



## **CATHOLIC WELFARE AUSTRALIA**

**Response to the 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**

**Conducted by the Senate Community Affairs  
Legislation Committee**

**Chaired by Senator Gary Humphries**

**16 November 2005**

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## **EXECUTIVE SUMMARY**

Catholic Welfare Australia strives to promote and advance the ministry of Catholic social welfare as integral to the mission of the Catholic Church in Australia. As a Catholic organisation we are driven by certain principles which underpin our policy priorities. These principles include the dignity of the human person, preferential option for the poor, common good and distributive justice.

This submission is written against the terms of reference for the Senate Community Affairs Legislation Committee:

The Inquiry will report on 'increasing participation by, and reducing welfare dependence of, parents, people with disabilities, the very long term unemployed and mature age people through:

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

Under the first term of reference, changes in eligibility criteria will make it harder for those targeted by the Welfare to Work legislation to participate in employment services and related assistance. These changes should be reversed and appropriate activity tests introduced for Parenting Payment and Disability Support Pension recipients to achieve the policy objectives of the legislation. A range of improvements should then be made to current employment programs, including Job Network, the Personal Support Program and Work for the Dole. Services for the very long term unemployed should be made available to all Newstart recipients who have been receiving payment for more than 12 months, and those with no recent labour market experience. Child care should be completely subsidised for parents returning to the workforce.

Under the second term of reference, the proposed 8 week non-payment period should be abandoned. The impacts of breaching on participation are ambiguous, and the effect of the 8 week non-payment period on single parents and people with disabilities is unknown at this time. An alternative breaching system should involve escalating levels of assistance to help those who have been breached re-engage with their participation requirements. A range of changes should then be made to the proposed legislation, to improve the ability of the compliance system to encourage single parents and people with disabilities to participate in the workforce.

There is also an obvious need to better understand the effects on income support recipients who are targeted by the proposed legislation, particularly given the changes to Industrial Relations that are taking place at the same time. An annual report should be provided to Parliament on the income, employment and other outcomes of those affected by the proposed legislation.

## RECOMMENDATIONS

### a) provision of employment services and related assistance

#### Recommendation 1

- Changes to eligibility criteria for Parenting Payment Single (PPS) and the Disability Support Pension (DSP) proposed by the Welfare to Work legislation should not be enacted in order to maintain job seekers on their current level of income support.
- Suitable activity tests for PPS and DSP recipients are introduced to meet the policy objectives of the Welfare to Work package.

#### Recommendation 2

To encourage participation in the workforce by income support recipients targeted by the Welfare to Work legislation, a flexible participation package should be introduced to achieve greater integration between employment programs.

#### Recommendation 3

The definition of 'Highly Disadvantaged' under the Job Seeker Classification Instrument should not result in fewer job seekers meeting this definition.

#### Recommendation 4

Changes are introduced to the Intensive Support Customised Assistance fee structure to provide Job Network with more resources to assist disadvantaged job seekers participate in the labour force.

#### Recommendation 5

To increase the effectiveness of the Personal Support Programme at increasing participation in the paid workforce, the following changes need to be made to the program:

- Personal Support Programme fees should be set with reference to Job Network fees with a 20% loading in recognition of the degree of disadvantage experienced by Personal Support Programme clients;

- a brokerage account should be introduced for Personal Support Programme providers, which would be set with reference to Job Network fees, with a 20% loading in recognition of the degree of disadvantage that is experienced by Personal Support Programme clients
- the number of places in Personal Support Programme should be increased by a sufficient amount to ensure that all income support recipients targeted by the Welfare to Work legislation who require a place in the program would be able to access one.

### **Recommendation 6**

To emphasise the objective of the Work for the Dole program to increase participation in the paid workforce, the name of the program should be changed to the 'Work for the Future' program.

### **Recommendation 7**

A 'Work First' program should be introduced for income support recipients targeted under the Welfare to Work legislation. This program would be better suited to addressing the barriers to employment that are faced by these individuals. The focus of this program is on 12 months subsidised employment in real workplaces on award wages.

### **Recommendation 8**

Extend Wage Assist beyond the Very Long Term Unemployed to include Newstart recipients receiving benefits for more than 12 months and other income support recipients with no recent labour force experience.

### **Recommendation 9**

Full-time Work for the Dole should be restructured to provide vocational training leading to a recognised qualification

### **Recommendation 10**

Responsibility for determining if a Newstart recipient is required to undertake full-time Work for the Dole should be removed from Job Network providers. An alternative

assessment tool should be developed to determine the most appropriate form of assistance for Newstart recipients who have received payment for 12 months or longer.

### **Recommendation 11**

Once a participant completes full-time Work for the Dole, they should be reassessed to determine the most appropriate form of assistance. This could include re-entering full-time Work for the Dole or referral to an alternative activity.

### **Recommendation 12**

Single parents re-entering the workforce from Parenting Payment Single should have complete subsidisation of child care costs.

## **b) a responsive compliance system that encourages and rewards active participation**

### **Recommendation 13**

The proposed 8 week non-payment period for income support recipients should be abandoned. The impact of financial penalties on participation is, at best, ambiguous, and is dominated by the pernicious effects on housing, family relationships and health. At this stage, it is also unclear how single parents and people with a disability will be affected by an 8 week non-payment period.

### **Recommendation 14**

To better encourage participation, an alternative compliance system should be introduced to provide escalating levels of assistance and to re-engage income support recipients with their income support requirements who may be non-compliant for a range of reasons.

### **Recommendation 15**

While still preferring that the 8 week non-payment period is abandoned, subsection 624(2) should be amended so that the definition of a 'reasonable excuse' includes inability to meet

participation requirements due to a current waiting list for that particular program.

### **Recommendation 16**

While still preferring that the 8 week non-payment period is abandoned, subsection 629(1)(e) should be amended so that payment is only suspended for 8 weeks for failure to participate in full-time Work for the Dole. This would then reflect Government policy announced at the time of the Budget.

### **Recommendation 17**

Other special family circumstances for which temporary exemptions can be granted should be included in the *Employment and Workplace Relations (Welfare to Work and Other Measures) Bill*. As a minimum, these should include parents providing the primary caring role for a relative or spouse (in the case of those who would have received Parenting Payment Partnered). Special consideration should also be given to parents in rural and remote communities with limited job opportunities.

### **Recommendation 18**

Though our preferred position is reflected in Recommendation 1 - the *Employment and Workplace Relations (Welfare to Work and Other Measures) Bill* should be amended so that all individuals who are exempt from activity test requirements due to special family circumstances receive an income supplement that increases their income support payment to the equivalent of the Parenting Payment Single rate.

### **Recommendation 19**

To better respond to the needs of single parent families, all current Parenting Payment Single (PPS) recipients who are moved off PPS should be able to return to the payment if their circumstances change in the future and they still meet eligibility requirements.

### **Recommendation 20**

Subsection 601(2A)(ba) is amended to acknowledge that the affordability of child care is a reason for not meeting activity test requirements.

### **Recommendation 21**

Subsection 601(1B) is amended to acknowledge that a principal carer cannot be required to accept work involving more than 25 hours of work per week.

### **Recommendation 22**

The *Employment and Workplace Relations (Welfare to Work and Other Measures) Bill* should be amended so that individuals with either a continuing or temporary incapacity to work are not expected to meet activity test requirements.

### **Recommendation 23**

Individuals that cannot meet the work capacity test of 15 hours a week at the time of applying for income support are eligible for the Disability Support Pension until such time as they can meet the work capacity test.

### **Recommendation 24**

Individuals with a temporary incapacity to work remain exempt from participation requirements.

### **Recommendation 25**

That data is collected on the implementation of the Welfare to Work legislation and provided to the Parliament on at least an annual basis. This data should include information on income, employment and other matters effecting those income support recipients targeted by the Welfare to Work legislation.

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## INTRODUCTION

Catholic Welfare Australia strives to promote and advance the ministry of Catholic social welfare as integral to the mission of the Catholic Church in Australia. It lives out this role as key adviser to the Australian Catholic Bishops Conference on social services issues, as a peak body for Catholic community organisations and as a voice for the poor, marginalised and disadvantaged in Australia.

It carries out this mission by interacting with Catholic organisations, governments, other churches and all people of good will, to develop social welfare policies, programs and other strategic responses that enhance the human dignity of every person and work towards the economic, social and spiritual well-being of the Australian community.

As one of Australia's largest peak community organisations in the social services field, Catholic Welfare Australia represents 57 Member Organisations throughout the country. Through this network we are directly delivering services to over one million people on an annual basis.

As a Catholic organisation we are driven by certain principles which underpin our policy priorities. These principles include the:

- Dignity of the Human Person;
- Preferential Option for the Poor;
- Common Good; and,
- Distributive Justice.

In the context of this vision, the mission of Catholic Welfare Australia is to promote a fairer, more inclusive society that preferentially assists those most in need.

Catholic Welfare Australia is concerned that the Welfare to Work legislation may push single parents and people with disabilities, who are already amongst the most vulnerable people in the community, further into poverty. Single parents and people with a disability have lower levels of participation in the workforce, lower levels of education, poorer health and more unstable housing than the rest of the community (see Appendix A and B).

Catholic Welfare Australia believes there are two issues that will dramatically affect the ability of the proposed Welfare to Work legislation to increase participation of people in the paid workforce, in particular, single parents and people with a disability. Firstly, the Changes in Eligibility Criteria for Income Support Payments and secondly, the Interaction of the Welfare to Work changes with the Industrial Relations changes.

## **CHANGES IN ELIGIBILITY CRITERIA FOR INCOME SUPPORT PAYMENTS<sup>1</sup>**

Comparing the current system and the proposed system, the changes in eligibility criteria for income support payments will reduce the incentive for single parents and people with disabilities to move into the paid workforce. This is because where they do find employment, single parents and people with disabilities are more than likely to be working part-time, so will continue to receive a partial income support payment. The lower Newstart payment provides less of a 'top-up' to the person's income than does Parenting Payment Single and the Disability Support Pension. This means that they will experience a significant loss in disposable income.

For example, a single parent working 15 hours a week at \$13.30 an hour loses 43% in net disposable income under the proposed Welfare to Work package (see Table 1).

