

Senate Community Affairs References Committee

**Report on
Participation Requirements and Penalties
in the Social Security System**

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RECOMMENDATIONS

Chapter 2

Recommendation 1: That the Bill be amended to provide that where a person is required to enter into a participation agreement, the person must be offered a ‘cooling off’ period of at least seven days between the time that the terms of the agreement are settled and the time the person is required to sign the agreement; and the Department be required to inform people of their rights to this ‘cooling off’ period.

Recommendation 2: That the Bill be amended to explicitly recognise the needs of the child in determining the capacity of a parent to comply with a participation agreement.

Recommendation 3: That the Bill be amended to provide additional exemptions:

- for parents of children with a disability, not covered in the Bill, or other high care needs or other situations where the child or parent is in special circumstances;
- for parents whose children have non-physical disabilities;
- for a parent with more than one child with disabilities not defined within the Bill; and
- for mature aged Newstart recipients with caring responsibilities or personal circumstances, such as health problems, or other special circumstances that restrict their capacity to participate.

Recommendation 4: That the Bill be amended to provide for temporary exemptions from entering into a participation agreement due to special circumstances, such as short term illness or family crisis situations; and that the temporary exemption be available for a period of up to six months, and for more than one six month period.

Recommendation 5: That the Department introduce measures to facilitate the simplification of income reporting.

Recommendation 6: That Centrelink further develop accessible forms of written communication and encourage the use of plain English in their communications.

Recommendation 7: That the Commonwealth Government introduce a participation allowance to meet the costs associated with participation requirements.

Recommendation 8: That the Bill be amended to provide that full arrears be paid to mature age Newstart recipients if compliance takes place within 13 weeks of the breach occurring, consistent with that to be applied to Parenting Payment.

Recommendation 9: That the proposed breaching and penalty arrangements for Parenting Payment and mature age Newstart recipients be amended in line with the

recommendations of the Pearce Review, especially in relation to a reduction in the rate and duration of breaches.

Recommendation 10: That the Bill be amended to provide that a participation agreement breach not commence until at least 14 days after the person has been given notice of the breach, including the reasons for the breach. That the Bill be further amended to ensure that the recipient of a payment who is breached be notified in writing within seven days of that breach occurring.

Recommendation 11: That an accountability framework for Personal Support Programme providers be inserted into the Bill.

Recommendation 12: That the Government ensure that the high degree of flexibility, recognised as required for those placed on Newstart following the closure of mature age and partner allowances, include the provision of special training programs and specialist support to enable activity test requirements to be satisfactorily met.

Chapter 3

Recommendation 13: That the Department of Family and Community Services implement in full the recommendations of the Independent Review of Breaches and Penalties in the Social Security System to the wider group of existing income support recipients currently subject to breaching provisions.

CHAPTER 1

INTRODUCTION

Terms of Reference

1.1 On 19 June 2002, the Senate referred the following matters to the Committee for inquiry and report:

- (a) Consideration of the adequacy, effectiveness and fairness of proposed legislative participation requirements for parents and mature-age unemployed Australians; and
- (b) The Family and Community Services Legislation Amendment (Australians Working Together and other 2001 Budget Measures) Bill 2002, with particular reference to:
 - (i) the nature of the participation requirements proposed in the Bill for parents and older unemployed people, including how they compare to existing requirements for other workforce-age income support recipients,
 - (ii) the nature of penalty (breaching) provisions provided in the Bill for parents and older unemployed people, including how they compare to existing requirements for other workforce-age income support recipients, and
 - (iii) the fairness, efficiency and effectiveness of proposed legislative social security penalty provisions.
- (c) That in undertaking this reference, the Committee will consider the report of the Independent Review of Breaches and Penalties in the Social Security System (the Pearce Review) to determine whether implementation of its recommendations would improve the capacity of the participation requirement regime to provide effective and efficient support to workforce-age income support payment recipients while improving rates of compliance.

1.2 The Family and Community Services Legislation Amendment (Australians Working Together and other 2001 Budget Measures) Bill 2002 was introduced into the House of Representatives on 16 May 2002. The Bill was debated in the House on 29 and 30 May. The Bill passed the House on 30 May and was introduced into the Senate on 19 June 2002.

Conduct of the inquiry

1.3 The inquiry was advertised in *The Australian* on 3 July 2002 and through the Internet. Submissions were also invited from a range of welfare and community organisations. Due to the tight timeframe for the inquiry, the closing date for

submissions was 19 July 2002, although the Committee continued to receive submissions throughout the course of the inquiry.

1.4 The Committee received 28 public submissions and three confidential submissions, together with an amount of additional material from witnesses. The list of submissions and other written material received by the Committee and for which publication was authorised is at Appendix 1. The Committee held public hearings in Sydney on 5 August 2002 and Melbourne on 6 August 2002. A list of witnesses who appeared at the public hearings is included in Appendix 2. Submissions that were received electronically and the Hansard record of the public hearings may be accessed through the Committee's website at www.aph.gov.au/senate_ca.

Reform of the welfare system

1.5 In September 1999, the Minister for Family and Community Services announced the Government's intention to review the Australian welfare system. The Government appointed a Reference Group on Welfare Reform, chaired by Mr Patrick McClure, Chief Executive Officer of Mission Australia, to consult with the community and provide advice to the Government on possible approaches to reform in this area. Members of the Reference Group were drawn from the community sector, business, academia and government.

1.6 The need for fundamental reform of the welfare system was seen as vital in the light of significant economic and social changes transforming Australia – including a growing divide between the 'job rich' and the 'job poor' households; changes in the balance between full-time jobs and part-time and casual work; increasing numbers of people relying on income support; and declining job opportunities for less skilled workers – and the need for the social support system to effectively respond to these changes.¹

1.7 In March 2000 the Reference Group released an Interim Report that outlined a new framework for the fundamental re-orientation of Australia's social support system and sought input from the community on these proposals.

1.8 The Reference Group produced its final report *Participation Support for a More Equitable Society* in July 2000. It set out directions for reform over the short, medium and longer term through the introduction of a Participation Support System. Under this system the social support system would be judged by its capacity to help people participate economically and socially, as well as by the adequacy of its income support arrangements. The report identified a number of shortcomings with the current social support system including fragmented service delivery arrangements not adequately focussed on participation goals for all people of workforce age; a complex and rigid categorical array of pensions and allowances for people of workforce age;

1 *Participation Support for a More Equitable Society*, Reference Group on Welfare Reform (McClure), July 2000, p.2.

and inadequate incentives for some forms of participation and inadequate rewards for some forms of work.²

1.9 The Reference Group proposed as its goal to minimise social and economic exclusion, with Australia's success in achieving this to be measured by three key outcomes:

- a significant reduction in the incidence of jobless families and jobless households;
- a significant reduction in the proportion of the working age population that needs to rely heavily on income support; and
- stronger communities that generate more opportunities for social and economic participation.³

1.10 The main aspects of reform proposed in the report were the promotion of the following mutually reinforcing features regarded as integral to the Reference Group's vision of a Participation Support System:

- individualised service delivery focussed on meeting the needs of individuals and on helping them to identify and achieve participation goals;
- a simpler income support structure that is more responsive to individual needs, circumstances and aspirations;
- incentives and financial assistance to encourage and enable participation;
- mutual obligations underpinned by the concept of social obligations with governments, businesses, communities and individuals all having roles; and
- social partnerships for building community capacity to increase opportunities for social and economic participation.⁴

1.11 The Reference Group argued that the Government should develop a mutual obligations framework for the Participation Support System which incorporates the respective roles of government, business, communities and individuals. The Reference Group also argued that the model for mutual obligations should emphasise the expectations on recipients to undertake some form of economic or social participation, consistent with individual capacities and life circumstances; and that it be implemented in a way that maximises voluntary compliance and provides that alternative approaches to sanctions are considered before financial penalties are imposed. The Group argued that a mutual obligations framework be developed for mature age jobless people, which requires some form of participation with a priority on economic participation where appropriate. The Group also suggested that parents of high school aged children (13 years and over) be required to enter into a

2 McClure, p.3.

3 McClure, p.4.

4 McClure, p.6.

Participation Plan, including part-time job search, part-time employment or part-time preparation for paid employment.⁵

1.12 The Government's response to the report was the *Australians Working Together – Helping people to move forward* (AWT) package announced in the 2001-02 Budget. The package provides funding of \$1.7 billion over four years for employment and community services to improve the assistance available to people looking for work, including parents, mature aged people, indigenous Australians and people with disabilities. The Government considers that the package is consistent with the five areas for action identified in the McClure report, that is, individualised service delivery, a simpler income support structure, incentives and financial assistance, mutual obligations and social partnerships. The package of measures is the first stage of the Government's response to the McClure report.⁶

The Bill

1.13 The Family and Community Services Legislation Amendment (Australians Working Together and Other 2001 Budget Measures) Bill 2002 provides the legislative changes required to implement the AWT package announced as part of the 2001-02 Budget. The major measures included in the Bill are: participation requirements for parents; participation requirements for mature age newstart allowance recipients; closing off mature age allowance and partner allowance; Personal Support Programme; Working Credit; and Language, Literacy and Numeracy Supplement. A detailed discussion of these measures is in Chapter 2.

Independent Review of Breaches and Penalties in the Social Security System

1.14 An Independent Review of Breaches and Penalties in the Social Security System (the Pearce Review) was established in August 2001 by nine leading charities and other organisations, including ACOSS, National Welfare Rights Network, the Brotherhood of St Laurence and Mission Australia. The purpose of the Review was to identify factors affecting, and the consequences of, recent changes in the incidence of breaches and penalties relating to unemployed people receiving income support payments; and to recommend improvements in the effectiveness and fairness of the system.

1.15 The Review was established because of concerns that the system for achieving compliance with obligations imposed on people receiving Newstart or Youth Allowances was not operating equitably and effectively in regard to all recipients. That system includes a process of designating certain conduct on the part of the recipient of an allowance as being a breach of the obligations that must be complied with in order to receive the allowance. If a recipient is in breach, penalties

5 McClure, pp.32-33, 56.

6 *Budget Measures 2001-02*, Budget Paper No.2, May 2001, p.120.

must be imposed. These penalties involve reducing or fully withholding for a period the allowance that would otherwise be payable.

1.16 The organisations were aware from their own activities that the penalties being imposed as a result of a dramatic increase in the incidence of breaching were having a significant adverse impact not only on the recipients of benefits but also on their families. This in turn was leading to a marked increase in requests for assistance in the way of food, accommodation, clothing and money to those organisations and government agencies that help the needy and destitute members of the community.⁷

1.17 In establishing the Review, the organisations indicated that they accepted breaches and penalties as an inevitable part of a compliance regime in an active, employment-oriented social security system for unemployed people. They were primarily concerned at the changes in the incidence of breaches and penalties in recent years and the consequential impact on individuals, families, welfare agencies and other organisations.⁸

1.18 These issues of the extent of breaching, inappropriate breaching, the level of penalty imposed and the impact of the penalty upon individuals and families provided the major focus of evidence to the Committee during this inquiry.

1.19 The Review found that the income support system has concentrated excessively on achieving high breach rates and penalties rather than on encouraging active efforts to find work. The review made 36 recommendations aimed at achieving:

- better processes for interviewing, assessing and communicating with jobseekers;
- better decision-making when imposing obligations on individual jobseekers and referring them for assistance;
- stricter procedures for investigating potential breaches and ensuring that breaches are not imposed unlawfully;
- more help for jobseekers who are trying to comply with their obligations;
- removal of excessive pressures and incentives to impose breaches and penalties; and
- fairer and more effective penalties.⁹

1.20 With regard to the imposition of breaches, the Review stated that the breach system should be designed and administered principally to assist and reinforce compliance rather than focusing mainly on identifying and punishing non-compliance. The Pearce Review and the action taken by Government in response to its recommendations is discussed in detail in Chapter 3

7 *Making it work*, Report of the Independent Review of Breaches and Penalties in the Social Security System (Pearce Review), 2002, pp.1-2.

8 Pearce Review, p.1.

9 Pearce Review, pp.10-18.

CHAPTER 2

THE LEGISLATIVE PROPOSALS INCLUDING PARENTING PAYMENT AND MATURE AGE NEWSTART RECIPIENTS

Introduction

2.1 This chapter discusses the various measures proposed in the Family and Community Services Legislation Amendment (Australians Working Together and other 2001 Budget Measures) Bill 2002 (the Bill). It focuses primarily upon the nature of the participation requirements for parents and mature age Newstart Allowance recipients and the nature of the penalty (breaching) provisions provided for these groups under the Bill.

2.2 *Participation requirements for parents* – from July 2003 people receiving Parenting Payment whose youngest child is aged 13 to 15 years will be subject to a participation requirement to help them to prepare for a return to work and to help them access services to acquire or improve their work skills. The requirement will be to undertake one or more activities such as job search, education, training or community work for up to 150 hours in a 6 month period. The new participation requirement will not apply to parents caring for a child with a serious disability. If a person has not complied with the requirements under a participation agreement then a penalty will be applied. The person's compliance will then be monitored at shorter intervals until the person complies. Compliance with the terms of an agreement will trigger waiver of a breach penalty.

