment and Youth Allowance recipients undertaking approved study overseas.

Proposed date of commencement:
1 July 2004
Savings: \$39.3m over four years

assurance of support scheme

Administration of Assurance of Support Scheme to be streamlined, with post-grant administration of the Assurance of Support Scheme to be transferred to Centrelink. This will mean that after the Department of Immigration, Multicultural and Indigenous Affairs has determined that a prospective migrant will be subject to an Assurance of Support, Centrelink will be responsible for all aspects of administering the scheme.

Proposed date of commencement:
1 July 2004
Savings: \$11.6m over four years ▲

no help for homeless

The lack of commitment displayed by the Federal Government in the 2003-2004 Federal Budget to underprivileged people was most clearly demonstrated by the lack of new polices, initiatives or funding in relation to the National Homelessness Strategy, a program designed to assist the most disadvantaged members of the community. This Strategy appears to be lying dormant since the Minister for Family and Community Services, Senator Amanda Vanstone's Advisory Committee on Homelessness released its consultation paper in 2001.

In relation to Social Security issues, the Federal Government used the Budget as an opportunity to introduce a wave of new reviews to harass people in receipt of Social Security. No new initiatives to help the homeless were introduced in this section of the Budget either. An increase in

the rate of Crisis Payment (see article page 13) would have been a good place to start and would not have proved to be an excessive strain on the coffers.

An increase in the rate of allowances to bring them in line with the pension rate would also have assisted people living below

the poverty line. And dare we suggest it, but the abolition of the third breach penalty, which results in people having no income support for eight weeks, would also help reduce homelessness in Australia. ▲

social security changes

what's happening when in 2003

“AUSTRALIANS WORKING TOGETHER” INITIATIVES

personal support programme

- ◆ The Personal Support Programme will become compulsory for people identified by Centrelink as having significant barriers to social as well as economic participation.
- ◆ Activity test penalties are to be waived once a person is participating in the Personal Support Programme (see article page 14)

Date of commencement:
22 May 2003

new participation requirements for parents

- ◆ Parenting Payment recipients (both single and partnered) whose youngest child is between 13 and 16 will be required to attend annual “Participation Planning Interviews” and to enter into “Participation Agreements” requiring “participation” of up to 150 hours over six months.
- ◆ Participation requirements will include one or more activities such as job search, education, training or community work for up to 150 hours in a six month period. The new participation requirement will not apply to parents caring for a child with a serious disability.
- ◆ Failure to comply with requirements will attract penalties. A penalty may be waived where a person subsequently complies with their Agreement within 13

weeks.

Date of commencement:
20 September 2003

newstart allowance

- ◆ Newstart Allowance recipients who are 50 years or over will be required to attend ongoing “Participation Planning Interviews”, and to enter into a “Participation Plan” and a “Participation Agreement”. Penalties will be imposed for non-compliance.

Date of commencement:
20 September 2003

mature age allowance and partner allowance

- ◆ Mature Age Allowance and Partner Allowance to be abolished, with no new grants from 1 July 2003. People in receipt of Mature Age or Partner Allowance at 1 July 2003 will remain eligible.

Date of commencement:
20 September 2003

widow allowance

- ◆ Widow Allowance recipients will be required to attend an annual “Participation Planning Interview” and will be required to enter into a “Participation Plan”. Penalties will be imposed for non-compliance.

Date of commencement:
20 September 2003

working credit

- ◆ Workforce age pensioners and allowees will be able to build up a “working credit” of \$48 in each fortnight that they have no earned income. The “working credit” will accumulate to a maximum of \$1,000. Employment income will then only affect a person's Social

Security entitlement once their income free area and their working credit balances are zero.

Date of commencement:
20 September 2003

language, literacy and numeracy supplement

- ◆ A supplementary payment of \$20.80 per fortnight will be introduced for people receiving certain Social Security payments who are undertaking approved language, literacy and numeracy training programs. The payments attracting the supplement will be Newstart Allowance, Youth Allowance, Special Benefit, Parenting Payment, Mature Age Allowance, Widow Allowance, Partner Allowance and Disability Support Pension.

