



Creating Opportunity. Requiring Responsibility.

Modernising Australia's Welfare System



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Let's move Australia forward

Contents

Creating opportunity. Requiring responsibility.	7
Every child should get a great start	8
Making sure children are in school and learning	10
Getting more Australians into work	13

Creating opportunity. Requiring responsibility.

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.

Help for Australians and their families through income support, family tax benefits and other means will be combined with clear expectations of the responsibility to learn, work and contribute to the community.

The same instincts and values that prompted us to take decisive action when Australia was threatened by the Global Financial Crisis will drive the Gillard Labor Government's commitment to modernising Australia's welfare system.

When the rest of the world went into recession, Labor was determined that a generation of kids should not find themselves growing up with parents out of work – forced out of family homes, losing financial security and the sense of dignity and purpose that comes with a job.

Our economic stimulus strategy prevented hundreds of thousands of Australians experiencing the devastation of sudden unemployment – avoiding the extended periods spent outside of the workforce that result in long-term marginalisation for parents and children. Unlike other nations, Australia will not spend years repairing the destruction of skills and job readiness among people of working age.

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

Nevertheless, despite almost two decades of economic growth, too many Australians are still excluded from mainstream economic and social life. Fifteen per cent of Australian families with children under 15 are jobless families – and in more than 128,000 of these families, the parents have had no earnings for the past three years.

Federal Labor respects the choice made by many parents with young children not to seek paid work. The Baby Bonus and Family Tax Benefit Part B provide help through the family payment system for families where one parent is at home caring for young children.

But where whole families are without work for long periods, children are at much greater risk of missing basic opportunities. Joblessness is corrosive – it undermines a person's sense of dignity and purpose, and weakens family and community life.

Children at the age of 14 with both parents out of work are almost twice as likely to be out of work as adults compared to those who had a working parent.

In the past, many of these families have been failed by social welfare policies. They have been hamstrung by flawed approaches that have swung between entrenching welfare dependency and demanding total self-reliance without adequate support for people to make the changes and learn the skills that they need to take responsibility for themselves and others.

Labor is tackling the barriers that prevent jobless parents from taking meaningful opportunities to work and from supporting their children's development more positively and more effectively.

This requires real support to learn skills and access good local health and early childhood services. And it demands that parents step up to their responsibilities, to make sure that children are attending school and well cared for, that income payments are spent responsibly and that every child is focused on the importance and the benefits of learning.

The Government's approach is to invest in better services and more help for families and to expect clear responsibilities in return, especially in making sure that children are learning and developing in the ways that will benefit them for the future.

In government, Federal Labor has taken major steps forward to build a more inclusive Australia – a nation in which every child has opportunity, and no individual's fate is pre-determined before they start school or reach adulthood.

This plan sets out Labor's actions and commitments to improve opportunity and responsibility in three key stages of life:

- **Early childhood** – where we are driving long term changes like health checks for young children and guaranteeing universal access to a year of high quality pre-school.
- **The school years** – where we are identifying children at risk of disadvantage as they enter school, driving comprehensive reform to make every Australian school a great school, taking new steps to make sure children attend school and lift participation and completion rates so that school leavers are ready for further education or for work.
- **Working life** – where we are strengthening the requirement that people gain skills, find work and sustain their participation in the workforce, while also providing new assistance to help people move to areas where work is available.

The Gillard Labor Government's approach to modernising our welfare system is about giving every Australian dignity.

For older Australians and people unable to work, we have made an historic increase in the pension to help people with the cost of living and keep up with community living standards.

For those who can work but are not currently in the labour force, it means new measures to enable participation and work.

These reforms are vital to securing Australia's long-term prosperity by increasing productivity and workforce participation, essential for maintaining our economic growth as the Australian population ages.

For everyone who has ongoing responsibilities: to dependent children, to their own future development and to participate in the workforce, our policies set out clear expectations and requirements.

If Australia is to succeed in lifting participation, sustaining its economic growth and overcoming entrenched disadvantage that still exists in many parts of our community, we must replace obstacles with opportunity, and reward positive behavioural change.

Dignity comes from achievement and work, from taking responsibility for yourself and your family - like sending your child to school each day, acquiring a new skill or improving your health.

A re-elected Gillard Labor Government will keep move forward on modernising Australia's family support system – because with opportunity comes responsibility, if all Australians are to have a sense of dignity and worth.

Every child should get a great start

In government, Federal Labor is putting the safety, health and wellbeing of children and families at the centre of the welfare reform agenda. Years of scientific and economic evidence shows that children's experiences in the early years make the greatest difference to their long term development.

