

Submission

to

Senate Employment, Workplace Relations and Education
References Committee

Inquiry into student income support

Submission no: 50

Received: 17/06/2004

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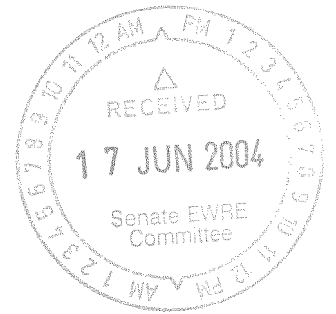
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Student Income Support Inquiry.

Senate Employment, Workplace Relations and
Education References Committee.

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17 June 2004

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Overview of submission

Melbourne Citymission recognises the significant role that education and training play in providing long term pathways out of poverty for disadvantaged young people, allowing both social and economic participation in future years. Further, demands of the existing labour market mean that young people require higher skill levels than ever before to find employment, even at entry-level positions.

While overall unemployment has fallen, areas of concentrated disadvantage (Vinson, 2004:47) mean that young people in areas such as Maribyrnong and Brimbank in western metropolitan Melbourne continue to experience unacceptable levels of youth unemployment and long term unemployment. A failure to engage young people from disadvantaged communities in education, training and support means that this group may pass through future life stages without the capacity to develop their human potential, to share in the wealth or contribute to the richness of community life. Income support is critical in such circumstances and must be designed in order to facilitate fair and reasonable access to education, training and support for disadvantaged young people.

Melbourne Citymission endorses the ACOSS submission to the Committee, which addresses many of the issues raised in Melbourne Citymission's submission. The recommendations in this submission reflect the experience of Melbourne Citymission's Employment, Education Training and Support Unit (EETSU):

- Adjust the rate of payment to provide an adequate means of meeting the direct and indirect costs of participation in education or training.
- An additional payment should be available to meet the needs of students from disadvantaged backgrounds who face barriers in accessing education and training opportunities.
- Administration of student income support systems must be sufficiently flexible to adapt to complex life situations, including periods of crisis over the life course.
- Combine payments for unemployed young people, trainees and students into a single payment to assist young people to improve their employment prospects through a variety of pathways.
- A more responsive, flexible system of administering payments for young people would remove the problem of rigid eligibility requirements being a barrier to successful transitions for young people.
- Consider the development of a 'pathways allowance', as a form of assistance, to be made available as a flexible package of funding, in addition to an adequate, regular income support payment.

About Melbourne Citymission

The primary focus of Melbourne Citymission is to work alongside people who are marginalised, at risk, disadvantaged, frail or denied access to other services. Melbourne Citymission's broader aim is to build an inclusive community through personal and social transformation. We work towards this by providing a range of support services to people across all life stages in order to empower and enhance their well being and maximise their dignity and human potential. The organisation's broader role includes leadership, in partnership with the community, through policy analysis, education, community awareness and advocacy on behalf of those who have no voice.

Melbourne Citymission assists over 15,000 Victorians each year through programs in the following areas:

- Aged Services
- Children, Youth, Adult and Family Services
- Disability Services
- Palliative Care
- Youth Homelessness Services
- Employment, Education, Training and Support Services

Melbourne Citymission works with people across all life stages, from early childhood to aged care. This work reflects the organisation's interest in life transitions and the ways in which people can best be supported to achieve sustainable transformation in their lives.

About the Employment, Education, Training and Support Unit

Melbourne Citymission's Employment, Education, Training and Support Unit (EETSU) offers an open access model of service delivery within a youth friendly environment. This model has proven highly successful with young people with high risk and/or complex needs. Young people are provided with a range of personal support and skill assistance to enable them to access or maintain employment, education and training pathways. A drop-in service offering information and resources, is supported by a range of co-located pathway programs including the following:

- Jobs Placement Employment and Training (JPET)
- Jobs Pathway Program (JPP)
- School Focused Youth Service (SFYS)
- Tutoring Program
- Slingshot-Youth Self Employment,
- Personal Support Program (PSP)
- DHS Homeless/Employment Pilot Program,
- Horn of Africa Pathway Project
- Centrelink Outreach
- Youthnet - free and supervised IT access
- Western Young People's Independent Network (WYPIN)
- MYSS (Melbourne Youth Support Service) accommodation and outreach

The EETSU takes a holistic approach to meeting young people's needs and achieving sustainable outcomes. Typically this requires a case plan approach incorporating client engagement, assessment and information sharing resulting in a mutually agreed case plan. This approach is matched with a combination of direct support and brokered support provided through the suite of complementary in-house programs or via support services in the wider local network. This mix of casework and accompanying support strategies provides a local response to the personal circumstances, priority issues and cultural needs of individual young people.