2.3 *Participation requirements for mature age newstart allowance recipients* – this measure introduces flexible arrangements for Newstart Allowance recipients and recipients who are aged at least 50 years. The measure involves a flexible approach to the application of the activity test and provides access to an expanded range of services and programs to help maximise economic and social participation. A participation agreement will be negotiated with new recipients and current recipients who are aged at least 50 years which will set out those activities that the person agrees to undertake, or participate in. The proposed new participation framework maintains the current focus on economic participation for those with a capacity to undertake paid work, but also provides the flexibility to accommodate those with limited prospects of employment in the short term. If, without reasonable excuse, a person fails to comply with the terms of the agreement, a penalty will be imposed. Where a person rectifies that failure, it will be possible for any residual amount of the penalty to be waived.¹

1 *Explanatory Memorandum*, Outline, pp.2-3, 32-33.

2.4 The inquiry received a range of evidence on the question as to whether the participation requirements for these groups should be made compulsory or voluntary. A number of submissions from welfare groups argued that the proposed participation requirements for parents and mature age Newstart recipients should be voluntary. It was argued that compulsory participation is not only unnecessary but may potentially place unnecessary barriers for many people seeking to engage in the workforce or other forms of participation. It was also argued that alternative approaches, such as retraining and education packages, wage subsidy schemes and family support services should be put in place to address the need for increased opportunities to participate.²

2.5 The Department of Family and Community Services (FaCS), however, cited survey evidence that indicated that a majority of Parenting Payment recipients agreed with the suggestion that after a certain length of time on income support payments parents should look for work, do voluntary work or undertake training.³

2.6 Some submissions also argued that the Bill emphasises an overly prescriptive focus on ‘hours of activity’ through the requirement to engage in 150 hours of activity over a 6 month period. Some submissions argued that this requirement might be difficult to achieve, especially for parents with child rearing responsibilities.⁴

2.7 The Committee is of the view that generally speaking participation requirements for parents and mature age Newstart allowance recipients should be compulsory, as it provides an incentive to participate in a range of activities that may not otherwise be taken up by these groups. The Committee, however, considers that a number of changes need to be made to the participation requirements for parents and mature age Newstart allowance recipients and also to the breaching and penalty regime to improve their overall fairness and effectiveness. Any of the requirements of a participation agreement should not prevent a parent from providing any care that their child or children need. The requirements of a participation agreement should not prevent a parent from achieving a good work and family balance.

Parenting payment participation requirements

2.8 The following issues were raised in relation to the participation requirements for parents:

- requirement to enter into a participation agreement;
- requirement to comply with a participation agreement;
- recognition of children’s needs;
- eligibility for Family Tax Benefit.

2 *Submissions* 25, p.7 (NWRN); 4, pp.5-6 (BSL); 1, p.9 (NCSMC).

3 Some 66 per cent of the survey group either agreed or strongly agreed that an activity should be required in addition to parenting. For further details see V. Pearce, ‘Parents, participation and planning’, *Australian Social Policy*, 2000/2, p.103.

4 *Submissions* 11, p.11 (ACOSS); 25, p.19 (NWRN); 1, p.8 (NCSMC).

Requirement to enter into a participation agreement

2.9 There are three basic requirements in respect of Parenting Payment participation agreements (subsection 501(1) of the Bill). These are:

- a person must enter into a participation agreement when required by the Secretary to do so;
- the person must take reasonable steps to comply with the terms of the person's participation agreement; and
- at any time the person must be prepared to enter into another participation agreement if required to do so by the Secretary.

2.10 The requirement to enter into a participation agreement when required to do so has been included as a specific qualification for receipt of Parenting Payment. This mirrors similar qualification conditions relating to activity agreements for Newstart and Youth Allowance. However, for Newstart and Youth Allowance a failure to enter into an agreement when required to do so, without a reasonable excuse, can also result in an activity test breach penalty. The Bill does not provide for such penalties if a Parenting Payment recipient fails to enter a participation agreement.

2.11 The effect of the Bill will be that, if a parent does not enter into a participation agreement when required to do so, their payment will be suspended. If the person subsequently enters into a participation agreement their payment can be restored and, if the agreement is entered into within 13 weeks of the suspension of payments, the parent would be paid back any Parenting Payment for the period that the payment was suspended.

2.12 The new procedures also require an attempt to contact the person to investigate their non-attendance and that, if contact is not made with the person, the payment will be suspended until the person makes contact with Centrelink.

2.13 The Commonwealth Ombudsman raised a number of issues in regard to the above matter, namely:

- *Will there be a reasonable attempt to contact the parent to assess their reasons for non-attendance at an agreement negotiation interview before determining that the person's payment should be suspended?*

2.14 FaCS advised the Committee that reasonable attempts to contact are provided for in the Bill – parents with a contact phone number will be contacted by the Personal Adviser or JET Adviser to arrange a suitable time for their initial interview. Parents without a phone contact will be sent a letter with the interview time and will be asked to contact Centrelink if they cannot attend. If the client does not attend this interview at least two reasonable attempts to contact the person will be made before a person's Parenting Payment is suspended for non-attendance at a participation interview. Where a person fails to attend an interview that has already been rescheduled because they did not attend at the originally booked time, payment will be suspended. The payment will be restored when they attend Centrelink.

- *Will the matter of whether the person is unreasonably delaying entering into an agreement be appropriately considered, or will non-attendance at an agreement negotiation interview simply be taken as unreasonably delaying and therefore result in immediate suspension of payment?*

2.15 FaCS stated that non-attendance at an interview alone would not be considered as unreasonably delaying the negotiation of a participation agreement. The expectation is that agreements would be finalised within 13 weeks unless there are extenuating circumstances.

- *Will there be any administrative delays in arranging for the person to enter into an agreement, and therefore have their payments restored, once the person indicates their preparedness to do so?*⁵

2.16 FaCS stated that once a person attends an interview and enters into a participation agreement their payment, if suspended, will be restored. Extra appointment times will be available for urgent interviews to allow income support recipients to be dealt with quickly.⁶

Initial interviews/‘cooling-off’ period

2.17 Evidence indicated that Centrelink needs to allocate sufficient time for initial interviews with recipients. The Independent Review of the Breaches and Penalties in the Social Security System (the Pearce review) recommended that this will usually require not less than 45 minutes, and not less than 60 minutes when the interview indicates that the claimant may be ‘especially vulnerable’. Allowing sufficient time to ensure that all relevant information is obtained and people are appropriately assessed and referred to programs and services are vitally important. While FaCS argued that this is current procedure for new claim interviews, Professor Pearce said he did not believe that Centrelink is allocating 45 minutes to the first interview. He indicated that this was a key recommendation of his review ‘because the information that came to us regularly showed that the system failed from the first moment because insufficient effort and time were put into the first interview’.⁷

2.18 The Committee believes that Centrelink procedures should ensure that initial interviews with recipients should be no less than 45 minutes in duration to ensure that sufficient time is allowed to carry out interviews with recipients.

2.19 Submissions also argued that a ‘cooling’ off period should be available to people required to enter a participation agreement. This would enable the person to take the agreement away and consider options or seek advice. The National Welfare Rights Network (Welfare Rights) stated that ‘cooling off’ periods are considered a standard practice in most legal negotiations where there is any possibility of an imbalance of power or knowledge between the parties. While the Department stated

5 *Submission 12*, p.4 (Ombudsman).

6 *Submission 24*, Additional Information 23.8.02, pp.7-8 (FaCS).

7 *Committee Hansard*, 5.8.02, p.50 (Professor Pearce). See also *Submission 24*, p.48 (FaCS).

that few use the two-day ‘cooling off’ period currently available, Welfare Rights stated that few are aware of the cooling off period as is only available if a person asks for it. Furthermore, if the person does ask for it they are not in a position to insist on it because they have no legally enforceable right to this.⁸ Welfare Rights suggested a ‘cooling off’ period of at least seven days in relation to Newstart allowance and 14 days in relation to Parenting Payment.⁹

Recommendation 1: That the Bill be amended to provide that where a person is required to enter into a participation agreement, the person must be offered a ‘cooling off’ period of at least seven days between the time that the terms of the agreement are settled and the time the person is required to sign the agreement; and the Department be required to inform people of their rights to this ‘cooling off’ period.

Requirement to comply with a participation agreement

2.20 The Bill requires that, where a parent enters into a participation agreement, the parent is required to take ‘reasonable steps’ to comply with the terms of the agreement. If the parent does not do so he/she will incur a participation agreement penalty breach. This requirement, the terms that may be included in an agreement and the penalties specified, are closely modelled on the Newstart and Youth Allowance requirements. The main differences are:

- a limitation in participation agreements that activities should involve no more than 150 hours in a 6 month period;
- some significant differences in the definition of what constitutes ‘reasonable steps’ to comply with the terms of an agreement (see below);
- a specific requirement that the Secretary must make reasonable attempts to contact the person before determining a failure to comply with the terms of a participation agreement (this requirement is not specified in relation to Newstart and Youth Allowance activity agreements);
- if the parent who has incurred a participation agreement breach penalty complies with the terms of the agreement within 13 weeks of incurring the penalty, the penalty is lifted and the parent will be paid back any Parenting Payment they missed during the suspension period (this concession is not available to people who incur Newstart or Youth Allowance breach penalties); and
- some minor differences in the terms that may be included, for example, participation agreements may include ‘paid work’, whereas activity agreements refer to ‘paid work experience’; participation in a program of work for income support (Work for the Dole) is indicated as ‘voluntary’ for participation agreements; and development of self employment or cooperative enterprises is not included as a specific term in participation agreements.

8 *Submission 24*, p.55 (FaCS); 25, p.20 (NWRN).

9 *Submission 25*, p.20 (NWRN); *Committee Hansard*, 5.8.02, pp.9-10 (NWRN).

2.21 As noted above, a person must take ‘reasonable steps’ to comply with the terms of the participation agreement. The test of taking reasonable steps to comply is satisfied if the person has attempted ‘in good faith’ and to the best of his or her ability to comply, or the terms of the agreement were inappropriate for the person. This test acknowledges that a person may not be able to comply with the terms of the agreement because the terms were inappropriate when the agreement was first negotiated or, because of a change in circumstances, the terms have become inappropriate. To assess ‘appropriateness’ requires the terms take account of a person’s ‘needs’ and ‘capacity to comply’. Needs and capacity to comply must take into account a person’s education, experience and skills; the local state of the labour market; the participation opportunities available to the person; and family and caring responsibilities.

2.22 Welfare Rights argued that these provisions are generally a ‘vast improvement’ on the approach currently taken in relation to determining whether a person is meeting the requirements of Newstart Allowance and Youth Allowance.¹⁰ Welfare Rights also noted that the requirement to make reasonable attempts to contact the person before determining a failure to comply with the terms of a participation agreement is also a ‘considerable improvement’ on the provisions currently applying to Newstart Allowance and Youth Allowance recipients.¹¹

2.23 The Ombudsman, however, stated that there is ‘no guidance provided in the Bill’ about what might constitute ‘reasonable attempts to contact’ for purposes of determining reasons, if any, for non compliance with the terms of an agreement.¹² The Pearce Review suggested a criteria for reasonable contact attempts. These involved at least one attempt to contact the person through his or her primary postal address; and at least two further attempts, including the use of any additional method that may have been previously agreed with the person.¹³ FaCS stated that it was anticipated that two attempts to contact the person will be made, at least one of these would be by letter.¹⁴

2.24 As noted above, a penalty can be lifted if a person takes ‘reasonable steps’ to comply within 13 weeks. Welfare Rights argued that this provision constitutes a ‘very significant and essential departure’ from the existing penalty provisions, and changes the existing emphasis on punishment to an emphasis on compliance.¹⁵

2.25 The Ombudsman stated, however, that there are questions arising from the operation of the provision, namely what will be taken to represent compliance for this purpose and will it be necessary for the person to have undertaken or completed the

10 *Submission 25*, p.11 (NWRN).

11 *Submission 25*, p.11 (NWRN).

12 *Submission 12*, p.7 (Ombudsman).

13 Pearce Review, pp.74-75.

14 *Submission 24*, Additional Information 23.8.02, p.9 (FaCS).

