



## **Welfare to Work – effects & solutions**

### **Welfare to Work Policy**

Despite relatively good economic times and lowering official unemployment rates, there remains a number of Australians who are out of work and reliant on income support payments. Not all of these people are jobless – many people have a few hours of work per week but not enough work to support themselves or their families.

Those who are unemployed in the current labour market tend to be highly disadvantaged. For instance 60 % of single parents on payments have no more than a Year 10 education. Others face a number of barriers to work such as transport, child care and experiences of mental illness, poor health or domestic violence.

An estimated 800,000 children are growing up in households where no one has a job leading to concerns that unemployment may be furthering disadvantage in some areas of Australia. Studies have shown that unemployment is more concentrated in some outer metropolitan suburbs and rural and regional areas of Australia. One of the key causes of this is high housing costs within job-rich metropolitan cities and movement to low cost housing areas over time.

Jobless Australians or those with a limited number of hours of work each week can be placed on a number of different payments. In the current welfare system there is a divide between pension-level payments (notably the Disability Support Pension and Parenting Payment) and allowance-level payments (notably Newstart Allowance and Austudy Allowance). Pension level payments provide higher fortnightly payments and are generally not activity tested (there is no requirements for people on these payments to look for work, although many people on these payments have part time work). Allowance-level payments provide lower fortnightly payments and are activity tested (people on these payments must actively look for work or be undertaking full time study).

Australians of workforce age reliant on payments for their income include:

- 550,000 people receiving unemployment payments, including 325,000 people who have been unemployed for 12 months or longer.
- Around 700,000 people on disability support pensions (DSP), many of whom want to work.
- Around 600,000 parents on parenting pensions (Parenting Payment), many of whom want to work.

ACOSS supports the Government's aim to move more people into work and reduce their reliance on unemployment payments. Key elements of this policy, popularly known as Welfare to Work, are largely outlined in legislation passed late last year. After a brief Senate Inquiry, the Government's Welfare to Work Bill was passed by Parliament on 6 December 2005.<sup>1</sup>

The Welfare to Work policy included two significant changes: a move to put more people who would have been entitled to pension-level payments onto allowance-level payments and a change to the compliance system for people on allowance-level payments including a maximum eight-week no payment penalty.

The following policy changes will be implemented from 1 July 2006:

- New applicants for payments that would have been on pension-level payments (Disability Support Pension and Parenting Payment) will be on lower payments (Newstart Allowance and Austudy).
- Single parents on the lower payments will have \$30 less per week and people with disabilities \$45 less if they are jobless. People with disabilities who study full time will get \$110-165 less and single parents \$60 less per week.<sup>2</sup>
- New activity requirements are to be applied to people with disabilities, single parents, very long term unemployed people, people on personal support program and mature age unemployed people.
- A new compliance and penalty regime will be implemented including a maximum eight-week no payment penalty, applied after '3 strikes' (participation failures) or after 'one strike' if this is a failure to take a job or a failure to participate in Full Time Work for the Dole.
- Additional investment in employment assistance and child care services was provided for these groups of disadvantaged Australians (around \$400 million in 2008-9).

Further detail of the Welfare to Work changes are found in Summary Tables on pages 8 and 9.

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<sup>1</sup> ACOSS Submission available on [www.acoss.org.au](http://www.acoss.org.au)

<sup>2</sup> NATSEM 2005, Distributional impact of welfare to work reforms upon single parents; and NATSEM 2005 Distributional impact of welfare to work reforms upon Australians with disability. Based on projected average income support payment rates in 2006-07, when the changes commence.

## Effects of Welfare to Work Policy

While being supportive of the Government's aim of moving people into work and its increased investment in employment assistance and child care, ACOSS remains concerned about the effects of the Welfare to Work Policy. One is the increased likelihood of people living in hardship due to being on allowance-level rather than pension level payments or as a result of the eight-week no payment penalty. The second is the likelihood that employment assistance, education and training levels are not adequate to overcome people's barriers to work and produce positive employment outcomes.

