

Welfare to Work legislation passed

The largest reduction in income support for decades has been approved by the Australian Parliament despite widespread advice of the negative impacts on the lives of people with a disability. The "Welfare to Work" Bill passed by parliament on 6 December 2005 will reduce payments for the poorest in the community with many people living on payments as low as \$200 a week. New income support recipients will be shifted to lower payments from July 2006.

Some of the changes include:

- new applicants for income support to be shifted from Disability Support Pension and parenting Payment to lower payments such as Newstart allowance and Austudy – if they are deemed 'able to work' more than 15 hours per week;
- people with disability (and single parents) in receipt of Newstart Allowance will undergo 'activity requirements';
- a new compliance and penalty regime;
- minor recognition of the cost of disability through an increase in the Mobility Allowance (for some);
- minor improvements to the provision of employment assistance programs for people currently receiving the DSP

MHCC is concerned that the Welfare to Work Package is structured as a compliance regime, assuming jobseekers who fail to meet activity requirements do so because they simply do not want to work. The reality is that people with a mental illness will have unforeseen difficulties getting to job interviews due to a number of issues including unpredictable health, problematic access to transport or inconsistent contact details. Unfortunately the new system does not seem to be providing people with a mental illness the support and incentives they need to find and keep a job.

By putting people onto the lower unemployment payments rather than pension payments, this Bill actually reduces work incentives because more single parents and people with disabilities face higher effective marginal tax rates. ACOSS has pointed out that spending just 2% of the budget surplus would prevent people being placed on lower payments.

The legislative process will continue working to a tight timeframe to address important areas of detail in the welfare to work reforms, which will be critical in determining how the new compliance rules will apply to people with disabilities assessed as having 'partial work capacity'. As part of the Government's Disability Advisory Group, ACROD will be consulted on these issues before they are introduced to Parliament.

The Government is also working to resolve a number of areas of uncertainty. One relates to people with episodic conditions, such as people with a mental illness, who may be able to work 15 hours a week but not consistently. It has been raised that such people will be at particular risk unless the new assessment system takes sustainability of work capacity into account. Further attention must also be given to the tension between the new compliance regime as it applies to people with 'partial work capacity' and the Disability Services Act.

For more detailed information on the impacts of the Welfare to Work legislation visit:

www.acoss.org.au