



Welfare Reform Submissions  
Working Age Task Force  
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20.06.2003

Dear Sir/Madam

Please accept this submission, prepared by the Australian Federation of AIDS Organisations and the National Association of People Living With HIV/AIDS, as a response to the discussion paper "Building a simpler system to help jobless families and individuals".

This submission has been produced on behalf of our member organisations and reflects the general concerns and opinions of those organisations in relation to HIV/AIDS and possible reforms to the Australian welfare system.

Member organisations of the Australian Federation on AIDS Organisations are

- State and Territory based AIDS Councils
- The Scarlet Alliance, the national sex worker organisation
- Australian Injecting and Illicit Drug Users League, national body of intravenous drug use organisations
- National Association of People Living with HIV/AIDS

The National Association of People Living With HIV/AIDS is the peak national organisation representing state and territory organisations of people living with HIV in Australia, and conducts policy, advocacy and national health promotion programs on behalf of its members.

Member organisations may have specific issues or concerns in relation to this issue and may make individual submissions to the task force.

The Australian Federation of AIDS Organisations is eager to participate in the consultative process outlined in the discussion paper.

Yours sincerely

Don Baxter  
Executive Director



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Response to the Government's welfare reform discussion paper  
***'Building a Simpler system to help jobless families and individuals'***  
by the Australian Federation of AIDS Organisations and the National  
Association of People Living with HIV/AIDS.

### **Introduction**

The Australian Federation of AIDS Organisations (AFAO) represents Australian HIV community based organisations at a national level. Our membership includes State and Territory AIDS Councils, the national Association of People with HIV/AIDS (NAPWA), the Australian Injecting and Illicit Drug Users League and Scarlet Alliance, the national organisation representing sex workers. Amongst AFAO's activities is the provision of HIV policy advice to the Commonwealth government, advocating for our member organisations, developing and formulating policy on HIV/AIDS issues, and promotion of medical and social research into HIV/AIDS and its effects.

NAPWA is the peak national organisation representing state and territory organisations of people living with HIV in Australia, and conducts policy, advocacy and national health promotion programs on behalf of its members.

This document sets out the joint response to the discussion paper by AFAO and NAPWA. References to 'AFAO's response' should be taken to mean the response of AFAO and NAPWA.

AFAO supports any welfare reforms that are focussed on the legitimate needs of people requiring assistance and which will result in a more responsive, equitable and sustainable system.

Our members have directed AFAO to continue to oppose any changes to the welfare system motivated purely by budgetary concerns without due consideration of the impact on people living with HIV/AIDS and others who require assistance.

### **Note on layout of AFAO's response**

After a short 'headline response' this submission comments on particular paragraphs (or groups of paragraphs) from the Government's Discussion paper, *'Building a Simpler system to help jobless families and individuals'*.

All text from the Discussion paper is set in boxes and in bold. The AFAO/NAPWA response sits under each box.

The numbering follows the heading and paragraph numbering set out in the Discussion Paper.

## The AFAO response – Headline statement

AFAO welcomes and supports the Government's commitment to the process of reform of the current welfare system.

It is essential that any changes to the welfare system take into account the system's support of people living with HIV, and other people with disabilities, such support is an investment in assisting these people to maintain higher levels of health and overall well being. This investment will prove to be a smaller financial expenditure than the alternative, people with disabilities whose health is compromised by the rigors of living in poverty will inevitably necessitate greater spending on the health care system for acute and other care.

### **Self-reliance and social inclusion**

***The dignity of each person is supported and reinforced by policies that give people the opportunity to fulfil their potential as active and contributing members of society. The social support system promotes social inclusion by meeting people's immediate income needs and by helping them to become more self-reliant.***

***No-one is fully self-reliant. We all depend on others in some way for our well-being and we can all contribute in some way to the well-being of others. Self-reliance and social inclusion are interconnected and mutually reinforcing concepts that are at the centre of the Government's efforts to reform the social support system.***

***In this context, self-reliance means doing what you can to look after yourself and your family and to contribute to society in other ways. It is not an all-or-nothing concept, nor is it confined to financial self-reliance. However, the Government believes that paid work enhances both self-reliance and social inclusion and that policies to enable paid work benefit the whole community.***

***An effective social support system will therefore encourage and support people to participate in the life of the community through paid work according to their capacity and potential.***

### The AFAO Response

AFAO agrees with the statement “***the Government believes that paid work enhances both self-reliance and social inclusion and that policies to enable paid work benefit the whole community.***” AFAO also notes that paid work is not the only means by which people may achieve social inclusion. Many people living with HIV/AIDS who currently receive the Disability Support Pension are involved in their communities as much as their state of health and financial situation allows. This involvement may take the form of socialising, volunteering, part time or casual employment or through participation in peer or other support groups.

