

"WELFARE TO WORK" FACT SHEET 1

Participation Requirements for Sole Parents who are Principal Carers

When will the changes take effect and what type of payment will I receive?

Age of youngest child	Payment Type	Requirements Commence
Recipient before 1.7.06		
0-15 years	Parenting Payment Single	1.7.07 or when your youngest turns 7, whichever is later
16+ years	Newstart Allowance	Policy unchanged
Recipient on or after 1.7.06		
0-8 years	Parenting Payment Single	Once youngest child turns 6
8-15 years	Newstart Allowance (Principal Carer)	Immediate unless eligible for exemption
16+ years	Newstart Allowance	Policy Unchanged

- ❖ If you are a sole parent who claimed PPS prior to 1.7.06 you have been granted "grandfathered" status which entitles you to stay on this pension until your youngest child turns 16, **unless you go off income support** (eg earnings from paid work, repartnering) **for more than 12 consecutive weeks**.

What will I be required to do?

- ❖ Participation requirements are the same for all sole parents, only the time of impact and payment type varies.
- ❖ You will be required to actively seek and/or undertake 15-25 hours paid work per week.
- ❖ While seeking paid work, you will be required to participate in an employment service (most typically Job Network) and enter into an "activity agreement". Undertaking the activities in this agreement will satisfy the "activity test".
- ❖ In addition, you will be required to complete a yearly "Mutual Obligation" activity, comprising of 150 hours over 6 months. Activities may include paid work, study, training or voluntary work. The "default" activity is Work for the Dole.
- ❖ If you are already undertaking paid work of at least 15 hours per week, this will satisfy the activity test and fully meet the additional "Mutual Obligation" activity.

What is "Principal Carer Status"?

Only one parent of a child can be allocated as Principal Carer and to be eligible for either Parenting Payment Single or Newstart (Principal Carer) you must have this status. As family law changes take effect (from 1.7.06) there will be an increasing number of separating parents who share the care of their child/ren. Generally the parent with the majority of care will be allocated this status. However, if the proportion of care is between 46-54%, Centrelink will make a determination based on certain criteria as to which parent will have this status. The parent who is not granted this will be considered a generic jobseeker eligible for Newstart or Youth Allowance only, with full time activity test requirements and no recognition of their caring responsibilities.

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Financial Impacts for Sole Parents who are Principal Carers

As the table below indicates, sole parents who claim income support after 1.7.06 are significantly financial disadvantaged:

Type of Payment	Parenting Payment Single	Newstart Allowance (with child)
Current Payment Amount	Up to \$512.10 per fortnight	\$455.30 per fortnight
Income Test (amount you can receive before reducing your payment)	\$152.60 + \$24.60 each additional child pf	\$62.00 pf
Taper Rate (the percentage the government takes off your earnings)	40 cents in the dollar	Over \$62 - \$250: 50 cents in the dollar Over \$250: 60 cents in the dollar
Cut Out Point (for single parent with one child)	\$1447.35	\$852.17
Indexation	Average Weekly Earnings	Consumer Price Index
Tax Offset (amount you can earn before tax is payable)	Allows private earnings of \$288 p/fortnight	Allows private earnings of \$62 p/fortnight

* (These figures were correct as at November 2006)

Sole parents on Newstart (Principal Carer) will remain eligible to receive the Pensioner Concession Card, pharmaceutical and telephone allowance but as Newstart cuts out at a much lower amount of private earnings, access to these benefits will be reduced.

Comparing the Two Systems - A Case Study:

According to NATSEM (2005, pp. 13-17):

Helen, a single mum with one child, works 15 hours a week and is paid \$13 per hour. This totals \$195 per week in private earnings. Under the current system she would keep \$144 of her \$195, whereas under the new system she will keep \$81 per week, and the government will take \$114 p/w through reduced Newstart and increased income tax. Helen's take home weekly income under the current system would be \$529, compared to \$437 per week under the new system - thus her family is \$91 worse off each week. So the major beneficiary of Helen undertaking 15 hours of paid work per week is the federal government.