15 *Submission 25*, p.12 (NWRN).

activity or will an indication of willingness to do so be sufficient to enable payments to be restored.¹⁶

2.26 FaCS advised the Committee that the Personal Adviser or JET adviser must have some confidence that the person has taken steps to start participating before they would be able to restore the payment. The person would be asked to provide some evidence of having taken steps to meet the terms of their agreement.¹⁷

Recognition of children's needs

2.27 Several submissions commented that the Bill does not contain sufficient protection for children who will be subject to the outcomes of decisions imposed on their parents by the proposed legislation.¹⁸

2.28 The National Council of Single Mothers and their Children (NCSMC) recommended that the proposed legislation should include an over-arching principle which states that the function of the legislation is to improve the economic position of families, and that parents cannot be forced to act against the reasonable care needs of their children.¹⁹

2.29 ACOSS argued that the legislation should ensure that any participation requirements will not unreasonably interfere with the care of a dependent child, as understood in terms of broadly accepted community standards, for example, when the child is not at school due to illness, or where the parent has chosen to homeschool the child.²⁰

2.30 Submissions also noted a major barrier for some parents with teenage children is the lack of after school care for teenagers such as drop-in youth centres. It was suggested that further investigation of models and funding of such care is required.²¹ The Department noted that the Youth Activities Services program provides a range of diverse and structured activities for 11 to 16 year olds outside of school hours. The Family Liaison Worker program also supports young people and their families and facilitates access to a range of opportunities and support networks.²²

2.31 The Department stated that activity requirements can be reduced or deferred in circumstances such as health problems for the parent and/or their children; crisis situations for children; or where parents with a child with high care needs do not meet the automatic exemption test of 'severely disabled' – 'the intention is that

16 *Submission 12*, p.7 (Ombudsman).

17 *Submission 24*, Additional Information 23.8.02, p.9 (FaCS).

18 *Submissions 1*, p.11 (NCSMC); 9, p.5 (Uniting Church).

19 *Submission 1*, p.11 (NCSMC).

20 *Submission 11*, p.8 (ACOSS).

21 *Committee Hansard 5.8.02*, pp.83-5 (SPU); *Submission 4*, p.7 (BSL).

22 *Submission 24*, Additional Information 23.8.02, p.3 (FaCS).

requirements will be reasonable and applied sensitively to an individual's circumstances'.²³

2.32 While the Bill recognises 'the family and caring responsibilities' of parents (section 501(4)) in determining their capacity to comply with a participation agreement, the Committee believes that the Bill should give due recognition to the needs of children in determining the capacity of the parent to comply with an agreement.

Recommendation 2: That the Bill be amended to explicitly recognise the needs of the child in determining the capacity of a parent to comply with a participation agreement.

Eligibility for Family Tax Benefit

2.33 Entitlement to some family payments such as Family Tax Benefit (FTB) are affected by whether the parent receives an income support payment. If a person is receiving a Parenting Payment they will be able to receive Family Tax Benefit Part A at the maximum rate without the need to provide income details.

2.34 Several submissions raised the issue of whether a suspension of Parenting Payment for failure to enter into a participation agreement or the imposition of a participation breach non-payment period will also result in the cancellation or suspension of Family Tax Benefit.²⁴

2.35 The Department advised that if breached, a parent will not lose eligibility for FTB. The Department stated that 'the answer at the moment is technically no, there is no problem with your family tax benefit. There are some practical issues of having to alert and declare [income] and we are looking at ways of making it simpler'.²⁵

2.36 The Committee notes the reassurance provided by the Department in relation to receipt of Family Tax Benefit and considers that the Department should ensure that the proposed arrangements will not affect a parent's eligibility for FTB.

Participation requirements for mature age newstart recipients

2.37 The Committee received fewer comments in evidence in relation to the participation requirements for mature age Newstart recipients.

2.38 As noted previously, the Bill provides for changes to the activity test for those aged 50 or more with limited prospects of employment in the short term. Schedule 5 of the Bill contains the following adjustments to activity testing arrangements:

23 *Submission 24*, p.25 (FaCS).

24 *Submissions 12*, p.8 (Ombudsman); 25, pp.18-19 (NWRN); 11, pp.10-11 (ACOSS).

25 *Committee Hansard*, 6.8.02, p.195 (FaCS).

- greater latitude is allowed for people aged 50 years or more to qualify as unemployed;
- those aged 50 or more may not be required to participate in a Work for the Dole scheme;
- greater latitude is given for Centrelink officers to suggest activities for those over 50 that will help satisfy the activity test; and
- eased application of activity test and administrative breach penalties apply.²⁶

2.39 ACOSS raised concerns about the compulsory nature of the proposed participation framework for older Newstart recipients. ACOSS stated that there are insufficient safeguards for this group in recognition of the particular difficulties they may face in securing employment at this point of their lives. ACOSS also argued that there should be wider scope to undertake voluntary work in lieu of job search. Further, training provision targeted to this age group may need to be expanded, and this should include innovative approaches to encourage lifelong learning support delivered through local networks.²⁷

Other issues affecting participation requirements

2.40 A number of other issues, common to both Parenting Payment and mature age Newstart recipients, were raised in evidence. These included:

- the need for further exemptions;
- simplification of income reporting;
- implementation of the proposed measures by Centrelink; and
- the need for a participation allowance.

The need for further exemptions

2.41 The Bill provides an automatic exemption from the requirement to enter into a participation agreement to parents who have a child with a severe disability. This is defined through existing social security legislation, that is, a ‘profoundly disabled child’; two disabled children who together require the same level of care as a profoundly disabled child; or a child with a disability listed as a ‘recognised disability’ in the Child Disability Assessment Tool (subsection 501A(2)).

2.42 Several submissions argued that the exemptions are too restrictive and fail to acknowledge that there are many other circumstances where children have high needs which prevent the parent from undertaking sustained paid employment. These include children who do not have a ‘recognised disability’ such as cystic fibrosis even though the child may require constant care; children with chronic illnesses; children with a

26 *Explanatory Memorandum*, pp.32-44.

27 *Submission 11*, p.14 (ACOSS).

condition such as ADD/ADHD; children with high emotional needs; and children in particularly stressful situations.²⁸

2.43 Other submissions also argued that exemptions should be available in such circumstances where parents have caring responsibilities for a partner, relative or other adult person with a disability; or a disability sufficient to qualify them for a disability support pension; or personal circumstances that restrict their capacity to participate, such as domestic violence or other trauma; health, developmental or behavioural problems of the child; health problems of the parent; issues connected with homelessness; or separation from a partner.²⁹

2.44 ACOSS added that exemptions should also be available to mature aged Newstart recipients in certain circumstances, such as those with caring responsibilities for a partner, relative or other person with a disability, or personal circumstances, such as health problems, that restrict their capacity to participate.³⁰

2.45 The Department argued that it was considered undesirable to grant widespread 'blanket' exemptions to particular groups of people, with the emphasis being on Centrelink to develop individualised programs of assistance, tailored to each person's needs and circumstances. FaCS recognised that some other child disabilities not covered in the 'profoundly disabled child' and 'recognised disability' definitions may also impose 'heavy demands' on parents, including cystic fibrosis, juvenile diabetes and uncontrolled epilepsy – 'however, the demands on parents created by these disabilities vary and each situation will be assessed on an individual, rather than a blanket exemption, basis. The design allows the requirements to be modified or deferred, where needed while maintaining a flexible capacity to respond to any individual circumstances'.³¹

Recommendation 3: That the Bill be amended to provide additional exemptions:

- for parents of children with a disability, not covered in the Bill, or other high care needs or other situations where the child or parent is in special circumstances;**
- for parents whose children have non-physical disabilities;**
- for a parent with more than one child with disabilities not defined within the Bill; and**
- for mature aged Newstart recipients with caring responsibilities or personal circumstances, such as health problems, or other special circumstances that restrict their capacity to participate.**

28 *Submissions* 6, p.4 (Sole Parents' Union); 11, p.12 (ACOSS); 25, p.21 (NWRN).

29 *Submissions* 11, p.12 (ACOSS); 14, p.8 (Brain Injury Australia).

30 *Submission* 11, p.15 (ACOSS).

31 *Submission* 24, p.17 (FaCS).

2.46 Several submissions also noted that the proposed legislation does not provide for exemptions of a temporary nature from the requirement to enter into an agreement. Such circumstances may include short term illnesses or a family crisis such as current or recent experience of trauma including domestic or post-separation violence or death of a family member; health problems of the parent and/or child; or court proceedings in the Family Court or criminal courts.³² Welfare Rights stated that the legislation governing Newstart and Youth Allowance provides for a range of temporary exemptions from the activity test in certain circumstances.³³

Recommendation 4: That the Bill be amended to provide for temporary exemptions from entering into a participation agreement due to special circumstances, such as short term illness or family crisis situations; and that the temporary exemption be available for a period of up to six months, and for more than one six month period.

Simplification of income reporting

2.47 Submissions emphasised that a major reason for considerable confusion and the source of many breaches is the complexity of requirements for reporting income. Income support recipients must report when they have an entitlement to an income even if it has not been received. For those working casually or intermittently, and even for full-time workers, income can vary from week to week and a person may not know how much income they have ‘earned or derived’.³⁴

2.48 The Pearce review recommended that the income reporting arrangements should be simplified by focussing on income from work when it is actually received, rather than simply when it is earned or derived. The Brotherhood of St Laurence (BSL) argued that this proposal would remove much unnecessary uncertainty and confusion for unemployed people, and also for parents attempting to balance part-time or casual work with caring responsibilities and the receipt of Parenting Payment.³⁵

2.49 The Department argued, however, that taking income into account when it is earned or derived is the best way of ensuring equity and that people do not manipulate the system, for example, by taking lump sum payments that affect income in one fortnight only. FaCS also noted that part of the change in the working credit measure is to simplify the income assessment rules so that what is earned in a fortnight is what is counted as ‘income’ in that fortnight.³⁶

32 *Submissions* 11, p.12 (ACOSS); 25, p.21 (NWRN); 27, p.2 (Mission Australia).

33 *Submission* 25, p.22 (NWRN).

34 See, for example, *Submissions* 4, p.10 (BSL); 31, Attachment 1 pp.7-8 (Unempa).

35 *Submission* 4, p.10 (BSL).

36 *Submission* 24, p.56 and Additional Information 23.8.02, pp.4-6 (FaCS); *Committee Hansard*, 6.8.02, p.186 (FaCS).

2.50 FaCS advised that the income reporting issue is kept under review by the Department – ‘it is not something where we think there is a perfect solution, but we are looking for a more perfect solution all the time’.³⁷

2.51 The Committee notes that a significant cause of breaching at present is caused by the complexity of the income reporting requirements and considers that these requirements should be reviewed as a priority with a view to their simplification.

Recommendation 5: That the Department introduce measures to facilitate the simplification of income reporting.

Implementation of the proposed measures by Centrelink

2.52 Evidence to the inquiry emphasised that the implementation of the proposed new participation and penalty requirements will depend on the capacity of Centrelink to administer the new arrangements efficiently.³⁸

2.53 This crucial factor was acknowledged by the Department:

In large part, the successful administration of the provisions and the participation support framework they underpin will come down to the capacity of Centrelink to administer the flexibility and individualisation of service delivery expected. Two factors, in particular, will be critical:

- the capacity for policy guidelines and administrative procedures to be interpreted appropriately and equitably while maintaining the flexibility to allow an individually tailored approach; and
- the training and management of those staff charged with providing the participation planning, support and monitoring at the heart of the measures – the new Personal Adviser role.³⁹

2.54 The Department informed the Committee that detailed administrative processes have been developed to ensure that the requirements and penalties can be administered consistently across the entire Centrelink network. In addition, more than 850 Personal Adviser positions are funded under the AWT package, with 456 Personal Advisers already recruited. Personal Advisers, whose role is to support and encourage income support recipients to maximise their economic and social participation, receive a comprehensive 12 week training program before commencing work in Centrelink offices.⁴⁰

2.55 Evidence to the Committee, however, questioned the ability of Centrelink, based on their administration of current income support arrangements, to effectively

37 *Committee Hansard*, 6.8.02, p.187 (FaCS).

38 *Submissions* 20, p.3 (Jobs Australia); 22, pp.4-5 (MHCA).

39 *Submission* 24, pp.22-23 (FaCS).

40 For further details see *Submission* 24, pp.23-28 (FaCS); *Committee Hansard*, 6.8.02, pp.170-75 (FaCS/Centrelink).

administer the new arrangements. Welfare Rights, reflecting much of the evidence, commented that:

It is a complex system. There are many provisions to look at. Centrelink at their best cannot make sure that everything is going to happen correctly all the time. Indeed we have seen, with the penalties regime applying to unemployed people, how it breaks down in hundreds of thousands of cases on hundreds of thousands of occasions.⁴¹

2.56 Specific issues commented upon during the inquiry included the following aspects:

- Centrelink assessment processes – ‘...we have an issue here also around the skills of Centrelink workers: they have neither the time, nor the capacity in some offices, to engage people and connect them up to the right program. Some of that is around assessment and some of it is around resources available in particular communities’.⁴²
- The extent of Centrelink/FaCS/DEWR/DEST and service provider coordination– ‘We think there are some issues about the way the interaction between Centrelink and...the employment services providers operate – the communication between them, the information technology systems that underpin them’.⁴³
- The ability of Centrelink and service providers to apply discretion in determining the forms of participation which are responsive to the individual’s needs and circumstances – ‘...we are looking at families in which there is an enormous amount of chaos. Unless someone actually at Centrelink can describe on a list that chaos as being something that exempts them from particular requirements, I am not certain that their circumstances will be taken into account’.⁴⁴
- The role of Personal Advisers – ‘...it is hard to imagine how personal advisers with some hundreds of clients are going to be able to effectively either remember their clients or manage them’.⁴⁵

2.57 A study by UnitingCare Burnside on Youth Allowance recipients’ relations with Centrelink pointed to problems in Centrelink dealings with income support recipients. The study found that:

- while most young people reported something positive to say about Centrelink staff, most also reported feeling stigmatised in some way in their dealings with Centrelink staff;

41 *Committee Hansard*, 5.8.02, p.2 (NWRN).

