

Appendix 2. Social welfare developments

Since the creation of Centrelink in 1996, there have been considerable changes to existing income support and welfare programs. For the first few years, these were fairly limited in scope but in 1999 a complete rethink of the welfare system was announced. The effect on Centrelink has been immeasurable.

Most changes focused on those receiving support who were of working age.

1997

Work for the Dole program

Legislation was introduced to parliament in March 1997. Pilot programs began in September 1997. This program involved local communities in activities of value to them that provided work experience for the unemployed for a period of six months as a step towards possible paid employment. Selected job seekers between the age of 18 and 34 could be asked to participate in or could volunteer for Work for the Dole projects to meet their mutual obligation requirements (see below).

1998

Youth Allowance

Youth Allowance was introduced from July 1998 and featured the rationalisation of income support arrangements for the young unemployed and students. The pre-existing Austudy, Youth Training Allowance and Newstart Allowance programs for young people were rolled into the one Youth Allowance program. While many young people benefited, the new parental means test meant that more than 50 000 people lost payments or had them reduced because of their parents' income.

Job Network

The Job Network was introduced from May 1998 and completely changed the employment-placement assistance arrangements for the unemployed and replaced the arrangements that had been in existence under the previous government's 'Working Nation' arrangements.

Mutual obligation policies

Mutual obligation policies were based on the expectation that unemployed job seekers should contribute in some way to their community by:

- actively seeking work

- constantly striving to improve their competitiveness in the labour market
- giving something back to the community that supported them.

The long-term objective of mutual obligations was to encourage greater self-reliance and motivation in job seekers by encouraging them to take responsibility for, and to be more focused on, their job searches and preparing-for-work activities.

Selected job seekers aged between 18 and 34 were formally required to meet mutual obligation activity requirements from July 1998. This required them to undertake one of a range of accepted 'activities', such as part-time work or training, Work for the Dole programs, Community Development Employment Projects, voluntary work, literacy or numeracy training or career counselling.

1999–2000

Welfare review

On 29 September 1999, the Minister for Family and Community Services, Jocelyn Newman (1999), announced, at an address to the National Press Club, the government's intention to conduct a review. In announcing the review, the government outlined a set of welfare principles that should be the aim of reform:

- maintain equity, simplicity, transparency and sustainability
- establish better incentives for people receiving social security payments so that work, education and training are rewarded
- create greater opportunities for people to increase self-reliance and capacity building, rather than merely providing a passive safety net
- expect people on income support to help themselves and contribute to society through increased social and economic participation in a framework of mutual obligation
- provide choices and support for individuals and families with more tailored assistance that focuses on prevention and early intervention
- maintain the government's disciplined approach to fiscal policy.

A high-level Reference Group was established on 29 September 1999, chaired by Patrick McClure, CEO of Mission Australia. The group presented an interim findings report in early 2000 and a final Green Paper (the McClure report) to the minister on 17 August 2000. The Green Paper became the basis for comprehensive welfare reform. Unusually, members of the reference group were drawn from the community sector, business, academia and government to guide the development of a comprehensive report on welfare reform. After extensive consultations, and numerous submissions and workshops, the report was issued publicly in August 2000.

It reported that while the unemployment rate in Australia was falling, the proportion of working-aged people receiving some sort of benefits was increasing. Thirty years ago, one in 20 working-aged people were receiving payments. It was now one in five—more than 2.5 million people. About 60 per cent of these, under the current system, were not required to look for work or contribute to their communities in any way. The report called for fundamental change and suggested action in five major areas:

- individualised service delivery
- a simple and responsive income support structure
- incentives and financial assistance
- mutual obligations
- social partnerships.

2000

Family assistance changes

As part of the government's new tax system, reforms to family assistance were introduced from 1 July 2000. The new arrangements rationalised the low-income family assistance and tax transfers previously provided under the social security and tax systems. The government decided to deliver a 'new' family assistance package, family payments, family tax benefits and childcare benefits through Centrelink, the Australian Taxation Office and Medicare outlets.

