

System Error:

An analysis of Centrelink penalties
and Job Network participation reports

Sue Lackner
Greg Marston

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Centre for Applied Social Research
School of Social Science & Planning
RMIT University



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GPO Box 2476V Melbourne 3001, Victoria Australia
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Glossary

AAT: Administrative Appeals Tribunal

ALP: Australian Labor Party

ARO: Authorised Review Officer

CASR: Centre for Applied Social Research

CES: Commonwealth Employment Service

CWC: Community Work Co-ordinators

DEWR: Department of Employment & Workplace Relations

DSS: Department of Social Security

ESC: Employment Services Contract

EU: European Union

FACS: Department of Family & Community Services

FOI: Freedom of Information

HREOC: Human Rights & Equal Opportunity Commission

IA: Intensive Assistance

JM: Job Matching

JN: Job Network

JST: Job Search Training

OECD: Organisation for Economic Co-operation and Development

SSAT: Social Securities Appeal Tribunal

WFD: Work for the Dole

YA: Youth Allowance

Definition of key terms

Activity Test – An Activity Test applies for people receiving Youth Allowance or Newstart. To meet the Activity Test the recipient must: demonstrate that they are actively looking for suitable paid work; accept suitable work offers; attend all job interviews; agree to attend approved training courses or programs; never leave a job, training course or program without a good reason; give Centrelink accurate details about any income earned; and enter into and carry out a Preparing for Work Agreement if asked (Centrelink, 2003a).

Activity Test Penalties - There are two types of Centrelink penalties: **Activity Test Penalty** and an **Administrative Requirement**. Someone is likely to get an **Activity Test Penalty** if they do not meet the requirements of an Activity Test. An Activity Test Penalty is a reduction in payment. The amount the payment is reduced varies depending on whether it is a first, second or third penalty in a two-year period¹. Recipients may also get a penalty if they do not meet an administrative requirement². Failing to meet an administrative requirement is likely to result in someone's payment being reduced by 16 per cent for 13 weeks or no payment for two weeks.

Breaching – a short-hand term used to refer to the application of a Centrelink Activity Test or Administrative Requirement that results in partial or full loss of payment for job seekers subject to the policies of mutual obligation.

Job Seeker – the preferred term of the Department of Employment and Workplace Relations (DEWR) to refer to someone receiving Newstart or Youth Allowance and who is participating in the Commonwealth Government's employment services system.

Mutual Obligation – A term used by the Commonwealth Government to refer to 'giving something back to the community' (Centrelink, 2003) for the receipt of Newstart or Youth Allowance. The sorts of 'approved activities' that may qualify as a mutual obligation are spelt out in a Preparing for Work Agreement and can include part-time work, training and community assistance programs. Failing to meet a mutual obligation requirement may result in an Activity Test Penalty.

Participation reporting – If a job seeker fails to comply with a specific requirement contracted Job Network providers, Work for the Dole and/or Community Work Coordinators have a duty to complete a participation report within seven days of an alleged breach. These participation reports alert Centrelink to investigate a possible breach.

Revoked breach – Some of the data tables presented in this report includes breaches that have been overturned through a Centrelink appeals process and where participation reports do not result in a Centrelink breach. The authors appreciate that referring to a participation report as a 'revoked breach' is not an accurate description, however, the data obtained from Centrelink under FOI does not always make the distinction possible. The interpretation of the data, however, maintains the proper distinction between a participation report that is not imposed and a Centrelink breach revoked on appeal.

¹ First penalty--18 per cent reduction in payment for 26 weeks. Second penalty--24 per cent rate reduction in payment for 26 weeks. Third and following penalties--no payment for eight weeks.

² An administrative requirement includes things like: going to an interview with Centrelink; contacting Centrelink when asked; or notifying a change in circumstances.

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Figure 1. Percentage of 1st, 2nd and 3rd breaches imposed by Centrelink for Job Network providers, Work for the dole, Community Work Coordinators and Centrelink initiated breaches from 1st July 2001 - 30th June 2002. **29**

Introduction

This report examines Centrelink breaching trends for the past three years and the incidence of participation reporting. In exploring these issues, the report analyses Centrelink and Department of Employment and Workplace Relations (DEWR) data on 'breaching' (Centrelink Activity and Administrative Test Penalties) and participation reports (PR) from contracted third-party agencies Job Network (JN) providers, Community Work Coordinators (CWC) and Work for the Dole (WFD) schemes.

The data has been obtained under the Commonwealth *Freedom Of Information (FOI) Act 1982*. The data obtained under FOI covers three years 1999-2000, 2000-2001 and 2001-2002. This data includes participation reports of Centrelink clients who were participating in Job Network, Community Work Coordinators (CWC) and Work for the Dole schemes as well as Centrelink initiated breaches. This detailed data has not been analysed or published previously.

The statistical profile of breaching patterns is complemented by illustrative qualitative data drawn from research being conducted by CASR and the University of Queensland into the micro-operations of the Job Network. The qualitative data illustrates different rationales and styles of decision-making in the area of participation reporting on the part of Job Network case managers.

The report consists of two sections. The first part of the report provides a brief background and context to the breaching regime and the contractual relationship between Centrelink and third-party providers of employment services and training programs (Job Network, Work for the Dole and Community Work Coordinators). The second part of the report presents quantitative and some qualitative data on Centrelink breaching patterns and participation reporting.

Summary of main findings

- Imposed Centrelink breaches decreased by 32.7% in 2001/2002. In terms of an age breakdown, young people (under 29 years of age) are still far more likely to be breached than their older Centrelink clients (over 30 years of age), and they are also less likely to appeal a breach decision. It is also the case that some groups in the community, particularly young people, are confused about their mutual obligation requirements and the conditions attached to their Centrelink payments.
- Participation reports submitted to Centrelink by Job Network, Work for the Dole and Community Work Coordinators have increased by 14% since 2000/2001. In 2001-2002, a total of around 200,000 (72%) participation reports submitted to Centrelink by Job Network providers and Community Work Coordinators did not result in a breach. The reasons for not imposing the breach that were given by Centrelink included, for example, almost 11,000 cases where letters had been sent to the wrong address. In the same period, more than 5000 participation reports did not result in a breach because providers could not provide adequate documentation to show why the job seeker should be penalised.
- The increase in submitted participation reports compared with the relative decline in Centrelink imposed breaches over this period suggests an employment services system subject to conflicting demands. Contractual conditions, business incentives, poor communication between the different parts of the employment services system may all be contributing factors in the increasing number of participation reports being submitted to Centrelink and the relative decline in imposed Centrelink breaches.
- The consequences of being breached can mean severe financial hardship and distress for people and increasing demand on the non-government welfare sector for emergency relief and others essential services. In order to further reduce the incidence of breaches, the analysis suggests that there is a need to look at incentives and there is a need for more effective policy guidelines and communication between relevant government departments and third-party employment service providers.
- The qualitative data on decision-making within the Job Network suggests a high level of variability in the practice and rationale for submitting participation reports to Centrelink. Some Job Network providers make little attempt to contact the job seeker prior to submitting a participation report, while others only submit a participation report as a last resort, after making significant attempts to determine why a job seeker failed to show for an interview, or failed to comply.

1. Background and context

Australia's income support system has always had elements of 'mutual obligation'. However, the past thirty years has seen a significant shift in Australia's income support provisions and employment services. The most significant shifts began with the 1989 Social Security Review. In this review the 'work' test was replaced by the 'activity' test. The activity test was to be satisfied by training or part-time work as well as searching for full-time work (Ziguras et al., 2003). This change in the design and rationale of the income support system meant that social security was no longer designed as a system of maintaining the incomes of those out of work; it became a system principally designed to encourage people into work.

As part of the program of redesigning the income support system, employment services were reformed through the Keating Government's Working Nation policy package. Working Nation, introduced under the banner of 'reciprocal obligation', led to the Commonwealth Employment Service (CES) contracting out specialized training and labour market programs to non-governmental providers (Eardley, Abello & Macdonald, 2001). This resulted in a limited competitive market, where contracted case management was tendered at a fixed-price, with the CES case management remaining in the public sector.

In 1996, the Liberal-National Coalition, led by John Howard, was elected into Federal Government. The change of government led to further reforms in the area of social security and employment services as reciprocal obligation was replaced by 'mutual obligation'. This change meant that the receiving of income support became subject to an obligation requirement in the form of 'active job-seeking behaviour', which could include training, voluntary work or part-time work.

The shift to a more demanding form of 'obligation' from the unemployed reflects a critique about the passivity of the income support system and the 'active society' concept being pursued by OECD and European Union (EU) countries. In sum, 'active society' based reforms have increased the requirements placed on the unemployed, introduced harsher penalties for failure to meet them and placed a greater emphasis on compliance (Bigby and Files, 2003: 278).

This first section of the report outlines the various dimensions of the new compliance regime, including the administrative structure that governs contractual relations between Centrelink, the Department of Employment and Workplace Relations (DEWR) and the Department of Family and Community Services (FACS). Before examining these arrangements in detail we want to first draw attention to the ideas informing the current set of policies referred to as 'mutual obligation'.

1.1 The foundations of mutual obligation

The 'active society' thesis pursued by many OECD and EU countries since the early 1990s is commonly perceived as the best way of combating poverty and 'social exclusion' (OECD, 1990). One of the cornerstones of the active society thesis is 'workfare policies', which stress the obligations of unemployed citizens to take up an economically 'active' role (through paid or voluntary work) and manage their own

economic risks through labour market integration. The focus of these policies is on improving the job seeking behaviour of unemployed citizens through counselling, training courses and related activities, such as Work for the Dole.

Tony Winefield of the University of Adelaide conducted research amongst participants in pilot projects of the Work for the Dole program. He concluded that their degree of “work involvement” (their commitment to the value and importance of work in one’s life) was already so high that “there was little room for improvement” through participating in Work for the Dole. Nor did taking part lead to any improvement in self-esteem (as measured by psychologists), despite research that shows a close relationship between self-esteem and being employed. Winefield’s conclusion was that participants did not see WFD as “employment” and so it did not help their self-esteem (Winefield, 2003). This research contradicts the image of unemployed people, or other welfare recipients, as a passive ‘underclass’ that is disengaged, inactive, dependent and unwilling to work.