42 *Committee Hansard*, 6.8.02, p.95 (Salvation Army). See also *Committee Hansard*, 6.8.02, p.117 (Hanover Welfare Services); p.140 (BSL).

43 *Committee Hansard*, 6.8.02, p.107 (Jobs Australia).

44 *Committee Hansard*, 5.8.02, p.25 (UnitingCare Burnside).

45 *Committee Hansard*, 6.8.02, p.114 (Jobs Australia).

- respondents were often unsure how and why specific decisions had been made regarding their payments; and
- young people wanted Centrelink staff to be more sensitive to their needs, to be more flexible and patient in their dealings with them, including easier access to information.⁴⁶

2.58 The Committee is strongly of the view that the effective implementation of the proposed new arrangements will rely heavily on the ability of Centrelink to administer a system that is sufficiently flexible and responsive to individual needs and circumstances, which evidence suggests has not been a distinguishing feature of Centrelink's operations to date. While the Committee notes the Department's acknowledgment of the crucial role Centrelink will play in the success or otherwise of the new arrangements, the system needs to be adequately resourced and carefully monitored to ensure that recipients receive the flexible and individualised standard of service delivery promised as part of the new arrangements.

Effective communication by Centrelink

2.59 Evidence indicated that Centrelink and providers should place greater emphasis on the use of plain English and accessible formats in their written communication and also reduce the volume of correspondence being sent to recipients.⁴⁷ The Pearce Review recommended the greater use of plain English in written communication and where technical language has to be included for formal legal purposes, it should be put in an attachment, or on the reverse side, with its meaning explained simply in the principal communication. Professor Disney commented that plain English 'is a real social justice issue...a remarkably high proportion of problems in this area stem from bad communication'.⁴⁸

2.60 FaCS stated that all Centrelink communication is checked for readability and clarity. However, the position taken by appeals tribunals has forced a legalistic stance on letters to recipients in order to ensure breach decisions will not be overturned on appeal on technical grounds.⁴⁹ The Department acknowledged that it is a difficult problem to resolve and outlined a number of initiatives to address the issue, including producing separate information pamphlets that include the technical legal terms, and efforts to reduce the numbers of letters sent to their clients.⁵⁰

2.61 The Committee believes that the Department should continue efforts to encourage the use of plain English by Centrelink and providers and the development of accessible forms of written communication as a matter of priority.

46 *Submission 23*, Appendix 2 (UnitingCare Burnside).

47 *Committee Hansard*, 5.8.02, pp.60-61 (Professor Disney/Professor Pearce).

48 *Committee Hansard*, 5.8.02, pp.59-60 (Professor Disney).

49 *Submission 24*, p.50 (FaCS).

50 *Committee Hansard*, 6.8.02, pp.182-84 (FaCS).

Recommendation 6: That Centrelink further develop accessible forms of written communication and encourage the use of plain English in their communications.

The need for a participation allowance

2.62 Evidence to the Committee indicated the need for the introduction of a participation allowance in recognition of the costs of participation. The McClure report on welfare reform recommended the introduction of such a supplement to meet the costs associated with some forms of participation, specifically those aimed at achieving an economic outcome, and for assisting the transition to paid work.⁵¹ Increased participation requirements can impose an additional financial burden on people whose incomes are already severely limited, especially in the areas of transport, education and the additional costs associated with a disability.⁵²

2.63 ACOSS suggested the introduction of allowances of \$20 per week for job search and work experience costs, and \$30 per week for education and training costs and an allowance for the costs associated with a disability.⁵³

2.64 The Department indicated that the introduction of a participation allowance was under review – ‘in no way should it be seen that the concept of a participation payment has been dismissed...The government is seriously thinking about payment reform and it will be considered in that context’.⁵⁴ FaCS indicated that there are already some 10 participation payments, such as the Work for the Dole supplement, mobility allowance and employment entry payment.⁵⁵

Recommendation 7: That the Commonwealth Government introduce a participation allowance to meet the costs associated with participation requirements.

Breaches and penalties

2.65 The proposed framework of breaches and subsequent penalties for Parenting Payment and mature age Newstart recipients is partly modelled on existing arrangements for Newstart and Youth Allowance. The system includes a process of designating certain conduct on the part of the recipient of income support payments as being a *breach* of the obligations that must be complied with in order to receive the payment. If the recipient is in breach, *penalties* must be imposed. These penalties involve reducing or fully withholding for a period the payment that would otherwise be payable. The proposed breach and penalty provisions in the Bill provide that:

- a notified person must enter into a participation agreement;

51 McClure report, p.29.

52 *Submissions* 11, p.3 (ACOSS); 20, p.4 (Jobs Australia); 31, Attachment 1 pp.9-10 (Unempa).

53 *Submission* 11, p.3 (ACOSS).

54 *Committee Hansard*, 6.8.02, p.191 (FaCS).

55 *Committee Hansard*, 6.8.02, p.191 (FaCS).

- a person must take ‘reasonable steps’ to comply with the terms of the participation agreement;
- failure to take ‘reasonable steps’ constitutes a ‘participation agreement breach’ which will result in a penalty, the structure of which is detailed below;
- failure to take ‘reasonable steps’ cannot be determined without first, making ‘reasonable attempts to contact’ and second, ‘having regard for the reasons for not complying’;
- a penalty can be lifted if the person takes ‘reasonable steps’ to comply within 13 weeks; and
- for an 8 week ‘no payment period’ penalty, a written notice setting out the reasons for the imposition of the penalty must be sent.⁵⁶

2.66 Current activity test penalties are:

- 18 per cent rate reduction in base payment for 26 weeks for the first breach;
- 24 per cent rate reduction for 26 weeks for a second breach in the two years prior; and
- a non-payment period for 8 weeks for third and subsequent breaches.

Current penalties for administrative breaches are set at a 16 per cent rate reduction for 13 weeks or one fortnight of non-payment.⁵⁷

Parenting payment

2.67 The Bill provides that penalties may be imposed where the person has not taken ‘reasonable steps’ to comply with the terms of an agreement. This test takes into account whether the person has attempted to the best of his or her ability to comply with the terms. It also requires consideration of whether the terms of the agreement had originally been, and remains appropriate for the person throughout the period concerned. FaCS stated that this is a different test of reasonable steps than that applied to Newstart recipients – ‘in effect, there is the added protection of a thorough review of the issues and evidence at hand before any penalty can be considered’.⁵⁸

2.68 The Ombudsman observed that the Bill includes some features and procedural requirements that do not exist in the current provisions. These include:

- the administrative breach penalties that apply to Newstart and Youth Allowance will not apply to Parenting Payment recipients who are subject to the new participation requirements;
- amounts withheld as a result of penalties applied under the proposed Parenting Payment participation requirement will be able to be fully recovered by the

56 *Submission 25*, pp.9-10 (NWRN).

57 *Submission 24*, p.21 (FaCS).

58 *Submission 24*, p.19 (FaCS).

parent if they comply with the requirement within 13 weeks (this is not available under Newstart and Youth Allowance provisions but such an approach was suggested by the Pearce review);

- the definition of what constitutes ‘reasonable steps’ to comply with the terms of an agreement differs from the definitions applying to Newstart and Youth Allowance (see above);
- the Bill includes a requirement to make reasonable attempts to contact the person before deciding if the person has not complied with the terms of an agreement (this requirement is not specified in the Newstart and Youth Allowance provisions).⁵⁹

2.69 The table below shows the level of penalties for Parenting Payment recipients.

Table 2.1: Level of penalties for parenting payment (single) recipients

	Weekly reduction in payment (Parenting Payment single @ weekly rate of \$210.90) not including FTB	Total reduction amount Over 26 weeks (or 8 week no payment period) not including FTB	Cumulative reduction amount
Activity Test			
First breach 18% reduction for 26 weeks	\$37.90	\$987	\$987
Second breach 24% reduction for 26 weeks	\$50.60	\$1 316	\$2 303
Third breach No payment for 8 weeks	\$210.90	\$1 687.20	\$3 990

Source: Submission 25, p.9 (National Welfare Rights Network).

2.70 The Department stated that where a breach has occurred, the focus will be on encouraging the person to comply with the participation requirements rather than to accept a reduced rate of payment for 26 weeks. FaCS noted that administrative processes have been designed to assist recipients to meet requirements and ensure that breach situations are resolved quickly, through close monitoring of recipients at 6 and 10 weeks after the breach, and case conferences with social workers. As soon as the person takes reasonable steps to comply with their requirements the penalty will be

⁵⁹ Submission 12, p.2 (Ombudsman).

lifted. As noted previously, full arrears will be paid if compliance takes place within 13 weeks of the breach occurring.⁶⁰

Mature age Newstart

2.71 Mature age Newstart recipients who fail to meet the requirements such as failure to take steps to attend compulsory interviews; prepare a participation plan or show that they have not met their participation requirements may be subject to administrative or activity-test related penalties if they do not have an acceptable reason for non-compliance. FaCS noted that where the person has made a genuine effort to meet their requirements, sanctions will not be applied.⁶¹

2.72 In general, these penalties must be served in their entirety unless the person commences certain activities – such as Work for the Dole or community work. Where this occurs, the remainder of the penalty may be waived – that is, payment is restored to the full rate or reinstated. There is no provision, however, to pay back to the person the amounts withheld up to that time. Thus, these penalty provisions are unlike those for Parenting Payment, in that subsequent compliance with the requirement will not result in the recovery of the withheld payments. The Ombudsman noted that it was unclear why a different approach had been adopted in relation to mature age Newstart recipients compared with persons receiving Parenting Payment.⁶²

Recommendation 8: That the Bill be amended to provide that full arrears be paid to mature age Newstart recipients if compliance takes place within 13 weeks of the breach occurring, consistent with that to be applied to Parenting Payment.

The impact of breaching

2.73 Submissions from welfare and advocacy groups were generally opposed to the extension of the breach and penalty regime to parents and older unemployed people.⁶³ The groups argued that the current penalty regime was excessively harsh and often counter-productive in that the system often diminishes a person's capacity to seek and gain work and thus become less dependent on income support payments. Welfare Rights, reflecting much of this evidence, stated that:

Welfare Rights Centres throughout Australia deal with unemployed people who have been breached under the current penalty regime on a daily basis. We see the reality of how breaches and penalties are applied...and the impact they have on people, often the most vulnerable people in the Social Security system. We see how the penalties are so harsh, with little parallel in

60 *Submission 24*, p.20 (FaCS).

61 *Submission 24*, p.22 (FaCS).

62 *Submission 12*, p.8 (Ombudsman). See also *Committee Hansard*, 5.8.02, p.53 (Professor Disney).

63 *Submissions 11*, p.5 (ACOSS); *25*, pp.7-9 (NWRN); *18*, p.8 (Salvation Army); *9*, p.4 (Uniting Church).

the civil or criminal justice systems, that they are generally counter-productive in that they diminish the capacity of an unemployed person to continue to meet their activity test/participation requirements.⁶⁴

2.74 Evidence indicated that the imposition of penalties under the breaching proposals were likely to adversely impact on sole parents, and particularly their dependent children. The NCSMC stated that the proposed legislation ‘contains measures which provide for the removal of income support from single parent families and is therefore a risk to the well-being of the families which NCSMC represents’.⁶⁵

2.75 Submissions also noted that the proposed measures undervalue the caring role of parents and undermine the fact that parents are best placed to make decisions about the relative importance of employment and parenting.⁶⁶ The Sole Parents’ Union stated that ‘parents, particularly sole parents, have caring responsibilities which differentiate their circumstances from other welfare recipients. By emphasising coercion and punitive compliance measures little is done to address issues of need and current workforce barriers that sole parents experience’.⁶⁷

Reducing the impact of breaching

2.76 Some groups argued that if breaching processes were extended to these new groups the Government should implement the recommendations of the Pearce Review to ameliorate some of the harsher aspects of the proposed breaching regime.⁶⁸

2.77 As discussed further in chapter 3, the Pearce Review recommended that:

- all penalties should be fully recoverable if the jobseeker takes reasonable steps to comply with the relevant obligation;
- the duration of penalties should not exceed eight weeks and the rate of reduction in allowance should not exceed 25 per cent;
- if penalties are not made fully recoverable, the duration of penalties should not exceed eight weeks and the rate of reduction should not exceed 15 per cent;
- penalties should not commence until at least 14 days after written notification to the jobseeker; and
- the combined rate of a jobseeker’s reduction in allowances through penalties and Centrelink recoveries should not exceed 20 per cent.⁶⁹

64 *Submission 25*, pp.7-8 (NWRN).

65 *Submission 1*, p.2 (NCSMC).

66 *Submission 4*, pp.3-5 (BSL).

67 *Submission 6*, p.2 (Sole Parents’ Union). See also *Submission 7*, pp.6-8 (Ms Eva Cox).