Date of commencement:
20 September 2003

newstart allowance and youth allowance

- ◆ Jobseekers receiving Newstart Allowance or Youth Allowance who are temporarily incapacitated for work but who are considered to be capable of participating in other activities, will be subject to an activity test.

This change requires the passage of legislation.

OTHER INITIATIVES

payment of pension overseas

- ◆ The formula for calculating the rate at which a fully portable pension is payable after a pensioner has been absent from Australia for more than six months will change. The new

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formula will affect people whose Australian "working life residence" is less than 30 years (the formula currently affects people who have less than 25 years "working life residence").

- ◆ The change will only apply to pensioners who leave Australia after the date of commencement of the new rule. Pensioners receiving a portable pension under the current rules who are overseas on the commencement day will only be subject to the new rule if they return to Australia for a continuous period of 26 weeks or more and then again depart Australia.

This change requires the passage of legislation.

disability support pension

- ◆ Disability Support Pension eligibility criteria to be tightened. People who are assessed as being able to work at least 15 hours a week at award wages will no longer be eligible (the current test is 30 hours per week). The change will apply to new Disability Support Pension claimants.
- ◆ Assessment of Disability Support Pension eligibility for people over 55 will no longer take into account local labour market conditions.
- ◆ Centrelink staff will assess the work capacity of Disability Support Pension claimants (Health Services Australia currently makes this assessment).

These changes require the passage of legislation.

state seniors card

- ◆ Holders of State Seniors Cards are to be eligible for concessional public transport fares while travelling interstate.

The date of commencement is subject to negotiations between Federal and State/Territory Governments. ▲

what is an assurance of support

An Assurance of Support is a document signed by a person (the assurer) stating that s/he will provide financial support to another person who is migrating to Australia (the assuree). The assurer, by signing the Assurance of Support, agrees to repay to the Commonwealth any Social Security payments listed in the Assurance of Support document that are paid to the assuree during the period covered by the document.

Not all people migrating to Australia need an Assurance of Support to be signed on their behalf. Some visa types require an Assurance of Support, however. An Assurance of Support generally covers a two-year period and begins on the later of either the date of the assuree's arrival in Australia, or the date they are granted the relevant visa.

can an assuree receive Social Security?

The rationale of the Assurance of Support is that the assuree should be supported by the assurer during their first two years in Australia and should not be reliant on public monies. However, where an assuree is in financial hardship and the assurer is unable or unwilling to provide support, the assuree may be able to receive Social Security. This situation may arise if, for example, at the time of signing the Assurance of Support, the assurer was employed and able to provide support, yet during the two-year period covered by the Assurance of Support they became unemployed and were no longer in a position to provide support. In other cases, the relationship between the assurer and assuree may have broken down to such a degree that either the assurer will not provide support or it would be unreasonable to expect the assuree to accept the support.

If a person covered by an Assurance of Support claims Social Security, Centrelink first needs to establish that the assurer

is no longer able, or willing, to support the assuree. If Centrelink is satisfied the assuree has no support a payment can be granted. Generally people in this situation would be claiming Special Benefit as they would have a two-year newly arrived residents waiting period preventing any other payment.

Once Social Security has been granted, Centrelink is obligated to conduct reviews every three months, both to assess if the assuree still has no source of income or support and to advise the assurer of the accumulating debt.

assurance of support debts

If an assuree receives Social Security during the Assurance of Support period, a debt equal to the amount of Social Security paid to the assuree, will be raised against the assurer. Centrelink should notify the assurer when a person first claims payment and then further advise the assurer every three months of the new total of the debt.

Assurance of support debts can be waived, (ie. not have to be repaid) if there are "special circumstances" in the person's case which would make recovery of the debt unreasonable or inappropriate. If a person with an Assurance of Support debt feels the debt should be waived due to "special circumstances", in the first instance, an appeal to a Centrelink Authorised Review Officer should be lodged. ▲

hang on - Centrelink owes YOU money!