#### **1.4 The 2002–03 Budget**

**8. In the 2002–03 Budget, the Government also announced changes to the eligibility rules for Disability Support Pension and an expansion of employment assistance and other services. These will keep people who can work part-time more engaged in the labour market and help them achieve their potential for paid work.**

**9. As well, new Job Network arrangements to start in July 2003 will be underwritten by a service guarantee. Over time, job seekers will develop close relationships with their Job Network providers, so that assistance is based on their individual needs, capacities and circumstances. The assistance offered will be more flexible and better respond to the needs of more disadvantaged job seekers. The changes will also make it easier for Job Network providers to help people with disabilities and parents find paid work.**

#### The AFAO Response

AFAO does not support any proposed changes to the current system which would require people living with HIV/AIDS who currently receive or would be eligible to receive the DSP to participate in job seeker activities in order to be eligible for income support.

The nature of HIV disease progression and the effects of current HIV treatment options result in the general health of individuals fluctuating considerably over time, seriously affecting that person's ability to undertake work and other activities. These fluctuations are episodic, largely unpredictable and of varying degrees of intensity.

Any system of assessment and eligibility must be designed with the flexibility to allow participants to move in and out of employment as required by their health without risk to their eligibility for income support and the associated concessions and benefits.

#### **1.5 The next step - possible reform of the payment structure**

**10. A possible next step in reforming the system is to see what can be done to improve the payment structure so that it supports participation and self-reliance, provides stronger incentives for paid work and does more to tailor assistance and requirements to individual circumstances.**

**11. Given that spending under the current system is relatively well targeted to those in need, reform is not about simply increasing or decreasing assistance across the board. It is about continuing to support people who cannot work. It is about re-structuring and re-balancing assistance to ensure that all Australians with capacity for work are encouraged and assisted to increase their self-reliance. It is also about recognising that some people need more than a regular income support payment if they are to achieve the best they can in life.**

**12. Reforming the complex system of payments and services that we have now would necessarily take an extended period of time. New arrangements need to be carefully designed to address existing problems and avoid creating new ones. In particular, the Government wants a system that offers ongoing**

***financial support, both for people who cannot work and for people who can only work some of the time. This would require that all elements of the system be considered - eligibility rules, payment rates, participation requirements, means tests and access to other assistance and services. Other major issues include how payments and services fit together, how they interact with the taxation and wages systems, the scale and pace of change and whether people on existing payments should be affected.***

### The AFAO Response

AFAO supports the aims in this section to increase funds for programs that support and encourage those receiving welfare payments to develop new skills.

People Living with HIV/AIDS may experience ongoing fluctuations in their health resulting in the need to vary the hours that they can devote to working or job seeking. A system of welfare payments that is flexible enough to allow for easy variation or suspension of payments without the incurring of penalties or unnecessary stress for the recipients is essential.

AFAO would be concerned if an underlying premise of proposed changes was that failure to achieve paid employment reflects a fault on the part of welfare recipients themselves.

AFAO supports the assertions made in the discussion paper that welfare reform must be approached with consideration of all elements of the system, particularly regarding "access to other assistance and services".

For people living with HIV/AIDS the health card concessions on vital drugs, concessions on transport, access to low cost housing combined with other pension-related concessions are as important to their health maintenance and quality of life as the core pension payment.

### ***2.3 The income support system does not always provide clear incentives to work***

***31. In Australia, most people leave unemployment via part-time work. This can lead over time to more substantial employment. However, our income support system does not always provide good incentives for part-time work. The income test for pensions provides substantial incentives for part-time work and even full-time work. On the other hand, the allowance income tests have strong disincentives to take up part-time work.***

***32. The majority of Australian families have better work incentives as a result of the new tax system. Family Tax Benefit in particular significantly improved the financial return that working families get when they increase their income. In addition, the Working Credit initiative (announced as part of the Australians Working Together package) would make irregular part-time or casual work more attractive.***

***33. However, some residual problems remain. Depending on the income they earn, people on allowances may only get a small increase in their income from quite a large increase in earnings.***

## The AFAO response

A number of factors may act as a disincentive for people living with HIV/AIDS to move from full welfare benefits to full-time, part-time or casual paid work. AFAO supports changes to the current welfare system that address this issue.

