

ASKING THOSE WHO KNOW



A study of Australians on Centrelink payments

NOVEMBER 2021

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Asking those who know

Anglicare Australia believes that a fair society is one where everyone can live a dignified life and nobody lives in poverty. People are entitled to support while they look for work, to help when they study for the future, or to a pension to support themselves if they have a disability. Social security is critical to building a fair society, yet people who use this system have been left behind on low payments that come with draconian conditions.

This study has been conducted in response to these conditions, and to other major changes to social security over recent decades. These changes have many dimensions, but the most significant is that people now need to do much more to justify their income support payments than ever before. At the same time, support for individuals is constantly being wound back. Australia's social security system places ever more obligations and conditions on those it serves, while simultaneously reducing the support it offers to them.

How do people experience this system? Is it a regime that helps people, as it claims to? Or does it impose a burden on people's time, morale, and wellbeing?

To better understand the impact of Australia's social security system on people's lives, Anglicare Australia asked people who use it about their own experiences. By exploring the relationship between the rhetoric surrounding welfare, and the reality of individual lives, this research highlights what is required to change the system so that it works for those who need it. We asked about people's experiences and opinion of payment conditions, Centrelink staff and processes, and employment services. We looked at the helpfulness of mutual obligations, and investigated experiences of the system through both qualitative and quantitative analysis.

The findings confirm what the evidence has been telling us for years – that the system is not helping the people who need it. Instead of supporting those who it is supposed to help, it is subjecting them to pointless tasks that do not help them find work. In some cases, the system makes it harder for people to look for work, and in others, it gets in the way of other activities that they find meaningful. At its worst, it punishes people for minor errors – or for no reason at all.

The study also sheds light on what it's like to live on income support. These payments are poverty traps that are leaving pockets so bare that people can't afford to go about their lives without daily struggle and sacrifice. In many cases, people's own resourcefulness is the only thing keeping them afloat.

In their responses, those impacted by this system offer a way forward on how it could and should work. Overwhelmingly, they want more support to look for work or to contribute society in other ways, and they are willing to engage with that support. Many are already volunteering and working to make their communities better. These efforts should be valued and enabled by a system that is designed to truly help people, instead of punishing them. Our hope is that the insights from this study can be used to help realise that vision.

Aims and research methods

This research explores the lived experiences of people accessing social security during 2020-21. By exploring the relationship between the rhetoric surrounding welfare and social security, and the reality of individual lives, this research highlights what is required to change the system so that it works for those who depend on it.

Using survey responses and interviews, this study:

- » documents experiences of the social security system and how policies work in practice;
- » assesses the impact of these experiences on people's lives;
- » collates views about how the system could be changed; and
- » identifies key actions to take to improve people's experiences.

The components of the project are as follows:

- » A review of literature on social security in Australia and a background to how it has evolved;
- » The results of an original survey of people who access income support;
- » An analysis of interviews with clients and volunteers on income support; and
- » A series of policy recommendations.

Timing of this study

Anglicare Australia conducted this study at a time of major upheaval for the social security system. In March 2020, the Government announced a \$550 fortnightly Coronavirus Supplement for people receiving the JobSeeker Payment, Youth Allowance, Austudy, Abstudy, the Parenting Payment, and the Special Benefit. The full supplement began on 27 April 2020. From 24 September 2020 the supplement was cut to \$250. From 31 March 2021, the supplement was abolished altogether.

Before the introduction of this supplement, the rate of the JobSeeker payment had not been raised in real terms for 26 years. JobSeeker payments (formerly Newstart), along with related payments, were well below the poverty line. The rate of JobSeeker was increased slightly following the abolition of the Coronavirus Supplement. The current base rate of JobSeeker is \$314.75 per week, almost \$270 below the poverty line.¹

Mutual obligations had been suspended when the study began, although they began to be phased back in soon after. From 4 August 2020, people with employment service providers were required to apply for jobs, agree to a Job Plan, and accept suitable paid work. Job seekers were also required to participate in at least one phone or online appointment with their provider, and to participate in any activities their employment service providers asked them to do. In the latter months of 2021, mutual obligations were again suspended across much of NSW, Victoria and the ACT as these states were affected by lockdowns. At the time of publication, mutual obligations have again been resumed.

The Targeted Compliance Framework had been suspended throughout much of 2020, including the entire survey period. This is the system that sees job seekers breached or issued with 'demerit points' if they fail to meet their mutual obligation requirements. This means that people who began receiving Centrelink payments for the first time during the pandemic had not been exposed to breaches or payment suspensions when participating in the survey component of the study.

Survey methodology

The data collection for the survey was conducted from Monday 27 July to Monday 2 November 2020, with a total sample of 618 respondents. It was circulated with the support of Anglicare Australia's Financial Wellbeing Network, who assisted in the distribution of the survey to clients across the Anglicare Australia Network. The survey was also promoted more broadly outside the Network. The breakdown of the number of participants in each State and Territory, as well as age, gender and regional demographics are outlined below in Table 1.

Table 1. Breakdown of participants by demographic characteristics

| | | (#) Participants |
|--|---------------------------|------------------|
| Region | Metropolitan | 463 |
| | Rural, regional or remote | 155 |
| State | NSW | 220 |
| | VIC | 108 |
| | SA | 52 |
| | ACT | 5 |
| | WA | 70 |
| | TAS | 16 |
| | NT | 11 |
| | QLD | 136 |
| Gender | Male | 284 |
| | Female | 334 |
| Age | 18 to 24 | 111 |
| | 25 to 34 | 105 |
| | 35 to 44 | 67 |
| | 45 to 54 | 203 |
| | 55 to 64 | 130 |
| | 65 + | 2 |
| Aboriginal and/or Torres Strait Islander | Yes | 4 |
| | No | 614 |
| English a second language | Yes | 26 |
| | No | 592 |
| Total | | 618 |

Although the focus of the survey was on people with mutual obligation requirements, it was open to anyone who getting Centrelink payments. The breakdown of the number of participants by payment type is outlined below at Table 2, along with the length of time spent receiving payments and seeking work. Around two thirds of survey respondents (62 percent) were receiving the JobSeeker payment. Others were receiving Youth Allowance (18 percent), Parenting Payment (14 percent), and the Disability Support Pension (6 percent). Two respondents (0 percent) were on the Age Pension.

Table 2. Breakdown of participants by payment and jobseeking characteristics

| | (#) Participants | |
|--|----------------------------|-----|
| Length of time receiving Centrelink payments | Less than three months | 62 |
| | Three to six months | 37 |
| | Six to twelve months | 42 |
| | One to two years | 119 |
| | More than two years | 358 |
| Length of time looking for work | Less than three months | 59 |
| | Three to six months | 32 |
| | Six to twelve months | 36 |
| | One to two years | 221 |
| | More than two years | 226 |
| | N/A (not looking for work) | 44 |
| Payment type | JobSeeker | 383 |
| | Parenting Payment | 87 |
| | Youth Allowance | 111 |
| | Disability Support Pension | 35 |
| | Age Pension | 2 |
| Total | 618 | |

Most questions were asked of all survey participants, and therefore tables and figures assume a baseline of 618. The exceptions to this are for follow-up questions that exclude some respondents based on previous answers. Where this occurs, the baseline will be shown as part of table.

Tables in this report are used to show the responses given by all respondents. However, parts of the written analysis present responses for particular cohorts and analyse the differences between different groups.

In parts of the survey, respondents were asked yes or no questions regarding their own experiences with Centrelink. In other parts, respondents were asked to rate their agreement with statements on a scale from strongly agree to strongly disagree. Except where there are significant trends, results are reported below according a net 'agree' (combined 'agree' and 'strongly agree' responses) and net 'disagree' (combined 'disagree' and 'strongly disagree' responses).

In addition to these statements, respondents were asked how they managed low incomes. Because the survey was conducted at time when payments had been temporarily increased, participants were also asked how they managed financially before payments were raised. This allows us to gauge the impact of payment increases, and to explore the different experiences of those who began receiving payments for the first time during the pandemic.

For simplicity, the term 'significant' will be used only when describing a statistically significant finding. The term 'significant difference' means that we can be at least 95 percent sure that the difference observed between two groups of respondents reflects a true difference in the respondents, and is not a result of chance.

Interview methodology

To better understand the demands of activities and compliance measures, Anglicare Australia has interviewed people about their experiences with the income support system. Interviews with 27 people were conducted to document experiences of those accessing Centrelink services. Using a semi-structured interview schedule, a sample of people were identified and their consent gained for interviews. Interviews were conducted through online video calls.

Interviews were recorded and transcribed. Quotes from the interviews have been used throughout the report to highlight and detail particular issues. The names of participants have been redacted in order to protect their identities. Interviewees were recruited from the clientele of Anglicare Australia member agencies, participants in the initial survey, and from other online interactions with Anglicare Australia. The sample offered a diverse representation of ages and characteristics, with a broad range of experiences motivating people to participate in interviews.

People's circumstances, especially those who might be described as vulnerable, are often complex and unique. Despite this diversity their experiences and the challenges they faced in accessing the Centrelink safety net were remarkably similar. Interviews demonstrated common themes and patterns in the barriers people can experience in using Centrelink. This means that the research findings are indicative rather than being a comprehensive assessment of how government policies affect people.

Background to social security in Australia

This study looks at the experiences of job seekers and other users of the social security system. It aims to use their insights and expertise to explore how the system could be changed to meet their needs. It has arisen from the recognition that major changes have occurred in the lives of people living in poverty, and especially for those who receive social security payments. These changes have many elements, but the most striking is that people receiving social security payments now need to do much more to justify their income support payments than ever before.

These changes have been driven by policy shifts in Australia and by new thinking across the developed world. At its core, this new thinking holds that payments should direct people to work and use incentives and punishments to maximise employment.²

As part of these shifts, the number and scope of requirements required to receive unemployment benefits in Australia has ballooned. At the same time, support for individuals is constantly being wound back. This section explores how Australia came to have a social security system which places so many obligations and conditions on those it serves, while simultaneously reducing the support it offers to them.

The Australian approach

For the past four decades, Australian social security has been shaped by an approach known as Active Labour Market Policy. The essence of this approach is that services should not just support unemployed people financially. They should also influence their behaviour and encourage job search efforts. This has become an unquestioned paradigm for social policy, evolving into ever more punitive approaches. A key focus is on getting unemployed people 'moving,' even if this is initially an administrative achievement. According to the OECD, "the general principle [is] moving the long-term unemployed from one 'activation' system to another – avoiding inertia, and when one thing has not worked, trying something else."³

Reforms have been influenced by the idea that social security can shape the labour force, with the system becoming a tool to redirect 'surplus' workers to new forms of employment. A major social security review led by Bettina Cass in the late 1980s was arguably the first step towards this use of the social security system. The Hawke Government was facing dramatic changes to employment, including trends towards higher-skilled work, growing female participation, more part-time work, and stubborn structural unemployment. Cass argued that the social security system should be used to help unemployed people to respond to these changes.⁴

According to the Cass Review, the income support system had three roles. These were to support job search, promote a more flexible workforce, and redistribute income to those with barriers to work. She called for better links between labour market programs and income support to promote training and reskilling. The Review proposed that the ‘work test,’ which required people to be available for work, be replaced by a broader ‘activity test.’ According to Cass, “the concept of an activity test extends the boundaries of the work test to include participation in activities, particularly training programs, which will increase skill levels and potential employment chances.”⁵

This activity test could be satisfied through training, part-time work, or searching for full-time work. Other reforms included changing the taper rates of payments depending on work hours. This was designed to promote part-time work, which was believed to lead to full-time work. The Review also suggested that levels of payments for long-term unemployed should be increased.⁶

Most significantly, the Review introduced the concept of ‘reciprocal obligation.’ This meant that governments would do more to help people to find jobs. As part of this compact, unemployed people would be expected to do more to help themselves, and it was considered fair to require more of people as part of the activity test.^{7 8}

Philosophies underpinning social security

Many of the philosophies behind welfare reform in the United States have also resonated with Australian decision makers.^{9 10} These philosophies usually aim to reduce poverty by directing and managing people’s behaviour.¹¹ These approaches typically define the problem with people experiencing poverty as a lack of competence. They posit that while they may have the same aims as anyone else, for example, to get a good education or find work, they do not know how to go about it. The role of the state in this understanding is to decide how people should meet their own ambitions.