Celia and Charles had been experiencing problems with their relationship for a while. Things got so bad that Charles moved out, leaving Celia and her two children in the family home. Celia did not notify Centrelink that Charles had moved out at that point, as she still held some hope that they would get back together soon.

However, two months later, Charles became abusive and Celia decided that there was no chance of reconciliation.

It was only at this point that she notified Centrelink of the separation.

Celia had been in receipt of Parenting Payment (partnered) throughout this period. When she notified Centrelink of the separation, she also claimed Parenting Payment (single). In fact, she may have been eligible for the single rate from the time Charles moved out, but arrears could not be granted before the date Centrelink was notified of the separation.

So you can imagine how shocked Celia was when the Centrelink worker took steps to raise a debt equivalent to the total amount of Parenting Payment (partnered) she had received from the date Charles moved out, on the basis that Celia did not notify Centrelink of his move at the time. Celia called the Welfare Rights Centre in tears, asking why in the world Centrelink was trying to raise a debt, when she got *less* money than she was entitled to? We were just as perplexed as Celia was....

After a few telephone calls to the Centrelink officer in question and her supervisors, the Welfare Rights Centre was able to clarify the situation and establish that Celia did *not* have a debt. In fact, she was owed money by Centrelink. Just another reason why it pays to get in touch with a Welfare Rights Centre! ▲

only six months wait

Janette recently returned to Australia after an absence of some years. She had become a permanent resident in 1995 and had lived here for 18 months.

On her return to Australia she had approached Centrelink but had been advised that as a new resident she would have to wait two years before she was eligible for a Social Security payment (except for Family Tax Benefit). Nonetheless, Janette persisted and asked if she could lodge a Social Security claim. Centrelink advised her to claim Parenting Payment.

The claim for Parenting Payment was correctly rejected by Centrelink as a person must have been in Australia as a permanent resident for two years in order to qualify. This is different to the two year waiting period that newly arrived residents are subject to for most

Social Security payments.

As Janette had become a permanent resident in 1995 and had lived in Australia for 18 months, she was not subject to the two year waiting period for newly arrived residents. The Welfare Rights Centre advised Janette that as she had arrived before the two year waiting period was introduced, she was therefore subject to the previous rules, which meant that she had a six month waiting period for Newstart Allowance (NSA). However, she had already served the six month waiting period as she lived here previously, and therefore qualified for NSA. ▲

tribunal reverses decision

Toni appealed to the Social Security Appeals Tribunal (SSAT) after Centrelink made the decision to cancel her Parenting Payment (single) on the basis that she was a member of a couple.

Centrelink had made its dubious decision on the basis that Toni's ex-husband had moved back into the family home, which he had a legal right to do as the house was in both their names. Centrelink had twisted many of the facts to support its decision. According to Centrelink, Toni was not considering divorcing her husband and was considering residing with him until their youngest child turned 18.

this was simply not the case

The SSAT gave Toni a very good hearing. She proved to tribunal that she had lodged divorce papers with

the Family Court and that she had sought legal advice about selling the family home. She also had four statutory declarations supporting her claim that she was a sole parent.

Toni also advised the SSAT that her ex-husband had his own bedroom, own TV room and bathroom and that he was rarely home. She also advised that they would only be residing together temporarily.