The EETSU is also recognised for its focus on innovation and advocacy in providing support services to young people. Examples of current pilot projects include Linking Homeless Young People into Employment (LHYPIE), Youth Transitions Project, Homeless Job Seeker Trial and the Community Enterprise and Employment Centre (CEEC).

The EETSU is further strengthened by its proximity to complementary on site services including Reconnect, Housing support services and the Vietnamese Community Association (VCA). MCM has established close working relationships with many local services including Victoria University, Centrelink, Metro West Housing and Maribyrnong City Council.

Issues and solutions

Drawing on extensive practice experience and a range of independent research projects, the EETSU has identified a number of key issues which present barriers to young people's participation in education and training as pathways to employment. The following comments on student income support focus on disadvantaged young people and address a number of the Committee's Terms of Reference, as noted.

(a)(i) the adequacy of these payments.

Even with the maximum rate of rent assistance, payments for students place them consistently below the poverty line (Melbourne Institute for Applied Economic and Social Research, 2003) and facing significant hardship and deprivation. Melbourne Citymission's experience with young people receiving Youth Allowance supports this analysis. Youth Allowance payments are inadequate to cover basic costs of housing and food and fall well short of funding any additional costs associated with study and transport. This experience is supported by research across wider populations of young people (Welfare Rights Centre, 2002:13).

Direct costs

Costs of education include all direct costs, such as books, copying, fees, IT and transport.

A student, Helen, recently sought assistance from Melbourne Citymission, after enrolling in an entry-level business studies course at a Victorian University. The Booklist was as follows:

Tax Procedures for Your Business	\$47.29
Financial Management	\$67.95
Internal Controls and Corporate ...	\$51.95
Management Accounting	\$76.99
Budgeting	\$51.69
Company Accounting and Financial...	\$74.95
<u>TOTAL</u>	<u>\$370.82</u>

The student, having already paid fees, was unable to purchase any of the above texts. In this instance, Melbourne Citymission was able to pay for four books. The above list is modest by comparison with some booklists and does not include other basic requirements such as stationery. A 17 year old student from a Vietnamese background, accessing the WYPIN service, made the following comment when asked her views about the Committee's inquiry: 'I am thinking of dropping out of school as I can't afford the books'. Recent evaluation of the Linking Homeless Young People into Employment (LHYPIE) program observed that costs potentially exclude some young people from participation in education or training:

The cost of education varies considerably from course to course, with many courses being out of the range of many young people because of the specific course costs that are placed on the individual. These costs are not means tested like the tuition fees. They are a cost that is universal and all who wish to participate in the course must pay. It is prohibitive and no young person should be disadvantaged because they cannot afford the auxiliary cost of materials. (Broadbent, 2004:3).

Indirect costs

Without very basic needs being met, a young person will not be in a position to undertake or continue a course of education or training. Therefore, indirect costs should also be considered. These include housing, transport, food and utilities.

Helen and her sister left a difficult family situation in Adelaide four years ago. When Helen arrived in Melbourne, she lived with her sister and attended a local school, trying to complete her secondary education after this huge transition in her life. Over time, housing arrangements broke down and Helen was not able to stay with her sister. With assistance from accommodation services, Helen was helped through transitional housing to establish herself in private rental.

On a payment of \$318.50 per fortnight, with \$50.00 per fortnight in rent assistance, Helen's budget is as follows:

\$ 140.00	Rent
\$ 100.00	Food
\$ 80.00	Basic utilities (phone, gas, electricity, water)
\$ 42.40	Transport (2 x weekly concession, Zone 1 & 2)

With a fortnightly income of \$368.50, in modest housing on a very tight budget, this young woman needs \$362.40 each fortnight for basic costs, leaving her an additional \$3.05 each week to live her life.

A series of recent reports support the EETSU's observation that those young people who most need support, have difficulty surviving on Youth Allowance and that their opportunities for education are severely limited as a result of payments that are inadequate to meet the direct and indirect costs of participating in education or training. Many end up in debt or precarious housing as they struggle to meet the costs of living and additional costs of education.

Recommendation:

Adjust the rate of payment to provide an adequate means of meeting the direct and indirect costs of participation in education or training.

(c) (i) students from disadvantaged backgrounds

Melbourne Citymission works with many young people from disadvantaged backgrounds. As noted earlier, young people in some western metropolitan regions of Melbourne live in communities who face multiple forms of disadvantage (Vinson, 2004). Students from disadvantaged backgrounds face barriers to participation because they lack access to a range of supports – financial security, access to material resources, emotional support and encouragement. This submission focuses on two issues, acknowledging that many other factors could be considered.

