



Welfare Reform Act 2018

The Government is embarking on a comprehensive reform of Australia's welfare system following the passage of the *Social Services Legislation Amendment (Welfare Reform) Act 2018*.

New JobSeeker Payment

From 20 March 2020, a new JobSeeker Payment will be introduced as the main working age payment for people aged 22 years to Age Pension age. As a result, seven current working age payments will be progressively consolidated or ceased.

Over 99 per cent of welfare recipients will have the same or higher payment rates.

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, consistent with the recommendations from the 2015 McClure Review. 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.

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

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 are expected to transition to the JobSeeker Payment at the same payment rate on 20 March 2020.
- 7,700 Sickness Allowance recipients are expected to transfer to the JobSeeker Payment at the same basic payment rate and will be exempt from mutual obligations according to the level assessed by a medical professional.
- 2,900 Wife Pension recipients will transfer to JobSeeker Payment at their existing payment rate, which will be grandfathered to ensure they aren't worse off.
- 2,250 Wife Pension recipients are expected to transfer to Age Pension at the same payment rate.
- 2,400 Wife Pension recipients will transfer to Carer Payment at the same payment rate.
- Partner Allowance will cease on 1 January 2022 when the last of the existing recipients will be transferred to the Age Pension.
- People already on Bereavement Allowance as at 20 March 2020 will finish their entitlement period without change.
- As Bereavement Allowance is paid at a higher rate than the new JobSeeker Payment, newly bereaved people who have lost their partner will receive a lump sum payment in addition to their fortnightly payment 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 mutual obligation activities.

- Around 320 Widow B Pension recipients will transfer to Age Pension at the same payment rate.
- Widow Allowance will close to new entrants on 1 July 2018 and the payment will cease on 1 January 2022 when all recipients will transfer to Age Pension as they will be of qualifying age.

Drug and alcohol abuse

From 1 July 2018, measures will be implemented to prevent welfare payments being used to fund drug and alcohol addictions, which are creating significant barriers to employment, and to assist people to overcome substance abuse issues that prevent them from finding work.

These measures are aimed at stabilising the lives of people with alcohol and drug abuse problems by encouraging them to remain connected with their employment services provider and 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 has also overhauled the way the welfare system deals with people who voluntarily indicate they have drug and alcohol abuse issues. Since 1 January 2018, job seekers in all jobactive streams can undertake drug or alcohol treatment as an approved activity in their Job Plan to meet their Annual Activity Requirement.

Previously, only Stream C job seekers could do this. This change recognises that undertaking recovery or rehabilitation programmes for substance abuse is a legitimate step toward employment.

Removal of exemptions due to substance abuse

From 1 July 2018, the Government will no longer 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 July 2018, recipients of any activity-tested welfare payment will no longer be able to receive an exemption due to drugs or alcohol abuse.
- 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 Programme areas.

Changes to reasonable excuse

The system will apply consistency to reasonable excuses for job seekers who do not meet their requirements.

From 1 July 2018, job seekers will also no longer be able to repeatedly use drug or alcohol dependency as a reasonable excuse to avoid their Mutual Obligation Requirements unless they agree to seek treatment.

Other measures from 1 July 2018

- Faster connection to employment services
- Streamlining of processes.

A new compliance system

From 1 July 2018, a new compliance system will apply to job seekers in jobactive, Disability Employment Services and ParentsNext.

Key changes include:

- Job seekers or ParentsNext participants who do not meet the requirements in their Job Plan or Participation Plan, will face payment suspension and get demerits but won't lose payment, unless they persistently and deliberately fail to meet their requirements.
- Job seekers will also lose payment if they refuse work.
- The small minority of people who persistently and deliberately do not comply with their requirements will face strong financial penalties or cancellation.
- A new online dashboard will help job seekers and ParentsNext participants manage the requirements in their Job Plan or Participation Plan.

Most people do the right thing and meet their requirements. The new system will make it easier for job seekers to understand and take control of their requirements. The online dashboard will give job seekers greater flexibility to manage their requirements.

Job seekers and ParentsNext participants should talk to their employment providers to get help to understand the new compliance system and access to the online dashboard.

Streamline Tax File Number collection

From 1 July 2018, the collection of Tax File Numbers will be streamlined to enable the Department of Human Services (DHS) to collect Tax File Numbers from claimants before payments are approved.

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

Tighten social security claim requirements

From 1 July 2018, welfare claimants will generally receive payments from the date they lodge a complete claim, rather than from the date they first contact DHS expressing an intention to claim. The purpose of the measure is to encourage social security claimants to provide timely and complete information in support of claims. DHS will no

longer accept a claim until all information under the claimant's control has been provided.

- However, these arrangements will not apply to vulnerable claimants.
- The intent to claim provisions will apply to a person in vulnerable circumstances who is unable to collate the required documentation.
- Vulnerable claimants include, but are not limited to, people in crisis situations due to being homeless, being affected by a major disaster or family and domestic violence.
- People in vulnerable situations also include recent humanitarian entrants and people recently released from prison or psychiatric confinement.
- Vulnerable claimants will not be disadvantaged if they are experiencing difficulty in collating their documents at the time of lodging their claim for social security benefits.
- They will be able to lodge a claim and provide any required documents subsequently.

Streamline prosecution referrals

From 1 July 2018, the process for investigating and prosecuting criminal offences will be streamlined, by allowing information about a welfare recipient obtained by DHS from third parties (such as employers or deposit-taking institutions) for 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 investigating and progressing criminal prosecution, as DHS will only need to obtain information from third parties once.

This streamlined process will also provide more certainty for recipients 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, information gathered under the *Social Security (Administration) Act 1999* can only be for administrative purposes to assess a person's qualification or rate of payment. The information 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 this change, third parties 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.

Stronger Participation Requirements

From 20 September 2018, a suite of Mutual Obligation Requirements and extension of Annual Activity Requirements for some job seekers will encourage more people to actively look for work and join in activities, which boost their chances of getting a job.

Most job seekers on income support have Mutual Obligation Requirements regardless of their specific employment services program and include Job Search, attending provider appointments, attending interviews and accepting suitable work.

Annual Activity Requirements are additional activities that job seekers must undertake for six months a year after their first year on payment and include Work for the Dole, training and work experience.

The requirements will better connect mature age job seekers with the labour market and improve their pathways to work.

Job seekers aged 30-49 years

Currently job seekers aged 30 to 49 years must complete 30 hours per fortnight of Annual Activity Requirements.

From 20 September 2018 these requirements will increase to 50 hours per fortnight, aligned with requirements for those aged under 30.

Job seekers aged 55-59 years

Currently job seekers aged 55 and over can fully meet their Mutual Obligation Requirements by doing 30 hours per fortnight of approved voluntary work, paid work or a combination of the two. This means they don't have to look for work, attend appointments with their provider or meet an Annual Activity Requirement.

From 20 September 2018, in the first 12 months of receiving income support payments, job seekers aged 55 to 59 years will only be able to fully meet their requirements in this way if at least 15 of the 30 hours are through paid work. Those job seekers who are no longer fully meeting their Mutual Obligation Requirements will need to connect or reconnect with their employment service provider, look for work and meet Annual Activity Requirements.

Job seekers aged 60 years to Age Pension age

Currently, job seekers aged between 60 years to Age Pension age are not required to meet Annual Activity Requirements.

From 20 September 2018, job seekers will need to complete 10 hours of Annual Activity Requirements per fortnight. Job seekers aged 60 years to Age Pension age may participate in approved volunteering activities to meet their requirements.

More information

For more information about *the Welfare Reform Act 2018* visit www.dss.gov.au and www.jobs.gov.au