



# Modernising Australia's welfare system

**Julia Gillard and Labor**  
Let's move Australia forward



## **MODERNISING AUSTRALIA'S WELFARE SYSTEM**

A re-elected Gillard Labor Government will modernise Australia's welfare system – to spread the dignity and purpose of work, end the corrosive aimlessness of welfare and bring more Australians into mainstream economic and social life.

We will create better opportunities and require greater responsibility – building on the reforms we have delivered during the past three years to education, welfare and employment services.

In every step we take to improve opportunities for children, parents and jobseekers, we will match them with clearer responsibilities – to participate in study, training or work, and to make sure that children are getting the support and care they need to develop well.

Australia is in a strong position to create opportunity because it is creating jobs.

There is nothing more important in managing the Australian economy than to ensure that every Australian has the opportunity to work.

A job provides more than just a pay packet – it gives dignity and purpose, provides security for the future and connects people to their community.

When the Global Financial Crisis threatened the jobs of Australians, the Federal Labor Government stood up and took action - saving 200,000 Australians from losing their job and their financial security.

While 16 million jobs have been lost in other advanced economies, Australia has created more than 300,000 jobs since the Global Financial Crisis began almost two years ago.

Federal Labor believes all Australians on income support should have the opportunity of work – but with greater opportunity comes greater responsibility.

We need to get Australians who have grown up in a culture of intergenerational welfare dependency, or through circumstances beyond their control have fallen to the margins of the labour market, back into work.

## **CONNECTING PEOPLE TO JOBS**

### ***What we will do***

A re-elected Gillard Labor Government will offer relocation assistance to long term unemployed Australians who relocate to take up a job.

Relocation assistance would be \$6,000 for those moving to a regional area and \$3,000 for those moving to a metropolitan area. Families with dependent children incur higher costs when relocating, therefore families would be provided with an additional \$3,000 to help with those costs.

As part of this package, employers would receive a \$2,500 financial incentive for taking on a relocated jobseeker. This subsidy would be for \$500 per week for the first five weeks.

Our proposal is to trial the provision of assistance for up to 2,000 eligible job seekers over two years from 1 January 2011.

### ***Why we are doing this***

This practical assistance will help the long term unemployed to move to areas of greater employment opportunity.

Federal Labor is committed to providing the intensive services to assist more long term unemployed people to make the transition into the workforce through Job Services Australia.

Alongside increasing opportunities for entering the workforce through Job Services Australia, Federal Labor is committed to strengthening responsibilities to take up those opportunities.

### ***How it will work***

Assistance will be targeted to those who have been unemployed for more than 12 months and who reside in an area of high unemployment, so they can take up an ongoing full time position or apprenticeship in a new area. The national rate of unemployment, as determined by the ABS on a quarterly basis, will be used to identify target areas.

ABS Labour Force Regions with a rate of unemployment higher than the national average will be those within which job seekers will be eligible for relocation assistance.

The grants would be in the form of reimbursement of actual expenses incurred in the relocation, such as removalist's costs, and other support, for example, employment services, mentoring or community engagement.

Relocation assistance would not be available to move between or within a capital city. Relocation assistance will use existing definitions about reasonable travel within the employment services system.

If a job seeker leaves a job placement within 6 months, for which they received relocation assistance, without good cause, then the standard non-payment penalty period would be increased by 50 per cent, from 8 weeks to 12 weeks.

***What it will cost***

This proposal will cost \$14.8 million over three years from 2010-11. These costs will be fully offset from unused quarantined funding under the Employment Pathway Fund that is already provided for in the budget.

**TOUGHER RULES FOR JOBSEEKERS*****What we will do***

A new penalty for non-attendance at an employment service appointment – including for a training program or Work for the Dole project – will be introduced to make sure that jobseekers comply with the assistance they need to get a job.

All job seekers will be made aware that failure to attend appointments or other required activities may result in an immediate withholding of income support until re-engagement occurs.

***How it will work***

Currently, jobseekers are only advised that failure to comply with a requirement could incur future penalties. Under new rules, penalties could apply from the first failure to attend.

Under tough new rules to apply from 1 July 2011, employment services providers will be able to report to Centrelink failures to attend appointments by job seekers.