The move to put more people on lower payments is estimated to save the Government around \$800 million over the first three years. In terms of numbers of people worse off, the greatest effects are:

- 158,000 new applicants for payments, including 81,000 people with disabilities and 77,000 single parents, will be on lower payments over the first three years after introduction of the changes in July 2006.<sup>3</sup>
- In 27 of the top 50 electorates (54%) with the highest number of people affected, 10% or more of the population already live on less than 50% of average family disposable income – a standard measure of poverty. The overall proportion of seats with 10% or more living in poverty is much lower (43%).<sup>4</sup>
- A disproportionate number of those worse off (49%) live in rural or regional electorates.
- Queensland has the highest number of people worse off (46,000), followed by NSW (43,950), Victoria (30,500), Western Australia (18,250), South Australia (10,200), Tasmania (4,100), NT (3,100) and ACT (2000).
- 26 of the top 50 electorates are held by the Liberal Party, 17 by the Labor Party, 6 by the National Party, and 1 by the Country Liberal Party.

People on these lower payments also face higher effective marginal tax rates than if they had been on pension-level payments, losing 60 cents in every dollar they earn rather than the pension taper rate of 40 cents. This reduces their take-home income when they return to work, particularly part time work.

Further detail of the welfare to work effects are found in Summary Tables on pages 8 and 9. The disproportionate effects in Queensland, Western Australia and the Northern Territory may reflect the trend for low income households to migrate to these States in search of cheaper housing or jobs.

ACOSS is concerned about the prospect of people losing all payments for eight weeks as a maximum penalty under the new compliance system. People on allowance-level payments are required to undertake a number of activities such as searching for jobs. If they fail to undertake an activity, they can incur a 'strike' on their record. Once three strikes are incurred (or one strike if that is refusing a job offer, leaving a job or failing to meet requirements of Full Time Work for the Dole) an eight week no payment penalty can be applied. Unlike the old compliance regime, even if a person complies they can still be left without payments for two months. This is unfair and inconsistent with the opportunity to have other more minor strikes lifted through compliance. It is also unlikely to improve that person's prospects of work and places them and their families in unnecessary hardship.

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<sup>3</sup> This is the number of recipients estimated by the Government to go onto lower payments, or no payment, instead of DSP or Parenting Payment Single, as a result of the policy.

<sup>4</sup> Poverty data are from Parliamentary Library 2005, *Poverty rates by electorate*, Research Note No 49.

Those people who incur the maximum penalty but are classified by the Government as 'exceptionally vulnerable' will be offered financial case management. Agencies will identify with exceptionally vulnerable job seekers their urgent expenses that need to be paid and arrange for this. These include food expenses, living expenses such as rent and mortgages, medical expenses, rates, electricity expenses, phone expenses and car costs. Recent evidence at Senate Estimates suggests that of the 18,000 expected to face eight-week penalties in the first year, only 4000-5000 will be eligible for financial case management.

ACOSS believes this penalty is both counterproductive to the stated aim of encouraging people to look for work and will result in unnecessary complications of the social security system as well as hardship for those affected. Internationally there is no evidence to suggest that lowering payment levels decreases unemployment. Instead, investment in employment assistance has been most successful in reducing unemployment and reliance on payments over the long term.<sup>5</sup>

Countries that have had dramatic successes in lowering unemployment tend to be those who have invested heavily and strategically in employment assistance for unemployed people. For example:

- Denmark spends 1.6% of Gross Domestic Product (GDP) on active labour market programs, such as wage subsidies and training, among the highest in the OECD. Australia spends just 0.5% of GDP on such employment programs.
- Denmark reduced unemployment from 9.6% in 1993 to 5.4% in 2004 by in part by spending 3 times more in terms of GDP on employment, training and employment counseling than Australia. They did this while providing social security payments typically around 50% higher than Australia's.
- Ireland devised a National Anti-Poverty Strategy in the late 1990s that helped reduce unemployment from 11.3% in 1996 to 6% in 2004. It reduced long term unemployment from 4% to 1.2% from 1997-2001.
- The Irish National Anti-Poverty Strategy led to increased numbers of people moving from welfare to work by new programs and boosting spending. In 2001 it was spending 1.14% of GDP on active labour market programs and it also raised levels of unemployment payments to reduce poverty.

ACOSS believes that the effectiveness of the Welfare to Work policy will be limited by underinvestment in education, training and support to help people move into work. By 2008, the Government proposes to spend around \$300 million per year on additional places in employment programs for the four groups above who face new activity requirements. Most of the additional places are for relatively 'low level' assistance such as an interview a month with the Job Network. Access to higher level 'Customised Assistance' in the Job Network will be more strictly rationed.

However, demand for employment assistance is high. There are currently approximately 200,000 very long term unemployed people and approximately 50,000 who become so each year, but just 15,000 places over three years in the Wage Assist program to encourage employers through financial incentives (approximately ½ the minimum wage) to take them on.

