

Senate Community Affairs Committee

Inquiry into the welfare to work legislation

Introduction

This is a submission by the Disability Council of NSW (DCNSW) to the Senate Community Affairs Committee Inquiry into Employment and Workplace Relations Legislation Amendment (Welfare to Work and other measures) Bill 2005 and Family and Community Services Legislation Amendment (Welfare to Work) Bill 2005. For the sake of brevity we will refer to this as the inquiry into the welfare to work legislation.

In this submission we seek to highlight key issues for people with disability who require income support and/ or are seeking employment, as pertains to the terms of reference of the inquiry. Thus we provide advice on the legalisation in relation to how it could increase the participation in employment by of people with disability through:

- (a) the provision of employment services and other assistance; and
- (b) a responsive compliance system that encourages and rewards active participation.

The Disability Council of NSW

The Disability Council of New South Wales, operating under the Community Welfare Act, 1987 is the official advisory body to the NSW Government on issues and policy that affect people with disability and their families in NSW. The Council is appointed by the Governor and reports to the NSW Minister for Disability Services.

This advice has been prepared by DCNSW in accordance with its role which is to review and evaluate government policy relating to disability issues and assess the impact of program changes on people with disability.

Opening statement

The DCNSW strongly believes that people with disability want to work and are able to work. We recognise that some people with disability will need informal or formal supports to be in place to make the most of their potential to work, participating in the economic mainstream as do most people. We also recognise that some people with disability may be prevented from working as a result of their physical, sensory, intellectual or psychiatric conditions. Although some people may not be in employment that does not necessarily mean that they are not capable of contributing to and participating in society.

Furthermore DCNSW believes that the idea of disability as a deficit has proven counterproductive and hence should be abandoned as an approach. People with disability have unique but identifiable needs that can be satisfied in the context of gaining and retaining

employment. Policy and programs that start from this premise are thus more likely to bring about the increased participation of people with disability in the world of work.

In addition we note that some people with disability who are not working at present receive the Disability Support Pension (DSP) and some do not. It is critically important, in our view, that issues concerned with employment of people with disability are not reduced solely to a debate about eligibility criteria and/or the budget for the DSP. Adequate income support, the additional costs of disability and employment are linked but they are not the same thing.

It is also vital to acknowledge from the outset, the established relationship between poverty and disability, and the importance of sound policy and service design to remedy this concurrence. This issue is extensively discussed in chapter 16 of the Committee's 2004 report *A hand up not a hand out: Renewing the fight against poverty: Report on poverty and financial hardship*.

Reforms that should benefit people with disability

The welfare to work legislation entails a number of measures that DCNSW expects will benefit jobseekers and employees with disabilities. These are:

- The 'work first' approach of Rapid Connect to make the most of people's existing skills and motivation
- More generous taper rates for Newstart Allowance than is currently the case
- Making special arrangements for vulnerable people, within the compliance framework
- The retention of a review and appeals system
- The employment entry payment
- The retention of the Pensioner Concession Card for 12 months after gaining employment
- Extension of eligibility for the Mobility Allowance
- Retention of eligibility, after employment, for the Mobility Allowance
- The additional incentives scheme to encourage employers to employ very long term unemployed jobseekers
- The 'right of return' for DSP recipients who are unable to sustain employment
- Guarantee of places in vocational rehabilitation and employment services for Newstart Allowance or Youth Allowance recipients with disabilities
- The provision to take 'special family circumstances' into account when determining participation requirements

Although not strictly part of the welfare to work legislation, the expanded Carer Payment is welcome recognition of the additional costs and/ or loss of income that people who spend a considerable amount of their time supporting a person with disability in an unpaid capacity, incur.

DCNSW makes the following additional suggestions as possible safeguards or enhancements to the welfare to work legislation.

1. The decision to make special arrangements for vulnerable people, within the compliance framework is a significant safeguard. DCNSW encourages the government to monitor the effectiveness of these measures so as to ensure that they are working well, particularly during their first year of operation.
2. DCNSW recommends that the special arrangements for vulnerable people are extended beyond the compliance framework to the Rapid Connect. For the same reasons it is unfair

to penalise vulnerable people who fail to meet requirements of the compliance regime for reasons relating to their disability, it is unfair to penalise them for failing to connect with their Job Network member for reasons relating to their disability.

3. A significant improvement would be if the special arrangements for vulnerable people were detailed in the legislation, just as the exemptions for parents in special circumstances are. People with disability should be afforded the same legislative protections as are other special interest groups. Also this would protect people with disability who believe that an incorrect assessment of their circumstances has been made. As we understand it, people with disability will only be able to make an application to the Review Tribunal on matters that apply to the legislation and not the interpretation of guidelines specifying special arrangements.
4. School leavers with disabilities are a major group that will be affected at the point of change-over between the current system and the introduction of welfare to work legislation. DCNSW encourages the government to offer people in this group, including those in receipt of the DSP, the advantage of a guaranteed place in a vocational rehabilitation or employment service so as to capitalise on their skills and enthusiasm as they leave the high school, TAFE or university education systems.
5. DCNSW recommends that people on low incomes that have significant and ongoing medical costs associated with their disability should continue to receive health concessions, to assist them to meet costs associated with their disability-related needs. It is important to recognise that in the past 30 years medical technology, equipment and/ or medications have been developed, that enable people with disability to have to the capacity to work. Thus they are necessary expenses and for some they are prohibitively expensive without government assistance. In addition DCNSW recommends that this issue is referred to the Department of Health and Ageing for the identification of longer term solutions to this problem.
6. DCNSW calls on the Government to meet the real, non-discretionary, additional mobility costs of people with disability. For example the cost of one taxi trip from the western suburbs of Sydney to the city can cost \$50 including the subsidy, thus the increased mobility allowance will still not be enough to cover travel costs.
7. The Government should monitor whether employment service providers are assisting the expected percentage of clients from Culturally and Linguistically diverse (CALD) communities and that if the expected take-up rate falls below expectations then quotas should be set. It seems likely that Job Network providers would favour assisting clients who do not have additional needs requiring interpreting costs or intensive on-site support, and so other measures may be required to ensure equity of access to employment support.
8. Job Network agencies should be contractually required to meet the Disability Service Standards, as Disability Open Employment Services currently are.