Language

The Victorian Department of Education's 2004 Strategic Plan notes that areas such as Maribyrnong, Harvester and Keilor record the highest proportions of students in receipt of Education Maintenance Allowance *and* the highest proportion of students from a language background other than English (2004:14), reflecting the significant numbers of refugees who have settled in the region. Many young people within these communities have arrived in Australia at a critical time in their development and education, and may require additional supports in areas of special need such as language.

Ahmed is a 21 year old who came to Australia from Eritrea as a refugee. He lives by himself in public housing and manages to cover expenses on his own. He is involved as a volunteer in local community activities, such as organising a soccer program for other young people in his area. Ahmed is studying to be a Youth Worker at a local University, but struggles to pay fees.

Although a committed second year student, Ahmed began to find that his written language skills were causing him to fall behind. He was advised that English tuition would be useful and so he undertook a short course in English over the Semester break. The cost meant that Ahmed was unable to pay his fees on time. There is now a 'late fee' owed to the institution on top of the regular fees for Semester 2. At this stage, Ahmed feels he will be unable to complete his course, as has no means of covering the fees.

Specific barriers to participation in education or training exist for groups of disadvantaged young people. An effective income support system must acknowledge additional difficulties faced by some young people or risk excluding them from opportunities available to others as a matter of course.

Technology

Access to technology has become a central issue for young people wishing to participate in education and training. As technology increasingly provides access to core information resources, young people without access are seriously disadvantaged. The expense of computers and software is prohibitive for many families and even more so for single young people. Access to a word processor must now be considered an essential cost of participating in education, as institutions are increasingly reluctant to accept handwritten work.

'I use WYPIN to do my homework on a computer as I do not have a computer at home.' - 15 year old Somali student, Footscray.

As noted above, there are multiple and complex forms of disadvantage that present barriers to participation for some young people. Language and access to technology are simply two examples. Additional assistance is required to tackle these barriers if all young people are to have fair and reasonable access to the opportunities presented by education and training.

Recommendation:

An additional payment should be available to meet the needs of students from disadvantaged backgrounds who face barriers in accessing education and training opportunities. This may be in the form of a flexible 'pathway allowance', discussed below.

(d) alternative student income support measures

Flexible and responsive systems

Communication with Centrelink is a difficult issue for many young people. Reporting requirements are sometimes applied in an inflexible way, demonstrating a failure to recognise the complex situations that some young people face.

Maria applied for a full-time study position to complete Certificate II in Business at TAFE. She received written notification that her application had been received. Centrelink began to pay Youth Allowance on the basis that Maria was undertaking an approved course of study. After some weeks, a Melbourne Citymission support worker called the educational institution on Maria's behalf to inquire about her enrolment. The worker was informed that there had been so many applications that the decision had been made not to notify unsuccessful applicants, including Maria. Maria did not know when to tell Centrelink, as she feared loss of income and needed to decide what she would do, as an alternative to the Business course. Maria was then found to be in breach of her agreement with Centrelink, which required her to be enrolled as a full-time student. A debt was raised against her.

The complexity of the Centrelink system of entitlements and obligation has reached a point where it is at times too complex to expect many young people to have a clear understanding. In Maria's case (above), the debt raised by one person at Centrelink was reversed by another person, suggesting a reasonable final outcome but also suggesting confusion about standards and guidelines. In the course of sorting out such complex issues, many young people find that precarious financial situations break down completely once income is reduced by debt.

Melbourne Citymission supports efforts by Centrelink to trial and expand new forms of responsive service provision through the Centrelink Community Support Unit (CSU). Melbourne Citymission's experience of working with Centrelink Outreach workers in the CBD and Western region has been positive. Through this program, Centrelink workers have recognised a number of areas of concern specific to disadvantaged young people. In conjunction with agencies such as Melbourne Citymission, Centrelink outreach workers have adopted a flexible approach to providing a specialist, co-ordinated service in a 'youth friendly' environment that is responsive to the needs of this group.

Julia arrived in Australia from Sudan with her father, brother and step mother as a refugee in 1999. Julia attended school and received Youth Allowance once she turned 16. The situation in the family home deteriorated. Julia was a victim of domestic violence, left home and was staying with friends. She wanted to continue at school but found this too difficult because of her unstable housing situation and financial instability. Because she did not inform Centrelink that she was no longer at school, Julia was issued with a Centrelink debt of \$2,084 and was required to make a payment of \$27.80 per fortnight of her payment of \$295 per fortnight.

