



Welfare Reform

2017 Budget

What was announced in the 2017 Budget?

New JobSeeker Payment

From 20 March 2020, a new JobSeeker Payment will be introduced as the main working age payment. As a result, seven current working age payments will be consolidated or ceased. Simplifying the welfare system will make it easier for people to navigate, and will no longer treat people who are in similar circumstances, differently.

For the first time, there will be one set of rules for working age income support payments. This will ensure long-term employment becomes the desired outcome for Australians who enter the welfare system in a moment of need.

These measures reflect the Government's commitment to reforming Australia's welfare system, using the recommendations from the 2015 McClure Review as an essential blueprint. Creating a new, consolidated JobSeeker Payment is the primary feature of welfare reform which establishes a single payment for those of working age with capacity to work now or in the near future.

More than 99 per cent of people impacted by the changes will receive the same rate or a higher rate of payment.

Eligibility for Pensioner Concession Cards and Health Care Cards will remain unchanged under JobSeeker Payment.

JobSeeker Payment will have a minimum qualifying age of 22 years; the upper age limit will be aligned with the Age Pension age.

Eligibility for JobSeeker Payment will be broader than Newstart Allowance to include access for people who have temporarily stopped working or studying to recover from illness or injury.

Key facts

- 800,000 Newstart Allowance recipients will transfer to the JobSeeker Payment at the same payment rate.
- 8400 Sickness Allowance recipients will transfer to the JobSeeker Payment at the same payment rate and will be exempt from mutual obligations according to the level assessed by a medical professional.
- 2900 Wife Pension recipients will transfer to JobSeeker Payment which is a lower payment rate than Wife Pension. These people will have their existing payment rate grandfathered to ensure they aren't worse off.
- 2250 Wife Pension recipients will transfer to Age Pension at the same payment rate.
- 2400 Wife Pension recipients will transfer to Carer Payment at the same payment rate.
- Partner Allowance will be abolished on 1 January 2022 when all recipients will have qualified for Age Pension.
- People already on Bereavement Allowance as at 20 March 2020 will finish their 14 week period without change.

- As Bereavement Allowance is paid at a higher rate than the new JobSeeker Payment, newly bereaved people will also receive a triple fortnights pay in the first fortnight to reflect the fact that newly bereaved people have higher upfront costs such as medical bills and funeral expenses.
- People who have recently lost a partner will also be exempt from a range of payment waiting periods and eligible for support services through Centrelink.
- 323 Widow B Pension recipients will transfer to Age Pension at the same payment rate.
- Widow Allowance will close to new entrants on 1 January 2018 and the payment will be abolished on 1 January 2022 when all recipients will transfer to Age Pension as they will be of qualifying age.

Encouragement and Greater Support

A focus on work and preparing for work

From 20 September 2018, a new, more coherent set of mutual obligation requirements will be progressively introduced for job seekers and parents who receive working age income support.

The requirements will realign mutual obligations on payment recipients, ensuring that those recipients that can work are encouraged to do so.

To complement the new requirements, there will be an increase and expansion of investment in support services. This investment will provide additional targeted support to particularly vulnerable recipients and, for the first time, recognise efforts by those with alcohol or drug abuse issues to address their problem.

Job seekers aged 30-49 years

Currently, recipients have part-time annual activity requirements of 30 hours per fortnight.

From 20 September 2018, recipients will have full-time annual activity requirements of 50 hours per fortnight.

Job seekers aged 55-59 years

Currently, recipients are excused from work-search if they satisfy their requirements through volunteering.

From 20 September 2018, recipients will only be able to meet half (15 hours) of their annual activity requirement of 30 hours per fortnight through volunteering— flexibility will exist for some recipients in areas of high unemployment.

Job seekers aged 60 years to Age Pension age

Currently, recipients over 60 currently have no annual activity requirements.

From 20 September 2018, recipients will have 10 hours of annual activity requirements per fortnight which they will be able to meet through volunteering.

Drug and alcohol abuse

From 1 July 2017, a suite of measures will be progressively implemented to prevent welfare payments being used to fund drug and alcohol addictions which are creating significant barriers to employment and assist people to overcome substance abuse issues that prevent them from finding work.

