



Welfare to work reforms offer no incentives

Single adults with disabilities will lose up to \$122 a week in 2006-07 under the Howard Government's proposed welfare to work reforms, according to a new study from the National Centre for Social and Economic Modelling (NATSEM).

In the May 2005 Budget the Federal Government proposed a range of welfare to work measures, including that those people with disabilities who apply for income support after 1 July 2006 and who can work 15 hours a week or more will be placed on Newstart Allowance rather than the Disability Support Pension (DSP).

The reality is that the Newstart Allowance is \$46 a week lower than DSP and the income test and income tax treatment are much less generous. The NATSEM report has also identified that those who actually gain work in minimum wage jobs for 15 hours per week will be effectively working for \$2.27 an hour as a result of a sharp increase in effective marginal tax rates under the new system. To download a copy of the paper visit: www.natsem.canberra.edu.au

Lobbying by the Disability Participation Alliance (made up of ACROD and other welfare peaks) has resulted in modest but welcome changes to the Reform Package by assuring that no job seeker will lose income support without having been given a formal warning or a chance to have personal contact with Centrelink. While job seekers will be able to avoid a penalty for not attending a job interview, through immediate re-engagement with Centrelink, an eight-week non-payment period will apply if there is repeated refusal to participate or refusal of a reasonable job offer. However, if a job seeker is assessed as 'vulnerable' he or she will receive case management and financial assistance to meet expenses during the suspension of payments.

Other changes to the Package have acknowledged parents in special circumstances, including those caring for a child with an illness or a disability, making them eligible to receive temporary exemption from mutual obligation requirements. Some minor extra benefits for job seekers with disabilities may also be available.

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.

For more information visit: www.acoss.org.au/ or www.acrod.org.au

**'View from the Peak'
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