A first failure can result in automatic suspension of income support payments until that person re-engages (by phone or in person) with their employment service provider by, for example, rescheduling an appointment. Centrelink is the government agency responsible for the administration of these penalties. This will also apply to other failures to engage with activities required by the employment service providers, for example attendance in a training course or at a Work for the Dole project.

On the first failure to attend a job service Australia interview, Centrelink will put a halt to a person's income support payments. Payment will only recommence once a jobseeker contacts Centrelink and confirms they will attend their rescheduled appointment. Upon notification to Centrelink of the first failure, and that failure has been fixed, full back pay will be provided.

Those job seekers with a known vulnerability will be given an exemption. An intensive participation interview with Centrelink will be held with failing job seekers.

On the second failure, payments will be immediately stopped and there will be no back-pay. Payments would immediately restart from the time of re-engagement.

If a jobseeker has a reasonable excuse for non-attendance – such as being unwell – and the provider is informed prior to the attendance, then no penalty will apply. This is just the same as calling your boss in the morning and telling them you're sick and won't be in at work.

This will introduce a new regime of responsibilities and penalties in response to failures by job seekers to comply with reasonable rules that require them to attend Job Services Australia interviews.

***Why we are doing this***

Between July 2009 and May 2010 employment services providers formally reported to Centrelink over 200,000 instances where job seekers had failed to attend an appointment. The rate of non-attendance at provider appointments is actually higher, as providers have discretion not to report.

The current attendance rate for employment services appointments is just 58 per cent. Of those who don't attend, approximately half have been recorded as having a valid reason for missing the appointment.

The overall rate of non-attendance is 42 per cent and needs to be reduced to improve engagement and job outcomes.

Existing compliance arrangements can take several weeks to affect income support payments, and can result in a permanent loss of income.

These initiatives reflect Federal Labor's commitment to back Australian families with greater support and greater opportunities. Because of Australia's resilience through the Global Financial Crisis, Australia now has one of the lowest unemployment rates in the industrialised world. Jobs and opportunities continue to grow and we are returning the budget to surplus.

Australia has the opportunity now to make significant inroads into entrenched disadvantage and welfare dependency. A re-elected Gillard Labor Government will extend their opportunities and expect greater responsibility as we bring more Australians into participation in work and community life.

**STRENGTHENING COMPLIANCE*****What we will do***

Federal Labor will also strengthen the compliance regime on the use of default income in child support assessments. A new, more accurate, default income arrangement will be introduced that uses a parent's previous taxable income instead of a lower default income in cases where they have not lodged a tax return.

***Why we are doing this***

Almost one in four child support cases have incorrect assessments due to late or non-lodgement of tax returns. Some parents have failed to lodge returns for over seven years. This non-compliance with tax obligations works against the policy objective of the Child Support Scheme that parents contribute towards the cost of raising their children according to their capacity to pay.

Under legislative changes made in 2006, and implemented during 2008, a new default income of two-thirds of male total average weekly earnings (MTAWE) has applied in child support cases where a person does not lodge their tax return for more than two years. This default income is around \$39,000 per annum.

Since 1 July 2008 there has been a 325 per cent increase in the use of this default income where it is lower than the person's previous taxable income.

**How it will work**

A change will be made to strengthen compliance so that when a person does not lodge a tax return, the default income will no longer apply where that income is lower than their last known taxable income. Instead the old taxable income will be indexed by wages growth.

**What it will cost**

This stronger compliance will save \$58.8 million over four years through reduced government expenditure on family assistance.

**FINANCIAL IMPACT (\$ million, underlying cash balance)**

	2010-11	2011-12	2012-13	2013-14	Total
Connecting people with jobs	-4.8	-9.9	-0.2	0	-14.9
Offset from EPF	4.8	9.9	0.2	0	14.9
Tougher rules for jobseekers	-	-	-	-	-
Strengthening compliance	0	18.9	19.6	20.3	58.8

These costs for the *Connecting people with jobs* initiative will be fully offset from unused quarantined funding under the Employment Pathway Fund that is already provided for in the Budget.

**AUTHORISED N.MARTIN for the ALP, 5/9 Sydney Ave. Barton ACT.**