Assistance

In his second reading speech, the Minister for Employment and Workplace Relations claims that “moving from welfare to work helps people achieve higher incomes and a better standard

of living.....creating a positive cycle of higher incomes". DCNSW acknowledges that this can be the case, particularly for skilled workers.

However it is important that the Government recognise that some people are caught in a negative cycle where the economic returns from employment will not meet their non-discretionary costs of living. The non-discretionary additional costs of disability for some people are extremely high because of their disability and as a result they cannot afford to work for the wages that they can demand. This may be because they do not have the skills to demand a very high wage or because they could not afford to meet their medical and/ or equipment needs if they are no longer eligible for disability-related supports and services which are restricted to people on a pension (as previously mentioned). If people in these circumstances are required to work, DCNSW is concerned, that they will join the ranks of the working poor and become further entrenched in a cycle of poverty.

The operation of a compliance system that would penalise people who find themselves in this scenario is even more troubling. It would be completely unreasonable if Centrelink did not accept as legitimate, people with disability refusing a minimum-wage job on the grounds that in that job they cannot meet their non-discretionary disability-related costs. It is important then that there is a system that can flag when people may need to refuse jobs, or cannot accept a work-for-the dole placement, for disability-related reasons.

Moreover the Government should not discount the flow-on costs to other Departments, should people be forced to accept and/ or stay in work that perpetuates this negative cycle. Again the Committee's report *A hand up not a hand out* powerfully documents the impacts of this negative cycle on the individual concerned, their family and society. The end result cannot be viewed as a cost saving to Government but a cost shift for example to the welfare sector, the community services sector, or in a worst-case scenario, the criminal justice system.

Finally DCNSW remains concerned that the income support safety net for people with disability on the Enhanced Newstart Allowance will be insufficient, with many forced to live below the poverty line. If these people receive \$40 a week less than people on the DSP then they will be at even greater economic and social disadvantage. Such an outcome should be considered unacceptable, at any time, however after a period of unprecedented economic growth in Australia such a reduction in the redistribution on wealth to a particularly disadvantaged group is nothing short of deplorable.

Furthermore we cannot see the rationale for putting people on a lower rate of payment, and then considering this encouragement of workforce participation. If people are \$40 worse off per week than they are at present, then surely it follows that they will have less capacity to meet their job-seeking, disability and cost-of living expenses.

In summary, DCNSW asks the Government to recognise that there are two potential cycles, one a positive cycle of higher income and the other a negative cycle of entrenched social and financial disadvantage. In addition DCNSW recommends that the Government develop and implement systems at Centrelink to identify when additional supports are required, and provide them, to prevent people with disability progressing down this negative path.

Therefore DCNSW recommends that the compliance regime be further modified so that it is made more responsive to the unique needs and circumstances of people with disability.

Rewarding active participation

DCNSW remains concerned about a compliance system that looks only to the individual to explain their lack of success in gaining employment. It is fact, that some employers remain reticent to employ people with disability. In acknowledgment of this current employment environment DCNSW calls on the Government to recognise that a current, ongoing engagement in education or training would be sufficient activity to meet participation requirements. Additionally, DCNSW recommends that people with disability on Newstart be eligible for the Pension Education Allowance.

We also encourage the Department for Employment and Workplace Relations (DEWR) to take on the lead role in championing the development of an employment and training system that produces work ready people. DCNSW is concerned that there is a lack of coordination between the education and employment systems. Furthermore DCNSW is concerned that those most disadvantaged by this absence of coordination are people who seek to improve their skills and work readiness, but after considerable cost and effort, find that they lack the skills desired by employers. It is essential that the targeting of education and training is improved, and this will not occur without leadership by a central department in-touch with employer needs.

Another major obstacle for people with disability who want to gain and maintain employment is inaccessible infrastructure. A lack of accessible transport and accessible premises remain major contributing reasons why people with disability are not in employment.

DCNSW is also concerned about the interaction of the rigid participation requirements with the proposed Industrial Relations legislation changes. For example will a person with disability need to negotiate and agree to a lower than average wage (that as previously discussed, does not meet non-discretionary additional costs of disability) to avoid a period of 8 weeks without an income support payment?

Finally DCNSW states its support for the development of a national co-ordinated employment strategy by the Government as suggested by the Participation Alliance. We eagerly await the release of the Employer Demand Strategy report and the subsequent announcement of commitments by the DEWR to the recommendations in this report.

Conclusion

DCNSW recognises that the Government has listened to advice on the impact of the proposed welfare to work legislation on people with disability and has softened some requirements in recent months. However without offering jobseekers with disability additional assistance that recognises their unique needs and circumstances, and further softening participation requirements, DCNSW believes that the welfare to work legislation will entrench poverty amongst some of the most disadvantaged members of Australian society.

The comments made in this paper highlight our major concerns. DCNSW would welcome the opportunity to meet with the Committee to further elaborate on any or all of these points.