68 *Submissions 25*, p.8 (EWRN); 11, p.5 (ACOSS); 18, p.13 (Salvation Army).

69 Pearce Review, pp.83-86.

2.78 Submissions emphasised that the rate and duration of breaches should be reduced to more adequately reflect the seriousness of the breach. Welfare Rights argued that the Pearce recommendations were intended to strike a better balance between compliance and punishment:

In our view these modifications are the very least that should happen. If these proposals were adopted, there should be no doubt that the penalty system would still be a very harsh one for anyone who is unemployed and is breached and who is not persuaded by the up to 25% rate reduction, to comply with the particular Centrelink requirement within four weeks. We are confident that under such a system, there would be far more compliance and far fewer penalties.⁷⁰

2.79 The BSL argued that the penalty levels for breaching for the unemployed should be reduced to \$20 for the first activity test breach, \$50 for a second breach, and \$75 for a third breach.⁷¹

2.80 Submissions emphasised that a major difference between what is proposed in the Bill and what is recommended in the Pearce Review is the duration of the penalty period. Welfare Rights noted that the existing penalties are too harsh primarily because of the 26 week duration factor. Welfare Rights argued that at the very least, this needs to be reduced to 8 weeks with the possibility of full recoverability upon making ‘reasonable efforts’ to comply within those eight weeks, or having a ‘reasonable excuse’ for not being able to comply.⁷²

2.81 Professor Pearce stated that what is needed in the area of penalties is a ‘short, sharp shock’ for the people involved by reducing the penalties but making them apply over a shorter period of time – ‘but that shock needs to take account of the nature of the persons concerned and of the amount of resources that they have and are available to them’.⁷³ The Committee questioned Professor Pearce if this approach would act as a disincentive to comply. Professor Pearce argued that it would not, stating that:

Our viewpoint was that, if you come at it from the angle that you are really trying to induce compliance, you put in place a system such that people are forced to focus on their compliance requirements. They know that if they comply quickly, as we have proposed, they will get their money... We think that is the way to achieve the two aims of reminding them of their obligations and obtaining compliance.⁷⁴

2.82 Submissions also argued that a participation agreement breach should not commence until at least 14 days after the person has been given notice of the breach.

70 *Submission 25*, p.16 (NWRN).

71 *Submission 4*, p.12 (BSL).

72 *Submission 25*, p.16 (NWRN).

73 *Committee Hansard*, 5.8.02, p.54 (Professor Pearce).

74 *Committee Hansard*, 5.8.02, p.68 (Professor Pearce).

Welfare Rights stated that this a serious problem for many Newstart and Youth Allowance recipients who complain that they receive notice of the breach only after their payment has been stopped, leaving them with little or no income.⁷⁵

Conclusion

2.83 The Committee considers that the breaching regime and associated penalties proposed for Parenting Payment and mature age Newstart recipients are unjustifiably harsh and inequitable and should be amended in line with the recommendations of the Pearce review into breaches and penalties. The Committee believes that the emphasis of a breaching system should be to encourage compliance and not act as a form of punishment. The Committee is of the view that the recommendations of the Pearce Review, which are designed to assist and reinforce compliance rather than identifying and punishing non-compliance, better achieve that balance.

Recommendation 9: That the proposed breaching and penalty arrangements for Parenting Payment and mature age Newstart recipients be amended in line with the recommendations of the Pearce Review, especially in relation to a reduction in the rate and duration of breaches.

Recommendation 10: That the Bill be amended to provide that a participation agreement breach not commence until at least 14 days after the person has been given notice of the breach, including the reasons for the breach. That the Bill be further amended to ensure that the recipient of a payment who is breached be notified in writing within seven days of that breach occurring.

2.84 In addition to the measures relating to Parenting Payment and mature age Newstart recipients, the Bill contains a number of other measures as part of the Australians Working Together package. The introduction of these measures received widespread support in submissions and evidence.

Personal Support Programme

2.85 The Personal Support Programme (PSP) commenced on 1 July 2002 replacing and expanding the Community Support Program (CSP). The PSP is designed to specifically assist the most disadvantaged people who have multiple non-vocational barriers to employment such as homelessness, drug and alcohol problems, mental illness, social isolation or domestic violence.

2.86 A network of community and private organisations will deliver the PSP. These providers will be selected for their skills and experience in providing assistance to potential PSP participants. They need to have the capacity to develop partnerships with other service organisations that provide assistance to people with a range of personal difficulties.

75 *Submission 25*, p.23 (NWRN); *Committee Hansard*, 5.8.02, p.6 (NWRN).

2.87 The PSP will encourage participants to achieve outcomes that are relevant and appropriate to them, matching their individual abilities, capacities and circumstances. The outcomes may be either economic or social. The inclusion of a social outcome is a major development in such programs as it recognises that for many people with these barriers to employment, improvements in their condition or social interactions may be a significant achievement in their own right.

2.88 PSP is intended to bridge the gap between short-term crisis assistance and employment-related services. This will provide the potential for practical links for participants and providers between PSP and other FaCS programs such as SAAP and emergency relief, and with employment and training programs such as Disability Employment Assistance and Job Network programs.

2.89 PSP is intended to be a compulsory program for people receiving activity tested payments such as Newstart and Youth Allowance, while people receiving non-activity tested payments such as DSP will be able to volunteer to participate. However, concern was expressed that the inclusion of the PSP as a 'mutual obligation' requirement may work against its effectiveness. Reference was made to the evaluation of the former Community Support Program that found that the voluntary nature of the program was highly valued by participants and staff, and part of the reason for its success.

2.90 ACOSS argued that the success of the PSP 'will also depend on the level of support and quality of services provided to encourage and support participation, not by placing obligations on those who have already demonstrated difficulties in meeting societal expectations relating to economic and social participation'.⁷⁶ ACOSS believed that should participation in the PSP remain compulsory for some groups, then additional safeguards needed to be included in the legislation to clearly define the terms 'reasonable steps to comply' and 'wilful non compliance' as they relate to PSP participants.⁷⁷

2.91 The Department explained that while participation in the Community Support Program had been voluntary, many people who would have benefited most from the CSP did not volunteer and did not receive the help they needed. The CSP review found that only a small percentage of CSP participants completed their full program and that significant numbers exited the program voluntarily. FaCS argued that:

Making PSP compulsory means that people who are not initially motivated and would not volunteer, will get the help they need. People are not left on the shelf or in the too hard basket – they are helped to do activities that match their capacity.⁷⁸

76 *Submission 11*, p.13 (ACOSS); see also *Submission 4*, p.8 (BSL).

77 *Committee Hansard 5.8.02*, p.36.

78 *Submission 24*, Additional Information 23 .8.02, p.10 (DFaCS).

2.92 While the PSP is designed to specifically assist the most disadvantaged people with serious personal obstacles that limit their participation in the workforce or from using employment services, People with Disabilities (PWD) believed that the PSP was flawed and unable to address the compliance difficulties experienced by people with disabilities. PWD noted that program participants may have severe psychological conditions, personality disorders, physical or intellectual disability or a number of other disorders. PWD believed that participation requirements may not be appropriate for PSP participants with such conditions, arguing that a program such as PSP which only addresses economic participation cannot successfully assist people who may require support across a range of life issues, such as sustainable housing, access to treatment and rehabilitation programs or to education and training.⁷⁹

2.93 ACOSS expressed a similar concern that the Programme should not be used to ‘park’ the most vulnerable people because there were insufficient resources and incentives for PSP and Job Network providers to help these people. ACOSS argued that PSP providers:

need to be accountable for the progress of their clients in terms of the initial assessment of client needs, referral to the appropriate program(s), setting milestones for the client based on individual circumstances, and progress on working towards these including, in particular, employment linkages. These accountabilities should be made explicit in the legislation.⁸⁰

The Mental Health Council of Australia qualified their support for the PSP by the necessity for assessors to be able to assess the full needs of the recipient adequately, and for service providers to have specific qualifications, training, or a proven understanding of working with people with a mental illness.⁸¹

2.94 The Department emphasised that PSP recognises both social and economic outcomes. It expects that the majority of participants in the Programme will achieve social rather than economic outcomes. FaCS considers that PSP is a more appropriate activity for these highly vulnerable individuals than other options such as Job Search. The PSP providers will help participants to reach appropriate individual goals and will assist participants to access a wide range of services. However, ‘the onus is on the service provider and Centrelink to work with, engage and, where necessary, re-engage participants’.

2.95 The Department has indicated that the activity requirements for the PSP have been designed to be appropriate and sensitive to participants, so it is expected that there will be fewer people in this group not meeting activity test requirements than at present – reducing the risk of inappropriate breaching. The application of sanctions and penalties will be managed sensitively, with due consideration given to the personal circumstances of the participants. Only people who deliberately do not

79 *Committee Hansard* 5.8.02, p.75 and *Submission 2*, p.2 (PWD).

80 *Submission 11*, p.13 (ACOSS).

81 *Submission 22*, p.6 (MHCA).

comply, rather than those who fail to comply due to their personal circumstances or where failure is beyond their control, will be penalised and even then, penalties will be able to be overturned if participants do comply. Current activity test exceptions, for example people with personal crises or caring responsibilities, will apply in the PSP.⁸²

2.96 The Committee notes that, as with the breaching regime proposed for the parents returning to work and the mature aged unemployed, the proof of this rhetoric will be in its practical implementation. The Department has clearly stated this undertaking in respect of sanctions and penalties to be applied to PSP and will be closely monitored to ensure that their undertaking is upheld in practice.

Recommendation 11: That an accountability framework for Personal Support Programme providers be inserted into the Bill.

Working Credit

2.97 This measure provides for a working credit for workforce age income support recipients from April 2003. Working Credit aims to encourage people of working age who get income support payments to take up full-time, part-time or casual work by allowing them to keep more of their payments while working. Credits would be built up during periods when little or no private income is earned. Those credits would be used to reduce the amounts that are counted under the income test when earned income increases. This means they will keep more of their income support payments than under current rules when they first start to work.⁸³

2.98 There will be a consistent, simpler approach to measuring income from employment for all workforce age recipients. The Department explained that currently, apart from Parenting Payment, for all other payments income from work is averaged over a suitable period, which involves highly discretionary rules and difficulty in determining the date of effect for income, especially income from casual work. These issues cause significant complexity for Centrelink staff, and a lack of transparency for income support recipients (particularly if the income is variable or intermittent, such as casual earnings). Income assessment for workforce-age recipients will change to the simpler method currently used for other recipients: what you earn in the fortnight is what is assessed in that fortnight. The change will make it easier for parents to understand how their payments are affected by income from work and when they need to tell Centrelink about changes in their earnings.⁸⁴

2.99 Changes will also encourage people to take up short-term employment by making it easier to resume income support payments if the person loses the job, once the job has ended or their income has dropped.

82 *Submission 24*, p.33 and Additional Information 23 .8.02, p.11 (DFaCS).

83 *Explanatory Memorandum*, pp.45-49.

84 *Submission 24*, p.32 (DFaCS).

2.100 The Department advised that the delay in commencement until April 2003 was due to concerns expressed in community consultations and discussions with peak groups that Working Credit, which will affect most people on income support, must be explained properly to recipients if it is to work as a financial incentive to get work. The delay in implementation has provided an opportunity for a small group of recipients to trial the new technology before it is extended to the significant number of income support recipients affected by the measure, thereby improving the success of the wider rollout. The delay also provided an opportunity to conduct extra market research to further improve letters and communications materials.⁸⁵

2.101 A number of submissions suggested that Working Credit could be made more effective and less confusing if the per fortnight accumulation rate (or 'carryover' amount) was set equal to the current income free area for Newstart.⁸⁶ The Department responded that:

The simplicity of the working credit as it is put forward in the bill is that it has a single accumulation rate and a single total amount that can be accumulated for every income support customer of working age. It is not set according to the allowance income test or the pension income test and it covers people from both of those groups...

[As well as budgetary considerations] the other dimension is that I am not sure it makes any sense to link it to one of the income support free areas, where the other one will certainly be out of alignment anyway for the vast majority of the group. The policy rationale is that, if you had a higher accumulation rate, it would provide the greatest benefit to people who earn income early on in their income support period. A lower accumulation rate provides more support for people who are longer term recipients.⁸⁷

Language, Literacy and Numeracy Supplement

2.102 People on specified income support payments who are undertaking approved language, literacy and numeracy training programs to overcome barriers they may have in gaining employment will be paid a fortnightly supplement of \$20.80 from September 2002. This supplementary payment is to assist people with the incidental costs of undertaking training such as transport, parking costs or meals, though it is not intended to fully cover all the costs associated with undertaking the training. The intention of the supplement, as stated by the Department, is 'to provide an incentive for those who need it to undertake this training and also to provide some assistance with any additional costs'.

2.103 A number of comments were made in evidence that the amount of the supplement was small to assist people, already on low income levels, to access such important training. It was suggested that the supplement should be indexed annually,

85 *Submission 24*, Additional Information 23 .8.02, p.10 (DFaCS).

86 *Submissions 4*, p.10 (BSL); 11, pp.2-3 (ACOSS); 27, p.5 (Mission Australia).