This is a directive philosophy. It does not simply provide incentives for certain actions. Instead it directs people’s behaviour by making payments conditional. These directions can range from forcing people to accept certain jobs to discouraging them from having more children. It assumes that the state can judge what is in a person’s best interests, on their behalf, and sometimes, in spite of their own stated preferences. It also assumes a harmony of interests between government and the individual.

Supervision is an important aspect of this approach. People are presumed not to act in their own interests, so their behaviour must be closely monitored. Supervision aims to pre-empt the need for more severe punishments, although these can also be used. It is assumed that the directions given to people align with their own aspirations, even though some may not recognise this. If people fail to behave accordingly, governments must be willing to withdraw payments to force people to do what it considers is good for them.

This approach depends on closely monitoring and directing people. It therefore poses challenges to public management. The role of the state is to become more involved in people's lives, not less, and this means that more attention needs to be paid to how programs are administered. It involves a greater risk that "the wrong people could be subjected to requirements and too many people could be penalised."¹² It may also pose a threat to values of individuals. Some may feel demeaned by having their behaviour policed, and this could stop them from behaving the way the State expects them to.

Redefining the role of the individual

Social policy always expresses a model of the self and an ideal of the citizen. In the 1990s, Third Way philosophies brought these two issues together in a concern about risk and independence. This line of thought became popular across the United Kingdom and North America, after being championed by British Prime Minister Tony Blair and United States President Bill Clinton respectively.

Anthony Giddens, a key Third Way thinker and advisor to Tony Blair, argued that risks can offer opportunities for innovation. "It is at the same time the energising principle of a society that has broken away from tradition and nature," he said. "A positive engagement with risk is a necessary component of social and economic mobilisation."¹³

New risks could stem from breaks in employment, casual work, single parenthood, and loss of work later in life.¹⁴ Nobody can escape risk, but Giddens makes a distinction between people who passively experience risk and those who actively explore the opportunities it offers. Like some economists, he claimed that the welfare system posed a moral hazard by providing encouraging people to work less and stopping them from responding to risks. Focusing too much on prevention could lead to an economic standstill, Giddens argued, by stopping people from adapting to a changing environment.

Adherents of the Third Way believed that welfare policies should go beyond financial payment, by investing in human capital and using incentives to encourage risk-taking. They also argued that social security should contribute to economic restructuring, adopting free market arguments that the workforce should be more flexible. A distinctive feature of Giddens' approach is that social security policy should not just equip people for different jobs, but also build the capacities of individuals to respond to risk.

Third Way thinking came to influence Australian decision-makers from both the Labor and Liberal parties throughout the 1990s and 2000s. For example, people were expected to become more 'enterprising' by completing an activity agreement after applying for payments. In theory, applicants were supposed to identify activities to help them develop employment skills. Plans like these continue to be part of the system today, although in practice, the activities people can choose are limited to a small number of options offered by the system.

Key developments in Australian social policy

Influenced by these philosophies and approaches, Australian social security policy has been evolving to become more targeted and more conditional. Since the 1980s, unemployment payments have come with an obligation to look for work. This is also known as the 'work test.' To receive payments, people had to be unemployed, available for work, and willing to accept reasonable job offers.¹⁵ Applicants also had to register with the then Commonwealth Employment Service (CES).

To enforce these obligations, the CES was required to report when someone's registration with them had lapsed. This prompted the Department of Social Security to suspend their benefits. Introduced in 1986, this is one of the earliest examples of 'breaches' being used against individuals. To maintain their registration, job seekers were forced to list two jobs they had applied for in each fortnight. During the same period, the rules around acceptable job offers were also tightened. Applicants were allowed to look for jobs in their preferred field, but could be forced to take another job if they failed to find one in their area of choice.

From 1989, all long-term unemployed people aged between 21 and 54 were subject to intensive interviews. The following year this was extended to all long-term unemployed people. The 'work test' was also broadened to become an 'activity test' which could include part-time, temporary and casual work.¹⁶

In 1991, the Unemployment Benefit was replaced by two other benefits. These were the Job Search Allowance for those who had been unemployed for less than one year, and the Newstart Allowance for those who had been unemployed for more than one year. Newstart beneficiaries were forced into intensive interviews and formal agreements which included a “contractual obligation to undertake an agreed course of action.”¹⁷ They could also participate in full-time training or voluntary work for up to eight weeks per year without losing payments. The agreement was later extended to all applicants.

Starting from 1996, people were required to list more detailed employer contact information on their fortnightly continuation forms, and the use of Employer Contact Certificates increased. Diaries were introduced, requiring job seekers to keep a record of their activities and list up to ten jobs applied for per fortnight.

In 1997, the Work for the Dole scheme was introduced. At the same time, the Howard Government introduced the notion of ‘mutual obligation.’ This effectively replaced ‘reciprocal obligation.’ Reciprocal obligation referred to the obligation on job seekers to make more effort to help themselves if they received more government support, such as training or work preparation. Mutual obligation took this a step further. It was now the income support payment itself, not the add-on services, that created the obligation to ‘give something back’ to the community. A new agency, Centrelink, was created to oversee these obligations and deliver payments. The CES was later abolished and the first round of outsourcing employment services under the Job Network began.¹⁸

Penalties for failing to meet requirements have also been through substantial changes. In 1991 penalties for failing to reply to correspondence or attend interviews were increased. 1994 saw the introduction of a distinction between ‘activity test’ breaches and ‘administrative’ breaches. From 1995 penalties were applied at rates governed by the length of time a person had been on benefits, increasing the penalty for those who had been longest without work.

Under the Howard Government, breach penalties were again revised and their duration was increased. By 2004, administrative penalties resulted in cuts to benefits of 16 percent for thirteen weeks, and three categories of activity test penalty were introduced. These included a cut of 18 percent for 26 weeks for the first breach in a two-year period, a 24 percent cut for six months for the second breach, and no payment at all for eight weeks for the third breach.

Although the architecture of these systems was created in the 1990s and 2000s, the past two decades have seen a major expansion of obligations and conditions. In this period Australia has been at the vanguard of welfare conditionality, adapting many conditional programs from overseas and pioneering some at home.

In 2008, the Rudd Government began trialling an income management card, the BasicsCard, in the Northern Territory. This has evolved into the Cashless Welfare Card, an expanded program quarantining income for people on certain government payments by not allowing the owner to purchase alcohol, gamble or withdraw cash. The cards are attached to a separate account where 80 percent of the payment is deposited. The card only allows users to buy products at approved sellers. Bill payments are set up by Centrelink to automatically be paid by the card. Much of the evidence for the card has been inconclusive or even negative, suggesting harms to those who participate.¹⁹ In spite of this, another extension and expansion of the cashless debit card was enacted in 2020.

Among the most significant changes to social security were those introduced by the Gillard Government to the Parenting Payment and the Disability Support Pension. The changes were enacted from 2015, with stricter rules and new assessment processes. The changes have made it harder to qualify for both payments.²⁰ Instead, growing numbers of people are accessing lower payments with greater obligations.²¹ Further changes in eligibility for the Disability Support Pension were again introduced in 2017. The changes mean that it is no longer possible to qualify for a Disability Support Pension on the basis of alcohol or drug related issues.

Critically, a new Targeted Compliance Framework for job seekers was introduced in 2017. The Framework again strengthens penalties and introduces 'demerit points,' mandatory participation, and other obligations for those on Parenting Payments. The regime of breaches and demerit points, which can be policed by private employment service providers, is unique globally, allowing for job seekers who are breached three times to have their payments suspended. This Framework was accompanied by a mandatory random drug testing scheme for payment claimants, currently being trailed in three locations.

Finally, in 2020, the Morrison Government enacted a consolidation of working age payments into a new JobSeeker Payment. The creation of JobSeeker abolished the Newstart Allowance and several other payments.

Today, the stated aim of Australia's income support system is to provide for a minimum acceptable standard of living for those who rely on it. There are now 5.5 million Australians who receive income from Centrelink. Almost half, or 2.6 million people, receive the Age Pension. 1.3 million receive unemployment payments such as the JobSeeker Payment or Youth Allowance for job seekers. One million receive disability-related payments, such as the Disability Support Pension or Carer Payment. The remaining payments are largely for parents and students.²²

Increasingly, the social security and income support system works in tandem with employment services. Major changes to employment services are now underway, although this area has been constantly growing and evolving since the Howard Government first introduced the Job Network. Jobactive is the current iteration of this system, a network of privatised employment services agencies contracted to support job seekers into work. The system places job seekers into three streams based on how much support they need, and they are given a plan to support their job search. In overseeing this system, governments have outsourced their obligation to provide income and employment support to their citizens.

Private providers can require job seekers to attend activities, courses and other obligations. They are also empowered to breach those who fail to comply. From 2022, Jobactive will be replaced with the New Employment Services Model. The Model will retain much of the system's architecture and mutual obligations, with a new digital portal and more automated services for some job seekers. The three streams for job seeker support will be consolidated into two, with further details to be announced in 2022.²³

In conjunction with the growth in employment services, basic obligations to receive payments have expanded. Currently, in order to receive JobSeeker payment, recipients must:

- » register with an employment service provider
- » actively look for suitable paid work
- » accept suitable work offers
- » attend all job interviews
- » attend Centrelink offices and meetings with their provider when requested to do so
- » agree to attend approved training courses or programs
- » not leave a job, training course or program without sufficient reason
- » correctly advise Centrelink of any income earned

- » enter into and comply with a plan to search for jobs
- » lodge fortnightly continuation forms
- » apply for 10 jobs per fortnight
- » participate in a mutual obligation activity after a certain amount of time on benefits
- » have certificates signed by employers approached about jobs, if required
- » complete a Job Seeker Diary with details of job search efforts
- » not leave their current residence to move to an area with a higher rate of unemployment.

Effectiveness of mutual obligation

Despite a decrease in the official unemployment rate over the last decade, evidence suggests that the mutual obligation regime does little to help people. Anglicare Australia has been a major contributor to the research in this area, with our findings showing that those in the greatest need of support from employment services are those facing the greatest competition for work.²⁴ Ironically, much of the literature in this area is also based on government data, with various reviews and inquiries also showing that the system is failing to place long-term unemployed people into work.²⁵ Academic research produced during the Coronavirus pandemic has also shown that people are actually likely to be unemployed longer if they are subject to mutual obligation activities or Work for the Dole, and if they participate in employment services.²⁶

Anglicare Australia's Jobs Availability Snapshot has found that people in the highest needs category for support stay in the system for an average of five years.²⁷ This is well beyond the definition long-term unemployment, which is twelve months.²⁸ Those unemployed for five or more years are much less likely ever to find work again.²⁹ The number of people in this category has been trending upwards as a proportion of the employment services caseload.³⁰ The rate of long-term unemployment has almost doubled over the past ten years, while the proportion of unemployed people who are long-term unemployed continues to climb. The growth in long-term unemployment has been universal, affecting all demographics.³¹

Anglicare Australia's research also shows that entry-level jobs, which are best suited to those with barriers to work, have been slowly disappearing and becoming harder to compete for. In 2021, there were 27 job seekers for every entry-level job.³² At the same time, employers are now able to report job seekers if they submit unsuitable or inappropriate applications. The lack of suitable jobs, coupled with the requirement that people apply for a minimum number of jobs each month, means that people can be breached simply for trying to comply with their obligations.