**Table 1: Net increase in disposable income, Parenting Payment Single compared to Newstart**

	Current (PPS)	Proposed system (Newstart)
Income support received if not working	\$385	\$356
Income received from working, including part-payment of benefit	\$531	\$439
Net increase in disposable income	\$146	\$83
Net increase in disposable income, per hour	\$9.73	\$5.53

A single person with a disability in the same situation would lose 40% in net disposable income.

**Table 2: Net increase in disposable income, Disability Support Pension compared to Newstart**

	Current (DSP)	Proposed system (Newstart)
Income support received if not working	\$254	\$208
Income received from working, including part-payment of benefit	\$391	\$290
Net increase in disposable income	\$137	\$82
Net increase in disposable income, per hour	\$9.13	\$5.47

<sup>1</sup> These figures are based on forecast payment rates and tax offsets for pensions and allowances and do not include some benefits such as rent assistance. The tables also make no allowance for the cost of employment, such as transport and child care, which would further reduce disposable income. See Harding et al 'The Distributional Impact of the Proposed Welfare-to-Work Reforms Upon Sole Parents and People with Disabilities', Paper presented to 34<sup>th</sup> Conference of Economists, 28 Sep 2005, available on-line at <http://www.natsem.canberra.edu.au/publication.jsp?titleID=CP0514>

Newstart Allowance payment provides less in income support when compared to Parenting Payment Single and the Disability Support Pension. Newstart provides less in income support because it has a lower maximum payment rate and a harsher income test. This is still the case even taking into account the changes to the Newstart payment announced in the 2005-06 Budget.

The major differences between Newstart allowance and Parenting Payment Single are:

- the maximum rate of Newstart is estimated to be worth \$29 a week less than Parenting Payment Single (PPS) in 2006-07;
- there is one income threshold in PPS and two in Newstart, providing greater disincentive to earn additional income. Sole parents on Newstart will only be able to earn \$31 a week before their payment is reduced. The first \$94 of private income above this amount will reduce their Newstart payment by 50 cents for every dollar of private income they earn. Once their earnings reach the second income test threshold of \$125 a week, this withdrawal rate will increase to 60 cents for every additional dollar of earnings;
- by comparison, sole parents on PPS will be able to earn up to \$76 a week before their payment is reduced. For each dollar of private income above this amount, their payment will be reduced by only 40 cents for every dollar of private income they earn; and,
- the difference in the withdrawal rates means that a single parent can earn up to \$718 when receiving PPS before they no longer receive income support, but only \$426 when receiving Newstart

**Table 3: Comparison between Newstart and Parenting Payment Single**

	PPS	Newstart
Payment rate for one child	\$257	\$228
Amount of income that can be earned before payment is reduced	\$76	\$31
Withdrawal rate for each \$ of private income above this threshold	40%	50%
Second income threshold	N/A	\$125
Withdrawal rate for each \$ of private income above this threshold	40%	60%
Income support cuts out when private income reaches:	\$718	\$426

The major differences between Newstart allowance and Disability Support Pension are:

- for a single person, the maximum rate of Newstart is estimated to be worth \$46 a week less than the Disability Support Pension (DSP) in 2006-07;
- there is one income threshold in DSP and two in Newstart, providing greater disincentive to earn additional income
- as with sole parents, a person with a disability on Newstart will only be able to earn \$31 a week before their payment is reduced. The

first \$94 of private income above this amount will reduce their Newstart payment by 50 cents for every dollar of private income they earn. Once their earnings reach the second income test threshold of \$125 a week, this withdrawal rate will increase to 60 cents for every additional dollar of earnings;

- by comparison, a single person on the DSP will be able to earn up to \$64 a week before their payment is reduced. For each dollar of private income above this amount, their payment will be reduced by 40 cents for every dollar of private income they earn;
- the difference in withdrawal rates mean that a single person with a disability can earn up to \$706 when receiving DSP before they are no longer entitled to receive income support, but only \$398 when receiving Newstart;

**Table 4: Comparison between Newstart allowance and Disability Support Pension**

	DSP	Newstart
Payment rate	\$257	\$211
Amount of income that can be earned before payment is reduced	\$64	\$31
Withdrawal rate for each \$ of private income above this threshold	40%	50%
Second income threshold	Na	\$125
Withdrawal rate for each \$ of private income above this threshold	40%	60%
Income support cuts out when private income reaches:	\$706	\$398

## ***INTERACTION WITH THE INDUSTRIAL RELATIONS CHANGES***

The interaction between the Welfare to Work legislation with the Government's proposed changes to the industrial relations system could result in income support recipients moving into working poverty. In the United States, welfare reform lead to a significant increase in the number of working poor single parent families. Between 1993 and 2000, of all single mothers that have incomes below the poverty line, the proportion that work without relying on ***Temporary Assistance for Need Families*** cash benefits doubled, from 25% to 50%<sup>2</sup>.

The Australian Fair Pay Commission (AFPC) will be established to set and adjust minimum and award classification wages. The Work Choices Bill currently before the Parliament sets out the criteria that the AFPC is to use when setting the minimum wage and emphasises that the Commission will pay greater attention to the ability of disadvantaged job seekers to enter the labour market. Recent economic research on the employment effects of the minimum wage in Australia suggests that the nominal value of the minimum wage would need to remain the same in order to increase the employment of

<sup>2</sup> Gabe 2001, Trends in Welfare, Work and the Economic Well-Being of Female Headed Families with Children', CRS Report for Congress, [http://digital.library.unt.edu/govdocs/crs/data/2001/upl-meta-crs-2067/RL30797\\_2001Dec21.pdf](http://digital.library.unt.edu/govdocs/crs/data/2001/upl-meta-crs-2067/RL30797_2001Dec21.pdf)

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people at or near the minimum wage.<sup>3</sup> Industries targeted for the possible employment of recipients moving from welfare to work such as accommodation, hospitality and retail<sup>4</sup> have high levels of award coverage and fall under the Safety Net Review case each year.<sup>5</sup>

Moving the “burden” of minimum wages, inflated to take account of the family or living wage, ought not mean abandoning the principal of a “living wage” or “family wage” support by taxation and transfer payments.

Workplace agreements will no longer be subjected to the ‘no disadvantage test’, where they are compared to the applicable award to see if they reduce the overall terms and conditions of employment. Instead, agreements will only be compared against the Australian Fair Pay and Conditions Standard, which only contains five minimum conditions of employment: a minimum wage, annual leave, personal/carers leave, parental leave and maximum hours of work. Award provisions which are more generous than the Fair Pay standard will continue to apply.<sup>6</sup> However, the role of the Australian Industrial Relations Commission in reviewing and maintaining the award system, except in very limited circumstances, does not appear to be retained under the new industrial relations system.<sup>7</sup>

Under the Welfare to Work legislation, income support recipients who refuse a job that does not include penalty rates and allowances will have their payment suspended for 8 weeks, creating the potential for many benefit recipients to accept poorly paying jobs.

In short, Catholic Welfare Australia is of the view that:

- The proposed system provides less incentive to move from Welfare to Work than the current system;
- disincentives in the new system may actually make job seekers less able to find employment;
- changes, particularly when viewed in conjunction with the Industrial Relations Reforms, may lead to an underclass of working poor;
- the penalties in the new system are unnecessarily harsh, are likely to capture those who are very vulnerable and often dysfunctional.

Based on our vast experience as a very successful Job Network provider, as providers of a wide range of employment related services, we have made a range of suggestions to advance the shared objective of moving people from welfare to work.

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<sup>3</sup> Lewis 2005, ‘Low Pay or No Pay?: Economics of the Minimum Wage’, Policy, vol. 21, no.3, Centre for Independent Studies

<sup>4</sup> Andrews, ‘Welfare to Work: Employer Demand Strategy’, Media Release, 10 May 2005

<sup>5</sup> Australian Industrial Relations Commission Safety Net Review 2004, <http://www.e-airc.gov.au/wage2004/s113>

<sup>6</sup> Parliament of the Commonwealth of Australia 2005b, ‘Workplace Relations Amendment (Work Choices) Bill 2005: Explanatory Memorandum’, pp.14-18

<sup>7</sup> Based on advice received from the Australian Catholic Commission for Employment Relations

## **Terms of reference:**

**Inquiry will report on increasing participation by, and reducing welfare dependence of, parents, people with disabilities, the very long term unemployed and mature age people through:**

**a) provision of employment services and related assistance**

### ***MOVEMENT ONTO LOWER NEWSTART PAYMENT***

The movement onto lower Newstart payment will limit the ability of parents and people with disabilities to search for work and participate in employment and other related assistance.

Single parent families have a gross weekly income of only \$412, compared to \$1167 a week for couple families.<sup>8</sup> A jobless single parent family spends half of its income on utilities, food and housing, compared to one-third for other families.<sup>9</sup> With the cut to household income from changes in Government benefits, this family will have even less income to pay for child care, transport, and other incidentals when looking for, and participating in, the paid workforce.

Working age people with disabilities have a gross weekly income of \$255, compared to \$501 for people without a disability<sup>10</sup>. They have a higher cost of participating in the paid workforce, due to higher health and transport costs, and cuts in payments will restrict their ability to participate in the paid work force even further. For example, 57% of people with a disability in the paid workforce report having an 'employment restriction'. An employment restriction includes being restricted in the type of work or number of hours they can do, needing on average one day off from work a week, or requiring equipment or assistance at work.<sup>11</sup>

Changes in eligibility criteria for Parenting Payment Single (PPS) and the Disability Support Pension (DSP) are affordable within the current Federal Budget. The Department of Employment and Workplace Relations (DEWR) has indicated that the estimated changes to income support payments as a result of the changes to the eligibility criteria for PPS and the DSP will save \$1,015 million over three years from 2006-07.<sup>12</sup> By comparison, the 2004-05 Commonwealth Budget recorded an underlying cash surplus of \$13.6 billion.<sup>13</sup>

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<sup>8</sup> ABS 2003, cat. no. 4442.0 *Family Characteristics Australia*, pp.38, 39

<sup>9</sup> ACOSS 2005, 'Facts about single parent families and welfare', ACOSS Info paper no. 380, p.10

<sup>10</sup> ABS 2003, cat no 4430.0, p.23

<sup>11</sup> *ibid*, p.28, 73

<sup>12</sup> Senate Employment, Workplace Relations and Education Committee 2005-06 Budget Estimates Hearing, Questions on Notice, Question numbers W156-06 and W157-06

<sup>13</sup> Costello, P, '2004-05 Final Budget Outcome', Office of the Hon Peter Costello MP, Treasurer, Parliament House, Canberra

## **Recommendation 1**

- Changes to eligibility criteria for Parenting Payment Single (PPS) and the Disability Support Pension (DSP) proposed by the Welfare to Work legislation should not be enacted in order to maintain job seekers on their current level of income support.
- Suitable activity tests for PPS and DSP recipients are introduced to meet the policy objectives of the Welfare to Work package.

