



MEDIA RELEASE

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Agreement on welfare package shows real progress for jobless Australians

The Australian Council of Social Service has welcomed an agreement by the Democrats and the Government that will see the Senate pass a \$900 million package of welfare measures. The package includes a significant softening of some social security penalties, improved support for very disadvantaged jobseekers, and allows unemployed people to keep more of their benefits when taking up part-time or casual work.

ACOSS President Andrew McCallum said: "The Government has improved the package it originally announced in May 2001 by accepting amendments from the Democrats and the ALP. ACOSS also acknowledges their important role in establishing a Senate Inquiry that identified key flaws in the Bill."

"Key features of the welfare package include:

- ? **Introduction of the new 'working credits' scheme.** From April 2003 unemployed people who take up full-time, part-time or casual work will keep more of their payments while working and this will go some way towards reducing the high effective tax rates of up to 70% they face.
- ? **Improved services for very disadvantaged jobseekers, including:** An expansion of the Personal Support Program that assists people with severe job barriers such as drug and alcohol problems, mental health and other issues. The continued rollout of Personal Advisers to provide extra support for jobseekers such as parents with school age children, older unemployed; people recently released from prison, temporarily incapacitated and Indigenous people. And a Language, Literacy and Numeracy Supplement of \$20.80 per fortnight for disadvantaged jobseekers who undertake approved training.
- ? **A welcome reduction in the severity of breach penalties for unemployed people.** The new system will mean that a significant proportion of unemployed people who are breached for the first time will face a penalty of around \$270 — down from \$890.
- ? **A Taskforce will also be formed to review the social security penalty system and examine its fairness.** ACOSS will be a member of the Taskforce.

"The recent history of breach penalties against unemployed people has been a sad one. However, Minister Vanstone has responded to issues raised by community welfare organisations, the Independent Review headed by Prof Dennis Pearce, and the Commonwealth Ombudsman to substantially bring down the penalties imposed from a monthly average in 2000-01 of 33,000 to 12,500 per month currently."

"Administrative arrangements have been substantially improved and this new law provides the first legislative change that will reduce the severity of the penalties — helping shift the focus from punishment towards compliance with reasonable requirements."

"ACOSS remains opposed to some aspects of the new package, particularly the requirements that will be placed on sole parents and older unemployed people who now risk being breached, and making the Personal Support Program a compulsory requirement."

"However, exemptions for sole parents, and the opportunity to reasonably comply and be reinstated with back-pay, provides some legislative safeguards. Older unemployed people, if they are breached but then comply with requirements, will also have their payments reinstated. "

"ACOSS will monitor the implementation of this law closely and hopes that this package will help resuscitate the welfare reform process."

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