There is mounting evidence that mutual obligations do not work. Government and parliamentary reviews have repeatedly shown that programs such as youth internship programs,³³ Work for the Dole,³⁴ and the Community Development Program³⁵ are failing to place people in work. Research also suggests that Jobactive has been failing in its aims, with a recent inquiry reporting that “participants are gaining employment in spite of Jobactive, not because of it.”³⁶

Experiences of job seekers

Since the social security system has in effect been redesigned to become a behavioural change mechanism, a key question is what impact it has on individuals and their wellbeing. Many argue that several features of the new paradigm are counter-productive or damaging. One study concluded that “regimes that insist on certain standards of performance and punish individuals for not reaching such standards are unlikely to produce individuals who have a sense of mastery or confidence in their capacity to function independently. Such regimes more commonly produce high dependency, fear of failure and a poor capacity to manage shame, manifested most notably in aggression toward self or others.”³⁷

Less is known about the experiences and attitudes of those who use the system themselves. A 2001 government-commissioned survey investigated the opinions of people receiving job seeking payments about their activity test requirements. Around 49 percent of those surveyed agreed that “unemployed people should have to do more than just look for work in order to stay on benefits.” More than 80 percent agreed that job seekers should have to do activities that will improve their chances of finding work.³⁸ The study did not investigate respondents or their opinions in great depth, nor did it report on the experiences of different groups.

One key study was developed by the Brotherhood of St Laurence, an Anglicare Australia Network member. It explored people’s experiences and opinion of activity test requirements, Centrelink processes, and employment services. The results showed that while perceptions about Centrelink, activity test obligations and employment services varied, those with the greatest barriers to employment felt the system was least helpful. They told researchers they were so engaged in meeting their requirements, that these activities replaced actual job search activities. Many people in this situation expressed great dissatisfaction with Centrelink.³⁹

In all, the current Australian approach to social security is distinguished by an emphasis on obligations and compulsion; severe penalties for non-compliance with requirements; and compared with European countries, a very low level of financial investment.⁴⁰

Through this study, Anglicare Australia aims to contribute to this literature by exploring the experiences of job seekers and other users of the social security system. Their insights and expertise are critical to reshaping the system so that it works for the people it purports to help.

Income and payments

The study explored the rate of Centrelink payments and whether they achieve a minimum standard of living. As noted in Part I, it is the publicly stated goal of Australia’s social security system is to help people achieve a minimum standard of living.

Both interviews and survey responses were used to gauge experiences of hardship among the study participants, to explore how they managed low incomes, and to better understand the need for permanent increases to income payments. These responses also allow us to explore how these experiences influence people’s attitudes to the social security system.

The survey showed that 9 percent of respondents have had to couch-surf or stay in irregular accommodation while getting Centrelink payments (Table 3). When looking at age differences, those aged 18 to 24 (14 percent) and 25 to 35 (12 percent) were significantly more likely to have lived in irregular accommodation than those aged 35 years or older (7 percent).

Younger people were also the most likely to report skipping meals, and skipped them more often. Among those aged 18 to 24, almost half (46 percent) reported skipping three to four meals a week on the base rate of JobSeeker, compared to those aged over 25 (35 percent). Alarming, another 7 percent reported skipping at least one meal per day. By contrast, only 2 percent of respondents aged over 25 reported skipping meals this often.

Table 3. Experiences managing Centrelink payments before March increase

| | | (%) Participants |
|---------------------------|--|------------------|
| Experience couch-surfing | Some experience while receiving payments | 9% |
| | No experience while receiving payments | 91% |
| Experience skipping meals | Never skipped meals to save money | 9% |
| | Sometimes skipped meals, but not regularly | 7% |
| | Skipped 1-2 meals a week | 16% |
| | Skipped 3-4 meals a week | 37% |
| | Skipped 5-6 meals a week | 16% |
| | Skipped 7 or more meals a week | 4% |
| N/A | Not getting Centrelink payments before the March 2020 payment increase | 12% |

Questions: While getting Centrelink payments, have you ever been couch-surfing or staying in irregular accommodation – like boarding houses, shelters, or sleeping rough outdoors? Before rates were raised in March 2020, were you skipping meals to save money?

Responses from interviewees shed light on what these figures actually mean for people’s lives, with participants describing what it felt like to go without meals:

It was stressful, a lot of stress comes along. I went to the Salvos and they gave me some baked beans. That day my stomach was rumbling and I had to eat food that day somehow. I was eating bread and at the Salvos they had Oreos, tea. I put the bread in the freezer and ate a bit of dried toast when I was hungry.

It’s important to note that all cohorts reported skipping meals, although not to the same degree as young people. A staggering 72 percent of all survey respondents regularly skipped meals, and another 7 percent reported skipping meals occasionally. Just 9 percent have never skipped a meal to save money.

The reasons why so many participants reported skipping meals so regularly becomes clearer when examining Table 4. On the base rate of JobSeeker, almost two in three respondents (59 percent) had less than \$100 in weekly income left over after housing costs. At most this comes to \$14 per day, leaving little room for nutritious meals. 41 percent of respondents were left with left with \$50 per week, or \$7 per day.

Housing costs are clearly a strain on people’s budgets, and the temporary Coronavirus Supplement which came into affect during our survey period had a major impact on this aspect of household budgets.

Table 4. Weekly income after housing costs

| | (%) Without Coronavirus Supplement | (%) With Coronavirus Supplement |
|---|--|---------------------------------------|
| Less than \$50 | 41% | 18% |
| \$51-\$100 | 18% | 17% |
| \$101-\$150 | 17% | 13% |
| \$151-\$200 | 7% | 23% |
| More than \$201 | 5% | 29% |
| Not getting Centrelink payments before March 2020 | 12% | N/A |

Questions: Before rates were raised in March 2020, how much income did you have left per week after paying your rent or mortgage? At present, how much income do you have left per week after paying your rent or mortgage?

Interview excerpts reinforce the impact of spending such large amounts of an already limited income on housing. Almost all interviewees commented on the low levels of payment which made it very difficult to provide for rent. This is especially true for those trying to live on JobSeeker or Youth Allowance. One interviewee said:

“Someone told me that an affordable rental is a third of your income. That’s laughable. At least half of what I get goes to rent. That includes rent assistance.”

Others described the flow-on impact this had on living costs such as transport, bills, medical or educational expenses:

“I scrimp and save and go without. I sat down and worked it out. By the time I pay my house insurance, my rates, my car registration, my driver’s license, I pay out nearly \$150 a week, just in bills. Sometimes there doesn’t seem to be room for food, or just minimal.”

“After paying my rent, I get just over \$400 a fortnight left over and out of that I’ve got to pay electricity and phone, internet is essential – you can’t look for a job without the internet these days, so I need to have a laptop.”

The low base rate of JobSeeker helps explain why temporary payment increases at the start of the pandemic made such an impact on people’s lives in 2020. Table 4 shows the impact of these increases. During this period, income after housing costs increased across the board, and the percentage of respondents living on less than \$50 a week more than halved.

These benefits were further explored in the interviews. Although the increases were only temporary, they did have lasting impacts on people’s housing prospects and their ability to cope with living costs:

“My lenses alone were over \$750 and I just couldn’t afford that on the Newstart payment, and I’d been from 2012 until last year without any new glasses... Last year was fantastic because I didn’t have to make do without electricity at all last year.”

The increases also improved people’s mental health and overall outlook:

“I’m enjoying having my own place. I haven’t been this happy in a long time. My outlook is improving. I’m writing again, getting my creativity back.”

Interestingly, people who began getting Centrelink payments for the first time during these increases were more likely to be living on \$100 a week or less. 42 percent of these recipients were in this position, compared to 34 percent of those who had been receiving payments previously. For longer-term recipients, a permanent payment increase could be helpful for moving into more stable housing (see Table 5). 58 percent of respondents said that higher payment rates would help them move into more stable accommodation.

Table 5. Housing and Centrelink payments

| | (%) Participants |
|-----|------------------|
| Yes | 58% |
| No | 42% |

Questions: Question: Will new payment rates help you move into more stable accommodation?

Loss of income

A common theme raised by participants in the interviews was the difficulty in surviving the loss or reduction of Centrelink income. This is a separate issue to the low rates of payments, which was canvassed in the survey.

In some cases, income is lost as a result of breaches and penalties. This is explored in greater detail in Part IV. However, general administrative issues can also lead to lost income. This was not explored in the survey, but instead emerged as a theme over the course of interviews.

To process a claim and establish a payment can take time as required information is gathered and processed and decisions are made. Making a new claim or transferring from one payment to another can involve waiting times, which in some instances can extend into weeks and mean surviving on little or no income. Interviewees gave examples of applying for payments when demand on the system increased the processing and wait times. A single parent waiting for her claim for Carer Allowance to be processed for her daughter with a disability said:

They say there are up to 3,000 people who have claimed carers' allowance in the last couple of months. They are backlogged and they can't process everything at once.

The interviews also highlighted the difficulties faced by parents whose children are removed by the child protection system, which means their Parenting Payments and Family Tax Benefits are

suspended. When children are returned there can be a three-month time lag before payments are reinstated, and the payments do not begin until the children are there for a certain number of hours per week. This can affect the parent's ability to sustain a safe environment for the child:

Centrelink cut off my payment. I received a letter stating I had to fill out forms. I took it back to the office and they said everything was fine. I had no internet because my Wi-Fi was mucking up. When my internet finally worked I got onto my emails and they said my carers payment had been stopped and my parenting payment. I am in rent arrears now. They keep saying the money will go in on a certain day and it doesn't go in. Every time I ring them up it takes almost two hours on the phone before I can talk to somebody. So I did have warning about being cut off, I had two letters, but I didn't have the Wi-Fi connected. They shouldn't just cut me off.

One interviewee described how the failure of her ex-partner to submit necessary paperwork had led to her having her payments suspended:

They cut my pay completely off. There was no warning, they just cut it off. I went where is my pay today and they said we are waiting on paperwork from your partner. Apparently they put the stop on both mine and his pay until it was sorted out. Six weeks later I was still trying to have my pay turned back on. And in that time I gave birth so I actually came home to no money, no formula, none of those things. I spent three days on the phone up to four hours each time and I couldn't get anyone to tell me why it hadn't been fixed. So I went to the Ombudsman and by the end of the afternoon he rang me up and said no one can tell me either but it's been turned back on and you've been back paid.

Another interviewee had been living in supported accommodation for young people for just over a year. Previously he was homeless and accessing the youth shelter. He has had numerous problems with Centrelink including a number of suspensions of his Youth Allowance. This included one suspension period of eight weeks with no income because he failed to provide a document:

There is always some bit that I've missed, always something you think doesn't really matter. I had to do a whole heap of different thing including getting a tax file number. I didn't bring in one piece of paper and they wouldn't do anything for me. I wasn't getting paid for at least six weeks. I had no food. At first we didn't know what information they wanted and we had to go through three or four different things to figure out what it was. I don't really expect to be kicked off all of a sudden. When I first went onto payments they made me get parent consent. That was a real pain because

I had to go to dad and get him to sign something and my dad hates me. I was taking one of the ladies from here to help. She drove me down and we got it sorted out. We had to go down there a heap of times, at least five, and to wait for ages probably an hour each time, sometimes more.