### ***GREATER INTEGRATION BETWEEN EMPLOYMENT SERVICES TO ASSIST DISADVANTAGED JOB SEEKERS***

The ability of employment services to increase participation of welfare recipients in the paid workforce would be increased through greater integration between the various programs currently in operation.

The programs involved (primarily Job Network, Community Work Coordinators, Personal Support Programme, Jobs Placement, Employment and Training, and Disability Open Employment Services) should have in-built incentives and appropriate resources to encourage freer job seeker movement among them and joint servicing arrangements that work to the benefit of the job seekers involved.

Long waiting lists for capped programs limit opportunities for cross-referral and joint servicing. Programs have competing objectives and this constrains achievement of employment outcomes.

To overcome these rigidities a 'Flexible Participation Package' should be introduced. This would involve:

- consistent and compatible funding regimes (including service fees, outcome fees and JSKA credits) and fee sharing arrangements should be introduced to encourage appropriate joint servicing as required and the transfer of clients from one program to another as needs change;
- while recognising the need for additional specific outcomes for each program, the outcome definitions of the various programs should be compatible and the relativity of outcome payments rationalised. A core set of outcomes common to all programs should be developed (possibly the economic outcomes used for Job Network) supplemented by additional 'transitional' outcomes for particular programs indicating progress towards eventual Workforce Participation (e.g. completion of a rehabilitation program);

- cross-referral by providers without reference to Centrelink should be possible, provided assessment evidence supports transfer to another program; and
- provider caseload levels should not be permitted to restrict free movement among programs, transfers being treated as supernumerary acknowledging that no additional overall cost will result if a client leaves one program and enters another as the savings in one should roughly counter-balance the costs in another.

## **Recommendation 2**

To encourage participation in the workforce by income support recipients targeted by the Welfare to Work legislation, a flexible participation package should be introduced to achieve greater integration between employment programs.

## **JOB NETWORK**

Changes to the Job Seeker Classification Instrument (JSCI)<sup>14</sup> mean that it will be harder for single parents and people with disabilities to enter Intensive Support Customised Assistance (ISca), the service funded to support job seekers who face considerable employment barriers. In our experience as providers, however, job seekers who remain unemployed in the current, buoyant, labour market are likely to face increasingly higher levels of disadvantage.

Single parents and people with disabilities face considerable barriers to finding employment. Half of all single parents on income support are estimated to have a mental illness, including 20% who have depression<sup>15</sup>, and half of jobless single parents do not own a car.<sup>16</sup> Two-thirds of all Disability Support Pension recipients are mature aged, and 90% have no current employment income.<sup>17</sup>

For Job Network to increase the participation of welfare recipients in the paid workforce, the proposed arbitrary change to the Job Seeker Classification Instrument should be abandoned so that these individuals can receive the appropriate level of assistance based on their individual needs. Catholic Welfare Australia is already aware of anecdotal evidence of single parents and people with a disability who were expected to be eligible for Intensive Support Customised Assistance but were not assessed as eligible for the service according to the Job Seeker Classification Instrument.

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<sup>14</sup> Commonwealth of Australia 2005, *Budget Paper No.2*, p.146

<sup>15</sup> Butterworth 2003, *Estimating the Prevalence of Mental Disorders Among Income Support Recipients*, Policy Research Paper no.21, FaCS, p.33

<sup>16</sup> ACOSS 2005, p.3

<sup>17</sup> FaCS 2004, 'Characteristics of Disability Support Pension Recipients', <http://www.workplace.gov.au/>



### ***Intensive Support Customised Assistance fee structure***

The effectiveness of Intensive Support Customised Assistance at increasing participation of disadvantaged job seekers could also be enhanced through changes to the Intensive Support Customised Assistance fee structure.

Intensive Support Customised Assistance services should be continuous with re-commencement initiated on an annual basis. Unit Intensive Support Customised Assistance funding should increase with each anniversary following the job seekers initial ISca eligibility (not commencement). In keeping with this, Intensive Support Customised Assistance fees should reflect a job seeker's Highly Disadvantaged status and duration of unemployment at the time of commencing any particular annual Intensive Support Customised Assistance bout, and not depend upon the number of bouts of Intensive Support Customised Assistance already received.

There should be two grades of Highly Disadvantaged funding - Standard and Special. All Aboriginal and Torres Strait Islander peoples, People with a Disability, Highly Disadvantaged and job seekers who have been unemployed for 37 months or longer should receive Highly Disadvantaged (Standard) fees with Disability Support Pension clients receiving the Highly Disadvantaged (Special) funding level.

Based on Catholic Welfare Australia's experience of the inadequacy of current Intensive Support Customised Assistance funding levels, to have a significant performance impact, unit funding differentials should be significant. The following would be appropriate:

- 25-36 month unemployed: unit funding 25% above funding for those 13-24 months unemployed;
- Highly Disadvantaged (Standard): 50% above 13-24 funding; and
- Highly Disadvantaged (Special): 100% above 13-24 funding.

The above unit funding differentials should be delivered via commencement fees, not outcome fees, with a sliding scale that increases the commencement fee as a proportion of the total fee as duration of unemployment and Highly Disadvantaged status increase.

### **Recommendation 3**

The definition of 'Highly Disadvantaged' under the Job Seeker Classification Instrument should not result in fewer job seekers meeting this definition.

### **Recommendation 4**

Changes are introduced to the Intensive Support Customised Assistance fee structure to provide Job Network with more resources to assist disadvantaged job seekers participate in the labour force.

## ***PERSONAL SUPPORT PROGRAMME***

The Personal Support Programme provides intensive case management to job seekers facing multiple personal barriers, such as drug and alcohol addiction, mental health problems and family breakdown. Personal Support Programme clients experience high levels of disadvantage. A recent survey of Personal Support Programme clients in Victoria found that:

- 50% of the sample were homeless in the last 5 years;
- 70% had Year 11 as their highest level of education;
- 78% suffer from a mental health problem; and
- 66% had experienced family breakdown<sup>18</sup>.

The increase in places in Personal Support Programme announced in the 2005-06 Budget is welcome but would appear to be insufficient to accommodate the estimated number of income support recipients who will have part-time work requirements as a result of the Welfare to Work package. Department of Employment and Workplace Relations estimates that around 75,000 individuals will receive Newstart allowance instead of the Disability Support Pension as a result of the package<sup>19</sup>. According to National Employment Services Australia, feedback from assessors and providers involved in the Early Intervention trial indicated that there was a referral rate to Personal Support Programme of around 25%<sup>20</sup>. Based on this referral rate, there would need to be an extra 6,250 Personal Support Programme places a year for people with a disability. The 2005/06 Budget included an extra 25,000 places over 4 years in Personal Support Programme, sufficient to absorb this increase in referrals.<sup>21</sup>

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<sup>18</sup> Perkins, 2005, 'Personal Support Programme evaluation: interim report', Brotherhood of St Laurence, p.v

<sup>19</sup> Senate Employment, Workplace Relations and Education Committee 2005-06 Budget Estimates Hearing, Questions on Notice, Question no. W003-06, W016-06 and W017-06

<sup>20</sup> NESAs 2005, *Response to the Exposure Draft for Employment and Related Services Purchasing Arrangements 2006*, p.46

<sup>21</sup> DEWR 2005a, 'Welfare to Work: Budget 2005-06 Information session', <http://www.dewr.gov.au/>

However the increase in Personal Support Programme places in the Budget does not take account of the increased number of referrals to Personal Support Programme from parents who receive Newstart instead of other payments or from the current Personal Support Programme wait list. Department of Employment and Workplace Relations estimates that around 86,000 parents will receive Newstart instead of Parenting Payment Single<sup>22</sup>. A referral rate of 25% for this client group to Personal Support Programme would imply a need for an additional 21,000 places in PSP over 3 years.

Part of the increase in Personal Support Programme places in the Budget would also be absorbed by the current Personal Support Programme waitlist. The Personal Support Programme waitlist was 3,800 in January 2003 and is likely to now be higher<sup>23</sup>.

To increase participation of income support recipients, three changes should be made to Personal Support Programme.

**1. Personal Support Programme fees should be set with reference to Job Network fees, with a 20% loading in recognition of the degree of disadvantage experienced by Personal Support Programme clients**

Currently, Personal Support Programme providers receive a maximum payment of \$3630 for achieving a social outcome for a Personal Support Programme client (defined as participation in the program for 104 weeks) or a maximum payment of \$4180 for an economic outcome (defined as employment or participation in Intensive Support Customised Assistance, Disability Open Employment Services, or education). This averages out as a maximum of \$34.90 a week for a social outcome, or \$40.19 a week for an economic outcome.

For the same Personal Support Programme client, Job Network providers receive a maximum of \$9,200 for placing a Highly Disadvantaged client into a 26 week employment outcome at the end of two periods of Intensive Support Customised Assistance. This averages out as a maximum payment of \$88.46 a week across two periods of Intensive Support Customised Assistance, the maximum number of periods of Intensive Support Customised Assistance that an individual can receive over 2 years, which is the same length of time that an individual can participate in Personal Support Programme.

Catholic Welfare Australia believes that Personal Support Programme fees should be based on what Job Network providers receive on referral, for maintenance, and for outcomes, but with a 20% loading recognising the degree of disadvantage experienced by Personal Support Programme clients.