To label the unemployed as ‘job snobs’³ or ‘dole bludgers’ who are unwilling to engage with society, adds another layer of humiliation, when the disparity between available jobs and numbers out of work continues to be so large. In this context, other recent Australian research concludes that the mutual obligation system operates for many disadvantaged job seekers as ‘welfare as work’, rather than ‘welfare-to-work’ (Ziguras et al., 2003; Marston and McDonald, 2003). This analysis suggests that the process of receiving income support is experienced as a burden:

Contrary to the aims of labour market policy, the emphasis on compulsory activities appears to generate avoidance and resentment. While people may comply, these requirements are in practice not a means to finding work, but rather a necessity for remaining eligible for benefits (Ziguras et al., 2003: vi).

The justification for mutual obligation policy in Australia and overseas is partly drawn from the ‘new paternalism’ articulated by the United States academic Lawrence Mead (1997: 32):

To live effectively, people need personal restraint to achieve their own long-run goals. In this sense, obligation is the precondition of freedom. Those who would be free must first be bound. And if people have not been effectively bound by functioning families and neighbourhoods in their formative years, government must attempt to provide the limits later.

Sawer (2000: 4) argues that mutual obligation policy is based on contractual and paternalist rationales. The contractual rationale is based on the idea that the government provides financial support to people looking for work and in return, these people are morally required to put something back into their community by way of mutual obligation. The Commonwealth Government argues that it provides income support and employment assistance to meet their side of the mutual obligation relationship. The core question is whether the obligations imposed are reasonable and offer real benefits to the unemployed (Yeatman, 2000; Kinnear, 2001).

³ This term was coined by the then Employment Services Minister Tony Abbott in an ABC 7.30 Report interview (1/6/1999) where the Minister said: “The overwhelming majority of young Australians want to work, but I think there is a risk of people getting too fussy, people becoming job snobs”.

The paternalist rationale rests on the claim that the unemployed benefit from participating in mutual obligation programs as it enhances their job prospects. John Howard (1999: 7) reiterated this in a speech to the Australian Unlimited Roundtable:

Just as it is an ongoing responsibility of government to support those in genuine need, so it is also 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.

In the emerging contractual regime of conditional welfare and mutual obligation, the unemployed are seen as active participants who must recompense society and government for their income support, particularly through demonstrating appropriate job seeking behaviour. As such, unemployment is increasingly seen as a ‘problem’ or a ‘deficit’ of the unemployed, rather than a function of fluctuations of demand and supply in the labour market (Harris, 2001). In this policy context, the Job Network is considered to be an appropriate policy response because it is premised on an intensive case management model.

1.2 Centrelink and the creation of the Job Network

In 1996, the Howard Government started the process of merging the Department of Social Security (DSS) which delivered social security policy and service delivery, with the Commonwealth Employment Service (CES), which provided registration, assessment and referrals to job seekers. These two departments merged to become a new service agency named Centrelink.

Unlike their predecessors, the newly merged Centrelink was not given a direct or formal role in formulating social welfare policy. Centrelink’s role was limited to implement and administer policies formulated by the Department of Family and Community Services (FACS) and the Department of Employment and Workplace Relations (DEWR). Consequently, Centrelink is contracted out by FACS and DEWR and a number of other client departments to administer their policies and does not receive any direct financial appropriation from the government through the Budget. Centrelink therefore relies on FACS and DEWR for their funding through Business Partnership Agreements (BPAs).

The role of Centrelink is to make income support payments and to deliver other government services, as well as being responsible for client assessment. Centrelink also provides basic self-help job searches and referrals to Job Network Providers. Centrelink defines these tasks as part of its ‘gateway’ role in the employment services system.

1.2.1 The role of the Job Network

The establishment of the Job Network in 1998 signaled the start of a new experiment in which government, for-profit and not-for-profit organisations were to compete for contracts to provide job services to unemployed people⁴. Job Network agencies, contracted by the Department of Employment and Workplace Relations are responsible for the task of assisting the unemployed into paid employment. The Job Network is comprised of: Job Search Support Only, Job Search Training, Intensive Support and Intensive Support customized assistance. Job Search and Job Search Training are targeted towards ‘work ready’ clients, while Intensive Support customized assistance is for clients who have been unemployed for 12 months or more, or who have been classified by Centrelink as the most disadvantaged. Job Network providers can also refer to complementary programs, such as Work for the Dole (WFD) and programs run by Community Work Coordinators (CWC). Other complementary programs include, for example, language, literacy and numeracy training and State government programs.

The Job Network is currently in its third contractual period, referred to as (ESC3). Since its inception there have been significant changes in the mix of providers operating under the auspices of the Job Network. The following table illustrates the dramatic decline in public provision and the increase in private and non-profit provision of employment services.

Table 1
Percentage Market Share of employment services by organisational form (1998 to 2003).

	<i>May 1998</i>	<i>March 2000</i>	<i>July 2003</i>
Public	33%	8%	3%
Private	37%	45%	47%
Non-Profit	30%	47%	50%

Source: Eardley (2003).

Eardley (2003) notes that the third round of Job Network in July 2003 resulted in 60 per cent of business being rolled over to existing high performers. These trends provide an interesting case study of the changing mixed economy of welfare, particularly the increasing size of the non-profit sector in the delivery of employment services.

In regard to contractual and working relations within the new model of employment services, Job Network members have a contractual relationship with DEWR and a working relationship (but no formal contract) with Centrelink in regard to

⁴ When introduced by the Commonwealth Government in 1998, as a new mode of delivering employment services, the Job Network was greeted with considerable ambivalence (ACOSS, 2000). On the one hand there are those who wanted to win business to deliver services, and on the other there were agencies worried about whether the performance driven, fee-based competitively priced Job Network would most effectively suit the needs of job seekers unemployed people (ACOSS, 2000; Considine, 2001; De Carvalho, 2002; Eardley, Abello & Macdonald, 2001; Thompson, 2000).

participation reports and the breaching regime. Centrelink is bound by contract through DEWR and FACS to consider the information in a participation report and decide whether or not to impose a breach. Centrelink's relationship with providers is mediated through DEWR, with DEWR being the contracting department paying Centrelink to assess and refer people to the Job Network. This means that although the Job Network providers can be affected by the performance, policies or procedures of Centrelink, they themselves cannot affect the operation of Centrelink (at least in business terms). DEWR encourages Job Network members to build relationships with Centrelink based on cooperation and trust; however, at the end of the day Job Network members can not force Centrelink to do anything that is outside the Business Partnership Agreement (BPA). These commercial dimensions of inter-Departmental relations are an important part of the breaching system.

Centrelink administers the policy of mutual obligation to job seekers and determines if job seekers breach policy regulations. When a job seeker using a Job Network service fails to comply, Job Network providers, Work for the Dole and Community Work Coordinators are required by contract to notify Centrelink through a participation report (PR). Centrelink determines whether a person is meeting the requirements of the Activity Test. The role of the Job Network member is to report, for example, that someone failed to attend an interview or had more than three days of unexplained absence. These requirements, attending interviews, participating in programs are set out in the Preparing for Work Agreement (PFWA) that an income support applicant signs when they go onto Newstart Allowance or Youth Allowance. And this PFWA can be revised, for example, when someone decides what Work for the Dole activity they are going to do.

1.3 The Breaching regime

Centrelink activity and administrative test penalties (commonly referred to as breaches) are used to enforce Mutual Obligation requirements. Mutual Obligation requirements are applicable to Newstart and Youth Allowance clients receiving income support for six months (see Appendix A for eligibility criteria relating to Newstart and Youth Allowance). After six months of being on an income support payment, Newstart or Youth Allowance clients are asked to sign an Activity Statement, which outlines what Mutual Obligation Activities will be undertaken (such as part-time work, Work for The Dole, or involvement in an accredited training program). Activity and administrative test penalties result when a person fails to meet these mutual obligation requirements.

Centrelink breaches occur if an unemployed person, receiving either Newstart Allowance or Youth Allowance for more than six months, fails to comply with activity and administrative test criteria set out by Centrelink (Centrelink, 2003a). There are two distinct categories that Centrelink place their criteria under: Activity test and administrative requirements. Activity tests have 49 separate criteria, 30 of these criteria fall under Centrelink initiated requirements. The remaining 19 criteria are specific criteria for Job Network providers, Work for the Dole and Community Work Coordinators. The other category used by Centrelink to breach social security recipients is the administrative test, which has 19 different criteria that must also be complied with. Failure to comply with any of the 68 criteria may result in a recipient being breached.

When a social security recipient is ‘breached’ they are financially penalised. First time activity test breaches result in an 18% reduction of benefits for 26 weeks, second penalties results in a 24% reduction of benefits for 26 weeks and third and subsequent penalties result in non-payment of benefits for 8 weeks (Centrelink, 2003a). Failure to comply with administrative guidelines results in a 16% reduction of payment for 13 weeks or two weeks non-payment (Centrelink, 2003a). Table 2 represents social security payments for recipients receiving Newstart or Youth Allowance and payment rates after a breach penalty has been applied.

Table 2
Payment schedule for social security recipients before and after penalty
(at 30th April 2003)*

	Newstart Allowance Unemployed adult (per week)	Youth Allowance Unemployed young person or student (per week)
Basic payment rate	\$190.05	\$155.05
Payment after 1 st activity test breach	\$155.85	\$127.15
Payment after 2 nd activity test breach	\$144.45	\$117.85
Payment after 3 rd activity test breach	\$0	\$0
Payment after administrative breach	\$159.65	\$130.25

Source: Centrelink.gov.au

*Figures based on the rates of payments, not including Rent Assistance, as at 30 April 2003 for Newstart Allowance recipient over 21 (single) and Youth Allowance recipient 18-20 years (single, independent), respectively.