In each of these cases, the reduction in or loss of income had a significant impact which put them at risk of severe consequences in terms of maintaining their accommodation, power and grocery bills and defaulting on direct deductions, together with considerable stress and anxiety.

Jobseeking activities and mutual obligations

The study explored experiences and attitudes towards Centrelink obligations. For those receiving the JobSeeker Payment, Youth Allowance as a job seeker, and the Parenting Payment Single, there is a 'mutual obligation' to apply for jobs or to do training or study and to formulate a job plan with the employment services provider. Exemptions from requirements can be applied in the case of a crisis or disaster or short-term caring duties. There were blanket exemptions in the wake of the Coronavirus pandemic throughout much of 2020 and during further lockdowns in 2021. At the time of publication, obligations had resumed for job seekers across Australia.

Meeting mutual obligations can include attending appointments and activities with employment service providers and meeting job search requirements. Job seekers may be required to look for two to twenty jobs a fortnight depending on their job capacity assessment. This means providing the name and phone number of the potential employer, and attending for interviews with prospective employers and employment service providers, as well as interviews with Centrelink.

These obligations operate in an environment where employment opportunities may be sparse, as has been the case at different points throughout the pandemic. As Anglicare Australia's recent Jobs Availability Snapshot showed, there are 27 job seekers for each entry-level role.⁴¹ In spite of a growth in online job advertisements, the Snapshot also showed that the number of job seekers requiring the most support from employment service providers had remained unchanged over the past year. This suggests that providers are failing to support these job seekers into work.

As part of the survey, respondents were asked whether they participated in a range of jobseeking activities and mutual obligations in a typical fortnight. Some of these, such as appointments with an employment services provider, are compulsory for many people receiving Centrelink payments. Others, such as volunteering, are discretionary. Mutual obligations had been suspended when the survey was first circulated, although some activities had resumed in a non-compulsory capacity by the time the survey closed (for example, Work the Dole had resumed but was not compulsory). In light of these changes, respondents were asked about their activities both before and during the period when mutual obligation exemptions were introduced.

Table 6. Jobseeking activities and mutual obligations

| | (%) Participants before exemption period | (%) Participants during exemption period |
|---|--|--|
| Report my income | 97% | 91% |
| Contact with a Jobactive provider | 60% | 49% |
| Voluntary work | 41% | 38% |
| Search for up to 9 jobs a fortnight | 66% | 12% |
| Search for 10 or more jobs a fortnight | 18% | 10% |
| Training | 24% | 12% |
| Part-time employment | 12% | 6% |
| Work for the Dole | 27% | 6% |
| Paid work with a wage subsidy | 0% | 0% |
| I was not getting a payment before March 2020 | N/A | 12% |

Questions: Before activity exemptions in March 2020, would you do any of the following in a normal fortnight? At present, are you doing any of the following in a normal fortnight? Select all that apply

Before the exemption period, the most common activities were reporting income to Centrelink (97 percent) and searching for jobs (84 percent). This is not surprising. Income reporting is compulsory for most Centrelink payments, and job seekers are required to search for jobs unless they have an exemption. Around one in ten (12 percent) had casual or part-time work, and these were significantly more likely to be young people aged 18 to 24 (26 percent) compared to those aged 25 and over (9 percent). In addition to jobseeking activities, a high number of respondents also reported volunteering in a typical fortnight (41 percent), and this was the activity that remained the most consistent in the wake of the Covid-19 pandemic (38 percent continued to volunteer during the exemption period).

Almost one in three respondents typically participated in Work for the Dole (27 percent). It is noteworthy that 6 percent of respondents continued to participate in Work for the Dole during the exemption period. Work for the Dole was not compulsory at any point during the survey data collection, yet there were reports of employment service providers giving their clients the impression that they need to participate in the program.⁴²

Although the survey showed a high level of compliance with Centrelink obligations and jobseeking activities, many respondents did not consider these activities to be useful (Table 7).

Table 7. Attitudes to Centrelink obligations

| | My Centrelink activities are helping me find paid work | My Centrelink activities are tailored to my situation | Centrelink activities stop me from doing things I find meaningful and important | My Centrelink activities feel pointless | I find it easy to engage with Centrelink | Centrelink is giving me the support I need to find paid work | I am confident that I will find paid work |
|-------------------|--|---|---|---|--|--|---|
| Strongly Agree | 3% | 9% | 12% | 34% | 3% | 5% | 20% |
| Agree | 8% | 10% | 44% | 45% | 9% | 8% | 18% |
| Neutral | 19% | 31% | 25% | 12% | 3% | 2% | 27% |
| Disagree | 33% | 31% | 16% | 6% | 48% | 49% | 25% |
| Strongly Disagree | 37% | 19% | 3% | 3% | 37% | 36% | 10% |

Question: Rate your agreement with these statements. You can skip any that don't apply to you

When asked about their attitudes to Centrelink obligations, very few respondents agreed that Centrelink activities were helping them find paid work (11 percent), that their Centrelink activities were tailored to their needs (19 percent), or that Centrelink was giving them the support needed to find work (13 percent). Responses to the latter were particularly damning, with a staggering 85 percent of respondents disagreeing with the statement that Centrelink is supporting them to find work. This includes 36 percent of respondents who strongly disagreed.

These sentiments were echoed by interviewees, who also commented on the ability of both Centrelink and employment service providers to deal realistically with people with mental health and trauma issues and the usefulness of many activity requirements, such as short courses.

The requirements of these job networks where people get these certificates which they never use. They bring in folders of them because it's a requirement for their Centrelink payments. They have to do this course and this course. They say I can't do anymore because I'm not getting a job. It's a revolving door, they are trapped.

Overall, participants do not appear to be positive about their prospects for finding paid work. 35 percent disagreed that they would find paid work again, and 27 percent gave neutral responses. 38 percent believed they would find paid work in the future. These responses were influenced by age. Those aged 45 and over were significantly more likely to be pessimistic about their future work prospects, disagreeing with the statement that they will find paid work (52 percent) compared to those aged 44 and under (15 percent). Those aged 18 to 35 were the most likely to agree that they will find paid work.

Attitudes towards Centrelink obligations, and to Centrelink itself, were overwhelmingly negative. 79 percent believed that their Centrelink activities are pointless, while 56 percent thought these obligations prevent them from participating in more meaningful activities. Just 12 percent found Centrelink easy to interact with. The very low number of respondents who found Centrelink easy to interact became a major theme in the interviews. In spite of the fact that it was not a focus of the interview guide, participants consistently raised issues with the way Centrelink communicated with them about obligations, conditions, and a range of other issues. Based largely on feedback from the interviews, Part IV of this report focuses entirely on communication issues with Centrelink.

The survey results suggest that people’s attitudes are influenced by when they began receiving payments. Respondents were significantly more likely to agree that their Centrelink activities are tailored to them if they began receiving payments during the 2020 pandemic period (26 percent agreement compared to 18 percent among those receiving payments prior to the pandemic). They were also more likely to agree that it is easy to engage with Centrelink (18 percent compared to 11 percent). They gave more neutral responses about Centrelink activities helping them find work (9 percent), getting the support they need to find paid work (5 percent), and Centrelink activities being pointless (12 percent). They were more likely to disagree that Centrelink activities are stopping them from doing things that are useful and important (31 percent compared to 17 percent).

These issues are further explored in Table 8, which explored whether Centrelink commitments interfere with other activities.

Table 8. Interference of Centrelink commitments with other activities

| | Spending more time with my family | Volunteering for causes that I care about | Doing activities that make my community better | Studying or building new skills | Caring for sick or elderly relatives |
|-----|-----------------------------------|---|--|---------------------------------|--------------------------------------|
| Yes | 29% | 59% | 53% | 59% | 38% |
| No | 71% | 41% | 47% | 41% | 62% |

Question: Do your Centrelink activities make it harder to do any of the following? You can skip any that don't apply to you

Around one in three respondents (29 percent) reported that Centrelink activities make it harder to spend time with friends and family, and 38 percent considered these activities an obstacle to caring for sick or elderly relatives. 53 percent thought these activities made it harder to study and build new skills, and interestingly, 59 percent thought it was harder to volunteer. This figure is interesting when compared to Table 6, which shows a high rate of volunteerism.

Communication issues

Anglicare Australia did not set out to study communication issues facing Centrelink. It was not a feature of the interview guide, and the survey only touched only briefly on the ease of engaging with Centrelink (see Table 7). However, it ultimately became a strong and persistent theme in the interviews. All interviewees raised the difficulties they faced communicating with Centrelink, and in some cases, these difficulties underpinned many of the other issues they raised.

Reporting information to Centrelink

There are four ways to communicate with Centrelink: online, by phone, through Centrelink service centres, or by post. The current push towards self-sufficiency encourages people to use online services as far as possible and reduces face-to-face contact with Centrelink staff in favour of phone and online contact. Staff are forced to direct people to use online and phone systems, and technical support is minimal. As one interviewee said, unless you go into a Centrelink service centre “you are never shown how to use the online system, it’s just there.” People also described these systems going down and being unavailable. One interviewee noted:

Quite often online doesn’t work. In the last fortnight I have been trying to change my rent deduction by a couple of dollars and every time it says it’s temporarily unavailable. I know when I go in there, and I will have to tomorrow, the first thing they will say is you know you can do that online. I will have to say yes but it’s not working. Someone will go with me to the computer and make me do it online to show them it’s not working.

A particular concern was making a mistake online and facing negative consequences as a result:

One of the problems is that there isn’t any feedback about getting the process wrong. You only find out that you didn’t fill out a form correctly when nothing turns up in your bank account. Then you ring or you go back in and you find out the form wasn’t filled out right. You have to be able to log back in and actually find out where is this up to or wait for another hour on the phone.

The thought that if something goes wrong it’s going to be my fault because I am the one that read it and agreed to it. If I speak to someone if I don’t understand something I can ask them.

Once when I checked I was told that response was that someone had photocopied something to a different system. But when I went on the internet it said that the paperwork had been received. On pay day the system said sorry, you got it wrong, it’s never gone through. It happens all the time.

Lodging required information with Centrelink could also be a challenge. Centrelink's preferred option is uploading documentation online. However many interviewees said the webpage was not user friendly and had an interface which could drop out before they had been able to input information:

You can successfully upload documents but a week later it is still saying they are not there. So somewhere between your computer and the Centrelink computer they have disappeared. It's the same as when you did hard copies because they also disappear.

A visit to a Centrelink service centre seeking face-to-face interaction usually results in being asked to use the computers or phones in the centre rather than being allowed to speak to a member of staff. Staff are available, but their role is to assist people with computers and help them if they experience difficulties. Being told to use computers without assistance, when many people visit service centres explicitly to talk through difficult or complicated situations, was a common frustration. People reported situations where this process was not supportive, and the stress was affecting their ability to absorb information.

When you go into Centrelink to just ask them a simple question, they say go and get online... They say there will be someone over there who will help you. Usually there are about six or seven computers that people are on and there is one person helping. And this poor person has to go between all these people that have no idea what they're doing. By the time they get to you you're frustrated. She will show you one thing and then she'll move away and try and help someone else and you're still stuck. It's very daunting.