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<sup>22</sup> Senate Employment, Workplace Relations and Education Committee 2005-06 Budget Estimates Hearing, Questions on Notice, Question no. W003-06, W016-06 and W017-06

<sup>23</sup> Committee Hansard, Senate Employment, Workplace Relations and Education Committee 2004-05 Additional Budget Estimates Hearing, 17 February 2005, p.EWRE138

**Table 5: Funding available to Job Network and Personal Support Program providers over 24 months** <sup>24 25</sup>

Employment service	Funding provided on referral	Maintenance funding	Outcome payment	Total
Job Network	\$2650 (approx) Includes: - service fee of \$1250 - Job seeker account of \$1361	\$850 Includes: - second service fee of \$742 - job search review fee of \$109  - second Job Seeker Account payment of \$750	\$4,950 (max) For an IS Outcome: - \$3,300 for a 13 wk outcome + \$1,650 for a 26 wk outcome  For an IS Intermediate payment: - \$550 for a 13wk outcome + additional \$550 for a 26 wk outcome	\$8450
Personal Support Program	\$1320 Includes: - commencement payment of \$660 - action plan payment of \$660	\$1320 Includes: - \$660 payment at eight months, and second \$660 payment at 16 months	Economic outcome: \$1540 Includes: - \$1100 for 13 wk outcome - \$440 for a 26 wk outcome  Social outcome: \$990 - \$825 social outcome payment	\$4180 (economic outcome)  \$3630 (social outcome)

However, there are instances in the current fee structure where Personal Support Programme providers receive a lower fee than Job Network providers for similar types of activities. For example, a Personal Support Programme provider receives \$1100 for a 13 week economic outcome, while Job Network providers receive a maximum of \$3300. The fee structure for Personal Support Programme could be set in line with Job Network fees by addressing anomalies such as this.

<sup>24</sup> DEWR 2005e, Request for Tender for Job Network services, pp.68, 74, 80

<sup>25</sup> DEWR 2005b, Request for Tender for Personal Support Programme, p.67

**2. To achieve parity with Job Network providers, Personal Support Programme providers also should be provided access to a brokerage account, set with reference to the Job Seeker Account in the Job Network, but with a 20% loading in recognition of the degree of disadvantage experienced by Personal Support Programme clients**

Fees should be aligned between the two programs through the introduction of a Job Seeker Account in Personal Support Programme. The Job Seeker Account is a quarantined pool of funds that can be drawn down by Job Network providers to purchase goods and services to assist job seekers obtain employment. Examples include professional services, training, clothing and equipment.<sup>26</sup>

Currently, Job Network providers are allocated approximately \$2600 on referral of a job seeker. This consists of \$1350 paid into the Job Seeker Account and a \$1200 service fee. Personal Support Programme providers receive a total of \$1320 on referral, but do not have access to a Job Seeker Account.

The introduction of a Job Seeker Account in Personal Support Programme would allow the funding allocated to Personal Support Programme providers on referral of a client to be set in line with the fees available to Job Network providers on a client's referral.

A Job Seeker Account would also assist Personal Support Programme providers to both achieve economic and social outcomes for their clients. Given the nature of the client base, Personal Support Programme providers tend to make extensive use of specialised assistance to address non-vocational barriers experienced by their clients, such as drug and alcohol counselling and mental health specialists.

Given the greater degree of disadvantage experienced by Personal Support Programme clients, a brokerage account in Personal Support Programme would need to be set at a level 20% higher than that available to Job Network providers in order to achieve similar outcomes.

**3. Increase in Personal Support Programme places**

Additional places should be provided in Personal Support Programme to enable those moving from welfare to work access to this service if they need it.

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<sup>26</sup> DEWR, 'Guide to Job Seeker Account Expenditure Categories'

## **Recommendation 5:**

To increase the effectiveness of the Personal Support Programme at increasing participation in the paid workforce, the following changes need to be made to the program:

- Personal Support Programme fees should be set with reference to Job Network fees with a 20% loading in recognition of the degree of disadvantage experienced by Personal Support Programme clients;
- a brokerage account should be introduced for Personal Support Programme providers, which would be set with reference to Job Network fees, with a 20% loading in recognition of the degree of disadvantage that is experienced by Personal Support Programme clients
- the number of places in Personal Support Programme should be increased by a sufficient amount to ensure that all income support recipients targeted by the Welfare to Work legislation who require a place in the program would be able to access one.

## ***WORK FOR THE DOLE***

Single parents and people with disabilities have not previously participated in Work for the Dole on a large scale. To the year ending 31 March 2005, only 400 single parents and 6680 people with a disability participated in Work for the Dole.<sup>27</sup> In contrast, Department of Employment and Workplace Relations estimates that 160,000 people single parents and people with disability will receive Newstart instead of other payments as a result of the welfare to work package.<sup>28</sup>

Outcome rates for single parents are around the same as for other participants, but are likely to fall as higher numbers of single parents enter the program. 29% of single parents who participated in Work for the Dole in calendar year 2004 were employed by March 2005. This compares to an outcome rate for all participants of 31%.<sup>29</sup>

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<sup>27</sup> DEWR 2005c, 'Labour Market Assistance Outcomes', Issue 17, p.14, 18

<sup>28</sup> Senate Employment, Workplace Relations and Education Committee 2005-06 Budget Estimates Hearing, Questions on Notice, Question no. W003-06, W016-06 and W017-06

<sup>29</sup> DEWR 2005c, p.11

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Outcome rates for people with disabilities are quite low. Over the same reporting period, 23% of people with a disability who participated in Work for the Dole were in work at the end of March of this year.<sup>30</sup>

There are several factors limiting the ability of Work for the Dole to increase participation in the paid workforce of single parents and people with disabilities.

The unit cost of the program has not been adjusted to take into account the higher cost of single parents and people with disabilities participating in the program. At Senate Estimates, officers from Department of Employment and Workplace Relations indicated that the unit cost of the additional Work for the Dole places announced in the 2005-06 Budget are based on the current unit cost for the program.<sup>31</sup> Unit costs for these groups are likely to be higher for these groups for reasons such as:

- the need for higher levels of supervision, and
- alternative Work for the Dole projects would need to be developed that are better suited to the new client groups expected to participate in the program.

Single parents and people with a disability have not been provided with additional resources to participate in the program. Cuts in benefits for both single parents and people with a disability will limit the ability of both these groups to participate in employment programs, but no increase in the Work for the Dole supplement has been proposed.<sup>32</sup>

Given that many of those that are targeted by the Welfare to Work legislation have no recent labour market experience, and given the limitations of the Work for the Dole program, single parents and people with a disability would gain benefit from a work experience program, that operates in a different manner to Work for the Dole.

### **WORK FIRST PROGRAM**

A new form of work experience program, the 'Work First' program is proposed that integrates employment, work preparation (eg training) and intensive personal assistance. The 'Work First' Program better addresses the barriers to employment faced by single parents and people with disabilities, such as:

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<sup>30</sup> *ibid*, p.11

<sup>31</sup> Committee Hansard, Senate Employment, Workplace Relations and Education Legislation Committee Estimates Hearing, 30 May 2005, p.EWRE81

<sup>32</sup> Commonwealth of Australia 2005, *Budget Paper No.2*,

- long periods of time out of the workforce: for example, 90% of Disability Support Pension recipients have no current employment;<sup>33</sup>
- low levels of education and training: 75% of single mothers have no post school qualifications<sup>34</sup>, and 30% of people with a disability have completed Year 12<sup>35</sup>; and
- personal issues such as poor health. Almost half of all single mothers on income support are estimated to have a mental illness.<sup>36</sup>

The Program would work in the following way:

- 12 months subsidised employment or work experience in a real workplace on award wages in the job seeker's field of choice;
- intensive personal assistance would be provided by Job Network members and/or Personal Support Programme providers as necessary, to assist with the transition into the workforce;
- both Job Network members and Personal Support Programme providers could initiate Work First Program placement and involve the other service as necessary to address employment and personal issues in the employment context;
- sponsorship would be open to both not-for-profit and for-profit organisations;
- tax incentives for business would apply, to encourage their participation;
- a specific Government/Business/Provider (Job Network member and/or Personal Support Programme provider) partnership agreement would be signed with shared responsibilities outlined clearly; and
- specific Job Network and Personal Support Programme Service fees would be set. A Work First Program placement would qualify for 13 Week, 26 Week and other specific program outcomes in the usual way. An additional 52 Week outcome would acknowledge the very difficult adjustments required of this client group and the high risk of return to unemployment.

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<sup>33</sup> FaCS 2004, 'Characteristics of Disability Support Pension Recipients', <http://www.workplace.gov.au/>

<sup>34</sup> de Vaus 2004, p.50

<sup>35</sup> *ibid*, p.22

<sup>36</sup> Butterworth 2003, *Estimating the Prevalence of Mental Disorders Among Income Support Recipients*, Policy Research Paper no.21, FaCS, p.33



## **Recommendation 6**

To emphasise the objective of the Work for the Dole program to increase participation in the paid workforce, the name of the program should be changed to the 'Work for the Future' program.

## **Recommendation 7**

A 'Work First' program should be introduced for income support recipients targeted under the Welfare to Work legislation. This program would be better suited to addressing the barriers to employment that are faced by these individuals. The focus of this program is on 12 months subsidised employment in real workplaces on award wages.

## ***SERVICES FOR VERY LONG TERM UNEMPLOYED***

Apart from the added initial investment, there is no obvious reason why services for the Very Long Term Unemployed (VLTU)<sup>37</sup> could not be expanded to other income support recipients in an effort to increase participation in the paid workforce. Currently, around 60% of Newstart recipients, or 290,000 recipients, have been on payment for over 12 months<sup>38</sup> and could also potentially benefit from these services.

Many of those targeted under the Welfare to Work legislation have also been out of workforce for a considerable period of time<sup>39</sup>, and are therefore not considered officially unemployed.

