

# The Impact of Breaching on Income Support Customers

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## **THE IMPACT OF BREACHING ON INCOME SUPPORT CUSTOMERS**

FINAL REPORT

TONY EARDLEY, JUDE BROWN,  
MARGOT RAWSTHORNE, KATE  
NORRIS AND LIZ EMRYS

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# **The Impact of Breaching on Income Support Customers**

## **Final Report**

Tony Eardley, Jude Brown, Margot Rawsthorne, Kate Norris and Liz Emrys

Revised April 2004

A report prepared for the Department of Family and Community Services under the 2002 round of the Social Policy Research Services agreement



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## Executive Summary

Between 1995 and mid-2001 there was a large increase in the number of penalties imposed on income support recipients for breaches of social security rules and requirements. This paralleled the expansion of obligations and requirements placed on workforce age recipients, along with the introduction of the Job Network from 1998.

Breaching has become controversial and has attracted considerable attention from welfare advocacy groups and the media. It has been the subject of a number of both internal and independent reviews, resulting in a set of policy and procedural changes from July 2002 that have led to a substantial reduction from the previous levels of breaching.

However, there has been little systematic information available on the impact of breaches on income support recipients, either in terms of how they cope with reduced income or how it affects future compliance with social security rules. The literature on the impact of breaches relies substantially on small-scale case studies or surveys of clients of non-government organisations. These studies provide a consistent picture of the risk factors involved in being breached and the difficulties faced by many of those involved, but they are not necessarily representative of the experience of all breached customers. There has been little direct evidence on whether being breached affects future compliance, although attitudinal surveys suggest that it may increase job search effort.

To help fill this gap in knowledge, the Department of Family and Community Services commissioned a study of the impacts of breaching from the Social Policy Research Centre. The research aims to assist in future policy development and is particularly relevant given the extension of participation requirements under *Australians Working Together*.

The main research questions addressed by the study were:

- Which groups of recipients are disproportionately affected by breaching?
- To what extent do initial breaches not result in financial penalties
- To what extent do people experiencing breaching find work (or already have work), rely on family, become homeless, turn to charity or turn to crime?
- Does the threat of breaching encourage greater customer compliance and do customers become more compliant after incurring a breach?
- What overall impact does being breached have on recipients?

The study had four main components: a review of existing knowledge on breaching; a national telephone survey of breached customers undertaken at the end of 2002, with an achieved sample of 1005; a national postal survey of welfare agencies, representing a broad cross-section of community services, with usable responses from 99 agencies; and in-depth interviews with 20 breached customers.

Although the breached customer survey could not tell us conclusively how far there has been a concentration of breaching amongst more disadvantaged or vulnerable

groups, it is clear that young people are significantly over-represented amongst those being breached. Men are also somewhat more likely to be breached, but the sex difference is less significant than that of age. Other data suggest that Indigenous customers are also disproportionately likely to be breached.

There are other groups of disadvantaged people within the breached population, including people with English-language difficulties, physical and mental health problems, substance abuse, unstable housing and difficult living situations, but it is not clear that these are significantly over-represented compared with the unemployed recipient population as a whole.

However, the survey is likely to have under-sampled people with the most unstable housing or transient lives, and to some extent those with language problems. Thus it should be viewed as providing lower-bound estimates of the difficulties experienced.

Also, breached customers seem considerably more likely than other customers to have experienced a range of household financial stresses. A comparison using ABS financial stress measures suggests that breached customers' households were considerably more likely than other unemployed income support recipients to have experienced multiple cash flow and other hardship problems in the previous year.

A high percentage of all potential breaches are initiated as a result of reports from Job Network agencies, but the proportion of these that actually results in an incurred breach has been falling. If a breach is incurred it can be challenged either with the original decision maker, at internal review or by formal appeal. Data on reviews and appeals from the later 1990s suggest that just over one-quarter of all incurred breaches were later overturned by the original decision maker. This represented around 11 per cent of activity test breaches and almost 40 per cent of administrative breaches. The success rate of appeals taken to more formal levels has been even higher. In 1998-99, up to one-quarter of appealed breaches were overturned by Centrelink review officers (AROs), while more than two-fifths of appeals to SSATs and AATs against activity test breaches and one-quarter of those against administrative breaches were successful. However, the small number of challenges that reach the formal appeal level means that less than two per cent of all breaches incurred are later overturned.

The higher success rates for activity test breaches once an appeal reaches a tribunal may be explained partly by the fact that those customers who have the strongest cases are more likely to appeal. On the other hand, customers often do not appeal even when they might have good grounds for doing so, because of lack of awareness of appeal rights and difficulties in engaging with appeal procedures.

A key question is whether breaching improves compliance with income support requirements and leads to greater labour market participation. The study provides a mixed picture. In response to an open-ended question about the impact of the most recent breach, few survey respondents reported either increasing or decreasing their participation in job search or work, and compliance did not rate highly in their assessments of the most important impact of breaching, although a small number (around four per cent) said that they found some work as a result. The welfare organisations surveyed also generally saw compliance as one of the lesser effects of breaching for most of their clients.

However, in response to a prompted list of possible impacts (over a longer time period), nearly 90 per cent of breached customers reported that their participation in one of a range of activities increased as a consequence of the breach. More than two-fifths said they found some kind of work or increased existing hours of work, while almost one-third said that they started reporting all of their earnings. On the other hand, breaching also apparently resulted in negative participation effects for more than one-third of respondents, including reduced job search and more unreported 'cash-in-hand' work.

Similar results came from responses to a series of attitudinal statements, with nearly two-thirds agreeing that having their payments cut made them more determined to find work. However, three-fifths also said that being breached made it harder for them to look for work. In spite of this the survey found a large majority in favour of penalties where recipients are not 'doing the right thing'.

In-depth interviews provided further detail on compliance issues. For a small number of participants, the breach led to greater effort to meet all their Centrelink and Job Network requirements. For others it led to adoption of more devious strategies, as they felt they were already doing everything possible to meet their requirements. A common, related problem was that of conflict between Centrelink requirements and short-notice opportunities for casual work.

Just as the incidence of breaching appears to fall across a wide spectrum of customer characteristics, the impacts also vary widely. Around one-quarter of breached customers seem to experience only minor effects, partly because they find or already have some income from work, or because the income loss is absorbed by their families. Nevertheless, breaching does appear to impact substantially on the lives of the majority of those penalised. The majority of participants were able to manage on reduced benefits, primarily due to the support of friends and family. The safety net role played by friends and family in alleviating the more serious impacts of breaching is clearly very important. Without such support some customers face serious difficulties living on reduced incomes and get into further debt, with a small number experiencing disruptive events such as disconnection of utilities or homelessness.

Where family support is lacking, loss of benefit income can bring more significant and longer-term effects, leading to unstable housing, making some young people vulnerable to abuse and hindering educational opportunities. While housing instability may not be a major problem for most breached customers, there is a significant minority of between 10 and 20 per cent for whom breaching results in losing their accommodation or having to move to cheaper housing. These outcomes may undermine efforts in other policy areas to encourage school retention and further education, and to prevent youth homelessness.

Some of the more extreme impacts, such as homelessness and serious criminal or risk-taking behaviour, seem restricted to a small number of recipients, but still about one in six reported jumping trains or avoiding paying fares as a result of breaching. Health-related, psychological and social impacts arising from breaching are also not uncommon: just over one-third of survey respondents said breaching put their relationships under stress, or that they were involved in serious household arguments. Seventeen per cent reported having to cut down on medication they needed, while a

significant minority reported increasing potentially harmful behaviours, such as drinking or drug use (13 per cent) or gambling (four per cent).

Multivariate regression analysis indicates that the factors most commonly associated with experiencing a wide range of negative impacts are greater experience of breaching in the past; having recently had a higher level breach penalty; unsupported living arrangements; unstable housing; poorer health; and greater detachment from recent work experience. Problems with meeting housing costs seem to be particularly associated with other indicators of disadvantage, while people with children experience health-related impacts more than others. There is also an association between third activity test breaches (leading to full cancellation of payment) and some of the more serious impacts.

The results support many of those found in the studies carried out by other welfare organisations, suggesting that these do not simply represent the views of advocacy groups opposed to breaching in principle. On the other hand, given that the breached customer survey found that only a proportion of people breached are especially disadvantaged and that not all experience serious negative impacts, welfare agencies appear to come into account mainly with those who have the most difficulties.

Both the individuals interviewed and the welfare agencies surveyed had strong views on how the breaching system needed to be improved. Agencies recognised improvements that had already taken place as a result of the recent reform of breaching procedures. Overall, however, there was a strong sense of unfairness in treatment, arising from a perceived failure to inquire into or check adequately the circumstances of individual breaches and of clients themselves. A number of administrative concerns were also highlighted, including over-complicated official letters and documents, inappropriate automated referrals and a need for better and simpler explanatory material about requirements and breaching.

Amongst these problems, two stand out as needing to be addressed. First, a large number of young customers in particular are breached for not replying or responding to official letters, which they often claim not to have received. This is also the group most vulnerable to unstable housing and liable to move around frequently. For them receipt of mail can be haphazard. Secondly, a problem cited frequently both by individuals and agencies is that of conflict between Centrelink requirements and short-notice opportunities for casual work or other activities that customers judge to be more important for their immediate needs. There may be a need for greater flexibility in dealing with such conflicts.

The main issue with breaching, apart from the monetary level of penalties, seems to be not so much that it falls out of all proportion on the most vulnerable customers, but that it tends to be the more disadvantaged job seekers who face the most difficulties when they are breached. While there is clearly public support for penalties for people not meeting income support requirements, and there seem to be some compliance effects arising from them, there are opportunities to reduce further the extent of breaching through greater effort to contact customers and to review their circumstances before imposing breaches. Recent moves towards suspension of payments in some circumstances, rather than cancellation, would appear to offer an effective but less punitive strategy.



## 1 Introduction

### 1.1 Background to the study

Between 1995 and mid-2001 there was a large increase in the number of penalties imposed on income support recipients for breaches of social security rules and requirements. This increase paralleled the expansion of obligations and requirements placed on IS recipients of workforce age, along with the introduction of the competitive employment services market (the Job Network). 'Breaching', as it is commonly known, has become highly controversial and has attracted considerable attention from advocacy groups and the media. It has been the subject of an independent review, set up by welfare agencies, examination by the Commonwealth Ombudsman's Office and internal inquiries by Centrelink. These have resulted in a number of policy and procedural changes, one effect of which has been a reduction from the previous levels of breaching.

The extension of participation requirements and penalties to other recipient groups under the *Australians Working Together* (AWT) legislation has also been examined recently by the Senate Community Affairs Committee. As a result of negotiations between the Government and the Senate, the AWT legislation was passed by Parliament in March 2003, but with amendments that reduce the scope and severity of breaching penalties. These changes are discussed in more detail later in the report. The Government has also agreed to establish a Breaching Review Taskforce, due to report to Ministers in December 2004.

Several previous reports, including studies by FaCS itself, have examined the Centrelink administrative data on breach rates and incidence (although these have not all been consistent in their interpretation of the data). However, there has been little systematic information available on the impact on breached customers, either in terms of how they cope with reduced income or how it might affect future compliance with social security rules. Much of what information is available has been gathered and presented by a variety of charitable organisations and non-government advocacy organisations working directly with breached people in the community. As a result, much of the literature describes case studies or data gathered from small, non-representative samples.

This does not mean that such studies are invalid. Cumulatively they offer a consistent picture of the difficulties experienced by breached clients accessing emergency relief, welfare rights advice or advocacy services in particular localities. They provide an outline of the processes by which breaches can compound or entrench disadvantage for particular client groups. They also identify features of the social security system itself that appear to influence breach rates, independent of the behaviour or intentions of recipients themselves. Nevertheless, they do not provide a full picture of the extent and distribution of impacts experienced amongst the breached income support population as a whole. Nor is it clear to what extent breaching is concentrated amongst particular disadvantaged groups within the customer base. Furthermore, the existing studies do not indicate how far breaching may increase future compliance with social security requirements amongst those affected. Although instructive of some of the more adverse impacts of the breaching system, case studies and small samples drawn from those accessing particular services can only outline the possibilities.

For this reason the Department of Family and Community Services commissioned a study of the impacts of breaching from the Social Policy Research Centre, under its Social Policy Research Services Agreement for 2002. The research aims to assist in future policy development and is particularly relevant given the extension of participation requirements.

### **1.2 Research aims and components**

The research aims to address the following main questions:

- Which groups of recipients are disproportionately affected by breaching, and what are the breach rates for more disadvantaged customers, such as those who are homeless, have substance abuse problems or mental illness?
- To what extent do initial breaches not result in financial penalties, for example as a result of being overturned at review or appeal or cancelled as a result of the customer undertaking Work for the Dole?
- To what extent do people experiencing payment reductions or loss through breaching find work (or already have work), rely on family, become homeless, turn to charity or turn to crime?
- Does the threat of breaching encourage greater customer compliance and do customers become more compliant after incurring a breach?
- What overall impact does being breached have on recipients?

In order to address these questions the study has four main components:

- a review of existing knowledge on breaching;
- a national telephone survey of breached customers;
- a national postal survey of welfare agencies delivering emergency relief; and
- in-depth interviews with breached customers.

The SPRC submitted a draft review of existing knowledge on breaching to FaCS in July 2002 and this is included in a revised form as Section 2 of this report.

### **1.3 Structure of the report**

The structure of the report is as follows. Section 2 presents the review of existing knowledge about breaching, including a summary of evaluative material from overseas social security systems that have similar sanctions for non-compliance with requirements. Section 3 describes the breached customer survey methodology and discusses data validity. Section 4 then presents the results of the survey. Section 5 follows with the findings from a national postal survey of welfare agencies funded by FaCS to provide emergency relief. Section 6 presents the analysis of 20 follow-up, in-depth interviews with breached customers in various areas of NSW. Section 7 then summarises and discusses the findings from the study overall. Survey methodology and data weighting are further outlined in a series of Appendices, along with copies of the various research instruments used in the study.



## **2 Existing Knowledge on Social Security Penalties**

### **2.1 Policy background**

#### **The recent history of social security penalties**

Income support payments for people of workforce age in Australia have had some form of job search requirement attached to them since unemployment benefit was first introduced in 1947. Since then both the requirements and the penalties attached to non-compliance with them have changed and become more precisely codified. Between 1947 and 1979, for example, both the imposition and the level of penalties for not meeting the work test were largely discretionary. In general, requirements have intensified, although the range of activities accepted as fulfilling such requirements has also been expanded to include voluntary work and training, while penalties have fluctuated somewhat in their severity. In this section we provide some policy context for the study by outlining the main penalty-related changes that have taken place since the end of the 1970s. This is an appropriate starting date since it represents the key period of transition from so-called 'passive' income support to more work-oriented policies, in line with the OECD's 'active society' approach that was adopted to varying extents both in Australia and in most other industrialised member countries. The sources of information used here are Department of Social Security (DSS), FaCS and Centrelink documents from various years, and Moses and Sharples (2000).

Before 1979, the main requirements for unemployment beneficiaries were to register with the Commonwealth Employment Service (CES), to seek work and to accept suitable employment if it was offered. Failure to meet these requirements, or voluntary job loss, could result in a discretionary 'postponement' of payment of between two and 12 weeks. In 1979 the minimum period for such postponements was raised to six weeks, but this was dropped in 1984 in response to concerns that blanket application of this rule was causing hardship. The two-week minimum was reinstated in 1986.

In 1987 the work test was tightened through the introduction of a 'work intention' questionnaire for benefit eligibility and intensive interviews for young long-term beneficiaries. Waiting periods before benefit was payable were also instituted. The penalty for failing the work test or for voluntary loss of employment was changed to an initial two-week postponement for a first breach, accumulating by a further two-week increase for every subsequent occurrence in a three-year period, to a maximum of 12 weeks. In 1988 this work test was renamed the 'activity test', in recognition that people who are disadvantaged in the labour market needed to undertake a range of activities that could improve their employability, rather than simply be compelled to search for jobs for which they were uncompetitive.

This was also the period of Labor's Social Security Review, which placed greater emphasis on work and participation as a means towards income security. 1989 saw the beginning of the NEWSTART strategy aimed at promoting 'active employment'. Amongst other things, this included the introduction of intensive interviews and counselling for longer-term beneficiaries aged 21-54 years. The range of activities allowable under the activity test was also expanded again, but a 12-week payment cancellation period was introduced for beneficiaries who moved to an area of lower employment without good reason. The Commonwealth Employment Service (CES)

was also given greater scope to report breaches of the activity test to the then Department of Social Security (DSS). Payment of unemployment benefit was cancelled for the prescribed periods if the CES forwarded an adverse activity report to DSS.

In 1990 the range of allowable activities was expanded further, to include prescribed training and voluntary work as well as specified types of part-time work, and the NEWSTART program and services were extended to long-term beneficiaries aged 18-20 years. Alongside these changes came a greater codification of situations that constituted a breach, and the non-payment periods were extended to two-weeks for a first breach, six weeks for a second breach and a further six weeks for each additional occurrence, with no upper limit (within the three-year period).

In 1991 a new income support structure for unemployed people was introduced, comprising Job Search Allowance (JSA) for those aged 16-17 or aged 18 or more and unemployed for less than 12 months, and Newstart Allowance for those aged 18 or more and long-term unemployed. The previous penalty arrangements remained in force until 1994, during which time requirements were further enhanced for long-term beneficiaries through the introduction of intensive annual reviews, contractual 'activity agreements' and case management for Newstart allowees. For older recipients (aged 50-54) of the short-term benefit (JSA), however, the activity test, employment concessions and reporting requirements were relaxed in line with those already existing for allowees aged 55 or more.

1994-95 was the main period of Labor's *Working Nation* package, which expanded employment assistance and case management, and widened allowable activities again. It also introduced the concept of 'reciprocal obligation', under which a job placement guarantee (the Job Compact) was offered to longer-term beneficiaries, backed up by enhanced penalties for non-compliance with the activity test and labour market program participation. At this point activity test breaches were also separated from administrative breaches (with the latter mainly involving non-attendance at DSS or CES interviews or failure to comply with various notification requirements), and non-payment periods for activity test breaches became variable according to length of unemployment, as shown below. (Table 1) The rationale was that since assistance was being enhanced for longer-term beneficiaries, so should reciprocal penalties for non-compliance. Administrative breach penalties were set at two weeks for a first breach, eight weeks for a second and 14 weeks for subsequent breaches.

**Table 1: Activity test breach penalties, 1994-97**

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0-12 months	1 <sup>st</sup> breach = 2 weeks: subsequent breaches = previous plus 6 weeks
12-18 months	1 <sup>st</sup> breach = 4 weeks: subsequent breaches = previous plus 6 weeks
Over 18 months	1 <sup>st</sup> breach = 6 weeks: subsequent breaches = previous plus 6 weeks

---

The penalty structure was also made somewhat more flexible, in that exemption periods of up to 13 weeks were introduced for Newstart/JSA recipients unable to meet the activity test because of various special circumstances. 'Reasonable effort' to comply with the activity test was also defined more specifically in legislation.

However, non-payment periods for breaches became servable consecutively after other waiting periods rather than concurrently with them, as had previously been the case.

Following the 1996 election, the Coalition government disbanded most of the *Working Nation* programs, replacing them from May 1998 with the competitive employment services market (the Job Network), whereby most employment assistance was contracted out to external provider agencies. The activity test was further tightened through the requirement to record employer contact details on the application for payment form, and through the introduction of Employer Contact Certificates and the Job Seeker Diary for most new claimants of Newstart and Youth Allowance. From January 1997 the penalty for Newstart allowees moving to an area of lower employment prospects was increased from 12 weeks of non-payment to 26 weeks.

The range of actions that could attract breaching penalties also became wider, with stricter definitions of such concepts as 'suitable work' and 'sufficient reason' for declining work offers. From March 1997, breachable infringements included refusing/failing to attend a work interview; voluntarily leaving or being dismissed from an employment program; and refusing/failing to provide information about earnings.

New activity test penalties also became operative from July that year. These incorporated rate reduction periods for first and second breaches rather than full loss of payment, as shown in Table 2 below. From then on, activity test penalties were also calculated to take into account only previous activity test breaches and not administrative breaches, while the three-year accumulation period for breaches was shortened to two years and breaches incurred before July 1997 were disregarded in future penalty calculations.

**Table 2: Breach penalties from July 1997**

Breaches in a two-year period	Type of penalty	Payment loss (% of maximum basic benefit)	Penalty period (weeks)
Activity test breaches			
1 <sup>st</sup> breach	Rate reduction	18	26
2 <sup>nd</sup> breach	Rate reduction	24	26
3 <sup>rd</sup> and subsequent breach	Non-payment period	100	8
Administrative breaches			
	Rate reduction	16	13

These penalties were less severe than the Government originally intended. The initial legislation proposed to strengthen breaching arrangements by extending the activity test non-payment period to six weeks for the first breach and 13 weeks for all subsequent breaches, while all administrative breaches would incur rate reductions of 25 per cent for eight weeks. This legislation was defeated in Parliament following a

campaign by welfare advocacy groups, as was a further proposal for an 18 per cent reduction for 26 weeks for first breaches, then a 36 per cent reduction for 26 weeks for second breaches and a 13 week non-payment period for subsequent breaches. While welfare agencies still regarded the new penalty arrangements as harsh, the change was welcomed at the time by organisations like the Welfare Rights Centre, in view of what could have been introduced (Welfare Rights Centre, 1997).

Further related policy initiatives over this period included the introduction of Work for the Dole in October 1997. This was initially only for those aged 18-24 years and unemployed for six months or more, but it has since been expanded several times to include older and shorter-term unemployed groups. This has been part of a more general expansion of requirements for income support recipients under the 'Mutual Obligation' principle, which we now discuss briefly.

### **Mutual Obligation**

The notion of 'Mutual Obligation' in the social welfare policy context has emerged since the start of the 1990s in Australia and internationally, although the concept draws on theoretical traditions some centuries old (Kinnear, 2002). The basic premise of Mutual Obligation is that those who receive welfare assistance from the community (via the state) have corresponding obligations to that community. This represents a movement away from an entitlement-based social security system, where eligibility is linked to notions of citizenship, and towards a 'conditional' welfare system in which eligibility is also dependent upon the recipient's fulfilment of a series of requirements (Eardley, 1997).

The current Coalition Government's interpretation of this policy was summarised by the Prime Minister during an address to the Australia Unlimited Roundtable conference in 1999.

[A] defining aspect of our modern conservatism in social policy lies in our strong support for the principle of Mutual Obligation. Just as it is an ongoing responsibility of government to support those in genuine need, so also it is the case that - to the extent that it is within their capacity to do so - those in receipt of such assistance should give something back to society in return, and in the process improve their own prospects for self-reliance. (Howard, 1999: 7)

Within this model, Mutual Obligation is seen as a return to the traditional values of "responsibility, self-reliance and neighbourliness", where the "dignity of labour" is emphasised (Abbott, 2002: 38). These values are seen as crucial in counteracting the problems of 'welfare dependency' and disincentives to labour market participation. Welfare dependency has been identified as a social evil by many supporters of Mutual Obligation, on the grounds that it retards natural ingenuity and the drive to succeed.

Supporters of the policy argue that it is consistent with fundamental and longstanding principles within the liberal democratic tradition, where responsibilities are as important as rights and the commonsense notion of 'nothing for nothing' is valued. Criticism of Mutual Obligation falls into two main categories: first, that the policy focuses too closely on the individual and is not sufficiently reciprocal (ACOSS, 2001a, 2002; Kinnear, 2002); and secondly that the policy erodes citizenship rights

and freedoms, leaving individuals vulnerable to undue paternalism on the part of the state (Kinnear, 2002). The former critique emphasises government obligation to provide adequate assistance to job seekers, while ensuring that positive economic growth actually leads to a rise in jobs (ACOSS, 2001a). This second point emphasises that unemployment is contingent on the state of the labour market as well as on the job seeking efforts of the individual. Even in recoveries after recessions, job markets may not reflect economic growth or match the skills of the unemployed (ACOSS, 2001a).

Moss (2001) has further argued that in terms of moral philosophy it is ethically wrong to view a payment compensating for unemployment as placing an obligation on the the recipient to 'give something back' to the state, both because a contract entered into through coercion is not obligation-generating and because this obligation is weakened by a lack of mutuality.

### **Community attitudes to social security penalties**

The concept of Mutual Obligation, or at least the principle of activity testing, does appear to have gained broad acceptance in the community, including amongst job seekers themselves (Reference Group on Welfare Reform, 2000; Roy Morgan Research, 2000; Eardley, Saunders and Evans, 2001; Wallis Consulting Group, 2001). The survey by Eardley et al. found that this support was conditional on the characteristics and circumstances of different groups of income support recipients. Despite overall support for activity testing of certain groups, recent studies have also shown mixed responses to the current levels of sanctions and penalties.

Welfare advocacy groups have long argued that the penalty system is too harsh, even after the 1997 changes. This was also the conclusion of the Independent Review of Breaches and Penalties (Pearce, Disney and Ridout, 2002). The Minister for Family and Community Services, however, has rejected these criticisms on the grounds that "the current breach regime ... is a proper reflection of the community's expectations" (Vanstone, 2002a).

The evidence on this proposition is fairly limited and somewhat mixed. It does appear that there is majority support for the *principle* of breaching. The Roy Morgan (2000) study for FaCS, for example, found that around 60 per cent of respondents supported sanctions where job seekers failed to look for work and 70 per cent supported a reduction in payments where job seekers failed to undertake training activities. This study did not investigate, however, whether current *levels* of penalties were reasonable. A national survey of community attitudes carried out by the SPRC in 1999 asked one question about social security penalties (Eardley, Saunders and Evans, 2001). It described the current penalty regime in terms of the percentage deductions and the periods of reduced income and found that just over half the respondents overall judged these as 'about right', while around one-fifth saw them as 'too harsh' and 15 per cent as 'too lenient'. About 12 per cent could not say one way or the other. A further survey of Newstart and Youth Allowance recipients carried out in 2000 by Wallis Consulting, as part of FaCS' activity test evaluation, found majority support amongst this group too for the principle of penalties for non-compliance, with around 57 per cent also saying that the size of current penalties was 'about right' and 38 per cent that they were 'too harsh' (Tann and Sawyers 2001; Wallis Consulting 2001).

Thus the findings from these surveys, while differing somewhat in the types of questions asked, are fairly consistent overall.

However, all these studies have been criticised for not making more explicit to respondents the *monetary value* of breach penalties. A recent national survey carried out for the Brotherhood of St Laurence as part of a Newspoll Omnibus did include such information and produced significantly different results (Ziguras and Flowers, 2002). They found that a substantial majority saw the current penalty levels as unfair, with around 95 per cent proposing a level of breach penalties lower than the current level for all tiers of breaching. Around 60 per cent thought the maximum penalty even for a third breach should be \$100. Estimates of the current level of unemployment payments for a single adult were mostly fairly accurate, so judgements about penalty levels were unlikely to have been significantly distorted by misunderstanding of recipients' income levels. On the other hand, a substantial proportion of respondents were unable to say how large they thought penalties ought to be, and more than two-fifths of respondents still thought that second and third breaches (which carry significantly higher penalties) were fair.

Overall these studies seem to suggest that there is widespread approval of some form of penalties for non-compliance with aspects of activity testing, but that community support for penalties at the present monetary level may depend substantially on how survey questions are posed and on how much detail respondents are given.

### **Changes in the monetary value of social security penalties**

In this context it may be useful to trace how the relative value of penalties has changed over the period discussed here. As an illustration, Table 3 below shows these changes based on the value of Newstart payments for a single adult in June 2002.<sup>1</sup> The changes partly represent an increase in the codification of penalties and it is difficult to know in practice how the discretionary levels of penalty were imposed before 1987. In principle, activity test breaches increased in severity (with some fluctuation) until the mid-1980s, became less severe in 1987 and then increased in value again until the changes in 1997. However, the 1997 changes shifted the relative severity, depending on whether the breach was the first within the two-year period or a subsequent one. While second and third breaches resulted in a smaller loss of income, first breaches became substantially more costly for income support recipients unemployed for less than 18 months.

Before moving on to examine data on the numbers and distribution of breaches over time, we now briefly describe the current operation and administration of breaching, and outline recent changes.

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<sup>1</sup> This does not take into account any relative change in the value of such payments over time.

**Table 3: Illustration of changes in the monetary cost of breach penalties over time, based on payment to single unemployed person aged 21 at June 2002 (\$)**

Breach type	1947-79	1979-84	1984-86	1986	1987-90	1990-94	1994-97	1997-present
<i>Administrative</i> (per breach)	369-2214 (discretionary)	1107-2214 (discretionary)	Up to 2214 (discretionary)	369-2214 (discretionary)	369	369	369	384 <sup>e</sup>
<i>Activity:</i> 1 <sup>st</sup> breach <sup>a</sup>	369-2214 (discretionary)	1107-2214 (discretionary)	Up to 2214 (discretionary)	369-2214 (discretionary)	369	369	i) 369 <sup>d</sup> ii) 738 iii) 1107	864
2 <sup>nd</sup> breach	369-2214 (discretionary)	1107-2214 (discretionary)	Up to 2214 (discretionary)	369-2214 (discretionary)	738	1107	i) 1476 ii) 1845 iii) 2214	1151
3 <sup>rd</sup> breach	369-2214 (discretionary)	1107-2214 (discretionary)	Up to 2214 (discretionary)	369-2214 (discretionary)	1107 <sup>b</sup>	2214 <sup>c</sup>	i) 2583 ii) 2952 iii) 3321	1476
Total where 3 <sup>rd</sup> activity breach imposed	1107-6642 (discretionary)	3321-6642 (discretionary)	Up to 6642 (discretionary)	1107-6642 (discretionary)	2214	3690	4428- 6642	3491

Notes:

- a. Before 1987 there was no fixed distinction in penalty level according to the number of breaches
- b. Within 3 years, subsequent breaches to maximum of \$2214
- c. Within 3 years, no upper limit
- d. i) unemployed for under 12 months  
ii) unemployed 12-18 months  
iii) unemployed for more than 18 months
- e. Or \$369 if taken as 2 week non-payment rather than 13 weeks reduction by 16 per cent

### The operation of breaching since July 1997

Australia's system of unemployment assistance currently has two branches: income support and employment services. Since 1996, the Commonwealth Department of Family and Community Services (FaCS) has set income support policy, while Centrelink, the Commonwealth's service delivery agency, enacts FaCS policy, including the enforcement of penalties for those customers who have breached income support obligations. Employment services are the responsibility of the Commonwealth Department of Employment and Workplace Relations (DEWR).

Although DEWR contracts Centrelink to provide certain employment services, it also has separate contracts with commercial and non-profit organisations that provide employment services to job seekers (the Job Network). Under its service agreement with DEWR, Centrelink refers job seekers to these organisations and receives information from them about job seekers' activities. Job Network members, Community Work Coordinators and Community Support Program<sup>2</sup> providers have all been contractually obliged to advise Centrelink if they are aware of conduct by a

<sup>2</sup> Since July 2002 the CSP has been succeeded by the Personal Support Program, administered by FaCS but contracted out to external provider agencies.

person that could constitute a breach of their activity test obligations. As is described in more detail in the next section, breaches incurred as a result of reports from Job Network provider organisations have made up a growing proportion of activity test breaches in recent years.

Centrelink investigates participation reports and decides whether or not to breach the customer. Consequently not all participation reports lead to a breach actually being imposed. Where a breach is incurred it may still be overturned either by the original decision maker, at internal review or by appeal to the Social Security Appeal Tribunal (SSAT) or Administrative Appeal tribunal (AAT).

Centrelink administrative requirements include a range of actions such as attending a Centrelink office when required, replying to correspondence or notifying of changes in circumstances, such as beginning a *de facto* relationship or marriage, or receiving some employment income (Centrelink, 2002a). To satisfy activity test requirements job seekers must demonstrate that they have undertaken a number of activities, depending upon the agreements they have entered into with Centrelink. Generally, this requires evidence that job seekers actively seek suitable paid work; accept suitable work offers; attend all job interviews; agree to attend approved training courses or programs; do not leave a job, training course or program without good reason; provide Centrelink with accurate details about any income earned; maintain a Jobseeker Diary correctly, if required; and enter into and carry out a 'Preparing for Work' agreement, if required (Centrelink, 2001a). Failing to meet any of the above requirements, whether administrative or activity-related, may lead to a breach and an accompanying penalty.

For those who have been receiving Newstart Allowance (NSA) or Youth Allowance (YA) for a longer period, there are additional Mutual Obligation activity requirements. For those job seekers aged between 18 and 49 years, Mutual Obligation activity is now required after a period of six months in receipt of payment. Approved activities fall into three categories: training; employment or community participation; and programs of employment assistance. Different activities have different time requirements, depending on their content and purpose. For example, as of July 2002, paid part-time work is an approved activity, if it is of at least 130 hours in duration over 13 fortnights (Centrelink, 2002c).

Unemployed people who fail to meet administrative or activity-related requirements (including Mutual Obligation activities) are considered to be in breach of their obligations. These breaches should not be confused with welfare fraud, however, which is a deliberate attempt to misrepresent personal circumstances, assets or income. Rates of prosecution for social security fraud have remained consistently low despite fluctuations in the rate of penalties imposed for administrative and activity-based breaches (O'Connor, 2001). This is partly, of course, because only the most serious cases of alleged fraud are referred for possible prosecution. Nevertheless, although fraud is a criminal matter, breaches remain civil matters dealt with by Centrelink directly, without resort to the legal system. Although the severity of penalties varies markedly between administrative and activity breaches, the distinction between these breach classifications can be "somewhat arbitrary" in nature (OECD, 2001: 176). For example, failure to return an Employer Contact Certificate is counted as an activity test breach, whereas failure to attend an interview for the Job Seeker Diary is counted as an administrative breach.



This description of the requirements and related penalty regime shows that it has become increasingly exacting for income support recipients. Also, although it may be argued that for individual job seekers the options are simple – ‘meet your specified requirement or risk being breached’ - the literature cited below suggests that the income support system has also become more complex for recipients to negotiate. At the end of 2000, for example, the range of possible reasons for breaching under activity test requirements ran to 40, with 16 for administrative breaches (Moses and Sharples, 2000).

In response to concerns from welfare groups about the rise in breaching, a number of procedural changes have been introduced since mid-2001 (Vanstone, 2002b). The main changes include:

- The Third Breach Alert (from June 2001)

This involves consultation with a specialist Centrelink office (social worker or occupational psychologist) before a third breach is imposed, to see whether a customer has special needs or may lack the capacity to meet their requirements.

- The Second Breach Intervention (from August 2001)

This was a pilot scheme whereby customers are called in for interview at the time of second breaches to identify factors that might contribute to future breaching and to reinforce information about obligations. The pilot is currently being evaluated.

- Temporary suspension of payments for administrative breaches (from July 2002)

This allows Centrelink to suspend payments temporarily where customers have missed interviews and cannot be contacted. The aim is to get customers to come in to Centrelink to discuss their situation and provide information for a better breach decision. The suspension is lifted on contact with Centrelink and the allowance is backpaid. Where customers provide reasonable excuses for missing an interview no breach penalty is applied.<sup>3</sup>

Other significant changes that took effect from July 2002 include reclassification of failure to attend an interview without good reason as an administrative breach rather than an activity test breach, and a broadening of breach waiver provisions to include starting approved rehabilitation or training courses. In addition, in response to an internal review of procedures by Centrelink, a number of other initiatives have begun to reduce the likelihood of breaches. These include more ‘risk profiling’, more help with earnings verification and more staff training on dealing with vulnerable customer groups. Recent data indicating a substantial drop in breaching numbers suggest that these initiatives, along with a generally increased sensitivity to the issue, are having an impact (National Welfare Rights Network, 2003). FaCS’ own internal review of the changes suggests that not only have breach numbers dropped overall, but they

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<sup>3</sup> From September 2003, these temporary suspensions have also been applied to activity test breaches.

have declined amongst groups most affected by breaching, including the youngest age group and Indigenous customers (Department of Family and Community Services, 2003).

### **Changes introduced as part of *Australians Working Together***

As a result of negotiations in the Senate to secure the passing of the AWT legislation, a number of important changes to the breaching arrangements have begun to take effect from September 2003. These changes affect both the new groups of income support recipients who become subject to activity testing under AWT – parents and older unemployed people – and those already subject to penalties.

Briefly, the main changes are as follows:

- For Newstart and Youth Allowance recipients, with some exceptions, the 26-week penalty for a first activity test breach, or the 13-week penalty for a first administrative breach within a two-year period, can be reduced to eight weeks where the recipient subsequently complies within a specified time. The exceptions are where it is judged that the recipient cannot comply or has deliberately flouted the rules in some way.
- A job seeker has 14 days after signing an activity agreement to propose amendments before it takes effect.
- The eight-week penalty period provisions is also now extended to Special Benefit recipients.
- Centrelink are required to make further attempts to contact job seekers before imposing a breach, to check their circumstances, their capacity to comply and the reasonableness of explanations for not complying. Job Network agencies will be contractually obliged to make two attempts over two days to contact clients before submitting a participation report.
- In addition 14 days notice must now be given for a breach and the notice must contain reasons.
- The requirements and potential penalties to come into effect for Parenting Payment recipients and unemployed people aged over 50 years have been reduced from those originally proposed. If parents are breached but subsequently comply, payment will be restored and backdated. For older unemployed people, restoration of payment can also take place following compliance but without backdating.
- A Breaching Review Taskforce has been set up, with an independent chair and two ACOSS nominees amongst the members, to review data and procedures for breaching and to assess the fairness of their imposition on both existing and new groups covered by the AWT legislation. Quarterly data reports on breaches will also be made publicly available and a series of special audits and reviews of breaches will be instituted.

Before this agreement was reached, the data available on breaching have been limited. Nevertheless it is important to understand the quantitative background to the

controversy on breaching policies. We therefore move on to analyse the rise in the numbers of breach penalties imposed in recent years and to look at the evidence on how these penalties have been distributed.

### 2.2 The growth and distribution of breaches

This section provides an analysis of the quantitative data available on the number and types of breaches that have been recommended and imposed in recent years. It should be noted that at this stage there were still gaps in the data available at the time of writing. Most of the analysis at present is based on Centrelink administrative data obtained by advocacy groups from FaCS or the Department of Employment and Workplace Relations under Freedom of Information legislation, on the review of breaching data from within FaCS by Moses and Sharples (2000), and on subsequent additional information provided by FaCS.

#### Terminology

There are difficulties with the terminology of breaching, as different authors use different terms in discussing various stages of the process and it is not always clear what they mean. The terms used have also changed to some extent over time. The possibility of a breach may arise as a result of Centrelink identifying that a customer has not fulfilled a requirement or when a Job Network agency reports such an infringement in a ‘participation report’. However, not all these possible breaches are actually put into effect, either because the customer is able to show good reason for their actions or inaction, or because after Centrelink investigation of the reported infringement it is not judged appropriate to proceed with a breach. Where a breach is actually put into effect, it is variously described as ‘incurred’ or ‘imposed’. Subsequently a breach could be sent for internal review by an ARO or to appeal at either the SSAT or AAT. There it could be ‘overturned’. Some authors distinguish here between a breach being incurred or imposed, but there is no consistency in usage. Most of the data available refer to breaches ‘imposed’, although there is some limited information about numbers of successful appeals against breaches incurred.

#### Trends in the number of breaches since 1995

Table 4 shows the number of breaches imposed each year, by the type of breach. There are no data available at present for previous years. It should also be noted that these data are for breach *occurrences*, not the number of *individuals* breached in a given year. The latter is affected by the number of times different individuals receive penalties during the year, as is discussed further below. The steep upward trend to 2000/01 is evident, as is the increase in the proportion of breaches derived from failing to meet activity test requirements. In 1996/97 they accounted for less than half of all breaches, rising to over 80 per cent in the first half of 2001/02. There are several possible factors at work here. The first is suggested by ACOSS, whose research indicates that there was at the time “a general toughening of attitude in many Centrelink offices” (ACOSS, 2001b). This could perhaps have been accompanied by a perception that since the revised penalties from 1997 onwards were less harsh they were also easier to impose. Another important reason is that activity test requirements themselves have grown over the years, as discussed earlier. A related explanation is that more infringements that might earlier have been regarded as administrative have come to be treated as breaches of the activity test. This was certainly the case for some breach reasons routinely included in activity agreements (Preparing for Work

Agreements) from July 2000. The shift back, from July 2002, of ‘failing to attend an interview’ from the activity test breach category into the administrative category seems to be an implicit recognition of this. The table also shows how the number of breaches has fallen again since 2001 as a result of the administrative changes discussed above.

**Table 4: Number of breaches, 1995 to 2001, by breach type**

Year	Activity breaches imposed (number) <sup>a</sup>	Admin. breaches imposed (number)	Activity breaches as a percentage of total	Total breaches imposed (number)	Index
1995 (Apr-Dec)	36,916	41,547	47	78,463	-
1996-97	47,400	65,700	42	113,100	100
1997-98	60,981	59,737	51	120,718	107
1998-99	n/a	n/a	n/a	212,900 <sup>b</sup>	195
1999-00	177,759	124,735	59	302,494	267
2000-01	294,747	92,199	76	386,946	342
2001-02	226,446	43,457	84	269,903	-
2002-03	93,260	40,979	69	134,239	119

Notes:

a. Instances of breaching, not persons breached.

b. Actual figures for the activity and administrative components of total breaches imposed in 1998-99 are not reported here. Moses and Sharples (2000, Table 4) note, “an error in the Centrelink computer system resulted in the under-representation of breach numbers for 1998-99 by an estimated 48,000 breaches...This error has been rectified for all breach data recorded from July 1999 onwards, substantially increasing the apparent numbers of reported breaches”.

c. Total imposed breaches 2000/01 also reported by Senate Community Affairs Legislation Committee (2002) as 391,478. Not known which is correct.

Sources: Mullins and Raper (1996), Moses and Sharples (2000, Table 4); and Senate Community Affairs Legislation Committee (2002).

Finally, some of the biggest increases occurred since the start of the Job Network. As discussed further below, provider agencies have had both a contractual obligation and some financial incentives to report activity test infringements, although many of these reports do not actually lead to breaches being imposed.

### Reasons for breaching

Data on reasons for breaching are currently available for the period from 1997 to the end of 2001 (Table 5). The breakdown of reasons from the various sources and time periods is somewhat different and it is not always clear whether similar-sounding reasons fall into precisely the same categories at different times. Also, ‘failing to attend an interview’ tends mainly to be an administrative breach, but it can in some circumstances result in an activity test breach. Failing to attend a seminar or interview has been the main cause for a breach being incurred for several years. Different types of interviews and seminars are variously classified as activity or administrative requirements. As reasons for being breached, failure to act on correspondence, attend interviews or seminars, or declare earnings correctly, consistently rank highly, although in the most recent period the latter has declined relative to others, particularly failure to attend an interview with a Job Network provider. In 1999/2000,

breaches related to the Job Network made up 24 per cent of all breaches (Moses and Sharples, 2000).

**Table 5: Reasons for breach, various years**

Activity Test and Administrative Reasons	1997/98	1997/98	1999/00	1999/00
Panel I	n	%	n	%
Failed to attend information seminar	13,620	11	47,052	16
Failed to correctly declare earnings from employment	21,769	18	42,368	14
Did not attend interview with service provider			35,275	12
Failed to attend employment agency office	16,549	14		
Failed to attend an agency office interview			17,848	6
Did not attend interview with employment agency to enter an activity agreement	13,102	11		
Failed to attend 3 month / 9 month interview	9,236	8	19,380	6
Failed to reply to a letter	18,260	15	14,006	5
Voluntarily unemployed (left work without sufficient reason)	9,073	8	12,202	4
Failed to enter into activity agreement	7,942	7	11,449	4
Failed to carry out an activity agreement	5,532	5	10,353	3
Failed to attend Work for the Dole project			10,140	3
Failed to attend initial mutual obligation contact to enter an activity agreement	4,950	4		
Other reasons	685	1	82,421	27
<i>Total</i>	<i>120,718</i>	<i>100</i>	<i>302,494</i>	<i>100</i>

	2000/01	2000/01
Panel II	n	%
Did not attend interview with Job Network member	28,038	17
Failed to attend compulsory WFD interview	13,011	8
Failed to correctly declare earnings from employment	11,223	7
Not complying with terms of Activity Agreement	8,866	5
Failed to attend interview (for preparing for work agreement)	8,211	5
Failed to attend Preparing for Work Agreement appointment	7,834	5
Failed to contact a Job Network member within 7-14 days	6,944	4
Failed Activity Test (Job Seeker Diary)	5,720	3
Failed to attend initial Mutual Obligation interview	5,581	3
Voluntarily Unemployed	5,382	3
Failed to attend Work for the Dole project	5,056	3
Other	60,619	36
<i>Total</i>	<i>166,485</i>	<i>100</i>

Sources: Panel I derived from ACOSS (2000a, Figure 6); 2000b). Panel II derived from ACOSS (2001a, Table 3)

In a survey of clients of their emergency relief services, the Salvation Army (2001) found that clients reported 'failing to reply to a letter' as the main reason for their being breached. This was followed by 'failing to attend a Job Network provider interview', 'failing to correctly declare earnings', 'failing to attend an information seminar' and 'failing to attend a Centrelink office interview'. Close to 10 per cent of respondents to the survey said that they did not know why they had been breached.

Although this survey would not have been representative of all breached customers, the finding is broadly in line with those above

### 2.3 Changes in the accumulation of breaches

Table 6 provides a breakdown of imposed activity test breaches by whether they are recorded as first, second or third breaches. As described earlier, this categorisation began in 1987, at least in terms of specified, differential penalties, but we do not have data from before 1999/2000.

**Table 6: Activity test breaches: 1<sup>st</sup>, 2<sup>nd</sup>, and 3<sup>rd</sup> breach distribution, 1999-2001**

	1st Breach	2nd Breach	3rd Breach	Unknown	Total
<i>Number of activity test breaches</i>					
1999-2000 <sup>a</sup>	123,521	39,541	13,647	1,050	177,759
2000-2001 <sup>b</sup>	175,636	78,066	39,747	1,298	294,747
2001-2002 (first half) <sup>b</sup>	70,145	32,280	17,130	-	119,555
<i>Percentage distribution of activity test breaches</i>					
1999-2000a	69.5	22.2	7.7	0.6	100
2000-2001b	59.6	26.5	13.5	0.4	100
2001-2002 (first half) <sup>b</sup>	58.7	27	14.3	-	100

Notes: Instances of breach presented, not persons breached. Published data for 2000-2001 did not separate 'unknown' category into proportions, but this has been rectified above using the stated number of breach cases in the same published document.

Sources:

- a. Lackner (2001, Table 3) and ACOSS (2001a, Table 4).
- b. Community Affairs Legislation Committee (2002)

The current framework of breaching penalties began in 1997 and involved a 'clean slate' for previous accumulated breaches. We would therefore expect the proportion of third breaches to have increased in the first few years after implementation. However, as the policy has been in place for a number of years now, this rate of increase should have reached a plateau.

The table shows the start of the recent fall in the overall number of breaches following the various procedural changes outlined earlier, but at least until the end of the calendar year 2001 it appeared that the proportion made up of 3<sup>rd</sup> breaches was still increasing, in spite of the introduction of initiatives such as the Third Breach Alert. Moses and Sharples (2000) suggest that a stronger labour market will influence the decision to breach, as decision makers will "have a greater focus on compliance and will be less tolerant of breaches of the activity test" (Moses and Sharples 2000: 15). In addition, Moses and Sharples raise the possibility that a strengthening labour market could mean that those remaining in the breachable population are those who have

greater disadvantages (both labour market and social disadvantages), leaving them more vulnerable to breaching.

### **Numbers of individual customers breached**

As noted above, the preceding tables all refer to the number of breach cases rather than individual customers that receive a penalty. The information available on the latter is still limited.

Since the beginning of the period for which data are available, the raw number of imposed breach cases has increased steadily. However the *rate* of breaching depends on the number of individuals in the population subject to potential breaches and this has also changed over the years. Where annual information on this denominator population is available, an overall breach rate can be constructed for each year, as shown below. This is useful in determining whether breaching has become more or less prevalent.

$$\text{Breach Rate} = \frac{\text{Number of individuals breached in period}}{\text{Number of individuals who received payment in period}} \times 100$$

This number of individuals breached is necessarily smaller than the number of breach cases, because an individual may incur multiple breaches within the period. The formula above does not separate out first from subsequent breaches during a given period, but could be repeated for each level of breaching given the necessary data.

The published literature gives widely varying estimates of breach rates, but this is because they use different denominators and make different assumptions. For example, Lackner (2001) reports an individual breach rate of 25.7 per cent for 1999/2000, compared to estimates by Moses and Sharples (2000) of around 11 per cent in 1998/99 and 15 per cent in 1999/2000. Lackner's estimate appears to be incorrect because in attempting to calculate the number of individuals breached she simply adds together first activity test breaches and the total of administrative breaches. This assumes that second, third or subsequent breaches occur in the same year as the first breach. Thus a person who received a second breach but whose first breach did not occur within 1999/2000 is not included in these totals. This understates the overall number of people breached. However, by adding together first activity test and administrative breaches she overstates the number of individuals breached. because a substantial proportion of individuals have both an activity test and administrative breach. The latter effect is larger. Lackner's breachable population figures (the denominator) also understate the total number of people in the relevant payment groups who received payments during the year, because she bases her figures on monthly data. For these reasons Lackner's individual breaching rate data appear unreliable.