People trying to provide information in hard copy or lodging a paper application rather than online have been told that it would automatically add one month to the wait time:

If you just want to return a form and you go into Centrelink you go to the desk and they say go and pick up the phone. You just have a form to put in. I don't want to be sitting here for two hours and end up having a panic attack and have everyone looking at me... It's 8.30 in the morning, you've just opened and I just want to give you a form. When you get through they tell you [that] you have to post it to them so it's another three weeks.

Many interviewees described problems with accessing Centrelink by phone. In recent years, Centrelink's publicly reported average wait time for telephone inquiries has been less than twenty minutes. However, this was not the experience of most interviewees. Several people said that they would routinely encounter wait times of at least half an hour and up to two hours to get through:

At the bank you know roughly where you are in the queue. But at Centrelink mostly you don't. So when do you make the call that I've had enough? The average time is never the experience I've had in all the years I've been contacting Centrelink. There is nothing under an hour. To have a wait time of more than 10 minutes is frustrating whatever the service is.

Anglicare Australia is aware of two explanations for this discrepancy between lived experience and official figures. In 2017, a Senate Estimates hearing revealed that wait times are re-started each time a call is transferred.⁴³ More transparency around these waiting periods is needed. A second explanation for the absence of reliable figures is the government's growing use of outsourced private call centres. The use of these call centres may make phone communications more difficult, as staff are less likely to be properly trained and operators are less likely to be accountable for wait times and errors.

Those with employment service providers also reported long wait times to speak with case managers and other service staff. These can be important calls, sometimes relating to attempts to contest a breach that has been issued by the provider. Anglicare Australia notes that no average waiting periods are publicly available for employment service providers. As one interviewee noted:

The phone wait time. I do have other things going on during the day that I need to do. You wait so long that you have to hang up because you have to be home for the children or other things. It's not convenient to sit there.

Several interviewees described problems getting access to the phone system, particularly if they were using voice verification, and then surviving the wait time and being passed from department to department.

With the phone service I find when I try to verify my voice it would be one out of five times it actually worked. After being on the phone for up to an hour you get cut off. You think they pick the call up but it actually hangs up. Nearly every time you ring up they ask what you want and then they say we'll put you through to the proper area and then you get stuck on the phone on hold. You get through again and you get cut off and have to start all over again from scratch. You are absolutely at the top of the wire after being on the phone for an hour and a half. Most of the times when I had to ring up I would think here goes half a day. A few times I've had them be quite abrupt with me because you get a little bit tense, especially when you have to ring up two or three times because you've been cut off. It's documented then as a brand new call and you go back into the queue.

Wait times were difficult to endure in busy lives where so many people had caring responsibilities or other appointments. Again there was the frustration of going into a service centre to see someone but being redirected to the Centrelink phones:

When you go into Centrelink now they put you on a phone rather than speaking to someone. You go up to the counter and the person with an iPad puts your number in and you sit down and wait for your name to be called, and then you are sat at a phone and you have to talk to someone on the phone.

Cost is also a factor for participants in our study. Using phones at a Centrelink service centre is free, but using a personal phone can attract substantial costs. Attempts to contact Centrelink by phone can drain phone credit and leave people's needs unaddressed. The 1300 number only applies to local calls from a landline. Calls from mobile phones are charged at a higher rate.

I use my mobile usually and it's just as easy to stay at home on the phone. I use the \$30 recharging. But a few weeks ago when I tried to ring it actually took my \$30. Because it's a 1300 number it's going to cost more. I think that's a Telstra thing though more than a Centrelink thing. In future I will just go into the office. Unfortunately there are some numbers that don't fit under these cheap phone plans and it ends up costing you.

Many interviewees said they wished they could go into Centrelink, join a queue and wait to speak to somebody face-to-face to sort out any difficulties.

Getting information from Centrelink

One of the four key Centrelink service commitments is the provision of consistent and accurate information as measured by user feedback. Information about the system and how it works is available online, through Centrelink staff and Centrelink publications and leaflets.

However participants identified a number of difficulties in getting clear, consistent information from Centrelink. They found inconsistency in the information that people received from different representatives, and they commented on the level of training different staff members appear to have received:

When you ring up you get people who haven't a clue about what they're talking about. If you don't get the right person they give you incorrect information.

Some people know the system and will actually tell you what steps to follow. If you have good direction you don't get mixed up. But if you get the wrong information and head down that path to the next person, they say what they told you was wrong.

Every time you get someone, they don't know what you're on about. You are saying A but the person I spoke with yesterday said B and someone else has said C. And then they say I don't know what they told you that for, they shouldn't have told you that and you get something different. So there's no predictability. It's basically who you get on the day.

Many interviewees empathised with the difficulties facing Centrelink staff and the pressure on them to perform numerous roles. This is exacerbated by public sector staffing caps, which have led to a reliance on labour hire providers, contractors, and outsourced call centres for core work. Staff members working within this blended model face growing pressures in a difficult environment. All of this makes it more difficult for people to get accurate information from properly trained staff. Some described helpful staff who had informed them about other additional payments they might be eligible for, while others faced difficulties getting the information they need. This could mean managing on significantly less income than they were actually entitled to:

They put me straight onto JobSeeker. I went in to talk to someone at Centrelink for a different reason and they told me I could have been on the Disaster Payment for people who lost work and hours because of the pandemic. Why didn't they tell me that in the first place? I just got the wrong person on the wrong day. You speak to a different person and they give you a different answer.

There is a growing need for more communication generally with people about how the system works and what might be available to them. In one example, an interviewee described the circumstances of people who were getting a payout due to redundancy.

You think that you're doing the right thing by paying all of your bills with your redundancy, you want to be debt free. Then you find out that this money should have been used to cover living costs. I was cut off from getting any income for almost three months.

Although Centrelink has strict guidelines about its communications, several interviewees described communication issues where letters, emails and phone calls from Centrelink had not been received. Given the complexity of people's lives and the circumstances in which they found themselves, there were many explanations for this. In some cases their Wi-Fi had gone down, the online service system

was not working, or they were transient and had no fixed address. Whatever the reason for failure to receive a communication from Centrelink's automated systems, the consequences could be significant.

Action may be taken against individuals if they are believed not to have followed processes or responded to communications, even when they have. Yet as interviewees noted, when Centrelink makes a mistake in the information it provides, it is the individual who carries the penalty for the outcome.

Penalties and compliance

The study explored the impacts of penalties and compliance, including debts, breaches, and payment suspensions. A significant majority of study participants have had a Centrelink debt. This includes a majority of survey respondents (58 percent). This number appears to be large, but it is difficult to verify to whether it is an overrepresentation. Centrelink has not published information on the percentage of its clients who have incurred debts.

Table 9. Experience incurring debts

| | | (%) Participants |
|--|---------------------|------------------|
| Incurred a debt | Yes | 58% |
| | No | 42% |
| Reason for debt <i>Base n = 358</i> | Client at fault | 33% |
| | Centrelink at fault | 47% |
| | Not sure | 20% |

Questions: Have you ever incurred a Centrelink debt? Was the debt: 1. Because of an error Centrelink made; 2. Because of an error you made; or 3. Not sure

Worryingly, of those who had incurred a debt, nearly half (47 percent) believed it to be the result of a Centrelink error. Another 20 percent were unsure who was at fault. This highlights a feature of Australia's compliance framework that is unique by international standards – governments in other developed countries do not levy debts on people who have been overpaid through no fault of their own due to system errors.⁴⁴ This issue was further explored in the interviews.

Interviewees described how a change in circumstances, difficulties in the regular reporting of income, errors on the part of Centrelink and miscommunications with Centrelink meant they had acquired debts which then had to be repaid. Miscommunications were often the result of not reporting changed circumstances due to uncertainty about what the process was and how to navigate the system. Even when the error was the fault of Centrelink, people reported rarely getting an apology, leaving them to manage the consequences of Centrelink's errors.

I missed two weeks of school because of domestic violence and moving and that's how I got a debt with Centrelink. They wanted an updated income statement but I didn't get the letter. My rent doubled to market rent and I got a debt. I was pretty gutted and very disappointed. It was the first bill I'd ever got and big numbers, \$3,000 for my school kids' bonus and something else on top of that. When I saw it I went straight to the school. What is this? They didn't know. I've lived off \$200 for the last four weeks. My dog hasn't been fed for two days. I was just eating Weetabix and milk. Anglicare has given me some baked beans and noodles. And then they cut me off again because I didn't have a tax file number.

Debts may also be triggered by changed to eligibility, and this in turn can be the product of breaches and 'demerit points.' These breaches can also lead to payments being suspended. This regime is thought to be unreliable. For example, there have been reports of employment service providers breaching clients for failing to attend meetings that have never been scheduled, or scheduled without notice. Around one in three respondents (31 percent) have incurred such a breach while receiving payments (Table 10). Of those, nearly half have had their payments suspended as a result of being breached (54 percent).

Table 10. Experience with breaches and demerit points

| | | (%) Participants |
|---|-----|------------------|
| Incurred a breach | Yes | 31% |
| | No | 69% |
| Breach led to a suspension <i>Base n = 358</i> | Yes | 54% |
| | No | 46% |

Questions: Have you ever been breached by Centrelink? Did that breach lead to your payments being suspended or cut-off?

There are many reasons why a payment might be reduced or suspended. However, before payments are reduced or suspended, Centrelink's processes indicate that a warning should be sent by letter, email, or telephone call with a request for a response. In reality, study participants reported not receiving any warning. Some had their income or their tax returns garnished, or their payments affected, without permission or warning. Others said that when there were warnings, they were imminent. This leaves little time to make plans about how to cope. As one participant said in their interview, "stopping or suspending somebody's payments seems to be Centrelink's default to get people to contact them."

A month ago my pay was \$100 short and no letter or contact. I had to chase Centrelink up on the phone to find out why. They had cut my rent support off the system because they just needed an updated certificate. They said have you recently moved, no. I've been there four years. My rent comes out of my Centrelink payment. I said you can see what comes out, nothing has changed. But then I had to go to the Centrelink office to pick up a piece of paper and fill it out. I had to get an appointment to get the piece of paper. Then I had to go to housing to get my landlord to sign the piece of paper, go back to Centrelink, have another appointment so it was all coded on the system and just to tell them what they could already see and what they already knew to get my rent assistance. It took an entire afternoon and cost because I was running around.

This was probably like the fourth time I'd been cut off. They cut me off all the time with no warning and I go to my account number and wonder why I've been paid half the amount. I was moving from being a student to being a job seeker but I didn't tell Centrelink. I got cut off for six weeks. We tried to save on food we had. My girlfriend's mum lent us some money and I had to ask dad for some money at one point. At one point it nearly broke me. How do they expect you not to have money for six weeks? It's pretty much saying go and live on the street. We had to get cheaper foods. Every time I get cut off it's bad because I am already in rent arrears. Sorting it out takes ages.

There was no warning, no we'll wait two weeks and give you another pay, nothing. They don't care about families, they left me with nothing. It was very, very stressful. Like anybody, if you lose any income for the family, and I am only a one-parent family, when they cut one part of my payment off I didn't know what I was going to do.

In these cases, there are discrepancies between people's experiences and assurances given about how the system should work. For example, there have been public denials that payment suspensions, cancellations, and income garnishing occur without warning. In 2019, a spokesperson for the Department of Human Services said that "we only take this action when other attempts to recover money owed have failed. In these cases, we notify the person before any action occurs."⁴⁵ Yet this has not been the experience of study participants, who have had payments reduced or suspended without notice. Others reported having income and tax returns garnished in spite of having repayment plans, and having made repayments.