The SSAT reversed Centrelink's decision on the day of the hearing, stating that Toni was a sole parent and therefore qualified for Parenting Payment single.▲

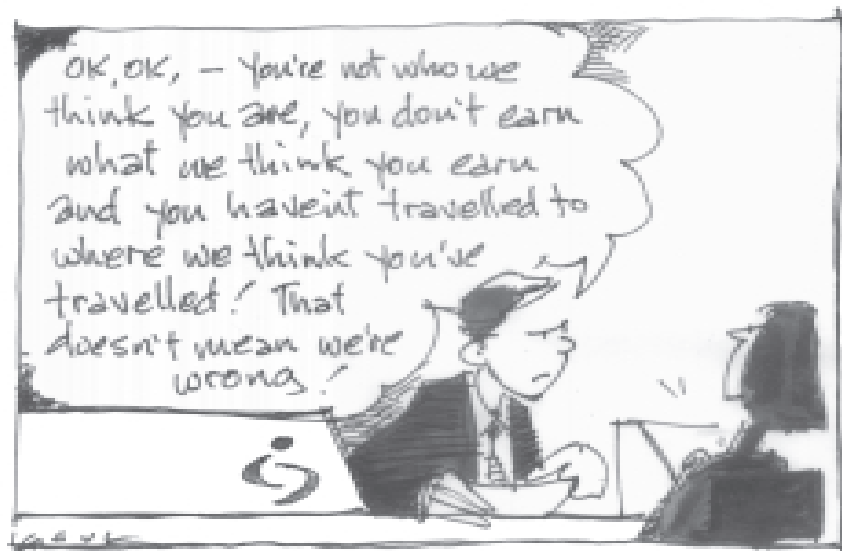
administrative error causes debt

Richard and Meredith are retired school teachers. They are meticulous in advising Centrelink of their income. They advised Centrelink of superannuation payments they are receiving and initially Centrelink failed to code this information. Subsequently, Richard contacted Centrelink by telephone to advise that he thought that he and his wife were being overpaid. Centrelink promised to check the rates of payment, but never did so.

Richard and Meredith subsequently received notices from Centrelink advising them to attend an interview to check their entitlements. They attended the interview where Richard again advised of his superannuation details. Meanwhile, Centrelink sent out a notice to Richard advising him that his Partner Allowance had been cancelled because he had been overseas for three months. He also received another notice requesting he attend an interview to discuss his Newstart Allowance (NSA). In response to these notices, Richard contacted Centrelink to advise that he had not been overseas and that he was not in receipt of Newstart Allowance. He also asked how his income was assessed and, after the initial answer, sought further clarification, at which point the Centrelink worker hung up on him. When he rang back he was told that he was being uncooperative and so Centrelink would not speak to him further.

ombudsman

Richard attended the NSA interview as requested (despite the fact that he wasn't in receipt of NSA) where he was asked questions such as "How many friends do you have?" And "How often do you socialise?". He complained to the Commonwealth Ombudsman about these questions. An investigation revealed that the interview was part of a Welfare Reform Project and should have been voluntary. Centrelink agreed to delete his responses and, we are not joking, in the process it deleted his income details as well.



About a year later, Richard received a notice that he and his wife had a Social Security debt of over \$5000 because Centrelink had not taken into account his superannuation details. Centrelink was of the view that the debt was partly the fault of Richard and his wife, even though it had failed to code the income details twice (and deleted them after finally having coded them). Centrelink's argument was based on the fact that the notice it sent to Richard which advised him that his Partner Allowance had been cancelled as he was overseas also contained, in fine print on the reverse side of the notice, advice that his income was \$4 per annum. As Richard did not correct this amount with Centrelink, it was partly his fault that the debt arose. So, while Centrelink had been responsible for numerous administrative errors, the fact that Richard failed to advise Centrelink that the \$4 income amount was incorrect was in Centrelink's eyes, enough to absolve it of responsibility.

appeal

Such a case highlights the somewhat cynical manipulation of the law that allows Centrelink to recover overpayments that arise from administrative error. Sadly, the onus is placed on individuals to scrutinise the small print of all Centrelink notices and police their own payments to ensure they are not being overpaid. Fortunately for Richard and Meredith, their debts were waived by the Social Security Appeals Tribunal, which accepted that the level of error was so high, it constituted "special circumstances", and thus enabled the debt to be waived. However, there are many thousands of people who end up paying back money because they do not appeal. People who receive overpayments which Centrelink seeks to recover should consider lodging an appeal; firstly to an Authorised Review Officer then to the SSAT if they believe that Centrelink error was the main reason for the debt.▲

a simpler and fairer system: we hope!