Table 7 shows such information as we have at present on the number of individuals that have had breaches imposed, by year and payment type. Underlying the Youth Allowance breach rates of between five and 10 per cent over the three years are two different groups in terms of breach rates. The breach rate for Youth Allowance – Full Time Student customers was significantly lower (1.7 per cent in 1998) than that of Youth Allowance – Other (18.7 per cent in 1998). Moses and Sharples (2000) suggest that this difference may be attributed partly to there being fewer requirements placed

on full-time students. However, they are still required to be enrolled in an approved course and to undertake at least 75 per cent of a full-time study load. If they drop out of a course they are also required to repay any allowances received whilst not engaged in study. Thus their activity test requirements are still significant. Another factor underlying this difference could be that YA recipients not undertaking study are more disadvantaged than those studying and thus more liable to have difficulties meeting their requirements. A FaCS Youth Allowance evaluation also found that young recipients tended to want to leave Centrelink offices as soon as possible after interviews and were perhaps less inclined to take in the detail of the requirements outlined to them (FaCS, 2001).

**Table 7: Number of individuals breached and breach rates, 1998-9 to 2000-01**

Year	Number of NSA recipients breached	Number of YA recipients breached	Number of Other recipients breached	Breach Rate NSA (%)	Breach Rate YA (%)	Breach Rate Other (%)	Overall Breach Rate (%)
1998/1999	120,214	31,384	1018	10.3	5.5	1.5	8.4
1999/2000	150,147	46,790	1086	13.7	8.0	1.8	11.4
2000/2001	181,444	58,741	1526	17.1	10.1	2.5	14.2

Notes: 1. 'Other recipients' includes recipients of Austudy, Special benefit and Youth Training Allowance.

2. Breach rates are based on the total 'breachable' populations for the respective years.

3. A person breached while on YA and then breached again while on NSA later in the year would appear in both payment columns, but only once in the total.

Sources: ACOSS (2000a, Figure 4) and FaCS

Table 8 provides an estimate of the average number of breaches per breached Youth Allowance customer in 1999/2000. Male Youth Allowance customers had a higher number of breaches per person than did females. There was also a higher average breach rate per person for the 18-20 year group than for those under 18 years. However, averaging in this way does not articulate the uneven distribution of breaching. Some customers are breached repeatedly, while others are not breached at all. Third and subsequent breaches are treated the same if they occur within a two year period. If individuals' patterns of breaching continue over the following year, this means that a sizeable group of people will experience what amounts to a lengthy period without payment. Moses and Sharples (2000: 16) state that as many people have both activity test and administrative breaches on their records, "This suggests that a growing number of people are having difficulty meeting their requirements on an ongoing basis."



**Table 8: Average number of breaches imposed per breached Youth Allowance recipient, 1999/2000, by age and sex**

Age	Male	Female	All
Under 18 years	1.4	1.2	1.4
18-20 Years	1.5	1.4	1.5
All Youth Allowance jobseekers	1.5	1.3	1.4

Sources: Mullins (2002, Table G) and FaCS (2002, Part 3, Section 2, Table 14).

### Job Network participation reports

Much of the data available on breaching are counts of either the breach or the individual. The Productivity Commission (2002), in its review of the Job Network, looked at the question in a different way, attempting to determine what features of employment service agencies were associated with a higher propensity to report breachable infringements. They used a regression model of Job Network providers in which the dependent variable was the 'breach to commencements ratio' for each provider. This showed that higher 'breach recommendation'<sup>4</sup> rates by Job Network providers were associated with the provider: being profit-oriented; providing Job Network services in the Northern Territory as opposed to elsewhere in Australia; having fewer 'B level' Intensive Assistance job seekers; having higher shares of job seekers who were Indigenous or from a non-English speaking background; and being a relatively poorer Job Network performer (as measured by the star rating). It is interesting that the composition of the Job Network provider clientele is not the only significant element of the model. Indeed, aspects of the Job Network provider's own operations were found to be significant and to have a large impact on their breach report rates. The finding that breaching is more common amongst poorer performing agencies, taking into account the nature of their clientele, suggests that more effective providers can achieve results without resorting to breaching.

Pressures on Job Network agencies to achieve outcomes are also likely to have influenced the level of adverse participation reports going to Centrelink. A number of studies have shown that employment services agencies commonly use breach reports both as a way of encouraging clients to attend and engage with their service, and as a way of replacing clients who are harder to help with others who may be more cooperative (Eardley, Abello and MacDonald, 2001; Productivity Commission, 2002). As the OECD (2001: 180) states, in its review of the Australian labour market, "Job Network providers have an incentive to recommend breaches because their income depends upon enrolments." According to Jobs Australia,

For a provider, the difficulty is that in many cases breaching is the only way to get referred job seekers who are not attending off the case load (and thus get new referrals who are willing to participate).

<sup>4</sup> Strictly speaking providers do not 'recommend' breaches but simply provide 'participation reports' indicating an infringement of requirements.

Were there another means of achieving this, the recommendation of breach rate would be lower (Jobs Australia, 2001: 8).

Table 9 shows that in two corresponding eight-month periods over consecutive years, participation reports from the Job Network and Community Work Coordinators (who manage Work for the Dole schemes) increased by 166 per cent. However, the rate at which Centrelink converted these participation reports into actual breaches fell over this period.

**Table 9: Participation reports by Job Network agencies, 1999-2001**

	Sept 1999 - Feb 2000	Sept 2000 - Feb 2001
Job Network Participation Reports to Centrelink	64,078	106,627
Number of Reports that resulted in incurred breaches	34,044	49,420
Breach Rate (%)	53	46

Source: ACOSS (2001a, Table 7)

The latest data on breach reporting by providers are somewhat unclear. In 2000/2001, Centrelink reported received just under 216,000 participation reports from the Job Network, while for the first six months of 2001/2002, they received 97,000 (Senate Community Affairs Legislation Committee, 2002, Q9 answer (c) pg 33), suggesting a drop over a full year. However, FaCS reports that the number of participation reports provided between July and November 2002 increased by 12 per cent compared to the equivalent period in 2001 (134,000 compared with 120,000) Department of Family and Community Services, 2003). However, the proportion of participation reports resulting in a breach being imposed fell over this period from 34 per cent to only 20 per cent, translating into a decrease of around 14,000 breaches being imposed as a result of these reports.

### 2.4 Reviews and appeals against breaches

As discussed earlier, breaches incurred may be challenged either with the original decision maker, at internal review or by formal appeal. A sizeable proportion of breaches are overturned at one or other of these stages. Although it is possible for customers to be placed on 'payment pending review' in these circumstances, many successful appellants would still be living on reduced payments during the time it takes for their breach to be overturned. It would be of interest to know how long on average this takes, but this information is not available.

We do not have up-to-date or full information on the numbers of reviews and appeals or on changes over time, but Table 10 provides a breakdown of customers with breaches incurred in a period of two years to 20 March 1998, according to whether they were eventually imposed or overturned by the original decision maker. Some of those not overturned at this point will later have gone on to formal review or appeal.

**Table 10: Breaches overturned by original decision maker: all customers with breaches in two years to 20 March 1998**

<i>Activity Test Breaches</i>	
All customers with breaches	110,779
Latest breach overturned	10,872
Percentage overturned	10.9
<i>Administrative Breaches</i>	
All customers with breaches	133,060
Latest breach overturned	51,948
Percentage overturned	39.2
<i>All breaches</i>	
All customers with breaches	243,839
Latest breach overturned	62,830
Percentage overturned	25.8

Source: Sanders (1999, Table 2.5)

Sanders (1999: 6), ACOSS (2000a: 7) and Considine (2001: 55) all refer to evidence which suggests that administrative breaching is often used by decision makers as a way of getting the attention of the client. The higher rate of overturning of administrative breaches would appear to support this idea. Sanders (1999) also expected to find that this would be applied even more to Indigenous recipients, who have relatively high levels of mobility and low levels of literacy, but the data did not support this hypothesis and rates of overturning for breaches of both types were virtually identical to those for non-Indigenous recipients. This could be because of the additional difficulties Indigenous customers may face in negotiating the review and appeal systems and a general reluctance to challenge official decisions.

**Table 11: Success rates for reviews and appeals against breaches: July 1998 - April 1999**

	ARO	SSAT	AAT
<i>Activity Test Breaches</i>			
Number of activity test appeals	888	89	34
Number of successful appeals	235	39	16
Success rate (%)	26	44	47
<i>Administrative Breaches</i>			
Number of administrative appeals	995	97	8
Number of successful appeals	218	24	0
Success rate (%)	22	25	0

Source: ACOSS (2000b), based on data provided by FaCS

The relatively high overall rate of success for those cases where a breach is challenged formally is demonstrated in Table 11 above. Success rates for activity test breach appeals are significantly higher once an appeal reaches a tribunal, but this may be explained partly by the fact that those customers who have the strongest cases are more likely to appeal. On the other hand, welfare advocacy groups also argue that

many customers do not appeal even when they might have good grounds for doing so. They suggest that reasons for this include: lack of awareness of appeal rights and misleading information from Centrelink (ACOSS, 2000a); inability to engage with appeal procedures because of disorganised lives (Australian Federation of Housing Organisations, 2001); and inability to access the resources or support necessary to appeal (Mullins, 2002).

The small number of formal appeals that take place indicates that the overall rate of breaches overturned as a proportion of all breaches incurred is low. According to Centrelink, in 2000/01, only 1.3 per cent of all breaches imposed were overturned by appeal to AROs, SSAT or AAT (Senate Community Affairs Legislation Committee, 2002). However, this figure would not include those overturned by the original decision maker.

### **2.5 The demographic distribution of breaches**

There is only limited information available about how breaches are distributed amongst the income support recipient population. Table 12 provides some information for 1997 and 1998, based on analysis of former DSS administrative data by Sanders (1999).

In Sanders' data set, a breach appearing on a customer's record could be current or may have been placed on their record in the previous two years. The data set contains information only about people who were customers of DSS/Centrelink in the previous six months and who might or might not be customers on the day the data were extracted. This being the case, breach rates here are not constructed in the same way as in the data discussed earlier in this Section. The breach rates in are biased upwards because customers have a longer time to accumulate breaches and because customers who left payment before the six-month capture do not appear in the data. Table 7 above is preferred for looking at trends in breaching across time. However, for the purposes of comparison by customer characteristics, the breach rates provided in Table 12 remain instructive.

Aboriginal or Torres Strait Islander (ATSI) identifying customers had an activity test breach rate 1.5 times higher than customers who did not identify as Indigenous. For administrative breaches, the ATSI breach rate was twice as high as for non-Indigenous customers. In 1999-2000, Indigenous people still had generally higher breach rates - at 19 per cent, these were approximately 1.4 times higher than non-identifiers (Moses and Sharples, 2000). Some caution again needs to be exercised with these estimates, as ATSI identification in administrative records is incomplete because the field was not then compulsory. Nevertheless, the evidence does suggest a substantially higher level of breaching amongst Indigenous customers.

**Table 12: Breach rates by demographic characteristics**

	20 June 1997	20 June 1997	20 March 1998	20 March 1998
	Activity	Administrative	Activity	Administrative
Male	6.7	6.0	10.0	11.5
Female	4.8	4.7	6.9	9.3
ATSI	9.2	10.9	13.4	19.7
Did not identify as ATSI	6.0	5.4	8.9	10.5
Unpartnered	7.0	6.6	10.3	12.6
Partnered	3.8	2.9	5.6	6.0
Under 18	5.8	7.5	6.8	13.0
18-21	9.6	9.3	13.2	17.0
22-24	8.8	7.7	13.6	15.6
25-34	6.8	6.0	10.7	12.1
35-44	3.8	3.3	6.0	6.8
45-54	2.3	2.0	3.6	4.2
55+	1.6	1.1	1.9	2.4
All	6.1	5.6	9.0	10.8

Notes: Sanders (1999) adds administrative and activity breaches together to get a total breach rate. This double counts those individuals who received both type of breach, consequently overestimating the breach rate. Activity and administrative breach rates are kept separate here for this reason.

Source: Derived from Sanders (1999, various tables)

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Sanders (1999) also found that breach rates for Indigenous Australians varied by location. For instance, in several areas, notably where ATSI identifiers made up a larger share of Centrelink office customers, there was a higher rate of activity test exemption for Indigenous Australians. This is a factor in lower breach rates for the Northern Territory generally (excluding Tennant Creek in Sanders, 1999). The difference between ATSI and non-Indigenous customers would be even greater were these activity tests exemptions not in place, as there is generally a higher incidence of activity test exemptions among Indigenous Australians (approximately 15 per cent, compared with 11 per cent for non-Indigenous customers [Sanders 1999, Table 2.4]).

The data from Sanders (1999) also indicate that men are more likely to have been breached than women. Single customers too have higher breach rates, but age could actually be underpinning this association. Breaching is clearly age-related, with younger customers much more likely to be breached than older customers. Indeed, combining both of these facts, Moses and Sharples (2000) find that men aged 18-24 have a breach rate of 26.3 per cent (year unknown).

The preponderance of breaching amongst younger recipients or Youth Allowance customers is highlighted in a number of reports and studies, as listed in Table 13 below.

**Table 13: Evidence on young people and breaching**

Author	Finding
Sanders (1999)	Breach rates for 18-21 year olds, and 22-24 year olds are noticeably higher than for other age groups, both in snapshot data of 1997 and 1998.
Lackner (2001)	Under 24 year olds account for 53% of all imposed breaches in 1999/00.
ACOSS (2000b)	In 1998/99 <sup>a</sup> 56% of all breaches were imposed on customers aged 24 years or under.
Moses and Sharples (2000)	Males under 30 years of age accounted for 47% of imposed breaches in 1998/99, despite making up only 30% of the job seeker population in June 1999.
ACOSS (2001a)	For the period September 2000 to February 2001, people under 30 years of age accounted for 71% of all incurred activity test breaches and 76% of all incurred administrative breaches.
Senate Community Affairs Legislation Committee (2002)	In 2000/01 people under 25 years accounted for 49% of all incurred activity test breaches, and 58% of all incurred administrative breaches. Similarly, in the first half of 2001/02 this age group accounted for 50% of incurred activity test breaches and 61% of incurred administrative breaches.

Note: a. Although 1998/99 Centrelink data were reported by Moses and Sharples (2000) to contain errors, there is no reason to believe this error is systematically related to age of the customer.

Breach rates within a group are one way of looking at breaching. Another way is presented in Figure 1. This shows the age composition of the breached population, set against the age composition of all those customers who are 'breachable'. Each set of coloured bars sums to 100 per cent. Thus, each individual bar represents the proportion of that population who are in a particular age bracket. It illustrates how young people are substantially over-represented among the breached population, while the 25-29 year old group is also over-represented to a lesser extent. It should be noted, however, that this figure is based on estimates by Lackner (2001): the problems with her analysis are discussed above. This means that the figure overstates the overall rate of breaching, although it is not clear how far the age distribution is also affected. In order to correct this illustration more detailed data are needed on the age breakdown of individuals breached.

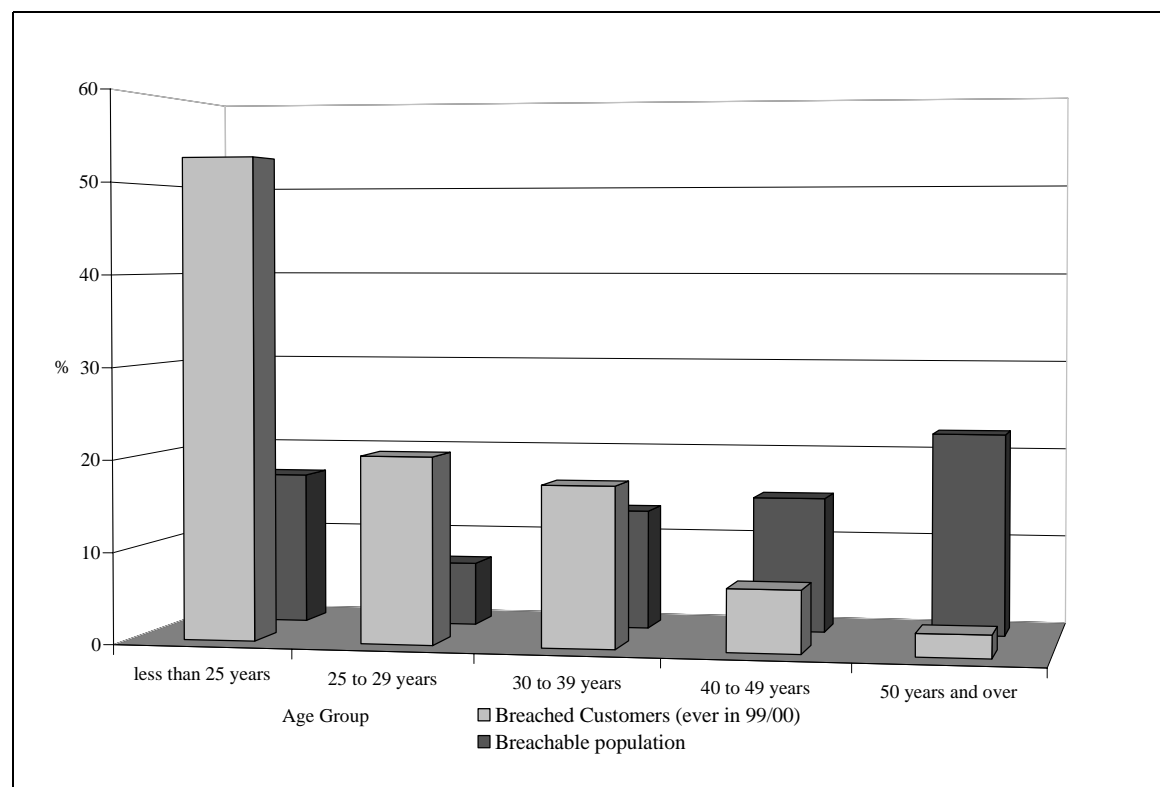
## 2.6 Qualitative evidence on causes and impacts of breaching

Having summarised the available quantitative data on the incidence of breaching, we now move on to discuss the (largely) more qualitative evidence on the factors that increase the risk of being breached and (in the following section) on the impact of receiving a penalty.

### The nature of the evidence

Most of this evidence comes from charitable and non-governmental welfare organisations and advocacy groups. As stated in the introduction to this report, much of it is based on client case studies or data gathered from small, non-representative samples. A number of the reports involved also refer to each other in support of their findings. This does not invalidate the findings, but it is possible that welfare agencies tend more often to see people experiencing the most adverse impacts of the breaching system.

**Figure 1: Age profile of breached customers, 1999-2000**



Source: Derived from Lackner (2001, Table 8). Note discussion of problems with Lackner's estimates above.

As a way of helping the reader to judge the weight to be placed on the various forms of evidence, we first provide a brief summary of the main studies, indicating the types of data drawn on and the sample sizes involved.

The first main report comes from the *Independent Review of Breaches and Penalties in the Social Security System* (Pearce, Disney and Ridout, 2002). Commissioned by a coalition of welfare and advocacy groups, as well as Job Network members, this report synthesises the observations made in 142 written submissions by individuals and organisations, as well as public consultations conducted in urban and regional areas. Several other papers quoted here are submissions to this Review, including one by the Australian Federation of Homelessness Organisations. This paper draws particularly on data from a SAAP service client survey of around 125 breached clients accessing crisis housing.

The Australian Council of Social Services (ACOSS) has produced four reports of direct relevance to this study (2000a, 2000b, 2001a, 2001b). These reports are based on analyses of a variety of Centrelink data secured through Freedom of Information requests, complemented by a series of case studies (totalling around 26), drawn from the casework of organisations in the National Welfare Rights Network. By their nature, these cases serve to illuminate the situation of only those customers who have sought the assistance of advocates, but are nevertheless detailed and instructive.

Two further studies arising from the National Welfare Rights Network are also used here (Mullins and Raper, 1996; Mullins, 2002). The former paper describes current

breaching policies and procedures and presents seven case studies from the National Welfare Rights Network case files. The latter examines a number of Centrelink policies, including breach policies, and their role in increasing poverty amongst Youth Allowance recipients. This research has three data sources: National Welfare Rights Network client enquiries for all clients under 25 years; a series of 16 focus groups conducted with young people or community workers in a variety of urban and regional locations; and breach data obtained through Freedom of Information requests.

Finally, we draw on several reports dealing with homeless people or those seeking emergency relief services. The first of these, released by the Salvation Army, deals with breaching impacts and the demand for Salvation Army emergency relief services (Salvation Army, 2001). This paper presents data collected in a census of 40 key emergency relief centres run by the Salvation Army in its Southern Territory (i.e. Victoria, South Australia, Western Australia and Tasmania). Face-to-face interviews were conducted with 1502 emergency relief service users, who were asked about their experiences of breaching and its impacts. The second, from UnitingCare Burnside (Urquhart Matheson and O'Brien, 2002), is a small, purposive sample of unemployed, homeless youth, their parents, and welfare workers located in three areas of high unemployment (Dubbo, Cabramatta and Macarthur). In-depth interviews were carried out with a total of 10 youth participants, as well as three interviews with parents and five with youth workers. Although very small in sample size, this study is rich in detail. The third study was carried out by Hanover Welfare Services in Melbourne (Parkinson and Horn, 2002), comparing Centrelink customer data from 135 Newstart customer files with interview data gathered from the same customers experiencing homelessness.

In addition to the studies listed above, we have consulted a number of other reports and papers that are not focused on breaching in itself but include breaching amongst other topics.

In the next two sections the factors indicated in this literature as being associated with higher risk of breaching are divided into those that may be seen mainly as related to individual circumstances or characteristics of the customer, and those that relate more to the organisational processes of breaching in Centrelink and other agencies involved.

### **Individual risk factors**

According to the studies outlined above, vulnerable job seekers experience a number of barriers making it more difficult for them to successfully fulfil their Centrelink obligations. For example, a recent qualitative study of long-term unemployed people in Western Sydney, undertaken on behalf of FaCS, found high levels of disadvantage amongst the interviewees, many of whom had experienced one or more breaches (Eardley, Chalmers and Abello, 2002). Often these are the same barriers that are argued to complicate the process of successful job seeking (ACOSS, 2001a; Pearce, Disney and Ridout, 2002). These include: illiteracy or innumeracy; poor English comprehension; physical and mental disabilities; substance dependency; homelessness, unstable accommodation or remote location; dysfunctional domestic circumstances or exposure to violence; onerous financial obligations; or poor access to other support and resources (Pearce, Disney and Ridout, 2002). In addition,



breaching is also disproportionately common amongst youth and Indigenous Australians, as discussed in the previous section.

A number of factors, some contradictory, are said to account for this disproportionate representation of youth amongst breached customers. Some studies suggest that higher breach rates among youth are indicative of their lack of responsibility and immaturity. Their greater transience and unstable work practices are given as evidence to support this view, as are the higher rates of breaching amongst young men than amongst young women (Moses and Sharples, 2000).

As mentioned earlier, another interpretation is that greater activity test requirements for unemployed youth contribute to increased rates of breaching. In addition, the increased breach rates amongst unemployed youth have been attributed to their limited understanding of their income test and notification requirements, suggesting that educational disadvantage can act as a factor in higher youth breach rates (AFHO, 2001; Moses and Sharples, 2000; Mullins, 2002). Lack of understanding of Centrelink appeal processes has also been identified as partially accounting for higher rates of uncontested breaches amongst youth (Lackner, 2001).

Mullins (2002) has argued that breach rates amongst some YA recipients may also be influenced by the behaviour of parents or guardians. For example, where YA recipients are designated as dependent, payments are usually made into the parent's bank account. Direct receipt into the young person's account is rare and only allowable with parental consent. As a result, many YA recipients remain responsible for notification of changes in parental income and other circumstances, without direct access to bank accounts, statements or other financial information. Currently, penalties for notification failure are incurred by non-recipient youth rather than by the parent in control of bank accounts. In these situations, Mullins notes that a YA recipient may be held responsible for the behaviour of a parent over whom they exert no control. For example, in one case study a YA recipient was apparently breached for failure to notify Centrelink of an overpayment, despite having no access to the relevant account, which was controlled by a parent with a gambling addiction.

People with literacy, numeracy or English comprehension difficulties have also been identified as especially vulnerable to breaching (Pearce, Disney and Ridout, 2002). Even for those with a good understanding of spoken English, the written language may act as a significant barrier. It is argued that Centrelink letters can present difficulties for people with literacy problems because they contain 'technical expressions, legislative terms...or complex financial calculations' (Pearce, Disney and Ridout, 2002). For those whose first language is not English, there may be additional difficulties as Centrelink letters are currently provided in English only, although contact information for translation services is provided.

A third group vulnerable to breaching, according to these studies, includes those with chronic health conditions, including people with mental disorders, acquired brain injuries or substance dependencies. Officially, the current system has measures in place to protect people with a variety of chronic health conditions from undue penalties. In particular, such people receiving NSA or YA payments are entitled to exemptions from the activity test in certain circumstances for a limited period (often two weeks, but up to 13 weeks) (Pearce, Disney and Ridout, 2002). However, according to reports by charitable and advocacy organisations (ACOSS, 2001a;

ACOSS, 2001b; Pearce, Disney and Ridout, 2002, Parkinson and Horn, 2002), the assessment processes undertaken by Centrelink may not, in practice, always identify such customers. This is because the process relies on self-disclosure of factors that some customers may be reluctant to discuss with Centrelink. These groups are often the least able to negotiate exemption from activity at the critical initial interview, as well as being the least able carry out required activities reliably. This includes people who require intermittent hospitalisation for psychiatric conditions and those undergoing rehabilitation for brain injury or substance dependence (AFHO, 2001). The qualitative interviews by Eardley, Chalmers and Abello (2002) also found a number of non-exempt customers with relatively high levels of diagnosed psychological illness.

According to some reports (Sanders, 1999; ACOSS, 2001b), this problem has been accentuated by the transfer of a number of Disability Support Pension recipients to NSA or YA payments, following a tightening of qualifying criteria in the former payment category. Although many of these recipients face labour market barriers related to psychiatric, cognitive or intellectual disabilities, they may still fail to qualify for disability payments. Those experiencing such disabilities often find it difficult to negotiate the social security and employment service systems, and to meet requirements consistently.

Similarly, people who are homeless, or in highly insecure or transient housing, have been identified by advocacy and charitable groups as at extra risk of breaching, despite the existence of official policies designed to protect them. Moses and Sharples (2000) note that homeless people are generally eligible for activity test exemption under relevant legislation (Moses and Sharples, 2000). However, organisations such as AFHO and ACOSS argue that they may not always be able to negotiate them with Centrelink (ACOSS, 2001a; AFHO, 2001; Pearce, Disney and Ridout, 2002). This argument receives some support from Parkinson and Horn's (2002) research, which found high levels of breaching amongst a homeless customer population (three breaches per person on average, but as many as seven for some individuals). One causal issue identified was incomplete assessment by Centrelink officers, leading to a lower Job Seeker Classification Instrument (JSCI) score and consequent inappropriate referral to employment assistance. In many cases, according to this study, customers were not job ready, leading to poor outcomes.

Secondly, the nature of homelessness itself can create a barrier to timely communication with Centrelink and Job Network correspondence. Those with no fixed address often have to rely on third parties to receive mail on their behalf (such as drop-in centres or relief organisations). Post is often only accessible to them on an irregular basis, increasing their risk of breach. Parkinson and Horn's study, for example, suggested that high breach rates amongst their study population were often the result of poor communication between customers, Centrelink and Job Network agencies, influenced by personal factors and the extent of homelessness (Parkinson and Horn, 2002). Thirdly, the lack of basic amenities (such as bathing or laundry facilities) is reported to affect homeless people's compliance with job search obligations, particularly their attendance at job interviews (Urquhart, Matheson and O'Brien, 2002).

Finally, the lives of people in insecure housing are often complicated by multiple disadvantages contributing to their homeless or near-homeless state. For example,

homelessness amongst women is often closely linked with domestic violence, while young people's homelessness is often linked with family abuse or conflict (AFHO, 2001). Mental illness, substance dependence and financial crises are also common factors. Such factors often severely limit homeless people's ability both to participate in the labour market and to fulfil Centrelink activity and administrative requirements (AFHO, 2001; Mullins, 2002; Urquhart, Matheson and O'Brien, 2002). As with other marginalised groups, homeless people are also identified by advocacy organisations as unlikely to appeal a breach decision, even if they appear to have a reasonable excuse for failing to meet a particular requirement (ACOSS, 2001a).

Although rates of exemption from job seeker diaries and the job search aspects of activity tests are higher among Indigenous people than non-Indigenous people, this does not appear to have led to lower breach rates. This suggests that the differences in breach rate between Indigenous and non-Indigenous Australians are even more marked than raw data alone would suggest (Sanders, 1999). A variety of factors are identified as influencing higher Indigenous breach rates. These include low literacy and numeracy levels, inadequate postal services, cultural unacceptability of tele-services in some areas, high mobility rates and a lack of confidence in government bureaucracies, due to a lack of personal confidence and assertiveness skills and collective memories of historical injustice. Also identified was a lower propensity amongst Indigenous customers to appeal or seek review of breach decisions against them. Those Indigenous people with low levels of numeracy were also identified as being at higher risk of breach for incorrectly reporting earnings from casual employment.

In addition, the job search strategies employed by some Indigenous people could put them at potential risk of activity test breach (such as applying for work with Indigenous community organisations only, because of discrimination in the broader labour market). Sanders (1999) also cited limited coordination between Centrelink and ATSIC-provided payments and programs (such as Abstudy and CDEP schemes) as being associated with breach risk amongst Indigenous customers.

### **Organisational risk factors**

As well as identifying the individual circumstances or characteristics of customers that are associated with being breached, the literature also points to a number of processes within the social security system that appear to make breaching more likely. The first of these is Centrelink's automatic referral system, whereby job seekers are referred to a particular Job Network member or program (ACOSS, 2001a; Mullins, 2002). Automated services were identified as a potential source of confusing information for Centrelink customers, including receipt of conflicting instructions about the type, location and number of jobs to be identified in the diary, or about whether to complete the diary or not. Automated services are also associated with increased risk of unsuitable activity assignment, leading to higher breach risk.

The complexity of the social security system was identified as a breach risk for some customers. Mullins (2002) argues that individual NSA or YA customers may have to deal with a number of different agencies in relation to their income support payments and employment assistance. According to Mullins this can create particular difficulties for young people:

It is ironic that the number of agencies a young person needs to deal with increases in proportion to the young person's 'vulnerability'. This requires vulnerable or 'at risk' young people to have the most sophisticated negotiation skills, because they have to balance the often competing demands of the range of agencies with which they are dealing (Mullins, 2002: 12).

Youth 'at risk' are not the only job seekers who have to deal with a variety of government bodies in this way. Other examples include those on parole who have Community Service Order obligations and those involved in drug-related diversion programs, whose frequent treatment activities and court appearances are a condition of their parole or bail.

Another organisational process the literature identifies with higher breach rates is the obligation to declare earnings from casual or part-time work. In 1999/2000 this was the second most common single reason for breaching (Moses and Sharples, 2000). Many job seekers, especially those with low numeracy, find it difficult to fulfil this requirement correctly. Common errors include reporting net rather than gross earnings and reporting income when received rather than when earned (AFHO, 2001; Pearce, Disney and Ridout, 2002). Reporting income when earned rather than received is particularly difficult for those undertaking casual or commission work, as they may not be able pinpoint the exact amount they have earned until it is received (Pearce, Disney and Ridout 2002). Incorrectly reported earnings have led to compounded financial difficulties for some breached customers, as they become indebted to Centrelink through overpayments as well as subject to breach penalties (ACOSS, 2000a). Legislative provisions exist to protect those customers who have made genuine errors, rather than those who have knowingly and recklessly misrepresented their earnings. In practice, however, determining which group individuals fall into is not always straightforward and these provisions may not always provide the protection intended. According to the Independent Review of Breaching,

Although incorrect declaration of income is one of the most frequent reasons for breaching, the rate of prosecutions for fraud in this respect is very low. This implies that a large number of jobseekers are breached even though Centrelink accepts that their misstatement of income is a genuine mistake rather than deliberate deception. (Pearce, Disney and Ridout, 2002: 62)

Moses and Sharples (2000), however, suggest that the relatively high rate of earnings-related breaches may lend support to anecdotal evidence that deliberate failure to declare such earnings is common and that the main reason for low rates of prosecution is that this is pursued only in serious cases involving significant sums.

Another structural factor identified as associated with increased breach rates is the incidental cost of undertaking Mutual Obligation activities and other requirements. Activities such as additional interview attendance, registration at a number of job network agencies, seminar attendance and form submission have associated travel costs and other incidental expenses (ACOSS, 2001a; McClure, 2000; Mullins, 2002). Although such expenses have been recognised as an inevitable cost of participation (McClure, 2000), there are no additional financial supplements available for most NSA and YA recipients with increased activity requirements. Exceptions include

those participating in Work for the Dole programs and literacy or numeracy training programs, where supplements have been instituted (Mullins, 2002). Such incidental costs may lead to invidious choices for some customers (such as between participation or payment of rent) and thus may lead to higher risk of non-compliance and breaching (Mullins, 2002; Urquhart, Matheson and O'Brien, 2002).

Finally, the literature notes the onerous nature of job search requirements for some customers located in certain regions or with particular skill sets. For example, some Preparing for Work Agreements require that 10 jobs be sought per fortnight. Advocacy groups argue that it is not always possible to fulfil this quota from suitable, advertised work, particularly during holiday seasons (Mullins, 2002). Also, although temporary exemption from such job search requirements is allowed for medically certified illness, there is currently no provision for temporary exemptions for other genuine job search impediments (such as moving house). Job search activity tests requirements also apply for 52 weeks per year. This precludes a break from job search, even for those who have been seeking work diligently for extended periods, thereby raising the risk of breach (Pearce, Disney and Ridout, 2002).

### **Improving compliance**

The main purpose of operating a system of penalties in the social security system is presumed to be to maximise compliance with rules and requirements, and thus ultimately to improve customers' chances of obtaining employment and leaving income support. Yet there is little direct evidence on how far breaching leads to greater subsequent compliance with administrative and activity requirements. Breaching could also be a motivating factor to increase efforts to secure paid work in order to offset income lost through penalties, but again there is little information available that tells us whether it has this effect.

One indirect source of such information is the survey of unemployed income support recipients' attitudes to the activity test, carried out for FaCS by Wallis Consulting (2001). This survey found that nearly half of those who had incurred a breach reported being more determined to find work and that breaches were generally seen to contribute to greater compliance. However, the continuing increase in the level of third breaches, reported in the previous section, would tend to suggest that these aspirations may not always be fulfilled. Also these responses do not tell us either how determined to find work people were even before they were breached, or whether any subsequent greater effort led to their achieving employment.

The threat of breaching as a compliance tool is also identified as a factor in literature assessing the Job Network and in submissions to the Independent Review from Job Network agencies. As was discussed earlier, the threat of breaching is considered a powerful tool for providers faced with 'recalcitrant' clients. Considine (2001: 55), in a four-country study of welfare reform (including Australia), found that 38 per cent of case managers agreed that they "often reminded clients of the sanctioning power to get their attention." Job Network provider organisation Jobs Australia and the National Employment Services Association make similar observations (Jobs Australia, 2001; NESA, 2001). Jobs Australia identifies breaching as the most effective strategy for compliance with interview appointments. The threat of breaching is also reported as particularly effective for customers who repeatedly fail to attend initial interviews.

Further evidence on compliance more broadly comes from the Department of Employment and Workplace Relations' evaluation of employment services. This found that a substantial proportion of the net impact of job search training and intensive assistance is a 'compliance effect', resulting from people moving off income support simply as a result of being referred to the programs (Department of Employment and Workplace Relations, 2002). The assumption is that when referred these recipients either find work or are already working unofficially, although little is actually known about their circumstances post-income support receipt. This evidence does suggest that compliance amongst job seekers can be measurably affected by official activity, but it does not directly relate to the impact of breaching in itself.

The possible negative impacts of current breach policies are now outlined below. These have been categorised according to whether they are thought to impact primarily upon individuals, or upon government and non-government organisations.

### **Negative impacts on individuals**

Many advocacy and charitable groups claim that current breach penalties are disproportionately severe for the nature of the offences and disproportionately affect the most vulnerable in society (ACOSS, 2000a; ACOSS, 2001a; ACOSS, 2001b; AFHO, 2001; Mullins, 2002; Salvation Army, 2001; Welfare Rights and Advocacy Service, 2001). Case studies and small surveys carried out by these organisations provide a glimpse of the impacts breaching has on certain kinds of job seekers. Although information from these limited studies cannot provide a full picture of the impact of current breaching policy across Australia, they demonstrate how breaches can contribute to severe hardship, increased social alienation and compounded disadvantage for some customers.

A number of adverse impacts have been identified with breaching. First, reduced capacity to pay for basic necessities of life has been identified as a common breach impact. Most notable was a reported incapacity to pay for food and medications (ACOSS, 2001a). Beyond the obvious hardship associated with hunger or extended periods of poor food intake, the impact of loss of medications could have serious effects on some job seekers, making them even less able to seek work and fulfil obligations. Other common necessities often forgone during periods of breach include utilities such as gas, electricity and telephone services.

Secondly, the literature identifies incapacity to secure or retain accommodation as a common impact of breaching. Reduced or stopped payments have been associated with formal evictions, lost access to share accommodation and increased homelessness amongst those who had a place to live prior to breach (ACOSS, 2001a; Mullins, 2002; Mullins and Raper, 1996). As discussed above, once a person becomes homeless they experience increased barriers to labour market participation, as well as greater difficulties in complying with Centrelink obligations (ACOSS, 2001a; AFHO, 2001; Pearce, Disney and Ridout, 2002). Loss of housing as a result of a breach may also be instrumental in customers relocating to low employment areas, whether to secure affordable accommodation or to access housing with friends or kin. However, moving to areas of lower employment incurs a 26-week period of payment ineligibility, extending a breached customer's period of reduced income.

The literature also notes that youth housing access is more severely affected by breaching because of low levels of baseline payment. For example, a person living on Youth Allowance (single, away from home) as their sole form of income in late 2002 would be penalised by just over \$29 per week for 13 weeks even for an administrative breach, leaving only about \$154 to pay for all expenses (Centrelink, 2002a; Centrelink, 2002b). Accordingly, welfare organisations argue that breaches amongst young people are more likely to have severe consequences, including homelessness and greater reliance on charities (ACOSS, 2001a).

A third possible impact of breaching is the loss of eligibility of transport concessions in some States (Pearce, Disney and Ridout, 2002; Eardley, Chalmers and Abello, 2002). This can increase the financial impact of the penalty and limits a person's ability to undertake normal tasks or meet ongoing income support obligations. Loss of concession cards can also lead to high levels of debt resulting from transport fines amongst some breached customers, particularly youth (Mullins, 2002). Facing reduced income, full fares and ongoing activity test obligations, some Centrelink customers pay incorrect fares or engage in fare evasion.

As discussed above, some organisations have identified breached customers as more vulnerable to adverse health conditions. Reduced access to medications has already been discussed. Emergency relief organisations also report cases where customers' mental health deteriorated sharply when exposed to the stresses associated with breaching. Examples include self-harm, attempted suicide and reactivation of depressive or bi-polar disorders (ACOSS, 2001a; AFHO, 2001). For those with physical incapacities, breaching may further limit their mobility when vehicles are repossessed or sold to pay for basic necessities (ACOSS, 2001b).

Breached individuals who lose their housing can also become at risk in other ways. Homeless people, particularly youth, are more likely to become the victims of physical and sexual assault and robbery (National Crime Prevention, 1998). Some homeless young people may undertake 'survival sex' activities, whereby sex is exchanged for accommodation, money or basic necessities (Dunbavan, 2001; Ferguson, 1993; National Crime Prevention, 1998). Such young people are at increased risk of serious infections (such as HIV and Hepatitis B) and physical abuse (AFHO, 2001; National Crime Prevention, 1998). Breached individuals are also reported to have had greater involvement in a number of other criminal or undesirable activities to pay for food, utilities, accommodation or medication (Mullins and Raper, 1996; National Crime Prevention, 1998; Salvation Army, 2001). Examples include street begging, robbery with violence, property crime, drug dealing and sex work. However, there has been no direct evidence linking survival sex or other similar risk-taking activities to being breached.

Finally, breach penalties have been reported as contributing to increased stress on families. Available case studies point to family conflict, loss of cohesion or outright breakdown after breached periods (ACOSS, 2000a; Salvation Army, 2001). In some cases this is due to increased pressure on other family members to support the breached person.

### **Negative impacts on organisations**

The literature also suggests several negative impacts of breaching on organisations. The first of these is the shifting of basic safety net costs from government to emergency relief agencies (ACOSS, 2001a; Salvation Army, 2001). For example, one survey found that over half (51 per cent) of clients presenting at key Salvation Army emergency relief (ER) centres in five States or Territories in a one-week period in May 2001, were seeking assistance as a result of being breached (Salvation Army, 2001). Such findings lend support to the claim that many people do not suddenly obtain work or other income sources after penalties. Instead, breached customers often rely upon the resources of friends or kin (where possible), or seek assistance from non-government charities and welfare agencies (ACOSS, 2001a).

Although penalties have led to an estimated reduction in government expenditure of as much as \$258 million, welfare agencies argue that these costs are not all being saved. Instead, they are being borne by over-extended charities (Salvation Army, 2001), under-resourced family and clan networks in the case of Indigenous customers (Sanders, 1999), or other government bodies (e.g. such as those in the health service or in criminal justice). The Salvation Army report argues that:

[Breaching] impact also reverberates beyond the immediate cost of providing ER crisis assistance, to the cost to individuals and the community of homelessness, poor health and crime. Far from being a reassuring saving for the tax paying citizens of Australia, breaching is shifting the personal and public costs elsewhere – to the homelessness and health sectors, and the justice system. (Salvation Army, 2001: 12)

Such claims are hard to quantify in practice, and emergency relief organisations receive substantial funds from government towards the costs of providing these service. Nevertheless, these impacts need to be borne in mind. The extent to which breached customers call on welfare agencies, relatives and friends for assistance is discussed below in the analysis of the customer and agency surveys.

A second negative organisational impact identified in the literature is possible breakdown of trust between Job Network providers and their clients. In submissions to the Independent Review on Breaching and Penalties in the Social Security system, some provider agencies reported that breaches seem to occur most often over initial meetings with newly referred customers. Although breaches are often effective for ‘getting them in’ initially, these agencies noted that ensuing penalties can inhibit job seekers’ ability to look for work, by reducing the money available to them to meet costs such as transport, postage and photocopying, or by diverting time and energy into other means of survival. In addition, the recommendation to breach was viewed as a ‘breach of trust’ by many job seekers, damaging the ongoing relationship between them and the agency (Jobs Australia, 2001). On the other hand, Job Network agencies have continued to submit large numbers of participation reports, suggesting that the views expressed in the Independent Review may not reflect those of all network members.

Finally, some providers consider the ethical dimension of breaching to be a negative organisational impact. None of the organisational literature reviewed in this study



questioned the need for some mechanism to ensure job seeker compliance. Similarly, none questioned the importance of Mutual Obligation at a theoretical level. However, some organisations argue that their duty to recommend breaches presented greater ethical dilemmas when penalties were considered harsh or severe.

## **2.7 Breaches and penalties in other comparable social security systems**

Australia is not the only country with penalties for non-compliance with income support requirements. Both the United States and United Kingdom have sanctioning policies within welfare systems that are somewhat comparable with those of Australia's and both have increased the level of penalties in recent years. Both nations have undergone a period of recent welfare reform, making welfare eligibility more conditional on fulfilling activity-related and administrative criteria. These reforms reflect a similar emphasis on obligations rather than citizenship-based entitlement. Each nation has implemented reforms in different ways, and within the US there is a wide variation between States. However, these approaches to welfare sanctioning have some relevance to the Australian context, both in assessing the impacts of policies on sanctioned customers and the extent to which policies move customers from welfare to work.<sup>5</sup>

The US welfare system underwent federal reform in 1996. The literature dealt with here relates to the Temporary Assistance for Needy Families (TANF) benefit. Despite great variability in policy and implementation across 50 States, the profile of State legislation mostly conforms to the following criteria. First, most State sanction policies are more stringent than TANF federal legislation requires. Secondly, most States call for partial sanctions for first instances of non-compliance with work responsibilities and for full family sanctions for repeated non-compliance. Thirdly, policies in many States also limit food stamp or Medicaid eligibility for TANF non-compliance. Finally, most State policies place primary responsibility for sanction decisions on caseworkers, with the majority of States (31) requiring conciliation be undertaken in all cases before sanctions can be issued. All States allow appeals against sanction decisions. For repeat infringements, most jurisdictions are able to end family benefits for a time. In seven States, family benefits may be ended for life (Burke and Falk, 2001).

The literature varies in its estimation of the effectiveness of such policies. Research suggests that outcomes depend more on customers' circumstances and the overall policy approach than on specific sanctions arrangements policy (Goldberg and Schott, 2000; Schnurer and Kolker, 2002). Sanctions appear to provide effective incentives for customers who are new to the welfare system, have no significant barriers to employment and have good understanding of their obligations. However, customers with multiple barriers to work (such as substance dependence, child or disabled adult care responsibilities, and transport limitations) are unlikely to move into work, regardless of sanctions policies. Schnurer and Kolker (2002) argue that the threat of

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<sup>5</sup> As always in comparisons with the United States welfare arrangements, however, it needs to be noted that the client group for welfare to work policies is substantially different from that of Australia at present. The US also operates a social insurance scheme for unemployment on top of its social assistance safety net.

sanctions alone will not propel such people into the workforce, as they require additional supports.

Studies of US sanctioning policies have found that families experiencing welfare penalties have greater barriers to employment than other recipient families. These barriers include lower education levels, more limited work experience and greater incidence of domestic violence, disability, and other mental and physical health problems. Other barriers common amongst sanctioned families are limited access to transport and to childcare services. Although some States only continue sanctions until recipients return to compliance (rather than for a given minimum period), customers with poor English skills or low levels of literacy are often unaware of how to have sanctions against them removed (Burke and Falk, 2001; Goldberg and Schott, 2000; Schnurer and Kolker, 2002).

For those who do have sanctions enacted, the consequences may be prolonged and severe. They include threat of eviction and need for emergency relief services to access food and shelter. The loss of cash income also severely limits job search capacity amongst sanctioned adults, making it more difficult for them to comply with ongoing job search obligations. Loss of Medicaid benefits can also have serious impacts on customers' ability to treat chronic health conditions (Burke and Falk, 2001; Goldberg and Schott, 2000).

As part of the evolving New Deal reforms in the United Kingdom, a new six-month suspension of benefits sanction has been implemented for people who breach the terms of either New Deal 18-24 or New Deal 25-Plus. The New Deal is similar to Mutual Obligation policies in Australia in that it seeks to tailor activities to the needs of individual job seekers to help them become more employable, should they remain on benefits for longer than six or 12 months. Activities for people involved in these programs include periods of subsidised employment, education and training courses, work with training in the voluntary sector or work with the Environmental Task Force. Six-month payment suspension occurs when a customer has been breached twice already and has already received two previous sanctions (of two and four weeks respectively). This suspension of payments is withdrawn if recipients return to compliance and do not transgress again, but where there is a further breach the suspension becomes mandatory and payment is not resumed when the recipient complies again. Vulnerable groups can be partly protected by receiving a 'hardship rate' of payment.

There is only limited evidence available as yet on the impacts of sanctioning in the UK. For example, the number of people who obtain jobs following sanctions is currently unknown. It is also unclear what kind of work is being undertaken by sanctioned individuals, including whether it is permanent, casual or within the formal economy. Other impacts of 'third breach' sanctioning in the UK, such as homelessness or use of emergency relief services, are similarly sketchy at present.

Two studies of sanctions before the most recent system came into effect (Vincent and Dobson, 1997; Vincent, 1999) found that sanctions often forced people into debt and that certain disadvantaged groups were disproportionately likely to experience sanctions, including ethnic minority recipients, people with caring responsibilities and those with health problems. Many of those sanctioned did not understand the rules

they had broken and people who might have qualified for hardship payments were not always properly informed of their entitlements.

The first study of the new 26-week suspension of payments shows that very few recipients experienced it, at least in the period shortly after its introduction (Saunders, Stone and Candy, 2001). However, for those that did there was evidence that some were sanctioned for rejecting a very narrow range of activity options. A number within the interview sample were found to be in particularly disadvantaged or vulnerable groups. Of these, most did not find sustainable employment during the period of their sanction.

According to Britton (2002), little overall evidence exists that sanctions in the UK propel job seekers into work or cause them to change their job-search behaviour. Sanctioned New Deal clients are more likely to have multiple barriers to work, including drug and alcohol dependence, criminal records, lack of social skills, tendency to violence, lack of accommodation and health problems. In addition, Britton notes that some research also identifies a group of 'hard core' unemployed people amongst the sanctioned, who belong to a culture of worklessness and benefit dependency. New Deal sanctions are considered ineffective for ensuring compliance by this group.

### **2.8 Summary**

Review of the available data and literature shows that the requirements placed on most recipients of unemployment-related payments have increased substantially since the mid-1980s, and especially since the mid-1990s. This is likely in itself to be one of the main reasons for the increase in breaching, irrespective of any additional changes in either administrative or individual customer behaviour. Since mid-2001 a number of procedural initiatives have been put in place with the aim of making breach administration more sensitive to customer difficulties while maintaining strong compliance requirements. These have resulted in a drop in the number of breaches imposed. The monetary value of penalties has fluctuated over time and was for many years somewhat discretionary, but it was generally increasing from the mid-1980s up to 1997. The change introduced then was beneficial for some breached customers but not for short-term unemployed people receiving their first breach.

Quantitative data on both the overall trends in breaching and the distribution of penalties amongst different customer groups are incomplete at present, and some of the data available are difficult to interpret accurately. Nevertheless, it seems clear that youth and young adults are significantly over-represented amongst those being breached, as are Indigenous customers, although data identifying the latter are incomplete in administrative records. If anything this is likely to mean an understatement of Indigenous breaching rates. Men are somewhat more likely to be breached, but the sex difference is less significant than that of age. The proportion of all breaches that are third breaches has dropped following the introduction of initiatives aimed at bringing customers in for compliance advice before third breaches are imposed.