These measures will be aimed at stabilising the lives of people with alcohol and drug abuse problems by encouraging them to participate in rehabilitation, counselling support or other appropriate treatment as part of their Job Plan.

The Government is committed to improving people's lives and aims to create a payment system where there are strong, positive incentives for recipients to address any barriers to employment, to look for work and take a job when it is available.

The Government will overhaul the way the welfare system deals with people who have drug and alcohol abuse issues so that for all jobactive streams it will be recognised that undertaking recovery or rehabilitation programmes for substance abuse is a legitimate step toward employment and can be counted as a required activity.

Trial drug testing for Newstart Allowance and Youth Allowance (Other) recipients in targeted areas

From 1 January 2018, 5000 new recipients of Newstart Allowance and Youth Allowance (Other) in trial locations will be required to undertake random drug tests for illegal drugs.

The two-year trial will introduce random drug testing as a new condition of payment, with welfare recipients who test positive placed on welfare quarantining to help curb the devastating effects of the abuse of drugs like ice, on individuals, families and the broader community.

This measure reflects the Government's determination to ensure taxpayers' money is not being used to fund drug addictions for dangerous substances such as ice and that people in these situations are given every assistance to improve their lives.

Key facts

- From 1 January 2018, Newstart Allowance and Youth Allowance (Other) claimants in trial locations will be advised that they may be subject to randomised drug testing as a precondition of their welfare payment as part of the claim process.
- 5000 new recipients across the three trial sites will be randomly drug tested.
- The trial will commence on 1 January 2018 and run for two years.
- The two-year trial sites will be announced at a later date.
- The trial locations will not include Community Development Program areas.
- Job seekers will be selected for the trial on a random basis, based on a data-driven profiling tool developed for the trial to identify relevant characteristics that indicate a higher risk of substance abuse issues.
- The tests will detect use of drugs including ecstasy, marijuana and methamphetamines, including ice.
- Testing will include saliva, hair follicle and urine testing.
- The testing would coincide with random Department of Human Services (DHS) appointments and be administered by a contracted third party provider.

- Job seekers who test positive to a drug test will be placed on welfare quarantining to help them to stabilise their finances and reduce the cash available to expend on drugs.
- After an initial positive test, the recipient would have further random drug tests.
- A penalty will only be applied for failing to comply with a test request.
- Job seekers who test positive to more than one drug test would be referred to a contracted medical professional for an assessment of their substance abuse issues and any appropriate treatment options.
- Based on the recommendations of the medical professional, job seekers could have a treatment activity included in their Job Plan, either alone or in combination with other approved activities. Job seekers would continue to receive support from their employment services provider to address their barriers to work, meet their mutual obligation requirements and find work.
- Job seekers will not be penalised if appropriate treatment for their circumstances is not immediately available, for example, due to a waiting list.
- The cost of this measure is commercial-in-confidence and has not been published.

Removal of exemptions due to drugs or alcohol abuse

From 1 January 2018, the Government will close loopholes which allow welfare recipients to be exempt from mutual obligation requirements solely due to drug or alcohol abuse.

Instead, these recipients will be actively supported through an employment services provider in appropriate activities, including addressing their substance-related issues which prevent them from being able to work.

Recipients who engage in appropriate drug or alcohol treatment can have this contribute to meeting their mutual obligation requirements in order to continue receiving payments.

Key facts

- From 1 January 2018, recipients of any activity-tested welfare payment will no longer be able to receive an exemption due to drugs or alcohol abuse, unless they are taking clear action to address their problem.
- Affected payments include Newstart Allowance, Youth Allowance (Other), Disability Support Pension with participation requirements, Special Benefit with activity test requirements and Parenting Payment (Single) with participation requirements.
- It is estimated that 11,000 exemptions annually would no longer be granted.
- Job seekers who are no longer exempt will be connected to an employment services provider to assist them to address their barriers to work and find a job.
- Job seekers who choose to undertake appropriate treatment will have this count towards meeting their mutual obligation requirements.
- The measure will not apply to recipients in Community Development Program areas.
- This measure will cost \$28.8 million to implement over four years to 2021.

Disability Support Pension – Removal of Impairment Table 6

Presently, people are eligible to claim Disability Support Pension (DSP) on the sole basis that they are affected by drug and alcohol abuse. As part of efforts to ensure DSP is targeted at those who need it most, this table will be removed from 1 July 2017.