87 *Committee Hansard 6.8.02*, p.190.

in line with changes to the average male total weekly earnings, otherwise it would become increasingly irrelevant in achieving its aim of helping people to undertake these training programs.⁸⁸

2.104 In noting that the supplement is not indexed automatically, the Department indicated that:

This is consistent with other supplementary payments like the Work for the Dole Supplement and the CDEP Participation Supplement. Increases to supplements have historically been done in an ad hoc manner when the value of the supplement has been eroded over time...Like other supplementary payments, this supplement is not an income replacement payment, so it would not be appropriate to link any future increase in the amount of the supplement to changes in wages.⁸⁹

Closure of access to mature age allowance and partner allowance

2.105 From July 2003, there will be no new entrants to mature age allowance or partner allowance. Instead, Newstart Allowance will be available to working age people who would have qualified for those payments, along with access to support services and programs to help them increase their economic and social participation. People who are receiving mature age allowance or partner allowance at the implementation of this measure will be 'saved' on those payments while their payment remains current.

2.106 The Explanatory Memorandum noted that many of those affected by this measure will have had limited contact with the labour market in recent years. The approach that has been adopted recognises the varying circumstances, skills, levels of social and economic participation and aspirations of older people. The changes recognise the need for increased flexibility in the types of activities that will be acceptable for people who need to access Newstart Allowance as a result of this measure.⁹⁰

2.107 This point was strongly reinforced in evidence, with Mission Australia noting that the changes will result in mature age unemployed people being subject to nearly the same compulsory participation requirements as younger people. In particular, many of those who currently receive the Partner Allowance are women, with little or no previous experience in the labour force. A number of groups emphasised that a high degree of flexibility will be needed in determining appropriate activity requirements for these mature age income support recipients by recognising any specific vulnerability, and that significant levels of support will be needed to enable

88 *Committee Hansard* 6.8.02, p.139 and *Submissions* 4, p.8 (BSL); 11, p.2 (ACOSS); 27, p.3 (Mission Australia).

89 *Submission* 24, Additional Information 23 .8.02, p.9 (DFaCS).

90 *Explanatory Memorandum*, p.27.

them to meet their activity test requirements and ensure that emotional and social wellbeing is maintained.⁹¹

2.108 The Explanatory Memorandum states that the measure is consistent with the McClure Report's suggested approach of payment simplification for older payment recipients, with the removal of relatively arbitrary boundaries, eg age and gender, between activity tested and non-activity tested payments. However, the Parliamentary Library Bills Digest has commented that the approach in the Bill differs from the McClure recommendation that payments for mature age jobless people be integrated into a single payment by planning to phase out all such payments and assist the group through Newstart Allowance but with modified activity requirements.⁹²

Recommendation 12: That the Government ensure that the high degree of flexibility, recognised as required for those placed on Newstart following the closure of mature age and partner allowances, include the provision of special training programs and specialist support to enable activity test requirements to be satisfactorily met.

91 *Submissions* 4, p.9 (BSL); 11, p.14 (ACOSS); 22, p.6 (MHCA); 27, p.4 (Mission Australia).

92 Department of the Parliamentary Library, Bills Digest No.159 2001-02, p.6.

CHAPTER 3

THE INDEPENDENT REVIEW OF BREACHES AND PENALTIES IN THE SOCIAL SECURITY SYSTEM

The Independent Review and its recommendations

3.1 The Independent Review of Breaches and Penalties in the Social Security System (the Pearce Review) was established in 2001 by nine leading charities and other organisations. The organisations were concerned that the compliance system for those receiving Newstart or Youth Allowances was not operating equitably or effectively. Organisations indicated that increases in the number of breaches were having an adverse impact at all levels: on unemployed people and their families; and on welfare agencies which experienced ‘marked’ increases in requests for assistance. At the same time, concern over the increasing number of breaches was being expressed in the community.

3.2 The purpose of the Review was to identify factors affecting, and the consequences of, recent changes in the incidence of breaches and penalties relating to unemployed people receiving income support payments; and to recommend improvements in the effectiveness and fairness of the system.

3.3 In reaching its conclusions, the Review indicated that nine basic principles had guided its assessment of strengths and weakness of the current system of breaches and penalties and the development of its recommendations.¹ The basic principles included that those receiving government allowances can reasonably be required to make efforts to obtain suitable employment and the requirements placed on jobseekers should be designed, and applied, to encourage them to engage positively in the labour market. With regard to the imposition of breaches, the Review stated that the breach system should be designed and administered principally to assist and reinforce compliance rather than focusing mainly on identifying and punishing non-compliance. Penalties, when imposed, should be appropriate and not so severe as to be likely to cause greater hardship to people who are already in straitened circumstances and to further reduce their ability to engage in employment.

3.4 The Review found that while the system often functions in an appropriate manner, there are instances when the outcomes are ‘arbitrary, unfair or excessively harsh’. Further, that it ‘was acting counterproductively and was not adopting measures that would get these people back into the workforce or assist them in seeking work’.²

1 Pearce, D, Disney, J & Ridout, H, *The Report of the Independent Review of Breaches and Penalties in the Social Security System*, March 2002, pp. 10-12.

2 Pearce Review, p.12; *Committee Hansard* 5.8.02, p.50 (Professor Pearce).

3.5 The Review identified ways in which the current system could be improved and made 36 recommendations. In relation to imposing breaches and penalties the Review argued that:

- greater efforts should be made to ensure that investigations and assessments of the circumstances behind non-compliance are thorough and objective;
- closer attention should be paid to the legal requirements of procedural fairness;
- more rigorous action should be taken to ensure that Centrelink staff apply the relevant statutory requirements, and appropriate policy criteria, when deciding whether a breach has occurred;
- the penalty system should be made fairer and more effective, including refunding penalties in the event of prompt compliance; and
- greater efforts should be made to avoid the harsher consequences of penalties.³

3.6 In relation to activity tests, the Review recommended that:

- the guidelines concerning ‘special circumstances’ in which activity test exemptions can be granted should be broadened;
- greater efforts should be made by Centrelink and providers to ensure that requirements in activity agreements are appropriate and reasonable for jobseekers;
- Centrelink should simplify its rules and practices about jobseekers notifying income, especially in relation to income that may have been ‘earned’ but not yet ‘received’; and
- Centrelink should extend the range of jobseekers who can choose to report income on a quarterly, rather than fortnightly, basis.⁴

3.7 In relation to breaches, the Review’s recommendations included that:

- there should be greater efforts by providers to encourage jobseekers to achieve compliance;
- compliance reports to Centrelink should only be submitted after 14 days;
- prior to imposing a breach Centrelink should be required to make additional contacts with the jobseeker;
- when investigating a potential breach Centrelink should consider referring jobseekers to specialist officers, such as social workers, for interview;
- Centrelink should place greater emphasis on its onus of establishing a breach and the need for close attention to relevant statutory criteria and departmental policy criteria; and

3 Pearce Review, p.15.

4 Pearce Review, pp.59-64.

- Centrelink should not impose a breach unless the contact attempts have been complied with; the recommendation to impose a breach has been endorsed by a high level officer; and at least 14 days have elapsed since the investigation commenced.⁵

3.8 In relation to penalties for breaches, the Review's recommendations included that:

- the structure of the penalty system should match more accurately the seriousness of the relevant breach;
- there should be greater encouragement for jobseekers to rectify their breaches as soon as possible;
- the duration and rate of penalties should be reduced;
- all penalties should be recoverable if the jobseeker takes reasonable steps to comply not later than 4 weeks after the imposition of the breach;
- improved procedures for notifying jobseekers about penalties; and
- Centrelink be empowered to reduce, delay or forgo a penalty in cases of hardship.⁶

3.9 The Review members agreed to a request to publish an assessment six months after the release of the Review's report on the extent to which they considered that the recommendations had been addressed by that time. Professor Disney informed the Committee that as that period had not yet expired, the views they may express in evidence were tentative and would be looked at in more detail in a few months time.⁷

Implementation of the Review's recommendations

3.10 The Department of Family and Community Services (FaCS) stated that the Pearce Review 'provided a valuable perspective on many detailed aspects of breaching policy and practice'. FaCS added that the Review 'broadly confirmed the importance of many of the measures that have already been implemented by Centrelink, particularly in the area of identifying vulnerable customers and taking pre-emptive action to ensure that they are not adversely affected by the activity test'.⁸

3.11 The Department indicated that breaching policy and administration are 'continually monitored and refined to reflect the Government's stated intentions in relation to job seekers'. Over the last two years Centrelink has implemented initiatives designed to improve targeting of breaching and to identify and advise customers who may be at risk of incurring a breach. The initiatives include the Under 18 Youth at Risk Strategy, Third Breach Alert, Second Breach Intervention and 'At Risk

5 Pearce Review, pp.69-76.

6 Pearce Review, pp.77-86.

7 *Committee Hansard* 5.8.02, p.51 (Professor Disney).

8 *Submission* 24, p.28 (FaCS).

Profiling'.⁹ Centrelink also conducted an internal review of breaching practices and guidelines from August 2001. The report was completed in November 2001 and a copy was provided to the Committee by the Department at the public hearing held on 6 August 2002. The internal review focussed on guidelines and administrative practices to 'ensure that customers who find it difficult to comply with their obligations are not disadvantaged'.¹⁰

3.12 Further changes to breaching policy took effect from 1 July 2002 including:

- the introduction of temporary suspensions, rather than immediate breaches, for jobseekers who miss appointments and cannot be contacted. If a reasonable excuse for failing to attend is provided, the jobseeker's payment will be restored from the date of their suspension;
- breach waiver provisions were also extended so that a person on Newstart with an activity test breach penalty can have that breach waived if they start a rehabilitation program through the Commonwealth Rehabilitation Service or formal vocational training as part of a specified labour market program; and
- failure by jobseekers to attend an interview without a reasonable excuse is now treated as an administrative breach rather than an activity test breach. Consequently, the penalty incurred is reduced: a 16 per cent reduction in payments for 13 weeks is incurred rather than an 18 per cent reduction for 26 weeks.

3.13 The Department contends that when the Pearce Review was released many of the recommendations had already been implemented as a result of the Centrelink internal review or other ongoing processes. The Department provided the Committee with a response to the recommendations of the Pearce Review that are the responsibility of the FaCS portfolio. The Department indicated those recommendations that have been, or are being implemented, and those that are not. In regard to those not implemented, FaCS stated that 'some parts of the Pearce Review do not reflect what the wider community expects. That is, that the expectations of taxpayers is for those reliant on an unemployment payment to be looking for work.' As a consequence, some recommendations were either 'not necessary or are unsound'.¹¹

3.14 The effectiveness of the initiatives designed to improve the targeting of breaching was questioned. ACOSS, using a combination of data provided by FaCS under FOI and in response to estimates questions, argued that while the number of activity breaches had declined in the last six months of 2001 they had increased in the

9 *Submission 24*, p.29 (FaCS).

10 *Submission 24*, Supplementary Information, *Centrelink Review of Breaching Practices and Guidelines*, p.4 (FaCS).

11 *Submission 24*, Attachment F, p.55 (FaCS).

first quarter of 2002. ACOSS concluded 'it would appear that the financial year numbers will be pretty similar to those of the previous financial year'.¹²

3.15 The Department responded that when the FOI data used by ACOSS had been released to the National Welfare Rights Network in March 2002, the method of data collection was under counting some breach reasons. FaCS believed that the under counting had been corrected when further data was provided to a Question on Notice in June 2002, indicating that the changes to breaching policy had led to a decrease in imposed breaches from the December quarter 2001 to the March quarter 2002.

3.16 The Department has since discovered that this further data was also based on incomplete data. FaCS explained that:

Breach data extraction is a complex process. Extracting breach data requires interrogating the Breach Details Summary screen in the Centrelink mainframe which records both the date of the breach event, and the date the decision is made to impose the penalty. Most breach types are counted by using the date of the breach event. However, for some breach types, particularly those related to earnings, the decision date is often some months after the event date and in consequence the breach is recorded on the system outside of the data 'capture' window/timeframe for recording monthly breach data.¹³

3.17 Centrelink is developing an alternative method of data extraction involving running a separate program to source the data for the three breach reasons: non-declaration/under declaration of earnings; voluntary unemployment; and unemployment due to misconduct. The resulting blend of data would then be considered to be a reliable picture of breaching activity. FaCS and Centrelink are jointly working on an ongoing basis to ensure that accurate breach decision figures are compiled in this complex area.

3.18 The Department commented, however, that 'the indicative data we do have supports the basic point previously made, in response to ACOSS' claims, that there were significantly fewer breach penalties imposed during 2001-02 than during the previous year and that throughout 2001-02 the general trend in breach numbers was downward'.¹⁴

3.19 ACOSS revised its information to the Committee on the number of breaches in the previous financial year in view of the Department's comments. However, ACOSS maintained that harsh penalties were still being imposed for infringement of social security rules such as being late for an interview or failing to respond to a letter. Over 200 000 penalties were imposed in 2001-02. ACOSS argued that the

12 *Committee Hansard* 5.8.02, p.43 (ACOSS).