## ***Wage Assist***

Wage Assistance has been demonstrated to be a highly effective means of increasing participation in the paid workforce. For example, 72% of participants in the Indigenous Employment Program Wage Assistance were in employment after completing the program.<sup>40</sup> In addition, current Government policy allows Job Network providers to use wage subsidies to place disadvantaged job seekers into employment.<sup>41</sup>

At this stage, only 7,000 places are proposed in the Wage Assist program each year.<sup>42</sup>

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<sup>37</sup> The 'very long term unemployed' are defined as job seekers that have completed their second period of ISca. See DEWR 2005e, p.112

<sup>38</sup> DEWR 2005d, 'Labour Market and Related Payments: A Monthly Profile', September, p.3

<sup>39</sup> For example, 90% of current DSP recipients have no recent work experience. See

<sup>40</sup> *ibid*, p.4

<sup>41</sup> DEWR, 'Guide to Job Seeker Account Expenditure Categories'

<sup>42</sup> Dutton 2005a, 'Welfare to work – increasing participation of the very long term unemployed', Budget 2005-06 Fact sheets, Office of the Hon Peter Dutton MP, Minister for Workforce Participation, Parliament House, Canberra

## **Recommendation 8**

Extend Wage Assist beyond the Very Long Term Unemployed to include Newstart recipients receiving benefits for more than 12 months and other income support recipients with no recent labour force experience.

### ***Full-time Work for the Dole***

Full-time Work for the Dole requires further changes if it is to increase participation of income support recipients in the labour force.

Full-time Work for the Dole should be used as a training and work experience program. At this stage, participants will be required to undertake full-time Work for the Dole for 25 hours a week over 10 months. 49,500 full-time Work for the Dole places will be created over 4 years. For a similar investment, this model could be used as an opportunity for participants to gain a recognised qualification, through a program of vocational learning.

There are a range of comparable Government programs. For example, the New Apprenticeships Access Programme (NAAP) provides training leading to a recognised qualification for job seekers with barriers to employment. NAAP involves:

- at least 20 hours per week and 150 hours in duration, with up to 25% of this time available for work experience;
- a mixture of technical skills (at least a Statement of Attainment must be issued) and generic skills to become ready for employment;
- tailored job search support for the initial 13 weeks to assist participants secure a New Apprenticeship;
- tailored Post Placement support for the initial 13 weeks of employment, education or training;
- assistance to find alternative employment should the participant cease employment within the initial 13 weeks of employment.<sup>43</sup>

Recent Government announcements suggest that full-time Work for the Dole is not intended to be an employment program. This represents a vast waste of resources and effort. The Government has said that full-time Work for the Dole will be for 'job seekers [who] are not making a genuine effort to find work'.<sup>44</sup>

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<sup>43</sup> See <https://naap.dest.gov.au/>

<sup>44</sup> Dutton 2005b, 'Welfare to work – Full time Work for the Dole', Budget 2005-06 Fact sheets, Office of the Hon Peter Dutton MP, Minister for Workforce Participation, Parliament House, Canberra

## **Recommendation 9**

Full-time Work for the Dole should be restructured to provide vocational training leading to a recognised qualification.

The responsibility given to Job Network providers in determining who will undertake full-time Work for the Dole and lack of clear criteria for making this decision is also concerning.

According to the recent Request for Tender documentation, Job Network providers will have responsibility to determine if a Newstart/Youth allowance recipient is required to participate in full-time Work for the Dole. At the end of the 10 month period, providers will then review whether the participant should remain in the program.<sup>45</sup>

Giving Job Network responsibility for this decision will limit the effectiveness of full-time Work for the Dole in increasing the participation rate of the Very Long Term Unemployed. Providers have the capacity to permanently move Newstart recipients into full-time Work for the Dole. Given that there is no further financial assistance provided for a job seeker who has had two periods of Intensive Support Customised Assistance, some providers are likely to decide for financial reasons to 'park' Very Long Term Unemployed in full-time Work for the Dole for financial reasons.

Given the loss of skills and work experience that the Very Long Term Unemployed experience, a holistic assessment that identifies the most appropriate type of assistance the individual requires would be more appropriate. This assessment should be undertaken outside of Job Network. This assessment should be available to all Newstart and Youth Allowance recipients who have received payment for 12 months.

## **Recommendation 10**

Responsibility for determining if a Newstart recipient is required to undertake full-time Work for the Dole should be removed from Job Network providers. An alternative assessment tool should be developed to determine the most appropriate form of assistance for Newstart recipients who have received payment for 12 months or longer.

## **Recommendation 11**

Once a participant completes full-time Work for the Dole, they should be reassessed to determine the most appropriate form of assistance. This could include re-entering full-time Work for the Dole or referral to an alternative activity.

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<sup>45</sup> DEWR 2005e, *Request for Tender for Job Network Services*, pp.65, 223

## **CHILD CARE**

The cost and availability of child care continues to be a barrier to workforce participation in the Australian community. The cost of child care continues to grow. NATSEM reported ABS figures that show, in the 12 months from September 2003 to September 2004, the cost of child care for Australian families increased by 10.3 per cent. This is the second highest price increase for all goods and services over this period, second only to automotive fuel, which increased by 12.0 per cent.<sup>46</sup>

The average weekly fee for private long day care centres is \$208, and \$211 for community long day centres. In family day care schemes the average weekly fee was \$185. Outside school hours care services charged on average \$6.68 per session for before school care and \$10.28 per session for after school care. School holiday care services charged an average \$139 per week.<sup>47</sup> In terms of Child Care Benefit, a family with an income is \$33, 361 or less would be able to get the maximum rate of Child Care Benefit as set out in the table below.

**Table 6: Maximum rate for non-school child<sup>48</sup>**

Number of children in care	Per Week (for 50 hours of care)	Per hour for each child
1	\$144.00	\$2.88
2	\$300.99 (\$150.50 per child)	\$3.00
3	\$469.78 (\$156.59 per child)	\$3.13

Availability of child care is also problematic. In recommending a way of dealing with availability, the Director of Lady Gowrie Child Care Centre in Brisbane Queensland, warns parents that:

‘In my experience as a child care director I think that waiting lists are the biggest problem for parents. Sometimes they can be as long as two to three years, depending on the age of the child. I recommend that people register with a number of centres to try to get a place. Do this as soon as you know you will need care, even if you are just in the planning stages. Although it can get expensive because most places require a deposit, it’s worth doing. By the

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<sup>46</sup> Cassells, R., McNamara, J., Lloyd, R. & Harding, A., 2005, Perceptions of Child care Affordability and Availability in Australia: what the HILDA Survey tells us, Paper presented at the 9<sup>th</sup> Australian Institute of Family Studies Conference, Melbourne.

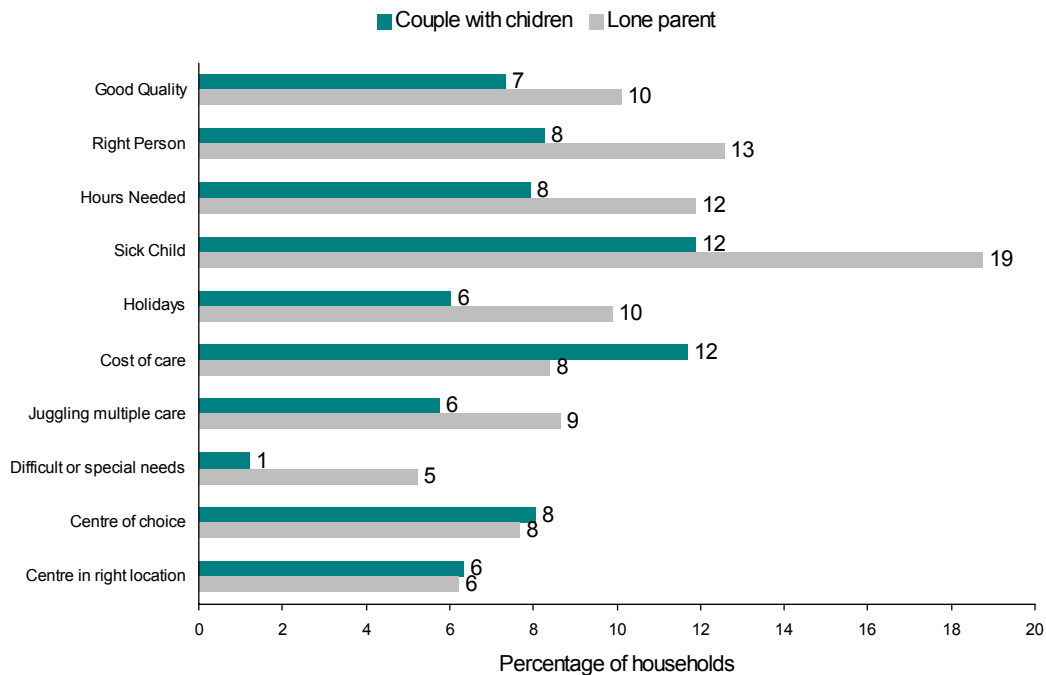
<sup>47</sup> Department of Family and Community Services, 2005, 2004 Census of Child Care Services, available online at [http://www.facs.gov.au/childcare/census2004/child\\_care\\_census\\_04/sec3.htm](http://www.facs.gov.au/childcare/census2004/child_care_census_04/sec3.htm)

<sup>48</sup> Family Assistance Office, 2005, Child Care Benefit, available online at [http://www.familyassist.gov.au/internet/fao/fao1.nsf/content/payments-ccb-how\\_much-less\\_32485.htm](http://www.familyassist.gov.au/internet/fao/fao1.nsf/content/payments-ccb-how_much-less_32485.htm)

way, the deposit is to cover the administration costs of frequently checking the list and contacting parents.<sup>49</sup>

NATSEM, investigating HILDA Survey data, reported that on average, single parents have more difficulties with child care arrangements than couple households. This included problems with finding care for a sick child, finding care during the school holidays, and finding care for the hours needed.<sup>50</sup>

**Figure 1: Proportion of households<sup>a</sup> reporting difficulties with child care by household type, 2002<sup>51</sup>**



<sup>a</sup> Household here refers to all households with children 14 and under who had used or thought about using child care to undertake paid work.

*Note:* Other/Mixed households have not been included in this analysis due to small sample sizes.

*Data source:* HILDA Wave 2 Confidentialised Data Set.

<sup>49</sup> Brisbane City Council, 2005, Moving to Brisbane: Brisbane Childcare Experiences, available online at <http://www.ourbrisbane.com/living/moving/childcare/hints.htm>

<sup>50</sup> Cassells, R., McNamara, J., Lloyd, R. & Harding, A., 2005, Perceptions of Child care Affordability and Availability in Australia: what the HILDA Survey tells us, Paper presented at the 9<sup>th</sup> Australian Institute of Family Studies Conference, Melbourne.

