

SUBMISSION

**It's a hand up, not a  
hand out: Removing the  
barriers within  
Centrelink to promote  
self-efficacy and  
financial independence**

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for Parliament of Australia  
Senate Standing Committees  
on Community Affairs

Published by  
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Suggested citation: Jessie Halligan (2019) 'It's a hand up not a hand out: Removing the barriers within Centrelink to promote self-efficacy and financial independence', Yfoundations Submission to Parliament of Australia Senate Standing Committees on Community Affairs

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## About Yfoundations

For 40 years Yfoundations has been the NSW peak body representing young people at risk of and experiencing homelessness, as well as the services that provide direct support to children and young people.

Our vision: Creating a future without youth homelessness. We believe that all children and young people have the right to safety and stability, home and place, health and wellness, connections and participation, and education and employment (together these are the foundations of our organisation). We know these are the foundations for the prevention of, and pathways out of, homelessness.

Our values underpin all the work we do. We value:

- Young people;
- Justice and human rights;
- Diversity and inclusion;
- Optimism and hope;
- Courage and Integrity.

We know that homelessness is an interrelated issue. It requires a whole of government and service response. We need to be innovative, collaborative, and determined if we are going to end homelessness.

## Safety and Stability



It is vital that all young people not only feel safe, but also are actually protected from risk factors that may impede their developmental process. During childhood and adolescence young people must receive the necessary support to ensure they develop a strong safety system, both internally and within their external networks. A strong and stable foundation will foster confidence and independence within a young person, which will promote active participation in community life.

## Home and Place



It is vital that all young people have access to a safe, non-judgemental home and place. A comfortable place that they identify with and feel a strong connection to. A Home and Place should be an environment that promotes growth and fosters positive development.

## Health and Wellness



It is vital that all young people, particularly during the formative stages of their growth and development, are physically, socially and emotionally well. To ensure this, young people must have access to all the necessary prerequisites for achieving health and wellness. Being well and feeling healthy, will promote self-worth, and ensure young people feel competent to participate in their communities.

## Connections and Participation



It is vital that all young people are given the opportunity to develop and nurture the connections in their lives. Connections to friends, family, community and society promote resilience and social inclusion. Young people must be listened to and have the opportunity to influence outcomes. Positive connections and genuine participation in community life during the formative stages of childhood and adolescence enables a young person to build a strong positive foundation and prepares them for adult life.

## Education and Employment



It is vital that all young people are given the opportunity to pursue their educational and professional goals. Education and training is crucial to the growth and development of young people. Education and training, including formal tuition and practical life skills, promotes self-confidence and independence and provides young people with the skills and competencies.

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## Executive Summary

This submission is to the Senate Standing Committee on Community Affairs inquiries into 'Adequacy of Newstart and related payments and alternative mechanisms to determine the level of income support payments in Australia' and 'Centrelink's compliance program'.

Yfoundations believes that the current Centrelink allowance systems for children and young people (i.e. Youth Allowance, Newstart, and other related payments) are inadequate and need to be increased in order to be in line with the cost of living and community standards, to enable young people to overcome adversity, and to participate in their community. Further to this, the expectations placed upon unemployed young people through Centrelink programs such as Jobactive need to be reviewed as they are not trauma-informed, are punitive, and do not lead to good outcomes.

The Australian Government has a responsibility to financially support homeless and at-risk children and young people. To do so Yfoundations is calling for an overhaul of Australia's Centrelink system to better serve this vulnerable group.

Frequently, at-risk and homeless children and young people have found it difficult to access Centrelink support, either because they fall through the gaps in eligibility, or they find it difficult to navigate the bureaucratic system. For those who do manage to obtain Youth Allowance or Newstart, they quickly discover that the payment rates are near impossible to live on, and fall far below the minimum standard cost of living.

It is not only individuals hurt by the low rate of Youth Allowance and Newstart. For recipients, they have no financial autonomy, and are unable to financially participate in their community, which undermines their dignity and self-efficacy. For community organisations, the inadequacy of these payments adds to the demand of frontline services and staff. And for the wider community, these low rates contribute to economic inequality and social division.