Any reform must also be considered with a clear understanding of the impact of issues such as HIV discrimination and the effects of HIV related physiological and psychological issues on a person's ability to seek, secure and sustain employment.

AFAO further supports abolishing any disincentives within the current taxation system to people undertaking part time or casual employment.

### **2.2 Too many Australians rely on income support for too long**

**22. Despite a decade of economic growth, the number of working-age people on income support has grown. In December 2001, there were around 2.8 million Australians under 65 on income support - that is, over 20 per cent of all working-age Australians. Most rely on income support for the majority of their income.**

**24. The majority of working-age people on income support (around 1.8 million of the 2.8 million getting payments) are not required or actively encouraged to do anything to become more independent. Many get 'pension'-type payments, which offer more money and other support (for example, better concession cards) than allowances. With the right combination of targeted assistance, financial incentives and reasonable participation requirements, many people on these payments could take up paid work.**

**25. The OECD has found that Australia has had one of the highest rates of growth in disability pensions among developed countries during the 1990s. Growth was highest in the early 1990's, slowed to between 4 and 5 per cent by the end of the decade but has begun to accelerate again more recently. Rates of employment among lone parents and among people receiving Disability Support Pension are also some of the lowest within the OECD.**

## The AFAO response

AFAO supports providing DSP recipients with support and resources to undertake paid employment to any degree to which they are able, thus lessening their reliance on government welfare payments.

Many people living with disabilities, including many people living with HIV/AIDS, are able to undertake paid employment on an irregular basis depending on the varying impact of their disability.

Threats or coercion are likely to counteract the objectives of the proposed welfare reforms. Proposals to reduce the amount of hours a person may work before becoming ineligible for the DSP, along with the threat of arbitrary and intrusive 'reassessments' and the imposition of onerous job seeking requirements, will act as a powerful disincentive to people with disabilities to undertake paid employment.

**30. Some people - for example, people with severe disabilities or people who care for someone full-time - may need income support for long periods, well into the future. However, we should be aiming to develop a labour market and a social support system that ensure most working-age people need assistance only for relatively short periods of transition in their lives.**

The AFAO response

People with severe disabilities or those who provide substantial care for a person with a severe disability have particular needs that must be addressed by the welfare system.

For most of these people their need for assistance will often increase as time passes. At present the efficacy of available HIV treatments does not ensure lifelong control of HIV and it's manifestations.

What is meant by the term "social support system" in the context of this discussion paper is not clear. It would seem unrealistic to suggest that a greater infrastructure of community support through already over-extended volunteer organisations, charitable groups etc. would be able to take the place of current government welfare assistance.

**2.4 Current arrangements are complex and inconsistent and can be unfair**

**35. There are now 15 different income support payments for working-age people. These are divided into three main groups - pensions, allowances and student payments. There are seven payment rates for single adults, three for lone parents and four for partnered people. There are also significant differences in income and assets tests, and the extra supplements for participation, services and low-income concessions that people get on top of basic payments. Table 1 summarises the main differences between assistance for single working-age pensioners and allowees.**

**36. Increasing diversity within payment categories often means that the differences between people on pensions and allowances are no longer clear. For example, an older person on Disability Support Pension with moderate disability may have far more in common with an older person on Newstart Allowance, Widow Allowance or Partner Allowance than with a younger person with multiple and severe disabilities on Disability Support Pension.**

**TABLE 1: Pension and allowance packages, single person without children, September 2002**

	Pension (\$pw)	Allowance (\$pw)
Basic payment [1]	217.60	187.45
Telephone Allowance	(per quarter) 18.60	Nil
Pensioner Education/Work for the Dole Supplement	31.20	10.40
Income test free area	58.00	31.00
Income test taper(s)	40%	50/70%
Income at which you no longer get a basic payment (\$pw)	602.00	310.22
Concession card [2]	Pensioner Concession Card	Health Care Card

- 1 For pensioners, includes Pharmaceutical Allowance of \$2.90 per week  
2 Pensioner Concession Card provides better concessions than Health Care Card.

