

# Media Release

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## **Major welfare reforms to support vulnerable Australians**

The Australian Government's legislation to deliver major welfare reforms passed the Senate last night.

The reforms aim to increase parental responsibility, fight passive welfare and protect vulnerable people especially children.

The legislation introduces a new non-discriminatory income management scheme to protect children and families and help disengaged youth, and restores the operation of the *Racial Discrimination Act 1975* in the Northern Territory.

The welfare reforms represent a significant step forward in the Government's continuing welfare reform agenda.

The reforms will expand the benefits of income management to an increased number of vulnerable Australians – Indigenous and non-Indigenous. The reforms link income management to promoting responsible behaviours like participating in work and training and ensuring children attend school.

Income management is a key tool for protecting vulnerable people, especially children.

It ensures that more welfare is spent in the interests of children on life essentials, including food, clothes and housing costs, and less welfare goes to problem behaviours like gambling and alcohol abuse.

The Social Security and Other Legislation Amendment (Welfare Reform and Reinstatement of the Racial Discrimination Act) Bill 2009 is set to commence from 1 July 2010.

It will be rolled out first across the Northern Territory to an estimated 20,000 people in urban, regional and remote areas, as a first step in a national roll out of income management in disadvantaged regions.

Comprehensive communication activities will commence this week in the Northern Territory to advise people of the reforms.

In 2011-12, there will be a rigorous evaluation of the reforms in the Northern Territory, which will inform future roll out to other disadvantaged locations beyond the Northern Territory.

Participants in the new income management scheme will include:

- people aged 15 to 24 who have been in receipt of payments, including Newstart and Parenting Payment for more than three of the last six months;
- people aged 25 and above on those same payments for more than one year in the last two years;
- people referred for income management by child protection authorities; and
- people assessed by Centrelink social workers as requiring income management due to vulnerability to financial crisis, domestic violence or economic abuse.

These people will have 50 per cent of their regular payments (rising to 70 per cent in cases involving child protection), and 100 per cent of lump sum payments, income managed.

These funds will be able to be spent on priority items by using the BasicsCard or similar arrangements through Centrelink such as direct payment of rent. People will also be able to volunteer for income management.

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

The legislation provides for case by case income management of vulnerable people identified by Centrelink social workers to protect them from pressure or if recommended by child protection workers.

People will be able to apply for an exemption from income management where they are engaged in study or work, as will parents who demonstrate responsibility for their children like getting them to school and having regular health checks.

All decisions made by Centrelink under the new model of income management will attract normal appeal rights.

Financial counselling and money management services will also be provided to help people manage their finances. There will also be a matched savings incentive to encourage positive saving habits for people on compulsory income management.

The new model of income management in the Northern Territory will cost \$350 million over four years.

An additional \$53 million will be provided for money management, financial services and incentive payment.

**Trigger payments** - individuals need to be receiving one of these payments to be subject to income management

### **Disengaged youth ('under 25s')**

- Youth Allowance (full-time students will get an exemption)
- Newstart Allowance
- Special Benefit
- Parenting Payment (Single)
- Parenting Payment (Partnered)

### **Long-term welfare payment recipient ('over 25s')**

- Youth Allowance
- Newstart Allowance
- Special Benefit
- Parenting Payment (Single)
- Parenting Payment (Partnered)

### **Child Protection and social worker referral**

- Youth Allowance
- Newstart Allowance
- Parenting Payment (Partnered)
- Parenting Payment (Single)
- Sickness Allowance
- Special Benefit
- Partner Allowance
- Austudy Payment
- Mature age Allowance
- Parenting Allowance
- Widow Allowance
- Widow B Pension
- ABSTUDY that includes an amount identified as Living Allowance
- Age Pension
- Disability Support Pension
- Wife pension
- Carer Payment
- Bereavement Allowance
- Special Needs Pension
- DVA Service Pension or Income Support Supplement
- Defence Force Income Support Allowance (DFISA)

**Payments to be income managed** - once a person is subject to income management, the following payments will be subject to income management:

- All trigger payments listed above
- Family Tax Benefit
- Baby Bonus
- Maternity Immunisation Allowance
- Carer Allowance
- Child Disability Allowance
- Mobility Allowance
- Pensioner Education Supplement
- Double Orphan Pension
- Social Security Telephone Allowance
- Telephone Allowance
- Utilities Allowance
- a payment under the Assistance for Isolated Children Scheme relating to Homelands Learning Centre students
- ABSTUDY that includes an amount identified as Pensioner Education Supplement
- Bereavement Payment
- NT CDEP transition Payment
- Advance payments of most social security benefits, pensions and allowances, and some DVA service or income support payments and supplements.

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