1.3.1 The financial and personal impact of breaching

The breach penalty system has attracted considerable criticism (ACOSS, 2001; Lackner, 2001; Hanover Welfare Services, 2000; Nation Welfare Rights Network, 1996; Salvation Army, 2001). As a result of this criticism an Independent Inquiry into Breaching was set up by a coalition of welfare and other agencies. The Inquiry concluded that:

the current penalty regime is excessively harsh and unfair, and it unduly and counter-productively diminishes many job seekers' prospects of finding employment (Pearce et al., 2002 p79).

The penalties imposed through breaching of current unemployment benefit recipients illustrates how increased levels of coerciveness can result in the inequitable treatment of unemployed citizens. HREOC (2001) research found that between June 1997 and March 1998, breach rates were consistently higher among indigenous people by a factor of about 1.5 for activity test breaching and a factor of 2 for administrative breaching. Factors influencing these higher rates include lower levels of literacy and higher rates of mobility amongst the indigenous population; lack of confidence dealing with bureaucracies; lower propensity to seek appeal or review of breaching;

inadequate postal services to some rural and remote areas; and lack of appreciation of difficulties for indigenous peoples seeking employment. These rates were higher in some administrative centres, suggesting considerable inconsistency across the welfare system (HREOC, 2001). These concerns have also been raised in relation to refugees on temporary protection visas (Marston, 2003).

Among the impacts of breaching penalties has been a growing demand for emergency relief services. These services increasingly have to step “into the breach” created by periods of reduced or cancelled benefits. In 2001, the Salvation Army undertook a census of its Emergency Relief centres across Australia. The census asked applicants whether they had been breached by Centrelink over the course of the past year. Approximately one in four individuals answered in the affirmative. More than 15 per cent had experienced a third subsequent activity breach, and this meant that one in six people had had their income support cancelled by Centrelink for eight weeks. This in turn had a major impact on the ability of vulnerable individuals to afford food, medication, utilities and housing. Ten per cent of emergency relief applicants indicated that they had had to resort to crime to pay for food, bills, medication or shelter (Salvation Army, 2001).

Breaching penalties compound the impoverished position of the unemployed and, for significant numbers, are a precipitating factor in poverty, homelessness and crime (Salvation Army, 2001). In October 2002, the Acting Commonwealth Ombudsman also noted that breach penalties have the potential to significantly impact on the individuals involved and can lead to significant hardship and disruption (Commonwealth Ombudsman, 2002). In this context, breaching penalties are a form of ‘cost-shifting’. Savings may be made when income support benefits are withdrawn, but the resulting plunge into poverty both increases demand for Emergency Relief and also increases other social consequences of acute poverty.

Centrelink has come under increasing scrutiny about the effects of the breaching regime on individuals. Partly in response to these criticisms, recent Centrelink changes to activity test penalties and practices have resulted in more stringent procedural fairness, which has led to a reduction in the overall rate of breaching.

1.3.2 Recent changes to the breaching regime

On March 27, 2003 the Senate passed the welfare reform package also known as the *Australians Working Together* (AWT) Bill. Part of the changes made to the legislation was the 'softening' of first time breach penalties for some mutual obligation criteria (The Age 28/3 2003). Job seekers who face a first time breach penalty for certain criteria can now attend an interview as soon as possible and have their breach penalty payment reduced from 26 weeks to eight weeks (Welfare Rights, 2003). However, second and third time breach penalties have not been altered under the new legislation.

2. Breaching patterns and participation reports

Having established the background to mutual obligation and the administrative structure of employment services, this section of the report presents:

- (1) quantitative data on the number of breaches imposed or revoked by Centrelink in relation to its own activity and administrative test criteria;
- (2) the number of participation reports submitted by third-party agencies, such as The Job Network and Community Work Coordinators; and
- (3) Centrelink appeals data.

Where appropriate the quantitative data is complemented by qualitative data on participation reporting within the Job Network. The first task is to present the overall scope of Centrelink breaching across Australia over the last three financial years. Table 3 shows the total number of breaches that were imposed, revoked or recorded in error by Centrelink for the last three financial years (these are aggregate figures for all first, second and third time breaches).

Table 3
Total number of breaches imposed, revoked or recorded in error by Centrelink for July 1999 - June 2000; July 2000 - June 2001; July 2001 - June 2002.

	Imposed*	Revoked or recorded in error [^]	Total
July 1999 - June 2000	302,494	172,050	474,544
July 2000 - June 2001	346,078 ↑14.4%	273,475 ↑58.9%	619,553 ↑30.6%
July 2001 - June 2002	232,832 ↓32.7%	308,120 ↑12.7%	540,952 ↓12.7%

Source: Centrelink; activity and administrative test breaches for July 1999-June 2000; July 2000-June 2001; July 2001-June 2002, (unpublished data). Centrelink supplied the raw data in response to FOI requests. *This category refers to breaches that have resulted in a financial penalty. [^]Refers to breaches that were revoked either by Centrelink for insufficient documentation or they were revoked on appeal by the client.

The above data indicates that breaching peaked in 2000/2001 with 619,553 breaches recorded nationally. During this time Centrelink imposed 346,078 breaches. This was an increase of 14% compared to the previous financial year. However, in 2001/2002, imposed breaches decreased by 32.7%. It is also important to remember that this is a relative decline from a significantly high number of imposed breaches.

The decline in imposed breaches may also be attributable to FACS' response to the 2002 independent review into breaching in which the breaching system administered by Centrelink came under intense scrutiny⁵ (Pearce et al. 2002). As a response to the

⁵ For more information please refer to Pearce, D., Disney, J., & Ridout, H. (2002) *Making it work: The report of the Independent Review of Breaches and Penalties in the Social Security System*, Finesline, Sydney.

inquiry the Minister for FACS announced a number of changes, including lessening penalties for some activities and introducing ‘temporary suspensions’ for job seekers who miss appointments (Centrelink, 2002b).

Centrelink has also recently been involved in sponsoring community-based research to establish more effective ways of communicating and assessing the needs of disadvantaged populations on Centrelink payments. For example, Centrelink in conjunction with Hanover Welfare Services initiated a research project to improve current employment assessment procedures for those experiencing homelessness (Hanover Welfare Services, 2002). The report from this project recommended, among other things, the expansion of the Centrelink Community Officer Program so that assessments could be made outside of Centrelink offices.

This research agenda suggests that Centrelink is at least thinking about how it might engage and communicate better with groups in the community that fail to respond to a punitive approach. Further analysis of available data suggests that while Centrelink is reducing the number of imposed breaches and developing some innovative practices, the number of participation reports submitted by Job Network providers, Work for the Dole and Community Work Coordinators has been increasing. This suggests that there are different business objectives driving the different agencies involved in the employment services system. The next section looks at Department of Employment and Workplace Relations data on participation reports to explore this issue further.

2.1 Participation Reports

As already noted there are 19 activity test criteria specifically aimed at Job Network providers and Community Work Coordinators. A job seeker engaging with any Job Network, Work for the Dole and/or Community Work Coordinator programs must adhere to these criteria. If a job seeker fails to comply with any of these criteria, they are said to be in breach of ‘mutual obligation’. Job Network providers and/or Community Work Coordinators have a duty to complete a participation report within seven days of an alleged breach. These participation reports alert Centrelink to investigate a possible breach (Pearce et al., 2002).

According to the Independent Inquiry into Breaching, the failure of providers to submit a participation report within seven day may lead to adverse comments in future DEWR audits and have negative results when providers seek contract renewal (Pearce et al., 2002). However, it was also noted in the inquiry that some providers might be reluctant to investigate possible reasons why a job seeker has failed to comply with mutual obligation criteria. Up until June 2003, prompt non-compliance reports could result in job seekers being removed from provider lists and replaced with new job seekers who may be easier to work with and place in employment, thereby generating greater income for the provider (Pearce et al., 2002). In the latest incarnation of the Job Network (referred to as an Active Participation Model, or ESC3) the capacity for ‘breaching’ people out of the Job Network system has potentially been reduced because there is a greater expectation that once assigned, the job seeker will remain with the one agency:

Every job seeker is referred to a single Job Network member... The Job Network member will then work on a continuing basis with the job seeker until they have found work (Department of Employment and Workplace Relations 2003: 2)

The flipside to this change is that it limits how much choice Job Network clients can exercise. Once assigned an agency, the job seeker has little or no capacity to shop around or 'take their custom elsewhere'. In an attempt to counter this limitation, the level of service provided in the third contract round is now underpinned by what is called a 'Job Seeker Guarantee', which outlines what services will be provided and how often. At this stage, it is too early to tell whether the service guarantee will secure effective services and outcomes for job seekers.

These sorts of changes to the Job Network follow earlier attempts to improve consistency in decision-making. In April 2001, for example, DEWR published a 'Policy Guide', which was an attempt to direct providers in their participation reporting practices (Pearce et al., 2002). The policy guide states that providers should wait at least 24 hours after an alleged breach to allow the job seeker to contact providers or be contacted, which may avoid the need for a participation report. If the job seeker fails to provide a reasonable excuse then the report should be submitted. However, Work for the Dole providers are required to make at least two attempts to contact a job seeker prior to submitting a participation report. This is to give the job seeker a chance to provide a reasonable explanation.

Table 4 represents participation reporting outcomes submitted by Job Network providers and Community Work Coordinators that were either imposed or not imposed as a breach by Centrelink.

Table 4
Participation reporting outcomes submitted by Job Network providers, Work for the Dole and Community Work Coordinators that were either imposed or not imposed as a breach by Centrelink for July 2000 - June 2001; July 2001 - June 2002; July 2002 - February 2003; July 2002 - June 2003.

	No. & % of participation reports imposed	No. & % of participation reports not imposed	Total no. of participation reports
1st July 2000-30th June 2001	112,381 (41.9%)	156,120 (58.1%)	268,501 (100%)
1st July 2001-30th June 2002	75,182 (27.9%)	194,306 (72.1%)	269,488 (100%)
1st July 2002- 28th Feb 2003	43,234 (21.2%)	160,812 (78.8%)	204,046 (100%)
1st July 2002- 30th June 2003*	64,851 (21.2%)	241,218 (78.8%)	306,069 (100%)

Source: Department of Employment and Workplace Relations; participation reporting outcomes 2003, (unpublished data). This data was supplied by DEWR in response to an FOI appeal.