A major review by the Federal Government aimed at “simplifying” the Social Security system could have major implications for the level of income support received by individuals and families.

The Federal Government, in the discussion paper it released in December 2002, called for comments on the key principles that should underpin Australia’s Social Security system, including ideas about improving the Social Security system, and ways of simplifying the payment structure.

In response to this, the National Welfare Rights Network (NWRN) has developed a set of key principles which we believe should form the basis of the Social Security system in Australia.

These principles are that the income support system should:

- ◆ continue to be based on legislated, reviewable and transparent payments that are subject to parliamentary scrutiny;
- ◆ provide for all those in need who are unable to obtain a sufficient livelihood for themselves;
- ◆ base rates of payment on an objective standard which is sufficient to enable people to live with dignity and security;
- ◆ recognise that individual and family needs are very diverse and hence the payment structure and payment levels should be flexible enough to both meet individual needs and the additional costs arising from, for example, study, training, disability, accommodation/housing, raising children and/ or undertaking a caring role;
- ◆ be targeted/means-tested and should protect, first and foremost, those most in need;
- ◆ minimise /remove where possible, barriers to economic participation (this includes removing poverty traps and



- ◆ minimising disincentives in the current income support system);
 - ◆ recognise that, whilst the goal of increasing economic participation and the capacity to take part in productive paid employment is a worthy goal for many, nevertheless, caring responsibilities and differing individual capabilities also need to be recognised. Increasing social participation should **not** be a **required** outcome of the income support system;
 - ◆ avoid complexity, where possible, but should not aim for simplicity for its own sake where this does not achieve greater fairness. Complexity is a product of targeting within the Social Security system and this is often necessary to ensure that those most in need obtain most support. The goals of adequacy, fairness, clarity, transparency and certainty, (ie, a legislated basis) should receive the highest priority and should not be compromised by either complexity or simplification;
 - ◆ be based on positive incentives, not harsh and counter-productive and unfair penalties. Tough “mutual obligation” requirements and harsh penalties need not, and should not, be a feature;
 - ◆ not block access to economic participation through harsh, complex and inconsistent waiting periods that unreasonably drain resources and punish people for accumulating previous savings and attempting to become “self reliant”. Whilst waiting periods must be consistent with means-testing and targeting payments to those in need, they should not be unreasonably harsh and thus counter-productive.
- Submissions to the review have been invited from all community organisations and the public in general and should be submitted to the Commonwealth Department of Family and Community Services by about 20 June 2003.▲**

crisis payment in crisis

In recognition of the inadequacies of Crisis Payment, the Department of Family and Community Services (FaCS) and Centrelink recently conducted a joint review of this payment.

As the name implies, Crisis Payment is designed to assist people in a time of crisis. People who are recently released from gaol or psychiatric confinement, or those who have left their normal place of residence (due, for instance, to fire or flooding) and intend to set up new accommodation, may be eligible for Crisis Payment. Crisis Payment is a one-off payment paid in addition to a person's normal Social Security payment and is equal to one-week's payment of Social Security.

changes needed

In response to the review, the National Welfare Rights Network and ACOSS called for an overhaul of Crisis Payment. In our submission we called for:

- ◆ a broadening of the eligibility criteria;
- ◆ an increase in the rate of payment to at least two week's entitlement; and
- ◆ an extension from the current one week, to 14 days, for people to lodge a claim after the crisis.

Considering that Crisis Payment is primarily designed to assist people "in extreme financial hardship" to find alternative accommodation, it is difficult to see how a one-off payment equal to one week's Social Security will facilitate the establishment of new accommodation after a "crisis". An increase in the rate payable is needed.

Further, the rate of Crisis Payment needs to be increased where the claimant has dependants. Currently, the rate of Crisis Payment is the same regardless, for example, of whether the applicant is a mother with two children fleeing domestic violence, or an individual with no dependants.