<sup>51</sup> Cassells, R., McNamara, J., Lloyd, R. & Harding, A., 2005, Perceptions of Child care Affordability and Availability in Australia: what the HILDA Survey tells us, Paper presented at the 9<sup>th</sup> Australian Institute of Family Studies Conference, Melbourne.

Changes to the work/training/study test for Child Care Benefit (CCB) for up to 50 hours of care, do little to address the problems of single parents, many of whom will re-enter the workforce with casual and part time jobs and study options. While the changes proposed in the Bill will benefit those who are working or studying in a permanent and full time capacity (and get recognised leave entitlements), single parents who are in casual jobs and have to take unpaid time off (e.g., their child is sick or during school holidays) still won't be able to make the test requirements over the fortnight (15 hours for one week, or cumulatively 30 over two). Not only will they miss out on their income if they are forced to take unpaid leave but also their Child Care Benefit would be jeopardised.

The legislation does allow for the Minister, by legislative instrument, to determine activities that count towards meeting the activity requirements, however Catholic Welfare Australia would rather see the safeguards to protect some of those already most disadvantaged in society protected by law.

The cost of child care ensures that it is an option that single parents must commit to very carefully. This becomes doubly difficult when child care places are not readily available when need arises. Single parents are often in a position where they cannot afford child care if they are not working full time and yet, they cannot afford to give up a place if one becomes available. The transition from welfare to work should be managed very carefully for this group of Australians and arrangements that may result in increased breaching of parents does nothing to resolve the complexities they face.

## **Recommendation 12**

Single parents re-entering the workforce from Parenting Payment Single should have complete subsidisation of child care costs.

### **b) responsive compliance system that encourages and rewards active participation**

It is the view of Catholic Welfare Australia that the proposed breaching regime is unduly and unnecessarily harsh and if the ultimate objective of the breaching regime is to actively re-engage with job seekers, it is counterproductive. Given that administrative breaches will now form part of the suite of "offences" which can lead to a job seeker receiving complete removal of income support in a far more automated process, one can fairly ask how natural justice and procedural fairness will be protected under the new arrangements.

Given the lack of a clear understanding on the likely scale or impact of the compliance system on single parents and people with a disability, the ambiguous impact of breaching on participation, and the pernicious impacts on job seekers who are breached (including impacts on housing, family relationships and health) the proposed 8 week non-payment period should be abandoned.

Further to this, the Government's Breaching Review Taskforce in its Final Report which was tabled in the Senate on 11 May 2005, found that "the evidence demonstrates that the majority of people are compliant and meet their requirements, with only 4.7% of all job seekers incurring a breach penalty during 2003-04. So penalties are not required for most income support recipients except as a deterrent in some cases".<sup>52</sup>

The Taskforce highlighted a dramatic reduction in breaches from 2001 to 2004. The breach rate fell from 18 per cent in 2000-01 to 4.7 per cent in 2003-04.<sup>53</sup> This decline was achieved not by imposing harsher penalties but through the combined impact of a number of events and measures, including in particular:

- a: enhanced efforts by Centrelink officers to follow contact procedures to ascertain whether or not the job seeker had a reasonable explanation prior to the imposition of a breach and penalty;
- b: Introduction of the Third Breach Alert in 2001;
- c: Introduction of Australians Working Together measures such as the Personal Support Programme and Personal Advisers;
- d: Improvement in the administration of earnings related breaches from September 2002, with particular attention being paid to the "knowingly or recklessly" criteria; and
- e: Introduction in July 2002 (and subsequent expansion in September 2004) of the use of suspensions to stimulate contact with job seekers prior to the determination of an administrative (activity test) breach.<sup>54</sup>

The Taskforce also found there were ongoing and serious problems in achieving common understandings and uniform approaches across and within the departments and agencies. The Taskforce noted "in part this reflects the general problem with communications but it has particular relevance to the issue of procedural fairness and natural justice".<sup>55</sup> As such, this could suggest that the proposed system may create a harsher regime for job seekers when the more important issue lies in procedural and administrative failings of the system itself.

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<sup>52</sup> Paragraph 41, Page 8 of 64, Report of the Breaching Review Taskforce, December 2004. Tabled in the Senate on 11 May 2005.

<sup>53</sup> Paragraph 50, Page 10 of 64, *ibid.*

<sup>54</sup> Paragraph 51, Page 11 of 64, *ibid.*

<sup>55</sup> Paragraph 52, Page 11 of 64, *ibid.*

Recent research suggests that having a breach imposed encourages participants to meet their requirements, but at the same time makes it harder for individuals to do so. Around 67% of those breached said that having their payments cut made them more determined to find work, but 60% said being breached made it harder for them to look for work. Breaches also resulted in negative effects on housing, relationships and personal health. Of those who were breached:

- between 10-20% lost their accommodation or had to move to cheaper housing;
- 33% said being breached put their relationships under stress, and
- 17% reported to having to cut down on the medication they needed.<sup>56</sup>

While the Government has proposed “case managing” families who have lost payment to address the potential impacts of breaching on children, not all parents will automatically receive this assistance<sup>57</sup>.

The negative impacts of the breaching regime on an income support recipients ability to comply with their participation requirements was also highlighted by the Breaching Review Taskforce which said that “the capacity of income support recipients to comply with their participation requirements is compromised when their income support payments are reduced through a breach penalty. Of equal concern is that the current breaching regime is often counter productive to re-engagement because a financial penalty will generally reduce a person’s capacity to fulfil their job search or activity requirement”.<sup>58</sup> Bearing in mind these comments relate to the current breaching system – not the harsher system being proposed.

Single parents and people with disabilities have not previously been part of the Newstart allowance compliance system on such a large scale, and the impact of the system on these groups is unclear at this stage.

DEWR estimates that 85,000 single parents and 75,000 people with disabilities will receive will receive Newstart allowance instead of Parenting Payment Single as a result of the Welfare to Work legislation over the next three years.<sup>59</sup> In March of this year, there were around 9680 single parents receiving Newstart allowance. At the same time, there were only 30,000 people with a disability who were actively participating in the compliance system.<sup>60 61</sup>

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<sup>56</sup> Eardley et al, ‘The Impact of Breaching on Income Support Recipients’, SPRC Report 5/05, p.xii

<sup>57</sup> Hansard, Senate Employment, Workplace Relations and Education Legislation Committee, Budget Estimates, Monday, 30 May 2005, p.EWRE163

<sup>58</sup> Para 21, page 5 of 64, *ibid*.

<sup>59</sup> Senate Employment, Workplace Relations and Education Committee 2005-06 Budget Estimates Hearing, Questions on Notice, Question no. W003-06, W016-06 and W017-06

<sup>60</sup> DEWR 2005c, p.15,



It is not clear how well these groups will understand their new and complex participation requirements.

The proposed compliance system is also a new system for Newstart recipients, and it is unclear at this stage as to how well Newstart recipients will understand these new requirements. In particular, the proposed compliance system has been forecast to result in an increase in the number of 8 week suspensions, because every breach would count in determining whether the recipient has breached payment rules on 3 occasions, not only activity test breaches, as is currently the case.<sup>62</sup>

In light of the findings of the Breaching Review Taskforce it is also highly probable that Government/Departmental staff and employment service providers also need to develop a significantly improved understanding of the new system.<sup>63</sup>

Rather than imposing a financial penalty, the compliance system would achieve greater engagement if those who were breached were provided with escalating levels of assistance to re-engage them with their activity test requirements. This would involve a number of elements:

- a reassessment by a specialist/professional of the individual's barriers to employment to determine if they are still suitable for participation in Job Network,
- where they are still suited to Job Network, the circumstances that lead to the breach would be identified, and appropriate assistance given,
- if they are found to be unsuitable to Job Network, the individual could be referred to an alternative employment service. Alternatively, or if their circumstances mean that they are not suited to involvement in the Active Participation Model at this time, they would be placed on an alternative payment and offered specialist assistance to address these issues.

The Breaching Review Taskforce stated that it believed the objectives of Breaching as outlined in 1997 were no longer appropriate and that the primary goal should be engagement and the objectives of any breaching regime should then be: (in order)

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<sup>61</sup> DEWR 2005f, 'Labour Market and Related Payments: A Monthly Profile', March, pp.3-4

<sup>62</sup> ACOSS 2005, 'Response to the Government's 'Welfare to Work' Proposals', ACOSS Info paper no. 378, p.3

<sup>63</sup> Paragraph 52, Page 11 of 64, Report of the Breaching Review Taskforce, December 2004. Tabled in the Senate on 11 May 2005

- a: To reinforce the objective of securing and maintaining the engagement of income support recipients in appropriate labour market related activities and support services;
- b: To maintain the integrity of the income support system; and
- c: To provide and maintain an appropriate penalty where a person acts unreasonable in failing to meet their participation obligations provided always that the obligations themselves are reasonable.<sup>64</sup>

We would implore the Committee to revisit the Breaching Review Taskforce Report.

### **Recommendation 13**

The proposed 8 week non-payment period for income support recipients should be abandoned. The impact of financial penalties on participation is, at best, ambiguous, and is dominated by the pernicious effects on housing, family relationships and health. At this stage, it is also unclear how single parents and people with a disability will be affected by an 8 week non-payment period.

### **Recommendation 14**

To better encourage participation, an alternative compliance system should be introduced to provide escalating levels of assistance and to re-engage income support recipients with their income support requirements who may be non-compliant for a range of reasons.

## ***INTERACTION WITH GOVERNMENT PROGRAMS***

In order for the compliance system to encourage participation, the Welfare to Work Bills should include detail on how inability to access Government programs might affect whether an individual is assessed as having met their participation requirements or not. There are a number of instances where this could occur, such as waitlists for disability programs and child care places.

The Welfare to Work Bills before the Parliament do not adequately address this issue at present. Schedule 7, Part 3, Subsection 624(2) of the *Employment and Workplace Relations Legislation Amendment (Welfare to Work and Other Measures) Bill 2005* states that an individual will not be deemed to have failed their participation requirements if they have a

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<sup>64</sup> Paragraph 15, Page 4 of 64, *ibid.*

reasonable excuse. However, the definition of a 'reasonable excuse' is at the discretion of the Secretary.