* This data is a projected estimate only and has been calculated by dividing the participation reports imposed and not imposed into months and calculating this figure by the remaining months to complete the financial year.

Analysis of Table 4 indicates that the total number of participation reports submitted to Centrelink by Job Network providers, Work for the Dole and Community Work Coordinators has increased by 14% since 2000/2001. This could either be a reflection of more participants engaging with Job Network providers, Work for the Dole and Community Work Coordinators, or it could be a reflection of third-party providers viewing more clients as failing to adequately comply. The crucial question that needs to be asked is why are participation reports increasing when the number of Centrelink imposed breaches are being reduced? To help address this question we need to further reflect on the administrative structure for governing breaches and the criteria for submitting a participation report, including the percentage of participation reports that result in a breach.

In terms of the administrative structure there are different sets of incentives for different government departments and service provider agencies involved in employment services. Internal performance targets of individual Job Network agencies can also favour submitting participation reports where an outcome appears difficult to achieve (because prior to 2003 a Job Network participation report meant that a person would be exited from the provider's caseload if they lost their entire income support). Case Managers can also have large caseloads and weekly targets to guarantee certain outputs (eg job placement, training, interviews). These organisational conditions can actively work against the interest of devoting time to establishing the factors and issues that might prevent someone from showing up for their initial or subsequent Job Network interview or program.

While the Department of Family and Community Services (FACS) has been under public pressure to reduce the high incidence of breaching, the Department of Employment and Workplace Relations (DEWR) and individual Job Network agencies are governed by different performance criteria. The performance of Job Network providers is overseen by DEWR contract managers located in state and regional offices. This involves monitoring providers' progress against contracted placement targets and checking compliance with obligations. In the second contract round, providers were assessed biannually against key performance indicators, which cover outcomes, contractual compliance and quality and equity of service (Productivity Commission, 2002).

Under the first (ESC1) and second contract round (ESC2), Job Network members received a commencement payment (about 30% of the total fee) when an individual signed an Activity Statement in the Intensive Assistance program (this money was granted upon signing the initial Activity Statement at the first interview, regardless of any employment outcome). Another 70% per cent was paid for an Interim payment (13 weeks of continuous employment or education). The Productivity Commission notes that this set of payment incentives lead to the practice of 'parking' hard to place individuals in order to qualify for the interim payment. The financial incentive can take precedence over a quality outcome for the client. The Productivity Commission (2002: 36) noted:

There are weaker financial incentives for helping those who are less responsive to assistance in an outcomes-based system... The high level of commencement fees (combined with the fact that most 'outcome' payments are paid for outcomes that would have occurred anyway) reduces the financial incentives for providers to achieve additional outcomes. Proposed outcome fees in ESC3 will be lower than in ESC2, but this will be offset by the fact that they will apply whenever a job seeker gets a job (that is, they are not restricted to the 12 month period of Intensive Assistance, as now). Consequently, outcome payments will account for a similar share of revenue in the new proposed arrangements as in the current arrangements.

The financial incentives built into the Job Network can work against the interest of reducing the rate of participation reports submitted to Centrelink. These performance incentives manifest in the increasing number of participation reports being submitted by the Job Network (Table 4) and the decreasing number of Centrelink applied breaches (Table 3). These conflicting demands place Centrelink and its staff in a difficult position because Centrelink has contractual relations with both DEWR and FACS.

To further understand these dynamics we need to examine the reasons that submitted participation reports do not result in a breach. Table 5 represents Job Network, Work for the Dole and Community Work Coordinator reasons for submitting participation reports, and those revoked on appeal by Centrelink.

Analysis of this data shows similar trends to Table 4 with more breaches being imposed by Centrelink in 2000/2001 than in 2001/2002⁶. Analysis of this data suggests that Job Network providers, Work for the Dole and Community Work Coordinators are submitting participation reports that do not result in a breach when investigated by Centrelink.

⁶ Please note that a difference exists between DEWR and Centrelink data. Please refer to Appendix B for a detailed explanation.

Table 5
Job Network, Work for the Dole and Community Work Coordinator
participation report reasons that were imposed and not applied or revoked on
appeal for July 2000-June 2001; July 2001- June 2002.

Job Network participation report reason	2000-2001 Imposed breach	2001-2002 Imposed breach	2000-2001 Not applied* or revoked on appeal	2001-2002 Not applied or revoked on appeal
Did not attend interview to negotiate PFWA with JN	55,278 (45.3%)	28,922 (26.9%)	66,785 (54.7%)	78,655 (73.1%)
Not complying with the terms of Activity Agreement	17,667 (51.8%)	12,245 (33.8%)	16,448 (48.2%)	23,942 (66.2%)
Didn't attend JN interview following job search training referral	12,935 (43.5%)	1,356 (28.8%)	16,794 (56.5%)	3,348 (71.2%)
Delay in entering into a PFWA with job network member	2,813 (40.3%)	1,149 (24.1%)	4,169 (59.7%)	3,612 (75.9%)
Failed to attend Job search training interview to negotiate PFWA	2,582 (44.6%)	8,335 (29.5%)	3,205 (55.4%)	19,943 (70.5%)
Failed to attend for a job interview	1,679 (34.2%)	837 (24.0%)	3,235 (65.8%)	2,649 (76.0%)
Didn't complete JST (not PFWA) due to misconduct	1,454 (57.8%)	215 (42.9%)	1,062 (42.2%)	286 (57.1%)
Failed to attend on expected to date	1,020 (47.0%)	126 (32.2%)	1,148 (53.0%)	265 (67.8%)
Declined the offer of a job/course interview	765 (31.7%)	395 (21.0%)	1,645 (68.3%)	1,489 (79.0%)
Failed to start a job as planned	739 (29.1%)	367 (17.3%)	1,800 (70.9%)	1,757 (82.7%)
Fail to comply Job Search Training PRWA - didn't start training	435 (46.8%)	887 (31.5%)	494 (53.2%)	1,932 (68.5%)
Didn't complete Job Search Training (PFWA) due to misconduct	409 (50.7%)	1,312 (38.5%)	397 (49.3%)	2,093 (61.5%)
Delay/failed to enter Job Search Skill Plan	252 (36.1%)	31 (25.4%)	447 (63.9%)	91 (74.6%)
Failed out of area job search	74 (26.7%)	127 (19.4%)	203 (73.3%)	527 (80.6%)
Delay entering into PFWA with job search training provider	32 (45.7%)	104 (30.1%)	38 (54.3%)	241 (69.9%)
Sub-Total	98,134 (45.4%)	56,408 (28.6%)	117,870 (54.6%)	140,830 (71.4%)
Work for the dole (WFD) and Community work coordinator (CWC) reason				
Didn't attend Work for the Dole interview	21,423 (39.6%)	12,681 (23.7%)	32,636 (60.4%)	40,715 (76.3%)
Failed to attend Work for the Dole project	10,028 (50.7%)	7,709 (29.0%)	9,737 (49.3%)	78,889 (71.0%)
Refused enter into compulsory Work for the Dole project	410 (38.9%)	298 (18.3%)	643 (61.1%)	1,333 (81.7%)
Misconduct on Working for the Dole project	168 (65.6%)	105 (37.52%)	88 (34.4%)	175 (62.5%)
Sub-Total	32,029 (42.6%)	20,793 (25.4%)	43,104 (57.4%)	61,112 (74.6%)
Total	130,163 (44.7%)	77,201 (27.6%)	160,974 (55.3%)	201,942 (72.4%)

Source: Centrelink; activity test breaches for July 2000-June 2001 and July 2001-June 2002, (unpublished data). Centrelink supplied this data in response to an FOI request. *Means immediately rejected, or the client has had them revoked on appeal.

2.1.1 A qualitative understanding of participation reporting in the Job Network

So far the analysis has focused on aggregate figures and the business incentives that lead to participation reports being sent early and often. This section seeks to illustrate some of the different rationalities underpinning decision making within individual Job Network agencies. The discussion shows that there are case managers that see their core business as assisting unemployed people, with clear policies about the circumstances for making participation reports and there are agencies that send in participation reports early and often.

The Productivity Commission Review of the Job Network noted that participation reporting notification rates vary significantly for different Job Network agencies and that providers with a profit-orientation had significantly higher breaching notification rates (12% more) than those with a not-for-profit orientation (Productivity Commission, 2002). However, the Independent Review noted that:

the variations in breaching notification rates do not appear likely to reflect strategic considerations on the part of Job Network Providers but, rather, differences in views about how tightly to implement breaching policy and ways of motivating job seekers (Productivity Commission, 2002: 6.22).

Table 5 indicated that the high rate of participation reports not being applied maybe a result of providers not sufficiently substantiating their recommendations and because job seekers are subsequently providing satisfactory evidence to Centrelink regarding their failure to comply. It could also be the case that in some instances Centrelink staff are unwilling to provide Job Network staff with additional information about a job seeker's circumstances, due to privacy requirements. When this occurs, some Job Network staff may simply submit a participation report so that Centrelink can 'sort it out' (Bigby and Files, 2003). It may also be the case that some Job Network providers shift the cost of chasing up job seekers to Centrelink.

In most circumstances, Job Network providers are not required to contact the job seeker, investigate reasons for non-compliance or ascertain how compliance could be achieved (Pearce, et al., 2002). The 'burden of proof' is therefore weighted against the job seeker and in favour of the provider. This situation creates few incentives to establish what the problem is and what the circumstances are of the individual client. This theme is evident in some pilot research undertaken by the Centre for Applied Social Research (CASR) and the University of Queensland into the case management relationship operating in the Job Network (Marston and McDonald, 2003).

The following account of an Intensive Assistance client reflecting on her interaction with a for-profit job network provider provides an illustrative example of what some people experience as very limited flexibility on the part of a Job Network case manager:

Sally: It's not acknowledged that you do have other commitments like the fact that he just made this appointment for me, and I did say to him, "Well in fact I can't make that day because there's a Christmas party at the Foster Grandparents and that's when he said, "If you don't make that appointment, I

will breach you". And they are supposed to be flexible? And they're supposed to be a customised, personalised system.