The payment should also be made available to people attempting to flee domestic violence. In order to qualify for the payment, the current rules require that people fleeing domestic violence must have left their family home. The rules should be changed so as to allow payment to be made to assist people who need to escape domestic violence.

A further problem with the current rules is that a person must apply for Crisis Payment within seven days of the crisis having occurred. This tight time limit is unreasonable as a person leaving their home due to

domestic violence, or other extreme circumstances, is generally "in a state of crisis", and initially is primarily concerned with finding somewhere safe to stay. Further, they may not have even heard of Crisis Payment. To make the payment more available we have recommended that the seven day time period for lodgement of a claim be extended to 14 days. Centrelink should also take steps to further publicise the payment, both internally and in the wider community. ▲

handbook ONLINE better than ever!

The Welfare Rights Centre has recently completed the first update of its innovative on-line publication of the **Independent Social Security Handbook**. The current version of the **ONLINE EDITION** incorporates a raft of recent changes to Social Security law and its administration. These changes, which have taken effect since the initial publication of the **ONLINE EDITION** in December 2002 include:

- ◆ Personal Advisers- the role they play in relation to Newstart Allowance and Youth Allowance recipients considered by Centrelink to be "at risk" of long term unemployment;
- ◆ Personal Support Programme- what it is and how it replaces the Community Support Programme;
- ◆ Parenting Payment- "Participation Plans", reviews and suspension of payment;
- ◆ Family Tax Benefit (FTB)- the impact of a dependent child earning income and the new choices available for the payment of Family Tax Benefit;
- ◆ Special Benefit- the new departmental policy on the rate of payment to resident children in the care of non-resident parents, and the new activity testing regime for TPV holders; and
- ◆ Debts- updated information on debt recovery methods, waiver and FTB debts.

More? Of course! In addition to updating the content, we have made some upgrades to the product. The current edition now has an improved search function to help locate the specific information needed. This is just another reason why advisers and Social Security recipients are turning to the **ONLINE EDITION** of the Handbook...also available in CD ROM version.

If you wish to subscribe to the **ONLINE EDITION** of the **Independent Social Security Handbook** which will be updated again in July, complete the subscription form on the back of this "rights review" or preview and order on-line by visiting our website www.welfarerights.org.au ▲

breaching the most vulnerable

In an attempt to “assist” the most disadvantaged unemployed people, the Federal Government is to make the Personal Support Programme (PSP) compulsory for certain disadvantaged jobseekers. The PSP, originally introduced in July 2002, is intended to assist the most vulnerable job seekers who face significant barriers to finding work, such as drug and alcohol problems, mental illness, or homelessness.

Under the PSP, people may be referred to counselling, drug and alcohol rehabilitation programmes, or may be provided with other assistance such as help in finding stable accommodation.

Newstart and Youth Allowance recipients who Centrelink believes would benefit from PSP can be compulsorily referred to it from 22 May, 2003. Participation in it can be recognised as an activity for activity test purposes.

merit

There is no question that the PSP can have merit in that it aims to assist the most disadvantaged jobseekers to overcome significant workforce barriers. However, the fact that the most vulnerable people in the system, who have been chosen for the PSP precisely because of their vulnerability and likelihood of failing the activity test, can now be breached in the PSP is a serious error.

"Centrelink may decide to breach the person. This seems a strange way to help the most disadvantaged people in the community"

Although specified activity test penalties can be waived on entering the programme, the legislation allows for a breach to be imposed if a person fails to undertake activities while participating in the PSP.



breaches

Participation in the PSP may be recognised as part of a “Preparing for Work Agreement”. Under the PSP, people will be referred to, for example, drug and alcohol counselling services. These counselling services may, we understand, report back to Centrelink with regard to how the person is performing in relation to their “Preparing for Work Agreement”. Based on this information, Centrelink may decide to breach the person. This seems a strange way to help the most disadvantaged people in the community.

exemption

The PSP may have many beneficial outcomes for many people. It is a programme that

may assist many people to re-enter the workforce or to help them to address personal issues. However, in recognition of the extreme disadvantage of people in PSP, they should be exempt from the harsh breaching legislation and the excessive and counter-productive penalties attached to breaching.