### **Recommendation 15**

While still preferring that the 8 week non-payment period is abandoned, subsection 624(2) should be amended so that the definition of a 'reasonable excuse' includes inability to meet participation requirements due to a current waiting list for that particular program.

The Welfare to Work Bills also provide for an 8 week penalty to be imposed for failure 'to commence, complete or participate in an approved program of work for income support recipients that the person is required to undertake' (subsection 629(1)(e) of the *Employment and Workplace Relations (Welfare to Work and Other Measures) Bill*). The Explanatory Memorandum states that this is only concerned with situations where the individual fails to undertake Work for the Dole<sup>65</sup>. However, the policy previously announced by the Government was that an 8 week penalty would be imposed for failure to participate in full-time Work for the Dole.<sup>66</sup>

Expanding the reasons for which the 8 week non-payment period could apply to include failure to participate in all Government programs would clearly undermine the objective of increasing participation in the paid workforce. Individuals who do not participate in Government programs should be provided with additional assistance to re-engage with the compliance system, as discussed in the 'Active Engagement Model' above.

### **Recommendation 16**

While still preferring that the 8 week non-payment period is abandoned, subsection 629(1)(e) should be amended so that payment is only suspended for 8 weeks for failure to participate in full-time Work for the Dole. This would then reflect Government policy announced at the time of the Budget.

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<sup>65</sup> Parliament of the Commonwealth of Australia 2005a 'Employment and Workplace Relations Legislation Amendment (Welfare to Work and Other Measures) Bill 2005: Explanatory Memorandum', p.88

<sup>66</sup> Dutton 2005c, 'Welfare to Work – New compliance framework to reward participation', Budget 2005-06 Fact sheets, Office of the Hon Peter Dutton MP, Minister for Workforce Participation, Parliament

## **SINGLE PARENTS**

There are a range of issues that must be addressed if the compliance system is to be responsive to the needs of single parents.

### ***Special family circumstances***

Under the *Employment and Workplace Relations (Welfare to Work and Other Measures) Bill*, foster carers, parents with children who have a disability, and home or distance educators are automatically exempt from participation requirements. The Secretary has the capacity to grant exemptions for parents with 'other family circumstances'. The Explanatory Memorandum notes that this includes classes of persons made under legislative instruments.<sup>67</sup> There are a range of other special circumstances that should be acknowledged in legislation and exempt from the activity tests. These include: parents caring for a relative, parents caring for a spouse (this would only apply to parents that previously received Parenting Payment Partnered) and parents in rural and remote communities.

All single parents who are exempt from activity tests should receive the higher pension payment for the duration of the exemption. Ministers Andrews and Dutton have previously announced that only foster carers and home and distance educators would receive the higher payment.<sup>68</sup>

### **Recommendation 17**

Other special family circumstances for which temporary exemptions can be granted should be included in the *Employment and Workplace Relations (Welfare to Work and Other Measures) Bill*. As a minimum, these should include parents providing the primary caring role for a relative or spouse (in the case of those who would have received Parenting Payment Partnered). Special consideration should also be given to parents in rural and remote communities with limited job opportunities.

### **Recommendation 18**

Though our preferred position is reflected in Recommendation 1 - the *Employment and Workplace Relations (Welfare to*

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<sup>67</sup> Parliament of the Commonwealth of Australia 2005a p.80

<sup>68</sup> Andrews, K and Dutton, P, 'Parents with Exemptions to Receive Special Income Supplement', Media release, 8 November, Office of the Hon Kevin Andrews MP, Minister for Employment and Workplace Relations, Parliament House, Canberra and Office of the Hon Peter Dutton MP, Minister for Workforce Participation, Parliament House, Canberra

*Work and Other Measures) Bill* should be amended so that all individuals who are exempt from activity test requirements due to special family circumstances receive an income supplement that increases their income support payment to the equivalent of the Parenting Payment Single rate.

### ***Transitional arrangements***

The proposed transition arrangements<sup>69</sup> do not adequately take account of the high incidence of relationship breakdown amongst single parents.

Research by the Department of Family and Community Services (FaCS) suggests it is not uncommon for PPS recipients to experience multiple break-ups with their partner. 23.7% of women receiving income support had broken up with their partner 3 or more times<sup>70</sup>.

For the compliance system to encourage participation by single parents, it must appropriately acknowledge the incidence of relationship breakdown amongst women receiving income support, and allow a greater amount of time to deal with the effects of relationship breakdown, or for attempted reconciliation with the person's partner. Single women receiving income support have the highest level of mental illness of all categories of benefit recipients. This is likely to reflect the effects of changes associated with separation, financial stability and responsibility for children.<sup>71</sup> It is not realistic to expect women in this situation to be required to meet activity test requirements.

Rather than impose an arbitrary time limit, all current PPS recipients who leave the payment should be able to return to PPS if their circumstances change in the future, and they still meet eligibility requirements.

### **Recommendation 19**

To better respond to the needs of single parent families, all current Parenting Payment Single (PPS) recipients who are moved off PPS should be able to return to the payment if their circumstances change in the future and they still meet eligibility requirements.

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69 Parliament of the Commonwealth of Australia 2005a pp.29-34

70 Pearce 2005, 'Parents on Low Income Study: Factors that Promote Self-Reliant Families', presented at Australian Social Policy Conference, p.8

71 Butterworth 2003, Estimating the Prevalence of Mental Disorders Among Income Support Recipients, Policy Research Paper no.21, Department of Family and Community Services, p.33, 40

## **Child care and activity test requirements**

The Explanatory Memorandum to the *Employment and Workplace Relations (Welfare to Work and Other Measures) Bill 2005* states that the Secretary will take into account the affordability of child care in assessing whether or not a parent has failed to meet participation requirements<sup>72</sup>. Given the increasing cost of child care, this issue should be explicitly detailed in the Bill as a valid reason for not meeting participation requirements.

### **Recommendation 20**

Subsection 601(2A)(ba) is amended to acknowledge that the affordability of child care is a reason for not meeting activity test requirements.

## **25 hour limit for primary carers**

The Explanatory Memorandum to the *Employment and Workplace Relations (Welfare to Work and Other Measures) Bill 2005* states that a principal carer will not be required to look for work or accept work where the hours of work would involve more than 25 hours of work per week.<sup>73</sup> This does not appear to be written into the proposed legislation.

### **Recommendation 21**

Subsection 601(1B) is amended to acknowledge that a principal carer cannot be required to accept work involving more than 25 hours of work per week.

## **PEOPLE WITH DISABILITIES**

While increasing participation in the paid workforce by people with disabilities is welcome, it is not appropriate to expect people with a disability who cannot currently meet the work capacity test of 15 hours a week to meet activity test requirements.

The *Employment and Workplace Relations (Welfare to Work and Other Measures) Bill 2005* reduces the eligibility for the Disability Support Pension, so that an individual only has to be incapable of working 15 hours a week to be eligible for the Disability Support Pension. However, the Bill also maintains the current criteria that if the individual can meet the work test within two

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<sup>72</sup> Parliament of the Commonwealth of Australia 2005a p.77

<sup>73</sup> *ibid*, p.76

years with the assistance of activities that increase their work capacity, they will be ineligible for the Disability Support Pension.<sup>74</sup>

Given the reduction to 15 hours a week, this increases the potential for an individual to be assessed as capable of meeting the work capacity test at some stage over the next two years with assistance, but of never actually achieving it. The Explanatory Memorandum contains an example of this situation. An individual is assessed as currently unable to work 15 hours, but of meeting the work capacity test after a two year vocational rehabilitation program. At the end of the two year period, the individual concerned attempts to return twice, but cannot do so due to back pain, and is only then able to receive the Disability Support Pension.

Where an individual cannot currently meet activity requirements, but could meet this requirement with activities that increase their work capacity, they should be exempt from activity test requirements and be eligible for the Disability Support Pension.

## **Recommendation 22**

The *Employment and Workplace Relations (Welfare to Work and Other Measures) Bill* should be amended so that individuals with either a continuing or temporary incapacity to work are not expected to meet activity test requirements.

## **Recommendation 23**

Individuals that cannot meet the work capacity test of 15 hours a week at the time of applying for income support are eligible for the Disability Support Pension until such time as they can meet the work capacity test.

The *Employment and Workplace Relations (Welfare to Work and Other Measures) Bill 2005* also requires individuals with a temporary incapacity to work, but who have the capacity to undertake a suitable activity, to be required to enter into an activity agreement to undertake a suitable activity.<sup>75</sup> It is unclear how an individual who cannot meet the 15 hour a week work capacity test would still be able meet participation requirements. These individuals should similarly be exempt from meeting activity tests.

## **Recommendation 24**

Individuals with a temporary incapacity to work remain exempt from participation requirements.

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<sup>74</sup> *ibid*, p.13

<sup>75</sup> *ibid*, p.69

## **INTERACTION WITH THE GOVERNMENT'S PROPOSED INDUSTRIAL RELATIONS CHANGES**

The interaction of the Welfare to Work legislation with the Government's proposed industrial relations changes potentially create a situation in which an income support recipient is required to accept employment which does not include penalty rates, overtime and leave loadings for casuals, under threat of losing payment for 8 weeks.

Under subsection 629(1) of the *Employment and Workplace Relations (Welfare to Work and Other Measures) Bill*, an 8 week penalty can be imposed where a Newstart recipient fails to accept 'without reasonable excuse ... a suitable offer of employment'. A suitable offer of employment is defined as a job which meets the Fair Pay and Conditions Standard<sup>76</sup>, which only contains five minimum conditions of employment: a minimum wage, annual leave, personal/carers leave, parental leave and maximum hours of work.<sup>77</sup> Award provisions which are more generous than the Fair Pay standard will continue to apply.<sup>78</sup> However, the role of the Australian Industrial Relations Commission in reviewing and maintaining the award system will not be retained.

In order to ensure that income support recipients targeted under the Welfare to Work legislation are not moving into working poverty, data should be collected on a regular basis on the income, employment and other outcomes for those targeted by the Welfare to Work legislation. Data should be made publicly available on a regular basis. For example, the United States Department of Health and Human Services provides an annual report to Congress on the impact of welfare reform on single parents.<sup>79</sup>

Data could subsequently be used to develop policies to address working poverty experienced by those moving from 'welfare to work'.