What we're already doing: Great opportunities for under fives

Labor has invested in early years education and services so that every child, no matter what their circumstances, gets the best possible start in life.

We have more than doubled the national investment in early childhood education and child care.

We are helping working mums and dads spend time with newborns in the critical first months after childbirth, introducing Australia's first Paid Parental Leave system from January 2011.

We are helping parents balance work and family responsibilities with extended rights to unpaid parental leave, and the right to request returning to work on a part-time basis, as part of our National Employment Standards.

We have lifted the Child Care Benefit and increased the Child Care Rebate from 30 to 50 per cent and raised the maximum amount parents can claim from \$4,354 to \$7,500 for each child.

We are putting the interests of children first with landmark reforms to lift the quality of childcare and early child education.

We are introducing universal access to pre-school for all Australian children – so that every child begins developing social and learning skills and is ready for the start of school.

The Gillard Labor Government is committed to delivering care and learning opportunities for all Australian children that are accessible, affordable and of high quality.

With these new opportunities come responsibilities for parents to make sure they are doing the things that will help their children learn and thrive, and make clear the requirements and responsibilities that all parents need to meet in relation to key aspects of health and learning.

That is why the Gillard Labor Government is extending income management to more income support recipients to fight passive welfare, promote personal responsibility and protect children. Income management is an important tool for making sure more welfare is spent on life essentials like food, clothes and rent, and that less goes to alcohol or drugs. The first step is getting underway across the Northern Territory, and this experience will inform the future rollout of income management across Australia.

Income management will be extended to the long-term and young unemployed, parents on income support referred by child protection authorities and people assessed as vulnerable by Centrelink.

Age and disability support pensioners will not be automatically income managed.

What we will do: Getting Kids Ready for School

To help ensure Australian kids are in the best possible position to start school, a re-elected Gillard Labor Government will introduce new requirements for parents of four year olds receiving income support to have their kids undertake a Healthy Kids Check.

An early check can help detect any developmental barriers, such as hearing or sight impairments. Undetected, these types of developmental issues can stop children reaching their full potential at school. The Healthy Kids check has had a successful start, but many more children should be benefiting from having a check-up before they start school.

Payment of the Family Tax Benefit A end of year supplement for families on an income support payment with a four year old will be conditional on undertaking a Healthy Kids Check.

The 2009 Australian Early Development Index report indicates that a greater proportion of children from lower socio-economic communities were developmentally vulnerable in relation to their physical health.

Under these new rules, before payment of the supplement at the end of the financial year (currently \$726.35), families will have to demonstrate to Centrelink that their child has undertaken a Healthy Kids Check. The new requirements would apply from 1 July 2011.

The Australian Early Development Index Report 2009

The Australian Early Development Index, a 2007 election commitment delivered by Federal Labor, is a population based measure of how children have developed by the time they start school across five areas of early childhood development.

The first national AEDI results show that while the majority of Australian children are doing well, there are around 23 per cent of children in Australia who are developmentally vulnerable as they enter school.

The Australian Early Development Index report for 2009 indicates a greater proportion of kids from lower SES communities were developmentally vulnerable in relation to their physical health:

- 13.3 per cent of children with developmental vulnerabilities relating to their physical health and well being were from the most disadvantaged quintile.
- 10.3 per cent of children with developmental vulnerabilities relating to their physical health and well being were from the second most disadvantaged quintile.
- In contrast, only 6.1 per cent of children with developmental vulnerabilities relating to their physical health and well being were from the least disadvantaged quintile.

As the National Preventative Health Strategy (2009) has concluded, children with poorer health early in life tend to carry this disadvantage through their lives:

“In short, what happens to children at the earliest age has direct, identifiable outcomes in areas such as their health, life expectancy, the extent to which they rely on the economic and social support of the community and their capacity to contribute productively to their society. Children with poorer health do significantly less well in school, complete fewer years of education, and have significantly poorer health as well as lower earnings as adults.” [33]

Not only do disadvantaged children arrive at school less well prepared, early gaps also persist and even widen as children progress through school. These same children are more likely to drop out of school, experience unemployment, welfare dependency and crime – underscoring further the importance of early intervention strategies in giving all Australians a fair go in life.

Making sure children are in school and learning

When children go to school, they embark on a journey that will shape their whole life.

Education is the best way to create opportunity for every Australian child – which is why the

Gillard Labor Government is implementing a comprehensive reform plan to make every school a great school.

A great education has the potential to transform a child's life and give them the opportunity to discover their potential and shape their future.

But the benefit of a great education is only possible if children are attending school and have the opportunity to learn.