Future DSP claimants will also be required to undergo treatment for their substance abuse before any associated functional impairments can be considered to be fully diagnosed, treated and stabilised, and assessed under the remaining Disability Support Pension Impairment Tables. This change aims to ensure that people can only qualify for DSP on the basis of functional impairment.

Key facts

- From 1 July 2017, people will no longer be able to qualify for Disability Support Pension on the basis of their substance abuse alone.

- Under the changes, Impairment Table 6 – Functioning Related to Alcohol, Drug and Other Substance Use (Table 6) will be removed from the *Social Security (Tables for the Assessment of Work-related Impairment for Disability Support Pension) Determination 2011*.
- This measure changes the assessment criteria for Disability Support Pension, and does not involve additional criteria, assessment processes or medical evidence.
- People whose start date on Disability Support Pension is before 1 July 2017 will not be affected unless they are medically reviewed.
- Currently, 772,594 people receive Disability Support Pension.
- Approximately 109,000 Disability Support Pension claims are determined each financial year.
- It is estimated that 450 fewer people will be granted Disability Support Pension each year due to this measure.
- Less than one percent of Disability Support Pension claimants will be affected by this measure. Of those affected, it is estimated that 90 per cent will be eligible for Newstart Allowance or Youth Allowance (Other).
- This measure will achieve efficiencies of \$21.7 million over five years to 2021.

Support for vulnerable and at-risk

Cashless Debit Card

From July 2017, the Cashless Debit Card will be expanded to two new locations over two years, and Income Management will be extended for a further two years.

The Government's continuation of these welfare measures demonstrate its commitment to a strong social welfare safety net, reducing social harm in areas with high levels of welfare dependency and supporting vulnerable people, families and communities.

The two new locations for the Cashless Debit Card will be selected based on several factors, including community readiness and willingness, high levels of disadvantage and welfare

dependence, and high levels of social harm caused by alcohol, drugs and gambling.

Self-reliance before welfare – Increase the maximum Liquid Assets Waiting Period

To ensure people claiming working age payments support themselves if they have the means to do so, the maximum length of the Liquid Assets Waiting Period will increase.

This means that, in circumstances where people have their own resources, they remain self-reliant before calling on the taxpayer through the welfare system.

Key facts

- The Liquid Assets Waiting Period is the period of time someone has to wait to access Newstart Allowance, Sickness Allowance, Youth Allowance and Austudy if they have liquid assets (i.e. cash) above certain thresholds.
- The Liquid Assets Waiting Period increases in one week increments depending on how much assets the person has available to them. It only applies currently if single people with no dependants have more than \$5,499 and if members of a couple have more than \$10,999.
- For example:
 - A single person with no dependants and \$5,500 in liquid assets has to wait one week
 - A single person with no dependants and \$6,000 in liquid assets has to wait two weeks
 - A member of a couple with \$11,000 in liquid assets has to wait one week
 - A member of a couple with \$12,000 in liquid assets has to wait two weeks.
- At present, the maximum waiting period is 13 weeks for singles with more than \$11,500 and members of a couple with more than \$23,000.
- From 20 September 2018, the maximum length of the Liquid Assets Waiting Period will increase from 13 weeks to 26 weeks.
- Under this change:
 - A single person with no dependants and more than

\$18,000 in liquid assets would have to wait the maximum 26 weeks before being eligible for payment

- A partnered person, or single with dependent children with more than \$36,000 would have to wait the maximum 26 weeks before being eligible for payment.
- This reflects that those with greater reserves of liquid assets should support themselves for longer before calling on the taxpayer for income support.
- Approximately 13,700 claimants will be impacted annually—2,800 claimants would have their Liquid Assets Waiting Period extended by 1-13 weeks, and 11,000 would have their Liquid Assets Waiting Period extended by the full 13 weeks.
- On average, affected claimants would be required to wait an additional 11 weeks before receiving payment.
- This change will achieve efficiencies of \$138.5 million over four years from 2017-18.

Stronger Compliance

A new demerit point-based system will put the onus on job seekers to be responsible for complying with the requirements attached to the payments they receive from the taxpayer.