Reference:

Harding, A, Vu, QN, Percival, R & Beer, G (2005) The Distributional Impact of the Proposed Welfare-to-Work Reforms Upon Sole Parents, Report to the National Foundation for Australian Women, NATSEM (available at www.nfaw.org.au).

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Exemptions to the Activity Test for Sole Parents who are Principal Carers

- ❖ Automatic exemptions for up to 12 months are available if you are:
 - An active registered foster carer
 - Providing home schooling to your child/ren
 - Facilitating your child/ren's distance education
 - Caring for 4 or more children aged between 6-15

These exemptions are renewable if your circumstances remain unchanged. If you are on Newstart (Principal Carer) you will also receive a supplement to your allowance to make your total benefit equivalent to PPS.

- ❖ Temporary, case by case exemptions are available under the following circumstances:
 - Caring for a child with a disability - up to 12 months and renewable (if the disability is profound, you may be eligible for Carer Payment which is not activity tested)
 - Domestic violence (up to 16 weeks and renewable)
 - Experiencing stress due to relationship breakdown (up to 16 weeks and renewable)
 - Caring for frail, aged or disabled adult family members (up to 16 weeks and renewable)
 - Caring for a child or family member who has a temporary illness/injury (up to 16 weeks and renewable)
 - Caring for youngest child who is 6 but is yet to commence school (up to 16 weeks and renewable)

- ❖ If you are ill or injured, you can seek a 13 week exemption if you:
 - Are unable to attend work due to this condition
 - It is temporary
 - You can provide Centrelink with a medical certificate
 - Centrelink agrees that this condition renders you unable to satisfy the activity test

If you remain unwell/injured after 13 weeks, you will need to provide Centrelink with another medical certificate for assessment.

- ❖ Other circumstances where temporary exemptions may apply:
 - Major personal disruption to your home
 - Major personal crisis
 - Late stages of pregnancy
 - Being a refugee
 - Jury duty
 - In certain circumstances, homelessness or living remotely

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Compliance & Penalties for Sole Parents who are Principal Carers

- ❖ If you do not comply with your participation requirements (eg attending appointment) without a "reasonable excuse", a "participation failure" will be imposed.
- ❖ If you incur this, you should be contacted by Centrelink to explain your reasons for "failing" to undertake the activity and be given the opportunity to re-engage. Centrelink should reschedule another interview for you, and if you attend this subsequent interview, your payment should not be suspended.
- ❖ However, if you do not attend this interview and do not have a reasonable excuse, your payment will be suspended until you do. This means that when you are next paid you will receive less money as a result of not being paid for the number of days it took you to meet your requirement.
- ❖ Even where a financial penalty is not applied, a "participation failure" will be recorded. Three of these over a 12 month period will result in a "serious participation failure" which means you will have your payment stopped for 8 weeks. Therefore, it is important to always report to Centrelink if you have a "reasonable excuse" to avoid a "participation failure" being recorded.
- ❖ **Serious Participation Failure:**
In addition to three participation failures within 12 months, these can be incurred through:
 - Leaving a job "voluntarily"
 - Becoming unemployed due to "misconduct"
 - Failing to accept a "suitable" job offer.Once a "serious participation failure" is incurred you cannot resume receiving payment through re-engagement. Your payment will be stopped for 8 weeks.
- ❖ Principal Carers who incur a "serious participation failure" will be eligible for "**financial case management**". This means you will be required to meet with your "financial case manager" every fortnight to have your "essential expenses" paid.

Appeals

- ❖ If you incur a "participation failure" and do not agree with this decision, you can lodge an appeal.
- ❖ To appeal you must advise Centrelink, preferably in writing (keeping a copy for yourself).
- ❖ There are several stages to an appeal:
 - Authorised Review Officer (ARO) within Centrelink will examine the original decision (to be back paid you must request this within 13 weeks of the original decision)
 - If you are not satisfied with this decision, you can appeal to the Social Security Appeals Tribunal (SSAT) within 13 weeks of the ARO's decision
 - If you are not satisfied with this decision, you can appeal to Administrative Appeals Tribunal (AAT) within 28 days of the SSAT decision
- ❖ You should contact your local Welfare Rights Centre for assistance with appeals.

