

Answer to Questions on Notice from Michelle Burrell, Acting Director, Council of
Social Service New South Wales

19/6/06

Question on notice: Could you explain how you see the *WorkChoices* legislation interacting with the welfare to work legislation, and what the implications may be for workers subject to both?

NCOSS Answer: The Welfare to Work policy includes two significant changes: a move to put more people who would have been entitled to pension-level payments onto allowance-level payments and a change to the compliance and penalty system for people on allowance-level payments including a maximum eight-week no payment penalty.

People with disabilities who apply for payments and are assessed as able to work part time (more 15 hours per week down from 30 hours per week) will no longer get the Disability Support Pension but will be put on lower Newstart payments. Similarly, single parents who apply for payments will no longer be able to get Parenting Payment once their youngest child turns 8 but will receive Newstart.

The new compliance and penalty regime effective from 1 July 2006 includes a maximum eight week no payment penalty. People on Newstart (including single parents and people with disabilities formerly on pension payments) are required to undertake a number of activities such as searching for jobs. If they fail to undertake an activity, they can incur a 'strike' on their record. Once three strikes are incurred or one strike if that is refusing a job offer, leaving a job or failing to meet requirements of Full Time Work for the Dole, an eight week no payment penalty can be applied.

It is the new compliance and penalty system, particularly the one strike rule, which will interact with the *WorkChoices* legislation to the disadvantage of Centrelink allowance recipients, e.g. single parents and people with disabilities moving to employment.

NCOSS is concerned that Centrelink allowance recipients, most of whom are likely to be unskilled or low-skilled, may be faced with the choice of accepting work with low pay and poor conditions under an Australian Workplace Agreement or face an eight week no payment penalty. Low pay, poor conditions, high rates of effective tax and the costs of childcare will further entrench disadvantage and reduce the effectiveness of employment as a means of escaping poverty.

SOCIAL ISSUES COMMITTEE

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