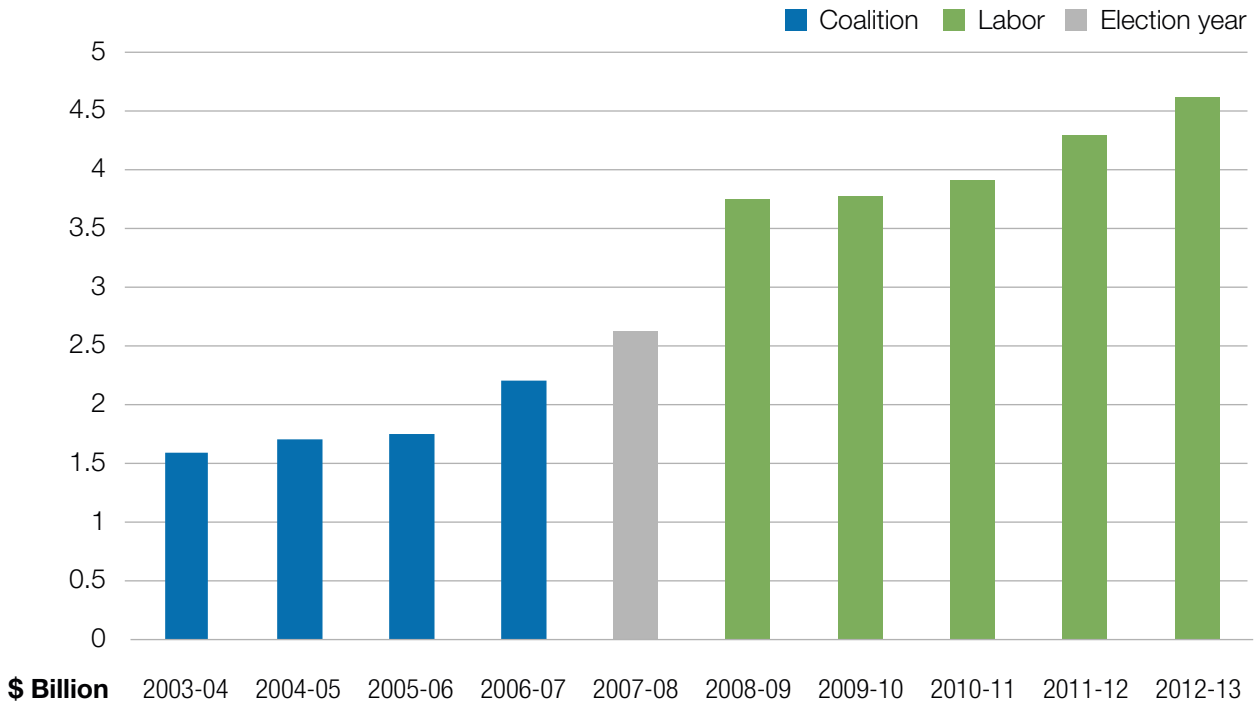
Some children are not attending school regularly enough to gain the benefits of education – leaving them at risk as of falling further behind, losing confidence and ending up in a demoralising cycle of underachievement and alienation.

Getting their kids to school is a fundamental responsibility for any parent, and Federal Labor believes this responsibility should be promoted through our system of family support payments.

Struggling parents should have support to set stable routines, get up every day and make sure their children attend school, and that they are nourished and prepared to learn.

Our system of income support should also foster parents' responsibility to make sure their children are in school.

Early Childhood Education and Child Care Investment



What we're already doing: Increasing school attendance and school retention

The Government is examining different approaches to increase school attendance. A variety of approaches are being trialled to assess their effectiveness in this challenging area.

A School Enrolment and Attendance Measure (SEAM) to promote parental responsibility is being trialled in six communities in the Northern Territory, the Logan area in southern Brisbane and the remote Queensland communities of Mornington Island and Doomadgee. We will continue to test the effectiveness of these approaches.

The Government is also acting to improve school retention rates, with the goal of achieving 90 per cent Year 12 retention by 2015.

To help achieve this goal, Federal Labor has introduced a package of *Learn or Earn* obligations as part of the COAG Compact with Young Australians in 2009. *Learn or Earn* guarantees a training place for all young Australians under 25 – so they get the opportunities they need. It also requires young Australians to be in school, in training or in a job for families to receive Family Tax Benefit Part A for young people aged 16 to 20.

These reforms aim to encourage students to stay at school and make sure more young people benefit from the education and training that can build a skills base for future work.

What we will do: Further steps to keep kids in school and at school

A re-elected Gillard Labor Government will also **reform the family payment system** to encourage more teenagers to stay at school and help families meet the higher costs of older children.