One study participant is a single parent in her forties. She has three children living with her, including a child with an intellectual disability and global developmental delay. She receives a Carer Pension for her daughter because she requires constant care. In her interview, she described formalising access arrangements with the children's father through the courts. A subsequent Centrelink review showed some disparity between what her ex-partner had reported and what she had reported in terms of care arrangements. She was contacted by Centrelink to say her Carer Pension was suspended and that she would not be paid the following day. She was also told she had a debt of \$12,000 because she had been overpaid. They suggested she apply for the JobSeeker payment (then Newstart). She has always tried to budget very carefully and also has a number of financial commitments which she was now unable to meet.

They rang at 5 o'clock in the evening to say they were cutting me off and I had this huge debt. I panicked and was confused. I was trying to talk to them and I said you can't just cut me off, how am I supposed to support my kids and myself? I will have no money there to cover my bills this week. All she could say was go to the Salvation Army and get food orders and ask relatives and friends to help you until you get your Newstart approved. She didn't care. It was a very difficult time, a very stressful time. I didn't know what I was doing. They just said contact the Salvation Army. They didn't give me a number, there was no help, nothing, no address, just deal with it yourself.

The concerns raised by interviewees about being cut-off on short notice and with little support were supported by the survey results (Table 11). Only a third of those who had been breached agreed that they had been given enough warning before Centrelink took action (34 percent), and fewer still agreed that they had been given a clear, fair reason for the suspension (28 percent). Less than a quarter believed they had an opportunity to show that they had done nothing wrong (24 percent). Most respondents reported that they had to turn to charity or personal connections for help as a result of having their payments suspended (54 percent). Very few believed that being breached made it more likely that they would find work (9 percent), and an overwhelming majority rejected this statement (69 percent).

Table 11. Experience with breaches and demerit points

| | I was given a clear explanation for the breach and the reasons were fair | I was given enough warning before Centrelink took action | I was given enough warning before my payments were affected | I was given a chance to show that I hadn't done anything wrong | Being breached has made me feel pressured to get off Centrelink payments | Being breached has made it more likely that I will find paid work | Being breached meant I had to turn to family, friends, or charity for help |
|----------|--|--|---|--|--|---|--|
| Yes | 28% | 34% | 42% | 24% | 38% | 9% | 54% |
| No | 62% | 49% | 45% | 73% | 37% | 69% | 46% |
| Not sure | 10% | 17% | 13% | 3% | 25% | 22% | 0% |

Question: Do you agree with these statements? You can skip any that don't apply to you

Attitudes and experiences

The study explored attitudes towards the social security system, experiences of the system, and how these attitudes are shaped by experiences. We were particularly interested in how they described the usefulness of different activity test requirements and opportunities. Would they see some as more helpful than others? Could they identify positive effects in these requirements? Would the experience of these new compliance demands be different for those with greater, multiple or lesser barriers to work?

As part of the survey, respondents were asked to rate their agreement with a series of value statements designed to explore how they think and feel about the system as a whole. An overwhelming majority of respondents agreed that they deserve to get help when they need it (82 percent), and even more agreed that everyone should get help if they need it (88 percent). However it seems that the system is failing to deliver on this expectation for many participants. A minority of respondents believed that the system was designed to help people like them (42 percent), and a third remained neutral (32 percent). Even fewer reported feeling supported by their government (38 percent, with 25 percent remaining neutral).

Table 12. Attitudes to social security and mutual obligations

| | I deserve to get help when I need it | Everyone should get help if they need it | I feel supported by my government | Our safety net is designed to help people like me | Some people on Centrelink payments give the rest of us a bad name | I am willing to do Centrelink activities that are fair | I am willing to do Centrelink activities that help me find paid work |
|-------------------|--------------------------------------|--|-----------------------------------|---|---|--|--|
| Strongly Agree | 26% | 30% | 11% | 14% | 24% | 36% | 37% |
| Agree | 56% | 58% | 27% | 28% | 43% | 38% | 38% |
| Neutral | 12% | 6% | 25% | 32% | 9% | 14% | 17% |
| Disagree | 3% | 4% | 19% | 15% | 19% | 6% | 3% |
| Strongly Disagree | 3% | 2% | 18% | 11% | 5% | 6% | 5% |

Question: Rate your agreement with these statements

Some demographic and background characteristics influenced these responses. People aged 45 and over were even less likely to feel supported by their government and less likely to agree that the system was designed to help them (32 percent and 38 percent respectively). People on the Disability Support Pension were also less likely to agree with these statements (34 percent and 39 percent respectively). This is unsurprising when compared to employment trends, which show that mature-age job seekers and people with disabilities are less likely to find paid work than their younger, able-bodied counterparts.⁴⁶

People who had entered the system during the 2020 pandemic were the most likely to hold positive attitudes. They were more likely to report feeling supported by their government (45 percent), to feel deserving of help (92 percent), and agree that the system was designed to help people like them (51 percent). Interestingly, they were also the least likely to agree with the statement that some people on Centrelink give others a bad name (53 percent, compared with 78 percent across the rest of the cohort). They were more likely to reject this statement (24 percent disagreed).

Finally, 74 percent of respondents agreed that they would be willing to participate in Centrelink activities that are fair. 75 percent are willing to participate in activities that lead to work. These findings are interesting when compared to Table 7, which showed that most people held negative attitudes towards the activities they were being asked to do.

Impacts of the system on mental health

Neither the survey nor the interview guide solicited responses about mental health. However, this became a major theme of the interviews. These mental health impacts are critical to better understanding the attitudes and experiences of people interacting with the system.

When discussing their experiences, several interviewees described what it was like to deal with a system that actively demonises those it is supposed to help. The assumption that everyone is dishonest, rather than trying to do their best, had a big impact. Being labelled as a cheat and having to pay thousands of dollars back was a constant fear. This stigma had a negative impact on feelings of self-worth. An issue raised by some participants related to Centrelink errors and the absence of apologies for system-generated errors. One interviewee noted that “when you make a mistake, you’re dealing with it for months and months. When Centrelink makes a mistake, you don’t even get an apology and you’re the one who suffers.” Other interviewee said “we don’t even deserve an apology” and “you walk in and you are a number. They say what’s your number, what’s your reference number.”

There is a broader impact on health and wellbeing of interacting with the system. There is the immediate impact of the anxiety generated by a loss of income and knowing there is not enough money to cover basic essentials, or having to face the prospect of going hungry or being evicted. “It’s been a battle and I’m still battling with them. It’s been really, really bad. I have PTSD and anxiety and depression and that just sent me over the top. I have to pay my rent, Radio Rentals and general living expenses for the children and Sally has to have medication and I have nothing, no money whatsoever.”

For those with mental health issues dealing with Centrelink could be especially stressful and trigger symptoms like panic attacks and depression. One client described how progressing his application for DSP was pushing him back to alcohol:

I get anxiety with it and I just don't trust them anymore. I seem to be fobbed off all the time. They are not following up on me and I'm genuine, I'm not putting this on. There are times when the stress with Centrelink can send me backwards to alcohol and I don't want to go back to that. There are so many nights that I have had no sleep whatsoever worrying about Centrelink. It's affected my health for sure. There is so much anxiety to have to go down there to talk to people knowing that you're not getting very far. I need to know where I stand, not to be going to bed at night with it on my brain and thinking what's going to happen, where is it all going to end? Sometimes with the depression and not hearing from Centrelink or not getting help from Centrelink I get very down sometimes. It's the hardest road I've ever had to take, ever in my life. This sends me to the alcohol.

Other interviewees described how difficulties with Centrelink overshadowed their life and their future. The fear and powerlessness involved in dealing with a large bureaucracy had an emotional toll which could affect people's ability to function in their daily lives and their capacity to change their circumstances. Interviewees expressed a persistent anxiety that their dealings with Centrelink might lead to a loss of whatever income they might currently be receiving:

Every letter you get from Centrelink has a threat with it, your pension may be suspended. For someone like me that has a big anxiety problem that's a horrible thing to say. I am diagnosed bipolar and if you have a mental illness you don't remember, you don't think and you stress over the littlest things... I get very, very depressed dealing with Centrelink. It's because you are totally in their hands. If I really start thinking about Centrelink I will start crying on you. I have no family that will help. I have no friends that will help. I live here in my little house with my dog and no one wants to know you. I don't know how they have organised Centrelink for people who are not well. I can't see any service that they offer to people like me.

They will expect me to look for a job and that's another worry. I can't be around a lot of people but they will expect me to get some type of paid work. I'm not too sure how I'm going to manage that between my depression and anxiety and being here for [my daughter]. She can't be on her own. It would have to be school hours and by the time I drop them at school, it's around 9 and if I have to get to work on the bus, I'm looking at 30 to 40 minutes from here. Then I have to be back here by 2.30 to pick the children up. It's very tight.

On top of everything that's going on, it's stress that's just not needed. They just seem to make matters worse. If you have any frustration in your life they tend to cut you off and explain to you that you shouldn't get so frustrated or they will disconnect the call and not continue to help, just calm down. Little do they know if it wasn't for the phone call we wouldn't be that frustrated.

It sets you off for the day, it's just one more thing. If you're doing it really hard you get sick of people treating you like that, like something you scrape off your shoe. I don't deserve that. You walk out and you just feel like a worthless human being. If you get that at the next place and the next place you can end up almost suicidal. You think I am of so little worth. Going into Centrelink is a very belittling experience, I dread having to go there.

Interviewees described the time involved in dealing with Centrelink, processing claims, looking for jobs and meeting mutual obligation requirements, and the assumption that unless they are doing this they are not making a contribution of any kind. One woman with heavy caring responsibilities said, "they treat me like I have nothing else to do, that I don't have a life."

I have worked all my life from the age of 15 to 60 and then this happened. I didn't want to go on Centrelink payments but my legs got worse and worse and I had to do something. To me it's like I'm a bum, that's how I feel. I feel like a bum because they are not there to help you. I've never been without a job in my life until this happened to my legs and now I need some help from them but I'm not getting that. I do feel guilt. I would rather be out there working.

You feel absolutely worthless, why bother, no one at Centrelink cares. Who am I? I'm just another collecting money from the government. But I have worked for most of my life. So you think bugger it, bugger the world and you want to go and die, go to sleep and never wake up. That's how you feel. There is a stigma, another back injury, a mental case. I don't know what comes up on their screen when they put in my name. I know what comes up on my doctor's screen when they put my name in it. It comes up with I have attempted suicide. But I don't know what comes up on the Centrelink screen, I haven't a clue.

I could put up with the waiting and the process if they were just pleasant and treated you like a human being... But they straight away assume you're uneducated and the worst of the worst, like you have to be scum. They don't even look at you half the time and if you try to say something they cut you off. You never feel like you're a valued client. It's got worse, maybe that mentality of dole bludgers.

Overshadowing people's experiences of accessing Centrelink was the sense that this complex bureaucracy did not care about individuals or their difficulties:

They should care about what happens to people but they just didn't care what happens to me and my family. And the stress about what will happen at the end of the year is hanging over me. You go in there because you need help and for them not to back you up a hundred percent and help you. It brings you down. It makes you emotional. You try to get ahead and you can't get ahead. It's like you're kicked back down again.

The problem with the system is that they just don't care. They are just there to do their job and just get in and out. They should care, it's called the Department of Human Services. They are meant to care. Some people there do and say you broke into tears they would help. Some have heart but others think you are just this skiver and they judge you.