In other cases, some case managers involved in the study prided themselves on the fact that they made many attempts to make contact with job seekers and initiated a participation report as a last resort. This theme is illustrated by the following excerpt from a case manager in a non-profit Job Network agency in inner-city Melbourne:

Case Manager 1: I mean I've had people in absolute hysterics because they thought they might have missed something on their activity agreement and then they might get breached and it's like...no you're fine. I mean it's very much the policy here that if someone is not complying with their agreement or they haven't turned up for appointments we try and contact them.

Interviewer: You don't just breach them.

Case Manager 1: No, no. I mean, I hate breaching it's a pain in the bum. In one case I tried over a week and a half to contact this person. I tried to contact him sixty times by phone and fax because I wanted to give him as much opportunity. But in the end I had to do a report on him, which meant that Centrelink breached him.

In other cases participation reports were used as a way of engaging clients to show them that the agency meant business. This can occur when a job seeker has not responded to letters requesting their attendance at an initial interview. The following interview excerpt uses the metaphor of 'needing a good slap' to illustrate how participation reports are used as a trigger:

Case Manager 2: I think it works because you know we all need a bit of a slap sometimes...you know, you need a bit of love, but you need a good [slap], just to pull them back into line, it doesn't mean they are going to have an automatic deduction from their payment.

Similarly, another Case Manager, in this case from a non-profit job Network agency in Brisbane indicated that participation reporting is a necessary part of the job:

Case Manager 3: If they don't show we have to notify Centrelink. I'm not into cutting people off their benefits. That's not what we're about. It's an unfortunate circumstance, but in some cases it's required. You've got to do it because there are some lazy ones out there without a doubt and I've probably got 20 per cent or so on my caseload.

Participation reporting is recognised by Job Network staff as a coercive measure; however, it is also seen to be a useful and 'reasonable' tool by some case managers:

Case Manager: Look, I'm amazed how OK people are once they get breached. I'm ideologically opposed to breaching, but it has been a reasonable tool, surprisingly good tool to get people to really pull their finger out and do what's expected of them, and I suppose fulfil this mutual obligation that they've got with Centrelink. Look, most people...humans don't like being

unproductive, once you show them and get their attitude turned around, it's amazing the difference that can make, and sometimes if the positive stimulation is not sufficient to make them do what they need to do, then sometimes the negative stimulus will get them doing what they need to do.

What the CASR and University of Queensland pilot study points to is a high degree of variability in relation to the practice and rationale for submitting participation reports to Centrelink (Marston and McDonald, 2003). Some case managers used the participation reports as a last resort, while others submitted a participation report after only making one attempt to contact the person. These processes warrant further investigation, particularly in terms of how individual Centrelink staff are responding to submitted participation reports, including what factors they take into account.

Other qualitative research evidence suggests that some providers exercise neither leniency nor due process before making breach recommendations to Centrelink (Pearce, cited by Bigby and Files, 2003). A recent qualitative study, undertaken by Bigby and Files (2003) into the breaching practices of a for-profit job network provider in Victoria suggests that the degree of discretion depends on the nature of the contact with the agency. Job Network providers have a certain degree of discretion in deciding how to deal with a job seeker's failure to meet their obligations (Considine, 1999). The study undertaken by Bigby and Files (2003) found that if the job seeker failed to attend the first interview with the organization after being referred for Intensive Assistance all staff indicated that they would attempt to contact them via phone within 24 hours of not attending the interview. If the job seeker was not contactable or failed to notify the agency within 24 hours of not attending the interview, staff automatically forwarded a breach recommendation to Centrelink. However, where staff had established a working relationship with a job seeker there was considerable variability in the decision to send a participation report, which indicates that it is easier to submit a breach recommendation when a working relationship had not yet been formed.

In this study, the researchers found that staff fell into two broad types of decision makers. Just under half of the 11 staff interviewed said they would seek out additional information, whilst the other group made decisions on the information available to them. This latter group, referred to by the researchers as the 'enforcers' showed little leniency and tended to assume the worst of job seekers. The second group, the 'history seekers' sought information about the job seeker's history and life experience, taking into account the 'job seekers' vulnerability, social disadvantage and previous endeavors to obtain work (Bigby and Files, 2003). These findings illustrate the variability of communication patterns and decision-making style within one agency. This level of variability may also be present in the case of Centrelink decisions about whether to impose or revoke a breach.

2.1.2 Centrelink reasons for rejecting participation reports

When Job Network providers and Community Work Coordinators submit a participation report it is sent to Centrelink to be assessed as valid or invalid. Centrelink then provides DEWR with information outlining whether the participation report was accepted as valid or rejected as invalid. Participation reports found invalid are placed into 25 categories explaining why Centrelink deems them inappropriate.

Table 6
Reasons provided by Centrelink why a participation report from Job Network or Community Work Coordinators was not imposed as a breach for July 2000- June 2001; July 2001- June 2002; July 2002- February 2003.

Rejection/revoke reason by Centrelink	July 2000- June 2001	July 2001 - June 2002	July 2002 - February 2003
Process Issues			
Letter sent to incorrect address	11,421	10,948	6,870
Duplicate participation report submitted	5,672	6,084	4,689
Notice to job seeker not reasonable	5,495	5,037	2,530
Insufficient supporting documentation	4,035	6,518	5,093
Incorrect letter used	3,140	3,682	2,284
Referral inappropriate for job seeker	N/A	2,906	3,531
Centrelink breach responsibility	2,728	3,451	1,647
Job unsuitable and no training provided	367	427	256
Report rejected (incomplete)	162	N/A	N/A
Revoked by original decision maker	89	51	13
Report submitted in error	7	N/A	N/A
Sub-total	33,116	39,104	26,913
Personal issues			
Job seeker had 'other' reasonable excuse	40,185	52,984	37,325
Job seeker incapacitated at time of interview	11,961	15,947	13,616
Job seeker had 'personal' factors	N/A	9,302	16,116
Job seeker moved out of area	6,969	8,463	6,992
Job seeker had 'unexpected event'	4,704	5,546	2,938
Temporarily out of area at time of request	N/A	2,405	4,376
Court appearance or police restrictions	553	959	1,658
Sub-total	64,372	95,606	83,021
Communication issues			
Job seeker employed / payments ceased	18,624	17,182	18,673
Job seeker working on day of interview	12,888	19,106	17,766
Job seeker was attending job interview	2,208	2,407	2,353
Job seeker now a full time student	N/A	1,344	1,749
Job seeker didn't understand request	N/A	1,244	2,221
Sub-total	33,720	41,283	42,762
Other Issues			
Participation report withdrawn	15,807	11,670	7,173
Decision set aside following review	9,105	6,643	943
Sub-total	24,912	18,313	8,116
Total	156,120	194,306	160,812

Source: Department of Employment and Workplace Relations; participation reporting rejection reasons 2003, (unpublished data). This data was supplied by DEWR in response to an FOI appeal.

Table 6 groups the reasons why Centrelink rejects some participation reports into four sections. These categories are not used by Centrelink, but have been used here to identify the different types of issues that arise:

- **Process Issues:** when a Job Network provider, Work for the Dole and/or Community Work Coordinators submits a participation report that is rejected by Centrelink because the report was not correctly completed and/ or contained an error. Circumstance of this nature would include a letter being sent to the incorrect address. In these criteria, we believe that in some cases better communication practices between DEWR, FACS and Centrelink may reduce future participation report inaccuracies.
- **Personal Issues:** participation reports that are rejected by Centrelink because the job seekers is found on further investigation (by Centrelink) to have a 'reasonable' justification for not incurring a breach. Such circumstance would include a job seeker who was ill or had to attend a funeral.
- **Communication issues:** participation reports that are overturned by Centrelink because on further investigation (by Centrelink) the job seeker had a valid reason for failing to comply. A job seeker, for example, may have gained employment independently from the Job Network provider and failed to notify them of their change in employment status. Alternatively, it could be that the Job Network provider had been notified of the change of employment details but failed to adequately document these changes, or the job seeker notified Centrelink of their change in employment but Centrelink failed to notify the Job Network provider. In these circumstances, we believe that communication issues can represents a failure of all three parties to adequately inform each other of changes that affect job seekers obligations to Job Network providers, Work for the Dole and Community Work Coordinators.
- **Other issues:** represent the withdrawal of a participation report by Centrelink or that the job seeker is seeking review and the decision has been set aside pending the outcome of that review. As no further details are provided as to why these participation reports are withdrawn, we are unable to explore why the participation reports are not applied.

Centrelink voiced their concern about the lack of consistency in participation reports submitted to them by Job Network providers in their submission to the Independent Inquiry, stating that:

the variability in ratios of breach recommendations to customer base between providers is of concern as it indicates widely different approaches. The result is that many unsustainable breach recommendations are made by the very organisations that, because of their assessment role, are best placed to identify people at risk (Productivity Commission, 2002: 6.23).

Clearly, some critical issues need to be addressed relating to Job Network providers, Work for the Dole and/or Community Work Coordinators practices in submitting participation reports. The next section examines participation reports that result in Centrelink imposing a first, second or third breach penalty.

2.1.3 Participation report outcomes that result in 1st, 2nd and 3rd breaches.

As discussed earlier in this report, job seekers who incur an activity penalty will be financially penalised through a reduction in their Centrelink payment. Activity and administrative breaches are recorded over two years with a first time activity test breach resulting in a reduction of payment of 18% for 26 weeks. Further incursion of activities test breaches during this period will result in second (24% reduction for 26 weeks) and third breaches (no payment for 8 weeks) consecutively.

In response to criticism regarding the harshness of breaches, particularly third breaches, a 'third breach alert' program was implemented in June 2001 (Senate Estimates Hearing, 2002). This program is activated when a job seeker is being considered for a third breach. A specialist officer (social worker or occupational psychologist) consults with the job seeker to ascertain whether the job seeker has special needs or is unable to comply with mutual obligation requirements. This is aimed at identifying job seekers who are most likely to be at risk of being breached and aid them in complying with mutual obligation criteria.