The literature on the impact of breaches is not extensive at present and relies substantially on small-scale case studies or surveys of clients of particular welfare services. While not necessarily representative, these studies do provide a consistent

picture of the risk factors involved in being breached and the difficulties and disadvantages faced by many of those who do receive penalties. Particularly lacking at present is substantive direct evidence of whether being breached affects future compliance, although there is some attitudinal survey evidence suggesting that it may increase job search effort.

Evaluation of similar sanctions in the UK and the US suggest that they tend to fall on the more disadvantaged recipients but that these are probably the group for which sanctions have the least impact in compliance terms. However, in some States in the US at least, they appear to be more effective where a return to compliance can have an immediate effect on reducing the penalty.

Having summarised the existing knowledge on breaching, we now move on to discuss the new survey of breached customers.

### **3 Breached Customer Survey Methodology**

#### **3.1 Aims**

The previous section has emphasised that there is little systematic information available on the effect of breaching. The main purpose of the breached customer survey was therefore to gain insight into why individuals have penalties imposed and what impact these penalties have. The survey was undertaken by telephone on behalf of the SPRC by the research company ACNielsen. The questionnaire included topics on the person's breach event, how they responded to the breach, the impact of the loss of payment on themselves and others, their attitudes to breaching and their general circumstances (including housing arrangements, health, language and cultural background, education and employment status). A copy of the questionnaire is attached as Appendix A.

#### **3.2 Methodology**

##### **Survey sample**

The target population for the survey was income support recipients who had a breach imposed during a four-week period between 7 September and 4 October 2002. Individuals were selected by FaCS from Centrelink records where their breach status indicated the breach had been imposed (non-payment period, rate reduction period, self-served, waived) or imposed then overturned (revoked or error). Individuals whose breach was overturned before they knew about the breach, or before money was deducted from their payment, were not included in the sample, as they would not be in a position to comment about the impacts of the breach. Where a customer had two breaches imposed in the prescribed period, the latest was taken as the reference breach.

In constructing the sample, FaCS followed established departmental procedures for the selection of customers for surveys. Thus individual customers were excluded from the sample if they:

- had sensitive records (protected records on the system);
- were deceased; or
- had ever previously said that they did not wish to participate in research.

The total population meeting these criteria for the breach reference period numbered 14,406.

The sampling process was designed by the SPRC in consultation with the FaCS project advisory group. In order to ensure that the survey would include sufficient numbers of breached customers in different population groups and with differential severity of breaches, the population was stratified by the two main relevant payment types (Newstart Allowance and Youth Allowance) and the severity of the breach imposed (administrative breach, activity breach (1<sup>st</sup>/2<sup>nd</sup>/3<sup>rd</sup>)). FaCS then drew the stratified random sample (n = 5,602) from the administrative records. Details of the population and the draw or 'base' sample are shown in Table 14. It can be seen that the base sample strata were not of equal size and that there was therefore not an equal probability of selection. For example, Newstart Allowance (NSA) recipients on their first activity test breach had an 18 per cent chance of being selected for the survey,

whereas Youth Allowance (YAL) recipients on their second or third activity test breach were certain to be selected because of the relatively low numbers in their stratification cells. After the base sample was selected a further 55 individuals were removed because they were found to be out of scope, for reasons including being in prison or having recently died. More details of the sampling process can be found in Appendix B.

**Table 14: Breach population and base sample (4 week period to 4 October 2002)**

<i>Population</i>	Administrative Breach	1 <sup>st</sup> Activity Test Breach	2 <sup>nd</sup> Activity Test Breach	3 <sup>rd</sup> Activity Test Breach	Total
Newstart Allowance	2,842	4,516	1,453	979	9,790
Youth Allowance	1,985	1,829	530	272	4,616
Total	4,827	6,346	1,985	1,254	14,406

<i>Base Sample</i>	Administrative Breach	1 <sup>st</sup> Activity Test Breach	2 <sup>nd</sup> Activity Test Breach	3 <sup>rd</sup> Activity Test Breach	Total
Newstart Allowance	800	800	800	800	3,200
Youth Allowance	800	800	530	272	2,402
Total	1,600	1,600	1,330	1,072	5,602

### 3.3 Data collection

#### Pilot survey

In order to test both the overall survey approach and the questionnaire design, a pilot survey was carried out in early November 2002. For the pilot, 120 breached customers were randomly selected from the overall population sample. They were contacted by FaCS, using the procedures outlined below for the main survey, and the names of those not opting-out were passed to ACNielsen, in order for them to achieve a pilot sample of 20 respondents. This number was achieved without major problems and the pilot study indicated that the survey design was likely to be effective. Some small modifications were made to the questionnaire as a result of interviewer feedback, but the overall results showed that customers were prepared and able to answer the questions as specified. Most were pleased to be able to offer their experiences of being breached.

For the pilot survey, interviewers were asked to pay particular attention to respondents' reactions to sensitive questions concerning drug use and the exchange of sex for money. Although these issues had been raised in the literature as possible responses by some customers to the loss of income through breaching, concerns had been raised in the drafting of the questionnaire about whether these question might be off-putting to respondents. Interviewers felt that respondents appeared to answer honestly and there appeared to be no adverse reaction on the part of respondents. Interviews were not terminated when these sensitive questions were asked.

#### Main survey

FaCS sent a letter of introduction about the survey to customers selected for the base sample on or around 22 November 2002. The letter went on joint SPRC and FaCS letterhead and was signed by the SPRC Chief Investigator and a FaCS Acting Assistant Secretary. It explained how the subjects had been selected for the survey and assured them that any responses would remain confidential and non-identifiable. An explanation of the research and the purpose of the survey were included. The letter

stated that recipients' decision to participate in the survey would not in any way affect their entitlement to income support.

Members of the draw sample were given a two-week period in which to opt-out of the survey, using a freecall telephone number, before interviewing began. After this time had passed, contact details of the remaining members of the sample were forwarded securely to the survey agency. Interviewing began on 9 December 2002 and ran until 23 December. Some additional interviewing was carried out after the Christmas and New Year period in order to boost the achieved interview numbers in some of the smaller stratification cells.

In order to achieve a good response rate for the survey, ACNielsen undertook up to 10 call-backs to each member of the sample and a suitable appointment time was booked if the original time of the call was unsuitable for the respondent. Attention was given to the structure of the survey to minimise any potential anxiety on the part of respondents at answering particular questions.

Administrative data that could be linked to the survey responses were sourced by FaCS from Centrelink records. A careful security procedure was followed whereby complete anonymity and confidentiality of the income support recipients was maintained. Accessing supplementary administrative data meant that fewer questions needed to be asked in the survey, thus allowing for both the interview period to be limited to 20 minutes and for items that could be construed as intrusive and/or unrelated to the survey topic to be omitted from the questionnaire. Since demographic information about non-respondents is available, the administrative data are also helpful for analysing non-response bias in the survey.

### **3.4 The achieved survey sample**

The target number of interviews for the survey was 1000 and the actual number achieved was 1005. Table 15 provides a summary of the sample loss and attrition at the various stages of the survey. This process is also described in more detail in Appendix B.

One key point to note is that a large proportion of the attrition at all stages of the survey came from customers either not having retrievable phone numbers on file (10.7 per cent of the in-scope sample), or having phone numbers on file that were no longer correct or connected at the time of contact (37.5 per cent of the interview sample). A further 16.5 per cent could not be contacted even after 10 attempts.

This inevitably introduces a possibility of response bias if the characteristics and circumstances of those who do not have working phones differ in important respects from those who do. People who either had no phones or whose phone numbers had changed or been disconnected during a short period of time are likely to be more transient, and possibly in more marginal forms of housing, than other customers. Those who had not given phone numbers to Centrelink could have reasons for not doing so, such as current income support debts. This could mean that impacts found to be related to these circumstances may be somewhat under-estimated in our survey. This question is discussed further below when the characteristics of different segments of the survey population are described.

Three other points to note are, first, that the percentage of refusals was relatively small (11.4 per cent overall of the interview sample), although some of those who said they were not available for interview during the survey period might also have been tacit refusals who preferred not to state this directly. Second, although the sample was selected by FaCS to include only those who fitted the agreed criteria, there were still just over four per cent who turned out not to be in the target group, mainly because they said they had not experienced a breach. Third, while ACNielsen was able to provide interpretation for some respondents for whom language was a problem, there were still some 2.3 per cent of the interview sample for whom language was a barrier to being interviewed.

**Table 15: Sample attrition at different stages of breached customer survey**

		In-scope sample	Interview sample
	Number	%	
Base sample	5602		
Out of scope	55		
In-scope sample	5547	100.0	
Phone number not retrievable	594	10.7	
Interview sample	4765	85.9	100.0
Non-contacts	2575	46.2	54.0
Bad number	1785		37.5
No contact after 10 attempts	788		16.5
Answering machine only	2		<0.1
Contacts	2190	39.5	46.0
Not available during survey period	329		6.9
Refused:			
Outright	516		10.8
Refused consent during interview	27		0.6
Not in target group	205		4.3
Language barrier	108		2.3
Completed interview	1005	18.1	21.1

### 3.5 Weighting the data

As described earlier, the stratification of the sample produces different probabilities that individuals in the various strata would be selected for the sample. There were also differences in response rates between the strata. In order to correct for these, weights were calculated to produce breached population estimates from the completed interviews. Weights were calculated on two dimensions: strata and gender. The selection of these was based on regression analyses that indicated that these were the two main significant variables that underlay the differences between the achieved respondent sample and the breached population. As a way of illustrating these differences and showing the impact of the weighting, Table 16 shows the notional



response rates (the percentage of the various population groups who were contacted

	Population		In-scope		Non-respondents		Respondents (unweighted)		Respondents (weighted)	
	N	%	n	%	n	%	n	%	n	%
<i>Newstart</i>										
Admin.	2842	19.7	780	14.1	685	15.1	95	9.5	2771	19.5
1 <sup>st</sup> activity	4516	31.3	790	14.2	648	14.3	142	14.1	4460	31.3
2 <sup>nd</sup> activity	1453	10.1	796	14.4	670	14.8	126	12.5	1446	10.2
3 <sup>rd</sup> activity	979	6.8	792	14.3	668	14.7	124	12.3	969	6.8
<i>YA</i>										
Admin	1985	13.8	792	14.3	647	14.2	145	14.4	1965	13.8
1 <sup>st</sup> activity	1829	12.7	796	14.4	595	13.1	201	20.0	1820	12.8
2 <sup>nd</sup> activity	530	3.7	529	9.5	414	9.1	115	11.4	529	3.7
3 <sup>rd</sup> activity	272	1.9	272	4.9	215	4.7	57	5.7	272	1.9
Total	14406		5547		4542		1005		14232 <sup>a</sup>	

Note: a. This is not a precise sum of the weighted column figures because of rounding in the weighting process and completed interviews) by strata.

**Table 16: Notional response rates by strata (breach types)**

It appears that of the in-scope sample, the NSA recipients were slightly under-represented amongst the respondents. Reflecting the character of the population, there were relatively few individuals in the sample who were receiving YAL and who had been received three activity breaches within a two-year period. This may partly be because the Youth Allowance customers, being younger, had been receiving payments for a relatively shorter period of time on average.

Details of the rationale for the weightings and the calculation of the individual weights are presented in Appendix C. Further discussion of the differences between the respondents and the breached population is presented in the next section.

### 3.6 Description of the respondent sample

#### Comparison of respondents and non-respondents

As a further means of examining how different the survey respondents were from those in the sample who were not surveyed, and at looking at the effect of weighting for strata and sex, Table 17 examines these groups by key demographic characteristics. It shows that there were some differences in the age mix, with a higher percentage of respondents than non-respondents falling into the 18-24 years age group. The effect of weighting here is to boost somewhat the level of responses from the older age group (40 years and older). This effect runs through to other related characteristics, so that the weighted sample has more respondents who are married or in *de facto* relationships and have young children than in the breached population. Apart from this, the overall effect of the weighting is to narrow the relatively small differences between the respondents and the non-respondents in terms of gender, country of birth and location.

The table also divides non-respondents into those for whom there was either no phone number on file or whose recorded phone number was not correct when contacted, and non-respondents with working phones. There were some further small differences: those without phones were somewhat disproportionately men; of Australian birth; divorced, separated or widowed; or more likely to be living in less accessible or remote areas, than in the weighted sample. It is reasonable to assume that those not contactable by telephone are likely to include a higher concentration of customers with insecure housing, and thus also a higher level of disadvantage. This means that we should probably view the survey as providing lower-bound estimates of difficulties experienced as a result of breaching. Nevertheless, bearing in mind this and the other caveats noted above, we believe that when weighted the survey provides data that are broadly representative of the breached population in late 2002.

Subsequent sections of this report therefore draw on the weighted data for analysis. The next section presents the results of this analysis, beginning with a breakdown of the distribution of breach types by demographic characteristics.

**Table 17: Comparison between survey respondents and non-respondents**

	Phone			Non-respondents (unweighted)			Total			Respondents		
	N	%		n	%	No/bad phone	n	%		n	%	weighted
Age												
15 to 17	291	6.7		46	8.1		337	7.4		96	9.6	999
18 to 24	2020	50.1		271	50.7		2291	50.4		572	56.9	6388
25 to 39	1306	33.5		222	33.8		1528	33.6		253	25.2	4938
40 to 49	252	7.0		38	5.8		290	6.4		59	5.9	1318
50 +	79	2.7		17	1.6		96	2.1		25	2.5	588
Sex												
Female	1041	26.4		121	24.8		1162	25.6		286	28.5	3679
Male	2907	73.6		473	75.2		3380	74.4		719	71.5	10552
Marital Status												
Single	2900	73.8		413	72.1		3313	72.9		747	74.3	9612
Married/defacto	444	12.4		71	10.3		515	11.3		147	14.6	2534
Div/sep/widowed	604	13.7		110	17.5		714	15.7		111	11.0	2085
Children < 13												
No	3704	92.8		554	94.6		4258	93.8		927	92.2	12755
Yes	244	7.2		40	5.4		284	6.2		78	7.8	1477
Country of Birth												
Australia	3167	78.9		506	82.7		3673	80.9		851	84.7	11840
Overseas: English-speaking	224	5.7		30	5.5		254	5.6		50	5.0	805
Overseas: non-English speaking	557	15.4		58	11.9		615	13.5		104	10.3	1587
Location												
Highly accessible	3198	83.6		348	74.5		3546	78.9		817	81.2	11467
Accessible	462	10.2		152	16.8		614	13.7		135	13.5	1941
Other	250	6.2		337	8.7		337	7.5		53	5.3	824
All	2163	39.0		2379	42.9		4542	81.9		1005	18.1	14232
Source: Centrelink administrative data and SPRC breached customer survey												



## **4 Breached Customer Survey Results**

The literature discussed in Section 2 suggests that income support customers who receive a social security penalty are likely to be disproportionately disadvantaged compared to other customers. Although we have no direct comparison group of non-breached customers, the survey results can give us some indication of whether breaching is concentrated amongst people with particular difficulties. We therefore begin by describing the key characteristics of breached customers, as at the end of 2002.

### **4.1 The characteristics and circumstances of income support customers who are breached**

Table 18 and Table 19 provide a description of breached customers, according to a range of variables, first by sex and then by age. Note that the sample survey percentages are weighted to bring the proportions up to the overall breached population numbers. Table 18 also includes a comparison with some data on the whole Newstart and Youth Allowance population at a particular date in September 2002, provided by FaCS from the administrative data system 'Superstar'. The administrative data only include a limited number of the variables in the breaching survey and not all of them are defined in exactly the same way. Also, not all Newstart and Youth Allowance recipients are 'breachable' because some are exempted from certain requirements (particularly older recipients and those with a short-term health problem), but this has not been taken into account in the tables. Thus the comparisons cannot be precise, but they still give us a useful picture of how breached customers differ from the broader income support population.

First, it is evident that breaching is overwhelmingly an experience of youth. People aged under 25 years make up only 28.4 per cent of all Newstart and Youth Allowance recipients, but nearly 52 per cent of those breached. Although men vastly outnumber women amongst the breached population, it appears that for women breaching is, even more than for men, an experience of very young age. Although only around seven per cent of those who get breached are aged under 18, young women make up more than one third of them. However, comparison with the FaCS shows that this is partly a function of the gender balance in the Youth Allowance population itself, where young women are in a majority in the younger age groups. As women get older they are more likely than men to leave unemployment payments, either through getting work, partnering or moving on to a different income support payment. It is also necessary to bear in mind that women were somewhat more likely to be contactable by phone for the survey, which introduces some bias towards their inclusion.

**Table 18: The circumstances and characteristics of breached and ‘breachable’ customers, by sex (per cent)**

	Breached customers (weighted %)				Newstart and YA recipients at 20/9/02			
	n	Women	Men	Persons	n	Women	Men	Persons
All	1005	25.9	74.1	100	629,073	31.9	68.1	100
Age								
15 to 17	96	12.4	5.1	7.0	18,535	4.4	2.1	2.9
18 to 24	572	55.4	41.2	44.9	164,028	31.8	22.5	25.5
25 to 39	253	19.7	39.9	34.7	229,909	27.8	39.5	35.7
40 to 49	59	10.0	9.0	9.3	125,873	21.2	18.8	19.6
50 +	25	2.5	4.7	4.1	104,912	14.7	17.1	16.3
Marital status								
Couple	147	10.6	20.3	17.8	159,796	17.9	28.1	24.8
Single	858	89.4	79.7	82.2	479,252	81.3	71.3	74.5
Unknown					4,209	0.8	0.6	0.3
Highest level of education								
Less than Year 12	366	32.6	33.3	33.2				
Year 12	142	13.5	12.4	12.7				
Trade certificate	398	39.1	43.1	42.1				
Tertiary education	99	14.7	11.1	12.1				
Country of birth <sup>a</sup>								
Australia	851	83.3	83.2	83.2	497,173	78.9	76.5	77.3
Indigenous <sup>b</sup>	77	6.2	7.4	7.1	49,632	7.7	7.7	7.7
Overseas – English speaking	50	9.0	4.5	5.7	44,510	6.3	7.2	6.9
Overseas – Non-English	104	7.7	12.3	11.2	99,517	14.5	15.9	15.5
Unknown					2,057	0.3	0.3	0.3
Children < 13								
Yes	78	2.2	13.2	10.4	14,184 <sup>c</sup>	4.0	1.4	2.2
No	927	97.8	86.8	89.6	629,073	96.0	98.6	97.8
Difficulty with spoken English?								
Yes	35	2.3	3.6	3.3				
No	970	97.7	96.4	96.7				
Difficulty with written English?								
Yes	87	4.6	10.2	8.8				
No	918	95.4	89.8	91.2				
General health (self-reported)								
Excellent	248	22.0	26.1	25.1				
Very Good	219	23.2	19.8	20.7				
Good	320	30.4	32.2	31.7				
Fair	152	15.4	16.4	16.1				
Poor	64	9.0	5.5	6.4				
Difficulty with work due to health problem or disability?								
Yes	244	28.7	23.8	25.1				
No	761	71.3	76.2	74.9				
Tenure								
Home owned fully	16	3.2	1.4	1.9	71,297	10.2	11.5	11.1
Joint ownership	4	1.2	0.6	0.7	1,938	0.4	0.3	0.3
No home owned	957	94.3	92.4	92.9	534,803	84.5	82.5	83.1
Mortgage	28	1.3	5.6	4.5	34,324	4.8	5.6	5.3
Unknown					895	0.1	0.1	0.1
Living arrangements								
Alone	121	15.7	14.9	15.0				
Share accommodation	226	23.9	19.1	20.3				
With family/extended family	488	44.7	43.6	43.9				

<b>Table 18 continued</b>				
With spouse only	60	8.1	5.0	5.8
With spouse and child/ren	95	4.7	16.2	13.2
Alone with child/ren (sole parents)	10	2.3	1.0	1.3
Other	5	0.6	0.4	0.4
Housing arrangements				
Rent-private	375	32.5	39.2	37.3
Rent-public	59	5.9	5.8	5.9
Mortgage	50	4.5	5.1	5.0
Owner-occupier	26	4.5	1.8	2.6
Boarding	337	36.0	32.5	33.5
Staying temporarily with friends/family	34	3.5	3.3	3.4
Staying with family/friends rent free	105	11.9	9.9	10.4
Other	19	1.0	2.2	1.9
Number of times moved house in last year				
None	419	40.0	47.8	45.8
One	232	20.8	23.6	22.9
Two	141	16.6	12.5	13.5
3-5	164	19.3	12.6	14.3
More than 5	49	3.2	3.5	3.5
Main activity last week				
CDEP (Indigenous)	2	0.0	0.4	0.3
Unemployed/looking for work	534	43.8	51.9	49.8
Studying	24	3.7	1.4	2.0
Undertaking training course	13	1.2	1.3	1.3
Working part-time	190	24.2	19.0	20.4
Working full-time	123	8.8	14.7	13.2
Self-employed	13	0.1	1.9	1.4
Working voluntarily	31	3.1	2.9	2.9
Home or family responsibilities	35	7.5	2.7	3.9
Other	25	4.9	2.2	2.9
Paid work - other	15	2.7	1.5	1.8
Hours spent in paid work (% of those working)				
<i>None</i>	7	0.7	3.1	2.5
<i>1 to 20 hours</i>	108	33.7	27.5	29.0
<i>21 to 40 hours</i>	156	57.8	41.7	45.7
<i>More than 40 hours</i>	72	7.8	27.8	22.8
Usual hours (% of those working)				
<i>Hours usually about the same</i>	123	32.9	36.2	35.4
<i>Hours vary</i>	220	67.1	63.8	64.6
How long since had job lasting more than 3 months?				
< 6 months	337	33.8	35.5	35.1
6 months to 1 year	210	20.5	20.3	20.3
1 to 2 yrs	221	24.2	22.4	22.9
Over 2 years	137	13.6	14.9	14.6
Never	100	7.9	6.9	7.2

Notes:

- a. data from Centrelink administrative records
- b. data from SPRC survey
- c. Refers to whether customer has child eligible for Family Payment

Sources: SPRC survey of breached customers; Centrelink administrative data; FaCS Longitudinal Data Set (LDS)

**Table 19: The circumstances and characteristics of breached customers, by age (per cent)**

		Age <sup>a</sup>					
	n	15 -17	18-24	25-39	40-49	50 +	Total
Sex							
Female	286	45.8	31.9	14.7	27.8	15.8	25.9
Male	719	54.2	68.1	85.3	72.2	84.2	74.1
Marital Status							
Single	747	95.4	84.9	55.3	27.2	23.8	67.5
Married/defacto	147	4.0	8.2	26.5	30.6	43.4	17.8
Div/sep/widowed	111	0.6	6.8	18.1	42.2	32.8	14.7
Highest level of education							
Less than Year 12	366	69.3	30.8	25.2	36.7	56.5	33.2
Year 12	142	9.4	16.0	12.2	4.0	5.4	12.7
Trade certificate	398	19.0	44.3	48.3	32.7	26.7	42.1
Tertiary education	99	2.3	9.0	14.3	26.6	11.4	12.1
Country of birth <sup>a</sup>							
Australia	851	91.0	86.7	82.2	73.1	62.5	83.2
Indigenous <sup>b</sup>	77	8.0	9.8	5.7	1.7	-	7.1
Overseas – English speaking	50	2.7	4.8	5.6	12.4	5.1	5.7
Overseas – Non-English speaking	104	6.3	8.5	12.1	14.6	32.4	11.2
Difficulty with spoken English?							
Yes	35	5.0	2.5	3.0	1.4	15.7	3.3
No	970	95.0	97.5	97.0	98.6	84.3	96.7
Difficulty with written English?							
Yes	87	10.8	6.4	9.6	10.4	20.9	8.8
No	918	89.2	93.6	90.4	89.6	79.1	91.2
General health							
Excellent	248	28.3	24.3	28.0	19.7	15.1	25.1
Very Good	219	19.5	24.6	18.4	14.3	13.4	20.7
Good	320	34.1	29.9	33.8	28.4	37.6	31.7
Fair	152	9.9	15.2	15.7	24.1	22.3	16.1
Poor	64	8.1	6.0	4.1	13.5	11.6	6.4
Health problem or disability that makes it difficult to find or keep work?							
Yes	244	16.9	23.2	23.8	31.3	55.4	25.1
No	761	83.1	76.8	76.2	68.7	44.6	74.9
Living arrangements							
Alone	121	5.9	9.3	16.5	34.6	37.0	15.0
Share accommodation	226	24.7	22.9	17.7	20.5	5.5	20.3
With family/extended family	488	65.7	57.4	35.5	11.9	1.9	43.9
With spouse only	60	1.8	7.3	5.0	0.9	14.0	5.8
With spouse and child/ren	95	1.3	2.5	22.9	28.2	34.6	13.2
Alone with child/ren	10	-	0.2	1.7	3.9	7.2	1.3
Other	5	0.6	0.4	0.7	-	-	0.4



## The Impacts of Breaching

**Table 19 continued**

	n	15 -17	18-24	25-39	40-49	50 +	Total
Housing arrangements							
Rent- private	375	23.8	36.3	43.4	42.1	49.4	38.9
Rent- public	59	8.9	4.0	9.1	9.3	5.5	6.7
Mortgage	50	-	3.6	10.0	13.1	7.7	6.6
Owner-occupier	26	-	0.6	3.7	14.2	17.5	3.6
Boarder	337	39.1	37.7	20.7	16.6	5.5	28.6
Staying temporarily with friends/family	34	3.7	5.2	2.6	-	-	3.5
Staying with family/friends rent free	105	22.1	11.6	8.4	2.4	12.6	10.4
Other	19	2.3	1.1	2.1	2.3	1.9	1.7
Number of times moved house in last year							
None	419	33.8	37.0	53.1	63.4	62.0	45.8
One	232	25.3	26.0	20.7	18.7	11.9	22.8
Two	141	12.0	15.5	11.3	9.3	24.2	13.6
3-5	164	18.2	17.1	13.5	6.9	1.9	14.3
More than 5	49	10.7	4.5	1.6	1.7	-	3.5
Main activity last week							
CDEP (Indigenous)	2	-	0.2	0.6	-	-	0.3
Unemployed / looking for work	534	55.8	53.3	47.0	42.4	42.1	49.8
Studying (school, TAFE, university, other)	24	15.1	1.5	0.9	-	-	2.0
Undertaking a training course	13	1.4	1.1	1.8	0.8	-	1.3
Working p/time for wage or salary	190	11.7	19.2	21.3	30.7	17.4	20.4
Working f/time for wage or salary	123	2.3	12.9	14.6	10.8	27.9	13.2
Self-employed	13	-	1.1	1.5	4.7	-	1.4
Working voluntarily (no pay)	31	0.4	4.6	1.8	2.3	-	2.9
Home or family responsibilities	35	4.8	1.7	5.9	6.1	5.1	3.9
Other	25	6.3	3.1	2.1	-	7.5	2.9
Paid work -other	15	2.2	1.4	2.3	2.3	-	1.8
Hours spent in paid work (% of only those working)							
None	7	-	0.8	5.6	-	-	2.5
1 to 20 hours	108	55.6	32.4	26.5	25.5	11.3	29.0
21 to 40 hours	156	44.4	50.7	37.3	58.2	39.1	45.8
>40 hours	72	-	16.1	30.6	16.3	49.6	22.8
Usual hours (% of those working)							
Hours usually about the same	123	36.4	40.6	30.2	32.0	39.1	35.4
Hours vary	220	63.6	59.4	69.8	68.0	60.9	64.6
How long since had job lasting more than 3 months?							
Less than 6 months	337	35.5	31.4	37.5	35.6	52.3	35.1
6 months to 1 year	210	7.3	25.4	17.1	21.3	11.8	20.3
1 to 2 yrs	221	18.6	24.3	26.5	10.2	11.6	22.9
Over 2 years	137	4.1	11.1	17.8	28.7	11.6	14.6
Never	100	34.5	7.8	1.0	4.2	12.8	7.2

Notes:

- a. data from Centrelink administrative records
- b. data from SPRC survey

Source: SPRC Breached Customer Survey

Secondly, the vast majority did not report having difficulties with spoken English, even though more than 11 per cent were born overseas in a non-English speaking country. Ninety-two per cent also said that English was the main language spoken at home. However, we might expect language problems to be slightly understated, given that just over two per cent of potential respondents contacted did not participate in the survey because of language difficulties. A small minority (nearly nine per cent) did report difficulties with written English that made it hard to deal with Centrelink and other official bodies. These were disproportionately concentrated amongst older men, who were more likely to have been born overseas in a non-English speaking country. However, comparison with the FaCS data suggests that people from non-English speaking backgrounds (NESB) are somewhat *less* likely to be breached than their presence in the unemployed income support population would suggest. Even if the survey under-represents breached NESB customers to some extent, it does not appear that they figure disproportionately amongst those receiving penalties.

The position of Indigenous customers is less clear. As we saw in Section 2, other research has shown that breaching is disproportionately common among Aboriginals and Torres Strait Islanders. In our survey, 7.1 per cent of respondents identified themselves as Indigenous. We have no way of knowing how accurate this is, although there is a view that ATSI self-identification in surveys has become more accurate over time, as such identification has become more socially acceptable. However, when contacted after the survey during recruitment for the qualitative interviews, a few respondents who had apparently identified in the survey as Indigenous stated that they were not. According to the administrative data, the percentage of Indigenous-identifying customers in our survey was only 4.4 per cent, significantly lower than the 7.7 per cent recorded in the FaCS data as being Indigenous in the whole Newstart and Youth Allowance population. It is difficult to know what underlies this discrepancy. Given that Indigenous customers are known from other data to be disproportionately represented amongst those breached, it is likely that our survey under-represents breached Indigenous customers to some extent, but it may also have picked up some customers who had not been recorded in the Centrelink data as Indigenous.

In order to add some detail to the administrative information about country of birth, respondents were also asked about their ancestry, using the same question as in the 2001 Census. The results showed that, as in the population more generally, breached income support customers come from a wide spectrum of national and cultural backgrounds. Overall, 42 per cent saw their ancestry as 'Australian' and 14 per cent as 'English'. Beyond that, there were 2.3 per 'Irish', 1.5 per cent 'Italian' and 1.5 per cent 'Greek'. Twenty-two per cent classed themselves as 'other', including a wide range of ancestries from Africa and the Middle East, Oceania, non-English Europe and Southeast Asia. A further 15 per cent were of mixed or multiple ancestry, including a number where Aboriginality was one strand of their cultural heritage.

More than three-quarters reported their general health as being good or better, but just over one-quarter reported having a health problem, physical disability or psychological difficulty which made it hard to look for or keep work. Again this is highly age-related, with 55 per cent of those aged 50 or over reporting such a problem, but slightly more prevalent amongst women than men. Of all those reporting such problems, two-thirds said that they had received medical or other treatment for

the problem in the previous year, which suggests that most of the conditions reported are likely to be more than trivial.

There was a vast range of conditions reported, both physical and psychological. Many (though not all) of the physical conditions increased in prevalence by age, so that, for example, while an overall 3.6 per cent of respondents said they had back injuries or problems, this was true of 18.5 per cent of those aged 50 or more. Apart from back problems the most common conditions reported were some form of physical injury or ailment, including problems with various joints, broken bones and recovery from accidents or surgery (totalling 8.2 per cent overall), then asthma (3.3 per cent overall, but with a higher concentration amongst younger customers).

The largest single category of psychological conditions was that involving depression/anxiety/stress and various nervous disorders. Close to five per cent overall reported a condition falling into this category, but it was more common amongst women (6.6 per cent). Taken together with other mental health or psychological conditions that include bi-polar disorder, schizophrenia, psychosis, Tourette's syndrome, ADHD, agoraphobia, personality disorders and substance addiction problems, this totalled 8.4 per cent of breached customers. Leaving aside any under-representation of more disadvantaged customers in our survey, this would still amount to around 1200 individuals over the sampled four-week period.

However, to put this in some perspective, other research has recently indicated that mental illness is much more common amongst unemployed income support recipients as a whole than amongst the general population (Butterworth, 2003). Butterworth has estimated that up to 30 per cent of the unemployed recipient population has some kind of mental health disorder. This estimate is based on data from the National Health Survey, which is perhaps more likely to identify such problems accurately than the breached customer survey (but could also overestimate them, given the broad scope of the questions). Our own data are based only on self-identification in response to one question over the telephone and are thus likely to underestimate the full extent of such mental health problems. Nevertheless, although there are clearly a substantial number of people with potentially severe psychological problems being breached, these data do not in themselves support the suggestion that mentally ill people are disproportionately represented amongst breached customers.

In terms of living arrangements, a substantial proportion of breached customers were living with their families at the time of the survey (44 per cent), but only around one-quarter of these were living rent-free, so most still had rent or boarding payments to meet from their reduced incomes. The FaCS data on housing tenure indicate that breached customers are much less likely than other unemployed income support customers to be home owners, as would be expected given their age profile.

The picture on housing instability is mixed. Close to half had not moved house in the previous year and another 23 per cent had only moved once. At the other extreme 14 per cent had moved between three and five times, and a further four per cent had moved more than five times in the year. This pattern was somewhat different for men and women, with women apparently suffering greater housing instability, but it was clearly age related, with the youngest grouping making the most frequent moves. This suggests that while housing instability may not be a major problem for most breached customers, there is a significant minority for whom breaching may be exacerbating

existing difficulties with finding secure housing. This issue is explored further in the in-depth interviews with breached customers in Section 6.

Respondents were also asked about their labour market activities in the week before the survey. It should be noted that this is not the same as their activities at the time they were last breached, which would have been up to four months before. Well over one-third (37.1 per cent) were in paid work of some kind, including a small number in self-employment or on CDEP schemes, while half remained primarily unemployed and in job search, and the rest were studying or training, doing voluntary work, or meeting home or caring responsibilities. Of those in paid work, although most were in part-time jobs a substantial number reported working long hours (especially the men), but nearly two-thirds said their hours usually varied. Against this substantial level of activity has to be set the fact that more than two-fifths reported it having been more than a year since they had a job lasting more than three months and seven per cent had never had such a job. The obvious question here is whether people's activity status had changed between the time they were breached and the time they were interviewed, and whether any such changes can be attributed to the breach. Although changes in activity status could be reported, in the absence of comparable data on similar customers who did not experience a breach in this period, the results are difficult to interpret. Further work is needed on this issue.

One further method used to assess the level of financial disadvantage experienced by breached customers was a set of questions concerning household cash flow problems and hardship, modelled on those used by the ABS in the Household Expenditure Survey (HES). Table 20 gives the responses to these questions by payment type.

**Table 20: Household cash flow and hardship, by payment type**

Question: Over the past year have any of the following happened to your household because of a shortage of money?	Newstart	Payment type Youth Allowance	Total
<i>Cash flow</i>			
Could not pay electricity, gas or telephone bills on time	60.4	50.8	55.4
Could not pay for car registrations or insurance on time	43.9	28.8	36.1
Had to ask for financial help from friends or family	75.6	71.2	73.3
<i>Hardship</i>			
Went without meals	42.5	34.2	38.2
Unable to heat home	22.6	17.6	20.0
Had to pawn or sell something	49.1	40.2	44.5
Had to ask for help with money or goods from a local welfare agency	27.9	19.3	23.5
Note: percentages exclude those for whom response was n/a, eg, those without cars			
Source: SPRC survey of breached customers			

Breached customers on Newstart were consistently worse off on these measures than Youth Allowance recipients, presumably because for the latter group living with parents cushioned many from hardship.

Table 21 uses two summary measures for cash flow and hardship, based on the questions above and following Bray (2001), to compare the responses of breached customers with those of other Newstart and Youth Allowance customers in general. There are two main limitations to this comparison. First, Bray's analysis is based on households (though the responses are from the reference person only), whereas ours are from individuals. Secondly, the HES data are from 1998-99 and ours are from the end of 2002. One might expect the financial situation of some income support recipients to have changed over that period, although it is not clear how they might have changed in the aggregate. In spite of these limitations the analysis offers a useful indicator of how in general financial stress might differ between breached customers and other unemployment benefit recipients.

**Table 21: Financial stress: breached customers compared with other Newstart and Youth Allowance recipients**

	Cash flow			Hardship		
	None	Some	Multiple	None	Some	Multiple
<i>Breached customers (2002)</i>						
Newstart	16.0	19.1	64.9	35.7	22.6	41.7
Youth Allowance	21.4	26.1	52.5	45.0	23.4	31.7
<i>Households with 50% + income from benefits (1998-99)</i>						
Newstart	14.2	52.4	33.4	47.3	35.0	17.7
Youth Allowance	3.7	63.4	32.9	68.8	23.2	8.0
<i>Other households with income from benefits (1998-99)</i>						
Newstart	37.2	43.7	19.1	73.1	20.3	6.6
Youth Allowance	58.5	32.2	9.3	88.2	9.4	2.4

Note: 'Some' means reporting having one of the financial stresses and 'multiple' means reporting more than one.

Sources: SPRC survey of breached customers; Bray (2001), Table 15.

The results suggest that breached customers are strikingly more stressed financially than unemployment benefit recipients as a whole. For example, breached Newstart

recipients were nearly twice as likely to report multiple cash flow problems in the past year as Newstart customers who derived more than half their income from benefits (64.9 per cent compared with 33.4 per cent), and well over three times as likely as other customers with lesser reliance on benefits. The picture was somewhat different for YA recipients: although breached customers were more than one and a half times as likely to report multiple cash flow problems as all those mainly reliant on benefits, they were also more likely to report no cash flow problems (21.4 per cent compared to 3.7 per cent). However, breached YA customers were also more than five times as likely to report multiple cash flow problems as those with lesser reliance on benefits (52.5 per cent compared with 9.3 per cent). In terms of the hardship measure, the results are also striking, with breached Newstart customers over six times more likely to report multiple hardships than customers with lower levels of benefit reliance (41.7 per cent compared to 6.6 per cent) and still well over twice as likely as those whose incomes came mainly from benefits.

### **4.2 The relationship between levels of breaching and customer characteristics**

Before considering the causes and impacts of breaching, we look at the associations between levels of breaching and customer characteristics and circumstances. For example, are those who are more disadvantaged also more likely to incur a higher number of breaches? Table 22 shows how the types and severity of breaches were distributed by some key demographic characteristics. Breaches experienced by those aged under 18 were much more likely to be administrative breaches than those experienced by older customers. Men were more likely to get second and third breaches than women. It also appears that NESB customers may be somewhat more likely to receive a third breach than others, while those with lower levels of educational achievement seem more often than others to receive administrative breaches. This could perhaps relate to difficulties with understanding Centrelink forms and letter. Those identifying in our survey as Aboriginal or Torres Strait Islander were somewhat more concentrated in the Youth Allowance group than non-Indigenous customers. This is associated with a slightly higher level of administrative breaches, but otherwise there is little difference between the groups.

Associations between certain measures of disadvantage, breach severity and payment type are examined in Table 23, with the row percentages showing the breakdown by breach type for customers facing particular forms of disadvantage. The first two variables refer to the composite ‘hardship’ and ‘cash flow’ measures discussed above. These measures suggest that there is some relationship between breach severity and financial disadvantage. Nearly 12 per cent of those reporting multiple hardship were on their third breach, compared with less than seven per cent of those reporting no financial hardships. However, given that less than nine per cent of respondents overall were on their third breach, this means that close to half of all those with third breaches reported multiple hardships, compared to just over 30 per cent of those reporting no hardships. The direction of this association is unclear, of course, as breaching can lead to hardship but financial stresses can also lead to infringements of income support rules, such as non-declaration of total earnings.

Newstart recipients also appear to include a higher proportion of those experiencing multiple cash flow or hardship events. Those who had received an administrative breach were more likely to report having a medical condition that interfered with their

job search or work, to be living with their spouse or family, and to have difficulties with written English.

**Table 22: The distribution of breach types by demographic characteristics (row percentages)**

	n	Breach type				Payment	
		Admin	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	NSA	YAL
Age							
15 to 17	96	54.1	39.2	4.7	2.0	3.0	97.0
18 to 24	572	36.8	38.7	15.1	9.4	43.8	56.2
25 to 39	253	31.8	42.9	15.1	10.2	99.5	0.5
40 to 49	59	11.3	70.0	12.3	6.4	100.0	-
50 +	25	21.8	63.6	9.7	4.9	100.0	-
Sex							
Female	286	34.7	48.2	10.7	6.3	53.6	46.4
Male	719	32.8	42.7	15.0	9.6	72.7	27.3
Country of Birth							
Australia	851	33.6	43.8	14.2	8.4	66.0	34.0
<i>Indigenous - admin</i>	48	25.4	43.8	15.0	10.0	62.7	37.3
<i>Indigenous - survey</i>	77	36.0	49.6	13.4	9.5	57.3	42.7
Overseas: English-speaking	50	31.6	43.0	18.3	7.1	84.1	15.9
Overseas: non-English speaking	104	31.5	47.4	9.4	11.7	73.0	27.0
Marital Status							
Single	747	38.5	38.8	14.3	8.4	57.1	42.9
Married/defacto	147	24.6	53.5	11.6	10.3	88.0	12.0
Divorced/separated/ Widowed	111	19.7	57.4	14.6	8.3	92.3	7.7
Children < 13							
No	927	34.0	43.3	14.0	8.7	64.6	35.4
Yes	78	26.9	51.6	12.4	9.1	94.8	5.2
Highest level of education							
< Year 10	104	36.4	37.1	16.9	9.6	71.3	28.7
Year 10	280	38.3	37.1	14.6	10.0	56.0	44.0
Year 12	154	37.3	39.3	13.6	9.8	56.5	43.5
Trade certificate	368	30.9	48.4	12.9	7.9	73.3	26.7
Tertiary education	99	23.8	56.0	13.3	6.9	83.2	16.8
All	1005	33.3	44.1	13.9	8.7	67.8	32.2

Sources: SPRC survey of breached customers; Centrelink administrative data

Those who had received a first activity breach appeared to be better off than those with either an administrative or higher level activity breach. They were less likely to

report having cash flow or hardship problems or to experience multiple house moves in the past year. Their work life also seemed to be less impeded by a medical condition and they were less affected by difficulties with written or spoken English. On average, Newstart recipients appeared to have more stable housing, with a higher proportion reporting not having moved in the previous year. Finally there appears to be a small difference according to the level of disadvantage identified in Centrelink's Job Seeker Classification Instrument (JSCI) scores, with both those receiving administrative breaches and those with second and third activity test breaches having higher mean scores.

### 4.3 Reasons for breaching

Table 24 examines breached customers' recall of the official reason given by Centrelink for their last breach. Consistent with previous findings, failure to attend a seminar or interview was easily the most common reason, followed by not properly completing a job seeker diary and not declaring earnings. As would be expected, there are also differences between the reasons for administrative and activity test breaches. Not replying to correspondence and not attending an interview were most prominent for those who received an administrative breach, while reasons connected with unwillingness to undertake work, not attending programs such as Work for the Dole non-declaration of earnings and not fulfilling activity agreements were common for those who received a second or third activity test breach.

There are also some interesting differences by payment type. For example, Youth Allowance recipients seem relatively more prone to being breached for not carrying out activity agreements and, most strikingly, for not replying to correspondence. This is in line with the findings from other studies discussed above that receiving mail reliably can often be a problem for young people without secure accommodation of their own. This problem is explored further in some of the stories from younger recipients presented in Section 6. Ways of dealing with correspondence would seem to be an area where procedural reform might reduce unnecessary breaches. Newstart recipients seem to be much more likely than Youth Allowance recipients to be breached for failing to accept suitable work. Whether this is because older customers are more inclined to be choosy, harder to match with appropriate offers, or simply more likely to be offered work at all, is not clear.

Official classifications of reasons for breaching, however, do not tell the whole story of how they occurred. Table 25 shows the underlying reasons that breached customers themselves gave for their most recent breach. No single reason dominates, with the most common reason, given by just over 12 per cent of respondents, being that they were working, had job interviews, training or study. This is an issue that is also discussed further below in the qualitative interviews, where a number of respondents complained about how Centrelink requirements often clashed with other activities that the respondents thought were more important, in terms of possible employment and extra income. A further nine per cent indicated that they did not meet the rules or paperwork requirements and seven per cent reported having some form of health problem or condition that interfered with meeting their requirements.

The table further cross-tabulates these underlying explanations with the most common five main *official* reasons for the breach. The column percentages are of all those whose breach fell under one of these main official reasons, as far as they could recall,



**Table 23: Breach severity by indicators of disadvantage**

	n	Severity of breach				Payment	
		Admin	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	NSA	YAL
Hardship							
None	407	30.5	50.7	12.3	6.6	63.4	36.6
Some	231	35.0	43.4	13.7	7.8	68.2	31.8
Multiple	367	35.3	37.2	15.8	11.7	72.4	27.6
Cash flow							
None	189	29.7	51.4	12.4	6.5	62.8	37.2
Some	228	31.2	45.3	14.1	9.4	59.3	40.7
Multiple	588	35.1	41.5	14.2	9.2	72.3	27.7
Health problem that inhibits work activities?							
Yes	244	37.2	39.5	14.6	8.6	71.7	28.3
No	754	32.1	45.6	13.7	8.7	66.6	33.4
Housing							
Alone	121	28.1	48.9	15.5	7.5	86.8	13.2
Share accommodation	226	30.6	41.0	17.8	10.6	62.8	37.2
Spouse/family	488	39.7	39.8	12.5	8.0	54.3	45.7
Other family	155	25.5	54.2	10.8	9.5	86.9	13.1
Other	15	31.1	38.2	22.7	8.0	92.4	7.6
House moves in past year							
Not moved	419	35.2	45.3	12.5	7.0	73.8	26.2
Once	232	30.4	47.6	11.8	10.2	66.4	33.6
Twice	141	33.1	41.7	19.1	6.1	63.9	36.1
Three to five	164	31.6	41.0	13.4	13.9	61.2	38.8
> five	49	35.2	28.3	26.4	10.2	41.5	58.5
Difficulties with spoken English							
Yes	35	31.9	38.5	19.1	10.4	68.7	31.3
No	970	33.3	44.3	13.7	8.7	67.7	32.3
Difficulties with written English							
Yes	87	39.4	36.2	16.9	7.5	67.1	32.9
No	918	32.7	44.9	13.6	8.8	67.8	32.2
Time since having a job that lasted more than 3 months							
< 6 months	337	23.0	56.3	12.6	8.1	70.3	29.7
6 months to 1 year	210	29.2	47.2	13.8	9.9	66.5	33.5
1 to 2 years	221	46.0	33.7	13.9	6.5	69.7	30.3
Over 2 years	137	35.3	34.1	17.0	13.7	82.1	17.9
Never	100	50.4	29.6	14.3	5.7	23.7	76.3
Job Seeker Classification							
Instrument score (mean)		26.5	23.8	27.2	27.8	25.9	24.4

Note: Hardship and cash flow questions are derived from the ABS Household Expenditure Survey (HES). See Bray (2001) for description of composite measure.

and the more common respondent explanations are shaded. Thus of the just under 33 per cent who indicated that they were breached because they did not attend an interview, the most common explanations were that they had some other commitment (working/job interviews/training/study) (13.9 per cent), had health problems (12.2 per cent), or difficulties with correspondence (11.8 per cent), while 11 per cent simply forgot.

Of those who were breached for not declaring all their earnings, around one-third recognised that they had under-declared earnings or not properly estimated their income, but another 14 per cent put this down to lack of understanding of what was required or to problems with paperwork.

A similar lack of understanding was one key reason for not notifying Centrelink of changes in circumstances, while another group simply 'forgot' and others were away or busy with other relevant activities. Problems with correspondence also apparently underlay many of the Work for the Dole-related breaches, but health problems and family commitments were also important.

Overall, it appears that improvements in the ways enquiries are carried out about people's circumstances before breaches are actually imposed would be likely to reduce the numbers considerably, as is indicated by the results of the changes from July 2002.

**Table 24: Official reasons for breach, as recalled by respondents (per cent)**

Reason for breach	n	All	Admin	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	NSA	YAL
All	1005	100.0	33.3	44.1	13.9	8.7	67.8	32.2
Not attending a seminar or interview	322	32.7	55.3	22.5	12.9	9.3	69.3	30.7
Not filling in a Job Seeker Diary correctly	100	10.7	7.6	75.3	13.3	3.8	72.1	27.9
Not declaring earnings from employment	98	9.4	17.9	50.8	19.1	12.2	72.7	27.3
Not notifying a change of circumstances	40	5.2	44.6	44.6	6.1	4.7	73.3	26.7
Not attending a Work for the Dole project	66	5.1	25.8	30.0	20.9	23.3	70.9	29.1
Leaving a job voluntarily	44	4.8	2.1	79.8	16.5	1.6	73.5	26.5
Not carrying out an activity agreement	58	4.7	36.3	32.3	16.1	15.3	59.7	40.3
Not getting Employer Contact Certificates completed	34	3.9	2.4	77.9	16.2	3.6	78.9	21.1
Not entering into an activity agreement	22	2.0	21.1	44.3	20.4	14.3	72.2	27.8
Not replying to correspondence	20	1.8	71.9	14.2	10.7	3.2	24.8	75.2
Unwilling to undertake suitable work	8	0.7	0.0	41.9	40.9	17.2	85.1	14.9
Don't know / can't recall	38	3.9	36.3	38.7	21.0	4.0	68.1	31.9
Other	155	15.3	26.5	58.0	8.0	7.6	57.0	43.0

Source: SPRC survey of breached customers

**Table 25: Underlying explanations for breaches, by official reason**

Reason given by respondent	n	Total (a)	Not attending interview	Not completing Job Seeker Diary	Not declaring earnings	Not notifying change of circumstances	Not attending WFD
			32.7	10.7	9.4	5.2	5.1
Working/job interviews/training/study	127	12.4	13.9	17.8	7.3	12.2	9.3
Problems with paperwork/ lost documents/certificates	91	9.1	5.8	8.4	8.7	9.8	8.4
Health problems (including pregnancy)	76	7.4	12.2	7.6	1.6	-	10.8
Did not know/confused about compliance/paperwork	59	7.1	3.6	10.0	13.6	17.6	-
Mail lost/correspondence never received/ arrived late	77	6.8	11.5	1.2	-	1.9	12.0
Did everything Centrelink required	54	6.3	3.1	7.6	9.6	-	4.1
Forgot	57	6.2	11.0	5.3	2.1	16.7	1.8
Other	53	5.8	5.7	4.1	9.9	7.9	1.2
Don't know/not answered	52	5.2	2.9	2.1	1.7	4.1	10.6
Centrelink incompetent/poor service/error	51	4.5	4.2	2.9	7.9	6.8	3.6
No time/too busy	44	4.4	4.9	6.7	1.3	4.6	6.4
Undeclared earnings/incorrect estimates of income	37	4.2	-	-	32.9	9.2	-
Waste of time	42	4.2	5.8	1.7	0.6	1.1	5.7
Family problems/commitments/death	41	3.9	6.3	5.3	0.4	4.3	11.1
Misunderstanding	43	3.9	4.7	1.3	5.2	4.2	3.5
Lost diary/diary problems	46	3.9	-	28.0	-	-	-
Moving/changed address	43	3.7	3.7	5.3	-	4.6	1.2
Transport problems	41	3.4	7.2	-	0.8	0.0	8.0
Centrelink gave incorrect advice	32	3.4	4.1	8.2	3.1	1.1	3.5
Away/on holidays/travelling/playing sport	26	3.3	3.5	3.6	1.0	12.7	0.6
Employment problems/sacked	28	2.9	-	-	0.7	-	1.1
Left employment/poor working conditions	32	3.0	-	-	-	-	2.6
No reason given/could not attend	30	2.7	5.3	0.3	0.6	-	0.8
No money/ financial difficulties	23	2.3	3.9	-	6.3	1.5	1.8
No suitable work available	12	1.0	0.4	0.6	-	-	2.3

Note a. The column percentages do not sum to 100 per cent, as some individuals gave more than one answer.

