



**TasCOSS**

**Tasmanian Council of  
Social Service Inc (TasCOSS)**

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## **Welfare Reform *factsheet***

TasCOSS has joined with the Australian Council of Social Service (ACOSS), the national Council of Social Service Network, and other community organisations, in a national campaign to increase public awareness of the pressures facing low-income and disadvantaged Australians.

This campaign is centred on proposed changes to Australia's welfare system as announced by the Federal Government in the 2005/06 Budget.

The proposed changes to the system in which welfare payments are administered for people with disabilities, single-parents and the very long-term unemployed will dramatically impact on the lives of many disadvantaged Tasmanians.

### **TasCOSS: *Who do we represent?***

- The Tasmanian Council of Social Service (TasCOSS) represents the interests of low-income and disadvantaged Tasmanians. Our membership includes a wide range of community service organisations from across Tasmania.
- TasCOSS is recognised as the major peak body for welfare and related issues in Tasmania and is an independent member of the Council of Social Service network across Australia.

### **Welfare-to-Work: *What is Proposed?***

- The Federal Treasurer in the Budget Speech of May 2005 announced significant changes to Australia's welfare system. These changes will be implemented through legislation likely to be introduced into Parliament in its next sitting and to come into effect on July 1, next year.
- The Government's changes are about encouraging more people off welfare and back into a workforce that is struggling to provide labour to meet the demand of economic growth.
- The reforms specifically target people with disabilities, single-parents and the very-long term unemployed.
- ACOSS estimates that as many as 150,000 adult Australians and, both directly and indirectly, a further 150,000 Australian children and dependents will be affected by the changes.

### **Impact on *People with disabilities:***

- Under the Government's proposed changes, approximately 70,000 Adult Australians with disabilities, who would currently be granted the Disability Support Pension (DSP), will instead be put on Newstart Unemployment Benefits, *if assessed to be able to work 15 or more hours a week.*

- The Newstart Allowance would in most cases, provide between \$20-40 a week lesser payment to these people than what they would otherwise receive under the DSP.
- This represents as much as a *10-20% cut* in the income of people already living on considerably less than the average Australian income.
- And this does not factor in the higher than usual medical costs that DSP recipients generally have to factor into their weekly expenses.
- People with disabilities on unemployment benefits will also have to meet their new obligations as a registered job-seeker. This includes the risk that they could have their payments suspended for up to 8 weeks if found to be not fulfilling their Centrelink Activity Statement.
- The Government has allocated funding for specific employment programs for people with disabilities.

### **Impact on *Single Parents:***

- The Government has also proposed changing eligibility for the Parenting Payment Single (PPS). Approximately 80,000 single parents across Australia who would currently be eligible for the PPS will, from July 1, 2006, instead be eligible only for Newstart Unemployment Benefits, or AusStudy, when their youngest child reaches 8-years of age.
- These people will lose \$20 a week, or anywhere between 5 to 10% of the weekly income they would currently be entitled to under the PPS.
- Single-parent families are already the poorest families in Australia; the average weekly income of single-parent family with two primary-school aged children is just \$415 a week. This is 20% lower than the minimum wage.
- Single-parent families in Australia are already three-times more likely to fall into poverty and children brought up in single-parent families are at greater risk of poor social and economic attainment.
- The Government has allocated significant funding for additional after-school child-care places specifically for single-parents workers, however, no information has yet been provided on how many of these additional places will be allocated to Tasmania.

### **Impact on *Long Term Unemployed.***

- The Government is proposing to further extend 'Work-for-the-Dole' programs to specifically target the very long-term unemployed (Over 2 years constant unemployment).
- This will affect up to 25,000 Very long-term unemployed Australians nationwide.
- Most of these people will be expected to complete as many as 25-hours 'Work-for-the-Dole' per week in order to receive their benefits.

### **Impact on *Tasmania:***

- TasCOSS believes the entitlements of an **estimated 4,452 Tasmanians will be directly affected** by the changes to eligibility for the DSP and PPS.
- Of course, the *indirect impact on family members* and the dependents of these 4,452 Tasmanians *would see that number dramatically increase.*
- We estimate that **2,552 Tasmanians with disabilities**, who would currently be eligible for DSP payments, will over the three years from July 1 next year, receive Newstart payments if assessed as able to work 15-or more hours a week.
- Furthermore, we estimate that **1,900 Tasmanian single-parents** will also be transferred onto unemployment benefits when their youngest child reaches 8-years of age.

