



Frequently asked questions: Recent negotiations on welfare reform

Statement

The Australian Democrats have won major welfare concessions from the Government reducing most social security penalties from 26 weeks to 8 weeks.

As a result, the Democrats have effectively broken a logjam on the Government's landmark \$900 million welfare reform bill.

Democrats Employment spokesperson Senator John Cherry said the changes to the breaching penalties were the first significant winding back of the excessive social security penalties imposed by the Government six years ago.

Do the major welfare groups support it?

ACOSS and the National Welfare Rights Network have led the community groups who have lobbied consistently about breaching and welfare reform. The Australian Democrats consulted with ACOSS and Welfare Rights throughout the negotiations in order to get the best package of policy measures for people reliant on income support. The Australian Democrats decided on balance that the package represented progress and the welfare sector, who are the experts in this area, agreed. Part of the package includes monitoring and review mechanisms that force the government to provide information about breaching. This will really help groups like ACOSS and Welfare Rights to continue to pressure the government for further reforms and, of course, we will support them.

Press releases from ACOSS and the National Welfare Rights Network are attached.

Who will the legislation affect?

The benefits we managed to extract

Reducing the breaching payment reduction period from 26 weeks to 8 weeks will affect over 80,000 jobseekers a year. That is, people on Newstart and Youth Allowance.

The deal which introduces a quality assurance and automatic review of breaching decisions should make sure a whole lot of inappropriate breaches across all payments will fall.

The compromise

Extending the activity test to affect:

- ? Sole Parents whose youngest child is aged over 12; and
- ? Jobseekers aged over 50



Sole parents with a child 6-12 yrs will be required to attend a once-a-year interview with Centrelink. They have absolutely no other obligations.

What will they have to do in the activity test?

A MAXIMUM of 6 hours of agreed activity a week for jobseekers over 50 yrs and for sole parents where their youngest child is aged over 12. This can be anything from helping in the school tuckshop to undertaking a uni course.

What about if their child is sick or they are stressed out?

The ALP last year and the Democrats this year have got rock solid protections:

- ? the agreement must take into account whether the child has a disability or illness, so that a parent can be exempted from any requirement, and
- ? whether the parent has a whole lot of stresses that means he or she should not be required to do other things.

The 6 hours maximum must be on an activity that takes into account whether the person has access to transport, and a whole lot of issues relating to their capacity and labour market conditions.

Will parents face a reduction in income through breaching?

The prospect of a sole parent being penalised has been absolutely minimised. If a parent does not comply with a requirement, they will face a (lower) reduction in payment, but when they do later comply, they get back paid for the whole period. But the package means that a sole parent has to make a very deliberate and conscious decision that they refuse to adhere to any requirement at all for this to be imposed. The likelihood of Centrelink imposing a breach inappropriately has been reduced, there are lots of legislative protections, and there are substantial quality control and review mechanisms put in place.

What are the other legislative amendments we made?

A more generous treatment of all people receiving special benefits, particularly those over 50.

Ensuring that only those who deliberate set out to defraud the system by not reporting earnings can be breached (rather than the existing system which allows any underreporting to incur a breach – often this can be a mistake)

Will this mean we will pass the Disability Reform Act?

NO we will not pass any legislation that will require any obligations from people on disability support pension.



Why did we do it?

In the end, the welfare sector who we spoke to often, not only agreed that we should pass the legislation, but congratulated us on how far we had made the government go in this package. They agreed that while not perfect (and we have said often that it doesn't go far enough) that the combination of good things, including the protection for the new groups, the reduction in the penalty period for jobseekers and the opportunity to change the Centrelink mentality meant it was better to take this than lose the lot.

How will the additional money be spent?

The package involves spending of \$900 million as

- \$433 million in the Working Credits scheme, providing income concessions of up to \$1000 for unemployed people who take on casual or part-time work;
- \$20 million in language literacy and numeracy allowances;
- \$62 million for the Personal Support Program for the most disadvantaged job seekers;
- \$251 million in new programs to help sole parents with teenage children into work;

This, at a time when the Government is likely to be cutting back drastically on all its social spending to fund an unjust war on Iraq.