Another program was implemented in July 2001 where under certain circumstances job seekers are 'clean slated' and their breach is waived (FACS, 2003). This applies to all participants who incur a breach and commence a Work for the Dole placement. Newstart recipients may also be 'clean slated' for certain breaches if they commence a Community Support Programme. In July 2002, 'clean slated' was extended further to include Newstart recipients who commence formal vocational training, or a rehabilitation program. However, the breach is not removed from the job seekers history, only the penalty is waived (FACS, 2003).

Table 7 represents participation report outcomes that result in Centrelink imposing a reduced payment (1st or 2nd breach), no payment (3rd breach) or a penalty that is applied but then waived (clean slated) for the present and two previous financial years.

Table 7 indicates that Job Network, Work for the Dole and Community Work Coordinators participation reports resulted in Centrelink imposing less third breach penalties in 2002/2003 than in previous years. All participation reports imposed by Centrelink have decreased significantly in 2002/2003, which corresponds with the above changes in breaching policy. However, there are still substantial breaches (5,191) imposed for third activity test breaches related to Job Network, Work for the Dole and Community Work Coordinator programs which result in job seekers losing their entire benefit for eight weeks. 'Clean slated' breaches have increased over three years, which partly reflects the expansion of the program.

Table 7

Participation reporting outcomes by Job Network providers, Work for the Dole and Community Work Coordinators that result in Centrelink imposing a reduced payment, no payment penalty or 'clean slated' for the present and two previous financial years.

	Reduced payments 1 st or 2 nd breach	No payment 3 rd breach	Penalty applied but then waived (clean slated)	Total no. of participation reports
1 st July 2000 - 30 th June 2001	85,846 (76%)	19,300 (17%)	7,235 (7%)	112,381 (100%)
1 st July 2001 - 30 th June 2002	52,117 (69%)	15,144 (20%)	7,921 (11%)	75,182 (100%)
1 st July 2002 - 28 th Feb 2003	32,331 (75%)	3,460 (8%)	7,443 (17%)	43,234 (100%)
1 st July 2002 - 30 th June 2003*	48,496 (75%)	5,191 (8%)	11,164 (17%)	64,851 (100%)

Source: Department of Employment and Workplace Relations; participation reporting outcomes 2003, (unpublished data). This data was supplied by DEWR in response to an FOI appeal.

*This data is a projected estimate only and has been calculated by dividing the participation reports that resulted in a reduced payment or no payment breach into months and calculating this figure by the remaining months to complete the financial year.

Table 8 represents the percentage of clients in 2000-2001; 2001-2002 who incurred a 1st, 2nd and 3rd breach penalty from a participation report submitted by Job Network providers, Work for the Dole and Community Work Co-ordinators.

Table 8

Total percentage of clients for 2000-2001; 2001-2002 from Job Network, Community Work Coordinators and Work for the Dole who have a Participation Report resulting in a 1st, 2nd and 3rd breach.

	2000-2001	2001-2002
1 st breach (18%)	9.2%	5.3%
2 nd breach (24%)	5.9%	3.8%
3 rd breach (100%)	3.6%	2.5%

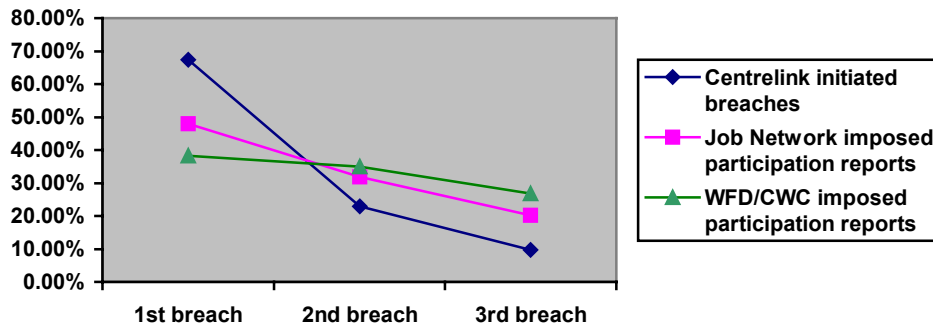
Source: Department of Employment and Workplace Relations; total number of job seekers 2003, (unpublished data). This data was supplied by DEWR in response to an FOI appeal.

Centrelink; activity and administrative test breaches for July 2001-June 2002(unpublished data). Centrelink supplied this data in response to FOI requests.

Analysis of Table 8 indicates that first, second and third breaches have decreased substantially from 2000-2001 to 2001-2002. Nevertheless, one in twenty job seekers engaging in Job Network, Work for the Dole or Community Work programs in 2001-2002 incurred a first breach penalty and consequently an 18% reduction in their income. While this rate has improved from 2000-2002, no data is currently available to assess if these trends have continued for 2002-2003. Figure 1 represents the percentage of 1st, 2nd and 3rd breaches imposed by Centrelink for Job Network, Work

for the Dole, Community Work Coordinators and Centrelink initiated breaches for 2001/2002.

Figure 1
Percentage of 1st, 2nd and 3rd breaches imposed by Centrelink for Job Network providers, Work for the Dole, Community Work Coordinators and Centrelink initiated breaches from 1st July 2001 - 30th June 2002.



Source: Centrelink; activity test breaches for July 2001-June 2002, (unpublished data). Centrelink supplied this data in response to an FOI request.

Analysis of Centrelink data for breaches that were imposed by Centrelink for Job Network providers, Work for the Dole / Community Work Coordinator and Centrelink initiated breaches, show that of all Centrelink's initiated breaches 67% are first breach penalties. Job Network providers have only 48% of all their imposed participation reports resulting in first time breaches and Work for the Dole/Community Work Coordinators have even less first time breaches (38%). This trend continues for second breaches with Centrelink initiated breaches comprising 23% of their total imposed breaches. Whereas Job Network providers have 32% and Work for the Dole /Community Work Coordinators have 35% of participation reports resulting in a second breach penalty. Third breaches that result in no payment to the job seeker for eight weeks equals 10% for all Centrelink initiated breaches compared to a significant increase of 20% for Job Network providers and an even higher 27% for Work for the Dole/Community Work Coordinators.

Analysis of Figure 1 suggests that Work for the Dole and Community Work Coordinators are just as likely to submit reports for first time breaches (38%) as they are for second (35%) and marginally less for third time breach penalties (27%). While Job Network providers do not submit participation reports for as many third time breach penalties (20%) they are much more likely to do this than Centrelink (10%). This may be due to Centrelink being more aware of what type of breach the job seeker is incurring (i.e.: first, second or third breach) and may therefore investigate in more depth why the job seeker has not complied with mutual obligation requirements. It is important to note, that due to privacy requirements, Job Network providers do not have access this information about the job seeker, that is they cannot see anyone's 'breach history'. This lack of information makes it impossible for Job Network providers and Community Work Coordinators to understand the possible consequences of submitting a participation report.

Differences may also be reflected in criteria specification, where job seekers are more likely to refuse to comply with specific criteria for Job Network providers, Work for the Dole and Community Work Coordinators. The next section of this report analyses participation reports that result in a Centrelink breach, but which are then revoked through client appeal.

2.2 Breaches revoked through client appeal

If job seekers incur a breach through Centrelink and believe they have been unfairly breached they are able to appeal the decision, which is part of the procedural fairness of the system. Centrelink has a standard appeals process involving a number of levels.

In many cases the job seeker first becomes aware of the breach when they find part or all of their benefits have been withdrawn (Pearce et al., 2002). When job seekers are alerted to a breach, Centrelink encourages those who feel they have been unfairly breached to first contact the Centrelink officer who made the initial decision. This enables the job seeker and the officer to discuss any relevant issues and if the officer believes the job seeker has a reasonable excuse for not complying with mutual obligation criteria they can overturn the breach (Centrelink, 2003b).

If the job seeker is still unhappy with the decision they can request a review of the decision by an Authorised Review Officer (ARO). An Authorised Review Officer is someone who has had no previous involvement with the initial breach decision and can overturn, vary or affirm the original decision. According to Centrelink guidelines, ARO reviews are to be completed within 28 days and reviews where the job seeker has no income are to be completed within 14 days (Centrelink, 2002a).

If job seekers are still not satisfied with the decision handed down by the ARO review then they can apply to the Social Security Appeals Tribunal (SSAT) for a review (Centrelink, 2003b). SSAT is an independent statutory tribunal that is the first level of external review of social security payment decisions. SSAT can set aside a decision, make a new decision or send back decisions to Centrelink with directions or recommendations. SSAT must respond to both parties of a decision with 14 days of the hearing (Centrelink, 2003b). However, it can take up to seven days for a SSAT review to be forwarded by Centrelink and another 28 days for Centrelink to submit a statement relating to the facts and evidence of the case (Centrelink, 2002a). The job seeker then has to wait for the appeal to be heard, which on average for 2001/2002 took up to 42 days (SSAT, 2002).

If job seekers are still not satisfied with the review decision by SSAT, they can apply to the Administrative Appeals tribunal (AAT) for an appeal of the decision. This must be lodged within 28 days of receiving a decision from SSAT. Decisions made by the AAT are binding to both parties and can only be appealed to the Federal court if it is a question of law (Centrelink, 2003b).

Table 9 represents initial and current participation reports that were imposed by Centrelink as a breach for Job Network, Work for the Dole and Community Work Coordinator criteria, including breaches that were revoked through client appeal.

Table 9
Initial and current Participation Reports (PR) imposed by Centrelink for Job Network providers and Community Work Coordinator criteria and breaches from that criteria that were revoked by client appeal from 2000/2001; 2001/2002 and 2002/2003.

	Initial PR breach imposed by Centrelink for JN, & CWC breach criteria	Current PR breach imposed by Centrelink for JN, & CWC breach criteria	Revoked by client via appeal
1 st July 2000-30 th June 2001	171,078	112,381 (65.7%)	58,697 (34.3%)*
1 st July 2001-30 th June 2002	124,360	75,182 (60.5%)	49,178 (39.5%)*
1 st July 2002-28 th Feb 2003	52,930	43,234 (81.7%)	9,696 (18.3%)*
1 st July 2002-30 th June 2003#	79,395	64,851 (81.7%)	14,544 (18.3%)*

Source: Department of Employment and Workplace Relations; participation reporting outcomes 2003, (unpublished data). This data was supplied by DEWR in response to an FOI appeal.