## Tasmanian Figures

- ACOSS commissioned research by *National Centre for Social Applications for Geographic Information Systems* at the University of Adelaide on the number of social security recipients in each federal electorate and State to be affected by the welfare changes over time.

	<b>DSP Recipients</b>	<b>PPS Recipients</b>	<b>Total number to be affected</b>	<b>% of Electorate</b>
<b>Braddon</b>	580	277	857	1.2%
<b>Bass</b>	547	237	784	1.2%
<b>Lyons</b>	534	269	803	1.2%
<b>Franklin</b>	407	345	752	1.1%
<b>Denison</b>	485	772	1,257	1.8%
<b>Tasmania</b>	<b>2,552</b>	<b>1,900</b>	<b>4,452</b>	<b>1.3%</b>

## We Welcome

The Council of Social Service (CoSS) Network does applaud several of the significant Government initiatives contained within the Welfare to Work reforms.

- We support the principle of the Government's intent to encourage more welfare recipients to more fully engage in the community, including the workforce.
- We welcome the provision of additional childcare places
- Additional \$2 Billion for services to help people back into work
- 41,600 Extra Rehabilitation places for people with disabilities
- 90,000 Extra Childcare places (although not yet advised of how many of these places will be allocated to Tasmania.

## Our Concerns:

The Council of Social Service (CoSS) network is concerned that the Government is making these changes to payments and penalties with the aim of getting people back into work, when in fact:-

- Putting people on lower payments is unlikely to provide them with the resources and skills they need to secure work.
- Single parents and people with disabilities are disadvantaged jobseekers. Parents face child care costs and the need for flexible hours while people with disabilities have high health costs and often face employer discrimination.
- Many people on pensions will be more reluctant to take full time jobs in case they lose them and end up on Newstart Allowance in future which has an effective marginal tax rate of 60 cents in a dollar compared to 40 cents for pensions.
- There are disincentives for people with disabilities and single parents on pensions who try to improve their chances of a job through education. If they go onto Austudy Payment instead of a pension in future they would be over \$100 per week worse off.
- People who experience the maximum 8-week loss of payments will be unable to meet basic costs such as rent and food, let alone travel and other expenses needed to look for work.
- Many people will not be able to get the help they need to secure a job because employment assistance is not funded at a sufficient level. For example, there are 180,000 jobless single parents with school age children but just 4000 extra

places a year in vocational education and training. There are 200,000 very long term unemployed people and just 5000 places in the Wage Assist program to encourage employers to take them on in employment.

- Furthermore, TasCOSS is concerned that these changes will hit even harder in Tasmania, where we already have lower than national-average personal incomes and higher rates of social and economic disadvantage and hardship.

### **Welfare-to-Work *The Solutions:***

ACOSS and other community organisations believe support and practical help to disadvantaged Australians are the key solutions to joblessness. In our experience, this is far more likely to help people than further penalties and payment changes.

The solutions are:

- More places in positive programs aimed to skill-up people with disabilities such as Open Employment.
- More places in vocational education and training programs for single parents.
- Better funded support provided through Job Network. More people should have access to the highest level of Job Network help, Customised Assistance.
- The Job Network fee structure should be adjusted to ensure providers have both the incentives and the resources they need to assist the most disadvantaged job seekers.
- A substantial increase in access to flexible, affordable child-care to better encourage PPS recipients to participate in training and the workforce.

### **We are calling on the Federal Government to:-**

#### ***Not make jobless people live on less***

Jobless people who apply for payments should not have to live on less money per week just because they applied after July 2006.

- *The legislation should not be passed in its current form.*

#### ***Not penalise poor people***

Rules for payments should be negotiated fairly and consistently. Penalties for jobless people should only be used as a last resort.

- *The 8-week penalty should be reduced.*
- *People should have a chance to explain before their payments are suspended.*

#### ***Give jobless people better assistance to find work***

Jobless people should be given a chance to get the skills and support they need to secure work. This will require better employment assistance.

- *More places should be provided in employment assistance programs.*
- *Job Network should be better funded and supported to meet people's needs.*

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