Further, those affected by drug and alcohol abuse will be required to take action to address their problem in order to continue receiving welfare.

Key facts

- From 1 July 2018, recipients of Newstart Allowance, Parenting Payment and Youth Allowance (Other) will be subject to new requirements.
- Recipients of the new JobSeeker Payment, which will start from 20 March 2020, will also be subject to the new requirements.

Further details of these measures are available at www.employment.gov.au

Within the Social Services portfolio, a number of specific measures will strengthen the compliance regime.

Stronger relationship verification for single parent recipients

A new strengthened relationship status verification process will apply to Parenting Payment (Single) and Newstart Allowance recipients (if single with a dependent child).

Key facts

- Claimants will be required to have one referee fill out a new form verifying their relationship status.
- Penalties will apply to claimants and referees who provide false information.
- From 1 January 2018, this new process will be used to stage reviews of existing recipients of these payments.
- From 20 September 2018, this new process will apply to new claimants of these payments.
- This change will result in \$93.7 million in savings over five years from 2016-17.

Streamline Tax File Number collection

Payment claimants will now need to provide a Tax File Number before their claim is assessed.

Under the current rules, claimants have 28 days to provide a Tax File Number to DHS after a claim has been made or the person is in receipt of a payment.

Current recipients are not affected by this change. This measure will cost \$5.5 million over five years.

Tighten social security claim requirements

From 1 July 2017, social security claimants will receive payments from the date they lodge a complete claim. DHS will no longer accept a claim until all information under the claimant's control has been provided.

- Under the current rules, recipients can be paid from a date even before they have submitted a proper claim, and can have a claim accepted even where it contains minimal information, such as the name of the claimant and the payment being sought. They are then given additional time to provide outstanding information.
- Claimants will continue to have additional time to supply some third party documents, such as medical reports, which may take longer to obtain.

- This change will not affect current recipients, unless they claim another payment.

This change achieve efficiencies of \$78.2 million over five years from 2016-17.

Streamline prosecution referrals

This measure will streamline the process for referrals of welfare fraud prosecution by allowing information about a welfare claimant obtained by DHS from third parties (such as employers or deposit-taking institutions) for possible DHS administrative action to also be able to be used in criminal proceedings.

These changes will reduce the red tape and administrative burden on DHS, the Australian Federal Police (AFP), the Commonwealth Director of Public Prosecutions (CDPP) and third parties when working on a DHS administrative investigation to criminal prosecution, as DHS will only need to obtain information from third parties once.

This streamlined process will also provide more certainty for debtors who will not have to wait for long periods to know whether the CDPP will pursue prosecution action.

It will be a deterrent for potential fraudulent activity, as the reduced timeframe between DHS investigation and criminal prosecution will demonstrate that the Commonwealth will respond to all allegations of criminality, with justice following swiftly in the court system where welfare fraud is demonstrated.

This measure will allow personnel currently involved in issuing of warrants to be more beneficially engaged in other activities to improve compliance and reduce fraud.

At present, the *Social Security (Administration) Act 1999* can only be used to assess a person's qualification, pay-ability or rate of payment. However, the information obtained by DHS under the Act cannot currently be used as evidence in criminal proceedings.

To progress a matter to criminal prosecution, the admissible material, most of which is already held by DHS, must be obtained by using warrants under the *Crimes Act 1914 (Cth)*. These warrants

require the services of a seconded AFP agent and is a significant burden on DHS, the AFP, third parties and the courts.

Key facts

- DHS requests around 1,000 search warrants related to suspected welfare fraud per year. Each warrant requires the resources of a seconded AFP agent and can require two to three business days for the investigator to do their work.
- Under the proposed change, recipients of the warrant will no longer be required to provide information twice, first under section 192 of the *SS (Admin) Act* for administrative purposes, and then later under a warrant.
- This change will also allow DHS to better use the expertise of their seconded AFP agents to provide technical support and capability development as part of their fraud detection efforts.

More information

For more information about these measures and other Department of Social Services' Budget measures, visit the [Department of Social Services](http://www.dss.gov.au) website (www.dss.gov.au).

For information about the 2017 Budget, visit the [Australian Government budget](http://www.budget.gov.au) website (www.budget.gov.au).