13 *Submission 24*, Additional Information 12.9.02, p.2 (FaCS).

14 *Committee Hansard* 6.8.02, pp.149-53 and *Submission 24*, Additional Information 23.8.02 and 12.9.02 (FaCS).

Government's changes to the penalty system 'do not go far enough and the harshness of the current penalties system needs to be urgently addressed'.¹⁵

Response from Members of the Review

3.20 Professor Pearce and Professor Disney commented in evidence on the Government's response to the Review.¹⁶ Professor Pearce stated that the Review members were 'disappointed' with the response: 'It is pitched at a level of generality that we think is not particularly helpful to either an understanding of what we proposed or an understanding of the government's view on what we proposed'. The response also contained a number assertions, referring to which Professor Pearce stated 'if there is evidence to support the view that is being put, that is fine. But we tended to find for ourselves that very often an assertion was made and it was difficult to be sure that the facts that were being asserted were indeed true.'¹⁷

3.21 By way of example, Professor Pearce pointed to the Review's recommendation for funding for Centrelink so that sufficient time was allocated to properly carry out the initial Centrelink interview (Recommendation 1(2)). The Review considered this was a key recommendation as it had found that when insufficient time and effort were put into the first interview, particularly for especially vulnerable claimants, the system failed. For example, a jobseeker may be referred to an inappropriate assistance agency or have to comply with requirements which they are unlikely to meet. The Department's response stated that this was the current procedure for new claim interviews and 'where necessary vulnerable claimants are referred to specialist officers'. However, Professor Pearce questioned the Department's response and stated that:

All I say is that when looking at those responses, one needs to be very clear that they tend to put a gloss on or generalise the position without really getting to the nitty-gritty of what we have recommended. There have been some occasions when we think that the way in which the response represents the intention of the recommendation is not entirely accurate.¹⁸

3.22 Professor Disney provided comments on the changes which had occurred to the system since the Review had reported. In doing so, Professor Disney stated that 'as far as we can tell', there had not been significant changes in most areas. A difficulty which had arisen during the Review, and which continued, was the lack of accurate information:

...it is very hard to find out with accuracy what is really happening and to find out whether changes that are promised have actually been introduced,

15 *Submission 11, Additional Information 30.8.02 (ACOSS).*

16 *Committee Hansard 5.8.02, pp.49-69 (Professor Pearce & Professor Disney).*

17 *Committee Hansard 5.8.02, p.50 (Professor Pearce).*

18 *Committee Hansard 5.8.02, p.51 (Professor Pearce).*

whether if introduced they have been kept because quite often they are pilots which are then discontinued, and if introduced to find out the detail.¹⁹

3.23 Of those changes made to the system, the Minister's announcement that jobseekers who miss an appointment will have payments suspended was seen as having some benefits but 'it does not address what we were on about'. Professor Disney commented that it was unclear to what extent and in what circumstances back payments would be paid. The Review favoured partial suspension as the suspension of all payment was viewed as being too severe.

3.24 The extension of the breach waiver provisions to include undertaking a rehabilitation program through the Commonwealth Rehabilitation Service was seen as useful. Although this was regarded as a movement in the right direction, it did not go as far as suggested by the Review. The Review recommended a broader range of exemptions including a course of study as 'this extension would not only provide additional scope for relief from hardship but also increase incentives for active job search'.²⁰

3.25 Professor Disney noted that the introduction of the Third Breach Alert system was intended to identify customers at risk of being breached and to allow a more detailed examination of a person's circumstances. Professor Disney suggested that if the increase in breaching identified by ACOSS was correct, doubts could be raised about the effectiveness of the Third Breach Alert system.

3.26 The introduction of a supplementary assessment system was seen as beneficial and has some similarities to the Review's recommendations for especially vulnerable jobseekers. Professor Disney suggested that the Review's proposals could easily be implemented as an 'add-on' to the process already established.

3.27 Professor Pearce identified five areas which the Review regarded as being essential for implementation in order to achieve a balance between alerting people to their obligations but not being so onerous as to drive them away from becoming useful members of the workforce. They were 'far from radical and they are far from expensive' but 'we have not been persuaded by the departmental response are being given the attention they deserve'.²¹

'Especially vulnerable persons regime'

3.28 The Review paid particular attention to the impact of the system on those income support recipients whom it described as 'especially vulnerable'. These recipients include those who are homeless or have transitory or uncertain accommodation, have literacy or language difficulties, have a physical or intellectual disability, who suffer from a substance dependency or who have other relevant

19 *Committee Hansard* 5.8.02, p.51 (Professor Disney). See also *Committee Hansard* p.58.

20 *Committee Hansard* 5.8.02, p.52 (Professor Disney); Pearce Review p.86.

21 *Committee Hansard* 5.8.02, pp.53-55 (Professor Pearce).

problems. Many of the Review's recommendations addressed the particular problems of the especially vulnerable in understanding and complying with the obligations imposed on them.

3.29 However, while Centrelink's internal review also recognised the special needs of this group, Professor Pearce commented that the Review has 'seen no sign that the changes that we recommended and that we think the internal review recommended are being implemented'. There has been a general response to the Review, but there has been no major change directed specifically at the especially vulnerable.

Choice of provider

3.30 The Review found that failure to attend an appointment with a provider is one of the most frequent reasons for breaching and recommended changes to improve the selection of the provider and referral processes.

Income reporting

3.31 In its response to the Review, FaCS stated that 'taking income into account when it is earned or derived is the best way to ensure equity and that people do not manipulate the system'. Professor Pearce commented that the response by the Department did not recognise the problems associated with income reporting. The Review recommended that Centrelink should simplify its rules and practices about jobseekers notifying income. The Review paid particular attention to those jobseekers undertaking only sporadic employment. It recommended that, in the view of the difficulties of determining the level of payment, jobseekers who indicate that they have earned income should be able to delay reporting the precise amount until they have actually received it. The Review considered that the difficulties that jobseekers have with the present system create a substantial disincentive for many to seek casual or commission work. Professor Pearce concluded that 'we think the right way to go about it is to encourage them to continue working, and the way to do that is to not constitute it a breach if they have not made an accurate estimation'.²²

Investigations

3.32 The Review found substantial problems in Centrelink's response to apparent non-compliance and concluded that 'as a consequence of which incorrect decisions to impose a breach are made'.²³ The Review's recommendations covered investigations, referral to a specialist officer, imposition of breaches and guidelines, training and monitoring of Centrelink staff.

3.33 Professor Pearce stated that while there is some indication the guidelines are to be reviewed, he questioned the time being taken to do so and noted that 'this is something that has been before the department since last November'. He concluded by stating that 'one would have thought that, if there was a seriousness about looking at

22 *Committee Hansard* 5.8.02, pp.54, 55-75 (Professor Pearce & Professor Disney).

23 Pearce Review p.71.

the way in which investigations are carried out, some action might have happened by now rather than being told that the guidelines will be reviewed.’²⁴

Penalties

3.34 The Review found the current penalty regime excessively harsh and unfair, and that it unduly and counterproductively diminishes many jobseekers’ prospects of finding employment.²⁵ The Review preferred a ‘short, sharp shock’ for those being penalised for non compliance, but that the penalties imposed should take into account the nature of the persons concerned and of the amount of resources available to them. The Review recommended that all penalties should be fully recoverable and that the duration and rates of penalties should be reduced. The penalty regime should aim at reminding recipients of their obligations and to obtain compliance. Professor Pearce concluded ‘it is not unreasonable to see that, if the shock is too great, these people will be driven to supplement their survival by turning to crime. We received ample evidence of that to make us very concerned.’²⁶

Other recommendations

3.35 In evidence, Professor Disney outlined a number of issues which highlighted concerns that the Department’s response did not fully address the recommendations or provide an accurate view of the present situation. A number of these issues are referred to in chapter 2 as they apply to both parenting payment and mature aged Newstart recipients.

Recommendation 1 - Initial Interviews: The Review found that the initial interview required improvement to ensure that all important information is disclosed and appropriate decisions are made. One improvement recommended was the provision of better interview facilities to ensure reasonable privacy. The Department responded that private interview rooms are used where appropriate. Professor Disney noted that this did not indicate an improvement.²⁷

The Review also recommended a 14 day cooling off period in which to sign or propose amendment to an activity agreement. In responding to this recommendation the Department noted that jobseekers are currently given 7 days (21 days in remote areas). However, there appears to be some confusion about what that period relates to. Professor Disney stated that it appeared the Department was referring to the departmental policy that when notified at the initial interview about the activity agreement, jobseekers will not be required to see a Job Network provider in less than seven days, or 21 days in remote areas, from when the letter is sent to the jobseeker.

24 *Committee Hansard* 5.8.02, p.54 (Professor Pearce).

25 Pearce Review, p.79.

26 *Committee Hansard* 5.8.02, p.54 (Professor Pearce).

27 *Committee Hansard* 5.8.02, p.58 (Professor Disney).

Professor Disney concluded that this was not really a cooling off period in respect of the proposed agreement and ‘I think that might give a misleading impression’.²⁸

Recommendation 2(2) - Especially Vulnerable Jobseekers: The Department’s response to the Review’s recommendations on especially vulnerable jobseekers stated that Centrelink already focusses on identifying vulnerable customers and that the Centrelink internal review addresses this issue. While noting that the Centrelink internal review goes ‘quite a long way in the direction we mentioned’, Professor Disney commented on the lack of detail in the Department’s response. He also stated that he did not know how quickly the internal review was being implemented.²⁹

Recommendation 3 - Centrelink Information Seminars: Improvements to the information seminars were recommended including more focussed information provision and provision of material in languages other than English. While the Department indicated that further work on the seminar is being developed, Professor Disney noted that progress has been very slow.

Recommendation 8 - Effective Communication: The Review emphasised the need to ensure that communications with clients were simple and clear as many problems stem from poor communications. While acknowledging the need to comply with the requirements of appeals tribunals, Professor Disney contended that the Department had not addressed the specific and constructive recommendations made by the Review to improve its communications with jobseekers.

Recommendation 9 (2) - Communication with Especially Vulnerable Jobseekers: The Department indicated that following a recent initiative, Centrelink will always contact a customer before applying a breach penalty for failure to attend an interview. Professor Disney responded ‘they are placing a lot of emphasis there on the breach penalty, but it does not mean that you will not be suspended. In fact, that is the whole point: you will be suspended without breach if they cannot contact you. So it is technically accurate in that they will not apply a breach penalty unless they can contact you, but they will suspend you if they cannot contact you. One needs to be cautious in reading that.’³⁰

Recommendation 15 - Activity Test Exemptions: The Review noted that the legislation allows for an exemption for up to 13 weeks in the case of major personal crisis. Professor Disney indicated that the guidelines at the time of the Review specified a two week standard exemption period for major personal crises which may be extended to four weeks in extremely traumatic circumstances. Professor Disney stated that this was a ‘very tight constraint’ on a discretion of up to 13 weeks granted by Parliament.

28 *Committee Hansard* 5.8.02, p.64 (Professor Disney).

29 *Committee Hansard* 5.8.02, p.59 (Professor Disney).

30 *Committee Hansard* 5.8.02, p.63 (Professor Disney).

He concluded ‘I think their statement is not entirely accurate as to the extent of the discretion here’.³¹

Recommendation 26 - Notification of Penalties: The Review recommended that the notification of penalties include information on sources on emergency relief. In response, the Department stated that it was not currently feasible to add this information to notifications. Professor Disney countered that there were ways of providing this information, ‘it is really just of matter of putting energy into it. It is not really all that difficult.’³²

Recommendation 28 - Post Breach Referrals: After a second activity breach, the Review recommended a mandatory referral to a specialist officer unless it had already occurred or would clearly be ineffective. The Department responded that doing so in all breach cases ‘would be a waste of resources’ as most breaches were not for customers who were vulnerable but mainly for deliberate mis/non declaration of earnings.³³ Professor Disney noted that the Review did not recommend the referral in all cases and stated ‘I think there are a number of areas where we really have been more specific and more reasonable than perhaps the response suggests’.³⁴

Recommendation 29 - Move to Low Employment Areas: The Review recommended that there should be a discretion that the normal preclusion period should be 12 weeks, but it could be extended to up to 26 weeks in special cases. The Department’s response stated that it was not clear on what grounds a longer preclusion period would be approved. Professor Disney argued that in other areas the Department did not appear to be concerned about the degree of discretion and noted ‘indeed, they were touting the degree of discretion to apply an exemption period on pretty vaguely stated criteria, so it is a rather inconsistent approach’.³⁵

Extension of proposed measures to all income support recipients

3.36 Professor Disney also indicated that some of the measures proposed in the legislation should be applied more broadly to existing Newstart and Youth Allowance recipients and to mature age recipients:

- *repayment of penalty:* the legislation proposes that if a sole parent complies within 13 weeks the penalty should be fully recovered. This provision does not apply to mature age income support recipients who will only have their payment restored from the time of compliance. For younger unemployed people and those on Youth Allowance the penalty remains in force, notwithstanding any subsequent compliance. As a result there will be three different penalty systems.