There are 180,000 jobless parents with school age children, and approximately 30,000 who will enter the new 'activity test' regime each year. Most have Year 10 education or less, but there are only 5,000 places a year in Vocational Education and Training.

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<sup>5</sup> See ACOSS, *Payment Levels and Employment Outcomes*  
[http://www.acoss.org.au/upload/publications/papers/554\\_info%20382%20payment%20cuts%20international.pdf](http://www.acoss.org.au/upload/publications/papers/554_info%20382%20payment%20cuts%20international.pdf)

There are 700,000 Disability Support Pension recipients, and approximately 20,000 people with partial incapacity who will enter the new 'activity test' regime each year and 21,000 new places over 3 years in Disability Open Employment Services, most of which are earmarked for people with disabilities on Newstart Allowance.

Although the numbers of people seeking assistance will increase, due to a cut of \$450 million in Job Network funding announced in the Budget, 'Customised Assistance', the highest level of Job Network help, will be more strictly rationed. In 2004-05 there were around 335,000 people participating in Customised Assistance.

Overall added investment in employment assistance was also provided in increased and welcomed investment in childcare, wage subsidies and employment assistance for people with disabilities.

### **Recommendations for Change to Welfare to Work Policy**

In support of the Government's goal of moving more people into work and in light of the opportunity presented by both a large Federal Budget surplus and low official unemployment levels, ACOSS supports the following principles for change to the Welfare to Work Policy:

- do not put people on lower payments,
- increase investment in employment assistance,
- guarantee activity requirements for people on payments are reasonable
- legislate to protect disadvantaged people against harsh penalties

ACOSS also makes the following 10 specific recommendations for change:

#### ***Recommendation 1.***

#### ***Restore higher payments for single parents and people with disabilities***

The same level of payment should be applied for people in similar circumstances, regardless of when they applied for payments:

- Single parents whose youngest child is 8-15 years old should be eligible for Parenting Payment Single at pension rates, whether or not they apply for social security from July 2006.
- People with a 'partial capacity to work' (who are assessed as able to work between 15 and 29 hours per week) should be eligible for Disability Support Pension with 'part time' activity requirements, whether or not they applied for social security from May 2005.

As well as receiving higher income support payments, this would mean that these single parents and people with disabilities would be:

- Paid under the less severe pension income test, so they could keep more of their part time earnings.
- Entitled to the Pensioner Education Supplement and Rent Assistance when they study full time, which many would not receive on Austudy Payment.

**Recommendation 2.**  
**Boost support programs for people with disabilities**

To help jobless people with disabilities improve their prospects of finding work, a 'higher level' of employment assistance should be made available to those affected by the Welfare to Work changes by:

- Doubling the number of Disability Employment Network and Personal Support Program places for people with disabilities and personal barriers to work.

These increases in program places should be fully implemented by 2008-09.

**Recommendation 3.**  
**Increase education and training courses for people with low levels of education**

To help jobless parents, mature age people and people with disabilities improve their prospects of finding work, a 'higher level' of employment assistance should be made available to people affected by the Welfare to Work changes by:

- At least doubling the number of Vocational Education and Training courses for people with less than a Year 12 education.

These increases in program places should be fully implemented by 2008-09.

**Recommendation 4.**  
**Increase the number of places in Wage Assist to encourage employers to take on disadvantaged people**

To help long term unemployed people improve their prospects of finding work, a 'higher level' of employment assistance should be made available to people affected by the Welfare to Work changes who are disadvantaged in the labour market, by:

- At least trebling the number of wage subsidies for long term unemployed people.

These increases in program places should be fully implemented by 2008-09.

**Recommendation 5.**  
**Reverse changes that limited access to Customised Assistance, the highest level of help in the Job Network for disadvantaged job seekers**

A recent policy change means that people cannot access the highest level of assistance until they are long term unemployed should be reversed. The Job Seeker Classification Instrument, which is used to assess who among Job Network clients is 'highly disadvantaged' in the labour market, should be revised so that people who would have had early access to Customised Assistance under the rules that applied prior to July 2005, will continue to do so.

**Recommendation 6.**  
**Improve accessibility, affordability and quality of child care**

To ensure that the wages of parents required to work under the welfare to work policy are not largely absorbed by child care costs, all parents required to work or train who need to purchase child care, should have access to the JET child care assistance scheme.

A better national planning system and greater support for Child Care Benefit is needed to make child care affordable and accessible for all parents.