Source: SPRC Survey of breached customers

#### **4.4 The impacts of breaching**

We now move on to examine the impacts of breaching. The survey allowed us to examine these impacts in several ways. First, respondents were asked to list in their own words up to six things that had happened to them or that they had done in the last few weeks as a result of the most recent breach, and then to say which of these was the most important. Second, they were asked to listen to a list of possible impacts (derived from the literature) and to say whether or not they had experienced any of these as a result of either the most recent breach or any others in the previous two years. Third, they were asked to give their views on a series of attitudinal statements about breaching and its effects. These questions are considered in turn.

##### **Impacts of the most recent breach**

From the wide-ranging, open-ended responses to this question, a grouping of forty-five different types of impacts was identified, covering the domains of daily living expenses, housing, health and participation. Since people responded in varying levels of detail, these data should be regarded as primarily qualitative. However, in order to give an idea of the prevalence of different self-reported impacts, we present summary percentages for each of these domains in Tables 26-30.

##### *Impacts on daily living expenses and housing*

By far the most common impacts reported by customers were those relating to the basic necessities of life. As shown in Table 26, 54 per cent reported experiencing some financial impact affecting their ability to pay for basic necessities such as food or bills. Twenty-eight per cent reported a general shortage of money. Examples of the statements made by respondents include the following.

I've been broke

Cash flow problems, eg. bills, petrol, everyday living items, all reduced

Less money and struggling

As a general thing, no money at all

In addition to an overall shortage of money, several customers cited specific areas of their lives that were affected. Sixteen per cent reported that they had trouble paying bills, with a small number (0.7 per cent overall) saying they had had their utilities cut off. For example,

Income cut - haven't been able to keep up bills

Struggled to pay bills

Not being able to pay bills on time

Electricity cut off

**Table 26: Financial impacts of the most recent breach**

	Percentage <sup>a</sup>
Daily living expenses	
Insufficient funds	28.2
Bills unpaid	15.9
Went without food	10.7
Transport difficulties	10.0
Budgeting problems	3.7
Christmas problems <sup>b</sup>	3.1
General child dependent hardship	1.4
Utilities cut off	0.7
Cut back on cigarettes and alcohol	0.6
Children went without food	0.5
Difficulties feeding/caring for pets	0.2
Assets repossessed	0.2
<i>Total<sup>c</sup></i>	<i>54.4</i>
Housing	
Unable/hard to pay rent or mortgage	12.6
Had to move	2.4
Made homeless	0.4
Lost accommodation	0.4
<i>Total<sup>c</sup></i>	<i>14.9</i>
Total (either daily living or housing impact)	59.3

Notes:

- a. As customers could nominate up to six impacts, the frequencies do not total to 100 per cent.
- b. The survey was carried out shortly before the Christmas period.
- c. The totals given for each category of impact are unique values, with an individual only being counted once irrespective of the number of impacts they identify within categories.

Source: SPRC survey of breached customers

It appears that utility disconnection because of a breach is fairly unusual, although it can be a serious problem for those who experience it, since further payments are usually required for reconnection. Assuming that this sample is broadly representative of breaching events over the course of a year, the overall number of breach-related utility disconnections could still be as many as 2000 annually.

Eleven per cent reported going without food or groceries as a result of their most recent breach. In addition, a small number (0.5 per cent of all respondents) reported that their dependent children had gone without food. Given that only around five per cent of the total had children aged under 13 years, this could amount to more than 12 per cent of the parents. Statements included the following examples.

Couldn't afford to eat

Trouble buying groceries  
Hard to live food-wise  
Can't feed myself or my animals  
Unable to adequately feed my daughter and myself

Ten per cent of customers also reported that they had experienced transport problems as a result of breaching. These included problems with both public and private transport. Public transport difficulties included inability to afford fares, resulting either from loss of income, loss of concessionary transport cards or both. Private transport difficulties included being unable to (re)register or insure vehicles and/or to buy fuel. Amongst the customers who reported breach-related transport difficulties, 14 per cent specifically identified this as a factor contributing to curtailed job search efforts following the breach. Statements on transport difficulties included the following.

No petrol money  
Hard to go anywhere because of money  
Hard to go places I need to be  
Short on travel money  
Now I'm ineligible for a concession card  
\$62 a fortnight has been stopped, that was my mobility allowance  
I had less money – could not travel and could not attend the interviews. Hard to find work because I didn't have transport

The literature suggests that housing is another important area affected by breaching. In the survey nearly 13 per cent of customers said that they had problems paying their rent or mortgage as a consequence of being breached. A further 2.8 per cent said that they lost their accommodation or were forced to move, while a handful (0.4 per cent) reported becoming homeless. This suggests that while breaching can be highly stressful in terms of housing payments or security, only a small minority experience actual homelessness as a result. However, we need to bear in mind that people in the most unstable housing circumstances were likely to have been under-represented in the survey.

Examples of responses on housing included the following.

Put me behind in my rent  
Pretty hard to survive – battling to pay rent  
Not much money to pay rent - behind in my rent and still paying it off now. Faced a rental tribunal through the Housing Commission  
Had to move into a boarding [house]  
Lived in [my] car  
Now become homeless. Now in department of housing emergency accommodation

I basically got kicked out of my accommodation 'cause I couldn't afford to pay rent

It was a pain. I had absolutely no money and it was only lucky that I was able to move in with a friend of mine

In summary, as Table 26 shows, close to three-fifths were affected in some way in terms of either their essential daily living expenses or their housing. This also does not take into account the fact that many were affected in a number of different ways simultaneously.

### *Borrowing and debts*

Another common consequence, reported by 20 per cent of respondents, was the need to borrow money from either formal or informal sources (Table 27). In addition to those undertaking new post-breach loans (nine per cent), this group also includes those facing increased further debts or an inability to make payments on existing loans. In four per cent of cases, respondents reported increased indebtedness to Centrelink or outstanding fines from other sources. A few (one per cent) reported that they had sold or pawned possessions as a result of the breach. Examples of statements concerning debt and loans included the following.

Had to borrow money from family to pay rent

I had to borrow money and I got into debt

When I was cut off for eight weeks I had to borrow money left, right and centre

Had to tell creditors that I couldn't afford to pay - Centrelink cut me off. Can't squeeze blood out of a stone

The accumulation of the debts that I've built up are quite large and means that I have to pay instalments for a long while

Six per cent of customers reported that they had increased their financial reliance on family and friends as a consequence of their breach. 'Family' here included parents, siblings, adult children, in-laws and partners' families. 'Friends' included housemates as well as more general definitions. Family and friends were reported to have provided rent and board payments, loan payments (including payments on mortgages and car loans), and general financial support when respondents lost income.

If it wasn't for my friend my car would've been repossessed

Lucky that I live with good people – they let me do odd jobs for food, stay in a caravan on their land

I can't afford to give Mum as much board as I am meant to

My mum has to pay the rent and I couldn't afford to help her. She doesn't work: she's on the pension

Was supported by housemates

Just sitting at home living off what my son gives me

I'm putting extra pressure on my parents financially



I've had to rely on people I was staying with to carry me during those times

A small number (1.4 per cent) reported using savings to live on and another 0.9 per cent sold possessions. In response to this question only a few people (0.4 per cent) reported approaching another official body or welfare service agency for help, although this figure was higher when prompted (see Table 31 below).

Had to go to Child and Youth services to get a voucher for food

We had to go into our savings

I am drawing down my super and living off what I have in the bank

**Table 27: Loans and debts**

	Percentage
Borrowed money	8.6
Increased reliance on friends/family	6.1
Increased debts/fines (Centrelink and other)	3.6
Using savings	1.4
Sold possessions	0.9
Sought help from welfare agencies	0.4
Total <sup>a</sup>	19.6

Notes:

a. The totals given for each category of impact are unique values, with an individual only being counted once irrespective of the number of impacts they identify within categories.

### *Compliance*

Customers reported a wide mix of positive and negative impacts in terms of their participation in work-related activities (Table 28). It is difficult to say with any accuracy how many gained employment as a direct consequence of their breach. As far as could be determined from their statements, this was the case for approximately four per cent. Of those that mentioned the type of work they had found, most indicated that it was casual or part time. Nearly two per cent also said that their job search activity had increased.

I found some casual temp work

I obtained a contract role for three weeks, which compensated for loss of wages [sic] from Centrelink

[I] moved on and found full-time employment – couldn't live on benefits, so found work

Hard to eat, but now [I] have a casual job

[I] experienced a bit of financial difficulty until [I] got a job

I've had to go and find work because I couldn't afford to pay board

Made me reach out for work a bit quicker

[I'm] more committed to look for work

**Table 28: Positive and negative impacts on participation**

	Percentage
Positive compliance	
Found work as a consequence of breach	3.7
Increased job search	1.8
Free of Centrelink	0.9
Resumed Work for the Dole	0.3
Re-engaged with activity agreement	0.1
Total	6.8
Negative compliance	
Curtailed job search	3.9
Curtailed study	1.2
Employer problems	0.4
Crime	0.4
Total <sup>a</sup>	5.9

Note: a. The totals given for each category of impact are unique values, with an individual only being counted once irrespective of the number of impacts they identify within categories.

A small number also reported being glad to be free of Centrelink, resuming participation in a Work for the Dole scheme, or re-engaging with an activity agreement as a consequence of the breach.

While some stated that their job-search had increased, four per cent reported that their job search activity had reduced, through inability to pay for either interview presentation costs (such as appropriate clothing) or travel to interviews. A small percentage also reported that the breach had caused them to curtail or abandon studies at school, TAFE or university (either withdrawal from individual subjects, or withdrawal from course altogether).

I can only look for jobs over phones and I can only attend a limited number of job interviews because of the lack of money

I couldn't put fuel in my car so I couldn't go for job interviews

They expect you to travel everywhere for requirements and look for jobs but [my] money is too limited for transport

I haven't been able to get all the stuff I needed, like clothes to go to interviews

I ended up exiting from school before it finished

[I] stopped studying

Couldn't afford materials for study

A few respondents volunteered that they had engaged in, or were close to participating in, some form of criminal activity as a way to survive on reduced payments.

Had to break the law to be able to live

Almost forced into criminal behaviour to support myself and my child

*Impacts on health and relationships*

Around 14 per cent of respondents reported some form of physical, psychological or relational impact arising from the breach (Table 29). For the majority, the impacts related to depression, emotional problems or stress.

It's been an awful experience – [a] burden

I was devastated. You're already on Centrelink payments, which makes you feel like shit, and then they breach you on top of it which makes you more depressed

[I was] very depressed

[I] couldn't afford to eat [and] had no transport. My life was miserable

Others reported relationship problems (mostly with partners), reduction in social or recreational activities, feelings of social isolation and other personal problems.

Arguments between myself and my wife

[I'm] stressing out more [and] fighting with [my] girlfriend more

Creates problems and stress between partners

It did cause a few domestic arguments. It has caused us to split up in the past. We do have six children

Personal problems with [my] ex- and possibly can't see my children over the holidays

Everything went downhill- my relationship collapsed ... [I] can't pay child support

Missing out on visiting relations and friends

[I] virtually don't do anything. Can't do anything without money these days, basically just stay home bored and doing house duties - still looking for work though

I cannot take my kids out

I've given up one of the sports I used to take part in. [I] don't have a social life anymore

A small proportion also experienced physical illness or reported being unable to afford medication, while a few reported an increase in illicit drug use. A small number also cited 'fear of Centrelink' as an impact.

**Table 29: Health and social impacts**

	Percentage
Depression/emotional problems	6.3
Relationship problems	3.8
Social isolation	3.7
Illness	0.7
Went without medication	0.5
‘Fear of Centrelink’	0.3
Increased drug use	0.2
Other personal problems	0.1
Total <sup>a</sup>	14.0

Note: a. The totals given for each category of impact are unique values, with an individual only being counted once irrespective of the number of impacts they identify within categories.

#### *Other impacts*

Some respondents described attempts to appeal their breaches, reporting varying levels of success. Of the five per cent who reported appealing, several described the process as frustrating, time-consuming or ‘a hassle’. A small proportion moved to a different benefit.

#### *Little impact*

In spite of all the negative impacts discussed here, it is also important to note that around one-fifth reported there being *little or no consequence* arising from their last breach (Table 30). Of these, just under 13 per cent simply said there had been little or no impact, without elaborating. A further six per cent indicated that the impact had been small because they either already had, or later got, work. It should be noted that these include those already described above as having experienced positive compliance effects. A few reported ‘frustration’ and ‘hassle’ as being the main problem they had experienced. The characteristics of those who experienced only minor impacts are explored below.

**Table 30: Minor impacts**

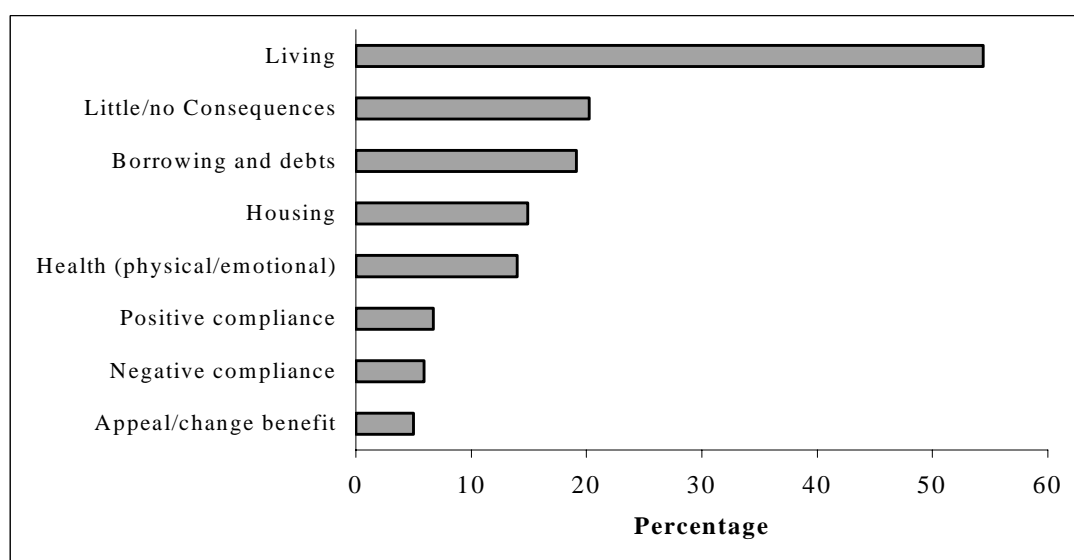
	Percentage
Little or no consequence	13.1
Had or got work, so little impact	6.1
Inconvenience/hassle/frustration only	1.0
Total <sup>a</sup>	20.2

Note: a. The totals given for each category of impact are unique values, with an individual only being counted once irrespective of the number of impacts they identify within categories.

In summary, individuals were asked to nominate up to six impacts that they experienced as a result of their most recent breach. This produced a large number of individual responses that we have summarised under key headings. Some mentioned only one impact of a broad nature, whereas others listed several more detailed types of consequence. Thus the percentage totals given in the tables above are only a broad indication of the prevalence of different impacts.

These are also shown graphically in Figure 2 below, which gives the proportions of individuals who nominated impacts in the various categories. By far the most common impacts were in the area of basic necessities, including daily living expenses and housing. Many customers also borrowed money or increased debt in order to ameliorate the impact of the breach. Around one in six individuals experienced some physical or emotional effect. Relatively few individuals either increased or decreased their participation in job search or work and slightly fewer either appealed against their breach decision or changed benefits. However, a sizable minority reported experiencing little or no consequence, in some cases because they had or got a job. Thus some individuals were deeply affected and others much less so.

**Figure 2: Summary of self-reported breach impacts**



These summary data, of course, take into account neither the relative effect of different kinds of events in people's lives, nor the importance that people place on different impacts. Therefore respondents were also asked to nominate which of the impacts they identified as the most important for them.

### *The most important impact of the breach*

Respondents variously nominated as the most important 42 out of the 45 types of impacts identified, further indicating that customers' experiences varied considerably (Figure 3). Problems with daily living expenses were by far the most important, however, followed by 'limited consequences' and housing costs. Respondents saw compliance effects, both positive and negative, as relatively unimportant.

**Figure 3: Areas of breach impacts nominated by respondents as the most important**

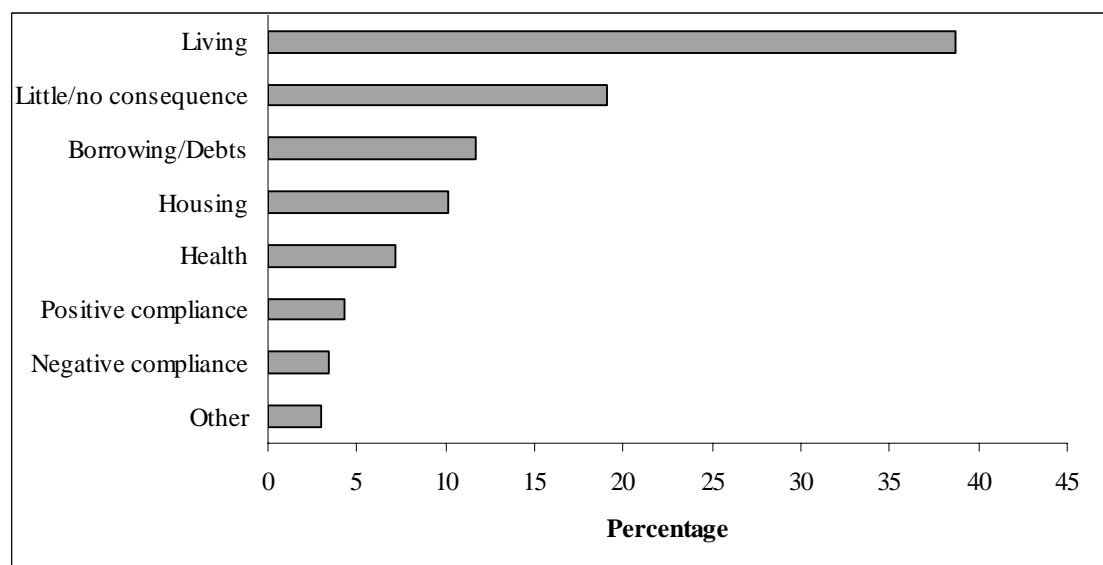


Table 31 breaks down the most important impacts, as summarised above, by key demographic variables and Table 32 does the same by other variables indicating potential disadvantage.

Some of the population sub-groups are small, so caution is needed in interpreting apparent differences between them and other groups. However, it appears that impacts related to housing were a particular issue for younger women and for renters, as well as for those with children and those previously partnered but now separated. There is of course some overlap between these groups. People with children and those born overseas in non-English speaking countries seemed to experience health-related impacts more than others. Perhaps the most surprising feature of Table 32 is that Indigenous respondents seemed noticeably more likely than others to nominate 'little or no consequences' as the most important impact (34 per cent, compared to the mean of 19 per cent). The numbers involved are relatively small, but one possible interpretation is that because Aboriginals and Torres Strait Islanders are more likely than others to be living in family or community circumstances where resources are widely shared, the loss of income through breaches may also have a more diffused effect.

In terms of other indicators of disadvantage, the most notable features are that people living in less accessible areas reported both living expense and housing as the most important impact more often than the average. Housing was generally more of a problem for most of the groups likely to face disadvantage, who were also less likely than others to nominate 'little or no consequences'. Health impacts were also cited more often by people with English literacy difficulties and by those who had been without more than short-term work for over one year, while compliance effects, both positive and negative, seemed particularly unimportant both for those with less than Year 10 schooling and those living in less accessible areas.

**Table 31: Most important nominated areas of breach impact, by respondent characteristics and circumstances (row percentages)**

	n	Living expenses	Housing	Loans/ debts	Health	Positive compliance	Negative compliance	Little/no consequence	Other	Total
All		39.9	10.1	11.7	6.9	4.3	4.3	19.1	3.4	100
Age										
15 to 17	91	37.7	15.1	9.6	9.2	2.4	3.8	20.8	1.5	100
18 to 24	557	38.7	10.4	13.0	5.5	4.4	4.5	19.7	3.9	100
25 to 39	245	43.3	8.8	12.3	8.0	4.0	4.4	17.0	2.1	100
40 to 49	55	41.3	8.7	9.2	11.7	2.9	5.3	16.0	4.9	100
50+	24	26.0	13.5	1.3	5.4	11.9	0.0	33.4	8.5	100
Sex										
Female	278	39.4	14.7	11.2	6.9	3.8	4.6	16.0	3.8	100
Male	694	40.2	8.5	11.9	7.3	4.5	4.2	20.2	3.2	100
Marital Status										
Single	724	39.4	8.0	12.8	6.4	4.8	5.2	20.7	2.8	100
Married/defaulto	140	35.7	14.1	11.0	10.0	3.4	2.9	21.1	1.8	100
Divorced/separated/widow	108	47.6	15.2	7.4	7.4	3.3	2.0	9.3	7.8	100
Children < 13										
Yes	75	30.1	15.9	11.0	13.5	4.8	0.0	22.6	1.0	100
No	897	41.1	9.5	11.8	6.4	4.2	4.8	18.5	3.7	100
Country of birth										
Australia	822	41.7	10.8	11.2	6.3	3.8	4.3	18.9	3.0	100
Indigenous	75	33.3	9.9	3.6	4.8	9.3	4.2	33.7	1.1	100
Overseas: ESB	47	38.4	8.1	16.6	4.4	8.8	5.5	15.5	2.7	100
Overseas: NESB	103	28.0	6.0	12.8	14.6	5.8	3.9	22.2	6.5	100
Housing										
Rented	421	33.1	15.5	12.1	6.2	4.5	3.7	20.7	4.0	100
Owned	70	53.1	0.0	15.8	10.7	3.8	5.3	9.1	2.2	100
Other	481	44.0	6.8	10.4	7.3	4.2	4.7	19.6	3.0	100

Note: 33 individuals' responses were unclear and could not be coded

Source: SPRC breached customer survey

**Table 32: Most important areas of breach impact, by indicators of disadvantage**

	N	Living	Housing	Loans/ debts	Health	Positive compliance	Negative compliance	Little / no impact	Other
All	1005	39.9	10.1	11.7	7.2	4.3	4.3	19.1	3.4
Aged under 18?									
Yes	91	37.7	15.1	9.6	9.2	2.4	3.8	20.8	1.5
No	881	40.0	9.8	11.9	7.0	4.4	4.4	18.9	3.5
Remote									
Yes	51	47.8	17.9	9.9	5.7	0.0	0.5	13.0	5.2
No	921	39.5	9.7	11.9	7.0	4.6	4.6	19.4	3.3
Moved more than 3 times									
Yes	206	39.1	13.9	14.6	6.9	3.3	2.2	14.4	5.1
No	766	40.1	9.3	11.1	7.2	4.5	4.8	20.0	3.0
Difficulty with spoken English?									
Yes	35	14.1	26.2	16.0	20.5	7.0	0.0	18.7	0.0
No	937	40.8	9.6	11.5	6.7	4.2	4.5	22.0	3.5
Difficulty with written English?									
Yes	86	31.2	15.1	13.4	14.0	7.1	1.0	19.1	4.4
No	886	40.7	9.7	11.5	6.5	4.0	4.6	22.1	3.3
Health problem?									
Yes	234	44.0	15.0	11.3	8.6	3.4	2.5	13.2	3.5
No	738	39.7	8.6	11.8	6.7	4.6	4.9	24.7	3.3
Over 24 and not had 3 months work for over 1 year?									
Yes	146	40.1	11.3	10.4	12.4	6.2	6.2	12.5	4.9
No	178	42.5	7.6	11.1	5.3	2.7	2.7	22.6	1.9
Education									
<Year 10	102	42.2	18.7	10.0	4.5	0	0.9	18.2	5.5
Year 10 +	870	39.6	9.1	11.9	7.5	4.8	4.7	19.2	3.1

Source: SPRC survey of breached customers

### Impacts of breaches in the previous two years

As well as the open-ended questions discussed above, a separate question asked respondents to say whether they had experienced any of a list of 43 possible impacts as result of breaches in the previous two years. The list of possible impacts was based on issues raised in the literature discussed in Section 2. Not surprisingly, the level of response to these was higher than in the open-ended question, both because of the prompting effect and because it referred to a longer time period, not just the most recent breach. There are different ways of interpreting the prompting effect. On the one hand it could be seen as leading to exaggeration, but on the other it may have stimulated fuller recall and greater focus on what we might consider to be the main impacts of breaching. The order in which the impacts were listed during the interview was randomly changed to avoid any distortions arising from either order or grouping of questions.



Table 33 presents the results of this question, with the individual impacts grouped into key areas. The sub-totals within the table are not a sum of the individual impacts, because many respondents reported experiencing more than one impact within each area. Instead they show the percentage that reported experiencing one or more of the impacts in the particular area. The variation in the 'not applicable' column mainly represents the fact that some impacts would not apply to people in certain circumstances.

These results are significant in that they suggest that compliance effects were substantially greater than implied from the previous question. Nearly 90 per cent reported that their participation in one or more of a range of activities increased as a consequence of the breach. About two-thirds said they looked harder for work, while 10 per cent who did not nominate that they looked harder for work still indicated that they either found full-time work, part-time work or increased their present hours of work. In all, just over 45 per cent said that their level of work had increased as a consequence of breaching, either through getting some kind of new work or increasing existing hours of work, or both. Fifty-seven per cent indicated that they tried harder to meet Centrelink requirements and around the same percentage reported making more effort to turn up to interviews. Almost one-third said that they started reporting all of their earnings, while around 13 per cent indicated that they commenced a training course.

Breaching also apparently resulted in negative compliance effects for 37 per cent overall. Twenty-seven per cent said that they spent less time on job search activities, while 13 per cent found other work, but of a less desirable 'cash-in-hand' type. Five per cent reported not enrolling for studies, but this would have represented a larger proportion of those actually undertaking courses.

It should be noted that we have included the nearly 17 per cent of respondents who said they 'just stopped claiming benefits' in the positive compliance effects here, but it is important to remember that without knowing what happened to people as a further consequence it cannot be assumed that this is really positive. The case studies highlighted below in Section 6, show that people sometimes try unsuccessfully to live for periods without claiming benefits and without any other secure resources, leading to further difficulties.

A large majority of breached customers (88 per cent) reported that they took certain actions to ameliorate the financial impact of the breach. For example, 71 per cent borrowed money from friends or family, 55 per cent used their own savings to support themselves and 20 per cent sought help from a charity or welfare agency.<sup>6</sup> In spite of such actions many other negative side effects were reported. For example, two-thirds reported that they had problems paying household bills, 56 per cent stated that they got into debt and two-fifths reported that they could not pay their rent. Problems with housing costs led to between 11 and 18 per cent having to move or losing their accommodation. Responses to the earlier question suggest that only a small percentage actually became homeless as a result, but it appears that housing

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<sup>6</sup> Note that this percentage is considerably higher than that reported in the responses to the open-ended question discussed earlier.

consequences of breaching can still be severe for a significant minority of people who are breached. It would be useful to compare such results with those for unemployed customers as a whole, but such information is not available.

On a more positive note, 70 per cent indicated that they budgeted more carefully, indicating an adaptive response to their reduction in income. However, many had to make sacrifices to do this, so that 54 per cent said they had to cut down on transport, half had to stop buying gifts or presents for family and friends and more than two-fifths reported having to give up a social activity or hobby.

A considerable number also reported health-related, psychological or social impacts arising from breaching. Close to half (47.5 per cent) said that either their marriage or their relationship came under stress, or that they were involved in a serious household argument. Seventeen per cent reported having to cut down on medication they needed, while a significant minority reported increasing potentially harmful behaviours: 13 per cent said increased their alcohol or drug consumption increased, while for a few (four per cent) gambling increased. It is a matter of some concern that nearly one-fifth reported participating in some form of illegal activity, including 16 per cent who admitted to jumping trains or avoiding paying bus fares, and a small group who admitted to theft or dealing in drugs.

Overall, it seems clear that breaching does impact substantially on the lives of the majority of those penalised and on the lives of those around them. Some of the effects are positive, in terms of greater compliance with requirements and some additional movement into employment, but for other customers compliance is reduced by the shortage of money. While some of the more extreme impacts, such as homelessness and crime are restricted to only a small number of people, negative effects are nevertheless widespread. The extent to which people cope with reduced incomes also seems heavily dependent on whether they have support from family and social networks. Yet these networks of support may be weakened by people's reduced ability to maintain reciprocal actions such as gift giving and other social activities.

**Table 33: Impacts of breaching (responses to prompted list) (row percentages)**

Consequence of breach	Yes	No	N/A
<u>Positive compliance</u>			
I looked harder for work	66.7	29.9	3.4
I tried harder to meet Centrelink requirements	57.4	39.7	2.9
I made more effort to turn up to interviews	56.3	35.4	8.3
I found part-time or casual work	33.2	62.5	4.3
I started reporting all my earnings	31.9	55.9	12.3
I increased my hours of work	19.6	74.6	5.7
I found full-time work	18.5	79.5	1.9
I started a training course	12.7	84.8	2.5
I just stopped claiming income support	16.8	78.4	4.8
<i>Total</i>	89.9		
<u>Negative impact on participation</u>			
I cut down on job search activities	27.2	68.7	4.0
I found cash-in-hand work	13.4	84.7	1.8
I didn't enrol for my studies	5.0	73.7	21.3
<i>Total<sup>a</sup></i>	36.6		
<u>Living expenses</u>			
I budgeted more carefully	69.4	28.4	2.2
I bought cheaper food	60.9	37.3	1.8
I got into debt	55.5	43.0	1.5
I cut down on travel by car or public transport	53.6	43.7	2.7
I had to go without food	31.8	67.2	1.0
I got a transport fine	18.2	80.0	1.8
I lost my transport concession card	12.7	73.2	14.0
I couldn't afford to buy text books	10.1	70.5	19.4
<i>Total<sup>a</sup></i>	88.5		
<u>Housing</u>			
I had problems paying household bills	65.5	32.9	1.6
I was unable to pay my rent	40.8	54.5	4.7
I was unable to make mortgage or credit card repayments	22.8	61.1	16.1
I had to move to cheaper accommodation	19.8	76.4	3.8
I had to move house	17.9	79.4	2.7
I lost my accommodation	10.9	86.6	2.4
<i>Total<sup>a</sup></i>	73.0		
<u>Health</u>			
I couldn't afford medical treatment I needed	26.8	68.4	4.7
I cut down or gave up medications	17.2	74.8	8.1
I started using more alcohol or other drugs	13.3	84.3	2.3
I started gambling more	3.9	89.5	6.6
<i>Total<sup>a</sup></i>	37.8		
<u>Social (family and friends)</u>			
I stopped buying gifts or presents for family/friends	50.0	44.4	5.6
I gave up a social activity or hobby	43.4	53.3	3.3
My marriage or relationship came under stress	26.2	67.1	6.7
I was involved in a serious household argument	21.3	76.8	1.9
I stopped taking the kids on outings	15.1	54.1	30.7
I was unable to pay child support	6.3	61.3	32.4
<i>Total<sup>a</sup></i>	68.1		

**Table 33 continued**

<u>Reliance on alternative funds</u>			
I borrowed money from relatives or friends	70.5	28.7	0.8
I used my own savings to support myself	55.4	38.4	6.2
I asked a charity or welfare agency for help	19.8	78.2	1.9
<i>Total<sup>a</sup></i>	86.5		
<u>Risk-taking activities</u>			
I jumped trains or avoided paying bus fares	15.7	81.1	3.2
I stole money or goods to support myself	5.6	92.7	1.7
I made some extra money by dealing drugs	3.6	94.2	2.2
I had sex with people in return for money or gifts	0.6	97.2	2.2
<i>Total<sup>a</sup></i>	18.8		

Note: a. Sub-totals represent the percentage of respondents answering 'yes' to one or more questions in each area

To explore further the distribution of these reported impacts, Table 34 breaks down the 'yes' responses by the number of breaches recorded in the Centrelink administrative data as having been imposed on the respondents (since 1995). This shows that 15 per cent of all respondents were recorded as having had no breaches imposed. This is because although the sample selection was designed to exclude such cases, a number would have had an incurred breach revoked or overturned by review or appeal after the time when the administrative data were drawn. As we saw earlier, revocation of breaches is not uncommon. In many cases customers would still have felt the effect of a payment withdrawal for a period, even though later they may have had the lost income replaced. A separate analysis shows that only just over one-quarter (26.2 per cent) of the customers with no breach recorded reported 'little or consequences' as the main effect in response to this question, and of all those reporting 'little no consequences' they only made up just over 20 per cent.

Leaving aside those with no breach imposed, the most notable differences were for those that said 'I just stopped claiming income support' and those who found cash-in-hand work, who were both more likely than the average to have received multiple breaches. This was also the case for those who said they lost their accommodation, those who started using more alcohol or drugs, those who had problems paying for medication, those who experienced a range of family and social stresses and those who approached welfare agencies for help. It was also true for those who became involved in some criminal or risk-taking activities and those who had problems paying child support, but the numbers in these groups are small and less reliable.

The general picture, therefore, is of higher level or multiple breaching being associated with many of the more serious adverse impacts.

**Table 34: Impacts of breaching, by number of breaches on record (row percentages)**

Impacts of breach	n	Yes	Number of breaches imposed			
			0	1	2-3	>3
All	1005		15.2	37.2	29.5	18.1
<u>Positive compliance</u>						
I looked harder for work	698	66.7	12.2	35.8	33.7	18.3
I tried harder to meet Centrelink requirements	579	57.4	14.1	36.1	31.9	18.0
I made more effort to turn up to interviews	608	56.3	11.3	35.1	32.8	20.8
I found part-time or casual work	339	33.2	12.2	37.6	32.2	18.1
I started reporting all my earnings	318	31.9	15.1	34.0	33.8	17.0
I increased my hours of work	184	19.6	12.4	37.5	34.7	15.4
I found full-time work	184	18.5	10.3	38.5	32.9	18.3
I started a training course	142	12.7	16.4	32.3	35.4	15.9
I just stopped claiming IS	167	16.8	15.1	31.0	29.5	24.3
<i>Total<sup>a</sup></i>		89.9				
<u>Negative impact on participation</u>						
I cut down on job search activities	281	27.2	10.7	36.7	30.5	22.1
I found cash-in-hand work	143	13.4	4.5	32.6	35.2	27.7
I didn't enrol for my studies	53	5.0	21.7	38.0	19.3	21.1
<i>Total<sup>a</sup></i>		36.6				
<u>Living expenses</u>						
I budgeted more carefully	703	69.4	13.3	37.3	31.3	18.1
I bought cheaper food	599	60.9	13.5	36.3	33.9	16.3
I got into debt	553	55.5	12.9	35.7	30.8	20.6
I cut down on travel by car or public transport	537	53.6	12.5	32.8	31.7	22.9
I had to go without food	321	31.8	14.3	28.5	35.2	22.1
I got a transport fine	195	18.2	9.9	30.4	34.0	25.6
I lost my concession card	136	12.7	15.8	30.4	30.3	23.4
I couldn't afford to buy text books	103	10.1	27.3	26.8	28.0	17.9
<i>Total<sup>a</sup></i>		88.5				
<u>Housing</u>						
I had problems paying household bills	630	65.5	13.6	32.9	33.2	20.4
I was unable to pay my rent	450	40.8	13.7	28.6	35.7	22.0
I was unable to make mortgage or credit card repayments	198	22.8	13.6	33.3	32.8	20.3
I had to move to cheaper accommodation	224	19.8	14.6	28.8	37.4	19.3
I had to move house	207	17.9	11.1	26.1	38.1	24.8
I lost my accommodation	131	10.9	13.8	20.3	36.1	29.8
<i>Total<sup>a</sup></i>		73.0				
<u>Health</u>						
I couldn't afford medical treatment I needed	274	26.8	13.4	31.6	34.5	20.5
I cut down or gave up medications	178	17.2	12.7	37.0	31.2	19.1
I started using more alcohol or other drugs	138	13.3	11.4	36.4	23.5	28.7
I started gambling more	42	3.9	4.8	43.5	27.1	24.6
<i>Total<sup>a</sup></i>		37.8				

**Table 34 continued**

<u>Social (family and friends)</u>						
I stopped buying gifts or presents for family and friends	507	50.0	14.3	34.5	30.7	20.5
I gave up a social activity or hobby	443	43.4	13.8	37.9	30.5	17.7
My marriage or relationship came under stress	263	26.2	14.6	27.0	36.5	21.9
I was involved in a serious household argument	234	21.3	13.7	26.9	32.6	26.8
I stopped taking the kids on outings	120	15.1	10.5	33.2	35.9	20.4
I was unable to pay child support	53	6.3	10.7	23.6	34.6	31.1
<i>Total<sup>a</sup></i>		68.1				
<u>Reliance on alternative funds</u>						
I borrowed money from relatives or friends	719	70.5	14.7	35.3	29.8	20.2
I used my own savings to support myself	567	55.4	14.4	38.4	31.8	15.4
I asked a charity or welfare agency for help	218	19.8	8.4	28.0	34.6	29.0
<i>Total<sup>a</sup></i>		86.5				
<u>Risk-taking activities</u>						
I jumped trains or avoided paying bus fares	193	15.7	13.7	22.3	31.3	32.7
I stole money or goods to support myself	63	5.6	12.9	20.4	25.3	41.4
I made some extra money by dealing drugs	50	3.6	7.3	19.6	35.4	37.7
I had sex with people in return for money or gifts	8	0.6	32.5	16.9	32.5	18.1
<i>Total<sup>a</sup></i>		18.8				

Note: a. Sub-totals represent the percentage of respondents answering 'yes' to one or more questions in each area

#### 4.5 Multivariate analysis of breaching impacts

In order to explore further the relationship between the reported impacts of breaching and respondents' characteristics and circumstances, including levels of breaching, a series of multivariate regression analyses were carried out. We focus on responses to two survey questions: first, the request to state which of respondents' (unprompted) reported impacts was the most important for them; and, second, the prompted responses reported in Tables 33 and 34 above.

Note that these questions differed in terms of the method of recall, the time frame that respondents were expected to use in answering them and also the nature of the questions asked. In the first case, respondents were asked to select what that *they felt was most important* impact that they had experienced after their *most recent breach*. These answers were *not prompted*, as each respondent used free recall to generate the original list of impacts. This method of recall has the advantage that customers are not limited by a pre-determined list of impacts provided to them, but it does rely on customers' memory and ability to articulate their answers. As explained earlier, these

open-ended impacts were later grouped into one of seven categories (excluding the 'other' category).

### Methods

Logistic regression analysis was used to predict the likelihood that various customer groups would nominate these different types of impacts as the most important. Models were reduced using backward elimination and the likelihood ratio test was used to compare models.

The *prompted* question covered a period of the *previous two years*. Respondents were asked to say which of a list of potential impacts had happened to them. Again answers were grouped into a number of categories. The outcome of interest here is the total number of impacts for each of the different categories. Answers to this question could be potentially be more vulnerable to recall error because of the relatively long time period involved, and could perhaps be exaggerated because of prompting. However, they could also be more comprehensive, as respondents had the opportunity to recognise impacts rather than relying solely on free recall.

Linear regression was used to analyse these responses. Distributions of the outcome variables were approximately normal. Models were again reduced using backward elimination and Akaike's Information Criterion (AIC) was used to compare models. Appendix D provides detailed information on the variables used and the full regressions results. Here we summarise the main findings, starting with the unprompted, most important impacts. Table 35 is best read in conjunction with Appendix Table D1, which indicates the direction of significant associations, while the full parameter estimates are provided in Appendix Tables D2 to D8.

### Regression results

Holding other factors constant, those who were more likely to report living expenses as the main impact were those with between one and three breaches in the previous two years (compared with those with none) and homeowners (compared with renters). Those with lower education levels (compared with a trade qualification), on their first or third activity test breach, with spoken English difficulties and in work at the time of the breach were less likely to nominate living expenses as the main impact.

Housing impacts were positively associated with being female, living other than with parents or family, a health barrier to employment, more than three house moves in the previous year, spoken English difficulties and a high Job Seeker Classification Instrument (JSCI) score, while home owners were less likely than renters to highlight housing problems.

Greater reliance on other sources of funds/support was positively associated with being on a third activity test breach, and negatively associated with the reason for the latest breach being failure to maintain a Job Seeker Diary and being Indigenous. Possibly the latter finding reflects that fact that Indigenous customers may often have less access to such alternative sources of funds than other customers.

Reporting negative health impacts was most strongly associated with having children under 13 and having poor general health.

**Table 35: Summary of logistic regression results for predictors of respondents' most important reported area of breaching impact (unprompted)**

	Living expenses	Housing problems	Reliance on alternative funds	Health	Negative compliance	Positive compliance	Little impact
<i>Demographic variables</i>							
Age (continuous variable)							**
Sex		*					
Marital status							*
Education	*						*
Children under 13				**		*	
<i>Administrative variables</i>							
Payment type					**		
Breach type	**		**				**
Current breach imposed		**					
Number of breaches imposed	***						
<i>Measures of disadvantage</i>							
> 3 house moves in last 12 months		*					
Time since had job lasting > 3 months						*	
Living arrangements		***			**		
Aboriginal			*			***	
Home ownership	**	*					
General health (continuous variable)				*		**	
Health barrier to employment		***				***	***
JSCI		**					**
Spoken English difficulties	*	**					
<i>Centrelink reason for breach</i>							
Uncompleted Job Seeker Diary			**				
<i>Customer's reason for breach</i>							
Working at time of breach	**					***	**
Incorrect earnings							*

Note: the number of asterisks indicates whether each group of variables is statistically significant at alpha=0.1 \*, alpha=0.05 \*\*, or alpha=0.01 \*\*\*. A blank entry indicates that the group of variables is not statistically significant. Further details of the regression estimates are presented in Appendix D.

A number of characteristics and circumstances were associated with reporting either positive or negative compliance as the main impact, though it should be remembered that relatively few highlighted either of these in response to this question. In terms of positive compliance, people with children were more likely than those without to report this as the main impact, as were all those with activity test breaches, compared with those with administrative breaches, and those with paid work at the time of the breach. Married or *de facto* customers were less likely than single people to highlight this, as were those with more recent work experience. There were no positive associations with negative compliance, but Youth Allowance recipients and those living alone or in shared accommodation were less likely to highlight this impact.

Those who highlighted little or no impact were more likely to be older, with lower educational levels, on their first activity test breach, Indigenous and in paid work at the time of the breach. By contrast, being divorced, widowed or separated; with a



health barrier to employment; having a high JSCI score; having undeclared income as a reason for the breach; and being a home owner were all associated with being less likely to report no consequences of a breach.

Turning to the responses to the prompted questions, Table 36 provides a summary of the significant factors associated with experiencing one or more of the impacts falling under the grouped headings. Appendix Table D9 shows the directions of these significant associations and provides more details of the variables, while Tables D10 to D17 provide the full parameter estimates.

Here the likelihood of experiencing impacts on general living expenses were positively associated with having had more breaches, living away from parents and family, having moved more often, poorer general health, longer time out of paid work and spoken English difficulties. Those with lower levels of education, compared with having trade qualifications, were less likely to report these impacts.

Housing problems were associated with many factors, including being female; being divorced, widowed or separated; having had more breaches; currently being on a third activity test breach; living away from parents or family; health problems including those which create a barrier to working; frequent house moves; difficulties with written English and being breached for not attending interviews or incorrectly reporting earnings.

Social impacts were associated with more than one breach, living with a spouse, written English difficulties and poorer health in general. However, those with health problems or disabilities that were a barrier to employment were less likely to report social impacts.

Health impacts were associated with having had more than one breach, existing health problems, frequent house moves and being breached for under-reporting earnings.

In terms of positive compliance we need to remember that nearly 90 per cent reported some impact, so particular associations will be harder to detect. However, it appears that more experience of breaching, living with a spouse, frequent house moves and the customer's own explanation for the breach being that they were working were all associated with positive compliance, whereas those with lower educational achievement and no recent work experience were less likely to report these impacts. Only having an imposed breach, as opposed to a revoked one, and frequent house moves were associated with negative compliance.

Increased reliance on alternative sources of funds, including families, loans and debts, was more likely to happen to those with third activity test breaches (where benefit would be lost altogether for a period), people living in shared accommodation or with spouses, those without recent paid work and those moving house frequently.

Finally, involvement in risk-taking activities was particularly associated with high numbers of breaches, living in shared accommodation or with a spouse, having a health problem or disability that created a barrier to employment, and having difficulties with written English.

**Table 36: Summary of logistic regression results for predictors of responses to prompted question on breach impacts<sup>a</sup>**

	Living expenses	Housing problems	Social impacts	Health	Negative compliance	Positive compliance	Other funds <sup>b</sup>	Risk-taking
<i>Demographic variables</i>								
Age (continuous variable)								
Sex		*						
Marital status		*						
Education	***	***	**		*	***		
Children under 13								
<i>Administrative variables</i>								
Payment type								
Breach type		***					***	
Current breach imposed					**			
Number of breaches imposed	***	**	***	***		***		***
<i>Measures of disadvantage</i>								
> 3 house moves in last 12 months	***	**		***	***	**	***	***
Time since job lasting > 3 months	**					**	*	
Living arrangements	***	***	***			***	***	***
Aboriginal								
Home ownership								
General health (continuous variable)	***	***	***	***				***
Health barrier		**	***	***				***
JSCI								
Written English difficulties	***	***	**					***
<i>Centrelink reason for breach</i>								
Not attending interview		***						
<i>Customer's reason for breach</i>								
Working at time of breach						***		
Incorrect earnings		*		***				

Notes:

a. Based on Type 3 sums of squares. That is, the significance of each variable after all other variables are included in the model. The number of asterisks indicates whether each group of variables is statistically significant at alpha=0.1 \*, alpha=0.05 \*\*, or alpha=0.01 \*\*\*. A blank entry indicates that the group of variables is not statistically significant. Further details of the regression estimates are presented in Appendix D.

b. Equivalent to 'reliance on alternative funds' in previous table. Includes borrowing from friends/family, debts, seeking help from welfare agencies

In general it is noticeable that neither country of birth, cultural background or Indigeneity were independently associated with experiencing any of these impacts, while moving house frequently, having experienced more breaches in the previous two years, and living away from parents and family, were all associated with a large number of them.

Overall, while the relationship between customer circumstances and breaching impacts is clearly complex and will vary for different people, many of the associations identified are intuitively understandable. Greater experience of breaching in the past as well as having recently had a higher level of breach penalty, unsupported living arrangements, unstable housing, poorer health and detachment from recent work experience - all suggestive of greater disadvantage – appear to be the factors most associated with experiencing a wide range of negative impacts. Some of these are also associated with more positive compliance effects, perhaps because the difficulties people experience drive them to attempt to avoid further penalisation.

### **4.6 Attitudes to breaching**

The final evidence from the breached customer survey on impacts comes from a question about attitudes to breaching. We saw in Section 2.1 above that the evidence available showed a degree of community support for social security penalties, even amongst those likely to experience breaching. In our survey, respondents were also asked their level of agreement with a set of statements concerning both attitudes to breaching and the effect it had on them. For comparison and validation, some of these questions used the same wording as those in the activity test evaluation survey for FaCS by the Wallis Consulting Group (2001). Table 37 presents the results, by payment type.

First, it appears that being breached does, for the majority of breached customers, make them more determined to find work (65.5 per cent) and more aware of their requirements (75.6 per cent). This was particularly true for Youth Allowance recipients. The percentage agreeing with these statements was even higher than for the people with an activity test breach responding to the Wallis survey.

On the other hand, a similar majority also said that their work efforts were not affected by knowing that Centrelink might check up on them. Sixty per cent also said that being breached actually made it more difficult for them to look for work.

