

## **Welfare-to-Work and DSP eligibility**

On July 1 the Australian Government's new Welfare-to-Work changes will come into effect. Unfortunately it is accompanied with little support or real incentives to employment and without addressing the real barriers that people face in getting and keeping a job. Eligibility for the Disability Support Pension (DSP) has changed significantly and many new income support recipients will be shifted to lower payments with activity requirements and a harsh compliance regime.

### **Disability Support Pension**

Most immediately, a number of changes will affect the DSP. These will be implemented in various stages and are based on a person's assessed capacity for work in the open labor market:

- People on the DSP before 1 July 2006 and who stay on the DSP, will not be affected. People who leave the DSP because of earnings from work will be able to return to the DSP within two years.
- People who applied for the DSP between 11 May 2005 and 30 June 2006 will be re-assessed every two to five years. People who are assessed as being able to work 15 - 29 hours per week will have a part-time obligation to seek work and will receive the Newstart Allowance with some allowances and incentives.
- People who apply for income support from 1 July 2006 and are assessed as having the capacity to work 15 hours or more a week will receive the Newstart Allowance or the Youth Allowance, if they meet the means test and other eligibility criteria.

### **Loss of income**

This new system will create two disparate groups of people with a disability as those applying after July 2006 will be subject to ongoing assessment requirements for the DSP overseen by Centrelink and many will be obligated to seek work under a reduced income. People with a disability who are assessed as being able to work 15 - 29 hours per week will receive the Newstart Allowance and will be up to \$38 per week worse off than recipients who receive the DSP.

### **Participation and mutual obligation requirements**

People with a disability assessed as being able to work 15 hours or more a week within a two year period will be required to undertake job search activities and have part-time Mutual Obligation requirements. Requirements will include activities such as part-time employment or education or part time Work for the Dole. There will be exemptions from this rule but details are as yet unclear.

### **Loss for students**

Another major loss and further barrier to vocational education is that students previously on the DSP will now receive the Austudy allowance, which is less than the DSP and does not contain rent assistance. In addition, students with a disability will no longer receive the Pensioner Education Supplement.

### **Allowances and incentives**

While income will drop for many, people with a disability with an assessed work capacity of 15 - 29 hours per week and who are on income support will be eligible for:

- the Pensioner Concession Card
- the Pharmaceutical Allowance
- the Telephone Allowance
- an increased Mobility Allowance of \$100 (from \$67.90) per fortnight.

- an Employment Entry Payment of \$312.

## **Assessments**

Applicants for income support payments will be required to undergo a variety of new assessment processes to ensure that people receive the appropriate payment and can be quickly linked into job search support services. The Department of Employment and Workplace Relations acknowledges that implementation issues are yet to be resolved regarding assessment and has initiated pilot assessment and early intervention projects nationally.

Concerns remain about how the capacity to work 15 hours a week will be interpreted under the new welfare-to-work rules. For example, people with episodic conditions such as a mental illness might easily be able to work more than 15 hours during some weeks, but not during others. DEWR has responded with an interpretation that takes into account consistency of work capacity:

“A person claiming Disability Support Pension (DSP) from 1 July 2006 under the Welfare to Work measure must have a continuing inability to work 15 hours per week independently of support with up to two years of assistance (including disability specific assistance) to qualify. Capacity to work ‘15 hours per week’ will be interpreted as 15 hours per week for a period of 26 weeks without excessive leave or work absences (i.e. no more than is usually considered reasonable) or excessive support.”

For Fact Sheets on the Welfare to Work package visit:

<http://www.workplace.gov.au/workplace/Category/SchemesInitiatives/WelfareToWork/Factsheets.htm> [http://www.centrelink.gov.au/internet/internet.nsf/services/welfare\\_work.htm](http://www.centrelink.gov.au/internet/internet.nsf/services/welfare_work.htm)