This submission makes 11 recommendations to the current Centrelink system, which can better assist young people out of homelessness, improving outcomes for individuals, families, services, and the wider-community,

## Recommendations

### **A welfare system that meets acceptable living standards**

- 1 There needs to be equity between Newstart and Independent Youth Allowance. The rate of Independent Youth Allowance should be raised by \$125 to \$353 per week, and the rate of Newstart should be raised by \$75 to \$353 per week.
- 2 Youth Allowance and Newstart should be indexed properly (to Average Weekly Earnings) to reflect the real cost of living and to ensure they maintain their real value over time to keep up with community living standards.
- 3 Establish an independent panel, in collaboration with the community sector and welfare recipients, to regularly review the adequacy of Youth Allowance and Newstart and recommend income benchmarks.

### **A welfare system where young people can access the support they need and aren't hampered by eligibility and system barriers**

- 4 Centrelink to employ more social workers to assist vulnerable people to navigate the system, and to support them to access payments they are entitled too. Further to this, all Centrelink staff should be trauma informed.
- 5 Centrelink should not contact parents or legal guardians to determine if it is 'Unreasonable to Live at Home' if there have been reports of violence, abuse, or neglect. A statement from the young person and a support agency, such as Specialist Homelessness Service, should suffice, and contacting the parents/guardians should be optional and up to the discretion of a Centrelink social worker.
- 6 In the instance of a child or young person experiencing homelessness, an emergency special benefit be payable to that child or young person until a determination of child protection issue and placement can be made.

### **A welfare system that doesn't result in young people entering adulthood in debt**

- 7 Centrelink recipients should be able to simply and easily pause their mutual obligation requirements (e.g. meeting with employment service providers) in the instance of a crisis, including a death in the family, or experiencing homelessness. A personal crisis should not disrupt their regular payments.
- 8 The Centrelink online compliance system, known as Robodebt, should be redesigned so that Centrelink staff are responsible for cross-referencing ATO data with reporting data to verify whether a legitimate debt exist before issuing debt notices. Debt relief and debt forgiveness should be granted on a case-by-case basis.

### **A welfare system that supports young people into education, training and meaningful employment**

- 9 Mutual obligation requirements to be amended to take into account the unique needs of young people experiencing homelessness by expanding 'participating activities' to include Alternative Education Programs, AOD or Mental Health Treatment.
- 10 Jobactive should be overhauled to enable Employment Service Providers to focus the needs and interests of individual clients, to connect them with employment and training opportunities to ensure they find meaningful employment that will be sustainable long-term.
- 11 The Government to encourage Youth Allowance and Newstart recipients to take up casual work opportunities by increasing the income test thresholds, allowing young people to earn money and get experience in the workforce without it negatively affecting their Centrelink payments.

## Youth Allowance, Newstart, and Accepted Living Standards

Youth Homelessness is a significant social issue in Australia. Census data has revealed that the number of young people (aged 12-24) who are homeless on any given night increased from 26,238 in 2011 to 27,683 in 2016, with young people making up 25% of the homeless population[1]. The Australian Government has a responsibility to provide income support to this vulnerable group, to help them out of a cycle of poverty and disadvantage and into housing and stability. For homeless young people this usually means accessing one of three Centrelink payments - Youth Allowance, Newstart, or Special Benefits. The Special Benefit allowance can be paid to homeless young people aged under 16 years old, if it is deemed unreasonable for them to live at home. The Special Benefit allowance is usually the same as Youth Allowance. For the purpose of this submission, we are focusing on the two primary payments accessed by homeless young people – Youth Allowance and Newstart.

A 2017 report 'The New Budget Standards for Low-Paid and Unemployed Australians', compiled by the University of NSW's Social Policy Research Centre, found that Youth Allowance and Newstart are significantly below the identified standard of living[2]. According to the report to achieve a minimally adequate standard of living a single low paid worker requires \$597 per week, and a single unemployed person requires \$434 per week[3]. Young people and youth workers report, from lived experience, that Youth Allowance and Newstart are inadequate and fall far below the acceptable living standards.

Newstart is currently \$278 a week whilst Youth Allowance is \$228 a week, both drastically lower than the basic standard of living. The inadequacy of Newstart and Youth Allowance is having damaging effects by increasing inequalities and robbing people of their dignity, agency, and self-efficacy. Whether it is the damage of being socially excluded from community life because they cannot afford to drive or catch public transport, or the health consequences because of having to skip meals and medication, or the fatigue and constant stress of budgets and finances[4].