As in other studies, there was strong support (80 per cent overall) for breaching where recipients are ‘not doing the right thing’, and a bare majority in favour of full payment cancellation for a third breach unless there was a very good reason. However, there was also a strong sense that Centrelink were not always prepared to hear ‘their side of the story’ (63 per cent agreement overall, compared with 56 per cent of people with an activity test breach in the Wallis survey). The vast majority (90 per cent) also thought that Centrelink should take more account of people’s circumstances in deciding to breach. More than two-thirds thought that the penalties (as at end 2002) were ‘too harsh’ and only one-fifth felt that having their payments cut was ‘not a big deal’ (very similar to the 18 per cent of respondents in the Wallis survey). Nearly three-quarters felt this had created a lot of difficulties for them. Many of these views were reflected by customers interviewed for the qualitative stage of the study and are discussed below in Section 6.

We also cross-tabulated these responses by the level of severity of the most recent breach. There was a consistent tendency for those with third activity test breaches to be more inclined to agree that penalties were too harsh (71 per cent compared with 65.5 per cent of all respondents) and had created a lot of difficulties in their lives (82.4 per cent compared with 74.4 per cent).

**Table 37: Attitudes to breaching (row percentages)**

	Strongly Agree	Agree	Neither	Disagree	Strongly disagree
<b>*Having your payments cut has made you more determined than ever to find work</b>					
NSA	24.3	37.0	8.8	24.9	5.0
YAL	29.0	45.4	6.6	14.9	4.1
Total	25.8	39.7	8.1	21.6	4.7
<b>*Having your payments cut has made you more aware of what you need to do to avoid being penalised in the future</b>					
NSA	22.5	51.7	3.7	15.3	6.8
YAL	23.8	54.7	3.9	14.8	2.8
Total	22.9	52.7	3.8	15.1	5.5
<b>It's fair for Centrelink to breach people who aren't doing the right thing</b>					
NSA	18.6	58.6	7.8	9.4	5.6
YAL	22.8	63.0	4.5	7.1	2.6
Total	19.9	60.0	6.8	8.7	4.6
<b>Being breached made it more difficult for me to look for work</b>					
NSA	25.5	36.1	6.2	26.2	5.9
YAL	22.2	35.8	4.5	32.3	5.3
Total	24.4	36.0	5.6	28.2	5.7
<b>*Centrelink weren't interested in your side of the story</b>					
NSA	35.7	29.3	6.9	23.0	5.1
YAL	28.8	30.1	8.4	28.1	4.5
Total	33.5	29.5	7.4	24.7	4.9
<b>Breach penalties are too harsh</b>					
NSA	29.6	35.4	10.2	19.9	4.8
YAL	26.4	39.9	7.5	24.6	1.6
Total	28.6	36.9	9.3	21.4	3.8
<b>*Having your payments cut was not a big deal</b>					
NSA	6.2	13.2	3.8	36.6	40.3
YAL	4.0	16.6	4.9	40.0	34.5
Total	5.5	14.3	4.1	37.7	38.4
<b>Unless they have a really good reason, job seekers who don't meet activity test requirements on three occasions should have their payments cancelled for a while</b>					
NSA	10.0	39.3	9.2	27.9	13.6
YAL	8.9	45.1	6.6	29.8	9.6
Total	9.6	41.2	8.4	28.5	12.4
<b>Having my payments cut has created a lot of difficulties in my life</b>					
NSA	38.4	36.6	4.4	18.3	2.2
YAL	34.4	38.8	2.6	21.4	2.9
Total	37.1	37.3	3.8	19.3	2.4
<b>Knowing that Centrelink might check up on me makes no difference to how hard I look for work</b>					
NSA	23.5	49.0	4.0	18.4	5.0
YAL	18.6	47.6	4.5	25.1	4.3
Total	21.9	48.6	4.2	20.6	4.8
<b>Centrelink should take more account of people's circumstances before breaching them</b>					
NSA	52.0	37.8	3.5	5.5	1.1
YAL	47.9	42.8	3.6	5.4	0.3
Total	50.7	39.4	3.5	5.5	0.8

Note: Statements marked \* follow the wording of those used in the survey carried out for FaCS by the Wallis Consulting Group (2001) as part of the activity test evaluation

Source: SPRC survey of breached customers

On the other hand, those on third breaches were the most likely of all to say that breaching had made them more determined to find work (73.7 per cent compared with 65.6 per cent of all respondents).

### **4.7 Summary**

This Section has presented the results of a telephone survey of breached customers. Because a telephone survey is intrinsically likely to under-sample people with the most unstable housing or transient lives, the survey should be viewed as providing lower-bound estimates of the difficulties experienced as a result of breaching. Otherwise the survey provides weighted data that are broadly representative of the breached population in late 2002.

The analysis shows that breaching affects all groups of Newstart and Youth Allowance recipients, but is concentrated particularly amongst younger customers and amongst men. While it also appears quite common amongst the youngest group of women, this partly reflects the more equal gender balance amongst younger recipients.

Only a small minority reported having English language difficulties, mainly older NESB men, but it appears that NESB people are less likely to be breached than their presence in the unemployed income support population would suggest. Other data suggest that Indigenous customers, however, are more likely to be breached, but this only received limited support from our survey, possibly because breached Indigenous customers were under-represented.

More than three-quarters of breached customers reported their general health as being good or better, but just over one-quarter reported having a health problem, physical disability or psychological difficulty which inhibited their job search or work ability. This was age-related and slightly more prevalent amongst women than men. Of all those reporting such problems, two-thirds said that they had received medical or other treatment for the problem in the previous year. Psychological problems were amongst the most common, but given other evidence showing high levels of mental ill-health in the income support population, people with mental health problems do not appear to be disproportionately breached.

The picture on housing instability is mixed. Close to half had not moved house in the previous year and another quarter per cent had only moved once. At the other extreme 18 per cent had moved between three or more times. While housing instability may not be a major problem for most breached customers, there is a significant minority for whom breaching may be exacerbating existing difficulties with finding secure housing.

A comparison using ABS measures of household financial disadvantage also suggests that in aggregate breached customers are considerably more disadvantaged than the rest of unemployed benefit recipients, even those with higher levels of benefit reliance. Youth Allowance recipients seem relatively more prone to being breached for not carrying out activity agreements and particularly for not replying to correspondence, whereas Newstart recipients seem more likely to be breached for failing to accept suitable work. Customers' own underlying reasons for why they were breached show that one of the main difficulties arises from conflict between

Centrelink requirements and casual work opportunities, or other activities that the respondents thought were more important in terms of possible employment and extra income. Of those who were breached for not declaring all their earnings, around one-third admitted they had not properly estimated their income, but others put this down to lack of understanding of what was required.

In response to an open-ended question, by far the most commonly reported impacts of breaching were in the area of basic necessities including daily living expenses and housing. A small number of respondents reported having utilities cut off because of being unable to pay bills. Many also borrowed money or increased debt in order to ameliorate the impact of the breach, which often involved increasing financial reliance on family and friends. Around one in six reported experiencing some physical or emotional effect, including depression and marital stress, while a handful talked of having to become involved in criminal or risk-taking activities to get money.

Relatively few individuals referred to either increasing or decreasing their participation in job search or work in response to this question, but a sizeable minority reported experiencing little or no consequence, in some cases because they had a job. Thus some individuals were deeply affected and others much less so.

Impacts related to housing were a particular issue for younger women and for renters, as well as for those with children and those previously partnered but now separated. People with children and those born overseas in non-English speaking countries seemed to experience health-related impacts more than others. Surprisingly, Indigenous respondents appeared more likely than others to nominate 'little or no consequences' as the most important impact. This could be because Aboriginals and Torres Strait Islanders are more likely than others to be living in family or community circumstances where resources are widely shared, the loss of income through breaches may also have a more diffused effect. On the other hand, it could be that some Indigenous customers who are breached have other difficulties, amongst which breaching may not signify strongly.

People living in less accessible areas disproportionately reported both living expenses and housing as the most important impact, while housing costs were generally a particular problem for the most of the more disadvantaged groups. Health impacts were also cited more often by people with English literacy difficulties and by those who had been long-term unemployed.

As well as the open-ended questions discussed above, a separate question asked respondents to say whether they had experienced any of a list of possible impacts as a result of breaches in the previous two years. The level of response to these was higher than in the open-ended questions, both because of the prompting effect and because it referred to a longer time period. In terms of compliance, nearly 90 per cent reported that their participation in one of a range of activities increased as a consequence of the breach. More than two-fifths reported a higher level of work, either through getting a job or increasing existing hours, while almost one-third said that they started reporting all of their earnings. Breaching also apparently resulted in negative compliance effects for more than one-third. This included both less time on job search activities and finding less desirable 'cash-in-hand' work.

A large proportion reported ameliorating the financial impact of the breach by borrowing from family or friends, using savings or approaching a welfare agency for help. Two-thirds reported that they had problems paying household bills, more than half stated that they got into debt and two-fifths reported that they could not pay their rent. Problems with housing costs led to a significant minority reporting having to move or losing their accommodation. More positively, 70 per cent indicated that they budgeted more carefully, but many had to make sacrifices to do this.

Many also reported health-related, psychological or social impacts arising from breaching. Nearly a half said that either their marriage or their relationship came under stress, or that they were involved in a serious household argument. Seventeen per cent reported having to cut down on medication they needed, while a significant minority reported increasing potentially harmful behaviours.

Nearly one-fifth reported participating in some form of illegal activity, including 16 per cent who admitted to jumping trains or avoiding paying bus fares, and a small but not insignificant group who admitted to theft or dealing in drugs.

Overall, it appears that breaching does impact substantially on the lives of the majority of those penalised and on the lives of those around them. Some of the effects are positive, in terms of greater compliance with requirements and some additional movement into employment, but for other customers compliance is reduced by the shortage of money. While some of the more extreme impacts, such as homelessness and crime are restricted to a small number of people, negative effects are nevertheless widespread. The extent to which people cope with reduced incomes also seems partly dependent on whether they have support from family and social networks, but having to cut back on reciprocal social customs and activities may tend to weaken these networks of support.

Regression analysis indicates that the relationship between customer circumstances and breaching impacts is complex, but many of the associations identified are intuitively understandable. Greater experience of breaching in the past, unsupported living arrangements, unstable housing, poorer health and greater detachment from recent work experience appear to be the factors most associated with experiencing a wider range of negative impacts. Some of these are also associated with more positive compliance effects, perhaps because the difficulties people experience drive them to attempting to avoid further penalisation.

Responses to a set of attitudinal statements indicate that being breached does, for a large majority of breached customers, increase both determination to find work and awareness of requirements. On the other hand, a majority said that their work efforts were not affected by knowing that Centrelink may check up on them. Sixty per cent also said that being breached actually made it *more difficult* for them to look for work.

In spite of this, there was strong support for breaching where recipients are not 'doing the right thing', but there was also a widespread sense that Centrelink was not always prepared to hear 'their side of the story'. The vast majority also thought that Centrelink should take more account of people's circumstances in deciding to breach. More than two-thirds thought that the penalties were 'too harsh' and only one-fifth felt that having their payments cut was 'not a big deal'. Nearly three-quarters felt breaching had created a lot of difficulties for them. While those experienced more

severe breach penalties were more likely to see them as harsh and creating a lot of difficulties for them, they were also more likely to agree the breaching had made them more determined to find work.



## **5 Survey of Welfare Agencies**

### **5.1 Aims**

We saw in Section 2 that much of the existing knowledge of the impacts of breaching has come from small studies of welfare agency clients. These have provided useful information but suffer from lack of representativeness. The aim of this survey was therefore to gather information on the views and experiences of a representative national sample of welfare agencies that were likely to come into contact with people who had been breached.

### **5.2 Methods**

Breached customers come into contact with a wide variety of agencies, for which there is no obvious sampling frame. Given the limited resources available within the study for creating such a sampling frame, we decided to use the FaCS database of organisations for whom it provides some funding for Emergency Relief. Examination, by FaCS, of the list of agencies involved showed that it included a wide variety of organisational types, from large national charities to small community-based organisations, local government centres, women's groups, family centres and churches, as well as Indigenous and ethnic-specific agencies. Since these services would be points of last resort for many clients, they seemed likely to be a place where income support customers might go for help if they had financial or other problems arising from being breached.

The total number of agencies receiving funding for emergency relief nationally was 885 in late February 2003. From this, FaCS excluded 181 agencies that had already been randomly selected recently as part of sample for a separate survey being carried out by the SPRC (to avoid over-burdening the agencies). Of the remaining 684, a random sample of 200 was drawn on 25 February 2003. FaCS supplied the addresses to the SPRC and the postal survey was mailed out on 7 March, with a return date of 7 April. The questionnaire was developed in consultation with the FaCS project advisory committee and was piloted with a small number of Sydney welfare agencies. The questionnaire is attached as Appendix E.

On 9 April, reminder letters and replacement questionnaires were sent to those agencies that had not already responded.

### **5.3 Response rate**

By 7 April, 68 agencies had responded, and one questionnaire was returned indicating that the agency was no longer operating. This represents an initial response rate of 34.2 per cent. By the time data analysis commenced (in late May), 111 completed questionnaires had been returned, plus an additional two 'returned to sender'. Of the 197 operating agencies in the sample, this represents a 56.4 per cent response rate – a good response for a postal survey of this kind. However, of the 111 completed questionnaires, 12 were judged not to be usable as the respondents were unable to answer any of the questions concerning the impacts of breaching, either because they did not see clients in the relevant groups or because they had no direct knowledge of breaching as an issue. These cases have therefore been excluded from the analysis, reducing the effective response rate to 53.5 per cent (99 out of 185).

## 5.4 Survey results

### The agencies and their clientele

In order to get a sense of the kind of organisations involved in the survey we asked the respondents a number of questions about the agency, its location and its main client groups. Table 38 shows the results. The bulk of the respondents defined their agency as a local neighbourhood organisation, or as 'other', which included church organisations and a wide variety of other service descriptions. More than one-third covered both major and other urban areas, while just over half covered rural areas and one-quarter remote areas. In addition to emergency relief, the agencies provided a wide variety of other types of service, including family support (58 per cent), youth support (36 per cent), welfare rights advocacy (34 per cent), crisis accommodation (26 per cent) and employment services (12 per cent). Of those providing employment services, just under half were members of the Job Network.

Other services included counselling and referral, tenancy advice, migrant and refugee support, disability services, Alcohol and Other Drugs (AOD) services, gambling support, clothing warehouses, HACC services, Personal Support Service providers, financial counselling and ex-prisoner support. The agencies also had a wide clientele, with most serving all the main populations groups. Just under one-third served specific ethnic groups, including Indigenous communities. In short, the responding agency sample provides a good cross section of welfare organisations in Australia.

**Table 38: Respondent agencies and their clientele (percentage)**

Office where respondent based							
Head office of national organisation	State office of national organisation	Head office of State organisation	Local office of State organisation	Local neighbourhood organisation	Other	Total %	
1.0	1.0	8.2	9.2	51.0	29.6	100	
Geographical range of service provision							
Major urban		Other urban	Rural	Remote			
38.1		36.1	53.6	25.8		(a)	
Client groups served							
Women	Men	Indigenous	Specific ethnic communities	Youth	Families	General	Other
79.8	68.7	55.6	32.3	60.6	76.8	64.6	30.8

N = 97-98

Note: (a) For these questions more than one answer was possible

Source: SPRC survey of FaCS-funded emergency relief providers

### Agencies' experience of dealing with breached customers

The agencies were also asked a number of questions to establish their likely familiarity with breaching issues. First, we asked them to say roughly how many clients their agency normally saw in an average month. Seventy-eight agencies were able to give an estimate. The responses indicated the wide variety in organisational size and scope: estimates ranged between 12 and 4000, with a mean of 395. They were then asked how often they tended to deal with people who had experienced breaches (Table 39). Over half (52.1 per cent) said that they often or very often saw them, and more than a further one-third (34 per cent) saw them sometimes. However, only 26 per cent said they kept specific records of breached customers. Several commented that clients would not necessarily reveal this information to them.

**Table 39: How often agencies saw breached customers (percentage)**

Keep records of breached clients?	Frequency of contact						D/K
	Total	Very often	Often	Some-times	Rarely	Very rarely	
Yes	26.0	7.3	9.4	8.3	1.0	0	0
No	70.8	9.4	25.0	26.0	6.3	4.2	0
Don't Know	3.1	0	1.0	0	0	1.0	1.0
Total	100.0	16.7	35.4	34.3	7.3	5.2	1.0

n = 96, missing =3

Source: SPRC survey of FaCS-funded emergency relief providers

Just over half felt able to offer an estimate of the percentage of their clients who had been breached. These estimates ranged from zero to 40 per cent, with a mean of 8.5 per cent. About half thought that people with breaches made up no more than 10 per cent. Since only just over one-quarter said that their agency kept records of whether clients had been breached, these estimates need to be treated with some caution. Nevertheless, the responses suggest that the agencies had enough experience of assisting breached income support customers to be able to offer reasonably well-informed and representative comments. Variations in the likely levels of experience are noted below in the analysis of agencies' views on the causes and impacts of breaching.

Before moving on to this, it is worth noting that being breached does not automatically qualify clients for agency assistance. In pre-survey discussions with welfare agency staff it was suggested that some agencies had policies of not providing emergency assistance where the cause of clients' difficulties was a social security breach. In order to gauge how widespread this was we asked the agencies if there were circumstances under which they would not offer help to breached clients.

Perhaps surprisingly, more than two-fifths (43 per cent) said that there were. However, the reasons offered for this practice mainly did not refer to the breach itself as a factor, but were related to the budgetary or other constraints facing the agencies. The main reasons for not automatically offering assistance were as follows.

- Depends on assessment of individual circumstances
- Applicants have to be living in specific catchment area served by the agency
- Emergency relief budgets are capped on weekly or monthly basis and often run out before the end of these periods
- Budget limitations mean that there are restrictions in the number of times an individual can receive help with a given year

A few agencies also said that for them emergency relief is restricted to particular groups, such as disabled people or pensioners, that people need to show a valid health care card, or that they have to agree to undertake financial counselling.

### **Agencies' views on the causes of breaching**

Table 40 below gives the agency responses to a set of questions concerning possible reasons why income support customers might be breached by Centrelink, drawn from the literature discussed earlier. The respondents were asked to indicate how often, in their experience, these reasons applied to the clients with whom they dealt. For clarity of understanding, the table presents the reasons in order of their citation as happening 'very often' or 'often', not in the order in which they appeared in the questionnaire.

Certain types of cause will relate mainly to particular sub-groups of the income support population. For example, 'cultural commitments' are likely to relate mainly to Indigenous customers. The fact that this cause appears relatively low down on the overall list does not mean that it is not important for the minority of Indigenous customers. There is also a range of circumstances and characteristics of clients that some agencies will not know much about - hence the varying percentages of 'Don't Know' and missing responses.

Overall, in terms of the clients of emergency relief provider agencies, it appears that the associated problems of chaotic lifestyles, homelessness and substance abuse are the most common underlying causes of breaching, together with the administrative problem of Centrelink letters to customers.

**Table 40: Agencies' experiences of the underlying causes of breaching (percentage)**

Causes of Breaching	Frequency						Total	n
	Very often	Often	Sometimes	Rarely	Very rarely	D/K		
Chaotic life	25.0	34.8	27.2	3.3	2.2	7.6	100	92
Homelessness	21.1	33.7	30.5	4.2	3.2	7.4	100	95
Problems with Centrelink letters	25.3	24.2	28.6	9.9	3.3	8.8	100	91
Substance abuse	25.3	23.2	35.8	3.2	2.1	10.5	100	95
Personal crisis	16.1	28.0	32.3	6.5	5.4	11.8	100	93
Literacy problems	18.3	23.7	36.6	4.3	5.4	11.8	100	93
Mental health problems	16.0	23.4	37.4	7.4	2.1	10.6	100	92
Transport problems	11.2	25.8	30.3	11.2	7.9	13.5	100	89
Clients unaware of penalties	14.3	22.0	30.8	11.0	11.0	11.0	100	91
Numeracy problems	16.9	16.9	31.5	9.0	6.7	19.1	100	93
Clients lack commitment	12.0	20.7	35.9	12.0	8.7	10.9	100	92
Physical health problems	4.3	22.8	40.2	9.8	7.6	15.2	100	92
Inability to afford costs of obligations	8.7	17.4	35.9	6.5	9.8	21.7	100	92
Obligations unsuited to client's circumstances	6.5	18.5	31.5	14.1	7.6	21.7	100	92
Cultural commitments	7.2	9.3	32.0	16.5	10.3	24.7	100	97
Caring responsibilities	4.6	8.0	33.3	19.5	12.6	21.8	100	87
Conflicting obligations to different agencies	1.1	4.5	23.9	14.8	17.0	38.6	100	88

N = 88-97

Source: SPRC survey of FaCS-funded emergency relief providers

**Table 41: Agencies' views on Centrelink breaching practices (per cent)**

Agency has regular contact with Centrelink concerning breached clients?	In your experience does Centrelink normally take account of all relevant factors when deciding to breach someone?			
	Yes	No	D/K	Total
Yes	38.1	57.1	4.8	47.7
No	19.6	23.9	56.5	52.3
Total	28.4	39.8	31.8	100

N = 88

Source: SPRC survey of FaCS-funded emergency relief providers

As a further means of establishing how far agencies tended to get involved with clients' breaching issues, they were asked whether they had regular contact with Centrelink about breaches. Eleven per cent did not answer this question, but of those who did slightly under half (48 per cent) said that they did have regular contact and 52 per cent said they did not. As a follow-up to this they were asked whether they thought Centrelink tended to take full account of relevant factors when breaching income support customers. Table 41 shows that, overall, agencies were divided on this question, with just under two-fifths saying that Centrelink did take full account of relevant factors and 28 per cent saying they did not, while close to one-third could not offer an opinion. However, of those who said they had regular contact with Centrelink (46 agencies in all) a larger proportion (57 per cent) thought Centrelink did not take full account of relevant factors and 38 per cent thought they did, with only five per cent not offering a view. Those who did not have regular contact with Centrelink were much less likely to be able to offer an opinion on this question (almost 57 per cent), as might be expected.

Many of the respondents who felt that Centrelink did not always take into account all the relevant factors when deciding to breach a client gave examples in reply to an open-ended question. Broadly, they felt that Centrelink did not always take proper account of individuals' current personal circumstances, their capacity to cope with life and the requirements placed on them, and the specific reasons for particular infringements. Specifically, the most common issues mentioned included young people's often transient and mobile lives, leading to difficulties with receiving mail and keeping appointments; problems of literacy for some clients; the presence of dependants in the family and the consequences for them of a breach; private tenants' rental obligations and the consequences if they did not keep up payments; for Indigenous clients, cultural responsibilities around events such as deaths in their communities and problems of domestic violence; and for people in non-metropolitan areas problems of transport and access to Centrelink and Job Network agencies. A further problem mentioned by a few agencies was that of people in part-time or on-

call casual employment who were required by Centrelink to attend interviews even at the risk of losing their current work.

Several agencies also said that Centrelink was more responsive to agencies' enquiries on behalf of clients than to the clients themselves, which created inequities as they could not advocate for everyone. On the other hand, a number of agencies also recognised that Centrelink had their own difficulties of working within the framework of the breaching regulations. They also thought that since the recent changes to breaching procedures and the heightened sensitivity of the issue, Centrelink procedures had noticeably improved, by becoming more responsive to individual circumstances. As one respondent noted,

Since the pressure on Centrelink (through) adverse media, staff have been much more willing to listen and take account of any relevant circumstances and to waive breaches.

### **Agencies' views on the impacts of breaching**

In order to get a quantitative picture of agencies' experience of the impact of breaching on their clients, they were asked a series of questions concerning the frequency of various possible impacts, broken up into financial impacts, life changes and compliance effects. They were also invited to respond to a series of open-ended questions that are reported on later in this Section.

Tables 40 to 42 below present the responses to the survey questions, listed in order of the impacts agencies saw as happening most often amongst their clients (represented by the sum of 'very often' and 'often').

Figure 4 also summarises this data in graphical form, combining the categories 'very often' and 'often', and 'rarely' and 'very rarely'.

Financially, besides the call on their own services, agencies saw difficulties with rent payment, household bills, indebtedness to Centrelink and going without meals as the most common effects of breaching for their clients. More than half the respondents judged these to happen often or very often. As one goes further down the list there are impacts about which agencies increasingly felt they did not know, such as illegal or risk-taking activities, though the frequency with which they thought clients became involved in these is still a matter of some concern. Similarly it is of concern that more than one-third thought that clients became homeless as a result of breaching either often or very often, and further one-third thought it happened sometimes. Overall, very few regarded breaching as producing no major financial impact for their clients. In additional comments a number of agencies referred to their clients rarely having personal savings or assets on which they could draw to mitigate the impact of loss of income support.

Table 43 presents the agencies' experiences of various impacts on breached customers' lives of a personal, social or health-related nature. In general respondents were less able to offer a view on these, reflecting the fact that many agencies would not be dealing in detail or on an ongoing basis with clients' lives beyond their immediate financial needs. Nevertheless, a significant number (more than 30 per cent) saw issues such as heavier alcohol or drug use, increased social isolation, reduced use

**Table 42: Agencies' experience of the financial impact of breaching on clients**

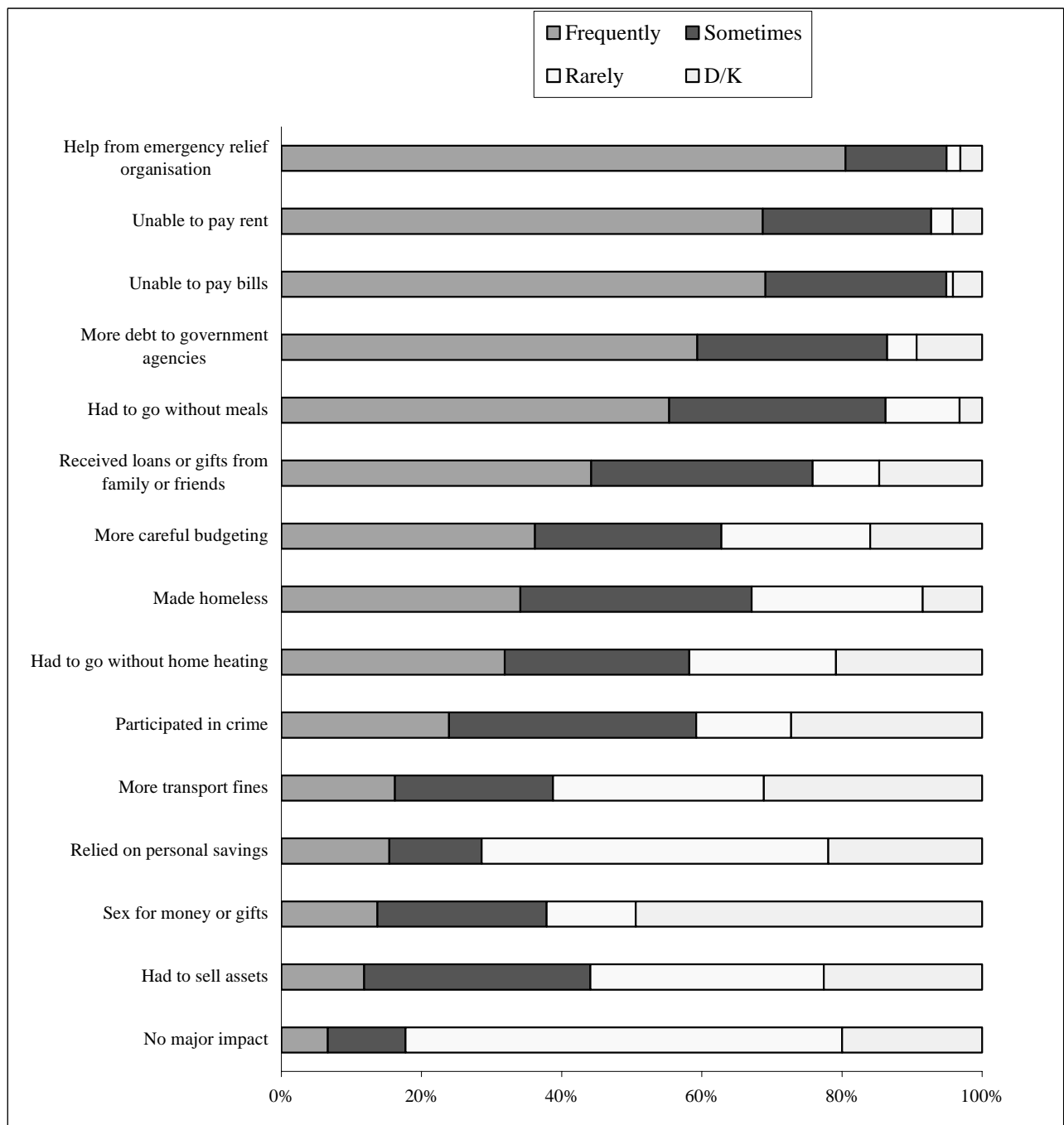
Financial impacts of Breaching	Frequency						Total	n
	Very often	Often	Some-times	Rarely	Very rarely	D/K		
Received help from emergency relief organisation	52.6	27.8	14.4	1.0	1.0	3.1	100	91
Unable to pay rent	35.4	33.3	24.0	1.0	2.1	4.2	100	96
Unable to pay electricity, gas or telephone bills	32.7	35.7	25.5	1.0	1.0	4.1	100	93
Increased indebtedness to government agencies (eg. Centrelink)	27.1	32.3	27.1	2.1	2.1	9.4	100	94
Had to go without meals	20.2	35.1	30.9	5.3	5.3	3.2	100	94
Received loans or gifts from family or friends	22.1	22.1	31.6	2.1	7.4	14.7	100	95
More careful budgeting	12.8	23.4	26.6	13.8	7.4	16.0	100	94
Made homeless	16.0	18.1	33.0	19.1	5.3	8.5	100	94
Had to go without home heating	11.0	20.9	26.4	7.7	13.2	20.9	100	91
Became involved in or increased participation in crime	11.7	17.0	33.0	7.4	5.3	25.5	100	94
Relied on personal savings	7.7	7.7	13.2	22.0	27.5	22.0	100	91
Increased number of transport fines	5.4	10.8	22.6	18.3	11.8	31.2	100	93
Became involved in or increased participation exchange of sex for money or gifts	1.1	12.6	24.2	7.4	5.3	49.5	100	95
Had to sell assets, such as car	3.2	8.6	32.3	21.5	11.8	22.6	100	93
No major financial impact	3.3	3.3	11.1	16.7	45.6	20.0	100	90

N=90-96

Source: SPRC survey of FaCS-funded emergency relief providers



**Figure 4: Agencies' experience of the financial impact of breaching on their clients**



Source: SPRC survey of FaCS-funded emergency relief providers

**Table 43: Agencies' experience of the impact of breaching on clients' personal lives**

Personal impacts of Breaching	Frequency						Total	n
	Very often	Often	Some-times	Rarely	Very rarely	D/K		
Heavier use of alcohol or other drugs	10.5	27.4	31.6	7.4	2.1	21.1	100	95
Increased social isolation	10.4	25.0	35.4	6.3	6.3	16.7	100	96
Reduced use of prescribed medications	13.5	20.8	26.0	11.5	7.3	20.8	100	96
Increased problem gambling	6.3	24.0	21.9	11.5	5.2	31.3	100	96
Suicidal or self-harming behaviour	8.3	18.8	29.2	13.5	5.2	25.0	100	96
Loss of custody of child(ren)	4.3	12.8	23.4	20.2	11.7	27.7	100	94
Breakdown of marriage or relationship	3.1	12.5	33.3	18.8	9.4	22.9	100	96
No significant change	4.4	3.3	12.2	17.8	35.6	26.7	100	90
Quitting smoking	0	2.1	5.3	28.7	35.1	28.7	100	94
N=90-96								
Source: SPRC survey of FaCS-funded emergency relief providers								

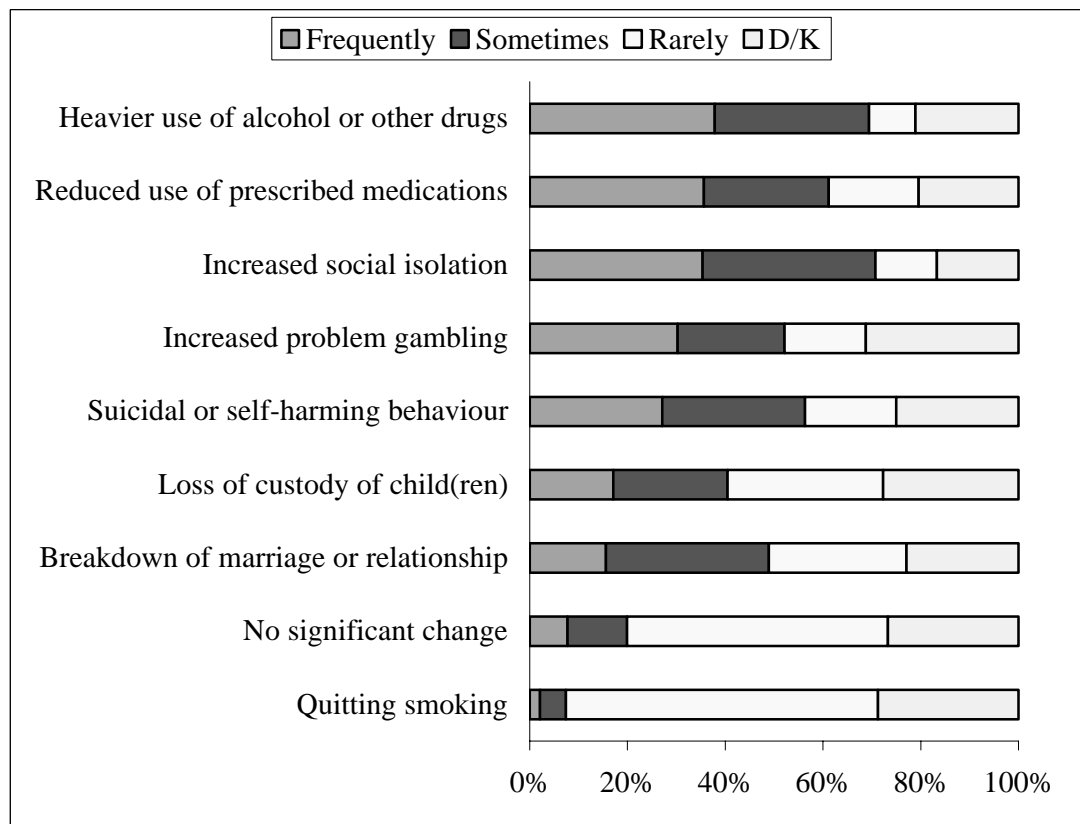
of prescription medicines and increased problem gambling as occurring often or very often as a result of breaching.

Figure 5 presents this information in a graphic form, in the same way as in Figure 4.

The responses to questions concerning compliance with job search requirements are presented in

Table 44. Again, a fairly high proportion of respondents felt they could not comment on these questions. Overall the agency view appears to be that breaching in itself has relatively little impact on clients' likelihood of getting work, either formal or undeclared. On other kinds of compliance, views were more divided in terms of what might be called negative or positive compliance effects. Thus the most frequent impacts seem to be negative – with the loss of income leading to reduced ability to present well at interviews, more difficulty meeting requirement-related expenses (both issues raised in the literature), and no change. But these are followed by some more positive effects involving greater compliance in general and better attendance at interviews. Figure 6 again presents these findings graphically.

**Figure 5: Agencies' experience of the impact of breaching on the personal lives of clients**



We saw earlier that the responding agencies had varying levels of contact with breached customers and were therefore likely to vary in whether their views were rooted in solid experience. To see how their views on breaching impacts related to this variation, we cross-tabulated the responses to the above questions by how often agencies said they came into contact with breached clients. This showed a strong pattern of agencies with rare or very rare contact with breached customers being more likely to answer 'don't know' to the above questions or to report the listed impacts as uncommon. Taken along with the finding that agencies were more likely to answer 'don't know' to questions relating to customer behaviour or responses outside the area of financial resources, this gives us some confidence that the responses are likely in the most part to be well-rooted in experience and not merely personal opinion.

Agencies were also invited to respond to a further set of open-ended questions. The results are summarised below, starting with the client groups that respondents saw as having the most difficulties as a result of being breached.

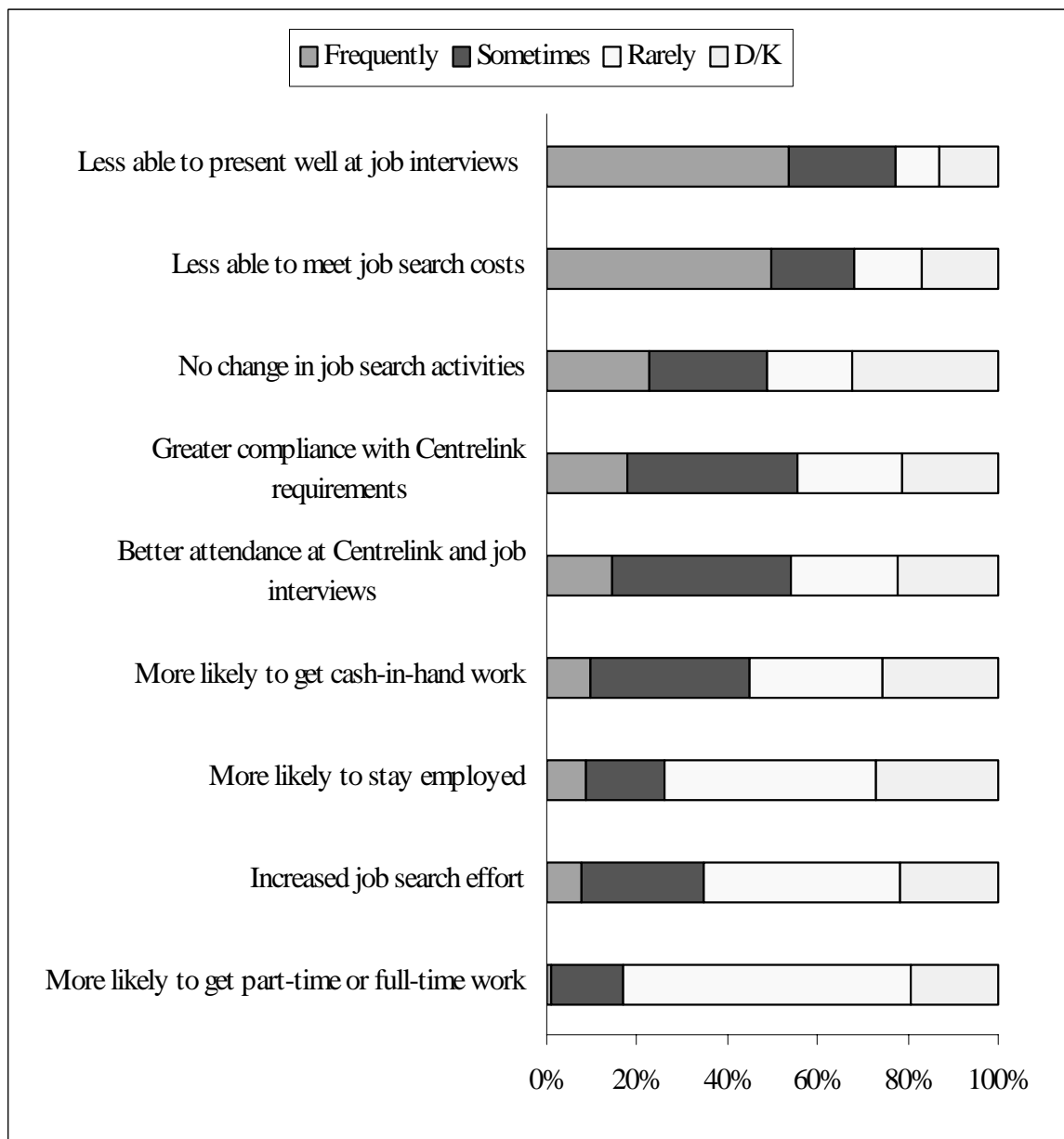
**Table 44: Agencies' experience of the impact of breaching on clients' compliance with job search and Mutual Obligation requirements**

Impacts of breaching on compliance	Frequency						Total	n
	Very often	Often	Sometimes	Rarely	Very rarely	D/K		
Reduced ability to present well at job interviews (eg. poor grooming)	19.1	34.0	23.4	7.4	2.1	12.8	100	94
Reduced ability to pay for job search costs	18.1	31.9	18.1	10.6	4.3	17.0	100	94
No change in job search activities	8.7	14.1	26.1	9.8	8.7	32.6	100	92
Greater compliance with Centrelink requirements	5.3	12.6	37.9	13.7	9.5	21.1	100	95
Better attendance at Centrelink and job interviews	3.2	11.1	39.4	17.0	6.4	22.3	100	94
More likely to secure cash-in-hand work	1.1	8.6	35.5	19.4	9.7	25.8	100	93
More likely to stay employed	3.3	5.4	17.4	28.3	18.5	27.2	100	92
Increased job search effort	3.3	4.3	27.2	27.2	16.3	21.7	100	92
More likely to secure part-time or full-time work	1.1	-	16.0	40.4	23.4	19.1	100	94

N=92-95

Source: SPRC survey of FaCS-funded emergency relief providers

**Figure 6: Agencies' experience of the impact of breaching on clients' compliance with job search and Mutual Obligation requirements**



Source: SPRC survey of FaCS-funded emergency relief providers

### Client groups that experience the most difficulties from breaching

This clearly varied to some extent depending on the particular clientele of different agencies, but in order of those most frequently mentioned they included the following:

- Single men, especially older men
- Young people, especially those living away from home and in insecure housing
- Indigenous clients, including Indigenous families, where breaches are likely to impact on a number of family members

- Families with young children – several agencies noted that people with children were less likely to be breached but often had a harder time when they were
- People with mental health problems
- Isolated people without family support, especially men on their own after marriage breakdown
- People from non-English speaking backgrounds, especially older men
- People with language or literacy problems
- People with alcohol or drug problems
- Indigenous women with violent or problem-drinking partners
- Single women

### **The most important consequences of breaching**

In addition to the survey questions above about the impact of breaching, agencies were also asked to comment in their own words on what they saw as the most important consequences of breaching for their clients, and also to reflect on how these impacts differed when the penalty was a partial reduction in income support and when it was a full cancellation of payment.

In line with the survey questions above, agencies mainly reported the most important primary impacts as being financial - highlighting basic inability to buy sufficient food or other household necessities, to pay bills or to afford transport, and the consequent accumulation of debts. However, they also emphasised the secondary effects of the shortage of money each week, which they saw as often contributing to feelings of depression and hopelessness – ‘spiralling people already vulnerable into further crisis and disadvantage’ - increased friction in families and relationships, domestic violence (and enforced return to abusive partners), crime and self-harm, especially amongst young people. More concretely, the secondary consequences of inability to pay bills and rent can in some cases be disconnection of utilities (often with further difficulties in getting reconnected) and homelessness. They also pointed out that for breached customers with partners and children, these other family members also often bore the brunt of the breaching impacts even though they were not ‘guilty’ themselves of the infringement. Examples included children going to school without proper breakfasts and lunches. For Indigenous communities this family effect could be spread amongst a number of relatives.

Several agencies referred to what they saw as a self-defeating feature of breaching as a penalty for inadequate job search activity, which is that the loss of income support often tends to slow down effective job search, both because clients cannot meet the associated costs but also because their time and energy are diverted towards alternative methods of coping and survival. Similarly, a number pointed to how clients were forced to become more reliant on agencies like their own for assistance, damaging their self-esteem and further undermining ideas of independence.

In comparing partial reductions in income support with full withdrawal of payment, the responding agencies fell into three main groups. A small number said they could not offer a view, as they could not always tell what type of breach clients were experiencing. A further significant minority said that there was no difference – the

consequences were as serious in both cases. One manager of an agency serving a mainly Aboriginal community in a rural area described it in these terms.

Our clients live on the edge of survival all the time. Reducing payment or stopping it – either can push them right off the edge.

The majority, however, expressed strikingly similar views that reductions in payment, while often causing serious difficulties and stresses, at least gave some clients the opportunity to adjust budgets, negotiate arrangements with landlords or utility companies, access small loans from relatives, and in general maintain their overall lifestyle. In these circumstances there was also more chance of clients being to resume compliance in order to get the payment restored. Full stoppage of payments on the other hand was often ‘catastrophic’, disrupting lifestyles altogether and resulting in the more extreme consequences such as homelessness, despair, mental stress and violence:

The client’s total energy is focused on getting money and stopping the escalation of problems.

Several agencies noted that they themselves often bore the brunt of clients’ frustration and anger in these circumstances, especially when their funds were insufficient to be able to offer help.

### **Suggestions for improving compliance and the system of social security penalties**

There was also a division of views about the need for breaching itself. Many respondents were emphatic that the key impact was a reduction in the basic income safety net, and that the level and duration of penalties outweighed the seriousness of the offences in most instances.

Breaching is a harsh method of getting compliance. It really harms the mental wellbeing of the recipient. Not only can they not gain employment due to structural factors but also they feel they have failed again. If they have dependent children this is then compounded.

Others also referred to problems created by administrative mistakes. As one agency worker put it,

This is a complex problem which needs to be addressed in terms of employment and the supply, availability and accessibility of jobs. To pose the question about non-compliance is to make assumptions about non-compliance being the major problem. Often bureaucratic error is a major difficulty and this is often treated as customer non-compliance. Best way to achieve compliance – have a fair, just compassionate system and make bureaucracy clear/ efficient/ accessible/ accountable and well staffed to improve responsiveness.

A few felt that Centrelink already did all they could to make the system understood and that clients themselves had to accept responsibility.



Centrelink in my experience explain very carefully during appointments the penalties for breaching. What more can they do!! It is up to all of us to follow the rules.

Others accepted that breaching can be an effective means of securing compliance, but thought that there were a number of ways in which the system could be improved. These included a broader recognition that some recipients are not capable of finding work in the current employment situation and should not be penalised because they are basically unemployable.

Most suggestions related to Centrelink practices and procedures, as follows:

- More face-to-face contact with customers before they are breached, including more home visiting
- Greater individualised support by Centrelink staff, including counselling and referral to appropriate NGOs, before breaching
- Greater support for customers, especially young people, when attending interviews about possible breaching
- Better recognition of the individual circumstances of people's lives and the fact that meeting an activity requirement cannot always be the main priority
- Better education and explanation about breaching rules and processes, in plainer English and in relevant community languages
- Better access to interpretation
- Making obligations more culturally meaningful to Indigenous customers
- Simpler letters warning of possible breaching and other paperwork
- More effort to motivate customers rather than to penalise them
- More outreach by Centrelink to different communities, especially Indigenous communities
- More effort to deal with problems such as alcohol and drug abuse, and low self-esteem
- More flexibility in applying breaching rules
- Better recognition of differing urban and rural living and employment environments.

### **5.5 Summary**

This Section has presented the results of a postal survey of a random sample of 200 non-governmental organisations across Australia funded by FaCS to provide emergency relief. There was an effective response rate of around 54 per cent and the agencies responding represent a broad cross-section, providing, alongside emergency relief itself, a wide range of the types of community services offered by the non-governmental welfare sector. Although there was considerable variation between agencies in the number of clients they saw who were undergoing social security penalties, most of those responding had sufficient experience of this to be able to offer an informed view. Agencies with fairly limited experience of breaching were also

noticeably more inclined to reply 'don't know' to questions about the impact of breaching or to say that in their experience certain impacts were rare, adding to confidence that the responses overall are likely to be well founded in experience.

Broadly, the findings of this survey support many of those discussed earlier in the review of various small-scale studies carried out by welfare and advocacy organisations. This is perhaps not surprising, but it does suggest that these studies do not simply represent the views of advocacy organisations opposed to breaching in principle. On the other hand, given the findings from the breached customer survey that only a relatively small proportion of people breached seem especially disadvantaged, and that not all experience serious negative impacts, welfare agencies would appear to come into contact mainly with those who have the most difficulties. This is to be expected, as most people would avoid having to call on help from an emergency relief organisation if they had other alternatives.

This does not necessarily mean that people who do not approach agencies are unaffected by breaches, as was indicated in the breached customer survey and as the accounts given by breached individuals in the next section show.

## **6 In-depth Interviews with Breached Customers**

### **6.1 Background and methodology**

This Section details the findings from 20 in-depth interviews with income support recipients who had breached Centrelink requirements and been subject to sanctions in the form of reductions or cessation of benefits. The majority of participants in the interviews had previously participated in the telephone survey undertaken by ACNielsen on behalf of the SPRC, discussed above in Sections 3 and 4, and had agreed to participate, if needed, in a further face-to-face interview.

The purpose of this element of the study was to pursue in detail some of the responses provided in the telephone survey, in order to understand more fully the circumstances and impacts of a range of breaching events. While the survey helped us to enumerate the extent of particular impacts and to make some linkages between breaching impacts and customer circumstances, the in-depth interviews provide a more nuanced picture of breaching as one occurrence, albeit sometimes a critical one, in the lives of a group of people reliant on income support payments. Within the overall interview analysis, a set of illustrative case studies is also presented to give a more holistic view of the breaching experience.

In consultation with FaCS, the SPRC developed a framework for the population groups that were to be included, where possible, in the in-depth interviews. These population groups included those identified by previous research as likely to be disproportionately affected by breaches, as well as groups not well represented in the telephone interviews. We sought to include: Aboriginal or Torres Strait Islander people; young people, particularly those with casual labour market attachment; people with unstable housing circumstances; people with mental or other health problems; people with family responsibilities; and people from non-English speaking background. Although substantially higher proportions of men than women are subject to breaches, it was decided to interview men and women in a ratio of 6 to 4, in order to take sufficient account of the experiences of women who are breached. Whilst the majority of participants in the telephone interviews lived in metropolitan settings, we also sought to include the experiences and views of people living in regional and rural areas.

As it turned out, a significant number of potential participants from the telephone interviews were no longer contactable, mainly because their previous telephone number was no longer connected (particularly mobile numbers). Another group of potential participants was no longer in receipt of benefits and working full time. While it would have been of interest to talk to members of this group, none of those contacted had either the time or the inclination to participate in the study.