Melbourne Citymission assisted Julia to find secure, stable accommodation and to return to study at TAFE. In response to advocacy on Julia's behalf, Centrelink reviewed the debt on the grounds that there were extenuating circumstances. As a part of this process Julia was referred to PILCH (Public Interest Law Clearing House) Homeless Person's Legal clinic. We have recently been informed by the Centrelink outreach worker that this debt has been overturned.

Melbourne Citymission understands mutual obligation to be a complex, life-long relationship of mutuality between an individual citizen and the community to which they belong. Mutuality thus encompasses the obligations of government - as representatives of the community - to make provision for a range of services and supports considered essential for social and economic participation in the life of the community. In exchange, individuals have an obligation to contribute in a range of ways to the life of the community.

Practical manifestations of mutual obligation in the present social security system have narrowed the concept considerably and focused primarily on obligations of individual recipients of income support. Obligations are defined on a short-term contractual basis: income in exchange for prescribed forms of participation. Individual compliance is then actively policed and non-compliance is penalised. There is no comparable compliance claim that can be made on government for breaching its obligation to provide adequately for those who need assistance to gain reasonable access to education or training.

Given the financial circumstances of young people in receipt of youth allowance, outlined above, recouping money, through enforcement of breaching in such circumstances seems completely counter to the purposes of supporting young people to engage in education as a pathway out of poverty.

Recommendation:

Administration of student income support systems must be sufficiently flexible to adapt to complex life situations, including periods of crisis over the life course.

Simplification

While a more responsive, flexible system of administering payments for young people would be a positive step, simplification of the payment system would also potentially improve the problem of rigid and confusing eligibility requirements being a barrier to successful transitions for young people.

17 year old James was referred to JPET by his local Centrelink office, where he applied for Youth Allowance. James was deemed at risk of homelessness because of ongoing conflict with his father. James' Centrelink application for Youth Allowance was not accepted because his father would not complete the parental income statements required by Centrelink. Throughout this period of time James had no access to money and therefore the conflict with his father increased to the point that he was asked to leave the family home. Fortunately he was able to move to a relative's home where he was required to pay board.

James returned to Centrelink and, after an assessment with a Social Worker for the unreasonable to live at home rate, he was assessed as eligible and was paid after a couple of weeks. Throughout this process, James had also decided to leave school - he was no longer attending on a regular basis - and decided that he would prefer to be working. Failure to report his withdrawal from school meant James was at risk of losing his payment, although he was making positive steps towards finding employment, pursuing a work experience placement in the automotive industry.

Recommendation:

Combine payments for unemployed young people, trainees and students into a single payment to assist young people to improve their employment prospects through a variety of pathways.

A 'Pathways Allowance'

Taking all of the above recommendations together, it would be a positive step to develop a form of financial assistance, to be made available as a flexible package of funding, in addition to an adequate, regular income support payment, described above. The purpose of the additional 'pathways allowance' package would be to tailor support for young people to assist them to remain engaged in education, training or employment opportunities. A flexible package of funds would then be available to meet a range of needs as they arise. Some students might need access to language tuition for a limited period in order to complete a course. Others might need assistance with transport costs, payment of fees or access to IT. In a different situation, students and young people might require assistance with housing or support to ensure that they have enough stability in their lives to maintain their participation in study or training programs.

Such a payment already exists in the form of the 'Job Seeker Account' attached to unemployment benefits. The job seeker account could be used as a model to develop a responsive and flexible approach to addressing specific barriers to young people's participation in education, training and employment.

Trinh, aged 16, had been out of school and unemployed for more than 4 months when he was encouraged by a JPET worker to apply for a TAFE course. At this stage, his health care card was coded 'YA', reflecting his Centrelink payment of Youth Allowance (unemployed). After he began his studies, his payment was altered to Youth Allowance (full time study) and his health care card was amended to a coding of 'LI' or low income. At the TAFE, Trinh's first Semester fees were discounted to \$67.00. As a result of the change to LI coding, his fees soared to \$290.00 – a 50% discount on the full fee of \$580.00. With no access to additional funding, Trinh withdrew from the course. His payment was then returned to YA (unemployed) and his health care card subsequently amended to YA coding.

It is evident that a single payment, with one coding for purposes of concessions would go some way to resolving this anomaly. However, the above case study demonstrates that, at any point in the complex existing system, a rapid and flexible response to an immediate problem can forestall a much more serious long-term interruption to participation in education or training.

Recommendation:

Consider the development of a 'pathways allowance', as a form of assistance, to be made available as a flexible package of funding, in addition to an adequate, regular income support payment.

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