## **2.5 Differences between pensions and allowances have unintended effects**

### The AFAO response

The associated concessions make any shift from the DSP to some other form of allowance a severe challenge for people with disabilities. For example the significant difference between the cost of pharmaceuticals with the current Pensioner Concession Card as opposed to the Health Care Card would have a particularly harsh impact on people living with HIV/AIDS.

**38. Some people have to move from a pension payment to an allowance payment because of a small change in their circumstances. For instance, lone parents on Parenting Payment (Single) have to go on Newstart Allowance or another payment when their youngest child turns 16. The new payment's entitlements and conditions can be very different and the time to adjust to them may be very short:**

### The AFAO response

AFAO supports the concept of a single basic payment for all categories of welfare payment, disability, carer, unemployment, family support and other benefits with defined supplementary payments for defined circumstances and needs.

Developing a table of supplementary payments for people with disabilities must be undertaken with the full opportunity for input and ratification by national disability representative groups.

As well as a basic welfare payment with supplementary add-on payments for people with disabilities, AFAO advocates developing a Disability Support Card, which would be:

1. means tested;
2. allocated in a separate process from assessment and allocation of a particular welfare payment and any supplemental payments; and
3. independent of a person's employment status and welfare payments.

This disability support card could cover concessions on

- Pharmaceutical costs;
- Transport;
- Telephone/utilities etc; and
- Other concessions currently available to recipients of the DSP.

Providing the disability support card separately from the basic welfare payment and supplemental payments would acknowledge the costs of living with a disability whilst at the same time removing a serious barrier to people with disabilities undertaking paid employment and full social engagement when, and if, their disability allows.

A disability support card would also mitigate against the stress and hardship which may be associated with administrative and other delays occurring when employment status changes.

**46. A focus on self-reliance suggests that for many people, income support would only be 'transitional' assistance, complemented by other support like employment services to improve their chances of getting a job. To promote social inclusion, our system also needs to offer better incentives and support for people who are marginalised in the labour market. For a smaller number of people who can never work, the social support system must provide adequate income support throughout their adult lives.**

#### The AFAO response

Due to the varying and episodic impact of HIV disease itself and of anti-HIV medications on different individuals, people living with HIV/AIDS will experience fluctuations in their ability to undertake paid employment and other activities.

The welfare system must possess the flexibility to allow people living with HIV/AIDS to move smoothly and without penalty between receiving income support payments and paid employment.

Adequate training for all relevant personnel employed in administering the welfare system is key. While not all personnel require comprehensive knowledge and understanding of HIV/AIDS or other disabilities and chronic conditions, AFAO would advocate for training that results in persons with specific expertise and other appropriate resources being available to general staff who acquire a client with HIV/AIDS or other condition with which they are unfamiliar.

For example information and an understanding of the discrimination that people with HIV/AIDS may experience, particularly as it relates to employment, must be a part of training given to staff.

In applying for employment people living with HIV/AIDS may, through explaining significant gaps in their work history, have to reveal their HIV status to prospective employers. Once employed, negotiating time off for medical appointments, taking medication and dealing with its side effects, may also require that a person reveal their health status.

Whilst it is illegal to discriminate against people with HIV/AIDS, in practice this is a serious barrier for many people living with HIV in securing and maintaining employment.

#### **4.1 Incremental change**

**51. One approach would be to simplify payments and improve work incentives within the existing system. This smaller-scale reform could involve removing the major work disincentives faced by families on moderate to average incomes with teenage children and having one payment for adults who are studying or looking for work.**

**52. These first steps would increase the incomes of people who currently face some of the worst disincentives, without limiting the scope for longer-term reform. However, they would do little in themselves to address the outdated distinctions and large disparities between payment types.**

**53. Further incremental steps could be taken to bring pension and allowance rates and income tests into line; reduce the number of payments and the differences between them; improve incentives ('rewards') for working and ask more people to participate in activities that improve their chances of getting a job.**

The AFAO response

AFAO would in principle support 53, with the proviso that, in bringing allowances and pensions into line, no current payment levels are reduced.