Participants were interviewed in western Sydney, the Illawarra region and the Central West of New South Wales. They were contacted by the researcher and asked whether they still wanted to participate in the study. An appropriate time and location was arranged and participants received a payment of \$30 in recognition of their time and any expenses involved in them taking part. In addition, four participants were contacted via local community organisations to ensure the inclusion of people with unstable housing situations. By definition such people are difficult to contact and this was true of those identifying in the telephone survey as being in insecure housing.

Before the interview started a written consent form was read and completed by all participants (see Appendix F). The majority of participants were interviewed in community settings, such as libraries or community organisations. A minority were interviewed in their homes, particularly where it was difficult for them to travel because of transport problems or family responsibilities.

The interview schedule was deliberately broad, to allow exploration of issues as they arose (see Appendix G). The sub-sections below follow the headings in the interview schedule. All interviews were tape-recorded and generally lasted between 40 and 60 minutes. No participants withdrew consent during the interviews. The names (and in some cases small details of personal circumstances) of participants have been changed to avoid identification.

### **6.2 The in-depth interview participants**

The interviews included people of a wide range of ages, cultural backgrounds, educational and employment histories. As mentioned earlier, an effort was made to include the experiences of those that the literature indicates have been adversely affected by the penalty regime. For some the interview related to their first and only penalty for failure to meet Centrelink requirements. For others the interview drew on a history of such difficulties. Perspectives covered by this qualitative aspect of the study include:

- Indigenous (3 Aboriginal men and 1 Torres Strait Islander woman)
- People with family responsibilities (4 men, including one Aboriginal man, and 2 female partners of unemployed men)
- Young unemployed people with unstable housing (2 men and 2 women)
- People interested in self-employment (2 men)
- People with mental health problems (2 men and 1 woman)
- People with physical health problems (2 men)
- People working casually to supplement income support (5 men and 1 woman)
- People from non-English speaking backgrounds (2 men and 1 woman)

The one aspect that all participants shared, with one exception, was a marginal position in the labour force. This arose either from locational disadvantage, early exit from education, poor health or a combination of these factors. The lack of formal qualifications or educational history represented a barrier to accessing secure employment for the majority of participants, trapping them in casual and unstable employment. Ian's experience, unemployed for the past two years in Central Western NSW, was common among participants.

I left school about halfway through year nine - that was four years ago. Just wasn't happy, didn't like the school, don't like school. Actually when I was at school I was working and when I left I was working and then the parents broke up and so I moved up here and it's gone from there. (Ian, 20-year old, Central West NSW)

This labour force position also contributed to another common aspect of all participants – that of moving on and off income support over a number of years as a result of being unable to establish a firm foothold in the labour force. The impact of the penalty regime needs to be considered in the context of the long-term, unstable financial circumstances of most participants.

### **6.3 Circumstances of breaches**

#### **Nature of breaches**

Among the participants there was a range of experiences in relation to the circumstances of the breaches as well as the number and type of breaches. Some participants had only been breached once, others on repeated occasions (up to six times in one case). The participants breached Centrelink requirements in relation to: failure to attend interviews or programs with Job Network provider (13); failure to complete Job Seeker Diary or other forms (6); failure to respond to correspondence (4); undeclared earnings (3); unexplained absence from school/TAFE (2); leaving job voluntarily (1); and failure to attend casual employment opportunity (1). Participants were generally clear about the reasons Centrelink imposed breaches, but few were certain about the length of penalties. Most could, however, put an approximate dollar figure on how the breach affected their income support payments.

#### **Circumstances leading to breach**

Participants had two main explanations for their failure to meet obligations in relation to interviews or program attendance with Job Network providers: the allocated time clashed with a casual employment opportunity (an issue also raised by some welfare agencies, as discussed in Section 5), or they felt the Job Network was not offering them any real assistance finding employment. A number of participants indicated that they would always give priority to taking casual work or shifts if they were offered, as they needed the money and hoped that they might lead to more regular employment. The apparent inflexibility shown towards other obligations or opportunities (such as casual work or study) was a cause of concern for many participants.

The only time [I would breach the rules] is if on the day of the interview I've got a days work, then I'll take the days work before I go to the interview cause the money's more important than going for that interview or work for the dole. I don't think they should think you don't want to go to them because, you know, they want you to go to work, so I believe if you've got a days work or two days work, go to work, you're not going to get it tomorrow. (Noel, 45 years old Aboriginal man)

I had to do one of their mutual obligation courses and I got a job before that started, like I told them as soon as I got the letter I've got this job, and that I was starting on this day which was three days before the course was due to start... and because I couldn't make it to the first day of the course to tell them, they class that as a breach. So that job was only for six months and as soon as I came back off it they gave me a breach. I tried to talk to them and they said well...it says in your letter that you've got to advise whoever's providing the course on the first morning and because that job you start at 7.00

and don't finish till 5.00 you can't be there at 10 o'clock when it starts. (Jeff, father of 2 children, Central West)

Contributing to the breach of requirements in relation to the Job Network were the negative opinions held by some participants about the effectiveness of these providers in assisting them find employment. These participants breached Centrelink requirements to attend Job Network providers for job search assistance (usually one or two days per week) or training programs. They felt that the services provided through the Job Network were not meeting their needs. Some were also cynical about the motivations of some Job Network providers, relaying stories of corrupt or inappropriate behaviour.

I agreed to attend the Job Network two times a week but then they wanted me to do it five times a week. I think it is a waste of time. I can look at the paper and make phone calls from home. Just sitting around doing nothing for two hours. I want to be at home to help my wife with the kids. I don't trust them. How do I know they send off my resumé? (Ahmed, father of 3 small children, NESB)

The participants who were breached for failing to complete the Job Seeker Diary reported doing so through error. One participant said he had completed his Diary but lost it during a move. He attempted to replicate the completed Diary but was unsuccessful. The other participant simply 'forgot' and also attempted to remember his job search efforts during the past fortnight. For two participants this was the first breach of requirements.

Some participants who failed to respond to correspondence argued that they had not received the letters. One said he had notified Centrelink of a change of address but that this information was not updated on his file. He was unaware he had breached requirements until his benefit was reduced and he asked Centrelink for an explanation.

Got a letter said I had a breach and it was 100 per cent, and I'd got a 40 per cent breach before for not attending a meeting and I was like I didn't get no paperwork and they were like well it went in the mail and I was like well it's not here. From day one from when I started Youth Allowance, I never got any Youth Allowance forms so I had to go up there myself and say I hadn't got it in the mail and they've gone oh there's been a bit of a mix up...and the mail wasn't coming. (Ian, 20 year old, Central West)

A second participant, who could be described as being in crisis in relation to housing and family relationships, said her family kept mail from her.

Those participants who faced penalties because of undeclared income admitted doing so knowingly, driven by the need to pay outstanding bills. One participant was breached on two occasions for not declaring casual income. She was aware that she was likely to be breached but 'took the risk', as she needed the money to pay bills. Another man with family responsibilities knew he might be 'caught', but needed the additional cash to pay an electricity bill and car registration and to buy clothes for his children.

One young woman who was penalised for more than five days unexplained absence from school said she was unaware of that requirement but admitted being ‘slack’ about getting sick certificates. Another lost her benefits for non-attendance at the TAFE course, which she was finding difficult and reconsidering. When interviewed she was attending a secondary college aimed at providing early school leavers a second chance at completing years 10 to 12. She found the interim period, during which she received no benefits, extremely difficult, rendering her totally reliant on the families of her friends.

The young woman breached for ‘leaving a job voluntarily’ did so after an armed hold-up at her workplace. She left the job on the day of the hold-up and has not made a workers’ compensation claim or a ‘victims of crime’ claim. She felt she had no choice but to leave work because of the psychological stress, and accepted the breach without question. Centrelink apparently did not assess her mental health or fitness to work.

They say I voluntarily left employment, but they’re wrong, I was involved in an armed robbery and I was a bit scared of going back to work. That was last November. I have seen similar things at McDonalds but never with a gun. Generally I shy away from public transport, there’s too many bad people out there. (Lisa, 22 year old, Sydney)

The experience of the participant breached for failure to attend a casual employment opportunity highlighted a problem referred to by a number of participants – that of public transport accessibility.

I understood that if I said no I will be breaching the contract, actually the agreement, so I said yes but at that time I had no transport and I had to find the place of work, so this was 5.00 in the afternoon and 6.00 the next morning I’d be going, but I looked at the map and it was out from public transport, away from train station and all that and I didn’t have a chance to find the nearest bus and all that. (Edward, 30 year old, NESB)

For some younger participants, breaches arose from clashes between study and Centrelink obligations.

I was doing part time TAFE, but it was about 20 hours a week and they needed me to go to an interview and we got our wires crossed and I got breached for that. Well I’m doing a course in childcare and because they were making me go to all these interviews, I had to re-do one subject because I failed it. So I wasn’t willing to go somewhere else because I’ve paid for this course and have to re-do it all again. Even if they changed the time, like they were doing interviews through the whole day, if they’d have made it for after TAFE, I would have went. (Karen, 19 year old, Illawarra region)

### **Perception of ‘fairness’ of breach**

The participants were asked whether they thought the imposition of a penalty for their own breach was ‘fair’. They were also asked generally under what circumstances a

penalty would be fair. Participants made a strong distinction between ‘genuine’ errors and people who could be seen as ‘not really trying’.

If you don’t put 100 per cent in they’ll take it off you and I thought that was fair. (Ian, 20 year old, Central West)

Yes, definitely [it is fair to impose penalties]. As I said before, someone that just wants a benefit, has got no interest in looking for work, couldn’t care less. I think they deserve to be breached. But when there’s other people trying to work to get a bit of extra money I think those people shouldn’t be breached, or they should be breached but not quite as hard as someone who doesn’t even care about finding work. Because there’s two categories, a lazy person and someone that’s trying to find work, trying to do the right thing. (James, father of 3, Central West)

The majority felt their own penalty was ‘unfair’, as it arose from a genuine error or misunderstanding with Centrelink. Participants who felt they had ‘done something wrong’, accepted the penalty, even if the breach was inadvertent. A number of younger participants also spoke about wanting to discuss their future with someone and needing more time before a penalty was imposed. Those whose penalty related to their first breach felt particularly strongly that it was unfair.

I was already doing my greatest effort to try and find work. At that time it was just transport problems. I think it is right for other people but, you know, on a case-by-case basis. Like if the person is really looking for work seriously but has other problems, like if you look at the person I think you can see whether they are trying or not, I think you can find that out. If a person isn’t really trying then I think they could punish that person but if there is another problem, like transport problem, they should talk to them. (Edward, 30 year old, Sydney, NESB)

Well I mean, alright if you’ve been slack and haven’t done what they require you to do, but like the times I’ve been breached, I’ve been really careful about things like that because I can’t afford to lose the money and it’s been like a mistake from them, or a misunderstanding from them. (Chris, 33 year old woman, Illawarra region)

The marginal labour market position of many of the participants gave them very little bargaining power in relation to offers for casual work, leading to a strong feeling of frustration. When a shift or a day’s work was offered which clashed with a Centrelink or Job Network obligation, these participants felt considerable confusion about what was the ‘right’ thing to do. On the one hand, the community expected them to make every effort and take every opportunity to obtain paid work. On the other hand, Centrelink or a Job Network provider expected income support recipients to fulfil their obligations to them.

I don’t know what they want [Centrelink] – I got a job but it wasn’t good enough for them, they said it wasn’t enough hours – so I did



the right thing but they still hassled me, they breached me for not attending some course. But I had to take the shift, otherwise they aren't going to offer me another one. They [Centrelink] wouldn't listen – they didn't understand or care. (Alex, 19 year old woman, Sydney)

One young male participant, however, did feel that his first breach arose from being 'slack'. He 'just didn't bother' responding to correspondence he received from Centrelink and in that circumstances thought the breach was his fault and so was 'fair enough'. The breach changed his behaviour and he 'made sure it didn't happen again, like attending appointments and stuff.' As another participant also put it,

The reason they put the breach on is to help Centrelink, it's good that it's strict, the system, but in another way it's bad cause you know we're living on nothing. There may be some people living on the dole, that do nothing but here's us willing to get a job and they don't know the life that I'm living. (Maria, 21 year old, NESB)

Interestingly there appeared to be greater flexibility and discretion exercised in relation to older unemployed people (this is discussed further below). Many of the older participants were able to negotiate these situations with little or no stress.

Two older men, who had been unemployed for a number of years, 'deliberately' breached the obligations after securing employment. For both these men the breach was some form of resistance or reaction to what they viewed as bureaucratic interference in their lives for many years. For both men there was no real financial burden or impact as they were in the last fortnight of their period on benefits.

### **6.4 Reviews and appeals against breaching decisions**

Participants were asked whether they asked for their breach decision to be reviewed, as well as whether they would advise other people to appeal. As we saw in Section 2, a high proportion of breaches are overturned when challenged with the original decision maker and there is a relatively high success rate for more formal appeals, although few cases go as far as a tribunal. The vast majority of participants indicated they had not formally sought an appeal although they had tried to discuss their situation with Centrelink. For many participants the interview was the first time they had realised they could seek a formal review of their circumstances leading to their breach.

I tried to ring up [Centrelink] but the lady did not seem to accept my explanation, she just said you didn't turn up, you breached the agreement, that's it. They give me some phone number to ring up, someone in Centrelink, a higher authority or something like that but I didn't really bother. I tried to explain my situation but they said no, you breached the agreement, that's it. (Edward, 30 year old, NESB, Sydney)

I probably [knew that I could appeal] but by the time they got round to doing anything about it [the breach] probably would have been finished anyway. So if you owe them money they come after you

really bad, but if they owe you money they tend to not pay much attention. (Lisa, 22 year old, Sydney)

For others, such as Ian, appealing a decision was difficult not only because he was unaware of the possibility but also because of a sense of obligation to the system. Even though he argued that his penalty arose from not receiving Centrelink correspondence he did not see that as giving him status of ‘doing nothing wrong’.

They’ve helped me out so much I didn’t want to argue with them, so...Yeah, [Centrelink staff] are fine, I can talk to them, they’re heaps good. I probably would now, now that I know you can appeal. I never knew. I just thought that’s what happens. I probably would if I did nothing wrong. (Ian, 20 year old, Central West)

The initial contact with Centrelink staff over breaches was negative for most participants, particularly for younger unemployed people. Most expressed considerable frustration at their dealings with Centrelink and a perception that the staff ‘didn’t care’. Some participants made a distinction between the right to appeal and the likelihood of success: ‘I did know that you could appeal, but I always thought these decisions were final’ (Jorge, 19 years). For these reasons few felt they would advise friends to appeal. One Indigenous young woman, however, was successful in appealing a breach and felt strongly that others should be encouraged to exercise ‘their rights’.

Oh yeah definitely. When you first go on the Centrelink and you hear about unhappy decisions and your right to appeal, I’ve just known you could appeal government decisions, all sorts of decisions, I was just always aware, going through the contract with Centrelink that you could always appeal their decisions. It’s worth it cause like once you put it in it makes them open their eyes, stop and have a look, it’s to your benefit really to make them stop and have a look at it. (Sarah, 24 year old, Indigenous, Sydney)

Even though older participants often found it easier to negotiate with Centrelink around requirements, some still indicated considerable frustration with the appeals process and Centrelink generally.

I think I turned up 22 days after I’d been cut off and I apparently had 14 days to appeal and I didn’t realise. So I lost [the appeal]. I had to make an appointment and by the time I got paid again, I had to borrow money from people, it was something like five weeks before I actually got some money again and they wouldn’t give me money for the period that I’d lost, and I appealed that and I just didn’t hear a single thing back. Not a single thing, and I tried to make it go further, I wanted to go for a tribunal hearing, go all the way. Nothing happened, no call, no nothing. I threatened to go to the Ombudsman about it...I just couldn’t be bothered in the end. I just try and do everything now to avoid being breached. (Greg, 32 year old, Indigenous, Illawarra)

## 6.5 The impacts of breaching

The imposition of breach penalties had a wide variety of impacts on participants, some short term and others longer term. For a minority of participants the impact was minimal. Even these, however, experienced short-term effects on their everyday living. For a similar, small minority of participants the impact was profound and likely to be long term.

[Being breached] you lose money and then are caught in even more of a rut, because now you've got less ability to dig your way out of the hole. It's like you're in a hole and you've been given a shovel to dig yourself out and then all of a sudden you don't have the shovel now, here's a spoon. They don't reduce the payments by that much but in some cases that's borderline, the \$30 or \$40 a fortnight is the difference between ... in a lot of people it would be a few nights' meals, whether they eat well for the two weeks or whether they have to fast sometimes. (Greg, 32 year old, Indigenous, Illawarra)

I had to change a lot of things, like you couldn't go out, um you sort of kept quiet you know, like with 40 bucks there's not a lot you can do, you either buy meat or vegies or whatever to keep you going for the next fortnight if you can, so that's what I did. Once in a blue moon I would only pay \$100 (rent) per fortnight [rather than \$200] and use that to stock up on things like normal groceries and all that. I asked my mate about paying \$100 per fortnight cause it wasn't fair not to and when I could I paid more so that I was back to where I was. I've caught up now which is good. I borrowed a few dollars from my ex-, she was alright, like there is no problems or anything like that. A couple of times I even went to the St.Vinnies, I got a food hamper, no money or nothing like that, just a food hamper, they were pretty good, like ham and little bits of food and that, some of the stuff were out of date by a couple of years and that but apart from that they helped me out at the time so I was grateful for it. (Noel, 45 year old, Indigenous, Sydney)

Like Noel, all participants reported some impact of the penalty on their everyday living. At a minimum, receiving less income support resulted in participants curtailing social activities. Whilst this may appear trivial, in the context of the isolation that often accompanies unemployment it can have a significant impact. A number of unemployed young people in their early 20s described themselves as 'having no friends'. For this age group the work place is often the major source of social networks, as time separates them from school- and locally-based social networks. This social isolation was often exacerbated by the loss of transport concessions through no longer being on full benefits or by being unable to run a private vehicle.

When you are breached you cannot have a concession card, like a travel card. It's pretty hard then, so you sort of have to work out when the best time to get on the train and the cheapest time to get on the train, like after 9 o'clock is much cheaper than before. It's about \$2 cheaper, especially a return, it's a lot cheaper. So you save money that way, or you just walk - like I would walk from [ - ], it's

only a couple of suburbs away. Its about an hour walk, it's a good walk, exercise and that. (Noel, 45 year old, Indigenous, Sydney)

Well you need to be able to go and do things with them [the children], but you can't afford it. Most people that are on unemployment haven't got a vehicle because they can't afford registrations or anything like that, so you see a lot of them walking. It just limits you to what you can actually do. (James, father of 3, Central West)

Other everyday living impacts related to the payment of bills and the purchase of food, although for those living independently in the Sydney region paying rent was also particularly difficult. Peter, for example, was penalised \$52 per fortnight from a payment of approximately \$350. His rent at the time was \$220 per fortnight, leaving \$80 per fortnight to buy food and meet other living expenses and travel costs.

I was struggling, really struggling. Umm ... food for a starters [was hard] and plus I was working full time at that time [on work for the dole] so I was finding it hard to get out to [N -] where I was doing work for the dole and umm that's basically about it. Rent was the first thing I paid. (Peter, 21 year old, Sydney)

Loss of income could also lead to an unwelcome reliance on friends.

My mates would go and get meals and they'd say do you want something to eat and I'd go oh yeah if that's alright, and they'd go oh no worries, we'll buy it for you and I'd be like I don't want this to happen. Made me feel a bit bad. (Ian, 20 year old, Central West)

For some people the loss of part or all of their benefits directly resulted in them having to move, leading to less stable housing circumstances. These participants either moved to cheaper accommodation (often at distance from friends and family supports) or had to become reliant on family and friends for 'free' accommodation.

They just breached me so much that I had next to nothing to survive off and I ended up being evicted over it, because they told me bullshit that they were going to back pay me and they never did. I couldn't live, the only way I did was a friend was supporting me. It was just ridiculous. (Chris, 33 year old woman, Illawarra)

So I stayed all over the place at different houses. Yeah, I moved around a lot [when I had no money], staying at friends' houses, wherever I could, or I'd take a trip down to [R -] and go and hang with my brother and his mates, and just stay down there. [My gran] she let me off [paying rent] then, but then we had a bit of a disagreement and she kicked me out for a bit and then I was living with a friend for about six months and that was not long ago and now I've only just moved back in there. [There were] just arguments, just couldn't live with her, she's sort of like my mum, you know. Just personal stuff. I just thought I'll go, save you the trouble of worrying about me. (Ian, 20 year old, Central West)

As Ian's experience indicates, young people whose family relationships had broken down seemed particularly vulnerable to housing instability exacerbated by breaching. For these young people the support of family and friends provided the safety net that prevented literal homelessness.

I don't even want to think about it – if mum hadn't taken me back it would have been a real disaster, I probably would have ended up on the streets (Alex, 19 year old, Sydney)

However, this support was not always reliable and could come with unwanted obligations. Three young women who were boarding with friends or extended family members were asked to leave because they could no longer pay board. This left them at risk of exploitation and abuse. Maria, for example, was keeping house and providing childcare for three young children for members of her extended family on a full-time basis in exchange for accommodation. She said she had no access to cash at all.

For people with family responsibilities, already struggling to make do on income support, a penalty created additional hardship. James, a father of three small children, was in tears telling of a time when all they had in the house for food was a loaf of bread. He described the breach as 'the difference between treading water and drowning'. Sue, the mother of two children aged under five, whose partner lost benefits due to not attending a course, told of gradually selling off items to pay bills, buy food and pay the rent, including children's toys. Sue had not bought clothes for herself for over four years and when her husband was in work 'stocked up' for the bad times, trying to get in credit on some of their accounts, buying children's winter clothes and her husband's work clothes. She, like many women, did the family negotiations with Centrelink and expressed enormous frustration at the situation they found themselves in.

The perceived unfairness of breaches led a number of participants to question whether there was any point remaining on income support. For these participants the 'hassle' of meeting the requirements was not 'worth the grief'. Ian, for example, saw the breach as an opportunity to 'stand on his own two feet', although he found was unable to do so.

[After] the eight weeks breach I stopped getting payments and so I just never worried about it, I went for four months with no money and then I thought I really need some money so I went back up and seen them and they said four months with no money? And I said yeah...and so they put me back on it, and I said I thought I could do it without you [Centrelink], you know, but I couldn't. Oh friends, they helped me out a lot. Doing odd jobs here, like mowing the lawn I'd get \$50, that would last me a couple of days, just survived like that. It was pretty hard. Yeah, I just never worried about going back, but when it got to the point where I had no money, there was no work nowhere, I had to go back and see them. I'd like to stand on my own two feet and get somewhere, but it didn't work. They were quite shocked actually. I said to her I thought I could do it by myself but I can't, and she said I'll try and do something for you. (Ian, 20 year old, Central West)

As we saw in Section 4, a number of survey respondents said that as a consequence of the breach they ‘just stopped claiming income support’. Ian’s experience provides some perspective on what this impact might mean for those deterred, at least temporarily from reclaiming as a result of a third breach in particular.

### **Personal well-being**

The health and personal well-being impacts of the penalties were less obvious, or more difficult to distinguish from the more generalised impact of unemployment.

Like already as it is, it is hard [before the breach]. (Jorge, 19 year old, Sydney)

The imposition of penalties appears to exacerbate already tense family relationships. Many participants spoke of low self-esteem and or poor self-image, which often placed strain on relationships due to ‘bad moods’. Some admitted that they were ‘not easy to live with’ and that having little or no money made this worse. Some spoke of feeling ‘really low’ or ‘tight’ in not being able to contribute to their family or having to ask their family for assistance. Mike, a father of two small children, borrowed money every week from his mother to ‘make ends meet’ following a penalty of \$60 per fortnight. This money was used for food and items such as nappies. During the 16 weeks of the penalty he was unable to make the instalment payments he normally made on electricity and phone bills. The breach was putting them ‘further and further behind’.

It was clear that without a safety net provided by family or friends many of these participants might have faced homelessness and become reliant on emergency housing and charity services for survival. Nearly all participants spoke of getting assistance in one form or another from friends or family.

I stayed with my cousins, they were good to me at first but then, cause I was busted for three months, had no money, they sort of got tired of me, they told me to look for a job which I did, I was looking for a job, my cousins tried to help me get a job where they worked but because there wasn’t any jobs, I couldn’t. They kicked me out so I went to my aunty’s and I owe them a heap. (Maria, 21 year old, NESB)

In some cases like Maria’s this assistance was quite substantial, such as deferring rent or providing rent-free accommodation. A number of participants were also reliant on friends or family for food and cash from time to time. When facing a three-week period with no income, Edward was apparently told by Centrelink to ‘ask your friends, your family, we can’t help’.

The imposition of penalties also affected the health of some participants directly through an inability to buy medicines (an issue mentioned in both the literature and the agency survey).

I was sick but because I didn’t have any money I didn’t take any medicine, I didn’t like to ask for money (from my aunty) ‘cause I know they do too much. (Maria, 21 year old, NESB)

For participants with mental health problems, dealing with Centrelink processes was often complicated.

I also suffer from depression. I have an appointment with a doctor, it's actually bi-polar that I have, I have high periods and low periods, I cycle. So I have an appointment this month to go and see a psychiatrist to work out if that's what I do have. Yeah...the last five years have been pretty bad, ups and downs, ups and downs, especially after losing the bar. [Breaches cause] emotional distress. They compound my periods of depression. (Greg, 32 year old, Indigenous, Illawarra)

Trish and Glen approached Centrelink for an emergency advance to pay medical costs for their two small children. Centrelink refused the emergency advance, advising them to take the children to the Hospital emergency department. The hospital said the children were not critical so should attend a GP. In the end a family member paid for a GP and medicine for the children.

Yeah, well we went there to try and get an advance payment to take the kids to the doctors and they [Centrelink] said you'll have to take them to the hospital and I said we've been there and they said it's not an emergency, go and see your doctor, and there's only two I think that bulk bill and you're a week or more to get in, so they say if you're sick go to the hospital (Trish, partner of unemployed man with 2 children, Central West)

The couples with children interviewed suggested that the increased stress and anxiety of living on a reduced benefit resulted in more arguments. Living on a benefit, dealing with Centrelink and living in fear of a penalty 'ate away' at their relationships. They felt this impacted not only on themselves but also on their children, who often witnessed their parents fighting, or who had to go without things that other children took for granted.

Put it this way, if I could land myself a permanent job, I'd like to provide my kids with a lot more. We'd be able to go out a lot more. We can't now, we're limited, totally, on what we can spend and what we can do. (Ahmed, father of 3 children)

[If we hadn't been breached] we would have had most of our bills out of the road, like just the bills and everything, they pile up and then they actually take that money off you...things for your kids, your kids suffer. The main thing is you always have food for them and that's roughly about it. Pay your electricity, other bills and you're left with nothing - your telephone, your gas. Like gas is \$300-\$400 a month, well three months, because it gets so cold. Like you've got to budget it so well, you've got to have \$10 for this, \$10 for that, where if you're working earning extra money I'll put \$50 to \$100 on the next thing. It just makes a big difference when you are working than when you're unemployed. Like most people cannot get a job, not from a lack of trying, they just cannot find it. But yeah it puts a lot of stress and your relationships suffer a lot because of it too. (James, father of 3 children)

A number of participants also expressed frustration and anger about their treatment by the system. They felt they were treated as less worthy due to being unemployed and blamed for things beyond their control. This was particularly the case for younger unemployed people whose relationship with Centrelink was often fraught. Long term unemployed people felt particularly demoralised by their inability to find employment and how this was viewed by Centrelink.

When you are unemployed your self-esteem, your confidence is really that low and if the Centrelink people who are supposed to help you put you down more by thinking how do I get this person off benefit, you feel, like, really, really low. You feel like you've got nowhere to go to now, especially in my situation. I was by myself in this country. (Edward, 30 year old, NESB, Sydney)

Another breaching impact with potentially both short and long-term consequences was the loss of private transport, particularly in regional and rural areas. For those participants with family responsibilities the cost of registration and maintenance of a motor vehicle was prohibitive. The loss of a private vehicle, however, limited their job search opportunities.

Once again the bills piled up [and we] had to sell a perfectly good car, just to get money to buy food for our kids. So that took a lot of worry and that back into the same thing again. But otherwise we would never have got rid of that car, because it was a good little car. And you need one because [the Central West] is such a wide area, where in Sydney you've got trains that run everywhere, but out here you're very limited (James, father of 3, Central West)

### **Long-term impacts**

For a number of participants the imposition of penalties had impacts well beyond immediate personal well-being and everyday living circumstances. Participants with family responsibilities were particularly vulnerable to longer-term impacts. Ahmed, a father of three small children, struggled when on full benefits to meet the costs of living such as water bills, telephone bills, etc. He was particularly saddened by not being able to provide the opportunities to his children that he would have liked to. One of his children required specialist medical attention, adding to the financial stress of being reliant on benefits. Owing to a penalty for not attending a Job Network provider he was unable to pay a small telephone bill (of \$114), which has affected his credit rating. This bad debt will affect his and his families lives for the next seven years during which time he will find it very difficult to obtain credit of any description.

The accumulation of debt was a significant worry for many participants.

I was really lucky cause I was here [living with parents-in-law]. It was really hard, like, I was very, very worried, like how was I going to pay off debts and I was just going to get further into debt, I've got normal credit card repayments and that, so I was really worried then, it was stressful, very stressful. (Sarah, 24 year old, Indigenous, Sydney)



Penalties that arose from undeclared or under-estimated income also created long-term debt problems for some participants. For participants such as Mike, the debt owed to Centrelink was a major source of anxiety and further hindered their future opportunities.

I was actually working doing carpet cleaning and that was casual as well, and I was still on an unemployment being casual. They'd only require me three or four days one week, two days the next and once again you'd have to estimate. So all up I'm still paying back nearly \$2000 to Centrelink out of my income. And that gets deducted out while I'm receiving the payment and because I'm working [now] I've received a letter stating that I owed nearly \$2500 towards it and they said they wanted it now, and they don't give you any time to pay it. [Originally] it was just \$70 less and that's actually been going on for near two years now, being breached, and until I pay off all the money that I owe them, they're taking that amount out. So when I go out of work tomorrow, I'm stuck with a lousy \$200, \$210, and that's nothing, that's not going to pay for anything basically. (Mike, father of 3, Indigenous, Sydney)

Even for those participants with substantial employment history, being reliant on unemployment benefits, particularly those reduced by a penalty, limited their ability to re-enter the workforce. For three of these participants, labour market restructuring, particularly increased outsourcing and subcontracting, meant that substantial capital was needed to continue working in their area of experience. Jobs previously done within companies had been outsourced and made available to staff on a contractor basis. This required the purchase of equipment previously provided by the company, insurance and the establishment of a small business. Levels of income support made the building up of such capital extremely difficult and as time passed the less likely they were to be able to set themselves up as contractors.

Like a lot of companies, like you've got to go out and pay thousands of dollars to buy a van, tools, you've got to go and have your own insurance, your own business, you've got to have your own subcontract. It costs you too much money, like - it cost me too much money anyway. Like there are heaps of those jobs around but it's just the outlays to get in there. Like if it was just going to work for the company it'd be no problem. If I could do that I would have a job tomorrow, straight away, no problem, like I've done it for so long – Foxtel for five years, telephony for four years, it's not hard work. The money's good. All this contracting has been happening since about '97. (Noel, 45 year old, Indigenous, Sydney)

For some participants self-employment through a small business was the best option for returning to the workforce, but breach penalties delayed or hindered their business plans. One participant, who had over 35 years experience in cleaning and had been unemployed for some six years, was only able to finally establish his own business through receiving a small inheritance. Since then he had successfully managed his business and from time to time now employs an assistant. For another the imposition of a penalty hindered his ability to continue to expand his business, as he was unable to attend meetings or make copies of documents.

It made it hard for me, the couple of clients that I was trying to hold onto, to get out and get extra paperwork off them and things like that, it made it very hard to do that. So it more so affected me, that and trying to keep up with bills, because I've still got finance on the car that I've been trying to...yeah, the spare money I do have I've been putting into running around for the finance...trying to get that sorted. But it's just about done now, starting to see the light now, after five years. (Greg, 32 year old, Indigenous, Illawarra)

For all participants the imposition of penalties meant a drain on scarce savings. For many, having two or three hundred dollars in the bank was an achievement. Whenever possible, participants would 'put money away', but this was quickly spent if bills or rent needed to be paid during a period in which a penalty was imposed.

For a small minority of participants the imposition of a penalty significantly affected their educational plans and opportunities. Alex, who was in Year 11 at the time of losing her benefit, found casual employment to cover her living costs. Her aspiration for a career in human resources had thus been delayed considerably. She was hoping to finalise her HSC though TAFE once she secured a permanent position. Her reliance on casual shifts made committing to study at this stage impossible, even though after some time her mother was able to have the breach revoked.

My mother just kept at them and at them until they gave me some money back, but it wasn't much good then in terms of school, I'd missed too much.

Breaching also had the unintended impact of undermining another participant's commitment and ability to undertake further study. This would seem to be counter-productive in terms of longer-term policy outcomes.

I just told them I didn't think [the breach] was right, that I was doing these courses and they were just going to throw me into a traineeship in a chicken shop, and they said well that's not their problem so...I had a bit of an argument with them and the lady walked off. I'm looking for full-time work, I don't care about the studies any more. (Karen, 19 year old, Illawarra)

Some participants with family responsibilities saw the imposition of a penalty as further entrenching them in poverty. On income support these families lived from day to day, struggling to pay bills, rent and everyday living expenses. Any dream of owning their own homes or providing greater opportunities for their children seemed unrealisable.

[Working] would give you time to save that money to get onto your own two feet, to be able to own homes and own your own car. (Sue, partner of unemployed man, mother of 3 children, Sydney)

Everyone wants to have money to be able to do things, go with their families on a weekend trip, buy some new clothes, buy some new furniture. We delayed paying bills and don't go out very much. Just didn't go to different places and that. We've constantly got to be

paying off debts to people and that, wanting money and so it puts a stress on them. A percent of our money doesn't actually go to our account, it's automatically out [for rent]. My second car is sitting around at my parent's place because I can't put rego on it, there's no money to put away for things like that. (Jeff, father of 2, Central West)

Breaching also tended to compound the existing disincentives couples experienced for the partners to look for work. Two women whose partners were unemployed commented that finding work themselves was not always a financial solution to their problems, nor was it easy. Having been out of the workforce for some time raising children their confidence, skills and experience were poor. Trish was working but found there was little financial reward in the long run.

I'm working full time, only just started three and a half months ago. Even after I pay childcare, I'm lucky if I earn an extra \$100 a fortnight than I would on Centrelink. Most of it goes on child care, it's not much extra in your pocket. It isn't much more than what you earn, when you think of all the extra things you have to pay for, like childcare and things like that. Full medicals and things like that. I think that's why people stay on it, because they get cheap benefits and health care and all that sort of thing and there's all those extra costs when you work that actually make it more expensive to work than what it does to actually not work. And they wonder why so many people do it ... We're sick of renting, and so we want to try and get our own place and that's another thing, this is Central Tablelands [Housing], when we don't work this house only costs \$104 and when we work it's \$180. It's an extra \$160 a fortnight we've got to come up with. So we lose out again. Whichever way you look at it, you lose out because you lose all these benefits, and then they do wonder why people do that. (Trish, partner of unemployed man with 2 children, Central West)

### **Relations with the income support and employment systems**

#### *Compliance*

Since the main purposes of having breach penalties are to ensure that income support recipients fulfil their requirements in return for payments and thus improve their employment prospects, participants were asked whether the imposition of the breach (a) affected their compliance with Centrelink regulations and (b) affected their job search activities. In general, participants saw little positive coming from the imposition of penalties, although some indicated that it did change their behaviour in relation to Centrelink regulations.

I'm just doing what I need to do. (Jorge, 19 year old, NESB, Sydney)

Make me watch what I spend but other than that, no. Probably made me comply more cause of the trouble I had to go through after I'd been breached, I don't want to go through that again, but it's kind of strange cause you think in the back of your head I've got two

breaches, make sure I don't breach one more time. But yeah I suppose it did help in a little way, it's not the breach itself but the trouble. (Sarah, 24 year old, Indigenous, Sydney)

For some participants, however, the penalty had a negative affect in terms of their relationship with Centrelink. As Edward and Ahmed indicate below, for those who felt unfairly treated by Centrelink the imposition of a penalty led them to adopt a more devious approach.

If you are going to be honest and they are going to breach you anyway, so maybe in the future not tell them anything cause you need to keep the money, not to lose your benefit. You know, like tell them something else, cause you know you've got to survive. (Edward, 30 year old, NESB)

No [the breach] just makes me more determined to break the rules. I feel like I'm doing everything right and it's not pleasing them. No matter what you do it's not pleasing them. I'd like to go back to Social Security and not Centrelink, you could talk to people back then, it was a lot more healthy. (Ahmed, father of 3 children, NESB)

The distinction drawn by some participants between those who try and those who do not also affected their attitude towards compliance. Karen felt angry and unfairly dealt with in comparison to 'others' who were 'getting away with it'.

Well, I just got worse I think, because here I am trying to do the right thing, I'm going to TAFE instead of sitting on my arse at home and I've got some work coming in, and there are people that aren't that get away with it, and it just got me really angry. (Karen, 19 year old, Illawarra)

Jeff, who was penalised for undeclared income, indicated that he would continue 'to do what he had to do' to provide for his family, and this included breaching Centrelink requirements. This caused a degree of family tension, as his wife felt this was wrong and that it was important to work within the system.

Jeff: Yeah, I'm going to continue doing what I'm doing until they work out a better system basically.

Sue: I have totally opposite views to my husband, we've been brought up differently.

Jeff: She's like - do the right thing, don't claim for it, but at the same time when the extra money comes in it actually helps.

Sue: It helps but I don't like doing it.

Jeff: They've actually breached me [before] and I'm actually doing the same thing [now], to try and get myself and my family's head above the water again. There's no way they're going to stop it. But I've always went to meetings that I was asked to, to do specific things, but you get some people that couldn't be bothered, don't

want to look for work. Where I'm the opposite, I'm actually trying to find work. I'm working trying to get my family back up to where we actually were once. But no, [the breach] hasn't changed [my attitude] and I'll do it again and I'll do it again, because I think it's wrong. You should be allowed to work without being penalised and losing money because of it.

Participants were, however, universally critical of the impact of penalties on their job search activities. Many felt offended by the suggestion that they were not already doing everything they possible could to find work. Participants spoke of being constantly on the look out for work, of applying for every job available in their local area that they were qualified for, with no success. In fact, all felt that having a reduced benefit hindered their ability to look for or find work, particularly in relation to transport issues.

The breach itself didn't help me think, like, get a job. Without money how are you suppose to get from place to place to find a job or if you get an interview, to get to that place. I mean like you have savings but the breach itself didn't make me feel like I should get a job, it wasn't a motivating thing. (Sarah, 24 year old, Indigenous, Sydney)

It didn't help me look for work 'cause I didn't have any money to look for work. When they stopped the payment, it didn't help anything. (Maria, 21 year old, NESB, Sydney)

In my situation I couldn't see much [positive]. Financially it's all negative, morally it's all negative, efforts to find work – I think I was already doing everything I could to find work. (Edward, 30 year old, NESB, Sydney)

### *Centrelink services*

Most participants expressed negative views about the services provided by Centrelink, particularly younger participants. Very few felt Centrelink was assisting them find work or had their interests at heart. A number did, however, make a distinction between 'front counter staff' and other staff (such as youth workers or social workers). Interestingly, some older participants commented on what they viewed as discrimination against younger people. These older participants felt able to 'work the system' better, negotiating, for example, much greater flexibility in their obligations than they saw as available to younger people. This was particularly the case for younger participants who got into arguments or got angry with Centrelink staff. The older participants put this down to have more maturity and understanding of how systems work. Greg admitted to 'sweet talking' his way through the system in order to get greater flexibility and support in relation to his education and self employment goals.

I mean they're doing a job and I imagine they're getting a lot of grief from a lot of people every day, but I believe also that people can see who's genuine and who's not and I know they have the grace to step either side of that line and sometimes it may be over

personal differences, or just a clash of personality, they will make it more difficult out of spite, and that's something, I don't believe they should be there, I think they should be screened out. (Greg, 32 year old, Indigenous, Illawarra)

The exception to this, however, appeared to be older participants with family responsibilities who felt Centrelink was inflexible and unresponsive to their family needs. For participants with family responsibilities, an efficient Centrelink system was vital to their family well-being. Two participants (using the same Centrelink office) spoke of three-month delays in returning to income support after completion of short-term casual employment contracts. The women in these couples spoke of their enormous frustration with dealing with Centrelink and the lack of humanity shown towards their families. Both were refused 'emergency advances' for food and electricity bills, as these were 'everyday living expenses'. They were instead referred to the local charities and to family members.

I've had plenty [of arguments] with [Centrelink]. Just when Jeff finishes work, we generally have to wait two to three months to get any money through, and they say oh well he's worked, you should have money...but we're constantly catching up our bills that we have left over from when he was [unemployed], and they say well too bad, and we're left for six to eight weeks, or even longer, I think we've gone three months where we had no money coming in. The only money that I was receiving was the base amount that you could possibly get. They said haven't you got family? I said no because we'd been living off our family for however many months and they said, well go down and see Salvation Army. But I mean they can't pay your bills and they can't get you a week's worth of grocery, they can't give you money for nappies, and that was just too bad. I actually went down and saw them about getting an advance payment and they said no because I needed groceries and to pay the electricity bill and that and they said no, because it's classed as an everyday expense and you should have budgeted for it. (Sue, partner of unemployed man with 2 children, Central West)

It seems that the rhetoric of individual responsibility has heightened the vulnerability of unemployed people to poor self-esteem. Many participants spoke of 'being made to feel inferior' by Centrelink staff. Non-English speaking background participants also spoke of what they viewed as discriminatory treatment.

If you are unemployed they look at you as if you are a bludger – you can see the way they look at you. A friend of my who couldn't speak English properly, they just told him to go away. They are supposed to have personnel there who can help, Filipino speaking or whatever, but they are just as bad. Like they are suppose to help and when you are unemployed your self-esteem is so low. They treat you so bad, like if you're from another country you are a slacker or whatever. (Edward, 30 year old, NESB, Sydney)

Most of the staff have been [helpful]. There's a couple of people that I actually know, but you get the others that look down on you,

you could have been working for 25 years and then been laid off. You go in there and they'll actually look down at you. I've seen that a number of times. So I think some of them are very rude and they do treat you differently if you are unemployed. Once again, you're categorised, you're in that category where you're a nobody, that's the way most of them treat you there. So once you leave that Centrelink office I don't think they really care whether you've got a job or not, as long as you don't break those rules. (Glen, father of 2, Central West)

### **Improving the system**

Nearly all participants called for greater flexibility in the application of rules, particularly for first breaches. Participants felt that if they had a history of always attending interviews and programs required of them they should be shown some leniency by Centrelink. They felt particularly that prior to a penalty being imposed Centrelink should interview them to find out the circumstances that lead to the breach. Many of the breaches reported by participants appear, in fact, not to have arisen from an unwillingness to comply or lack of recognition of their obligations.

Casual employment appears to be a key contributor to these participants breaching their requirements. Given the restructuring of the labour market over the past decade the likelihood of many of these participants securing permanent employment appears slight. Most felt caught in a 'Catch 22' situation – damned for not working but punished when they did. Some participants supported reforms to the income support system in this area, particularly in relation to building in incentives for finding casual employment. They felt the current system unduly penalised people.

Well that's right, because you know you're going to lose...you might do one day's work and end up losing the rest. I think that should be as a bonus to you for getting up and going and finding something. Yeah, well it's only going to encourage people to find extra work. But knowing if they work they're going to lose money either way. I didn't actually bother because I just sort of walked out of Centrelink altogether, sort of said 'can't win'. I was actually, I was very fuming about it. Like I said because they try and get you to find work and when you do...they actually take it from the other payment and I don't think they should be allowed to, because you're back in the same situation, and most of the time it's drowning. (James, father of 3, Central West)

Many participants felt the key to improving the system was changes to Centrelink procedures and operations. They felt that the attitudes held by some Centrelink staff were inappropriate and unhelpful. Some participants avoided contact with their local office if possible, preferring to access information via the call centre.

[Centrelink would be better] if they listened instead of just doing stuff without listening, like sitting down with kids to find out what is really going on. If they cared. (Alex, 19 year old, Sydney)

One participant with family responsibilities felt the \$500 advance should be available on a yearly basis (once paid off) to assist people ‘over hurdles such as Christmas’.<sup>7</sup>

### **Job Network providers**

There was a wide range of experiences and opinions about Job Network provider agencies. In general, participants distinguished between those providers that ‘cared’ and those that did not. ‘Good’ providers called participants about job opportunities, assisted with training courses and job interviews. ‘Poor’ providers helped with resumés, but little else, and rarely returned calls. Finding a ‘good’ provider made a lot of difference to the participants’ confidence and approach to looking for work. Most participants appeared to ‘shop around’ to find a ‘good’ provider if possible. Two participants referred to Job Network practices that they regarded as corrupt, leading them to question whether the agencies had their interests at heart. The diversity in the quality of services provided by Job Network affected the attitudes of many participants.

They’re all right. They don’t seem overenthusiastic about helping you...where I’ve seen my mates, they get help, they get courses paid for and everything and I’ve tried and they knocked me back. Tried to do a welding course and it was \$150, and I said I need a bit of help with the money and she said she’d get back to me and I still haven’t heard nothing. (Ian, 20 year old, Central West)

Service-wise, yes they [Job Network] are ok, but job-wise no. They only advertise jobs for experienced people. (Peter, 21 year old, Sydney)

## **6.6 Participant case studies**

This section provides case studies of nine participants. The case studies have been selected to represent the main sub-groupings of the overall interview sample. The key selection criteria of the individuals are noted in brackets. The severity of the impact of breaching varies amongst the case studies.

*Alex (early school leaver with casual attachment to the labour force)*

Alex was a ward of the State, 19 years old, living in South Western Sydney. She was no longer receiving any benefits because ‘she couldn’t handle all the crap’. She was currently living with her mother and younger sister in private rental accommodation. She was employed on a casual basis as a checkout operator in a supermarket chain, working between 20 and 25 hours per week. She did not know from week to week what shifts she would be offered, but earned between \$170 and \$250 per week.

Her most recent breach was incurred whilst on Youth Allowance and attending school. She recalled it as her first breach, but since it led to total withdrawal of payment, it seems likely that she had other previous breaches that she did not

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<sup>7</sup> It should be noted that this is in fact already possible, provided that a customer has no debt and that any existing advance has already been repaid. In these circumstances an advance may be paid if the customer has not received one within the previous 12 months.



remember. She was in Year 11 and living with her aunt in western Sydney. She was alienated from her mother at the time because of her mother's boyfriend. The Youth Allowance enabled her to pay board to her aunt, buy books for school and meet general living costs. She was breached after having five 'unexplained absences' from school. She said she was not warned by the school of the implications of not providing reasons for her absences. Her benefit was cut completely. She tried to stay at school but with no income her aunt was no longer prepared to provide accommodation for her. She lived for two months with no money.

She left school (she described herself as an average or above average student who was planning to complete her HSC) to find employment and went on Job Search Allowance. Her mother's relationship had broken down, so she accepted her mother's offer to live with her rent-free while she found a job. Her mother spoke to Centrelink on her behalf about this breach and succeeding in having the breached revoked (she received a \$600 back payment some months later).

Alex found a casual job working for the supermarket after two or three months with her income supplemented by Job Search allowance. Centrelink breached her a second time for failing to attend interviews and courses. She tried to explain to them that she couldn't control when she worked, and if she didn't work when a shift was offered she was afraid that her employer would see her as unreliable or uninterested.

Alex found no one at Centrelink helpful and felt that if it was not for her mother she would not have been paid the back pay. She did not feel that her breach was fair. In her view it would be fair to breach someone if they are really doing the wrong thing, like not going to school at all.

She hoped to progress within the supermarket company, and was planning to study at TAFE once she was made permanent part-time and had greater control over her work hours. Alex did not want anything else to do with Centrelink - 'it's just too much hassle'.

### *Noel (Aboriginal man with casual attachment to the labour force)*

Noel is a 45 year-old Aboriginal man who lives in western Sydney. He was born and grew up in the Central West. He is divorced with two adult sons who he sees regularly and he is on good terms with his ex-wife. He lives in a granny flat in a mate's backyard, paying \$100 per week. Because this is an informal arrangement he does not receive Rent Assistance. He recently broke his ankle playing football and is currently on Newstart, but hopes to be off benefits soon.

He worked in the Central West region doing 'a bit of everything' – grocery deliverer, casual farm hand, fruit picking jobs. There was a lot of work in the area until a major company pulled out of the region. He has since been in Sydney for about 23 years, working for about 12 years at the Water Board until his position was made redundant. Since then he has worked for about 10 years in the telecommunications field, mainly laying cables, etc. These positions ended when they were made 'contractor' positions, requiring individuals to buy their own vans, tools, insurance, etc. There are plenty of these jobs still around, but he does not have the capital to set himself up, nor is he sure he really wants to operate as a contractor. His major employment barrier is his lack of formal education or qualifications. He has also previously done some driving work

but most of these jobs now require additional certificates or endorsements. He seems a prime example of a skilled but not qualified worker adversely affected by structural labour market change. He is constantly on the look out for work and obtains 'bits and pieces' on a regular basis, mainly through mates (brewery truck casual).

He was breached for failing to complete his Job Seeker Diary properly. He thought this was unfair because he had never been in trouble before:

It was the first time I had ever not completely filled it out but they said I done it so bad luck. I didn't talk to anyone (about an appeal) about it 'cause I thought it was my mistake so I got to pay for it, so that's why I left it. I didn't fulfil the obligation that I was supposed to fulfil.

He thought people should be given at least one warning rather than an automatic loss of benefit.