- See *ACOSS Paper Fair Start: 10 point plan for early childhood education and care* ([http://www.acoss.org.au/upload/publications/papers/393\\_info%20383\\_child%20care.pdf](http://www.acoss.org.au/upload/publications/papers/393_info%20383_child%20care.pdf) )

**Recommendation 7.**

**Allow more people to meet activity requirements by studying or training**

- Allow parents and people with disabilities to satisfy activity requirements through undertaking approved part time study or training that is likely to improve their job prospects.
- Fees for Job Network providers should be revised to improve incentives for them to assist parents and people with disabilities into part time study or training that is likely to improve their job prospects.

**Recommendation 8.**

**Include the basic activity requirements in legislation**

The basic participation requirements should be outlined in the social security legislation, and should have a clear focus on getting people into jobs:

- The open ended provision in the social security legislation that extends activity requirements to *'one or more activities that the Secretary considers suitable for the person'* should be removed.
- The 'genuineness test' for referrals to Full-time Work for the Dole should be spelt out in legislation and limited to breaches of activity requirements verified by Centrelink.

**Recommendation 9.**

**Include exemptions to activity requirements in legislation**

Exemptions and temporary exemptions from activity requirements, including for domestic violence and homelessness should be clearly outlined in legislation.

**Recommendation 10.**

**Abolish 8 week no payment penalty and emphasise re-engagement**

The compliance system for failure to carry out activity requirements should be reformed on the following basis:

- The purpose of the compliance system should be to encourage rapid reconnection and enable re-engagement.
- A suite of strategies for emphasising re-engagement and protection of the most vulnerable should be promoted and resourced before the point of suspension and case management.
- Financial penalties, if used, should be a last resort and should be structured to achieve the above purpose.
- The 8 week no-payment penalty period should be abolished.
- Any penalty should be lifted once compliance is achieved.
- As a principle, people should have the choice as to how to spend their income support payment.
- People should have the opportunity to be heard before a penalty is imposed, the ability to appeal decisions and procedures should be made simple and transparent.
- Special attention should be paid to the needs of vulnerable clients and families with children.

In total, these changes would reduce financial disincentives to work, provide the requisite support for people to improve their employability in a labour market where jobs growth is increasingly in skilled employment and not leave people financially worse off.

## Summary: Payment changes from 1 July 2006

Payment changes in the welfare to work package affect single parents and people with disabilities who apply for payments after 1 July 2006.<sup>6</sup>

### Payments for people with disabilities from 1 July

- People with disabilities who apply for payments and are assessed as able to work part time will no longer be able to get the Disability Support Pension (DSP).
- 81,000 people will be put on lower payments over three years, mainly Newstart Allowance but also Austudy Allowance.
- The main taper rate on the income test for Newstart Allowance is 60 cents in each dollar earned, higher than the 40 cents in the dollar deducted from the earnings of people on pension-level payments.
- *Exempt from the changes:* people already on the Disability Support Pension are “grandfathered” (protected) so their payment conditions remain the same but those who applied between 1 May 2005 & 1 July 2006 will be reviewed after 2 years. If a person on DSP finds full time work that lasts over two years then they may have to reapply for payments and be put on lower payments according to the new rules.

### Payments for single parents from 1 July

- Single parents who apply for payments (including many existing recipients who leave Parenting Payment and reapply after 12 weeks) will no longer be able to get Parenting Payment once their youngest child turns 8.
- 77,000 single parents will instead go onto lower payments over three years like Newstart Allowance or Austudy Allowance.
- The main taper rate on the income test for Newstart Allowance is 60 cents in each dollar earned, higher than the 40 cents in the dollar deducted from the earnings of people on pension-level payments.
- *Exempt from the changes:* Some single parents on Newstart Allowance will continue to be paid at pension rates: foster carers, home or distance educators, and parents with 4 or more dependent children. Single parents with their youngest child under the age of eight are also still eligible for Parenting Payment.

### Reductions in social security payments for people with disabilities and single parents going onto Newstart Allowance or Austudy Payment (2006-07)

	Single adult with disability able to work part time (\$ per week)	Single parent with primary school age children (\$ per week)
Jobless	-\$46	-\$29
Employed 15 hours per week at minimum wage (\$200 per week in wages)	-\$101	-\$96
Studying fulltime (not renting)	-\$113	-\$60
Studying fulltime (renting)	-\$164	-\$60

<sup>6</sup> People already on Disability Support Pension or Parenting Payment will generally not be affected by the 1 July 2006 changes unless they go off these payments and reapply under the new system in which case they may be put on the lower payments. This could occur to single parents if they accept a full time job that lasts more than 12 weeks.