We know millions of families rely on the Family Tax Benefit for financial support, especially during the teenage years when the family budget can be so greatly stretched.

Federal Labor also recognises that the Family Tax Benefit represents a valuable opportunity to leverage better outcomes for young people through engagement in education, training and work.

Under the existing system, the maximum rate of Family Tax Benefit Part A drops from \$208 per fortnight to \$51 per fortnight when a child turns 16. Rent Assistance also stops when a child turns 16.

This sharp drop in family support can encourage teenagers to leave school early if their family is unable to support them in full-time study or training.

Under our reforms, a re-elected Gillard Labor Government will increase the maximum payment rate of Family Tax Benefit Part A by more than \$150 per fortnight to \$208 per fortnight or \$6,161 per year for children aged 16 to 18. The reforms will commence from 1 January 2012.

Eligibility for the increased Family Tax Benefit payment will be conditional on children studying to finish Year 12 or the vocational equivalent.

We want students to be engaged with education because it is their best chance – and in many cases their only chance – to get ahead in life, gain skills, obtain a good job and participate fully in society.

A re-elected Gillard Labor Government will extend its efforts to lift school attendance through the **No school, No play** scheme agreed with all the major sporting codes.

Under this scheme, children will be given strong incentives to attend school by making their participation in sports conditional on school attendance – on the basis that if a child can be motivated to turn up to sport with their uniform and equipment, they should be able to turn up for school.

Making progress on income management

The Federal Labor Government is introducing a new, non-discriminatory model of income management. The new model of income management will be first implemented across the Northern Territory, in urban, regional and remote areas. Future implementation elsewhere in Australia will be informed by the evidence gained from an evaluation in the NT.

When an individual is under income management 50 per cent of their regular welfare payments and 100 per cent of any lump sum payments are quarantined. This means that this money can only be spent on essentials like food, clothes and rent, and not on alcohol, drugs or gambling.

Individuals can access their income managed funds to purchase priority items from a broad range of approved merchants via the existing EFTPOS network by using the pin-protected BasicsCard, or through direct payment arrangements through Centrelink to pay regular expenses such as rent and electricity bills.

Financial counseling and money management services are also be provided to help people on income manage their finances. There will also be a matched savings incentive for people on compulsory income management – so that every dollar they save is matched by another dollar from the Government, up to a maximum of \$500. This will help encourage positive savings habits.

Individuals can get an exemption from income management, and regain control for 100 per cent of their welfare payments by participating in study, training and employment and by demonstrating responsible parenting by getting children to school and keeping their children up to date with immunisations.

Getting more Australians into work

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, Labor 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 financial crisis began almost two years ago.

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.

Labor is committed to lifting workforce participation so that more Australians of working age experience the benefits of work, and so that welfare only ever serves as a temporary respite not a permanent resort.

What we're already doing: Empowering people to work and earn

In government, Labor has taken action to encourage more Australians into work.

We have reformed the tax system to reduce disincentives for low income Australians to earn more by increasing the Low Income Tax Offset (LITO), introduced Australia's first ever Paid Parental Leave scheme and lifted the Child Care Rebate to make childcare more affordable for parents who want to go back to work.

Getting more Australians into work requires intensive support to lift their skills and job readiness.

Some 60 per cent of unemployed Australians do not have the language, literacy and numeracy skills necessary to complete a Certificate III vocational qualification, and more than one in five unemployed people have been identified as having specific vulnerabilities such as mental illness or an alcohol or drug dependency.

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.

Job Services Australia is helping disadvantaged jobseekers to develop skills and find and keep a job.

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

The concept of mutual obligation was first introduced by the Hawke Labor Government through attaching training or community work obligations to unemployment benefits.

What we will do: Providing greater opportunities and expecting more responsibility

Under a re-elected Gillard Labor Government, mutual obligation will be strengthened through the continued rollout of intensive assistance for people out of work through Job Services Australia.

A person on New Start who refuses to take up job support opportunities or attend a Job Services Australia interview without any reasonable excuse will have their income support payments suspended until they fulfil their responsibilities.

A re-elected Gillard Labor Government will step up efforts to **connect Newstart recipients with a job**.