He was breached for something like six months and during this time lived on \$240 per fortnight. During the breach, when bills hit at once, he had to ask his mate for a 'loan' on the rent, which he has paid back when working. If he was in the private rental market he feels he probably would have lost his accommodation.

### *Jorge (NESB young unemployed)*

Jorge is a 24-year-old living in Western Sydney. He is from Brazil and has lived in Australia twice – and continuously since he was 14 years old. He lives with his mother and sister in private rental accommodation. He does not pay for rent or food but contributes to the cost of the mobile phone and the internet which he thinks are his biggest expenses. He is currently on Newstart and has been breached on three occasions. He has been on benefits for two years, during which he has been studying but only on a part-time basis. He is currently doing a Work for the Dole program landscaping a cemetery through a Job Network provider (for two days per week). He works to a budget, but tries to put money away whenever he can. This helped when he was breached.

He has had a number of jobs since leaving school, mainly in the sales area – either door knocking or telesales. He has completed two stages of a TAFE computer technology course and wants to complete the third year diploma stage. He has been unsuccessful getting into TAFE on two occasions but will try again next round. He has completed his HSC. He wants to get into the computer field, particularly networking and does not see sales as having any long-term prospects.

Jorge felt his first breach was 'fair enough', as he failed to respond to a letter. He disagreed with the other two breaches, as he felt they were as much Centrelink's fault as his own. The second breach arose from failure to attend a mutual obligation requirement. He felt this was unfair as he notified Centrelink that he was moving, but they told him to attend a program in a different area. He felt it was going to be difficult to attend this program as he relied on public transport (which would have involved two trains and a bus). He assumed that as he told them he had moved they would offer him another placement closer to his new home but they did not, instead breaching him. He now attends a program in Parramatta without any problems. Jorge's third breach related to a letter he said he did not receive. Centrelink would not accept that he had not received the letter and breached him. He felt this was unfair as

he had made greater efforts to ensure he complied with Centrelink's requirements since the second breach. He did not bother seeking a review or appealing.

The breaches had little financial impact on Jorge as his mother supports him. He currently does not pay any rent or board. When he lost a percentage of his benefit he was able to reduce his expenditure to cope. His social life was largely unaffected, as he mainly goes to parks with friends playing soccer, rather than bars or places that cost money. He did not find the breaches affected his health or family relations. They did, however, have an impact on his attitude towards compliance.

*Maria (NESB young woman with unstable housing, subject to abuse)*

Maria was a 21 year-old young Samoan woman who had migrated with her family from New Zealand a number of years ago. She came to Australia at 14, initially settled in western Sydney and moved to southwest Sydney in 2000. She does not know anyone in that area aside from her relatives. She had been unemployed for some time and had been trying to get into a TAFE course for some time but had not been successful. She was not sure why. She would like to go back to school (TAFE) to get more skills, particularly in clerical work. She has a certificate from a private business school in Liverpool but because she has no experience no one will hire her. She was alienated from her parents because of a problem with a boyfriend when she was 19 years old. Since that time she had lived with various relatives. She had completed her HSC and had worked casually as a telemarketer (for one year) and in a finance company on a commission basis (for three months).

Maria was effectively chronically homeless (she had already moved twice in the first half of 2003) and was reliant on her extended family, whom she described as 'mean' to her. This appeared to be an understatement, as she reported living in constant fear of violence from family members. Whilst she had not yet been physically attacked she had been subject to verbal threats and abuse. She described members of her family as feeling they had the right to tell her what to do, who to see and how to spend her money. Even when she was on benefits her relations took a substantial part of her payment from her (for petrol). She would hide money, as she knew the next week they would demand more money and if she didn't have any 'there would be big trouble'.

She was breached for not responding to correspondence, but claimed that the people she was staying with at that time were hiding her mail. She tried to explain this to Centrelink but they did not believe her. She lost her benefit for 16 weeks and this made her totally reliant on her family. During the breach she had trouble with her health and was eventually asked to leave.

She moved in with another family member at this time and in exchange for rent provided childcare for the family's three young children (all aged under eight years), as well as doing housework (she will be back on benefit soon and will be paying rent). She had to take the three year old with her all the time, including to Centrelink. During this breach she had no income at all and did not feel able to ask for money. Centrelink told her about agencies where she could get food (such as St. Vincent de Paul). She lost her transport concession and this made her further reliant on her family for lifts. She had previously been breached for not turning up at a Job Network agency, but said that she had been unable to attend because of this reliance on her relatives for transport - the person who agreed to take her to the Job Network did not

turn up. The Job Network agency is 'really good' – they help with resumé and transport costs.

She was desperate to get independent Department of Housing accommodation and to find a job, because she feels highly obligated to her relatives despite the apparent ill-treatment at their hands - 'I'll do anything'. Another relative from New Zealand was moving to Australia, had a job and she was hoping to move in with her.

*Michael (unemployed with physical health problems)*

Michael was in his mid-20s and recently moved from receipt of a Disability Support Pension (DSP) to Newstart. He thought the move was 'completely political'. He was injured in a serious horse accident as a child, which had a long-term effect on his back, legs and arms. He had no external evidence of disability and had spent a lot of time trying to get the medical evidence that would satisfy Centrelink. He had recently been assessed as fit for 'eight hours per week work in a position requiring no lifting or raising his arms above his head'. He had no job seeking obligations and was simply required to put his form in every fortnight. This is why he thought the whole arrangement was political, although the loss of the pension meant the loss of about \$90 per fortnight. This was money he previously used to meet his preventative health care costs (such as deep tissue massage). On Newstart he said that he could not afford to continue this treatment. He has a 12 year old son who does not live with him. He pays maintenance of \$10 per fortnight from his benefit. He tries to do work regularly because he does not want his son thinking that he is 'sitting around doing nothing'. Due to his accident he had a disrupted schooling, leaving in Year 9. As a result most of the work he is able to obtain is physical or unskilled in nature, such as labouring, wood-chipping or fishing. This means he is unable to continue the jobs for any length of time. He was breached for failing to attend an interview that he argues he did not know about. The breach resulted in him having to move house – from a beach suburb to an industrial suburb of Wollongong. He sees life on benefits as difficult and that breaches just exacerbate these difficulties. He does not think Centrelink is interested in his problems or in helping him find work.

*Greg (Aboriginal man with mental health problems, establishing a small business)*

Greg is a 32 year-old Aboriginal man currently living with his mother in the Illawarra region. He is currently studying for a post-graduate degree in banking and finance. He does not have an undergraduate degree, but has been accepted for course in recognition of his industry experience. He has previously been self-employed in the hospitality sector and finance sector. He is in the early stages of setting up a finance sector business and is very hopeful of being off benefits very soon. He has been unemployed for three years after a business venture failed in New Zealand. He has an appointment in the next few weeks with a psychiatrist and he feels it is likely he will be formally diagnosed as having bi-polar disorder. He goes through stages in which resting is very difficult for him and his behaviour becomes manic.

He could not quite remember the circumstances of his breach although he thought it was for not turning up to a Job Network interview. The main impact of the breach was that it limited or delayed the development of his business. He found it difficult to travel to clients and do the liaison that was necessary. He had applied for the New Enterprise Initiative Scheme, but his business was viewed not as an independent operation but as an employer/employee relationship. He found this frustrating.

John felt the staff at Centrelink should be required to sit psychological tests, as he regarded many as unsuitable for the positions. He had witnessed and experienced discrimination by Centrelink staff. No discretion was exercised for customers who became angry or frustrated. He always found it possible to 'sweet talk' his way out of problems, but felt that this was not fair to others.

### *Ian (20 year old, early school leaver with unstable housing)*

Ian lives at the base of the Blue Mountains in western Sydney. He had lived there for the past two years since his parents' relationship broke down and had been on Youth Allowance for that period. He lived in a caravan in his grandmother's back yard. He left school in the middle of Year 9, as he was not finding school useful. After leaving school he found casual work and held a number of jobs down for up to six months – glazing, labouring and painting. He had not been able to find any substantial work since moving – possibly because of not having any local networks. He was an intelligent, well-spoken, enthusiastic young man. He thought not having any certificates was going to hold him back finding work, although there was no work locally anyway. He sometimes thought about leaving, but knew moving would cost money that he did not have.

He was breached for failing to attend an interview, although he argues he did not receive the letter. He had serious problems getting mail for a period, which resulted in a complete breach for two months. He decided to use the breach as an opportunity 'to get on his own two feet', and did not re-apply after the period expired. He ended up approaching Centrelink for support after four months with no income. During this period he did not pay any rent to his grandmother (\$50 per fortnight). This, combined with other problems, led his grandmother to 'throw him out' and he moved around spending a couple of months each with different friends. People fed him when he stayed with them and his mates would often buy him lunch or food when they were out together. This made him feel 'very small'. He could not afford to travel by bus and was reliant on friends to get around. Friends gave him small jobs such as mowing lawns from time to time, which gave him some money. After four months he admitted he could not do it by himself and would have to get assistance from the Government. The staff at Centrelink were 'shocked' that he had been without income support for such a long time and helped him get back on benefit as soon as possible. They also suggested he check whether correspondence had been sent every time he attended the office. Since then there had been no problems.

He is currently doing a Work for the Dole program and is really enjoying it. He works three days a week and is hopeful of impressing them and getting a job after the program. A mate has 'given' him a car (he is paying off the loan), so he is now much more able to get around and look for work. He is not impressed with the Job Network provider, as he feels they are not really interested in helping him find work. He has asked for assistance to pay for a welding course but has been waiting for more than two months for a response. Although he feels his own breaches were not really fair, he approves of breaching in general as the system 'needs to be strict'.

### *Jeff and Sue (people with family responsibilities)*

Jeff and Sue live in Central Western New South Wales. They have twin boys aged six and a girl aged seven. The girl does not live with them full-time. They live in community housing accommodation and their rent is income-related. Jeff left school

before year 10 and is now 31 years old. He has been casually employed since the closure of the local psychiatric hospital some six years ago. He was employed at the hospital in the transport section and feels that was the best job he has ever had. Since that time he has done a wide variety of jobs – laying gas lines, carpet cleaning, builder's labouring. He has a back injury that required an operation some three years ago. This means that much of the work he is able to obtain causes him pain and is likely to have long-term health effects. He has attempted unsuccessfully to get on to DSP.

Sue is currently working full time and earning \$27,000 per year. She is very dubious about the benefits of working as they are less than \$100 per week better off with her working after paying for childcare, increased rent and loss of the health care card. She decided to re-enter the workforce to ensure a regular income for the family.

Jeff was breached for not declaring all his income. He was angry that the system penalised him for simply trying to make ends meet. He admits deliberately underestimating income in the hope of being able to pay outstanding bills and regain some of the ground lost through being reliant on income support. He believed that given the same circumstances in the future he would again underestimate income. They currently have a debt of some \$2,500, which he sees no way of paying off until he secures ongoing employment, of which there is very little in the area.

Sue was very angry about the way they were treated by Centrelink, although she took a different view to Jeff about declaring income. Her anger related to the time it had taken to get back on benefits after Jeff's casual contract work ended – some three months. During this time they had no income at all, were reliant on savings and friends. The problem they believed lay with Centrelink, who did not seem interested in helping them.

At one stage all the food they had in the house was a loaf of bread. Being on benefits and the breach created a lot of stress in their relationship. They argued a lot over bills and how to spend money. They were both concerned about how their situation was affecting their children. They had to sell a vehicle for less than they purchased it to pay bills and meet living expenses. With only one vehicle this limited Jeff's ability to travel to casual work, as Sue required it to get to work and drop and pick up children from childcare.

### *Ahmed (NESB man with family responsibilities)*

Ahmed is in his mid-30s, married with three small children. He is of middle-eastern background but English is his first language. He lives in South Western Sydney. He was very reluctant to take part in the interview as he could not see it achieving anything – he does not think the Government cares about unemployed people.

Before being unemployed he managed a spray-painting firm. When the owner died the business was sold and the new owners laid him off. He does not have formal qualifications but was self-taught. He has been unemployed since that time (some six months) and has been breached a number of times during this period. Most of his breaches relate to non-attendance at Job Network, either because of having secured casual labouring work or through family issues. When he can he finds work on

building sites. He feels Centrelink are very unsupportive of his casual employment, due to it being 'not enough'.

He is angry and disillusioned about both Centrelink and the Job Network system. He feels he has been badly treated as a result of personal difficulties with a member of staff at the Job Network. He was most recently breached (although this was revoked prior to affecting his payments) for not attending a Job Network interview, despite having called two days prior to say he could not attend as his wife was in hospital and he had to care for his children. This threatened breach was revoked after his doctor rang the Job Network and Centrelink to vouch for his explanation (that his wife was in hospital). He finds what the Job Network has to offer him 'useless'. He feels he can read papers and make calls just as well from home, rather than sitting around for two hours filling in time. He is interested in obtaining some landscaping skills and experience and recently attended a Work for the Dole 'landscaping' course, but he says this course involved little more than lawn mowing. He thinks the courses offered by the Job Network and Centrelink should be much more in line with what unemployed people want to do and should result in real skills and a certificate that has credibility.

Owing to breaching he has found himself in substantial debt. He has recently lost his credit rating due to not paying a telephone bill and knows this will affect him for some years even when he finds full-time employment again. He is currently concerned about how he will pay the water bill. He thinks the other major impact of breaching and being on payments is that he cannot offer his children the things he would like to. He says his family rarely goes out and the children cannot do things that others do. His youngest child needs specialist medical attention on a regular basis and he finds the associated costs (including transport) difficult to meet.

### **6.7 Summary**

This Section has presented the result of 20 in-depth interviews with breached customers, selected to cover a range of experiences and groups of particular interest, including both groups likely to be disadvantaged and those possibly under-represented in the telephone survey.

The interviews show that the impacts of penalties arising from a breach of requirements vary considerably. For a minority, the reduction in benefits had only a minimal impact. These participants mainly lived with parents, who in most respects viewed them as dependants. For this minority the most significant impact was a reduction in social life, which whilst it may be seen as relatively trivial can still contribute to the social isolation often associated with unemployment. For another minority, the reduction in benefits had more significant and longer-term effects. For these participants, the breach made them vulnerable to unstable housing, placed them in potentially abusive situations and hindered educational opportunities. For this group breaching appears to run counter to other policy areas such as encouraging further education, school retention and preventing youth homelessness. For those participants with children, reliance on income support, the difficulty of negotiating the system and the breaching policy were a constant source of anxiety. These participants had great difficulty envisaging themselves achieving what most Australian families take for granted – a home, and good opportunities and education for their children.

The majority of participants, however, were able to 'manage' on reduced benefits primarily due to the support of friends and family. The safety net role played by friends and family in alleviating the more extreme impacts of the breaching policy cannot be overstated. The support of friends and family was often crucial in ensuring that participants remained housed, fed and clothed. Few participants were able to contemplate what would have happened to them had friends and family support not been forthcoming.

Interestingly, all participants believed the income support system needed to be safeguarded against 'rorting'. In general they supported the idea that recipients should have obligations in order to 'earn' the community's support. All but one, however, felt the penalty imposed on them individually was 'unfair', as it arose from specific circumstances rather than a desire to 'rort' the system. The general view was that greater individual assessment should be undertaken prior to a breach being imposed.

There was a mixed picture in terms of the impact of the penalty on participants' attitude to future compliance. For a small number of participants, the breach led to greater diligence in ensuring they met all Centrelink and Job Network requirements. For others, however, it led to adoption of more devious strategies, as they felt they were already doing everything possible to meet their requirements. In terms of job search activities, all the participants (with the exception of those who took on study) felt the penalty hindered their job search activities. These participants also felt they were doing everything they could to find work, but having less money for transport, clothes and other job search related items (such as stationery and postage) made this activity more difficult. A common, related problem was that of conflict between Centrelink requirements and short-notice opportunities for casual work.

One particular problem applied to people attempting to set up self-employed or subcontracted businesses in industries where they had previously been employed (three of this group of 20). Meeting the costs involved, including purchase of equipment and insurance, was already difficult and was made harder by loss of income support through breaching.

Dealing with the income support system appeared easier for older participants, with the exception of those with children. Some older participants felt Centrelink staff discriminated against young people, who often 'lost their temper'. Staff training and greater flexibility were suggested as ways of improving Centrelink services. Participants 'shopped around' for good Job Network providers who provided more than simply access to positions vacant information. Participants seemed keenly aware of the difference between those providers interested in their wellbeing and those simply doing a job.



## 7 Discussion and Conclusions

Breaching has become a controversial topic within income support policy in recent years. The requirements placed on most recipients of unemployment-related payments have increased substantially as part of the welfare reform process. This, along with the experiences of welfare agencies dealing with breached clients, has led to arguments that the most disadvantaged job seekers are being unfairly and disproportionately penalised, and that the penalties themselves are out of proportion to the infringements involved.

Much of the growth in breaching relates to this increase in requirements under the Mutual Obligation framework, together with the introduction of the Job Network and increased readiness by Centrelink staff to apply breach penalties, irrespective of any changes over time in individual customer behaviour. Since mid-2001 a number of procedural initiatives have been introduced to make the income support administration more sensitive to customer difficulties, while maintaining strong compliance requirements. These have had a direct effect in reducing breach numbers overall, which tends to support the view of the increase in breaches as primarily influenced by policy and administration rather than by individual behaviour.

This study aimed to answer a number of key questions about the incidence and the impacts of breaching. The rest of this concluding Section is organised around these questions, starting with whether breaching disproportionately penalises disadvantaged customers.

### 7.1 Does breaching disproportionately penalise more disadvantaged income support recipients?

The data analysed in this report cannot tell us conclusively how far there has been a concentration of breaching amongst more disadvantaged or vulnerable groups. Evidence from welfare service and advocacy groups, including those surveyed in this study, suggests that there has been, but it is likely by their nature that these organisations tend to see the more disadvantaged customers. The customer survey suggested that no more than one-fifth of all those breached are likely to have contacted welfare agencies, which is to be expected as most people would avoid having to call on such help if they had other alternatives. However, the survey also shows that approaching welfare agencies is associated with higher numbers of breaches, so that up to 35 per cent of those with 2-3 breaches in the previous two years had approached charities or welfare agencies for help.

It is clear that youth and young adults (under 25) are significantly over-represented amongst those being breached. Other data show that Indigenous customers are also likely to be disproportionately breached, although this does not emerge clearly from our own survey, perhaps because Indigenous customers were under-represented. Men are also somewhat more likely to be breached, but the sex difference is less important than that of age. Beyond this, there are certainly groups of disadvantaged people within the breached population, including people with English-language difficulties, physical and mental health problems (around one-quarter overall), substance abuse, unstable housing and difficult living situations, but it is not clear that these are substantially over-represented amongst those breached compared with the unemployed recipient population as a whole. For example, while just over eight per

cent of breached customers reported having some kind of mental health or other psychological difficulty, it has been estimated elsewhere that up to 30 per cent of unemployed beneficiaries may have some kind of mental health problem.

However, it needs to be recognised that our breached customer survey is likely to some extent to have under-sampled people with the most unstable housing and transient lives, and possibly those with language problems. Thus it should be viewed as providing lower-bound estimates of the difficulties experienced.

Even if breached customers are not disproportionately disadvantaged in terms of health or other factors, they do seem considerably more likely than other customers to have experienced a range of household financial stresses in the previous year. A comparison using ABS financial stress measures suggests that breached Newstart customers' households were nearly twice as likely to have experienced cash flow problems as even just those other Newstart customers who derived more than half their income from benefits, and well over twice as likely to have experienced multiple financial hardships. Compared with other less benefit-reliant Newstart customers, the disproportionate level of multiple hardship amongst the breached customers was even more striking.

### **7.2 How many breaches do not result in financial penalties?**

There are several points in the breaching process at which a potential breach might be revoked or overturned. First, a high percentage of all potential breaches are initiated as a result of reports from Job Network agencies and Work for the Dole coordinators, but the proportion of these that actually results in an incurred breach has been falling, from a little over half in late 1999 to only 20 per cent between July and November 2002.

If a breach is incurred it can be challenged either with the original decision maker, at internal review or by formal appeal. A sizeable proportion of breaches are overturned at one or other of these stages. Up to date information on reviews and appeals is not available, but earlier data (from 1996-98) suggest that just over one-quarter of all incurred breaches were later overturned by the original decision maker. This represented around 11 per cent of activity test breaches and almost 40 per cent of administrative breaches. Administrative breaching seems often to be used by decision makers as a way of getting the attention of clients where they are not attending services or turning up for interviews: the fact that a large proportion of these are later overturned suggests that this approach may be effective, but also that once the client has contacted the agency and explained their circumstances there is often no need for a breach to be imposed.

The success rate of appeals taken to more formal levels has been even higher. In a period during 1998-99, up to one-quarter of breaches were overturned by Centrelink review officers (AROs), while more than two-fifths of appeals to SSATs and AATs against activity test breaches and one-quarter of those against administrative breaches were successful. However, the small number of challenges that reach the formal appeal level means that the overall rate of breaches overturned as a proportion of all breaches incurred is low. According to Centrelink, only 1.3 per cent of all breaches imposed in 2000-01 were overturned by appeal to AROs, SSATs or AATs.

The higher success rates for activity test breaches once an appeal reaches a tribunal may be explained partly by the fact that those customers who have the strongest cases are more likely to appeal. On the other hand, welfare advocacy groups also argue that many customers do not appeal even when they might have good grounds for doing so, because of lack of awareness of appeal rights and difficulties in engaging with appeal procedures. Only a handful of breached customer survey respondents reported having appealed against their breach and the in-depth customers interviews suggested that even where people knew that they had the right to appeal they often felt uncomfortable about attempting to do so.

### **7.3 Does breaching encourage greater customer compliance?**

One of the key questions of the study is whether breaching improves compliance with income support requirements and leads to greater labour market participation. Evaluation of similar sanctions in the UK and the US suggest that they tend to fall on the more disadvantaged recipients but that these are the group for whom sanctions tend to have the least impact in compliance terms. However, in some States in the US at least, they appear to be more effective where a return to compliance can have an immediate effect on reducing the penalty.

Our own results present a somewhat mixed picture. In response to an open-ended question about the impact of the most recent breach, few survey respondents reported either increasing or decreasing their participation in job search or work, and compliance did not rate highly in their assessments of the most important impact of breaching, although a small number (around four per cent) said that they found some work as a result. The welfare organisations surveyed also generally saw compliance as one of the lesser effects of breaching for most of their clients.

However, in response to a prompted list of possible impacts (over a longer time period), nearly 90 per cent of breached customers reported that their participation in one of a range of activities increased as a consequence of the breach. More than two-fifths said they found some kind of work or increased existing hours of work, while almost one-third said that they started reporting all of their earnings. Qualitative interviews suggested that unreported earnings were generally small, but this result is still striking.

On the other hand, breaching also apparently resulted in negative participation effects for more than one-third of respondents, including reduced job search and more unreported 'cash-in-hand' work.

Similar results came from responses to a series of attitudinal statements, with nearly two-thirds agreeing that having their payments cut made them more determined to find work. However, three-fifths also said that being breached made it harder for them to look for work. In the qualitative interviews, participants often argued that they were already doing everything they could to find work: having less money for transport, clothes and other job search-related items simply made this more difficult.

### **7.4 What are the adverse impacts of breaching?**

Just as the incidence of breaching appears to fall across a wide spectrum of customer characteristics, the impacts also vary widely. The survey of welfare agencies broadly supports the findings of the various small-scale studies previously carried out by

welfare and advocacy organisations, highlighting the considerable difficulties faced by many breached clients. This suggests that these studies do not simply represent the views of advocacy organisations opposed to breaching in principle. However, given the findings from the breached customer survey that only a proportion of people breached are especially disadvantaged and that not all experience serious negative impacts, it would appear that welfare agencies mainly come into contact with those who have the most difficulties.

Around one-fifth of breached customers seem to experience only minor effects, partly because they find or already have some income from work, or because the income loss is absorbed by their families (since many young recipients are either living with or partly supported by families). The qualitative interviews suggested that for many of these the most significant impact was a reduction in social life, which whilst it may be seen as a trivial effect can still contribute to the social isolation often associated with unemployment.

Yet it is also clear that breaching does impact substantially on the lives of the majority of those penalised and on the lives of those around them. As noted above, some of the effects are positive, in terms of greater compliance with requirements and some additional movement into employment (albeit often casual), but for many customers job search and other participation activities are actually reduced because of a shortage of money. The majority of participants were able to manage on reduced benefits, primarily due to the support of friends and family. The safety net role played by friends and family in alleviating the more serious impacts of breaching is clearly very important. Without such support some customers face serious difficulties living on reduced incomes and get into further debt, with a small number experiencing disruptive events such as disconnection of utilities.

Where family support is lacking, loss of benefit income can bring more significant and longer-term effects, leading to unstable housing, making some young people vulnerable to abuse and hindering educational opportunities. While housing instability may not be a major problem for most breached customers, there is a significant minority of between 10 and 20 per cent for whom breaching results in losing their accommodation or having to move to cheaper housing.

These outcomes may be in danger of undermining efforts in other policy areas to encourage school retention and further education, and to prevent youth homelessness. For those with children breaching often exacerbated existing problems of negotiating the income support system. These participants had difficulty envisaging themselves achieving the basic living standards and opportunities that they saw most Australian families as taking for granted.

Some of the more extreme impacts, such as homelessness and serious criminal or risk-taking behaviour, seem restricted to a small number of recipients, but still about one in six reported jumping trains or avoiding paying fares as a result of breaching. Health-related, psychological and social impacts arising from breaching are also not uncommon: just over one-third of survey respondents said breaching put their relationships under stress, or that they were involved in serious household arguments. Seventeen per cent reported having to cut down on medication they needed, while a significant minority reported increasing potentially harmful behaviours, such as drinking or drug use (13 per cent) or gambling (four per cent).

Regression analysis indicates that the relationship between customer circumstances and breaching impacts is complex, but many of the associations identified are intuitively understandable. Greater experience of breaching in the past, as well as having recently had a higher level breach penalty; unsupported living arrangements; unstable housing; poorer health; and greater detachment from recent work experience are the factors most associated with experiencing a wider range of negative impacts. Some of these are also associated with more positive compliance effects. This may be because the difficulties people experience drive them to attempt to avoid further penalisation. Problems meeting housing costs seem to be particularly associated with other indicators of disadvantage, while people with children seem to experience health-related impacts more than others. There is also an association between third activity test breaches (leading to full cancellation of payment) and some of the more serious impacts.

### **7.5 How Might Breaching Practices be Improved?**

Against this background, the level of support for breaching is perhaps surprising, but our survey found - as have others - a large majority even of those breached in favour of penalties where recipients are not 'doing the right thing'. The qualitative interviews too found a widespread view that the income support system needs to be safeguarded against 'rorting'. However, there was also a strong sense that many of respondents' own breaches were unfair because Centrelink did not take people's circumstances properly into account and were not always prepared to listen to 'their side of the story'. More than two-thirds thought that the penalties (as at end 2002) were 'too harsh' and only one-fifth felt that having their payments cut was 'not a big deal'. Nearly three-quarters felt breaching had created a lot of difficulties for them. Although people experiencing higher levels of breaching penalties were more likely to see the penalty regime as harsh and insufficiently responsive to their circumstances, a majority of even these still supported the basic principle.

Both the individuals interviewed and the welfare agencies surveyed had strong views on how the breaching system needed to be improved. Agencies recognised that Centrelink faced difficulties operating effectively in the context of the Mutual Obligation system with over-stretched resources, and some also pointed to improvements that had taken place as a result of the recent reform of breaching procedures. Some participants also commented favourably on the efforts of individual Centrelink staff or offices. Overall, however, there was a strong sense of unfairness in treatment, arising from a perceived failure to inquire into or check adequately the circumstances of individual breaches and of clients themselves. A number of administrative concerns were also highlighted, including over-complicated official letters and documents, inappropriate automated referrals and a need for better and simpler explanatory material about requirements and breaching.

Amongst these problems, two stand out as needing to be addressed. First, a large number of young customers in particular are breached for not replying or responding to official letters, which they often claim not to have received. This is also the group most vulnerable to unstable housing and liable to move around frequently. For them receipt of mail can be haphazard at the least. Secondly, a problem cited frequently both by individuals and agencies is that of conflict between Centrelink requirements and short-notice opportunities for casual work or other activities that customers judge to be more important for their immediate needs. While it is current policy that both

non-receipt of mail (where it is beyond the control of the job seeker) and clashes with paid employment or other approved activities can be considered as 'reasonable excuses' for non-compliance, there appears to be a need for greater flexibility in dealing with such conflicts.

The main issue with breaching, apart from the monetary level of penalties, seems to be not so much that it falls out of all proportion on the most vulnerable customers, but that it tends to be the more disadvantaged job seekers who face the most difficulties when they are breached. Many unemployed income support customers lead lives that are constrained, stressful and easily disrupted by a sudden reduction or loss of income. For some, the impact of income loss at the current level can be severe and may be long lasting, especially if they lack networks of support. While there is clearly public support for penalties for people not meeting income support requirements, and some apparent compliance effects arising from them, there would seem to be opportunities to reduce further the extent of breaching through more effort to contact customers and to review their circumstances before imposing breaches.

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## Appendix A: Breached Customer Questionnaire

### The Impacts of Breaching on Income Support Recipients Questionnaire

#### Introduction

Good morning/afternoon/evening, I am calling from ACNielsen the national market research Company. We are conducting a survey for the Social Policy Research Centre. May I please speak to *(insert name of respondent)*?

#### WHEN TALKING DIRECTLY TO RESPONDENT:

Hi, I'm calling from ACNielsen on behalf of the Social Policy Research Centre. We are conducting a survey about the effect of being 'breached' for not meeting Centrelink requirements. **(If necessary say)** You may remember getting a letter about this a few weeks ago. Your name was chosen randomly from Centrelink records to take part in this survey

This research is being done for the Department of Family and Community Services. Your answers are totally anonymous and confidential and will only be used for research purposes. Your answers will not be passed on to anyone in a way that could identify you. If there is anything that you'd prefer not to answer, that's fine, just let me know. Information you provide will not affect any government payment you may receive. If you agree to take part your name will go into a draw to win \$200.

The survey should take no more than 20 minutes. Is now a convenient time?

*(If time is not convenient arrange a call-back time)*

#### NOTES TO INTERVIEWER:

- If talking to someone other than the sample member, DO NOT specify the topic of the survey.
- If person is not known, check contact information and record this reason.
- If language appears to be a problem, ask for preferred language alternative to English. If unable to offer preferred language, record outcome as language barrier. (AC Nielsen will need to insert wording for this question)
- If the respondent has any queries about this survey or would like any further information, they can ring Dr Tony Eardley at the Social Policy Research Centre during business hours on the Freecall number 1800 065 576.

### Consent

Do you agree to take part in the survey?

Agrees to take part 1(**GO TO Q1**)

Refuses to take part 2(*thank them and terminate the interview - record reason*)

### Screening Question

1. Can I confirm that in the past two months you have been 'breached' by Centrelink?  
By that I mean have you had your unemployment payment reduced or stopped because Centrelink said you had not done everything you were supposed to do?

Yes 1(**CONTINUE**)

No 2(**CHECK THAT THEY ARE SURE. IF SO THANK AND  
TERMINATE - record as 'not in target group'**)

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### Breach Event

Before we go on, I should let you know that this survey has nothing to do with any breach review or appeal you might be involved in at the moment. OK, now I'd like to begin by asking you a few questions about your experience of Centrelink breaching.

2. As far as you can remember, how many times have you been breached by Centrelink in the past two years?

*[Record exact number]*

[Don't know / can't recall=99]

- 
3. When you were last breached, how much money did you lose each fortnight from your income support payment?

*[Record dollar amount]*

[Don't know / can't recall=99]

---

4. When you were last breached, what reasons did Centrelink give for reducing or stopping your payment?

IF NECESSARY, PROMPT TO CHECK WHICH CATEGORY OF THOSE BELOW THE REASON FALLS INTO

	Q4
Not attending a seminar or interview	01
Not declaring earnings from employment	02
Not entering into an activity agreement	03
Not carrying out an activity agreement	04
Not replying to correspondence	05
Leaving a job voluntarily	06
Unwilling to undertake suitable work	07
Not attending a 'Work for the Dole' project	08
Not filling in a Job Seeker Diary correctly	09
Not getting Employer Contact Certificates filled in correctly	10
Not notifying a change of circumstances	11
Don't know / can't recall	97
Other (Please specify)	98
Refused / don't want to answer	99

5. Can you tell me why, when you were last breached, you didn't do what Centrelink required?

*[Record person's own words]*

6. I am going to read out a list of reasons why some people might not do what Centrelink requires. After each statement, please tell me YES or NO, was it a reason why YOU didn't do what Centrelink required the last time you were breached: [ROTATE ORDER RANDOMLY Refused / don't want to answer =99, Don't know / can't recall=97]

		Yes	No	DK	Ref
1	I had to do child care / care for a relative	1	2	7	9
2	I was working	1	2	7	9
3	I had relationship problems	1	2	7	9
4	I had transport difficulties	1	2	7	9
5	I was sick	1	2	7	9
6	I had a Court appearance	1	2	7	9

## The Impacts of Breaching

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7	I didn't receive the Centrelink letter, or it was late	1	2	7	9
8	I didn't understand what Centrelink wanted me to do	1	2	7	9
9	I couldn't afford to do what Centrelink wanted me to do	1	2	7	9
10	I thought I didn't need to meet Centrelink requirements	1	2	7	9
11	I was homeless or in unstable accommodation	1	2	7	9
12	I'd moved house	1	2	7	9
13	I forgot	1	2	7	9
14	I slept in	1	2	7	9
15	I didn't think it was important	1	2	7	9
16	I was depressed, or had some psychological problems	1	2	7	9
17	The thing I was required to do wasn't suitable for me	1	2	7	9
18	I had drug or alcohol problems	1	2	7	9
19	I was attending a drug or alcohol treatment program	1	2	7	9
20	I had a parole, probation or community service order commitment	1	2	7	9
21	Other ( <b>Please specify</b> )	98	98	7	9

### Breaching Impact

Now I'd like to ask a couple of questions about how being breached has affected you. As I said, this survey is entirely confidential and nothing you say will be reported a way that could identify you.

7. Can you tell me what has happened to you in the last few weeks as a result of your most recent breach?

*[List up to 6 things]*

*We will need six numbered fields that interviewers can enter responses into so that at Q8 they can simply chose the appropriate number.*

---

8. Of these things you've mentioned, which ONE is the most important for you?

*[Enter 1 through 6 as appropriate]*

---

9. Now I'm going to read you a list of things that might happen to some people because of being breached. For each thing, please tell me whether it happened to YOU as a result of being breached, either this last time or another time in the last two years? Just tell me if it doesn't apply to you. [ROTATE THE LIST RANDOMLY, Refused / don't want to answer =99, Don't know / can't recall=97]

**(Read out for each statement if necessary)** As a result of being breached:

		Yes	No	N/A	DK	Ref
1	I started a training course	1	2	3	7	9
2	I found full-time work	1	2	3	7	9
3	I got a transport fine	1	2	3	7	9
4	I was involved in a serious household argument	1	2	3	7	9
5	I increased my hours of work	1	2	3	7	9
6	I got into debt	1	2	3	7	9
7	I started using more alcohol or other drugs	1	2	3	7	9
8	I lost my accommodation	1	2	3	7	99
9	I couldn't afford to buy text books	1	2	3	7	9
10	I found part-time or casual work	1	2	3	7	9
11	My marriage or relationship came under stress	1	2	3	7	9
12	I had to move house	1	2	3	7	9

## The Impacts of Breaching

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13	I just stopped claiming income support	1	2	3	7	9
14	I started reporting all my earnings	1	2	3	7	9
15	I didn't enrol for my studies	1	2	3	7	9
16	I started gambling more	1	2	3	7	9
17	I lost my transport concession card	1	2	3	7	9
18	I tried harder to meet Centrelink requirements	1	2	3	7	9
19	I budgeted more carefully	1	2	3	7	9
20	I was unable to pay my rent	1	2	3	7	9
21	I made more effort to turn up to interviews	1	2	3	7	9
22	I gave up a social activity or hobby	1	2	3	7	9
23	I couldn't afford medical treatment I needed	1	2	3	7	9
24	I had to go without food	1	2	3	7	9
25	I found cash-in-hand work	1	2	3	7	9
26	I stopped taking the kids on outings	1	2	3	7	9
27	I stopped buying gifts or presents for family and friends	1	2	3	7	9
28	I cut down on job search activities	1	2	3	7	9
29	I cut down on travel by car or public transport	1	2	3	7	9
30	I cut down or gave up medications	1	2	3	7	9
31	I borrowed money from relatives or friends	1	2	3	7	9
32	I was unable to pay child support	1	2	3	7	9
33	I was unable to make mortgage or credit card repayments	1	2	3	7	9
34	I bought cheaper food	1	2	3	7	9
35	I had to move to cheaper accommodation	1	2	3	7	9
36	I had problems paying household bills	1	2	3	7	9
37	I asked a charity or welfare agency for help	1	2	3	7	9
38	I looked harder for work	1	2	3	7	9



39	I used my own savings to support myself	1	2	3	7	9
40	I jumped trains or avoided paying bus fares	1	2	3	7	9
41	I made some extra money by dealing drugs	1	2	3	7	9
42	I had sex with people in return for money or gifts	1	2	3	7	9
43	I stole money or goods to support myself	1	2	3	7	9

### Attitudes To Breaching

10. Now I'm now going to read out some statements about being breached. Please tell me whether you **agree**, **disagree** or **neither agree nor disagree** with each statement. If you don't know just tell me. [ROTATE ORDER RANDOMLY. Refused / don't want to answer =99, Don't know / can't recall=97, Not applicable=3]

		Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree
1	a) "Having your payments cut has made you more determined than ever to find work."	1	2	3	4	5
2	b) "Having your payments cut has made you more aware of what you need to do to avoid being penalised in the future."	1	2	3	4	5
3	c) "It's fair for Centrelink to breach people who aren't doing the right thing."	1	2	3	4	5
4	d) "Being breached made it more difficult for me to look for work."	1	2	3	4	5
5	e) "Centrelink weren't interested in your side of the story."	1	2	3	4	5
6	f) "Breach penalties are too harsh."	1	2	3	4	5
7	g) "Having your payments cut was not a big deal."	1	2	3	4	5
8	h) "Unless they have a really good reason, job seekers who don't meet activity test requirements on three occasions should	1	2	3	4	5

	have their payments cancelled for a while.”					
9	i) "Having my payments cut has created a lot of difficulties in my life"	1	2	3	4	5
10	j) "Knowing that Centrelink might check up on me makes no difference to how hard I look for work.”	1	2	3	4	5
11	k) "Centrelink should take more account of people's circumstances before breaching them."	1	2	3	4	5

### Personal Details

Now I'd like to ask you a few general questions about yourself, your family circumstances and your living arrangements. These questions will help us understand better how breaching affects different groups of people. Remember, any information you give in this survey is completely confidential. The first question is about your household's standard of living. **(READOUT)**

11. Over the past year have any of the following happened to your household because of a shortage of money?

		Yes	No	NA
1	I Could not pay electricity, gas or telephone bills on time	1	2	3
2	I Could not pay for car registration or insurance on time	1	2	3
3	I Had to pawn or sell something	1	2	3
4	I Went without meals	1	2	3
5	I was Unable to heat my home	1	2	3
6	I Had to ask for help with money or goods from a local welfare agency	1	2	3
7	I Had to ask for financial help from friends or family	1	2	3

12. Which of the following BEST describes your household living arrangements at the moment? **(Read out)**

- I live alone 1
- I'm single, sharing a group house or flat 2
- I live with my parents or other relatives 3

I live just with my spouse/ partner	4
I live with my spouse/partner and children	5
I live just with my children	6

Other (**Please specify**) **8**

---

13. Do you have any children aged under 18 who are NOT living with you at the moment?

Yes	1
No	2

---

14. What are your present housing arrangements? For example, are you renting from a private landlord? (**Interviewer to prompt if necessary and code response as follows**)

Renting from a private landlord or agent	01
Renting public housing/housing commission	02
Home owner (with a mortgage)	03
Home owner (with no mortgage)	04
Boarding or lodging (including with family or friends)	05
Staying temporarily with family or friends	06
Hostel, refuge or other crisis accommodation	07
'Sleeping rough' / on the street	08
Living with family or friends free of charge	09
Other ( <b>Please specify</b> )	<b>10</b>

---

15. How many times have you moved accommodation in the last year?

Once	1
Twice	2
Three to five times	3
Five to 10 times	4
More than 10 times	5
Haven't moved at all	6
Don't know / Can't recall	7

---

### Language and Cultural Background

16. What is your ancestry? For example: Vietnamese, Hmong, Dutch, Kurdish, Australian South Sea Islander, Maori, Lebanese, Irish. You can provide more than one ancestry if necessary.

- |                        |   |
|------------------------|---|
| English                | 1 |
| Irish                  | 2 |
| Italian                | 3 |
| German                 | 4 |
| Greek                  | 5 |
| Chinese                | 6 |
| Australian             | 7 |
| Other – please specify | 8 |
| Refused                | 9 |
- 

17. Are you of Aboriginal or Torres Strait Islander descent?

- Yes 1  
No 2

[Refused / don't want to answer =99, Don't know / can't recall=97]

---

18. Is English the main language you speak at home?

- Yes 1  
No 2
- 

19. Do you have any difficulty with either spoken or written English, which makes it hard for you to deal with Centrelink or other official organisations?

Q19a Do you have Spoken English, difficulty

- Yes 1  
No 2

Q19b Do you have Written English, difficulty

1. Yes  
2. No
-

## Health

Now I'd like to ask you a few questions about your health.

20. In general, would you say your health at the moment is: **(READ OUT)**

- |           |   |
|-----------|---|
| Excellent | 1 |
| Very Good | 2 |
| Good      | 3 |
| Fair      | 4 |
| Poor      | 5 |

[Refused / don't want to answer =99, Don't know / can't recall=97]

---

21. Do you have any health problem, physical disability or psychological difficulty that makes it hard for you to look for work or keep jobs?

- |     |                      |
|-----|----------------------|
| Yes | 1( <b>Go to 22</b> ) |
| No  | 2( <b>Go to 24</b> ) |
| N/A | 3( <b>Go to 24</b> ) |

[Refused / don't want to answer =99, Don't know / can't recall=97]

---

22. Could you tell me what this health problem or disability is?

*[Record person's own words]*

---

23. Have you received any medical or other treatment for this problem in the last year?

- |            |   |
|------------|---|
| Yes        | 1 |
| No         | 2 |
| Don't Know | 7 |
-

## Education

Now I'd like to ask you a few questions about your education.

24. Which of the following BEST describes the highest level of school you completed?

1. Primary School or less 1
2. Year 7,8,9 or Equivalent 2
3. Year 10 or equivalent 3
4. Year 11 or equivalent 4
5. Year 12 or equivalent 5

[Don't know / can't recall=97]

---

25. Have you completed any qualification since leaving school?

- Yes 1(**Go to 26**)
- No 2(**Go to pre 27**)
- 

26. Which of the following BEST describes the highest level of qualification you have completed?

- Trade certificate or apprenticeship or similar 1
- Associate diploma or undergraduate diploma 2
- Bachelor degree 3
- Postgraduate diploma, graduate certificate, or higher degree 4
- Other (**Please specify**) 98

[Don't know / can't recall=97]

---

## Jobseeker/ Employment Status

Now we've reached the last section of the survey. I'd like to ask you a few questions about your work and job search activities at the moment. And I should say again that your answers are completely confidential.

**PRE 27.** If 17 = 'Yes (1)' then GO TO 27. If 17 = 'No (2)' then GO TO 30. If 17 = 'Refused or Don't know', then GO TO 30.

27. Which of the following BEST describes YOUR MAIN activity last week? [ONE ACTIVITY ONLY]

Involved in a Community Development Employment Project (CDEP) 1(**Go to 28**)

Unemployed / looking for work 02(**Go to 33**)

Studying at school, TAFE, university or other education 03(**Go to 33**)

Undertaking a training course 04 (**Go to 33**)

Working part time for a wage or salary (not including CDEP) 05(**Go to 28**)

Working full time for a wage or salary (not including CDEP) 06(**Go to 28**)

Self-employed 07(**Go to 28**)

Working voluntarily (for no pay) 08(**Go to 33**)

Home or family responsibilities 09(**Go to 33**)

Other 98(**please specify**)

**(If answer involves paid work: Go to 28, else: Go to 33) Please have interviewer code “is this paid work Yes 1**

**No 2**

---

28. How many hours did you spend in paid work last week?

*[Record number of hours]*

---

29. Do you work about the same number of hours most weeks, or do your hours vary?

About the same 1(**Go to 33**)

Hours vary 2(**Go to 33**)

---

30. Which of the following BEST describes YOUR MAIN activity last week? [ONE ACTIVITY ONLY]

Unemployed / looking for work 1(**Go to 33**)

Studying at school, TAFE, university or other education 2(**Go to 33**)

Undertaking a training course 3(**Go to 33**)

Working part time for a wage or salary 4(**Go to 31**)

Working full time for a wage or salary 5(**Go to 31**)

Self-employed 6(**Go to 31**)

- |   |                   |
|---|-------------------|
| Working voluntarily (for no pay)  | 7(Go to 33)       |
| Home or family responsibilities   | 8(Go to 33)       |
| Other   | 9(please specify) |
| <b>(If answer involves paid work: Go to 31, else: Go to 33) Please have</b> |                   |
| <b>interviewer code ‘is this paid work?’ Yes</b>                            | <b>1</b>          |
|   | <b>No 2</b>       |
- 

31. How many hours did you spend in paid work last week?

*[Record number of hours]*

---

32. Do you work about the same number of hours most weeks, or do your hours vary?

- |                |             |
|----------------|-------------|
| About the same | 1(Go to 33) |
| Hours vary     | 2(Go to 33) |
- 

33. What is the MAIN type of Centrelink payment you are CURRENTLY receiving?  
[IF RESPONDENT SAYS ‘DOLE’ OR SIMILAR, CHECK WHETHER  
NEWSTART OR YOUTH ALLOWANCE]

- |                          |   |
|--------------------------|---|
| Newstart Allowance       | 1 |
| Youth Allowance          | 2 |
| Austudy or Abstudy       | 3 |
| Youth Training Allowance | 4 |
| Special benefit          | 5 |
| Receiving no payments    | 6 |
| Other (please specify)   | 8 |
| Don’t know               | 9 |
-



34. As far as you can remember, how long is it since you had a paid job that lasted for more than three months? **(For people who answer 17 = (1) ATSI, Interviewer is to read this additional instruction: Please don't include any work you've done through CDEP, the Community Development Employment Program)**  
Was it:

Less than 6 months (including current work)	1
Between 6 months and a year	2
Between a year and 18 months	3
Between 18 months and two years	4
Between 2 years and 5 years	5
More than 5 years	6
Never had a paid job that lasted more than 3 months	7

---

Well, that's all the survey questions we have for you. Is there anything else that you would like to add about what we have discussed?

*[Record person's own words]*

Thank you very much for your time. Just in case you missed it my name is [INSERT NAME] and I'm calling from ACNielsen on behalf of the Social Policy Research centre. The information you have provided will be of great value to the research team. Your name will be going into the draw for the \$200 and we will contact you again if you happen to win.

As this is market research, it is carried out in compliance with the Privacy Act and the information you provided will be used for research purposes only. If you have any queries, you can call 1800 021 717.

Once this project is completed your contact details will be removed from your responses after three months. Under the Privacy Act you have the right to request access to the information you have provided.

The Social Policy Research Centre is planning, early next year, to carry out a small number of more detailed face-to-face interviews with some of the people in this survey. Would you be prepared to be contacted again for this purpose?

*[If yes, ask if they have another phone number where they might be contacted if they happen to move - someone who is unlikely to move in the next 6 months]*

In case my Supervisor needs to check my work, may I please confirm your first or last name and phone number.

THANKS again for your help. Goodbye.



## Appendix B: Breached Customer Sample Selection and Attrition

### Population definition and sample selection

As described in Section 3.2 above, the population was defined as those having had a breach imposed in the four-week period between 7 September and 4 October 2002 anywhere in Australia. Individuals were selected where the breach status indicated the breach had been imposed (non-payment period, rate reduction period, self-served, waived) or imposed then overturned (revoked or error). According to FaCS procedures, certain groups of customers were automatically excluded from selection.

The population meeting these criteria numbered 14,406. The population was then stratified by payment type (Newstart Allowance and Youth Allowance) and breach severity (administrative breach, activity breach (1<sup>st</sup>/2<sup>nd</sup>/3<sup>rd</sup>)) to allow for the selection of a stratified so that a stratified random sample could be drawn. The total number in this base sample was 5602. After the base sample was selected, fifty-five individuals were removed from the sample because they were found to be out of scope. For example, 20 customers were in prison and therefore could not participate. FaCS, reasons for which have not been supplied, also removed 35 other individuals from the sample. The ‘in-scope’ sample is shown in Table B1.

**Table B1: In-scope sample by payment and breach type (numbers)**

Payment	Administrative Breach	1 <sup>st</sup> Activity Test Breach	2 <sup>nd</sup> Activity Test Breach	3 <sup>rd</sup> Activity Test Breach	Total
Newstart Allowance	780	790	796	792	3158
Youth Allowance	792	796	529	272	2389
Total	1572	1586	1325	1064	5547

### Pre-enumeration sample loss

This is the first stage at which sample loss can occur. The group remaining after these losses then becomes the ‘interview sample’. Three sources of sample loss were identified at this stage. These were:

- Opt-outs (42 records)
- Phone number not retrievable (594 records)
- Return to sender (146 records)

Considering the sample size, relatively few individuals opted-out. However, given the relatively large number of non-contacts, details of which are presented below, this small number may not accurately reflect all those who might have wanted to opt-out at this stage in the survey process.