<sup>7</sup> NATSEM 2005, *Distributional impact of welfare to work reforms upon single parents*; and NATSEM 2005 *Distributional impact of welfare to work reforms upon Australians with disability*. Based on projected average income support payment rates in 2006-07, when the changes commence.

## Summary: Activity requirements and penalties from 1 July 2006

### *Activity requirements*

People on allowance-level payments are required to sign activity agreements in which they specify the activities that they will undertake to look for work. This generally includes training, job search and programs like Work for the Dole.

Key Welfare to Work policy changes include the move to activity test more people on payments and to determine the range of activity requirements through administrative guidelines rather than legislation as was the case previously. This gives the Department of Employment and Workplace Relations, Centrelink and employment service providers much wider discretion to set requirements.

This means that the contents of activity agreements that people on payments are subject to could in theory contain anything that is considered likely to improve their chances of employment. Guidelines in regard to 'unsuitable work', 'unsuitable activities in activity agreements', and temporary exemptions for parents are drafted as disallowable instruments. This means that they will be tabled in Parliament and may be rejected by either House.

People with disabilities on Newstart or Youth Allowance are required to seek part time employment of at least 15 hours a week if they are assessed as able to work part time. They are also required to participate in programs like Job Network, Disability Open Employment Services, and Work for the Dole.

For single parents, receiving Parenting Payment before 1 July 2006, will be required to meet activity requirements when their youngest child turns 7 or 1 July 2007 whichever is later. From 1 July 2006, single parents whose youngest child is 8 or more will be given Newstart Allowance and meet these activity requirements. Mature age unemployed people aged 50 or more will generally face the same (full-time) activity requirements that apply to other Newstart Allowance recipients (apart from Work for the Dole), except that those over 55 may still meet activity requirements through voluntary work.

### *Exemptions and special cases*

Single parents may apply for temporary exemptions from these requirements on grounds such as domestic violence. They will automatically be eligible for temporary exemptions in the special exempt category if they are foster carers, parents with four or more children, home or distance educators.

People will have to accept jobs paying the minimum wage under the new workplace relations regime, though there are some limits on requirements to accept a job where child care is not available or travel time to work would exceed 60 minutes each way. A recent announcement was made that single parents on payments accepting a job would have to be \$50 per fortnight better off after taking into account a range of factors including: income tax liabilities, the drop in payments as a result of the earned income, out of pocket child care costs incurred in order to undertake the work (after taking into account JET Child Care fee and Child Care Benefit), travel costs to and from work (costs of up to 10 per cent of the gross wage are considered reasonable) and any increase in public housing rent.

### *Penalties*

Penalties for people on activity-tested requirements have been changed as part of the Welfare to Work policy. As was the case previously, responsibility for the practice of this policy lies with Centrelink and Job Network Agencies which assist people to find work.

Job Network Agencies are contractually required to report when a job seeker is not meeting their obligations. They lodge a Participation Report (PR) to Centrelink who decide if this constitutes a breach. In 2004-05, 391,500 PRs were submitted resulting in 104,768 breaches. In most cases Centrelink interviews the job seeker (phone or face to face). If there were no reasonable grounds for the breach then the penalty will apply.<sup>8</sup>

Under the new compliance system, if a person receives a strike they are required to comply within 48 hours and their payment will be suspended until they do.

- If they comply immediately (before payment) is due then their payment continues as usual (no deduction) though the strike remains against their name.
- If they fail to comply then their payment is suspended until they do so.

However, if a person gets three strikes in 12 months, on the third strike they will lose their payment for eight weeks and there is no opportunity for reengagement. According to information given as Senate Estimates, around 14,000 people a year will have their payments cut off for eight weeks while receiving no financial case management to help them meet basic costs.

***Estimated Suspension data***

<b>8 week penalty (Total people affected)</b>	<b>People without financial case management</b>	<b>People with financial case management</b>
18 000	14,000	4000 – 5000

Another change to activity requirements and penalties after July 2006 is the financial case management of people who have had their payments cut off for eight weeks. Not all people who have their payments cut off will be eligible for this assistance. It will only be offered to people classified by Government as 'exceptionally vulnerable'. The definition of exceptionally vulnerable has not been clearly detailed, however it includes:

- Parents who are the primary carer (not secondary carer parents receiving child supplements)
- Job seekers with a particular disability or medical condition which means that they may be exceptionally vulnerable during the eight-week non-payment period

Case management is delivered by organisations that are contracted by Centrelink. In many cases this will be a Job Network Agency. These organisations will be paid \$650 to assist people whose payments have been stopped.