[1] Australian Bureau of Statistics (2016), Census of Population and Housing: Youth Homelessness, viewed 28 August 2019, <https://www.abs.gov.au/ausstats/abs@.nsf/Latestproducts/2049.0Main%20Features302016?>

[2] Saunders P & Bedford M (2017), New Minimum Income for Healthy Living Budget Standards for Low-Paid and Unemployed Australians, Sydney: Social Policy Research Centre, UNSW  
[Sydney.opendocument&tabname=Summary&prodno=2049.0&issue=2016&num=&view=/](#)

[3] Ibid

[4] Morris A & Wilson S (2014), Struggling on the Newstart unemployment benefit in Australia. The Economic and Labour Relations Review 25.



**Figure 1: A modest weekly budget for a homeless 18-year-old student living in Community Housing in Sydney.**

**Youth Allowance**      **\$228 per week**  
**Rent Assistance**      **\$68 per week**

Rent/Board	-\$180* (inclusive of energy costs)
Supermarket	-\$40
Lunches	-\$35
Opal Card	-\$25 (Concession Card Cap)
Mobile Phone Plan	-\$15
Rented Laptop	-\$20
Internet	-\$15
TAFE Fees	-\$10
Medicines	-\$6.50 (PBS Co-payment per medicine)
Coin Laundromat	-\$10
PCYC Membership	-\$15
Other ad hoc	-\$50 (books, clothing, uniforms, sanitary products, doctors, dentist, social activities, repairs, movies, visits with family etc)

**REMAINING**      **-\$125**

\*Based on the weekly rent at The Addison Project in Kensington run by My Foundations (a Community Housing Provider).

(Note: this budget does not take into account the cost of alcohol, cigarettes, take-away food, fines, debts, rent arrears, or any other unexpected/unnecessary costs).

Australia's unemployment payments are the lowest in the OECD[5], with more than one in eight people in Australia living below the poverty line. All told, there are 3.05 million people in poverty, including 739,000 children[6]. Contributing to this disadvantage is the way Youth Allowance and Newstart are indexed. Newstart and Youth Allowance are adjusted each year according to the Consumer Price Index (CPI)[7]. This indexation method is flawed, as it is based on the prices of goods and services consumed by an average-income household, rather than a low-income household. Youth Allowance and Newstart recipients spend most of their income on essentials such as rent, energy, food, healthcare, education, and public transport, for which prices have consistently increased at a greater rate than CPI over the years[8]. Comparatively, the aged pension is indexed to either CPI or Pensioner and Beneficiary Living Cost Index (PBLCI), whichever is greater, and the benchmarked against a percentage of Male Total Average Weekly Earnings (MTAWE)[9]. This better reflects price increased of the goods and services consumed by that cohort.

Evaluating the Centrelink Payments further, there is a disparity between the payments that can be accessed by those aged 16 to 21, and those aged 22 and older, despite identical living costs[10]. Single unemployed young people aged 16 to 21 living away from home access Youth Allowance (\$228 per week). Single unemployed people aged 22 and older access Newstart (\$278 per week). The disparity of \$50 per week is groundless and unjust given that housing and other essential living costs do not vary with age. The low level of Youth Allowance reflects an outdated policy view that young people can rely on financial support from their parents, even if a young person has been assessed as financially independent[11].

A young person aged 16-21 living away from home can (at most) expect to receive Youth Allowance plus Commonwealth Rent Assistance (CRA) totalling \$296 per week. Living off of a modest weekly budget (see Figure 1), this leaves them in a deficit of at least \$125 per week, which would need to be found through either the generosity of charities/homelessness services, going into rent arrears, skipping meals, or missing out on education/employment opportunities.

It is not only individual recipients who are hurt by the low rate of Youth Allowance and Newstart. For community organisations the inadequacy of Youth Allowance and Newstart adds to the demand on frontline services, such as case management and homelessness support. And for the wider community, low unemployment payment rates contribute to economic inequality and social division.

[5] OECD (2015), Benefits and wages database, <http://www.oecd.org/social/benefits-and-wages/data/>

[6] Davidson, P., Saunders, P., Bradbury, B. and Wong, M (2018), Poverty in Australia, 2018, ACOSS/UNSW Poverty and Inequality Partnership Report No 2, Sydney.