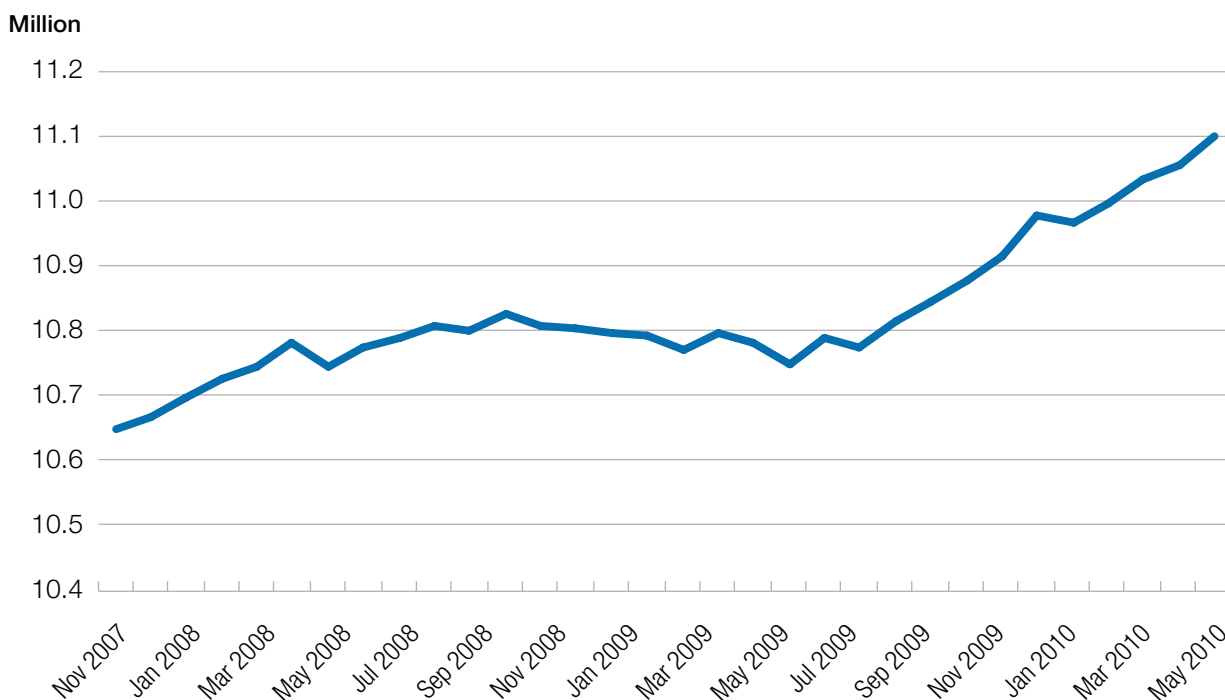
Relocation assistance of up to \$6,000 will be offered to unemployed Australians who move to get a job. Grants would be in the form of reimbursement of actual expenses incurred in

the relocation, including employment service and other support – for example mentoring or community engagement. Relocation assistance into a metropolitan area would be \$3,000 and \$6,000 for relocation into a regional area.

This practical assistance will help the long term unemployed to move to areas of greater employment opportunity. Relocation assistance will use existing definitions about reasonable travel within the employment services system. Relocation assistance will not be provided for moves within or between capital cities.

We will trial the provision of assistance for up to 2,000 eligible job seekers who have been unemployed for more than 12 months and who reside in an area of high unemployment, so they can take up an identified ongoing full-time position or apprenticeship in a new area. Families with dependent children would be provided with an additional \$3,000 to help with relocation costs.

Total employment, Australia



Employers will also receive a \$2,500 financial incentive, paid at a rate of \$500 per week for the first five weeks. After this an employment service may negotiate additional subsidies if required.

If a job seeker leaves employment within the first six months without good cause, the standard non-payment penalty will be increased by 50 per cent – from 8 weeks to 12 weeks. This is a total non-payment penalty worth \$2,776 for a single adult on Newstart.

The trial will run for two years, commencing on 1 January 2011.

A re-elected Gillard Labor Government will also introduce **tougher rules for jobseekers**. 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.

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

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 agency of government 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. Those job seekers with a known vulnerability will be given a one-off exemption for a first failure. 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.

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.

These initiatives reflect Labor's commitment to back Australian families with greater support and greater opportunities. Because of Australia's resilience through the global recession, 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.

Financial Implications

(\$ million, underlying cash balance)

	2010-11	2011-12	2012-13	2013-14	Total
More support for parents of teenagers *	0	-89.9	-251.6	-326.9	-668.5
No school, no play #	-	-	-	-	-
A Healthier Start for school ^	-	-	-	-	-
Connecting with jobs **	-4.8 **	-9.9**	-0.2**	0	-14.8**
Tougher rules for jobseekers	-	-	-	-	-

* previously announced on 2 August 2010

previously announced on 8 August 2010, funding already provided from the Budget

^ implementation costs to be absorbed by Centrelink

** These costs will be fully offset from unused quarantined funding under the Employment Pathway Fund for New Enterprise Incentive Scheme Places that is already provided for in the Budget.