*Revoked client appeals were calculated by subtracting initial PR from current PR. DEWR states that while there will be some discrepancies in this data this is the most accurate way of identifying clients whose imposed PR was successfully appealed.

#This data is a projected estimate only and has been calculated by dividing the participation reports that resulted in a reduced payment or no payment breach into months and calculating this figure by the remaining months to complete the financial year.

Analysis of Table 9 indicates that the number of job seekers who were breached inappropriately has reduced significantly in the current financial year compared to the previous two financial years. In 2000/2001, 58,697 breaches were overturned through an appeals process. This figure compares with 49,178 in 2001/2002. These figures have reduced substantially for July 2002 to February 2003 with 9,696 unfair breaches, and are projected to be 14,544 for the whole financial year of 2002/2003. While this reduction is a welcome sign, it is still concerning that 18.3% of all imposed breaches are found to be inappropriate through an appeals process.

As stated earlier, for most people who go through an appeals process, the first they learn of having incurred a breach is when they find that part or all of their expected income (social security payments) is missing. This obviously causes significant stress and financial difficulty for the penalised client who has been unfairly breached. Significant time delays can be incurred for those who do not have their decision immediately overturned by the original decision-maker.

In response to an FOI request, Centrelink and DEWR have indicated that they are unable to distinguish between job seekers who have their breach decision overturned by the original decision maker and those reviewed by ARO, SSAT and AAT. According to data provided by Centrelink for the Senate Estimates Hearing (2002), however, it appears that for 2000/2001 the majority of all breaches appealed (this includes Centrelink, Job Network and Community Work Coordinator breach criteria) are actually overturned by the original decision-makers. Of successful appeals of

breaches in 2000/2001, 13,553 breaches were overturned at an ARO review, 1,114 were overturned at SSAT reviews and 86 breaches were overturned at the AAT (Senate Estimates Hearing, 2002). Calculation of the above data with the overall imposed breach rates for 2000/2001, indicates that 4% of all breaches imposed for 2000/2001 were found to be inappropriate through appeal at either ARO reviews, SSAT or AAT. These job seekers were without part or all of their income for at least 14 days.

Job Network data for 2000/2001 indicates that 34% of participation report breaches are overturned through review by either the original decision maker, ARO reviews, SSAT or the AAT. However, ARO, SSAT or AAT overturns only 4% of all Centrelink breaches. These figures indicate that a significant proportion of job seekers are breached unfairly. However, young job seekers are particularly vulnerable because they are not as successful in having their breaches overturned in comparison to their older counterparts. In the next section, we explore this phenomenon in more detail.

2.3 Breaching young people

Young people, aged 25 years or less, continue to incur the majority of Centrelink breaches (Lackner, 2001). This raises questions about communication and appropriate ways of engaging young people. Recent research undertaken by the Brotherhood of St Lawrence (Jope and Beaumont: 2003) suggests that young people on Youth Allowance generally do not understand the purpose of Preparing For Work Agreements (PFWAs) and do not know they can negotiate the activities included within them. Mutual Obligation (MO) activities were a particular source of confusion and frustration among the Brotherhood's research sample. The study (Jope and Beaumont, 2003) recommends a number of initiatives to address communication problems. In particular, the study found that:

- Centrelink needs to do more to ensure disadvantaged young job seekers understand its assessment and referral role and its relationship with the Job Network.
- Some Centrelink officers require better interpersonal skills to develop rapport with YA job seekers that is essential for accurate assessments of job readiness.
- Some Centrelink officers require better knowledge of the youth labour market and youth services necessary for the design of effective YA Preparing for Work Agreements.

Table 10 represents age differences for the number of clients in 2000-2001; 2001-2002 from Job Network, Community Work Coordinators and Work for the Dole who incur a Participation Report that resulted in a 1st, 2nd and 3rd breach.

Table 10
Age differences for percentage of clients for 2000-2001; 2001-2002 from Job Network, Community Work Coordinators and Work for the Dole who have a Participation Reports resulting in 1st, 2nd and 3rd breach.

2000-2001	<18-29 years	30->=60 years
1 st breach (18%)	14.2 %	5.3%
2 nd breach (24%)	10.0%	2.8%
3 rd breach (100%)	6.5%	1.4%
2001-2002	<18-29 years	30->=60 years
1 st breach (18%)	8.2%	3.1%
2 nd breach (24%)	6.4%	1.9%
3 rd breach (100%)	4.5%	1.1%

Source: Department of Employment and Workplace Relations; total number of job seekers 2003, (unpublished data). This data was supplied by DEWR in response to an FOI appeal. Centrelink; activity and administrative test breaches for July 2000-June 2001; July 2001-June 2002 (unpublished data). Centrelink supplied this data in response to FOI requests.

Analysis of Table 10 demonstrates that while young people aged 29 years and under constitute only 43% of job seekers who use Job Network, Work for the Dole and Community Work services, they are two and a half times more likely than clients aged 30 years and over to incur a first time breach for both 2000-2001 and 2001-2002. This figure increases with second time breaches where young people aged 29 years and under are three and a half times more likely to incur a 24% reduction to their income in 2000-2001 and 2001-2002. This figure escalates further for third time breach penalties which result in a total loss of payment to job seekers. They were four and a half times more likely in 2000-2001 to incur a third breach penalty and four times more likely in 2001-2002 if aged 29 years and under compared to their older counterparts aged 30 years and over⁷.

In 2000-2001 Job Network, Work for the Dole and Community Work programs had 43.2% of their total 'client' population aged 29 years and under compared to 56.8% aged 30 years and over. These figures shifted marginally in 2001-2002 with 28,226 fewer clients overall engaged in these programs and 43% aged 29 years or under and 57% aged over 30 years. These figures support research that claims that young people are breached at much higher rates than their older counterparts (Lackner, 2001) even though people aged 30 years and over are more likely to engage in Job Network, Work for the Dole and Community Work services.

Table 11 represents age differences for Job Network, Work for the Dole and Community Work Coordinator clients who have a participation report submitted on them, but which does not result in a Centrelink breach.

⁷ Please refer to appendix C for a more detailed breakdown on age groups for 1st, 2nd and 3rd breaches imposed by Centrelink as a result of a participation report submitted by Job Network providers, Work for the Dole and Community Work Co-ordinators.

Table 11
Age differences for percentage of Job Network, Work for the Dole and
Community Work Coordinator clients whose Participation Report was not
imposed by Centrelink.

		>18-29 years	30- >=60 years
2000-2001	Number	105,167	55,816
	Percentage	35.3%	14.2%
2001-2002	Number	133,129	68,813
	Percentage	46.7%	18.3%

Source: Department of Employment and Workplace Relations; participation reporting outcomes & total number of job seekers 2003, (unpublished data). This data was supplied by DEWR in response to an FOI appeal.

Analysis of Table 11 indicates that young people aged 29 years and under are twice as likely for the financial years of 2000-2001 and 2001-2002 to have a participation report submitted on them by Job Network providers, Work for the Dole and Community Work Co-ordinations, compared to their older counterparts aged 30 years and over.

However, as indicated earlier (refer to Table 10) young people aged 29 years and under incur on average three and a half times more breaches than their older counterparts, aged 30 years and over. As such, young people are more likely to have a participation report submitted to Centrelink, they are subsequently more likely to incur a breach, but they are less likely to have it over turned than their older counterparts⁸.

Data from Table 11 demonstrates that participation reports are exceptionally high with one in two young people aged 29 years or under having a report submitted on them for 2001-2002 by Job Network providers, Work for the Dole and Community Work Coordinators, which are subsequently not imposed as a breach by Centrelink.

Table 12 represents age differences for Centrelink breaches resulting from a participation report from the Job Network and Community Work Coordinator criteria, and breaches that were revoked through client appeal.

⁸ Please refer to appendix D for a more detailed breakdown on age groups for Job Network, Work for the Dole and Community Work Coordinator clients who have Participation Report revoked by Centrelink.

Table 12

Age differences for initial and current Participation Reports (PR) made by Job Network providers and Community Work Coordinator criteria and Centrelink breaches that were revoked by client appeal for 2000/2001, 2001/2002 and 2002/2003.

	Age	Initial PR imposed by Centrelink for JN, & CWC criteria*	Current PR imposed by Centrelink for JN, CWC criteria^	Revoked by client appeal#
1 st of July 2000 – 30 th of June 2001	<18	3,928	2,603	1,325 (33.7%)
	18-20	33,119	22,895	10,224 (30.9%)
	21-24	42,950	28,746	14,204 (33.1%)
	25-29	38,677	25,362	13,315 (34.4%)
	30-39	35,248	22,337	12,911 (36.6%)
	40-49	12,703	7,871	4,832 (38.0%)
	50-59	4,258	2,461	1,797 (42.2%)
	>=60	195	106	89 (45.6%)
	Total	171,078	112,381 (65.7%)	58,697 (34.3%)
1 st of July 2001 – 30 th of June 2002	<18	3,312	1,901	1,411 (42.6%)
	18-20	24,668	15,032	9,636 (39.1%)
	21-24	32,204	20,631	11,573 (35.9%)
	25-29	27,218	16,592	10,626 (39.0%)
	30-39	25,253	14,482	10,771 (42.7%)
	40-49	8,665	4,956	3,709 (42.8%)
	50-59	2,886	1,526	1,360 (47.1%)
	>=60	154	62	92 (59.7%)
	Total	124,360	75,182 (60.5%)	49,178 (39.5%)
1 st of July 2002 – 28 th February 2003	<18	1,951	1,637	314 (16.1%)
	18-20	11,563	11,113	450 (3.9%)
	21-24	13,766	11,333	2,433 (17.7%)
	25-29	10,727	8,307	2,420 (22.6%)
	30-39	10,668	7,877	2,791 (26.2%)
	40-49	3,322	2,348	974 (29.3%)
	50-59	897	597	300 (33.4%)
	>=60	36	22	14 (38.9%)
	Total	52,930	43,234 (81.7%)	9,696 (18.3%)

Source: Department of Employment and Workplace Relations; participation reporting outcomes 2003, (unpublished data). This data was supplied by DEWR in response to an FOI appeal. *Initial is the first recording of a breach that has been imposed by Centrelink as a result of a participation report. ^ This is the recording of participation report breaches that are imposed and which continue to reduce client payment, minus breaches that have been overturned through an appeals process. # This category includes both breaches that have been overturned through an appeals process or those immediately assessed as inaccurate by Centrelink.