[7] St Vincent de Paul Society (2018), Briefing: Raising the Rate of Newstart, viewed 28 August 2019, [https://www.vinnies.org.au/icms\\_docs/302524\\_Raise\\_the\\_Rate\\_-\\_briefing\\_2\\_pages.pdf](https://www.vinnies.org.au/icms_docs/302524_Raise_the_Rate_-_briefing_2_pages.pdf)

[8] Australian Bureau of Statistics (2014), Consumer Price Index, Australia, Jun 2014, viewed 28 August 2019, <https://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/6401.0Jun%202014?OpenDocument>

[9] Saunders P & Bedford M (2017), New Minimum Income for Healthy Living Budget Standards for Low-Paid and Unemployed Australians, Sydney: Social Policy Research Centre, UNSW

Sydney.opendocument&tabname=Summary&prodno=2049.0&issue=2016&num=&view=/  
[10] National Youth Commission (2008), Australia's Homeless Youth: A report of the National Youth Commission Inquiry into Youth Homelessness

[11] Davidson, P., Saunders, P., Bradbury, B. and Wong, M. (2018), Poverty in Australia, 2018. ACOSS/UNSW Poverty and Inequality Partnership Report No. 2, Sydney: ACOSS.

Raising Newstart and Youth Allowance by \$75 and \$125 (respectively) will have a positive impact on the wider community, leading to job creation, helping to raise wages, and boosting local economies[12]. These positive economic impacts will happen because every additional dollar received by a Youth Allowance or Newstart recipient will go back into the local economy through increased spending. According to independent modeling by Deloitte Access Economics, raising Newstart by \$75 would generate 12,000 new jobs in 2020-21, increase wages by 0.2%, and increase government revenue by \$1.25 billion[13].

**Recommendation 1: There needs to be equity between Newstart and Independent Youth Allowance. The rate of Independent Youth Allowance should be raised by \$125 to \$353 per week, and the rate of Newstart should be raised by \$75 to \$353 per week.**

**Recommendation 2: Youth Allowance and Newstart should be indexed properly (to Average Weekly Earnings) to reflect the real cost of living and to ensure they maintain their real value over time to keep up with community living standards.**

**Recommendation 3: Establish an independent panel, in collaboration with the community sector and welfare recipients, to regularly review the adequacy of Youth Allowance and Newstart and recommend income benchmarks.**

### **CASE STUDY – Mia's Story**

At 15 years old Mia was kicked out of home due to family conflict. She couch surfed for a few months before finding a room in a shared property. Mia had no income and could not afford to remain in the share house for long. With the help of her new Caseworker Mia went to Centrelink to find out what financial support she might be entitled to. As Mia was still 15, she was advised to wait until her 16th birthday to apply for Youth Allowance, rather than go through the onerous process of applying for the Special Benefit payment. Mia returned 2 months later on her 16th birthday to apply for Youth Allowance and Commonwealth Rent Assistance, which she received.

Whilst Centrelink income support was better than nothing, it quickly became apparent that she could not survive on Youth Allowance alone. Within the year Mia dropped out of high school, unable to afford the cost of school whilst living independently and paying rent. Mia began casual work at a café, but Mia still dreamed of completing her HSC.

At 19 Mia went to TAFE to complete her HSC. She received a TAFE fee concession to help with the cost, but she still struggled to live on the tight budget that Youth Allowance provided her. To get by Mia regularly skipped meals, and when she did eat she would only eat canned vegetables and beans, or plain pasta. Mia was unable to attend any social activities, as she was unable to afford the transport or spend any money socialising with friends. This became very isolating and deteriorated her mental health. Furthermore, Mia was not made aware of the additional rebates or discounts that she could apply for to help her, which exacerbated her situation. Mia was frustrated with the low rate of Youth Allowance and the complex Centrelink system, which was difficult for her to navigate.