Agencies will identify with exceptionally vulnerable job seekers their expenses that need to be paid. These include food expenses, living expenses such as rent and mortgages, medical expenses, rates, electricity expenses, phone expenses and car costs. The organisation then recommends to Centrelink that these should be paid. If Centrelink assesses that the costs are appropriate, it arranges for the expenses to be paid. These costs will be paid directly by the agency. Vouchers and in very limited circumstances, cash, may be given to job seekers to meet these costs.

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<sup>8</sup> A reasonable excuse includes: unstable accommodation, difficulty reading or understanding correspondence, psychiatric problems or mental illness, physical illness of self or child, unexpected caring requirements, drug/alcohol dependency, youth under 18 at risk, lack of family support, history of truancy/offending behaviour, unexpected clash with paid employment, obtained work on that day/ had a job interview, and if an interpreter was needed but not available.

**Summary: Top 50 electorates (ranked by numbers of people on lower payments) by State**

State/Rank in worse off electorates	Electorate	Type	Party	Member of Parliament	No. of people worse off <sup>9</sup>	% of people affected	Poverty Rate
NT 1	Lingiari	rural	ALP	W. Snowdon	2,088	3.6%	10.5%
23	Solomon	innermet	CLP	D. Tollner	986	1.8%	7.2%
QLD 2	Forde	rural	LP	K. Elson	2,546	3.0%	10.7%
3	Fadden	outermet	LP	D. Jull	2,355	2.9%	9.9%
4	Oxley	outermet	ALP	B. Ripoll	2,442	2.7%	11.1%
5	Blair	rural	LP	C. Thompson	2,369	2.6%	11.3%
6	Leichhardt	rural	LP	W. Entsch	2,240	2.5%	8.6%
7	Longman	rural	LP	M. Brough	2,165	2.5%	11.7%
8	Fairfax	rural	LP	A. Somlyay	2,055	2.5%	11.2%
10	Fisher	rural	LP	P. Slipper	2,043	2.4%	10.5%
11	Wide Bay	rural	Nats	W. Truss	2,121	2.4%	13.8%
12	Rankin	outermet	ALP	C. Emerson	2,093	2.3%	10.5%
14	Hinkler	rural	Nats	P. Neville	2,135	2.3%	13.0%
17	Petrie	outermet	LP	T. Gambaro	1,867	2.1%	8.8%
18	Mcpherson	regional	LP	M. May	1,724	2.1%	9.5%
26	Moncrieff	regional	LP	S. Ciobo	1,470	1.8%	8.7%
28	Bowman	outermet	LP	A. Laming	1,471	1.7%	8.6%
30	Dickson	outermet	LP	P. Dutton	1,389	1.7%	7.4%
31	Moreton	innermet	LP	G. Hardgrave	1,450	1.7%	8.0%
33	Herbert	regional	LP	P. Lindsay	1,410	1.6%	9.2%
34	Bonner	outermet	LP	R. Vasta	1,389	1.6%	7.6%
35	Dawson	rural	Nats	D. Kelly	1,411	1.6%	11.2%
50	Groom	regional	LP	I. Macfarlane	1,161	1.3%	10.2%
WA 9	Forrest	rural	LP	G. Prosser	2,092	2.4%	9.1%
15	Pearce	outermet	LP	J. Moylan	1,839	2.2%	10.9%
19	Kalgoorlie	rural	LP	B. Haase	1,657	2.0%	8.0%
20	Brand	regional	ALP	K. Beazley	1,562	2.0%	11.0%
21	Hasluck	outermet	LP	S. Henry	1,635	2.0%	8.5%
27	Canning	outermet	LP	D. Randall	1,456	1.7%	9.7%
29	Cowan	outermet	ALP	G. Edwards	1,452	1.7%	8.7%
40	Perth	innermet	ALP	S. Smith	1,196	1.4%	9.3%
48	O'Connor	rural	LP	W. Tuckey	1,086	1.3%	13.1%
TAS 32	Denison	innermet	ALP	D. Kerr	1,111	1.6%	10.5%

