

Briefing No: 1.15

Budget Measure – Tackling substance abuse by Welfare Recipients

Outcome: 1.10 Working Age Payments

POSSIBLE ISSUE: Measures included in the package to address substance abuse by welfare recipients.

TALKING POINTS

1. From 1 July 2017, a suite of measures will be progressively implemented to help welfare recipients overcome substance abuse.
2. Three measures are led by the Social Services portfolio:
 - Removal of Impairment Table 6 for Disability Support Pension (**Attachment A**)
 - Removal of Mutual Obligations Exemptions Due to Drug or Alcohol Misuse (**Attachment B**)
 - Trial Drug Testing for Newstart Allowance and Youth Allowance (other) Recipients in Targeted Areas (**Attachment C**)
3. Two measures are led by the Employment portfolio:
 - Tighten Reasonable Excuse for Non-Compliance Due to Drug or Alcohol Related Reasons (**Attachment D**)
 - Allow Drug Addiction Treatments/Interventions as an Approved Activity for Streams A and B Job Seekers (**Attachment E**)
4. The package has a total cost of \$34.1 million over five years.

BACKGROUND

The package to address substance abuse by welfare recipients contains five measures from both the Social Services and Employment portfolios.

The measure to remove Impairment Table 6 will be implemented from 1 July 2017, with all other measures to commence on 1 January 2018.

Financial Impact (\$ millions)

	2017-18	2018-19	2019-20	2020-21	Total
Remove Impairment Table 6 for DSP	-2.9	+3.8	+8.2	+13.4	+21.7
Remove Exemptions Due to Drug or Alcohol misuse	-1.9	-5.6	-9.8	-11.5	-28.8
Trial Drug testing for new NSA and YA(o) recipients	Funding for this measure is currently treated as commercial in confidence and not for release.				
Tighten Reasonable Excuse for Non-Compliance	-2.4	-0.8	-0.5	-0.5	-4.3
Allow Drug Addiction Treatments as an Approved Activity	-0.6	-0.4	-0.03	+0.03	-1.0
Total Investment*	-7.8	-6.8	-10.33	-12.0	-34.1

*Note: This refers to gross cost of measures, not net of the DSP saves.

Details on the individual measures are attached:

- Attachment A** Remove Impairment Table 6 for Disability Support Pension
- Attachment B** Remove Exemptions Due to Drug or Alcohol misuse
- Attachment C** Introduce Trial Drug testing for Newstart Allowance and Youth Allowance (other) Recipients in Targeted Areas
- Attachment D** Tighten Reasonable Excuse for Non-Compliance Due to Drug or Alcohol Related Reasons (Employment led)
- Attachment E** Allow Drug Addiction Treatments/Interventions as an Approved Activity for Streams A and B Job Seekers (Employment led)

	Action Officer:	Group Manager
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Position:	Branch Manager	Group Manager
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Cleared by Group Manager	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Date: 18/05/2017
		GM Initial CH
Witness who will address this question at the Estimates hearing	Cath Halbert	

Attachment A

Remove Impairment Table 6 and strengthen Fully Diagnosed, Treated and Stabilised (FTDS) requirements for Disability Support Pension (DSP)

- From 1 July 2017, the removal of Table 6 will mean that people will not be able to qualify for Disability Support Pension solely due to their substance misuse.
- Disability Support Pension claimants who indicate they have a disability related to substance misuse 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 Disability Support Pension on the basis of functional impairment.
- This measure will save \$21.7 million over five years to 2021.

Financial Impact (\$ millions)

2016-17	2017-18	2018-19	2019-20	2020-21	Total
-0.8	-2.9	+3.8	+8.2	+13.4	+21.7

Customer Impacts

- An estimated **450 people per year would no longer qualify for DSP** if Table 6 were removed.
- 90 per cent of these rejections (**405 recipients**) will result in a grant of Newstart Allowance (87 per cent) or Youth Allowance (other) (13 per cent).
- The remaining 10 per cent (**45 recipients**) are expected not to qualify for alternative income support due to means tests.
- This measure **will not impact existing DSP recipients unless they are reviewed.**

Legislation

This measure does not require changes to primary legislation. Changes to the Social Security (Tables for the Assessment of Work-related Impairment for Disability Support Pension) Determination 2011 legislative instrument are required to remove Table 6.

Attachment B**Remove Exemptions Due to Drug or Alcohol Misuse**

- From 1 January 2018, income support recipients will no longer be able to be granted an exemption from their mutual obligation or participation requirements if the reason they are unable to meet their obligations is predominantly due to drug or alcohol dependency.
- For example, an exemption would not be granted where a person applies for a temporary incapacity exemption and the primary condition is drug or alcohol dependency, or a major personal crisis exemption because they have been evicted from their home due to drug use.
- Recipients who are no longer eligible for an exemption will remain connected to their employment services provider and will undertake tailored activities as part of their job plan, which may include alcohol or drug treatment.
- This measure will apply to the following activity tested payments: Newstart Allowance (NSA), Youth Allowance (other) (YA(o)), Special Benefit with activity test requirements, Parenting Payment Single with participation requirements and Disability Support Pension (DSP) under 35 with participation requirements.
- It would also apply across most employment services, including jobactive, Disability Employment Services, and the Transition to Work program.
- The measure would not apply to recipients in the Community Development Program.
- Job seekers will still be eligible for exemptions for reasons not related to substance abuse such as domestic violence, homelessness, temporary caring responsibilities and declared natural disasters.