*"I had to grow up really fast and to learn to articulate myself to adults to be taken seriously.  
I had to act and educate myself far beyond my years to get anywhere".*

(Name has been changed to protect identity)

[12] St Vincent de Paul Society (2018), Briefing: Raising the Rate of Newstart, viewed 28 August 2019, [https://www.vinnies.org.au/icms\\_docs/302524\\_Raise\\_the\\_Rate\\_-\\_briefing\\_2\\_pages.pdf](https://www.vinnies.org.au/icms_docs/302524_Raise_the_Rate_-_briefing_2_pages.pdf)

[13] Deloitte Access Economic (2018). Analysis of the impact of raising benefit rates. Report prepared for ACOSS.

## Eligibility and System Barriers

Frequently, homeless children and young people have found it challenging to access Centrelink support payments, either because they fall through the gaps in eligibility, or they find it difficult to navigate the bureaucratic system owing to its immense complexity[14]. While the current approach does not set out to deliberately discriminate against homeless young people, there are systemic barriers and red tape preventing homeless young people from accessing Centrelink.

**Recommendation 4: Centrelink to employ more social workers to assist vulnerable people to navigate the system, and to support them to access payments they are entitled too. Further to this, all Centrelink staff should be trauma informed.**

Both young people experiencing homelessness and their support workers report a number of challenges when accessing Centrelink, including lengthy call wait times, difficulties using online services, and problems meeting mutual obligation requirements (e.g. reporting income, applying for jobs, and attending appointments). Because of the transience and uncertainty of homelessness, many homeless young people simply do not have the skill or capacity to undertake the activities required to ensure they receive their regular payments. If a young person does not meet their requirements (without a reasonable excuse) it is referred to as 'breaching', and they may incur a penalty. Penalties can be severe and include the suspension of payments. The suspension of payment can result in a young person facing extreme poverty and hardship, including loss of accommodation, adding to their negative self-worth and poor mental health - which contribute to the cycle of disadvantage and dependence.

Payments from the Australian Government, through Centrelink, are a major source of income for homeless young people[15]. Different rates of Youth Allowance are available depending on whether the young person is living at home or unable to live at home for various reasons. Homeless young people may be able to receive the 'independent' rate of Youth Allowance if they are able to show Centrelink it is unreasonable for them to live at home with their parents.

To gain the independent rate of Youth Allowance, Centrelink requires a homeless young person, their parents and a third person, in most cases, to complete statements explaining the circumstances at home. The young person will also need to meet with a Centrelink social worker to talk about their circumstances[16]. This can be anxiety provoking and traumatic for a young person who may be leaving an abusive or violent home.

**Recommendation 5: Centrelink should not contact parents or legal guardians to determine if it is 'Unreasonable to Live at Home' if there have been reports of violence, abuse, or neglect. A statement from the young person and a support agency, such as Specialist Homelessness Service, should suffice, and contacting the parents/guardians should be optional and up to the discretion of a Centrelink social worker.**

[14] National Youth Commission (2008), Australia's Homeless Youth: A report of the National Youth Commission Inquiry into Youth Homelessness

[15] Ibid

[16] Welfare Rights Network (2006) Youth Allowance – am I independent? <[www.welfarerights.org.au](http://www.welfarerights.org.au)>

## CASE STUDY – Michael's Story

Two years ago at 16 years old, Michael arrived at his school with bruises and cuts on his face and body, he explained that he received the injuries from his mother and step-father the previous night, the violence had been regularly occurring for many months. School took Michael to the hospital to be assessed, and community services were notified. It was determined that was unsafe for Michael to return home, and since he had no family living nearby he was taken to a local 24/7 refuge.

Living at the refuge was positive for Michael. He had a healthy routine, attended school daily, and was developing his living skills, and getting mental health treatment for his Anxiety and Depression. Michael felt safe. Michael, however, had no income, and therefore could not socialise with friends on the weekend, could not purchase clothes, or items for school (books, uniform, shoes, lunches etc), could not play sport, or afford a mobile phone.

Michael's caseworker took him to Centrelink to apply for Youth Allowance. The Centrelink social worker asked Michael several personal questions about his family life, to better understand his circumstances and why it was unreasonable to live at home. The social worker also asked to speak with Michael's school counsellor and caseworker to corroborate his story and provide additional information. The social worker also asked to speak with Michael's mother so that she could confirm some details. Michael was extremely reluctant to allow Centrelink to speak with his mum. He had not talked to her since leaving home, and worried that his mother would not be truthful about circumstances at home, further hindering the application for Youth Allowance. Reluctantly, Michael permitted Centrelink to contact his mum. Over the following two weeks Centrelink tried to contact Michael's mum, but she was either unavailable or unwilling to talk. This delayed Michael's payments. After three weeks of investigation and consideration, Centrelink agreed to Michael's application for Youth Allowance. By then Michael had already missed out of social events with friends, and the uncertainty and stress of the process meant he had regressed back into Depression and Anxiety.