<sup>9</sup> To estimate how many people would be worse off nationally, we used official estimates of the number of future income support recipients over the three years from July 2006 who, as a result of the Welfare to Work changes will go onto lower income support payments (such as Newstart Allowance), or no payment at all, instead of Disability Support Pension (DSP) or Parenting Payment Single (PPS). At the time of writing, these estimates are 77,000 single parents and 81,000 people with disabilities. We assume that these recipients would be worse off for all or part of this three year period. Even though some people who would miss out on DSP or PPS will obtain employment, research by NATSEM indicates that they would have to get a job paying over about \$700 per week in order to avoid being worse off on Newstart Allowance than they would have been on DSP or PPS. The reason for this is that up to that level of earnings, the pension currently supplements their earnings, and does so to a greater extent than Newstart Allowance due to the more stringent income test applied to the latter payment.

NSW	16	Chifley	outermet	ALP	L. Price	1,809	<b>2.2%</b>	10.5%
	37	Page	rural	Nats	I. Causley	1,236	<b>1.5%</b>	13.4%
	41	Richmond	rural	ALP	M. Elliot	1,223	<b>1.4%</b>	13.0%
	43	Hunter	rural	ALP	J. Fitzgibbon	1,230	<b>1.4%</b>	9.7%
	46	Paterson	rural	LP	R. Baldwin	1,169	<b>1.3%</b>	10.0%
	47	Lyne	rural	Nats	M. Vaile	1,219	<b>1.3%</b>	13.2%
	49	Cowper	rural	Nats	L. Hartsuyker	1,097	<b>1.3%</b>	14.3%
SA	25	Kingston	outermet	LP	K. Richardson	1,687	<b>1.8%</b>	11.3%
	38	Wakefield	rural	LP	D. Fawcett	1,319	<b>1.5%</b>	13.8%
VIC	13	Calwell	outermet	ALP	M. Vamvakinou	2,012	<b>2.3%</b>	10.5%
	22	Gorton	outermet	ALP	B. O'Connor	1,740	<b>1.9%</b>	10.8%
	24	Holt	outermet	ALP	A. Byrne	1,623	<b>1.8%</b>	7.1%
	36	Lalor	outermet	ALP	J. Gillard	1,384	<b>1.5%</b>	9.9%
	39	Dunkley	outermet	LP	B. Billson	1,297	<b>1.4%</b>	9.3%
	42	Corio	regional	ALP	G. O'Connor	1,248	<b>1.4%</b>	9.5%
	44	Gippsland	rural	LP	P. McGauran	1,270	<b>1.4%</b>	12.5%
	45	Scullin	outermet	ALP	H. Jenkins	1,160	<b>1.4%</b>	9.9%

Note: outermet = outer metropolitan. National % worse off was 1.2%. National poverty rate 9.3%.