### **Recommendation 25**

That data is collected on the implementation of the Welfare to Work legislation and provided to the Parliament on at least an annual basis. This data should include information on income, employment and other matters affecting those income support recipients targeted by the Welfare to Work legislation.

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<sup>76</sup> *ibid*, p.78

<sup>77</sup> Parliament of the Commonwealth of Australia 2005b, 'Workplace Relations Amendment (Work Choices) Bill 2005: Explanatory Memorandum', p.14

<sup>78</sup> *ibid*, p.18

<sup>79</sup> See <http://www.acf.hhs.gov/programs/ofa/indexar.htm>



## Appendix A: profile of single parent families in Australia

### Overview

- 18.2% of single parent families live in poverty<sup>80</sup>
- one in five families (560,000) with dependant children are single parent families<sup>81</sup>
- single parent families have a median income of \$412 a week<sup>82</sup>

### Labour market

- workforce participation rate of 56%<sup>83</sup>
- unemployment rate of 11%<sup>84</sup>
- 54% rely on government benefits as their principal source of income<sup>85</sup>

### Education

- 75% of single mothers have no post school qualifications<sup>86</sup>

### Housing

- 58% of single parents are renters<sup>87</sup>;
- one quarter of all families in public housing are single parent families<sup>88</sup>

### Health

- 45% of single mothers receiving income support are estimated to have a mental health disorder<sup>89</sup>

#### **Case study – single parent with 2 dependent children**

Melanie is a 29 year old woman who has never been married. She is currently in a relationship with a student receiving Austudy.

She has two children; one aged 10 years and one aged 21 months. The children have different fathers. The father of the 10 year old pays formal child support. This has recently been reviewed and decreased in the amount he pays. Melanie has an informal arrangement with the father of the 21 month old regarding support. He buys goods and services that the child needs. This is a stressful situation for Melanie. Recently, she contacted the father

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<sup>80</sup> Lloyd, Harding and Payne, p.11

<sup>81</sup> ABS 2003, cat. no. 4442.0 *Family Characteristics Australia*, p.4

<sup>82</sup> ABS 2003, cat. no. 4442.0, p.39

<sup>83</sup> ABS 2005, cat no. 6105.0, *Australian Labour Market Statistics*, p.45

<sup>84</sup> *ibid*, p.45

<sup>85</sup> ABS 2005, cat no. 6523.0, *Household Income and Income Distribution Australia*

<sup>86</sup> de Vaus 2004, p.50

<sup>87</sup> ABS 2005, cat no. 6523.0

<sup>88</sup> *ibid*

<sup>89</sup> Butterworth 2003, *Estimating the Prevalence of Mental Disorders Among Income Support Recipients*, Policy Research Paper no.21, Department of Family and Community Services, p.33

on a Friday explaining that the baby needed nappies and she did not have the money to buy them herself. He said that there was nothing he could do about the nappies until after the weekend as he was out of town until Monday.

Melanie and the children have recently been able to move into government housing. This was a significant relief for her.

Melanie receives income through government benefits; Parenting Payment Single. She supplements this with part time work, although this has tended to be a series of casual jobs in the hospitality industry. She does not like working in this industry with the hours further complicating her child care arrangements. She recently resigned from a part time casual job to take up a more full time casual retail job. When asked to stay back on the second day of work, she explained to her new employer that she had to pick up her baby from day care. The following day her employer explained to her that she did not 'fit the culture' of the business and that he would have to terminate her employment. She is now unemployed.

When she is at work, Melanie's eldest child goes to school and then takes the bus home where she is at home alone until her mother returns from work. Melanie's baby is in long day care from 8am to 6pm five days per week.

In terms of education, Melanie finished school after completing year 10. Some years later, she completed a university entrance course and was successful at receiving a place at university. She dropped out of this course during her first year when she found that she was pregnant with her second child. Melanie has subsequently undertaken some work experience at her own instigation, although as yet this has not led to paid work.

Melanie's income is rarely sufficient to cover the weekly bills. She spends a lot of time shuffling what she can afford each week and constantly finds herself calling finance and utilities companies to negotiate payment options.

Melanie borrowed money from a friend so that she would have a deposit for a loan to buy a car. She is currently paying off the car. Her family are not really in a position to provide her with financial support. Melanie has one family member, a niece, who lives in the same town as her, and she can occasionally call on her for babysitting support.

Currently a telecommunications company is threatening to cut off her phone because she cannot pay her bill. In another recent incident she needed to pay a bill over the internet via credit card. She transferred \$90 onto the credit card to ensure the money was

there to cover the bill. At the time of transferring the money, the bank immediately charged a \$50 late fee charge to her account. This meant that when she went to pay the bill the credit card became overdrawn and she incurred further penalties.

In terms of her medical bills, she is lucky in that she has a very good friend who works casually in a doctor's surgery and is able to bulk bill her appointments, although the costs becomes a significant issue when her friend is not at work.

She was recently in a desperate situation where her baby had a severe cold, followed by hand, foot and mouth blisters, and then conjunctivitis. These illnesses occurred consecutively during a three and a half week period. This meant that for this period of time she could not put the baby into child care so she could not work. To maintain the place at the child care centre she still needed to pay the fees. This has significantly impacted on her ability to pay other bills and has resulted in her being at crisis point.

## **Appendix B: A profile of people with disabilities in Australia**

### **Overview**

- 3.6 million, or about one in five people in Australia, have a disability<sup>90</sup>
- people with a disability have median income of \$255 a week<sup>91</sup>

### **Labour market**

- workforce participation rate of 53.2%<sup>92</sup>
- unemployment rate of 8.6%<sup>93</sup>
- 43% rely on government benefits as their principal source of income<sup>94</sup>

### **Education**

- 30% of people with a disability have completed Year 12<sup>95</sup>
- 30.5% have not completed Year 10, compared to 13% of the rest of the population<sup>96</sup>

### **Housing**

- 26% of people with a disability are renters<sup>97</sup>;
- 25,000 people under 65 years live in accommodation for the retired or aged;<sup>98</sup>

### **Health**

- Poor health has been reported by 11% of people with a disability and by only 1% of those without disability;<sup>99</sup>
- 61% of people with a disability reported needing assistance to manage their health condition or cope with everyday activities<sup>100</sup>

#### **Case Study – person with a disability**

John is in his mid-forties and is the father of two teenagers. He suffers from mental illness which means that he regularly has times when he is healthy and other times when he is not.

He is married; he and his wife and the two children live in a government housing house. The income for the household is a complicated although insufficient mixture of government benefits

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<sup>90</sup> ABS 2003, cat no. 4430.0, Disability, Ageing and Carers: Summary of Findings, p.3

<sup>91</sup> *ibid*, p.3

<sup>92</sup> *ibid*, p.26

<sup>93</sup> *ibid*, p.26

<sup>94</sup> *ibid*, p.23

<sup>95</sup> *ibid*, p.22

<sup>96</sup> *ibid*, p.22

<sup>97</sup> *ibid*, p.22

<sup>98</sup> *ibid*, p.21

<sup>99</sup> Australian Institute of Health and Welfare 2004, *Australia's Health 2004*, AIHW, Canberra

<sup>100</sup> ABS 2003, cat no 4430.0, p.6

and, at times, income from casual employment. John's wife suffers from poor health herself and does not work.

Five years ago the family moved into government housing. This was a significant relief for the family and is somewhere they expect to live for the rest of their lives. Before the government housing became available they were living with various relatives because, in essence, they were homeless themselves.

As a result of John's family's neediness over an extended period of time, they do not have any extended family or friends they can call on in an emergency now. In the words of a support worker who knows the family, 'they have burnt their bridges with family and friends'.

Because they are teenagers, and his wife is at home, John's children do not require paid child care. However, as they get older, John is finding it more and more of a struggle to ensure there is money for their extra-curricula activities. Even a school excursion requiring a payment of \$10 puts pressure on the family finances.

Winter is a particularly difficult time in the household. The increased bills from heating are ones they spend summer paying off. In reality however, their expenses are never really covered and it is more of a constant priority shifting exercise.

Towards the end of each fortnight before pension day, finances become particularly tight. There are certainly times when there is no food in the house for a few days. This is heartbreaking and stressful for John and his wife, as they have to stop the children from eating as much food as they need earlier in the fortnight. There have certainly been times when John has gone without food so that the children could eat. At times, the support worker has helped John get food vouchers for his family through charitable organisations. Although this is not something he can access every fortnight.

In an event that sent John into a spiral of increasing destitution, there was a change in the management of the company he worked for in a casual minimum-wage job. He was regularly working 35 hours per week before the management change and while it was not a lucrative income, it allowed him to support his family. Following the change, John's hours became irregular and fewer. Within a short period of time he was only regularly getting 20 hours per week casual work. This resulted in him earning around the same amount as government benefits which was not enough to cover his family's living costs. The instability that this created for John also exacerbated his mental health problems and his support worker described him as 'spiralling further and further down.'

Because of this situation, John was unable to register the old car he owns. Typically when they can afford to, they register it, and when they can't, they don't. Registering the car usually means that it is paid at the expense of something else, for example, in one instance when they opted to register the car, their phone was cut off. Following John's decrease in hours at work and not registering the car, he took risks and drove it unregistered at times. This is also the case with his drivers licence. He was unable to afford to have this renewed when it expired so drove unlicensed for a period of time. Unfortunately he was pulled over by the police for driving an unregistered car and ended up in further trouble and debt as a result of driving unlicensed.

John was recently referred into a community mental health program and through this was linked into a support and independent living skills program. Through this program he has been supported to enter the workforce in a full time job. Of course, in needing to get to work, in the first few weeks he again had to drive the car unregistered so that he could save up for registration. He has subsequently registered the car.

Sadly John's wife has struggled with him having this work. While she acknowledges that it is good for the family, her own mental health has been impacted. She is suffering from a sense of loss and grief and is quite depressed. She has a sense of helplessness that she could not work. John's wife believes that she could not get a job because of the way she looks. Her teeth are rotten from years of poor oral hygiene and she is not able to access dental treatment.

John considers that the greatest luxury in life is a full time permanent job. He sees that as the ultimate thing that a person can have, along with the knowledge that he will have regular income to look after his family. With his current work, he is aiming to put aside \$10 a pay so that he can take his family on a holiday to the coast.