*"Applying for Centrelink was almost as bad as living at home with mum".*

(Name has been changed to protect identity)

The independent rate of Youth Allowance provides additional support for homeless young people, but the administrative requirement to show evidence to prove it is 'unreasonable to live at home' is a barrier for homeless young people. Youth workers usually do their best to assist young people with Centrelink, to help prove homelessness and substantiate it is 'unreasonable to live at home'. However, they are not always successful. The main difficulty appears to be that young people who have recently left home find it difficult to prove they are homeless or independent for the purpose of receiving benefits[17]. If a young person cannot prove 'independence' then an income test of their parents applies[18].

Good advocacy from youth workers can help smooth the way for young people to gain benefits, but this does not always happen quickly and in the meantime a young person is often left with no income[19].

**Recommendation 6: In the instance of a child or young person experiencing homelessness, an emergency special benefit be payable to that child or young person until a determination of child protection issue and placement can be made.**

[17] National Youth Commission (2008), Australia's Homeless Youth: A report of the National Youth Commission Inquiry into Youth Homelessness

[18] Ibid

[19] Ibid

## 'Breaching', Overpayments, and Centrelink Debts

When a young person's circumstances change and Centrelink is not informed immediately, overpayments can occur, which need to be repaid. For example, homeless young people often have difficulty staying in education or training full-time, which is a requirement of Youth Allowance for students. If they drop out of education and fail to inform Centrelink immediately their payment continues as though they had remained in education[20]. This results in payments being suspended and a debt to Centrelink that needs to be repaid, usually through the garnishment of future payments. Payment suspension, even for a short period of time, can quickly escalate to a crisis for a homeless young person (including eviction) undermining the role of the welfare system and a social safety net.

**Recommendation 7: Centrelink recipients should be able to simply and easily pause their mutual obligation requirements (e.g. meeting with employment service providers) in the instance of a crisis, including a death in the family, or experiencing homelessness. A personal crisis should not disrupt their regular payments.**

Since 2016 some individuals receiving Youth Allowance and Newstart have been contacted by Centrelink to verify their circumstances and incomes dating back to 2010. The Centrelink online compliance system, also known as Robodebt, matches income data from the Australian Tax Office with income reported to Centrelink by welfare recipients. If the recipients do not respond or are unable to find proof of their income, a letter raising a debt against them is issued. Crucially it puts the onus of proof on the Centrelink recipient who may struggle to track down 10 years worth of documents to prove the debt is invalid or incorrect. Robodebt unfairly disadvantages the most vulnerable Australians, including young homeless people.

**Recommendation 8: The Centrelink online compliance system, known as Robodebt, should be redesigned so that Centrelink staff are responsible for cross-referencing ATO data with reporting data to verify whether a legitimate debt exist before issuing debt notices. Debt relief and debt forgiveness should be granted on a case-by-case basis.**

[20] National Youth Commission (2008), Australia's Homeless Youth: A report of the National Youth Commission Inquiry into Youth Homelessness

## CASE STUDY – Alex's Story

23-year-old Alex has for the past two years been in a stressful debt cycle with Centrelink - accumulating Centrelink debt, repaying overdue payments, then receiving back payments - due to unforeseen circumstance and things beyond her control.

In 2017 Alex had been receiving \$68 per week in Rent Assistance. In January 2018 her lease ended, and she notified Centrelink. Alex spent the next couple of months couch surfing, before finally moving in with a friend - subletting a bedroom for \$300 a week. She returned to Centrelink to notify them of her change of circumstances. Centrelink informed her that they had still been paying her Rent Assistance from her previous tenancy that she had in 2017. Centrelink said that Alex had "breached" and the penalty was to suspend her payments. Alex was certain she had notified them, but Centrelink had no record of it. Alex was distressed and told her Caseworker what happened. Fortunately, her Caseworker had copies of the documents and proof the forms were submitted to Centrelink. When Centrelink acknowledge their wrongdoing they agreed to reinstate Alex's payment, and backpay her for the missed weeks. In the end Centrelink only repaid \$200, significantly less than she was expecting. Dejected and exhausted from the ordeal Alex moved on.