**Summary: Top 50 electorates (ranked by poverty rate) by State**

State/ Rank in worse off electorates	Electorate	Type	Party	Member of Parliament	No. of people worse off <sup>10</sup>	% of people affected	Poverty Rate
TAS 1	Braddon	rural	LP	Baker, M	804	1.2%	<b>15.1%</b>
2	Lyons	rural	ALP	Adams, D	752	1.1%	<b>14.9%</b>
27	Bass	regional	LP	Ferguson, M	739	1.1%	<b>11.6%</b>
29	Franklin	outermet	ALP	Quick, H	687	1.0%	<b>11.5%</b>
SA 3	Grey	rural	LP	Wakelin, B	1121	1.2%	<b>14.6%</b>
9	Wakefield	rural	LP	Fawcett, D	1319	1.5%	<b>13.8%</b>
10	Port Adelaide	innermet	ALP	Sawford, R	1015	1.0%	<b>13.5%</b>
23	Barker	rural	LP	Secker, P	697	0.7%	<b>12.2%</b>
33	Kingston	outermet	LP	Richardson K	1687	1.8%	<b>11.3%</b>
QLD 8	Wide Bay	rural	Nats	Truss, W	2121	2.3%	<b>13.8%</b>
16	Hinkler	rural	Nats	Neville, P	2135	2.3%	<b>13.0%</b>
17	Maranoa	rural	Nats	Scott, B	1122	1.3%	<b>13.0%</b>
20	Capricornia	regional	ALP	Livermore, K	848	0.9%	<b>12.6%</b>
24	Longman	rural	LP	Brough, M	2165	2.5%	<b>11.7%</b>
31	Blair	rural	LP	Thompson, C	2369	2.6%	<b>11.3%</b>
34	Fairfax	rural	LP	Somlyay, A	2055	2.5%	<b>11.2%</b>
35	Dawson	rural	Nats	Kelly, D	1411	1.6%	<b>11.2%</b>
36	Oxley	outermet	ALP	Ripoll, B	2442	2.7%	<b>11.1%</b>
47	Forde	rural	LP	Elson, K	2546	3.0%	<b>10.7%</b>
49	Rankin	outermet	ALP	Emerson, C	2093	2.3%	<b>10.5%</b>
VIC 6	Mallee	rural	Nats	Forrest, J	792	0.9%	<b>13.9%</b>
12	Bendigo	regional	ALP	Gibbons, S	1001	1.1%	<b>13.3%</b>
21	Gippsland	rural	LP	McGauran, P	1270	1.4%	<b>12.5%</b>
22	Ballarat	regional	ALP	King, C	910	1.0%	<b>12.3%</b>
26	McMillan	rural	LP	Broadbent, R	1044	1.3%	<b>11.7%</b>
28	Wannon	rural	LP	Hawker, D	892	1.0%	<b>11.5%</b>
30	Murray	rural	LP	Stone, S	522	0.6%	<b>11.5%</b>
37	Gellibrand	innermet	ALP	Roxon, N	384	0.4%	<b>11.1%</b>
38	Indi	rural	LP	Panopoulos S	783	0.9%	<b>11.1%</b>
44	Gorton	outermet	ALP	O'Connor, B	1740	1.9%	<b>10.8%</b>
45	Flinders	rural	LP	Hunt, G	886	1.0%	<b>10.8%</b>
46	Melbourne	innermet	ALP	Tanner, L	281	0.3%	<b>10.7%</b>
50	Calwell	outermet	ALP	Vamvakinou, M	2012	2.3%	<b>10.5%</b>

<sup>10</sup> To estimate how many people would be worse off nationally, we used official estimates of the number of future income support recipients over the three years from July 2006 who, as a result of the Welfare to Work changes will go onto lower income support payments (such as Newstart Allowance), or no payment at all, instead of Disability Support Pension (DSP) or Parenting Payment Single (PPS). At the time of writing, these estimates are 77,000 single parents and 81,000 people with disabilities. We assume that these recipients would be worse off for all or part of this three year period. Even though some people who would miss out on DSP or PPS will obtain employment, research by NATSEM indicates that they would have to get a job paying over about \$700 per week in order to avoid being worse off on Newstart Allowance than they would have been on DSP or PPS. The reason for this is that up to that level of earnings, the pension currently supplements their earnings, and does so to a greater extent than Newstart Allowance due to the more stringent income test applied to the latter payment.

WA	15	O'Connor	rural	LP	Tuckey, C	1086	1.3%	<b>13.1%</b>
	41	Brand	regional	ALP	Beazley, K	1635	2.0%	<b>11.0%</b>
	43	Pearce	outermet	LP	Moylan, J	1839	2.2%	<b>10.9%</b>
NSW	4	Cowper	rural	Nats	Hartsuyker, L	1097	1.3%	<b>14.3%</b>
	5	Gwydir	rural	Nats	Anderson, J	908	1.1%	<b>14.2%</b>
	7	New England	rural	Ind.	Windsor, A	929	1.1%	<b>13.8%</b>
	11	Page	rural	Nats	Causley, I	1236	1.5%	<b>13.4%</b>
	13	Parkes	rural	Nats	Cobb, J	938	1.2%	<b>13.3%</b>
	14	Lyne	rural	Nats	Vaile, M	1219	1.3%	<b>13.2%</b>
	18	Richmond	rural	ALP	Elliot, M	1223	1.4%	<b>13.0%</b>
	19	Eden-Monaro	rural	LP	Nairn, G	1060	1.1%	<b>12.6%</b>
	25	Farrer	rural	LP	Ley, S	815	1.0%	<b>11.7%</b>
	32	Calare	rural	Ind.	Andren, P	978	1.1%	<b>11.3%</b>
	39	Gilmore	rural	LP	Gash, A	1017	1.2%	<b>11.1%</b>
	40	Throsby	regional	ALP	George, J	1052	1.2%	<b>11.0%</b>
	42	Reid	innermet	ALP	Ferguson, L	889	1.1%	<b>11.0%</b>
	48	Shortland	regional	ALP	Hall, J	1048	1.2%	<b>10.5%</b>

Note: outermet = outer metropolitan. National % worse off was 1.2%. National poverty rate 9.3%.