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Activity Agreements & Employment Service Providers for Sole Parents who are Principal Carers

- ❖ Centrelink will determine which Employment Service you will be referred to. For most sole parents, this will be the Job Network.
- ❖ You may wish to find out something about the Job Network agencies in your area to see what they offer sole parents. You will be expected to "choose" which Job Network agency you prefer at your interview with Centrelink.
- ❖ When you attend your Job Network for the first time, you will be expected to enter into an "activity agreement" with them. This usually includes the number of jobs you will apply for each fortnight, a requirement to attend interviews with them, and other activities they deem suitable for you. For example, exploring your child care options.
- ❖ Once you are registered with a Job Network agency, you commence what is known as the Active Participation Model and progress through different levels of service. These include:
 - Job Search Support and Employment Preparation
 - Intensive Support Job Search Training
 - Intensive Support Mutual Obligation
 - Intensive Support Customised Assistance

Where you start depends on how recently you were engaged in the labour market and your level of "disadvantage" as measured by the Job Seeker Classification Instrument.

Suitable Job Offers

- ❖ You do not have to accept a job offer if it is not deemed "suitable". This is determined by the following:
 - You do not have suitable child care (if there is an accredited place available that is deemed suitable)
 - The travel time to the job would exceed 60 minutes or more than 10% of your gross wages;
 - You would be less than \$25 a week better off for taking the job;
 - An existing illness, injury or disability would be made worse by undertaking the job.

Other Employment Services

- ❖ These include:
 - Disability Employment Network
 - Vocational Rehabilitation
 - Personal Support Program
- ❖ These programs are designed to assist people with "non-vocational barriers" to employment. To access these, you will need to undertake a Job Capacity Assessment. A referral can be made to this by either Centrelink or your Job Network agency.

"WELFARE TO WORK" FACT SHEET 6

Education and Training Impacts for Sole Parents

Full Time Study

- ❖ If you are in receipt of Parenting Payment Single prior to 1.7.06, you are eligible to undertake full time study and this will completely satisfy both the "activity test" and "Mutual Obligation activity". You will be eligible to receive the Pensioner Education Supplement.
- ❖ If you are in receipt of Parenting Payment Single on or after 1.7.06, you are eligible to undertake full time study (and satisfy the "activity test" and "Mutual Obligation Activity"). When your youngest child turns 8 and you are transferred to Newstart, you will be allowed to complete the full time course of study commenced while you were on PPS and remain eligible for the Pensioner Education Supplement.
- ❖ If you are in receipt of Newstart, you will be required to transfer to Austudy (a lower payment) if you wish to undertake full time course of study for more than 12 months. You will not be eligible for Pensioner Education Supplement.
- ❖ If you are undertaking a course of study of 12 months or less and receiving Newstart you can still be required to accept a "suitable" job offer. You will not be eligible for Pensioner Education Supplement.

Part Time Study

- ❖ Part time study does not satisfy the "activity test".
- ❖ This means you will have to complete the activities in your "agreement" as well as undertake study. Your Employment Service Provider may be willing to include your study as part of this, but it must also include job search activities. Job search activities take priority over study commitments.
- ❖ If you are offered a job, asked to attend an interview, etc, you must prioritise these over study commitments or risk a "participation failure".

JET Training and other fee assistance

- ❖ JET Training no longer exists. To obtain help with payment of fees, you must ask your Employment Service Provider. However, approval of this is solely at their discretion.

JET Child Care Fee Assistance

- ❖ The eligibility criteria have changed since 1.7.06. If you wish to undertake study after this date, you will only be eligible for this assistance if your course is for 12 months or less. For further information go to:
<http://www.facsia.gov.au/internet/facsinternet.nsf/childcare/families-jet.htm>.