A few months later Alex received a letter from Centrelink claiming that she owed \$1200 for falsely reporting her income from the previous financial year. Alex had briefly worked at a small fruit shop for 4 months and was diligent about reporting her income and notified Centrelink when she left that job. But, since the fruit shop was a small business they had neglected to finalise her employment, and did not complete her 'separation certificate' until the end of the financial year. Therefore, it appeared to Centrelink as though Alex had worked for the fruit shop for 12 months, rather than just 4 months. Alex agreed to make the Centrelink repayments, not because she admitted fault, but because the stress and exhaustion of dealing with Centrelink had worn her down – her mental health was declining, and she couldn't sleep. It was impacting on her mood and her ability to focus.

These are just a couple of the numerous times Alex's payments have stopped and restarted over the past 18 months. Before the income debt ordeal Alex had wanted to find casual work, but the experience had left her worried about the consequences if a similar situation occurred.

*"I wasn't born into a family that allowed me to believe I could become something. I had a toxic and dysfunctional family. When I began receiving Centrelink there was a glimmer of hope that I could become something. But the payments haven't helped. They haven't given me any opportunities. There is shame that comes with needing Centrelink. I don't want to be on Centrelink forever".*

(Name has been changed to protect identity)



## Jobactive and finding meaningful employment

A 2017 report from Mission Australia entitled 'Young people's experiences of homelessness' found that, of the young homeless people who responded to the survey, 22% had never had a paid job in their lifetime[21], highlighting that homeless young people need extra support to attain their first job.

The current employment service system – Jobactive – is not adequately supporting homeless young people. Under the system, long-term unemployed people are referred to an Employment Service Provider to help them to become job-ready and look for work. One of the biggest criticisms of the Jobactive model is that it is not person-centered and does not get unemployed people into sustainable work[22]. Employment Service Providers are incentivised to quickly get unemployed people into any job vacancy regardless of the appropriateness of the job or the individual's long-term employment goals. This would be onerous and resource intensive for business owners, particularly small business owners, who are flooded with disingenuous job applications from jobseekers who have no intention of working there but are just trying to submit their required 20 job applications a month. Jobactive should instead prioritise quality of job applications rather than quantity.

A recent report by the Department of Jobs and Small Business 'I Want to Work: Employment Services 2020', found that in 2007 18% of employers used the Jobactive system to help find work, but by 2018 that figure dropped to 4%[23]. Currently, employment providers are too focused on meeting KPIs and getting job seekers off welfare and into vacancies, rather than on long-term employment goals and interests, and improving employer and employee outcomes. This is not a sustainable approach.

Young people who are experiencing homelessness are likely to face additional barriers to employment, including; lack of fixed address, limited experience or qualifications, and limited soft skills (e.g. communication, motivation time management, responsibility, and teamwork). The 2015 OECD report 'Investing in Youth' highlights the importance of aligning young people's needs and interests with employer requirements[24]. A more holistic approach incorporating job readiness training, mental health support, mentorship, soft skills training as well as understanding their interests and needs, and providing wrap around support, is necessary to get these young people into sustainable employment.

**Recommendation 9: Mutual obligation requirements to be amended to take into account the unique needs of young people experiencing homelessness by expanding 'participating activities' to include Alternative Education Programs, AOD or Mental Health Treatment.**

[21] Fildes, J., Perrens, B. and Plummer, J. 2018 Young people's experiences of homelessness: Findings from the Youth Survey 2017, Mission Australia.

[22] Dias, A (2019) This is how Newstart is failing young Australians, Triple J Hack.

[23] McPhee S (2018), I want to work: Employment Services 2020 Report, Department of Jobs and Small Business

[24] OECD (2016), Investing in Youth: Australia, Investing in Youth, OECD Publishing, Paris, <https://doi.org/10.1787/9789264257498-en>.