For more information on the PSP, call the PSP hotline on 1800 637 079. ▲

new job network contracts

The new Job Network contracts, announced recently by the Department of Employment and Workplace Relations (DEWR), will commence on 1 July 2003. About 100 agencies were recently selected from existing and new agencies in a third tender process, to provide Job Network services to jobseekers over the next few years.

Jobseekers will be asked to choose one Job Network agency and remain with that agency while they are unemployed. Transfers to another agency will only be allowed in very limited circumstances.

Between 31 March 2003 and 1 July 2003, jobseekers who are eligible for Job Network services should be contacted by DEWR and advised about the changes. DEWR should provide jobseekers with a list of available Job Network agencies in their local area to assist them in choosing an agency.

During this transition period, the chosen Job Network agencies will start developing "Vocational Profiles" with jobseekers. These will be used to match jobseekers to job vacancies when the new Job Network services commence.

The new Job Network services fall under two categories - Job Search Support and Intensive Support.

Job Search Support services include:

- ◆ daily auto-matching of jobseekers to job vacancies using a vocational profile entered into JobSearch database;
- ◆ notification of job matches via email, sms or telephone message bank services; and
- ◆ access to details of job matches through touch screen kiosks and local call phone service.

Intensive Support services include:

- ◆ job search training or refresher job search activities;
- ◆ development of a Job Search Plan which details the activities to be undertaken to improve job prospects;
- ◆ referral to complementary programmes; and
- ◆ customised assistance as a

person's unemployment period lengthens.

Job seekers who currently participate in "Job Search Training" and "Intensive Assistance" will be transferred to the Intensive Support services with their existing Job Network agency (if the agency is

continuing under the new contract) or with a new Job Network agency (if their existing agency is not continuing).

Anyone who would like more information about the changes can contact the DEWR Helpline on 136 232. ▲

monty python here we come

Jane has a Family Tax Benefit (FTB) part B debt of just under \$2,000. Centrelink raised the debt on the basis that she did not declare her total family income. Jane was confused about this as she thought that Centrelink knew all about her and her husband's income.

In fact, she was right, as the only income that Jane and her husband received was from Social Security payments. Nonetheless, Centrelink was of the view that Jane must contact Centrelink and advise that she was in receipt of Disability Support Pension as the income received from this payment affects the rate of Family Tax Benefit part B.

An appeal to the Social Security Appeals Tribunal was lodged after Centrelink's Authorised Review Officer took the view that Jane's failure to contact it to advise that she receives DSP (and therefore income) contributed to the debt.

The Welfare Rights Centre assisted Jane at the Social Security Appeals Tribunal by lodging a written submission. In the submission, we pointed out that a situation where a person must contact Centrelink to advise that they receive a Social Security payment, and where failure to so advise means a person has contributed to the debt, beggars belief.

The SSAT agreed that the sole reason for the debt was Centrelink's failure to take into

account Jane's debt when working out her rate of FTB part B. However, there is a catch. To have the debt waived under FTB legislation, not only must the debt be caused solely by Centrelink error, and the payment received in good faith (which the Tribunal agreed was the case), but in addition the person would "suffer severe financial hardship if the debt was not waived".

Jane is not rich

After adding up her expenses for the fortnight, the Tribunal came to the conclusion that despite a family of four supporting itself solely from Social Security, Jane would not suffer severe financial hardship if the debt was not waived. This was not the view that the Centre took when it interviewed her. When we asked Jane what does she do if one of her two teenage children wants a pair of shoes her response was understandable for someone struggling to make ends meet.

"I freak," she said.

An appeal has been lodged to the Administrative Appeals Tribunal. We are confident of victory.▲

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