Financial Impact (\$ millions)

2016-17	2017-18	2018-19	2019-20	2020-21	Total
-0.0	-1.9	-5.6	-9.8	-11.5	-28.8

Customer Impacts

It is estimated that **around 11,000 exemptions annually would no longer be granted** under this measure (noting that some recipients may be granted more than one exemption in a year).

Legislation

This measure would require changes to the *Social Security Act 1991* and associated legislative instruments.

Attachment C

Introduce Trial Drug testing for Newstart Allowance (NSA) and Youth Allowance (other) (YA(o)) Recipients in Targeted Areas

- From 1 January 2018, 5,000 new recipients of NSA and YA(o) will be drug tested in a two year trial in three proposed trial sites.
- Consent for randomised drug testing will be a precondition of receiving payment for new recipients, as part of the claim process.
- Job seekers in the trial locations will be selected for the trial based on a data-driven profiling tool. This tool will help to identify demographic characteristics among recipients which indicate a higher risk of drug dependency. The Department has contracted Data61, a subsidiary of CSIRO, to support this profiling work.
- Drug testing will coincide with Department of Human Services (DHS) appointments and be administered by a contracted third party provider. Testing will be a mix of saliva, urine and hair follicle. DHS will manage the procurement of the drug testing provider.
- It is intended to test for the use of as many drugs as possible, with at least methyl-amphetamines (ice), MDMA (ecstasy) and marijuana (THC) to be included.
- Details of the tests to be used and the types of drugs covered will be available once details of contracted drug testing providers are confirmed.
- Under the trial, participants who test positive to a drug test will have a proportion of their payments subject to welfare quarantining for the remainder of the trial period.
- Job seekers who test positive to a drug test will also be subject to further testing. If job seekers test positive to more than one drug test within the trial period, they will be referred to a medical professional for assessment of appropriate treatment options.
- If recommended by the medical professional, job seekers will have a treatment activity included in their Job Plan.
- The trial will be evaluated to inform any consideration of possible broader implementation. Findings from this evaluation will help build an evidence base regarding the effectiveness of these kinds of interventions for addressing social harms, such a drug and alcohol misuse.

Financial Impact (\$ millions)

Financial impact of this measure is not for publication in the budget papers due to commercial sensitivities associated with the procurement activity requirements.

Customer Impacts

- **5,000 recipients** will be randomly selected for **drug testing**
- Up to **425 recipients** are estimated to test positive to the initial test and **be subject to welfare quarantining**
- Around **120 recipients** are estimated to test positive to a subsequent test and **be referred for assessment of treatment options.**

Legislation

This measure will require changes to the *Social Security Act 1991* along with updates to policy guidelines and Employment Service Provider Job Plan Guidelines.

Attachment D

Tighten Reasonable Excuse for Non-Compliance Due to Drug or Alcohol Related Reasons

- This measure is led by the Department of Employment and will commence on 1 January 2018.
- Alcohol or drug dependency will be accepted as a reasonable excuse for not meeting mutual obligations only once.
- Job seekers will be given the option of undertaking treatment for their dependency (where available) or continuing with their normal mutual obligation requirements as managed by their employment services provider.
- Job seekers who **participate in treatment** will fully satisfy their mutual obligation requirements and will not be required to look for work or undertake other activities whilst undergoing treatment.
- Job seekers who **elect not to participate in treatment** will be subject to normal mutual obligation requirements.
 - If these job seekers fail to meet their mutual obligation requirements, drug or alcohol dependency will not be a consideration in determining reasonable excuse and job seekers may have additional penalties applied if they continue to be non-compliant.

Financial Impact (\$ millions)

2016-17	2017-18	2018-19	2019-20	2020-21	Total
-0.0	-2.4	-0.8	-0.5	-0.5	-4.3

Customer Impacts

Currently around **1500 job seekers per year** use drug or alcohol dependency as the principal reason for reasonable excuse.

Legislation

Legislative amendment will be required to the *Social Security (Administration) Act 1999* and the *Social Security (Reasonable Excuse – Participation Payment Obligations) (DEEWR) Determination 2009 (No1)* to exclude drug and alcohol dependency as a reasonable excuse in the relevant circumstances.

This measure also requires amendments to the *Disability Discrimination Act 1992 (DDA)* to exempt the *Social Security (Administration) Act* from coverage, noting that the *Social Security Act 1991* is already exempt from the DDA.

Attachment E**Allow Drug Addiction Treatments/Interventions as an Approved Activity for Streams A and B Job Seekers**

- This measure is led by the Department of Employment and will commence on 1 January 2018.
- This measure will allow drug or alcohol addiction treatments/interventions (including rehabilitation) to be an approved activity that would count towards Annual Activity Requirements (AAR) for Streams A and B job seekers.
- AARs are the number of hours and timeframe over which a job seeker must undertake suitable activities. Job seekers who have an AAR will need to satisfy that requirement every 12 months, generally through Work for the dole (WfD) and other suitable activities such as part-time work or study, voluntary work or other government programs.
- Jobactive providers will be able to refer Streams A and B job seekers to drug or alcohol addiction treatments/interventions as part of an agreed Job Plan
- Currently, only Stream C job seekers in jobactive have 'access to non-vocational assistance and interventions, including ongoing treatment for addictions' as an approved activity. DES and CDP job seekers can also currently undertake drug and alcohol treatment as part of their Job Plan to meet their Mutual Obligations

Financial Impact (\$ millions)

2016-17	2017-18	2018-19	2019-20	2020-21	Total
-0.0	-0.6	-0.4	-0.03	0.03	-1.0

Customer Impact

An estimated **2,500 to 3,500 job seekers in Stream A and Stream B** will undertake drug and alcohol treatment as an AAR.

Legislation

This measure does not require any legislative change.