

"WELFARE TO WORK"

The New Scheme

The Government is keen to move people from welfare to work, where those people have a reasonable capacity to work. This new scheme will be introduced from 1 July 2006, accompanied by "new and expanded services to help people into employment". (The Hon Kevin Andrews MP, Minister for Employment and Workplace Relations, Budget 2005 Media Release)

The move to tighten eligibility requirements for the DSP started in the 2002 budget, however, was thwarted by a hostile Senate. With the Government now having Senate control from 1 July 2005, it is more than probable that the changes will be passed in both Houses of Parliament.

The 2005 Budget announced that \$482.3 million would be invested over 4 years to assist people with disabilities into work. These funds will be spent in disability open employment services, Job Network, vocational rehabilitation, and the Personal Support Program.

There will be a new, comprehensive work capacity assessment. This will be a single point of assessment, which can be revisited at any time (e.g. as a person's condition alters). The assessment will cover medical condition(s), work capacity, intervention needs and referral options.

From 1 July 2006, people with disabilities who can work between 15 hours and 29 hours per week at award wages in the open labour market will be asked to seek part-time work, and will receive the "enhanced" Newstart Allowance ("NSA") or Youth Allowance ("YA"). These people will still have access to the Pensioner Concession Card, Pharmaceutical Allowance and Telephone Allowance. They will also be eligible for a once a year Employment Entry Payment of \$312. Mobility Allowance will be increased from \$69.70 to \$100 per fortnight for people on NSA or YA who have a participation requirement of 15 hours per week and are unable to use public transport.

People applying for the Disability Support Pension (DSP) between 11 May 2005 and 30 June 2006 will be assessed for DSP under the existing 30 hours test. However, after 1 July 2006, these people will be reassessed in periodic reviews (usually every 2-5 years) against the 15-29 hours per week test. Those able to work 15-29 hours per week will have a part-time obligation to seek work and receive enhanced NSA.

People on the DSP prior to 1 July 2006, and who stay on the DSP due to the fact that they are unable to work 15-29 hours per week, will not be affected. However, those people on the DSP who do take up part-time employment yet are subsequently unable to sustain it for any reason, have the right to return to the DSP within two years. The increased rate of Mobility Allowance will also be available to people on DSP whose job search is managed by an employment services provider or those people with disabilities who move off income support into substantial hours of work.

People with a disability who are receiving income support and are assessed as being able to work 15 hours or more per week in the open labour market within a two year period will be required to undertake job search activities and have part-time Mutual Obligation

requirements, including activities such as: part-time employment, education, or part-time Work for the Dole.

NSA recipients aged 55 years or over who have partial work capacity due to disability will be able to satisfy their participation requirements through volunteer work. (The Hon. Peter Dutton MP, Minister for Workforce Participation, Budget 2005 Media Release)

The Government estimates that 18,000 fewer people will qualify for the DSP every year under the new rules.

Stated Rationale for the New Scheme

- the ageing of the Australian workforce
- labour force growth expected to fall significantly by the 2020s
- 2.6 million working age Australians are on welfare
- of those people on welfare, 700,000 are on the DSP: being about 7% of the working-age population, with almost 2/3rds being aged over 45 years, and 60% male
- the best form of income comes from a job, not welfare
- for people to seek the level of employment that suits their capacity
- to reduce the disincentives of people working
- "A lot of people have said this is a cost-cutting exercise. Nothing is further from the truth. The most cost-effective option for the Government would be to do nothing, but the Government is committed to making an investment in those people who have the ability to work." ((The Hon. Mr. Dutton, Age, 31/03/05)
- 300% increase in the number of people on the DSP over the last 25 years; yet, over the same period, the population has only risen by 35% (The Hon. Mr. Dutton, Herald Sun, 16/05/05 (NB. ACOSS argues that there has been an increased identification of people with disabilities, particularly mental illness; and, that employers now seek higher productivity from their workers.)
- along the lines of the conservative Centre for Independent Studies, that Australia's public welfare system is out of control, with Australia having a "welfare dependency" problem
- only 9% of people in receipt of the DSP have income from employment, with an average of about 30% for other wealthy countries (NB. ACOSS argues that this is because it is only recently that employment programs have been properly promoted to DSP recipients; and, further, that funding for rehabilitation services has been capped.)

Problems with the New Scheme

- in essence, people will have to be more disabled than the present criterion allows to enable them to qualify for the DSP (i.e. due to the new work requirements being dropped from 30 to 15 hours per week)
- new applicants for the DSP will only qualify if they are judged incapable of working 15 hours per week. Otherwise, they will get the dole, which pays \$77 less per fortnight
- people with disabilities who can work 15-29 hours per week will be deemed to be "job ready", and forced to look for work. If they cannot find work, their pensions will no longer be linked to wages growth (as the DSP is), but to the slower-growing rate of inflation (a la NSA)
- where is the evidence that people receiving the DSP are exploiting the welfare system? - i.e. could otherwise work 15-29 hours per week?

- Labor Workforce Participant spokesperson, Penny Wong, has said that "the government strategy was not about moving people from welfare to work but moving them on to a lower welfare payment" (Herald Sun, 16/5/05)
- "The proposed changes would increase hardship for 120,000 people with disabilities, without significantly reducing the number of people on social security." (ACOSS president, Andrew McCallum, Age, 19/5/05)
- Australia spends less on social security in proportion to gross domestic product than all countries with the exception of Japan, Ireland and the United States. ACOSS president, Andrew McCallum, has warned that countries that spent less than Australia on social security, such as the United States, had higher rates of child poverty and other social problems. "In the US, 23 per cent of children live in income-poor families. This will be the cost of an obsession with the bottom line for the poorest Australians." (ACOSS study, reported in the Age, 24/8/04)
- "The Government is making loud noises about the cost of welfare and getting people off the disability support pension...Mental illness crushes your very being and robs you of your confidence...Who would the employer choose, the person with the history of mental illness or the "well" person? Given that stigma is alive and well in our society, we can guess...The mentally ill are being set up to fail, to have their already fragile self-esteem eroded further. Stress, and the management of stress, can be a huge factor in how well one deals with one's mental illness. Surely it is not cost-effective, given the vast amount of resources needed to treat relapses, to have people falling ill because of a Government intent on pursuing a policy that lacks an understanding of and compassion for the mentally ill. The Government must tread lightly here and not force the mentally ill into an untenable and dangerous situation." Sandy Jeffs, Christmas Hills, Letter to the Editor, Age, 14/4/05
- "Employment programs can help people with disabilities into jobs, but this requires a large investment in rehabilitation, training, job matching and support for people after they find a job." (ACOSS, "Ten Myths & Facts about the Disability Support Pension(DSP)", p. 12)
- most Australians do not support a tough approach to people on DSP. In 1998, a survey conducted by the Social Policy Research Centre at the University of NSW found that approximately half of people surveyed felt it was reasonable to ask DSP recipients to retrain, participate in their community or to improve their literacy skills. However, 2/3rds did not support requirements for people with disabilities to look for work. Further, 75% did not support requirements for people with disabilities to participate in Work for the Dole. (ACOSS, "Ten Myths & Facts about the Disability Support Pension (DSP)", p. 9)