Analysis of Table 12 indicates that in the past two financial years young people aged under 25 years were less likely to have a breach overturned on appeal compared to their older counterparts. Furthermore, this trend appears to have intensified with young people in 2002/2003 less likely than in the two previous years to have their imposed breach overturned. In 2002/2003, young people aged 18-20 years successfully appealed only 3.9% of their imposed breaches. A difference in 2002/2003 of over 10% exists between young people aged under 25 years and those over 30 years who successfully appealed a breach decision.

Older people are more likely to incur an unfair breach and have it subsequently overturned compared to their younger counterparts. Young people may be less aware of their rights, less able to follow an appeal through, or feel less uncomfortable with challenging or questioning Centrelink staff. Clearly, there needs to be some further investigation into this issue so that young people are not forced to live with the consequences of an inappropriate breach. The Brotherhood of St Lawrence study (Jope and Beaumont, 2003) found that YA job seekers appreciate friendly and approachable Centrelink staff, but the prospect of being treated badly (sometimes based on past experience) causes some to avoid any unnecessary (and sometimes necessary) contact with the agency. This group is also likely to limit their disclosure of relevant personal issues, in the same way as homeless young people interviewed by Parkinson and Horn (2001). “One strategy to improve service provision could be the development of protocols to enable the collection and sharing of confidential information about clients by Centrelink and youth support agencies (with the client's consent and within privacy guidelines)” (Jope and Beaumont, 2003).

The 2002/2003 data outlined in Table 4 reflects a growing incidence of breaches being imposed as a result of a participation report. A Freedom of Information (FOI) request has been submitted to DEWR to obtain, among other things, a breakdown of participation report outcomes by private, for profit and not-for-profit Job Network providers. This request is now the subject of an Administrative Appeals Tribunal (AAT) hearing. If made available, an analysis of this material will be published at a later date.

Conclusion

This report has analysed Centrelink breaching data and participation reports of third-party agencies involved in employment services and complementary programs. The quantitative analysis suggests that Centrelink imposed breaches have in overall terms reduced, however, the rate of imposed breaches for young people on Youth Allowance remains high. The likelihood that young people will appeal a breaching decision is also lower than for other age groups. Qualitative research into this issue suggests that there are significant issues about communication, trust and engagement in relation to young people and the mutual obligation regime. The analysis would also suggest that the balance between sticks and carrots is not working in the case of young people. Punitive policies are simply leading to a significant number of young people losing valuable income.

In terms of third party agencies and participation reports the analysis has identified that Job Network agencies, in particular, have been increasing the number of reports they submit to Centrelink over the past three financial years. At the same time the analysis shows that Centrelink initiated breaches have declined over the same period. This discrepancy can partly be explained by the conflicting demands driving Job Network providers and the competing set of pressures informing decision-making within Centrelink. Considerable public pressure and scrutiny has been brought to bear on Centrelink to shift some of the practice around ‘breaching’. Moreover, the appeals process within Centrelink ensures a certain degree of due process and procedural fairness for those who are prepared and able to exercise their right of appeal.

A significant number of breaches that are not applied relate to administrative and process issues, rather than the individual failure of the client to meet an appointment or commitment outlined in their Preparing for Work Agreement. The analysis presented here suggests that the increasing rate of participation reports submitted by the Job Network cannot simply be blamed on the behavior of unemployed people. Moreover, questions need to be asked about whether the activity requirements are reasonable and whether the assessment processes are adequate and appropriate for different groups in the community. Confusion about mutual obligation requirements and the overriding focus on compliance with rules and requirements can be a significant problem for many job seekers, breeding resentment and avoidance (Ziguras et al., 2003).

On the other side of this equation the providers may also be faced with unreasonable demands over expected outcomes, hence the imperative to have a case load of job seekers that are more likely to meet a predetermined outcome. Qualitative research into the decision-making practices within individual Job Network agencies suggests that there is considerable variation in submitting participation reports. The illustrative analysis presented here has shown that some case managers make significant attempts to find out the circumstances surrounding failure to meet the requirements of the Activity Statement, while other agencies send Centrelink participation reports early and often.

The administration of employment services and the compliance regime associated with mutual obligation consists of many parts and competing objectives. The Information Technology system, the competitive employment services market, the different roles of the different agencies (DEWR, FACS, Centrelink and Job Network providers) mesh together to deliver the broad policy agenda we now know as mutual obligation. In this sense, the operation of power in the employment services system is very diffuse. Decision-making and responsibility for the 'breaching' regime is deferred through the contractual chain of command. The costs of an incoherent and confusing system are borne by individual job seekers, raising important questions about the social and economic costs and benefits of the mutual obligation regime, particularly the personal consequences of inappropriate breaches that result in individual hardship.

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Appendix A

To be eligible for the Newstart Allowance you must:

- be over 21 years but under pension age;
- be unemployed;
- have income or assets under a certain amount;
- be prepared to enter into, comply with or vary an existing Preparing to Work Agreement;
- satisfy the Activities Test and Mutual Obligation;
- be in Australia the day you lodge your application;
- an Australian citizen; or
- the holder of a Special Category visa (www.centrelink.gov.au).

To qualify for the Youth Allowance you must:

- be aged 16-24 years and studying full time;
- be aged 15 years, studying full-time and considered independent; or
- be aged over 25 years and studying full-time, undertaking a combination of approved activities, or have a temporary exemption from activities test requirements (for example because you are ill); and
- you must satisfy an activities test by undertaking approved activities; and
- meet certain income and assets test requirements (including parental income and/or assets test if applicable); and
- be in Australia the day you lodge your application;
- an Australian citizen; or
- the holder of a Special Category visa (www.centrelink.gov.au).

Appendix B

Please note that there is a difference between the Department of Employment and Workplace Relations (DEWR) and Centrelink Freedom of Information data as demonstrated in the table below.

Differences in Job Network providers, Community Work Coordinators and Work for the Dole participation reports imposed and revoked by Centrelink for DEWR and Centrelink FOI data.

	DEWR Imposed	Centrelink Imposed	DEWR Revoked	Centrelink Revoked
2000-2001	112,382	130,163	156,120	160,974
2001-2002	75,182	77,201	194,306	201,942

Source: Department of Employment and Workplace Relations; participation reporting outcomes 2003, (unpublished data). This data was supplied by DEWR in response to an FOI appeal. Centrelink; activity and administrative test breaches for July 2000-June 2001; July 2001-June 2002 (unpublished data). Centrelink supplied this data in response to FOI requests.

This difference can be explained by DEWR data being based on the date of the participation report (PR) that was notified by the JN/CWC. DEWR also uses the result of the initial PR. Whereas Centrelink's data is based on the date that a decision was made on the PR (outcome date). Centrelink also uses the most 'current' decision (that is, it includes results where the initial decision to impose a breach may have been overturned following review/appeal). Therefore, DEWR data reflects any updates to breach decisions, whereas Centrelink take monthly 'snapshots' (DEWR, 2003; explanations provided by DEWR in FOI correspondence).

Appendix C

Age differences for percentage of clients for 2000-2001 from Job Network, Community Work Coordinators and Work for the Dole who have a Participation Reports resulting in a 1st, 2nd and 3rd breach.

	<18	18-20	21-24	25-29	30-39	40-49	50-59	>=60	Total
18%	12.6%	17.4%	13.4%	12.9%	8.7%	4.1%	2.2%	1.1%	9.2%
24%	5.7%	12.0%	10.2%	9.9%	5.2%	1.9%	0.7%	0.2%	5.9%
100%	2.1%	7.9%	7.0%	5.7%	2.8%	0.8%	0.3%	0.02%	3.6%

Source: Department of Employment and Workplace Relations; total number of job seekers 2003, (unpublished data). This data was supplied by DEWR in response to an FOI appeal. Centrelink; activity and administrative test breaches for July 2000-June 2001(unpublished data). Centrelink supplied this data in response to FOI requests.

Age differences for percentage of clients for 2001-2002 from Job Network, Community Work Coordinators and Work for the Dole who have a Participation Reports resulting in a 1st, 2nd and 3rd breach.

	<18	18-20	21-24	25-29	30-39	40-49	50-59	>=60	Total
18%	5.6%	9.8%	8.1%	7.6%	5.2%	2.4%	1.2%	0.6%	5.3%
24%	2.2%	6.8%	6.9%	6.3%	3.5%	1.2%	0.5%	0.1%	3.8%
100%	0.7%	4.4%	5.4%	4.4%	2.2%	0.6%	0.2%	0.06%	2.5%

Source: Department of Employment and Workplace Relations; total number of job seekers 2003, (unpublished data). This data was supplied by DEWR in response to an FOI appeal. Centrelink; activity and administrative test breaches for July 2001-June 2002(unpublished data). Centrelink supplied this data in response to FOI requests.

Appendix D

Percentage of clients for 2000-2001; 2001-2002 from Job Network, Community Work Coordinators and Work for the Dole who have a recommended Participation Reports revoked by Centrelink.

		<18	18-20	21-24	25-29	30-39	40-49	50-59	>=60	Total
2000-2001	No	3,771	28,225	37,686	35,485	35,256	14,001	6,125	434	160,983
2000-2001	%	23.3%	39.0%	35.5%	34.4%	23.1%	10.5%	6.4%	4.2%	23.3%
2001-2002	No	3,746	33,193	51,333	44,857	45,080	16,435	6,637	661	201,942
2001-2002	%	20.4%	47.1%	50.5%	47.4%	31.4%	12.9%	7.9%	5.7%	30.5%

Source: Department of Employment and Workplace Relations; participation reporting outcomes & total number of job seekers 2003, (unpublished data). This data was supplied by DEWR in response to an FOI appeal.