Details of the interview sample are presented in Table B2. In comparing this table to that above, it is apparent that there were differences in the rates of sample loss at this stage according to payment type and type of breach. For example, with the exception of the 3<sup>rd</sup> activity breach, NSA recipients tended to have higher rates of sample loss, when compared to YAL recipients. Also those on their first breach tended to have lower attrition rates, remembering that those with an administrative breach may have had multiple previous breaches but these do not accumulate in the same way as activity test breaches.

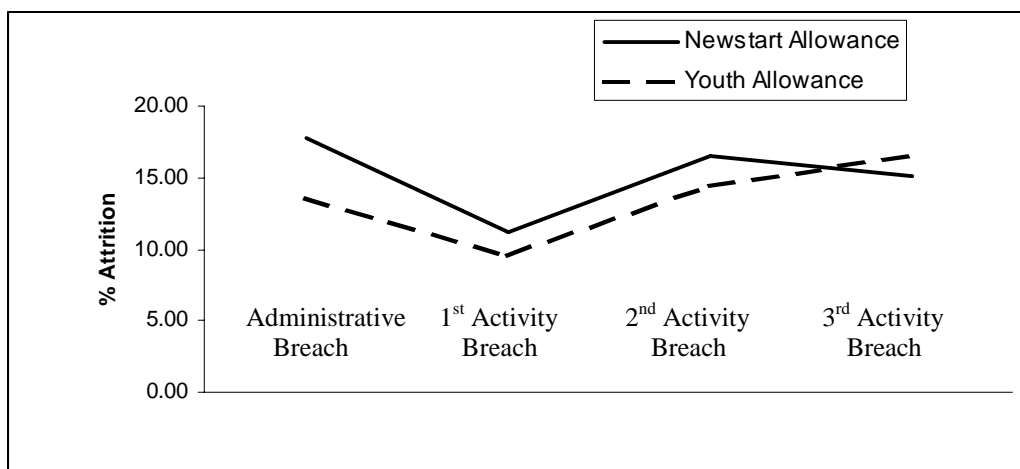
**Table B2: Interview sample**

Payment	Administrative Breach	1 <sup>st</sup> Activity Test Breach	2 <sup>nd</sup> Activity Test Breach	3 <sup>rd</sup> Activity Test Breach	Total
Newstart Allowance	641	702	665	672	2680
Youth Allowance	685	720	453	227	2085
Total	1326	1422	1118	899	4765

Note: In practice, details of customers whose phone numbers were not retrievable or whose introductory letters were returned to FaCS were passed onto the survey company. Individuals who could not be contacted were then back-coded, removing them from the interview sample.

Figure B1 shows this sample loss in graphic form.

**Figure B1: Attrition from in-scope sample to interview sample**



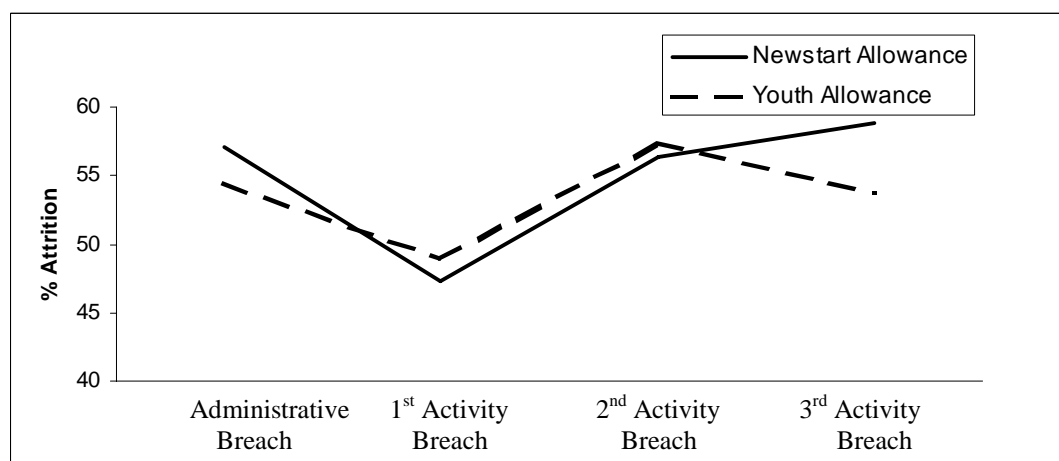
## Non-response

There are several sources of non-response from the interview sample. Sample loss due to non-contact is considerable in the interview sample with fifty-four per cent of the sample not being able to be contacted. This was mostly caused either by bad numbers or no response after 10 call attempts (See Table B3). Patterns of sample loss from the interview sample appear to be similar to those observed for the in-scope sample, as shown in Figure B4.

**Table B3: Attrition from interview sample**

<u>Source</u>	<u>Number</u>	<u>Percentage</u>
<u>Non-contacts</u>		
Engaged	0	0
No contact after 10 attempts	788	16.5
Bad number	1785	37.5
Answering machine	2	0.0
Total non-contacts	2575	54.0
<u>Contacts</u>		
Not available in survey period	329	6.9
Refused		
Outright refusal	516	10.8
Refused consent	27	0.6
Not in target group	205	4.3
Language Barrier	108	2.3
Completed interview	1,005	21.1
Total contacts	2190	46.0
Total interview sample	4,765	100

**Figure B2: Attrition from the interview through non-contact**



It is worth noting that rates of non-response due to such factors as refusal, 'not available for duration of survey' or language barriers are comparable with those found in other surveys (see, for example, the FaCS General Customer Survey (Quarterly

Methodology Reports 1-6). However, differences are more evident for the proportion of bad numbers and no answers after 10 attempts, with the breaching survey having considerably more 'bad' numbers or no answers than in the GCS. Thus it appears that contact by phone is especially problematic for this particular customer group. The survey results need to be interpreted with this in mind, as it is likely that customers who are more transient or who cannot afford to maintain a phone account will also be amongst the more disadvantaged recipients.

## Appendix C: Customer Survey Data Weighting

The data consisted of a stratified random sample. There were eight strata, defined by payment type (Newstart Allowance and Youth Allowance) and breach severity (administrative, 1<sup>st</sup> activity, 2<sup>nd</sup> activity and 3<sup>rd</sup> activity). Weights were calculated to give unbiased population estimates. In the breaching data weights were calculated first to overcome differences in selection/draw probabilities between the strata and secondly to compensate for differences in response rates for selected criteria. Here we used strata and gender. Details of the population sample and weights are presented in Table C1.

### Calculation of draw weights

Draw weights account for differences in sample selection and were calculated as:

$$\text{Draw weight (stratum } i) = 1/(\text{sample fraction in stratum } i)$$

Put simply, the draw weight for each stratum is the inverse of the probability of being selected from the population into the base sample. In practise the situation was complicated in that some customers selected to be in the 'base' sample were out of scope and ideally should not have been included in the sample.<sup>8</sup> As a consequence, an adjusted population value was calculated for each stratum. This was based on the proportion of in-scope customers within each of the base sample strata. It is important to note that this proportion is in itself an estimate based on one sample draw and would be subject to variation (error). As suggested by Table C1, selection probabilities vary from strata to strata. For example, because of their low numbers, customers who were receiving Youth Allowance and who had a second or third activity breach were all included in the base sample. By contrast someone receiving NSA and who had a first breach had an adjusted selection probability of 0.18 or 18 per cent. Thus each person selected in this stratum receives a weight of 5.65 (1/0.18).

### Calculation of response weights

Response weights account for the differences in response (or non-response), once the stratified random sample was selected. Response rates were adjusted for gender as well as strata. While age is also a common adjustment factor, it was felt that age is to some degree considered by the differences in payment type and cell sizes of respondents would be too small.

Response weights were calculated as follows:

$$\text{Response weight (stratum } i, \text{ gender } j) = 1/(\text{fraction of respondents in stratum } i \text{ and gender } j)$$

### Calculation of final weights

Final weights were calculated as the product of the draw weight (each stratum  $i$ ) and the response weights for each stratum  $i$  and gender  $j$ . They are shown in Table C1.

---

<sup>8</sup> While all care was taken by FaCs to correctly define the population, some out of scope individuals could not be identified from the administrative database.

**Table C1: Calculation of weights for breached customer sample**

	Strata	Population	Base sample	In-scope sample	Adjusted Population <sup>(1)</sup>	Draw weight	Gender	In-scope sample	Responding sample	Response weight	Final weight
	Payment type	Breach severity									
1	<i>Newstart Allowance</i>	Administrative	800	780	2,770.95	3.55	Females	150	25	6.00	21.32
							Males	630	70	9.00	31.97
2		1 <sup>st</sup> Activity	800	790	4,459.55	5.65	Females	185	29	6.38	36.01
							Males	605	113	5.35	30.22
3		2 <sup>nd</sup> Activity	800	796	1,445.74	1.82	Females	129	19	6.79	12.33
							Males	667	107	6.23	11.32
4		3 <sup>rd</sup> Activity	800	792	969.21	1.22	Females	130	23	5.65	6.92
							Males	662	101	6.55	8.02
5	<i>Youth Allowance</i>	Administrative	800	792	1,965.15	2.48	Females	300	56	5.36	13.29
							Males	492	89	5.53	13.72
6		1 <sup>st</sup> Activity	800	796	1,819.86	2.29	Females	319	81	3.94	9.00
							Males	477	120	3.98	9.09
7		2 <sup>nd</sup> Activity	530	529	529.00	1.00	Females	161	32	5.03	5.03
							Males	368	83	4.43	4.43
8		3 <sup>rd</sup> Activity	272	272	272.00	1.00	Females	74	21	3.52	3.52
							Males	198	36	5.50	5.50
Total			14,406	5547	14,232						

Note: (1) The adjusted population is based on the proportion of the base sample that was found to be 'in-scope'.



## Appendix D : Regression Analysis of Impacts Of Breaching from Customer Survey

**Table D1: Summary of logistic regression results for predictors of respondents' most important reported area of breaching impact (unprompted)**

		Living expenses	Housing problems	Reliance on other funds	Health	Negative compliance	Positive compliance	Little impact
Age (continuous)								↑
Sex:	<i>Males</i>							
	<i>Females</i>		↑					
Marital status:	<i>Single</i>							
	<i>Married/defacto</i>					↓		×
	<i>Div/Wid/Sep</i>					×		↓
Education	< Year 12	↓						↑
	Year 12	↓						↑
	<i>Trade certificate/other</i>							
	University	×						x
Children under 13	Yes				↑	×	↑	
	<i>No</i>							
Payment type	<i>Newstart</i>							
	Youth Allow.					↓		
Breach type	<i>Administrative</i>							
	1 <sup>st</sup> Activity	↓		×			↑	↑
	2 <sup>nd</sup> Activity	x		×			↑	×
	3 <sup>rd</sup> Activity	↓		↑			↑	×
Current breach imposed?	Imposed		↑				↑	
	<i>Revoked</i>							
Number imposed	0							
	1	↑						
	2 or 3	↑						
	> 3	x						
Living arrangements	Alone		↑			↓		
	Shared		↑			↓		
	<i>Parents/Family</i>							
	Spouse		↑			×		
Home owner	Yes	↑	↓					
	<i>No</i>							
Aboriginal	Yes			↓				↑
	<i>No</i>							
General health (cont.)					↑			
Health employment barrier	Yes		↑					↓
	<i>No</i>							
Time since job lasting > 3 months	< 6 months						↓	
	> 6 months							
House moves in last 12 months	> 3		↑					
	≤ 3							
Spoken English difficulties	Yes	↓	↑					
JSCI score			↑					↓
C' link reason for breach: JSD	Yes			↓				
Customer reason for breach: incorrect earnings	Yes							↓
	<i>No</i>							
Working when breached	Yes	↓					↑	↑
	<i>No</i>							

**Table D2: Final results: predictors of 'living expenses' as main impact**

	B	S.E.	Wald	df	Sig.	Exp(B)
Education			6.68	3	0.089	
< Year 12	-0.28	0.16	3.10	1	0.078	0.76
Year 12	-0.49	0.22	4.97	1	0.026	0.61
<i>Trade certificate/other</i>						
University	-0.35	0.25	1.92	1	0.166	0.71
Type of Breach			8.27	3	0.041	
<i>Administrative</i>						
1 <sup>st</sup> Activity	-0.42	0.20	4.22	1	0.043	0.66
2 <sup>nd</sup> Activity	-0.26	0.22	1.49	1	0.222	0.77
3 <sup>rd</sup> Activity	-0.61	0.24	6.42	1	0.011	0.54
Number Imposed			15.25	3	0.002	
<i>None</i>						
One	0.95	0.26	13.06	1	0.000	2.59
Two to three	0.79	0.29	7.34	1	0.007	2.21
> Three	0.51	0.32	2.48	1	0.115	1.66
Difficulties with spoken English						
Yes	-0.74	0.42	3.10	1	0.078	0.48
<i>No</i>						
Working as reason for breach						
Yes	-0.32	0.16	4.13	1	0.042	0.73
<i>No</i>						
Not attending Work for the Dole as reason for breach						
Yes	0.54	0.27	3.90	1	0.048	1.71
<i>No</i>						
Home Ownership						
<i>Does not own home</i>						
Owens home	0.66	0.34	3.89	1	0.049	1.94
Constant	-0.60	0.29	4.32	1	0.038	0.55

**Table D3: Final results: predictors of ‘housing problems’ as main impact**

	B	S.E.	Wald	df	Sig.	Exp(B)
Sex						
Female	0.43	0.24	3.26	1	0.071	1.54
<i>Male</i>						
Breach Status						
Imposed	0.55	0.27	4.24	1	0.039	1.74
<i>Revoked</i>						
Living Arrangements			26.81	3	0.000	
Alone	1.24	0.34	13.07	1	0.000	3.47
Shared	1.33	0.28	22.14	1	0.000	3.77
<i>Family</i>						
Spouse	1.33	0.34	15.70	1	0.000	3.78
Difficulties with spoken English						
Yes	1.03	0.45	5.17	1	0.023	2.81
<i>No</i>						
JSCI score	0.02	0.01	4.03	1	0.045	1.03
Health barrier to gaining employment						
Yes	0.64	0.23	7.60	1	0.006	1.90
<i>No</i>						
Moved more than 3 times in last 12 months						
Yes	0.47	0.24	3.72	1	0.054	1.59
<i>No</i>						
Home Ownership						
<i>Does not own home</i>						
Owens home	-0.94	0.56	2.89	1	0.089	0.39
Constant	-1.98	0.45	19.57	1	0.000	0.14

**Table D4: Final results: predictors of ‘reliance on alternative funds’ as main impact**

	B	S.E.	Wald	df	Sig.	Exp(B)
Type of Breach			10.23	3	0.017	
<i>Administrative</i>						
1 <sup>st</sup> Activity	0.13	0.29	0.21	1	0.648	1.14
2 <sup>nd</sup> Activity	-0.09	0.32	0.09	1	0.768	0.91
3 <sup>rd</sup> Activity	0.71	0.29	5.90	1	0.015	2.04
Aboriginal Indicator						
Yes	-0.88	0.48	3.39	1	0.065	0.42
No						
Reason for breach: not completing Job-seekers Diary						
Yes	-1.32	0.53	6.29	1	0.012	0.27
No						
Constant	-1.95	0.23	72.31	1	0.000	0.14

**Table D5: Final results: predictors of ‘health’ as main impact**

	B	S.E.	Wald	df	Sig.	Exp(B)
Children under 13						
Yes	0.94	0.37	6.31	1.00	0.01	2.55
No						
General Health	0.20	0.11	3.29	1.00	0.07	1.23
Time since job that lasted						
< 3 months						
< 6 months						
> 6 months	0.54	0.32	2.92	1.00	0.09	1.72
Constant	-3.70	0.42	76.29	1.00	0.00	0.02

**Table D6: Final results: predictors of ‘negative compliance’ as main impact**

	B	S.E.	Wald	df	Sig.	Exp(B)
Children under 13						
Yes	-6.39	11.46	0.31	1.00	0.577	0.00
No						
Payment type:						
<i>Newstart</i>	-0.73	0.35	4.33	1.00	0.037	0.48
Youth Allowance						
Living Arrangements			10.02	3.00	0.018	
Alone	-1.57	0.75	4.40	1.00	0.036	0.21
Shared	-1.40	0.55	6.63	1.00	0.010	0.25
<i>Family</i>						
Spouse	-0.45	0.56	0.66	1.00	0.437	0.64
Constant	-2.29	0.26	77.92	1.00	0.000	0.10

**Table D7: Final results: predictors of ‘positive compliance’ as main impact**

	B	S.E.	Wald	df	Sig.	Exp(B)
Marital Status			3.80	2	0.149	
<i>Single</i>						
Married/defacto	-3.32	1.81	3.37	1	0.066	0.036
Divorced/Widowed/Separated	-0.46	0.050	0.85	1	0.358	0.63
Children under 13						
Yes	3.10	1.80	2.95	1	0.086	22.17
<i>No</i>						
Type of Breach			5.74	3	0.125	
<i>Administrative</i>						
1 <sup>st</sup> Activity	1.42	0.64	4.89	1	0.027	4.12
2 <sup>nd</sup> Activity	1.54	0.65	5.59	1	0.018	4.67
3 <sup>rd</sup> Activity	1.36	0.68	3.96	1	0.047	3.88
General Health	-0.31	0.13	5.34	1	0.021	0.73
Working as reason for breach						
Yes	0.96	0.31	9.78	1	0.002	2.62
<i>No</i>						
Time since job that lasted						
< 3 months						
< 6 months						
> 6 months	-0.54	0.31	3.12	1	0.077	0.58
Constant	-3.31	0.70	22.34	1	0.000	0.04

**Table D8: Final results: predictors of ‘little or no impact’ as main impact**

	B	S.E.	Wald	Df	Sig.	Exp(B)
Age	0.02	0.01	4.00	1	0.045	1.03
Marital Status			5.14	2	0.077	
<i>Single</i>						
Married/defacto	-0.03	0.29	0.01	1	0.916	0.97
Divorced/Widowed/Separated	-0.83	0.37	4.95	1	0.026	0.44
Education			10.92	3	0.012	
< Year 12	0.58	0.22	7.19	1	0.007	1.79
Year 12	0.76	0.27	8.01	1	0.005	2.14
<i>Trade certificate/other</i>						
University	0.31	0.32	0.97	1	0.325	1.37
Type of Breach			7.95	3	0.047	
Administrative						
1 <sup>st</sup> Activity	0.59	0.26	5.21	1	0.022	1.79
2 <sup>nd</sup> Activity	0.11	0.29	0.15	1	0.695	1.19
3 <sup>rd</sup> Activity	0.08	0.31	0.06	1	0.802	1.08
JSCI	-0.03	0.01	5.07	1	0.024	0.98
Health barrier to gaining employment						
Yes	-0.89	0.25	12.20	1	0.000	0.41
<i>No</i>						
Aboriginal						
Yes	0.94	0.30	9.88	1	0.002	2.55
<i>No</i>						
Reason for breach: working						
Yes	0.41	0.19	4.46	1	0.035	1.51
<i>No</i>						
Reason for breach: incorrect earnings						
Yes	-1.36	0.75	3.25	1	0.071	0.26
<i>No</i>						
Constant	-0.97	0.39	6.24	1	0.012	0.38

**Table D9: Summary of regression results for responses to unprompted question on breach impacts**

		Living	Housing	Health	Social	Positive comp	Negative comp	Other funds	Risk taking
Age (continuous variable)									
Sex:	Females		↑						
Marital status:	<i>Single</i>								
	Married/defacto	×	×						
	Div/Wid/Sep	↑	↑						
Education	< Year 12	↓	↓		↓	↓	×	↓	
	Year 12	↓	↓		↓	↓	↓	↓	
	<i>Trade certificate/other</i>								
	University	×	×		×	↓	×	×	
Children under 13	Yes						×		
Breach Type	<i>Administrative</i>								
	1 <sup>st</sup> Activity		×					↓	
	2 <sup>nd</sup> Activity		×					×	
	3 <sup>rd</sup> Activity		↑					↑	
Breach Status	Imposed						↑		
	<i>Revoked</i>								
Number of breaches imposed	<i>None</i>								
	One	×	×	×	×	↑			×
	Two or three	↑	↑	↑	↑	↑			×
	Four or more	×	↑	↑	↑	↑			↑
Living Arrangements	Alone	↑	↑		×	×		×	×
	Shared	↑	↑		×	×		↑	↑
	<i>Parents/Family</i>								
	Spouse	×	×		↑	↑		↑	×
General health		↑	↑	↑	↑				↑
Health barrier	Yes		↑	↑	↑				↑
To employment	<i>No</i>								
Time since job lasting > 3 months	> 6 months	↑				↓		↑	
House moves	>3 in past 12mnths	↑	↑	↑		↑	↑	↑	↑
Difficulties with written English	Yes	↑	↑		↑				↑
	No								
JSCI									
<i>Centrelink reasons for breach</i>									
Not attending interview	Yes		↑						
<i>Customer reasons for breach</i>									
Working at time of breach	Yes					↑			
Incorrect estimate of earnings	Yes		↑	↑					

**Table D10: Predictors of ‘living expenses’ impacts as a consequence of breaches in the last 2 years**

	df	Type III Sums of squares	Mean Square	F-value	Sig
Marital status	2	10.54	5.27	1.69	0.186
Education	3	66.18	22.06	7.05	0.000
Number of breaches imposed	3	58.23	19.41	6.20	0.000
> 3 house moves in last 12 months	1	108.50	108.50	34.69	<0.001
Time since job lasting > 3 months	1	12.98	12.98	4.15	0.042
Living arrangements	3	40.52	13.51	4.32	0.005
General health (continuous variable)	1	75.13	75.13	24.02	<0.001
Difficulties with written English	1	35.44	35.44	11.33	0.001

	df	B	SE	t-value	Sig
<b>Intercept</b>	1	1.67	0.24	7.10	<0.001
<b>Marital Status</b>					
<i>Single</i>					
Married/defacto	1	0.07	0.26	0.26	0.794
Divorced/widowed/separated	1	0.34	0.19	1.81	0.070
<b>Education</b>					
< Year 12	1	-0.47	0.13	-3.56	<0.001
Year 12	1	-0.54	0.17	-3.11	0.002
<i>Trade certificate/other</i>					
University	1	0.14	0.20	0.71	0.478
<b>Number of breaches imposed</b>					
<i>None</i>					
One	1	0.25	0.18	1.33	0.184
Two to three	1	0.49	0.18	2.67	0.008
> Three	1	0.25	0.18	1.33	0.184
<b>&gt; 3 house moves in last 12 months</b>					
Yes	1	0.84	0.14	5.93	<0.001
<i>No</i>					
<b>Time since job lasting &gt; 3 months</b>					
< 6 months					
> 6 months	1	0.26	0.12	2.12	0.034
<b>Living Arrangements</b>					
Alone	1	0.35	0.19	1.86	0.063
Shared	1	0.48	0.14	3.35	0.001
<i>Family</i>					
Spouse	1	0.40	0.25	1.57	0.116
<b>General Health (continuous variable)</b>	1	0.24	0.05	4.94	<0.001
<b>Written English difficulties</b>					
Yes	1	0.66	0.21	3.21	0.001
<i>No</i>					



**Table D11: Predictors of ‘housing problem’ impacts as a consequence of breaches in the last 2 years**

	df	Type III Sums of Squares	Mean Square	F-Value	Sig
Sex	1	7.77	7.77	3.84	0.050
Marital Status	2	11.14	5.57	2.75	0.064
Education	3	28.96	9.65	4.77	0.003
Breach type	3	38.03	12.68	6.26	0.000
Number of breaches imposed	3	18.49	6.16	3.04	0.028
> 3 house moves in last 12 months	1	258.10	258.10	127.42	<0.001
Living arrangements	3	31.11	10.37	5.12	0.002
Health barrier	1	13.35	13.35	6.59	0.010
General health (continuous variable)	1	20.85	20.85	10.29	0.001
Written English difficulties	1	28.58	28.58	14.11	0.000
Reason: Not attend interview/seminar	1	20.22	20.22	9.98	0.002
Reason: undeclared income	1	5.77	5.77	2.85	0.092
	df	B	SE	t-value	p-value
<b>Intercept</b>	1	0.60	0.20	2.98	0.003
<b>Sex</b>					
Female	1	0.19	0.10	1.87	0.062
Male					
<b>Marital Status</b>					
Single					
Married/defacto	1	0.28	0.21	1.34	0.182
Divorced/Widowed/Separated	1	0.31	0.15	2.03	0.043
<b>Education</b>					
< Year 12	1	-0.27	0.11	-2.53	0.012
Year 12	1	-0.37	0.14	-2.62	0.009
Trade certificate/other					
University	1	0.17	0.16	1.04	0.300
<b>Breach type</b>					
Administrative					
1 <sup>st</sup> Activity	1	-0.16	0.13	-1.26	0.209
2 <sup>nd</sup> Activity	1	-0.23	0.15	-1.61	0.108
3 <sup>rd</sup> Activity	1	0.39	0.16	2.41	0.016
<b>Number of breaches imposed</b>					
None					
One	1	0.02	0.15	0.13	0.894
Two to three	1	0.43	0.17	2.51	0.012
> Three	1	0.36	0.19	1.84	0.066
<b>&gt; 3 house moves in last 12 months</b>		1.32	0.12	11.43	<0.001
<b>Living arrangements</b>					
Alone	1	0.43	0.15	2.86	0.004
Shared	1	0.37	0.12	3.20	0.001
Family					
Spouse	1	0.18	0.21	0.89	0.375
<b>General health</b> (continuous variable)	1	0.14	0.04	3.34	0.001
<b>Health barrier</b>	1	0.30	0.12	2.61	0.009
<b>Written English difficulties</b>	1	0.62	0.17	3.68	<0.001
<b>Reason: Not attend interview/seminar</b>	1	0.32	0.10	3.09	0.00
<b>Reason: incorrect earnings</b>	1	0.46	0.25	1.85	0.065

**Table D12: Predictors of ‘health’ impacts as a consequence of breaches in the last 2 years**

	df	Type III Sums of squares	Mean Square	F-Value	Sig
Number of breaches imposed	1	9.52	9.52	13.12	<0.001
> 3 house moves in last 12 months	1	17.85	17.85	24.61	<0.001
General health (continuous variable)	1	38.43	38.43	52.98	<0.001
Health barrier	1	25.03	25.03	34.51	<0.001
	df	B	SE	t-value	p-value
<b>Intercept</b>	1	-0.20	0.10	-2.02	0.043
<b>Number of breaches imposed</b>					
<i>None</i>					
One	1	0.14	0.09	1.59	0.111
Two to three	1	0.20	0.09	2.30	0.022
> Three	1	0.33	0.09	3.44	0.001
<b>&gt; 3 house moves in last 12 months</b>					
Yes	1	0.33	0.07	5.06	<0.001
<i>No</i>					
<b>General health</b> (continuous variable)	1	0.18	0.02	7.38	<0.001
<b>Health barrier</b>					
Yes	1	0.38	0.07	5.62	<0.001
<i>No</i>					
<b>Reason for breach: incorrect earnings</b>					
Yes	1	0.39	0.14	2.75	0.006
<i>No</i>					

**Table D13: Predictors of ‘social problem’ impacts as a consequence of breaches in the last 2 years.**

	df	Type III Sums of squares	Mean Square	F-Value	Sig
Education	3	15.69	5.23	2.61	0.050
Number of breaches imposed	3	44.65	14.88	7.44	<0.001
Living arrangements	3	59.20	19.73	9.87	<0.001
General Health (continuous variable)	1	85.97	85.97	42.99	<0.001
Health barrier	1	25.72	25.72	12.86	<0.001
Difficulties with written English	1	10.96	10.96	5.48	0.019
	df	B	SE	t-value	Sig
<b>Intercept</b>	1	0.74	0.18	4.23	<0.001
<b>Education</b>					
< Year 12	1	-0.24	0.10	-2.29	0.022
Year 12	1	-0.33	0.14	-2.40	0.017
<i>Trade certificate/other</i>					
University	1	-0.19	0.16	-1.17	0.242
<b>Number of breaches imposed</b>					
<i>None</i>					
One	1	0.08	0.15	0.51	0.610
Two to three	1	0.35	0.15	2.44	0.015
> Three	1	0.59	0.16	3.74	0.000
<b>Living arrangements</b>					
Alone	1	0.21	0.15	1.42	0.155
Shared	1	0.12	0.11	1.06	0.290
<i>Family</i>					
Spouse	1	0.66	0.13	5.04	<0.001
<b>General Health</b> (continuous variable)	1	0.19	0.04	4.51	<0.001
<b>Health barrier</b>					
Yes	1	0.38	0.11	3.37	0.001
<i>No</i>					
<b>Difficulties with written English</b>					
Yes	1	0.38	0.16	2.32	0.021
<i>No</i>					

**Table D14: Predictors of ‘positive compliance’ impacts as a consequence of breaches in the last 2 years.**

	df	Type III Sums of squares	Mean Square	F-Value	Sig
Education	3	36.40	12.13	3.84	0.010
Number of breaches imposed	3	47.50	15.83	5.01	0.002
More than 3 house moves in the past year	1	20.21	20.21	6.39	0.012
Job that lasted more than three months	1	13.24	13.24	4.19	0.041
Living arrangements	3	38.78	12.93	4.09	0.007
Working at time of breach	1	143.01	143.01	45.24	<0.001
	df	B	SE	t-value	p-value
<b>Intercept</b>	1	2.74	0.21	12.97	<0.001
<b>Education</b>					
< Year 12	1	-0.28	0.13	-2.17	0.030
Year 12	1	-0.53	0.18	-2.99	0.003
<i>Trade certificate/other</i>					
University	1	-0.35	0.20	-1.77	0.077
<b>Number of breaches imposed</b>					
<i>None</i>					
<i>One</i>	1	0.33	0.19	1.81	0.071
Two to three	1	0.66	0.18	3.63	0.000
> Three	1	0.61	0.20	3.07	0.002
<b>More than 3 house moves in the past year</b>					
Yes	1	0.36	0.14	2.57	0.011
<i>No</i>					
<b>Job that lasted more than three months</b>					
< 6 months					
> 6 months	1	-0.25	0.12	-2.00	0.045
<b>Living arrangements</b>					
Alone	1	-0.21	0.18	-1.16	0.246
Shared	1	0.04	0.14	0.31	0.760
<i>Family</i>					
Spouse	1	0.49	0.17	2.95	0.003
<b>Reason for breach: working</b>					
Yes	1	0.88	0.13	6.73	<0.001
<i>No</i>					

**Table D15: Predictors of ‘negative compliance’ impacts as a consequence of breaches in the last 2 years.**

	df	Type III Sums of squares	Mean Square	F-Value	Sig
Education	3	3.48	1.16	2.56	0.054
Current breach imposed	1	2.78	2.78	6.13	0.014
> 3 house moves in last 12 months	1	5.97	5.97	13.16	<0.001
	df	B	SE	t-value	p-value
<b>Intercept</b>	1	0.37	0.05	7.41	<0.001
<b>Education</b>					
< Year 12	1	-0.05	0.05	-1.02	0.308
Year 12	1	-0.11	0.07	-1.71	0.088
<i>Trade certificate/other</i>					
University	1	0.11	0.08	1.48	0.139
<b>Current breach imposed</b>					
Imposed	1	0.12	0.05	2.51	0.012
<i>Revoked</i>					
<b>&gt; 3 house moves in last 12 months</b>					
Yes	1	0.20	0.05	3.73	<0.001
<i>No</i>					

**Table D16: Predictors of ‘reliance on alternative funds’ as a consequence of breaches in the last 2 years.**

	DF	Type III Sums of squares	Mean Square	Value	Pr > F
Education	3	4.27	1.42	2.09	0.100
Breach type	3	12.32	4.11	6.04	0.000
>3 house moves in last 12 months	1	20.53	20.53	30.19	<.0001
Time since job lasting > 3 months	1	1.99	1.99	2.93	0.087
Living arrangements	3	15.21	5.07	7.45	<.0001

	df	B	SE	t-value	p-value
<b>Intercept</b>	1	1.30	0.08	16.03	<0.001
<b>Education</b>					
< Year 12	1	-0.10	0.06	-1.72	0.086
Year 12	1	-0.14	0.08	-1.73	0.085
<i>Trade certificate/other</i>					
University	1	0.07	0.09	0.73	0.463
<b>Breach type</b>					
<i>Administrative</i>					
1 <sup>st</sup> Activity	1	-0.13	0.07	-1.82	0.069
2 <sup>nd</sup> Activity	1	0.02	0.08	0.19	0.846
3 <sup>rd</sup> Activity	1	0.20	0.08	2.42	0.016
<b>&gt;3 house moves in last 12 months</b>					
Yes	1	0.36	0.07	5.50	<0.001
<i>No</i>					
<b>Time since job lasting &gt; 3 months</b>					
< 6 months					
> 6 months	1	0.09	0.06	1.67	0.095
<b>Living arrangements</b>					
Alone	1	0.08	0.09	0.91	0.363
Shared	1	0.23	0.07	3.50	0.001
<i>Family</i>					
Spouse	1	0.30	0.08	3.93	<0.001

**Table D17: Predictors ‘risk-taking activities’ as a consequence of breaches in the last 2 years.**

	DF	Type III Sums of squares	Mean Square	Value	Pr > F
Number of breaches imposed	3	13.65	4.55	12.67	<0.001
>3 house moves in last 12 months	1	14.69	14.69	40.91	<0.001
Living arrangements	3	4.13	1.38	3.83	0.010
General health (continuous variable)	1	2.83	2.83	7.88	0.005
Health barrier	1	2.56	2.56	7.13	0.008
Written English difficulties	1	4.87	4.87	13.55	0.000

	df	B	SE	t-value	p-value
<b>Intercept</b>	1	0.02	0.07	0.22	0.829
<b>Number of breaches imposed</b>					
<i>None</i>					
One	1	-0.08	0.06	-1.33	0.184
Two to three	1	0.02	0.06	0.27	0.784
> Three	1	0.23	0.07	3.44	0.001
<b>&gt;3 house moves in last 12 months</b>					
Yes	1	0.32	0.05	6.67	<0.001
<i>No</i>					
<b>Living arrangements</b>					
Alone	1	0.00	0.06	-0.04	0.967
Shared	1	0.14	0.05	2.88	0.004
<i>Family</i>					
Spouse	1	-0.07	0.06	-1.24	0.216
Written English difficulties					
Yes	1	0.24	0.07	3.51	0.001
<i>No</i>					
<b>General health</b> (continuous variable)	1	0.05	0.02	2.82	0.005
<b>Health barrier</b>					
Yes	1	0.12	0.05	2.45	0.014
<i>No</i>					





## Appendix E: Agency Survey Questionnaire



Approval Number 01306-01

### **THE IMPACT OF BREACHING ON INCOME SUPPORT RECIPIENTS**

#### **QUESTIONNAIRE**

Thank you for taking part in this survey. It is part of a study that seeks to increase our understanding of the impacts that social security penalties (breaches) have on unemployed income support recipients. To date, there has been little systematic information available about how breaching impacts on beneficiaries, either in terms of how they cope with reduced income or how it might affect their future compliance with social security rules and job search efforts. The Social Policy Research Centre at the University of New South Wales has been commissioned by the Department of Family and Community Services (FaCS) to carry out this independent study.

#### **THE RESEARCH**

The research study as a whole also includes a national survey of income support recipients who have recently been breached, as well as in-depth interviews with a small number of breached individuals. The purpose of this survey is to gain the experience of a national sample of organisations that have direct contact with people who have been breached.

#### **CONFIDENTIALITY**

The information collected in this survey will be used only to document the impact of breaching and will NOT be used in any way to assess your organisation's performance or funding arrangements. The answers you give will be entirely confidential except as required by law. Neither you nor your organisation will be identifiable in any way in either the project report submitted to FaCS or in the final published report. The study has received approval from the UNSW Human Research Ethics Committee.

#### **QUERIES OR COMPLAINTS**

If you need any further information or have any queries about completing this questionnaire, please contact Liz Emrys at the SPRC on 02 9385 7825 or [e.emrys@unsw.edu.au](mailto:e.emrys@unsw.edu.au). If you have any complaints about the study, you can contact the Ethics Secretariat, University of New South Wales, Sydney 2052, Australia (phone 9385 4234, fax 9385 6648, email [ethics.sec@unsw.edu.au](mailto:ethics.sec@unsw.edu.au)), quoting reference number: *HREC No. 02195*.

### COMPLETING THE QUESTIONNAIRE

The questionnaire should not take more than about 15 minutes to complete and we hope you find it interesting. The questions below cover a range of subjects, but most can be answered by placing a tick (✓) in one of the boxes (☐).

### RETURNING THE QUESTIONNAIRE

Please complete the questionnaire and return it by 7 April 2003 to The Social Policy Research Centre, University of New South Wales, Sydney NSW 2052, in the reply-paid, addressed envelope provided.

## About Your Organisation

1. Which of the following BEST describes the office that YOU work in? (Please tick one box):

1.    ☐    Head office of a national organisation
  2.    ☐    State office of a national organisation
  3.    ☐    Head office of a State-based organisation
  4.    ☐    Local neighbourhood office of a State-based organisation
  5.    ☐    Local neighbourhood organisation
  6.    ☐    Other (Please specify):
- 

2. What is your job title? (This is just to tell us at what level in your organisation the survey has been completed)

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3. What sort of services does your agency provide? (Please tick as many boxes as apply):

1.    ☐    Emergency relief (e.g. financial assistance, meals, provision of basic material needs)
  2.    ☐    Crisis accommodation
  3.    ☐    Employment services
  4.    ☐    Street outreach
  5.    ☐    Youth support
  6.    ☐    Family support
  7.    ☐    Welfare rights advocacy
  8.    ☐    Other (Please specify):
  9.    ☐    Other (Please specify):
- 
-

4. If your organisation provides employment services, is it a member of the Job Network?

- 1. ☐ Yes
- 2. ☐ No

5. What sort of geographic areas does your services cover? (Please tick as many as apply):

- 1. ☐ Major urban centres
- 2. ☐ Other urban centres
- 3. ☐ Rural
- 4. ☐ Remote

6. What are your main client groups? (Please tick as many as apply):

- 1. ☐ Women
- 2. ☐ Men
- 3. ☐ Aboriginal or Torres Strait Islander people
- 4. ☐ People from a particular ethnic group and/or migrants
- 5. ☐ Young people
- 6. ☐ Families
- 7. ☐ People from the general population
- 8. ☐ Other (Please specify):  

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7. How many clients overall does your organisation deal with per month, on average?

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8. How often does your organisation deal with people who are experiencing a social security breach?

- 1. ☐ Very often
- 2. ☐ Often
- 3. ☐ Sometimes
- 4. ☐ Rarely
- 5. ☐ Very rarely
- 6. ☐ Don't know

9. Does your organisation keep records of clients who have been breached?

- 1. ☐ Yes
- 2. ☐ No
- 3. ☐ Don't know

10. Roughly what percentage (%) of all the clients you dealt with in the last month approached your organisation because of problems associated with being breached?

Per cent

OR

☐ Don't know

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11. Are there any circumstances under which your organisation would not provide emergency relief to someone who had been breached?

- 1. ☐ Yes
- 2. ☐ No

If yes, please give examples

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## The Causes of Breaching

12. Listed below are a number of factors that might cause a person to breach their Centrelink obligations. In your experience, how often are these factors a cause of breaching for your clients? For each factor, please tick ONE box.

	Very often	Often	Sometimes	Rarely	Very rarely	Don't know
a. Language barriers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Low literacy levels	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. Low numeracy levels	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. Homelessness or insecure accommodation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. Carer responsibilities (e.g. children, elders, disabled family members)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f. Poor access to transport	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g. Chaotic lifestyle / poor time management skills	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
h. Personal or family crisis (e.g. fleeing domestic violence)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
i. Unaware of penalties for non-compliance with Centrelink requirements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
j. Lack of commitment to job search and/or work generally	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
k. Problems receiving Centrelink or Job Network letters	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
l. Conflicting obligations to two or more agencies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
m. Substance dependence (e.g. alcohol, drugs)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
n. Physical health problems	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
o. Mental health or psychological problems	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
p. Cultural commitments (e.g. funeral attendance, religious observance)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

12 continued

## The Impacts of Breaching

- |  |                          |                          |                          |                          |                          |                          |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| q. Obligations unsuited to client circumstances            | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| r. Inability to afford costs of compliance with obligation | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| s. Other (Please specify):                                 |                          |                          |                          |                          |                          |                          |
| _____  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| t. Other (Please specify):                                 |                          |                          |                          |                          |                          |                          |
| _____  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

## The Impacts of Breaching

Next is a set of questions about how being breached might affect your clients. The first question focuses on the financial impacts of being breached. Following this is a more general question about the impact breaching might have on people's lives. We then ask about the impact breaching might have on their job search activities.

13. Listed below are a number of possible financial impacts. In your organisation's experience, how often do these happen to your clients as a result of being breached? (Please note, we are not referring to the impacts of low income generally.) For each effect, please tick ONE box.

- |  | Very often               | Often                    | Sometimes                | Rarely                   | Very rarely              | Don't know               |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| a. Unable to pay electricity, gas or telephone bills               | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| b. Unable to pay rent  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| c. Made homeless   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| d. Increased indebtedness to government agencies (e.g. Centrelink) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| e. Increased number of transport fines                             | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

*13 continued*

	Very often	Often	Sometimes	Rarely	Very rarely	Don't know
f. Had to sell assets (e.g. car)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g. Had to go without meals	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
h. Had to go without home heating	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
i. More careful budgeting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
j. Relied on personal savings	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
k. Received help from emergency relief organisations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
l. Received loans or gifts from family and/or friends	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
m. Became involved in or increased participation in crime	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
n. Became involved in or increased participation in the exchange of sex for money or gifts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
o. No major financial impact	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
p. Other (Please specify):						
<hr/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
q. Other (Please specify):						
<hr/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

14. Listed below are a number of CHANGES, which might occur in a person's life. In your organisation's experience, how often do these happen to your clients AS A RESULT OF BEING BREACHED? Please tick ONE box for each change.

	Very often	Often	Sometimes	Rarely	Very rarely	Don't know
a. Breakdown of marriage or relationship	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Increased problem gambling	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. Increased social isolation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. Loss of custody of child(ren)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. Reduced use of prescribed medications	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f. Suicidal or self-harming behaviour	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g. Heavier use of alcohol and/or drugs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
h. Quitting smoking	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
i. No significant change	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
j. Other (Please specify):	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



15. Listed below are a number of changes in job search activity and compliance with Centrelink requirements. In your organisation's experience, how often do these changes happen amongst your clients as a result of being breached? (Please note, we are not referring to general changes made to deal with unemployment.) Please tick ONE box for each change.

	Very often	Often	Sometimes	Rarely	Very rarely	Don't know
a. Reduced ability to pay for job search costs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Reduced ability to present well at job interviews (e.g. poor grooming)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. Increased job search effort	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. Greater compliance with Centrelink requirements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. Better attendance at Centrelink and job interviews	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f. More likely to secure part-time or full-time work	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g. More likely to secure cash-in-hand work	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
h. More likely to stay employed	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
i. No change in job search activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
j. Other (Please specify):	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## The Impacts of Breaching

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16. Overall, what do you see as the MOST IMPORTANT impact of breaching for your organisation's clients? (Please explain in your own words)

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17. Now we'd like to ask you to compare having a payment REDUCED as a result of a breach and having it STOPPED. What are the main differences for your organisation's clients? (Please explain in your own words)

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18. Which groups amongst your clients seem to have the most difficulties as a result of being breached? (Please explain in your own words)

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## Policy Issues

19. Do you have regular contact with Centrelink on behalf of clients who have been breached?

1. ☐ Yes
2. ☐ No

20. In your experience, does Centrelink normally take account of all the relevant factors when deciding to breach someone?

1. ☐ Yes - go to 22
2. ☐ No - go to 21
3. ☐ Don't know - go to 22

21. If no, what sort of factors does Centrelink tend not to take into account? (Please explain in your own words)

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22. In your experience, what are the best ways to get people to comply with their Centrelink obligations? (Please explain in your own words)

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Please turn over for final question. ➔

### **Other Comments?**

Do you have any other comments you would like to make on this topic?  
If so, please use the space below.

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**ONCE AGAIN, THANK YOU VERY MUCH FOR YOUR HELP**

**Please return your questionnaire in the reply-paid envelope provided AS SOON AS POSSIBLE and at the latest by 7 April 2003. If you have any queries about the survey or would like more information about the research as a whole, please contact Liz Emrys at the Social Policy Research Centre (ph. 02 9385 7825 or email [e.emrys@unsw.edu.au](mailto:e.emrys@unsw.edu.au)).**

## **Appendix F : In-depth Interview Information and Consent Form**

### **The Impact of Breaches on Income Support Recipients**

#### **SUBJECT INFORMATION STATEMENT AND CONSENT FORM FOR IN-DEPTH INTERVIEW PARTICIPANTS**

The Social Policy Research Centre is researching what happens to people after they have received a social security penalty (breach) for not meeting Centrelink requirements. This study is being done for the Department of Family and Community Services. We would like to hear first hand from people who have been breached recently about how this policy has affected them, both financially and in other aspects of their lives.

We invite you to participate in an interview.

1. We would like to discuss with you the details of your recent breach experience and how it has affected you both financially and in terms of your job search and other Centrelink requirements. We'd also like to discuss your personal and job search background, to help us understand your situation better. The interview should not take more than about 1 hour. We will carry out the interview at a place convenient for you, by arrangement.
2. During the interview we would like to take notes and we also ask you to agree to let us tape record the interview so that the record of the interview is full and accurate. What you tell us will remain totally anonymous and confidential, except as required by law. Your comments will not be passed on to anyone in a way that could identify you. Information you give will not affect any government payment you may receive. Also, please note that this research has nothing to do with any review or appeal against a breach decision which you might be involved in at the moment.
3. If you agree to be part of this project we will ask you to sign the consent form that is attached. You are free at any time to refuse to answer particular questions or to stop being part of the study. A withdrawal form is also attached for you to keep. If you have any concerns or complaints at any time about the study, you can contact the Ethics Secretariat, University of New South Wales, Sydney 2052, Australia (phone 9385 4234, fax 9385 6648, email [ethics.sec@unsw.edu.au](mailto:ethics.sec@unsw.edu.au)), quoting reference number: *HREC No. 02195*.

Also, please feel free to contact me on (02) 9385 7826 if you have any questions or comments about the research.

We thank you for your help with this important research.

Dr Tony Eardley  
Project Chief Investigator  
Social Policy Research Centre

**The Impact of Breaches on Income Support Recipients**

**SUBJECT INFORMATION STATEMENT AND CONSENT FORM  
FOR IN-DEPTH INTERVIEW PARTICIPANTS (continued)**

You are making a decision whether or not to take part in this study. Your signature indicates that, having read the information on the information sheet, you have decided to participate.

_____ Your signature	_____ Signature of witness
_____ Please print your name	_____ Witness' name
_____ Date	_____ Nature of Witness
✂----- ----	

**REVOCATION OF CONSENT**

I hereby wish to WITHDRAW my consent to participate in the research proposal described above and understand that such withdrawal WILL NOT jeopardise any relationship I have with Centrelink or the University of New South Wales.

_____ Your signature	_____ Date
_____ Please PRINT your name	

The section for Revocation of Consent should be forwarded to Dr Tony Eardley, Social Policy Research Centre, University of New South Wales, Sydney 2052.

## **Appendix G: Qualitative Interview Topic Guide**

*Explain: who SPRC is, what relationship we have with Centrelink/FaCS, how the information will be treated, get permission for taping, what we hope the research will achieve. Indicate each participant will receive \$30 gift voucher from Target or cash.*

### **Background information**

*Can you tell me a bit about yourself? Who do you live with and how long have you lived here? What type of jobs have you had in the past? When did you lose your job? What type of payment are you on now (if any)?*

- Age
- Country of birth/ancestry/Indigenous background
- Housing situation
- Employment/unemployment history
- Current payment type

### **Circumstances of breaches**

*When did Centrelink reduce or stop your payments? Do you know why?*

*What were the circumstances that led you to breach Centrelink requirements?*

*Did you discuss the reduction/stopping of your payments with anyone from Centrelink or other agencies?*

*Were you informed that you could request a review or appeal the decision? Did you appeal and what was the result?*

*Would you tell your friends to appeal if they had the same problem? Why?*

- Number of breaches over the past two years
- Centrelink reasons for breach
- Own explanations of why breached
- Understanding of breach rules
- Employment/job search barriers - probe issues of ill-health, disability, mental health, accommodation, language problems, migration, age, Indigeneity, etc.
- Requested review or appeal? If not, why not
- Understood appeal rights/procedures?
- Sought help from other agencies?
- Experience of review/appeal

### **Impact of breaching**

*How did having your payment reduced or stopped affect your life?*

*What changes did you make so you could live on the reduced payment?*

*Do you think it affected your health or wellbeing? How?*

*Do you think it affected your relationship with your family or friends? How?*

- Financial: budgeting, spending, alternative income sources
- Impact on other family/household members
- Caused housing problems?
- Transport: fines, concession cards loss?
- Health problems?
- Impact on relationships, social life

*Centrelink's aim in reducing or stopping payment is to encourage people to follow the rules and make greater efforts to find employment.*

*Did this happen for you personally? Did you make any changes in terms of dealing with Centrelink or job search after having your payment reduced or stopped?*

*Do you think there were positive outcomes for you from having your payment reduced or stopped? What?*

*In what circumstances do you think reducing or stopping payments for people is fair? Why?*

*How could the Centrelink system be changed to make it better?*

*What would help you find a job?*

*Have you had any contact with the Job Network? What do you think of that agency? How have they helped you?*

- Compliance: change in job search effort/motivation?
- Improvement in meeting Centrelink obligations, or further difficulties?
- Relationship with Job Network agencies
- Attitude to breaching; is it fair? Why/why not?
- Any ideas for how the breach system could be improved?

*Is there anything else you could like to say?*

*Thank you for your time and good luck with your future.*