It is important to note that difficulties with Centrelink are likely to occur in tandem with dealing with a life crisis or other difficult circumstances. The expectation that people experiencing acute problems such as mental ill-health, relationship breakdowns, homelessness, or domestic violence are able to find the resources and emotional energy to negotiate complex pathways to access is unrealistic. In some cases, the trauma of dealing with an ongoing situation was intensified by interactions with the system.

Analysing major trends

The results of this study paint a picture of a large and complex system becoming more targeted, more conditional, and more automated, without taking into account the full consequences to the people it serves.

Methods of service delivery and the negative stereotyping of people who use the social security system are causing harm. For so many people the four key Centrelink service commitments of respect, quality information, honesty and integrity, and efficiency are not being met. Instead their struggles to engage with the system directly undermine efforts to alleviate poverty and tackle disadvantage. Far from helping people, they impose additional costs and burdens on people in terms of both time and money.

Those we spoke to had a lot to say about how the system and access to it could be changed to ensure everyone has a minimum acceptable standard of living – the stated goal of the income support system. Although the responses in this survey were broadly consistent among different demographics and cohorts, there were some significant trends. These trends are explored below.

Payment increases made a major impact on people's lives

On the base rate of JobSeeker, almost two in three respondents were living on less than \$14 a day after paying for accommodation. Over a third were left with less than \$7 per day. When payments were temporarily increased, people were left with more income across the board. The exception to this trend were people who began receiving Centrelink payments for the first time during the pandemic, who had less income left over after housing costs. It seems likely that this cohort, who began receiving payments in the wake of the Covid-19 recession, were locked into higher housing costs than their counterparts.⁴⁷

If payments were raised above the poverty line, many study participants could be helped into better, more stable housing. Almost two thirds of those surveyed said that new payment rates would help them move into more stable accommodation, and those who participated in interviews had moving stories about trying to survive on low incomes and manage housing costs with other living expenses.

Younger people are materially worse off

Younger people were more likely to have couch-surfed or lived in insecure accommodation, more likely to skip meals to save money, and more likely to skip meals more often than their older counterparts. Worryingly, this cohort is the most likely to report skipping one or more meals per day. This is likely to be a result of the lower rate of Youth Allowance – the base rate of Youth Allowance begins at \$256.25 a week, compared to \$314.75 for the JobSeeker payment. This helps explain why they are more likely to work casually or part-time while getting payments. The low rate of Youth Allowance could be unworkable without additional income.

In spite of these trends younger people were more optimistic than older respondents, being more likely to agree that they will find paid work. This optimism could help shed light on some of the ways younger people manage on a low income – casual work, couch-surfing, and regularly skipping meals could be difficult to sustain in the long-term, but it may be easier to cope with if this lifestyle is believed to be temporary.

Older people are more pessimistic about the system and their prospects

Participants aged 45 and over were significantly more likely to be pessimistic about their future work prospects compared to those aged 44 and under. Many believed that they would never find paid work again. Unfortunately, this cynicism is supported by government data. Workers who lose their jobs later in life are much less likely to find work again.⁴⁸ This helps explain why many people aged 45 and over reported feeling unsupported by the government, and why they do not believe that the system was designed to help them.

People getting payments show high rates of volunteering and participation

In addition to jobseeking activities, a surprisingly high number of respondents regularly volunteered. Volunteering remained consistent throughout the study period in spite of fluctuations during the pandemic, with most volunteers sticking with their commitments in spite of the Coronavirus pandemic and activity exemptions. In spite of the numbers, most survey participants reported that their Centrelink activities made it harder for them to volunteer. This should not come as a surprise. For years, governments have been restricting the amount of volunteering that people on Centrelink payments can do. There are especially onerous obstacles for younger people,⁴⁹ who volunteer in spite of disincentives to do so.

More allowances are given to older job seekers, who are allowed to gain exemptions from mutual obligation activities if they volunteer in approved activities. However even then, there are restrictions. People over 60 receiving the JobSeeker payment are allowed to volunteer for up to 30 hours a week, while those aged 55 to 59 are not allowed to volunteer for more than fifteen hours a week.⁵⁰ It is noteworthy that people over 55 comprised 21 percent of all survey respondents, and volunteered at higher rates (47 percent of respondents over 55 engaged in voluntary work, compared with 39 percent of those under 55). Given the high rates of volunteering observed among all respondents, a reduction in obligations and more flexibility could encourage more volunteering.

People who entered the system during the pandemic have more positive attitudes

Throughout the survey, attitudes were influenced by the date that respondents entered the system. Those who began receiving payments for during the pandemic were more likely to have positive experiences with Centrelink, and they had the least hostile attitudes towards Centrelink activities. With many mutual obligations either suspended or made non-compulsory during the survey period, these respondents are also the least likely to have had to participate in compulsory activities and would not have had to interact with Centrelink as frequently. Those with exposure to these activities had much more negative attitudes to them.

People who had entered the system during the pandemic were also more likely to report feeling supported by the government, to feel deserving of help, and to agree that the system was designed to help people like them. They were also the least hostile towards other people on Centrelink payments. This finding is interesting when compared with the results of an Anglicare Australia-Ipsos survey conducted in 2018, which showed that Australians with recent experiences of hardship held the least sympathetic views towards others.⁵¹

This survey cannot offer a definitive explanation of the reasons for this trend. One possibility put forward by social researchers is that people feel attacked for being on government payments.⁵² Instead of blaming those who lead the attacks, they hold their own counterparts responsible for negative stereotypes. This phenomenon is most prevalent when social security payments are targeted and conditional.⁵³ This would help explain why people who began receiving payments for the first time during the pandemic were less susceptible to this phenomenon – the narrative surrounding people out of work in the wake of Covid-19 was a much more supportive one, breeding less resentment and hostility, and emphasising that ‘we are all in this together.’ More research is needed to understand the factors at play here.

People want to participate, but Centrelink obligations are seen as ‘pointless’

Very few participants in either the survey or the interviews believe that that Centrelink activities are tailored to their needs, or that Centrelink is giving them the support they need to find work. Even fewer believe that these activities are helping them find paid work. An overwhelming number of survey participants consider their Centrelink activities to be pointless, and a majority see these obligations as obstacles that prevent them from participating in more meaningful activities.

In spite of this, two thirds agreed that they would be willing to participate in Centrelink activities that are fair. Even more would be willing to participate in activities that lead to work. This suggests that people want more support to find work, and that they are willing to engage with that support if it was available. It also underscores the shallowness of the activities that people are forced to participate in. Government reviews have repeatedly shown that programs such as Youth PATH,⁵⁴ Work for the Dole,⁵⁵ and the Community Development Program⁵⁶ are expensive failures at placing people in work. Other activities, ranging from ineffectual training activities to employment service appointments, can only be described as throughput and busywork. It is natural that people forced to participate in these measures, which are failing to place them in work, would resent the futility of them.

Persistent difficulties engaging with Centrelink

A theme throughout the study, particularly the interviews, were the difficulties people experienced engaging with Centrelink and their employment service providers. The simple act of providing evidence and information to Centrelink, and getting accurate information back, can be fraught with difficulty. People spend considerable amounts of time navigating the system only to find that they’ve made mistakes, that there has been an error on the part of Centrelink or their employment service provider, or that the system simply does not work. Even minor interactions such as getting online or making phone calls can be filled with obstacles.

The Government has typically responded to issues with errors and the usability of the system by advising people to contact Centrelink, assuring them that them that the system is fair and that staff are there to help. But our case studies show the effort people make to be honest about their circumstances. The system denies them good faith and human oversight in return. When people make human errors, they are treated as cheats in an environment that assumes the worst of them. When Centrelink or employment service providers make mistakes, it is the individual who bears the cost and is left to pick up the pieces.

Impacts of outsourcing and privatised services

In several instances, our survey and interview data highlight major discrepancies between people's experiences and assurances given about how the system should work. People's experiences with employment services, phone communications and waiting times are at odds with government statements, as are experiences with debt collection practices and payment suspensions.

A factor in these discrepancies and errors is the reliance on private debt collection agencies, for-profit employment service providers, and outsourced call centres. For example, discrepancies between Department policies and private debt collection practices have been exposed by the Government's repeated assurances that targets are not used when raising or recouping debts. Multiple journalists have disproved this, investigating the practices of debt collection agencies and finding their work to be target-driven.⁵⁷ Journalists have also found that private agencies garnish wages and tax returns, in spite of official assurances that this does not occur.⁵⁸ This is on top of well-known errors among employment service providers when issuing breaches and demerit points, which have been canvassed by Senate Estimates hearings and media stories in recent years.⁵⁹

All of these issues are supported by the accounts of our interviewees, who reported being harassed by debt collectors using aggressive tactics to secure repayment, even when they were challenging the debt. Others told us that their incomes were affected with little or no warning in spite of official policies.

It is clear that private debt collection agencies, for-profit employment services, and call centres cannot guarantee compliance with government policies, and cannot be held accountable to them. According to a survey conducted by the Community and Public Sector Union, 72 percent of surveyed staff at the Department of Human Services believed that the work of outsourced staff isn't subject to the same scrutiny or checking. 85 percent reported that they were fixing issues for clients that arose from these interactions. Disturbingly, 89 percent said that clients can't get the expertise they need from private call centre providers.⁶⁰ The outsourcing of core social services work is likely to exacerbate many of the communications issues we uncovered in this study.

Impacts on mental health

Neither the survey nor the interview guide solicited responses about mental health. However, this became a major theme of the interviews.

By its nature, people are most likely to be interacting with the social security system at times of great vulnerability. Study participants were accessing support after acquiring disabilities, being retrenched from their careers, or dealing with major life upheaval. The current design of the system expects a great deal of these people in navigating a complex bureaucracy that even Centrelink staff have difficulty understanding.

Participants in our interviews described the time involved in dealing with Centrelink, processing claims, looking for jobs and meeting mutual obligation requirements, all with the assumption that unless they are doing this they are not making a contribution of any kind. Yet our survey also shows that they are already making contributions to their families, communities, and loved ones.

It is clear from the stories and experiences of study participants that the system is not equipped to protect the mental health of the people it is supposed to help. Nor are the outsourced staff, call-centre operators, or private employment service, trained to support the mental health of their clients. Centrelink's own staff are not permitted to exercise their own judgement and discretion to help people before they become agitated and frustrated. All of this must change if the social security system is to fulfil its mission to improve people's lives.

Recommendations

The findings of this study point to many failures in the social security system. Yet it also contains vital insights on what a truly supportive and helpful system would look like. Anglicare Australia calls for action in the following areas.

Abandon mutual obligations and develop a tailored system

Activity requirements for people out of work in Australia are among the strictest and most punitive in the world. These obligations include searching for up to twenty jobs a month, participation in courses or programs, and for some people, Work for the Dole. If these obligations are judged not to be met, people's payments can be suspended, leaving them without income.

With so few jobs available or attainable for people with barriers to employment, mutual obligation requirements are pointless and demoralising for job seekers. People are being forced to submit applications for jobs they will never get, or participate in training that will do little to improve their job prospects.

Overwhelmingly, participants in this study did not believe that their obligations were tailored to their needs (just 19 percent agreed), or that they were being given the support they need to find work. Even fewer (11 percent) believed that these activities were helping them find paid work. A large number thought their activities and obligations were pointless (79 percent), and a majority saw them as obstacles preventing them from finding work or participating in more meaningful activities (56 percent).

People subject to mutual obligations search just as intensively for jobs, but take longer to find employment and are less likely to be employed twelve months later. Even for those who do manage to find work, after one year they are in lower quality jobs in terms of hourly wage, hours worked and weekly wage, than other Australians who had not been subject to mutual obligations.