**Recommendation 10:** Jobactive should be overhauled to enable Employment Service Providers (ESP) to focus the needs and interests of individual clients, to connect them with employment and training opportunities, to ensure they find meaningful employment that will be sustainable long-term. To support this the Jobactive requirement of applying for 20 jobs a month should be scrapped, and instead ESPs should prioritise quality job applications.

**Recommendation 11:** The Government to encourage Youth Allowance and Newstart recipients to take up casual work opportunities by increasing the income test thresholds, allowing young people to earn money and get experience in the workforce without it negatively affecting their Centrelink payments.

### **CASE STUDY – Amir's Story**

20-year-old Amir switched from 'Youth Allowance – Student' to 'Youth Allowance - Job Seeker' after finishing up his TAFE course 6 months ago. As he has been unable to find work Centrelink assigned Amir a Jobactive Employment Provider as part of his mutual obligation requirements. Since then, Amir has found the Jobactive Employment Program unhelpful and time consuming but continues to meet with them as stipulated by Centrelink. Amir explained to his Employment Service Officer that he was looking for work in retail and that he enjoys customer service. Further to this he said he would like to work within an hour public transport of his home, as he doesn't have a car. Each time that Amir met with the Employment Service Provider they put forward inappropriate job vacancies such as Warehouse Packing or Nightshift Cleaning in suburbs that are too far away and difficult for Amir to travel to and from. Recently, Amir has found casual work 20 hours a week at a Large Hardware Retailer near his home. The work suits Amir and it is a career path he is interested in. Amir went back to his employment provider to share the good news, but the employment provider said it "wasn't good enough", that Amir needs to find permanent work 25 hours per week. The employment provider told Amir to either find a second job or quit. To get his Employment Provider off his back Amir has gone to his doctor to get a Medical Assessment for his ADHD and Anxiety in the hopes Centrelink will reduce his required working hours.

**"This Jobactive system is a joke. No one is setting a strong foundation for young people. There is so much pressure to accept any job regardless of how unsuitable it is".**

(Name has been changed to protect identity)

## Conclusion

In the election campaign of 1987 the then Prime Minister Bob Hawke declared that "By 1990, no Australian child will be living in poverty". It was a bold target, but more than 30 years on it is a target that is still unattained. Many Australian children and young people are living below the poverty line, and are having to sacrifice food, housing, medicines, education, social connections, as well as their personal safety, in order to get by. The Australian Government has a responsibility to provide adequate income support for these children and young people to help them out of poverty and to end the cycle of disadvantage.

The outdated assumption that all Australian parents and legal guardians have the resources and the willingness to financially provide for their children into adulthood is naive and flawed. This is underscored by the number of children and young people who access homelessness services each year in Australia.

Due to its complexities, many at-risk and homeless children and young people struggle to access Centrelink support. As a result, many give up due to frustration and present to Specialist Homelessness Services with no income. They rely on under-resourced and overstretched youth workers and caseworkers to help them negotiate the complex system in order to receive Youth Allowance or Newstart. Navigating this bureaucratic maze usurps attention away from other priorities such as mental health needs, housing, living skills, social connections, education and employment, and other long term goals.

Youth Allowance and Newstart are necessary for improving the outcomes for homeless young people, but due to the current indexation method they are not reflective of actual living costs. 'The New Budget Standards for Low-Paid and Unemployed Australians' Report by University of NSW Social Policy Research Centre measured the basic costs to achieve minimally adequate standards of living. The current rates of Youth Allowance and Newstart fall far short of the required \$434 per week minimum standard of living, and are insufficient to afford the basic necessities of life. Further exacerbating the issue, the mutual obligation requirements of Newstart and Youth Allowance act as an obstacle to achieving financial independence, overwhelming vulnerable people with bureaucratic red-tape and severe penalties for infringements and non-compliance. This response is not trauma-informed and serves to punish individuals rather than encourage them.

It is not only individual recipients who are hurt by the abysmal rate of Youth Allowance and Newstart - the wider community suffers too. Homeless young people feel stigmatised within their own community as they are unable to financially participate, which increases economic inequality and sows social division.

Yfoundations is calling on the Australian Government to: increase the rates of Youth Allowance and Newstart; to enable children and young people to easily access the Centrelink payments they are entitled to; and to change our attitude to welfare from a punitive system to a strengths-based system that lifts people out of their disadvantage.