31 *Committee Hansard* 5.8.02, p.64 (Professor Disney).

32 *Committee Hansard* 5.8.02, p.65 (Professor Disney).

33 *Submission* 24, Attachment F, p.59 (FaCS).

34 *Committee Hansard* 5.8.02, p.66 (Professor Disney).

35 *Committee Hansard* 5.8.02, p.66 (Professor Disney).

Professor Disney commented ‘at a time when the government and others appear to be arguing for a common work force payment, this is one of the many areas where one has to query whether that is a realistic goal or largely illusory’. The Review recommended full repayment be made if a person complies within eight weeks to provide greater encouragement for jobseekers to rectify their breaches as soon as possible.³⁶

- *contacting recipients*: there is now a legislative requirement that reasonable attempts be made to contact a person on parenting payment if that person has not complied with the terms of agreement. The Review emphasised the need to improve communications with recipients as breakdowns in contact and communication account for a very large proportion of breaches and made detailed practical proposals. While the proposed change was welcomed, Professor Disney stated that ‘we are pretty sceptical of how much impact broadbrush requirements of that kind have’.
- *administrative breaches*: there will be no administrative breaches for parenting payment recipients.
- *appropriateness of agreements*: the legislation proposes that before the application of a penalty for sole parents, the appropriateness of the participation agreement must be considered. In its response to the Review, the Department indicated that Centrelink would undertake review of agreements, partly to make sure that the agreement is matched to the circumstances of the jobseeker. Professor Disney noted that this is an administrative requirement while for sole parents this will be a statutory requirement.
- *temporary exemptions*: although there are some exemptions proposed for sole parents and mature age recipients, the range of temporary exemptions that currently exist for young unemployed and those on Youth Allowance will not be available to this group of recipients (see chapter 2 for a further discussion of temporary exemptions).

Conclusion

3.37 The report of the Independent Review provides a focus on the types of failures or other conduct by jobseekers that have been identified as likely to lead to breaches. The Review paid particular attention to the impact of the system on those ‘especially vulnerable’ recipients. The recommendations aim to overcome the weaknesses in the current system to ensure a greater degree of effectiveness and fairness and to increase the overall level of compliance and successful job search.

3.38 The Committee acknowledges that the penalties system has been the subject of a number of changes over the past two years, including those announced by the Minister in March 2002. The changes include improving the targeting of breaching; identifying and advising customers ‘at risk’; and the introduction of suspensions and breach waivers. The Department also stated many of the Review’s recommendations

36 *Committee Hansard* 5.8.02, p.53 (Professor Disney).

had already been put in place as a result of the Centrelink Review of Breaching Practice and Guidelines or other ongoing processes.

3.39 However, the evidence provided by Professor Pearce and Professor Disney indicates that the Department's response to the Review's recommendations is relatively superficial and fails to address some of the more fundamental problems of the system. By not doing so, there is a risk that the Government's objectives of supporting jobseekers to move back into the workforce may be curtailed. The Committee considers that many of the recommendations, particularly those aimed at especially vulnerable jobseekers, contained in the Review would further enhance the system and make it both more equitable and efficient. The Committee has already made reference to the application of the Review's recommendations to parenting payment and mature aged recipients and considers that they be applied to all existing income support recipients.

Recommendation 13: That the Department of Family and Community Services implement in full the recommendations of the Independent Review of Breaches and Penalties in the Social Security System to the wider group of existing income support recipients currently subject to breaching provisions.

3.40 The Committee notes the Review's final recommendation that an appropriate parliamentary standing committee should request the Commonwealth Ombudsman to report to it annually, at least for the next five years, on the operation of the breaches and penalties system. The Committee considers that such a review will add significantly to the accountability of the system and it will seek the Senate's approval to undertake the review as recommended.

Senator Steve Hutchins
Chairman

GOVERNMENT MEMBERS MINORITY REPORT

The Government Senators wish to note that, yet again, the Labor Party and the Democrats have combined in the Senate to refer the Family and Community Services Amendment Bill 2002 to the Community Affairs References Committee instead of the Community Affairs Legislation Committee. One can only presume that this is regularly done so as to arrive at a particular outcome regardless of the evidence provided to the Legislation Committee.

As can be seen by the terms of reference, consideration of the Committee was given specifically to participation requirements for parents and older unemployed people, the nature of penalty provisions, and the fairness efficiency and effectiveness of the proposed provisions.

Based on readily available statistics, lone parents have the highest rate of dependency of any popularity demographic in all of Australia (over 50% of all lone parents) on the income support system. The only demographic group that comes close is people who are in the fifty-five to sixty-four age bracket. These are the two groups at the centre of this consideration for those reasons.

The Government Senators find it remarkable that the Labor opposition would be recommending a watering down of the provisions contained in the Bill which are far more lenient and tolerant of people's circumstances than was ever in place under thirteen years of their administration.

The table below outlines the penalties for breaching arrangements under Labor and the current arrangements under the Coalition Government.

Under Labor Government (Working Nation)	Under Coalition Government (Australians Working Together)
Penalty for first breach if unemployed for less than 12 months – loss of payment for two weeks.	Penalty for first breach \$863 payable over 26 weeks (\$33.20 per week).
Penalty for first breach if unemployed for 12 to 18 months – loss of payment for four weeks.	Penalty for second breach \$1144 payable over 26 weeks (\$44 per week).
Penalty for first breach if unemployed for 18 months or more – loss of payment for six weeks.	Penalty for third breach \$1456 payable over 26 weeks (\$56 per week).
Penalty for third breach for someone unemployed in the 12 to 18 months bracket that would equate to a total loss of payment of 16 weeks.	Penalty for fourth breach subsequent breaches as per third breach.

Much of the emphasis of the opposition was placed in research undertaken by Barrett and Cobb Clark and referred to by the Brotherhood of St Laurence in their submission. The Opposition used this research to claim that breach penalties were far in excess of community expectation and acceptance. For example, it was believed that people were asked whether they thought that a breach penalty of \$863 was appropriate when a person received only \$186 per week. In reality the fine is a total of \$863 payable over twenty-six weeks during which same period of time that person is being given \$4810 (unemployment rate) by tax-payers. If one were to receive the Parenting Payment plus Rent assistance, they would be receiving \$6660 over the same twenty-six weeks.

To claim as the Opposition did, that people were not given a reasonable opportunity to provide an explanation for a breach is absolutely wrong. If a person gives a reasonable explanation, they can start afresh, they will not be breached and their payment will be reinstated.

As can be seen from the above table the penalties under the former Labor Government were exceedingly harsh, inflexible and provided no opportunity to have a financial penalty waived. Under the regime considered in this Inquiry, not only are the penalties far less onerous, but alternatives are provided to the financial consequences of breaching.

The Government Senators believe that the focus of the legislation aimed at getting more sole parents into employment and off welfare is highly desirable. It is widely accepted that the success rate in moving from sole parents payment to employment is poor. Therefore to encourage participation rates and activity with this group at an earlier and reasonable time is essential. If it were to be voluntary, it would be highly unsatisfactory because there is no evidence that compliance would be high.

Contained within this legislation are deliberate measures designed and delivered in a payment regime which recognises the primary responses of ensuring care for children. However, it is important at an appropriate time to start moving that person into thinking about participation for the benefit of the parents and child/children.

The Committee was provided with evidence that suggested for those children growing up in families where there is a very short spell on benefits, there is much less of an impact on their future outcome as compared with children who have parents or a parent with a high level of dependency or who spend multiple spells and long periods of time on benefits over their working life.

This is particularly important legislation designed to assist those at the highest risk of long-term workforce dislocation and long-term poverty and therefore should be considered and passed by the Senate as soon as possible.

Senator Sue Knowles, Deputy Chairman
(LP, Western Australia)

Senator Guy Barnett
(LP, Tasmania)

APPENDIX 1

LIST OF PUBLIC SUBMISSIONS, TABLED DOCUMENTS AND OTHER ADDITIONAL INFORMATION AUTHORISED FOR PUBLICATION BY THE COMMITTEE

- 1 National Council of Single Mothers and their Children Inc (SA)
- 2 People with Disabilities (NSW) Inc (NSW)
- 3 Wesley Mission (NSW)
- 4 Brotherhood of St Laurence (VIC)
Supplementary information
 - The community expects...Public opinion about breach penalties for unemployed people, S Ziguras and C Flowers, dated June 2002, provided at hearing 6.8.02
- 5 Moessinger, Mr Barry (QLD)
- 6 Sole Parents' Union (NSW)
Supplementary information
 - The Social Economy of Sole Parenting, K Swinbourne, K Esson, E Cox and B Scouler, UTS, May 2000, provided at hearing 5.8.02
- 7 Cox, Ms Eva (NSW)
- 8 Confidential
- 9 Uniting Church of Australia, Synod of Victoria and Tasmania, Justice and International Mission Unit (VIC)
- 10 Hanover Welfare Services (VIC)
- 11 Australian Council of Social Service (ACOSS) (NSW)
Supplementary information
 - New Freedom of Information data shows: \$200m in 'fines' push unemployed and students deep into poverty, ACOSS Media Release dated 5.8.02, provided at hearing 5.8.02
 - Additional information revising press release of 5.8.02, dated 30.8.02
- 12 Commonwealth Ombudsman (ACT)
- 13 Brennan, Mr Kevin (QLD)
- 14 Brain Injury Australia (ACT)
- 15 Hopcroft, Ms M (VIC)
- 16 Graham, Mr Kenneth (QLD)

- 17 Greenaway, Mr Charles (NSW)
Supplementary information
- Additional information provided at public hearing 5.8.02
- 18 The Salvation Army, Australia Southern and Australia Eastern Territories (VIC)
- 19 Rickard, Ms Diana (NT)
- 20 Jobs Australia (VIC)
- 21 Seaborn, Ms Linda (TAS)
- 22 The Mental Health Council of Australia (ACT)
- 23 UnitingCare Burnside (NSW)
- 24 Department of Family and Community Services (ACT)
Supplementary information
Provided at hearing 6.8.02:
- Centrelink Review of Breaching Practices and Guidelines, November 2001
 - Data on breaches
 - Lone-Parent Families, extract from OECD social indicators 2001
- Additional information received following the hearing dated 23.8.02
Amendment and clarification of breach data dated 12.9.02 and 20.9.02
- 25 National Welfare Rights Network (NSW)
- 26 Perkins, Ms Kerry (NSW)
- 27 Mission Australia (NSW)
- 28 Mellier, Mrs Peggy (SA)
- 29 Confidential
- 30 Confidential
- 31 Unemployed Persons Advocacy (UNEMPA) (QLD)

Additional information

Dr John Tomlinson, School of Humanities & Human Services, QUT, drew the Committee's attention to his e-book *Income Insecurity: The Basic Income Alternative* accessible from www.geocities.com/ubinz/JT/IncomeInsecurity/

APPENDIX 2

WITNESSES WHO APPEARED BEFORE THE COMMITTEE AT PUBLIC HEARINGS

Monday 5 August 2002

Furama Hotel Central, Albion Street, Surry Hills, Sydney

National Welfare Rights Network

Mr Michael Raper, Director, Welfare Rights Centre

Ms Jackie Finlay, Liaison Officer

UnitingCare Burnside

Mr Robert Urquhart, Principal Researcher

Ms Karen Bevan, Policy Officer

Australian Council of Social Service

Mr Andrew McCallum, President

Mr Don Siemon, Principal Policy Adviser

Members of the Independent Review into Breaches and Penalties

Professor Dennis Pearce

Professor Julian Disney

People with Disabilities (NSW)

Ms Therese Sands, Senior Policy Officer

Sole Parents' Union

Ms Kathleen Swinbourne, President

Mr Charles Greenaway

Mr Edward McCartin

Mr Malcolm Pendlebury

Tuesday 6 August 2002

Australian Institute of Management (AIMS), Fitzroy Street, St Kilda, Melbourne

Salvation Army

Captain David Eldridge, Division Social Program Secretary

Major George Lingard, Territorial Social Program

Ms Wilma Gallett, National General Manager, Salvation Army 'Employment Plus'

Jobs Australia

Mr David Thompson, Chief Executive Officer

Dr May Lam, Policy Officer

Hanover Welfare Services

Mr Michael Horn, Manager, Research and Development

Uniting Church in Australia, Synod of Victoria and Tasmania

Dr Mark Zirnsak, Social Justice Development Officer

Brotherhood of St Laurence

Ms Sally Jope, Research and Policy Project Manager

Department of Family and Community Services**Centrelink**

Mr Mark Sullivan, Secretary

Mr David Kalisch, Executive Director, Welfare Reform

Ms Jenny Chadwick, National Manager, Participation Support Branch

Ms Frances Davies, Assistant Secretary, Parenting and Employment Programs Branch

Mr Stephen Erskine, Director, Parenting and Employment Programs Branch, Participation Reform

Ms Donna Phillips, Director, Parenting and Employment Programs Branch, Working Credit Implementation

Mr Ian Sharples, Director, Parenting and Employment Programs Branch, Participation Strategies

Mr John Wadeson, General Manager, Major Projects, Centrelink