The regime of punishment and compliance that has grown up around the current Jobactive system should be replaced with a system that is tailored and person-centred. It should look more like the system that job seekers want, with less busywork and more genuine support, including support to turn jobs into lasting opportunities.

Remove disincentives to volunteer and allow people to select their own activities

For years, we have known that the social security system and employment services are failing people out of work. This study shows that people are aware of the failures. Those surveyed overwhelmingly see the activities they are subjected to as pointless, and they have correctly identified that these activities are not leading to work. Worse still, employment service providers are paid enormous sums to breach and issue 'demerit points' to their clients – an activity they have now resumed. People cannot be breached into jobs, and judging from the responses from interviewees and survey respondents, people who have experienced this aspect of the system agree.

The results show that it is time for governments to align their notions of participation in society with those of the community. Governments value participation solely in terms of paid employment. Yet these narrow definitions do not reflect the reality of the ways people contribute to their communities. That includes many who participated in this survey, who are finding meaning through unpaid and unrecognised contributions to society.

The rates of volunteerism in our survey are high, but they also align with broader trends across society. Nearly six million Australians are engaged in formal volunteering.⁶¹ Another 2.7 million provide unpaid care work, a third of whom are primary carers.⁶² Half of these provide care for more than 20 hours a week. This is outside of the core care work of raising children.

Anglicare Australia can attest to the value of these volunteers. They play a vital role in our aged care work, op shops, disaster recovery work, and countless other areas. Many are out of work or no longer in the labour force, but it would be an insult not to describe their contributions as real work. The disincentives for people on Centrelink payments to volunteer should be removed.

We must move to a system, underpinned by a new Charter, where these efforts are rewarded and enabled. They are far more beneficial to individuals than the tasks and obligations they are currently required to do, and they offer enormous benefits to society as a whole.

Make employment services voluntary

Anglicare Australia notes that the New Employment Services Model, which is currently being developed as a successor to Jobactive, provides little in the way of additional flexibility. It will also add an extra layer of automation that risks a harsher, less flexible, and less person-centred system of mutual obligations.

In developing this new system, the Government has ignored many aspects of its own Employment Services Expert Panel, especially its findings on compliance and penalties. In their report *I Want to Work*, the Panel called for:

- » end excessive compliance and penalties for people who are out of work;
- » fund specialist and locally-based providers instead of for-profits;
- » reduce caseloads, with more person-centred approaches; and
- » create an enhanced Employment Fund to help people overcome barriers to employment.⁶³

The new model will continue to allow providers to issue rigid penalties, such as payment suspensions and cancellations, without review. It does not provide any new recourse, punishment, or penalty for providers who continually abuse this power or issue incorrect penalties carelessly. This is a major concern to those who participated in our study, who were forced to live with the impact of these errors. Beyond this study, the evidence of abuse of process across employment services is well documented. Of 744,884 participants in the system, 581,866 had their payments suspended by their provider in the previous financial year. More than one in five people who had their payments suspended were found not to be at fault.⁶⁴ This is likely to be a conservative number, as there is limited public information for job seekers on how to challenge a breach.

There is widespread evidence of system errors that penalise people who have not done anything wrong. As our study has revealed, many are unfairly enduring a loss of income as a result of flawed systems by their providers. Some reported being breached for missing appointments that had not even happened yet. Others were breached after providers refused to reschedule appointments that clashed with training, job interviews, or even casual work. The system routinely punishes people without due process, yet it has endless tolerance for mistake-prone providers. As our interviews have shown, those who bear the brunt of the system's errors simply cannot afford to be breached.

Over the last two decades successive governments have subjected people to more and more rigid and arbitrary punishments. At the same time, increasingly large amounts of money have been paid to employment service providers. This is a failing strategy, with the rate of long-term unemployment continuing to grow.

The design of Australia's employment services all but invites abuse of the system. As the Australian Human Rights Commission has noted, services can 'cream' and 'park' clients based on what is profitable for them.⁶⁵ Creaming refers to provider behaviour that prioritises attention for clients with fewer barriers, and who are easier and cheaper to move into employment. Parking is behaviour that deliberately neglects giving time, energy or resources to clients with more barriers. This is because it requires considerable, and usually expensive, support to assist them into work.⁶⁶ This highlights how open the system is to abuse, incentivising providers to ignore their duty of care to tens of thousands of Australians out of work.

Employment services simply aren't working. People should not be forced to participate in this failing system, and Anglicare Australia recommends an end to compulsory participation. Those who do choose to seek support from employment services should be assured of regulatory oversight through a third-party independent body. This body should also provide advocacy for the people who choose to engage with the sector. The system must also be redesigned to include penalties and consequences for providers who show patterns of recklessly breaching their clients.

Invest in a permanent basic income

Part I of this study explored how Australia's social security system has been designed around the labour market. The system assumes that most working-age people will be able to find full-time, full-year work. While some individuals may combine part-time or intermittent work with income support, the expectation is that reliance on income support will be temporary. Payments are designed to support people through temporary spells of joblessness, while problems such as poverty and social exclusion are addressed by moving people into the labour market.

In truth, this approach has never worked. Many people find it difficult to compete for available jobs, while others find themselves trapped in a system that cannot accommodate the circumstances of their lives. With the value of income support payments deteriorating over time, they are caught in a poverty trap as they navigate a system which is not equipped to help them. This study shows the practical implications of what that means. The base rate of JobSeeker is pushing people to skip meals, live on an average of \$14 per day, and in extreme cases, couch-surf without stable accommodation. Prior to the pandemic, the failures of this system were easy to hide because most Australians had not had to rely on it.

As the labour market changes and people's lives grow more complex, the system is coming under growing pressure. It was designed on the assumption that only small numbers of people would be unemployed, and that work would provide people with enough income to live. The past 18 months have upended those assumptions. When large numbers of people lost work, it became clear that stringent obligations and activity tests were futile in the face of systemic barriers. More recently, as shorter lockdowns have been introduced in response to ongoing outbreaks, casual workers have found that the system automatically assumes that their work leads to an adequate income, excluding them from support. Major features of the system had to be suspended and re-worked to stop it from collapsing.

In July, Anglicare Australia's *Valuing Every Contribution* report called for a permanent basic income. In studying its impacts, the report found that most people would continue to work, although some may seek to reduce their hours and work more flexibly. The findings suggest that it could allow people to adjust to a changing labour force, living and working more securely as they adapt their skills to changing needs. To date, Australia has sought to adapt to these changes by moving towards increasingly tough punishments and activity tests, but as our study participants show, this approach is failing. People subjected to these obligations and activity tests actually take longer to find work, and find that they stand in the way of the activities they find most meaningful. By contrast, financial security and better access to education, training, and childcare have all been shown to promote employability. A permanent basic income would help make all of this possible.

There is increasing interest in a basic income in Australia. Detailed analysis has been carried out on possible models for its introduction, including examining the socio-economic benefits for particular cohorts such as mothers.⁶⁷ Another Australian example is an income-tested model that includes a \$300 per week universal income floor with payment reduced for higher income earners, at an estimated cost of \$100 billion a year.⁶⁸ Various forms of basic income are being or have been trialled in countries as diverse as Finland, Namibia, the Netherlands, India, Scotland, Kenya, Canada, and the United States. In Australia, there has been a small-scale trial of a guaranteed basic income by the Brotherhood of St Laurence, from 1972-75 as part of the Family Action Centre project.⁶⁹

Whether it is achieved through a universal payment or a guaranteed adequate income for every Australian over the poverty line, a basic income would tackle poverty and income insecurity across Australia. It would also end the conditionality of income payments, and reframe support as an entitlement of citizenship – something that would greatly benefit the participants of this study.

Better support, more training, and a new Charter for Centrelink and its staff

Research participants wanted to see a system that is able to respond to the reality of people's lives rather than causing more harm and distress to those who are already struggling. Changes to the system over recent years have reinforced a punitive approach and worsened the stigma attached to those claiming payments. Centrelink staff have been denied the ability to use their discretion and expertise to assist people. All of this is at a significant cost to people who use the system. Those involved in this research wanted to see the full implementation of Centrelink service commitments so that they are seen as citizens entitled to assistance, rather than undeserving of public support. They wanted to be able to seek help from trained staff. They also wanted the system reimagined to support and enable people to meet their own goals, instead of presuming it knows how best people should spend their time.

Anglicare Australia calls for a new Charter for Centrelink which commits to a 'no wrong door' approach to people accessing services, rather than forcing them to use platforms that are not working. The Charter must also outline what will be done to offer recourse to those who have been subject to errors at the hands of the system, and end the practice of penalising people financially for mistakes that they are not responsible for. Centrelink staff, who are currently over-worked and denied the ability to use their discretion and judgement, should be trained and empowered to help people who need it.

A new Charter should emphasise that Centrelink as an agency, and as the primary representative of government social security policy, is there to help people. It should explicitly commit to not make people's lives more difficult. It should recognise that people can judge for themselves how to search for work, how to spend their time, or how best to contribute to their communities. The role of government, including Centrelink, in this approach is to support and empower people to do this.

Fulfilling this Charter will involve changing many aspects of the current approach to service delivery. The Community and Public Sector Union has pointed to the outsourcing of human services and changing labour-hire practices as a major contributor to declining service quality and complaints. Anglicare Australia supports the Union's call to end the public sector staffing cap and deploy staffing resources internally. Ending the reliance on private debt collectors, outsourced call centres, and for-profit employment service providers will be critical to improving people's experiences. A new Charter can only be implemented by staff who are trained, supported, and accountable to an overarching mission.

A way forward

This study was designed hear the voices of people who have turned to the safety net for help, and to understand their experiences. Parts of this study may come as a surprise to some. People getting Centrelink payments already contribute to society, they want more support to work and participate, and they are willing to engage with that that support.

Other parts of this report will confirm what many of us already know. Government payments are simply too low, and are being delivered by a flawed system that assumes the worst of people. This regime has been littered with reporting, meetings, and even government-directed labour. At the same time it has become more and more difficult for people who are out of work to get help. The irony is that while adopting the language of 'mutual' obligation, governments have focused on increasing the obligations on people while reducing the support it offers them.

This study has shed light on what it's like to interact with this system day to day. Instead of supporting the people that it's supposed to help, it is subjecting them to pointless tasks that do not help them find work. In some cases the system makes it harder for people to look for work, and in others, it gets in the way of the activities that they find most meaningful. At its worst, it imposes breaches and 'demerit points' on people with little cause. In many cases, this is leading to suspensions with almost no opportunity for recourse. This system is underpinned by employment service providers, who are paid to run and police this system.

Reimagining this system is a challenge, but as this study shows, it also an opportunity to rethink our approaches and formally recognise participation. There is no need for this recognition to be conditional. People contribute to the making of communities and the resilience of our society in many ways. Recognising their contributions means ensuring that they have a decent income, instead of forcing them to live in poverty and search for jobs that simply aren't there.

We must redesign our systems to include everyone. This is the most important lesson we can take from this study. This principle must inform how we take the next steps, both to look after those enduring hardship now, and to build a system that supports everyone into the future. We must reimagine how we support each other to ensure help goes to those who need it most, and demand that governments reorganise its systems to make this happen.

This is not a question of funding, because supporting people to contribute and live well benefits all of us. It is a question of compassion, and what our collective dream for a better society looks like. For Anglicare Australia, it must be one that values the contribution of every person, supports us all to build our capabilities, and ensures the strength of our communities by helping everyone participate.

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