Job Network second contract

Rural Transaction Centres

During this period, thousands of small communities throughout Australia suffered a decline in government and business servicing with an increasing number of young people leaving for the cities to work. A strong backlash against the perception of government withdrawal led to attempts to redress the decline. As a result, the Commonwealth Government developed services through community-based Rural Transaction Centres—administered by the Department of Transport and Regional Services—to rural and regional Australia. Centrelink was involved in the first centre and continued to find the centres a unique opportunity through which to establish a presence in remote and rural communities.

2001

Welfare reform implemented through Australians Working Together

In May 2001, the government responded to the welfare review report and announced *Australians Working Together—Helping people to move forward*, substantially changing the social support system for working-aged people.

A key aspect of this reform program was a determined effort by the government to move away from passive forms of welfare and 'dependency' to ones that emphasised the mutual obligation of welfare recipients to the community that supported them. To achieve this, the government instituted a range of measures designed to get people to become more active within their community by gaining employment, undertaking educational and vocational training or participating in voluntary community work.

AWT would strike a new balance between incentives, obligations and assistance in welfare.

We will create about 850 new Centrelink Personal Advisers, in addition to existing Jobs, Education and Training Advisers, in order to ensure that people's needs are assessed better, so that they get the right assistance. Centrelink Personal Advisers will provide extra help to assist mature age workers, parents with school age children, Indigenous Australians and people with special needs to get a job or participate as fully as possible in their community

Centrelink will form partnerships with non-government organisations, community groups, outside experts, and its customers, to provide the right help. Staff will get additional training to improve customer service. This will build on the successful Jobs, Education and Training model.

Centrelink Personal Advisers will ensure that people are aware of the range of help available to people who want to take part in activities. (<<http://www.together.gov.au/aboutThePackage/governmentStatement/personalSupportAndAdvice.asp>>)

New assessment times for the long-term unemployed and independent, external assessment for disability assistance would be introduced.

2002

Australians Working Together implementation

Meanwhile, the AWT initiative was being implemented in stages. The budget announced changes and, by September 2002, the following initiatives had begun:

- Transition to Work

- Personal Support Program
- training credits for Work for the Dole and community work participants
- quality-assurance system for disability employment services
- enhanced Job Network arrangements
- job-search training and intensive support for mature-age and Indigenous job seekers as soon as they start receiving income support
- access to training accounts for mature-age and Indigenous job seekers to gain work-related skills
- community participation agreements starting to be developed with about 100 remote Indigenous communities
- voluntary participation interviews for people receiving Mature Age, Widow and Partner Allowances
- annual participation planning interviews for those on Parenting Payment whose youngest child is aged 12–15
- additional places in disability employment services
- better assessment and early intervention introduced for those on Disability Support Pension and Newstart Allowance/Youth Allowance (incapacitated)
- 12 new Centrelink service centres being set up in remote areas
- personal advisers begin work in Centrelink.

2003

Job Network third contract

The third contract covered 109 network providers with 1129 sites. The payment system was changed so that Job Network members were paid to monitor clients more closely with a series of scheduled Job Network interviews that matched the client's unemployment record. Clients were referred to the Job Network after registering with Centrelink for benefits. Network members were originally to be paid when clients attended an interview with the Job Network but the number of 'no shows' led to a cash-flow crisis for the agencies. From September 2003, they were paid for their work whether the client came to the meeting or not.

Australians Working Together

The AWT legislation was not passed by parliament until March 2003. Passage of the legislation then allowed the complete package of incentives, assistance and extra requirements to be introduced. In September 2003, the following initiatives began (O'Neill 2003; Yeend 2000a, 2000b):

- Working Credit
- Language, Literacy and Numeracy Supplement
- close access to Mature Age Allowance and Partner Allowance

The Centrelink Experiment

- more flexible participation requirements for mature-age (50-plus) Newstart Allowance recipients
- new requirements for Parenting Payment customers with a youngest child aged 13 or older
- more personal advisers to begin work in Centrelink.