**4.2 Broader reform**

**54. A broader path to reform could involve redesigning income support and related assistance. This approach would be consistent with the Reference Group on Welfare Reform's vision to modify the social support system over a number of years.**

**55. A simpler and more responsive income support system might provide standard rates of income support and income and assets tests, with additional assistance for particular needs (such as costs of disability and participation) and more flexible participation requirements for a greater number of people. Reform on this scale would set the scene for a wider reform agenda.**

**56. An approach to broader reform could involve consideration of greater change to the social support system and would aim to reform the social security, tax and wages systems so that they work more effectively together. This could involve either complete integration of the tax and social security systems or their complete separation. Both these approaches would require a common way to assess income across both systems - using either the individual's or the family's means. These options involve substantial structural change, potentially very large costs and their employment effects are uncertain.**

**57. Other approaches have sought to both improve work incentives and increase the demand by employers for low skilled workers by establishing more direct links between the wages system and the social security and taxation systems. For example, some have suggested that additional assistance through either the tax or social security systems could be provided to offset lower minimum wages and thus increase employment. These broader issues go beyond the design of income support for working-age people. Nevertheless it is important that any redesign ensures that new arrangements can respond to any future changes in the wage or tax systems and in the structure of the population in the light of ageing.**

**58. Whatever the scale of reform, any extra investment in any part of the system will need to be offset elsewhere, for instance by reducing another area of government spending or bringing down the numbers that rely on income support. As well, the pace of change and how this impacts on people already getting payments are important issues**

## The AFAO response

Implementing welfare reform strategies must be carried out in a planned and considered manner so as not to result in financial, physical or emotional disadvantage to any persons in currently receiving welfare payments.

AFAO believes it is essential that if the welfare reform process is to be funded from funding cuts to other areas then these areas must be identified early in the process.

Full and open consultative communications with peak bodies representing the interests of disability groups and other welfare recipients is essential to successfully achieving these reforms.

As previously stated, AFAO supports the creation of a Disability Support Card, which would be allocated independently of any Welfare payment.

Calculating the amount of supplemental payment based on an individual's disability could be accomplished by means of a standard scale of needs that could be calculated to reach the amount an individual is eligible for in supplemental payments.

### ***5.1 Elements of a new system***

***59. In designing a new system of support for working-age people the following elements need to be considered:***

- eligibility and coverage - in particular whether there are any groups that should be excluded from eligibility or offered a different support package;***
- structure of assistance - how the payment rates should vary for individuals and what the balance should be between cash supplements and in-kind assistance;***
- participation requirements - whether, as a supplement to basic eligibility rules, it is reasonable to expect people to do what they can to increase their self-reliance and how those expectations might be applied; and***
- means testing - how assistance should vary according to people's private resources, while maintaining adequate incentives for people to support themselves.***

***60. As a society we need to focus more on what people can do, rather than on what they cannot do. Eligibility for support should emphasise achieving self-reliance, rather than incapacity or barriers to employment. Participation requirements should be tailored to reflect people's individual capacities and circumstances and to assist successful life and labour force transitions. Means tests should be structured to ensure that people are sufficiently rewarded when they take on more paid work.***

## The AFAO response

AFAO agrees that focusing on "***what people can do, rather than on what they cannot do***" is a positive approach to people living with disabilities and notes that focussing on what people can do is not to be confused with focusing on what they can earn.

In recategorising individuals and their capacity to work and reassigning them to work-seeking schemes it must be acknowledged by Government that it was Government's

own policies and procedures that identified these people for their current eligibility for disability support. Following from this, it is incumbent on the Government to ensure that the people so identified suffer no financial burden or other disadvantage whilst making a transition under these reforms

## **5.2 Relationships and constraints**

**61. In any new system, there is an unavoidable trade-off between the overall levels of income support assistance and incentives for people to work and become more independent, and the overall cost of the system. If the system became more generous some people, including some who are fully supporting themselves, may be encouraged to work less and costs would increase. Similarly, if new arrangements involve an up-front cost, this would require taxpayers' funds.**

**62. A key issue is maximising participation by improving work incentives and it is therefore desirable to restrict payment of the base rate of income support to people earning less than minimum full-time award wages. Designing how the new system would interact with wages has implications for both eligibility rules and income tests. At the same time, it is important that new arrangements be sufficiently flexible to accommodate or respond to any future changes in the wages system. The new payment structure should produce a social security system able to sustain a broader reform agenda.**

**63. Families on income support and working families receive extra support for their children through the Family Tax Benefit. This is separate from pension and allowance base rates. When Family Tax Benefit was introduced in 2000, it was designed to avoid the situation where some families with children had sudden, large reductions in family assistance when their earnings increased and they moved out of the allowance system. Any new income tests for working-age income support should not recreate this problem.**

**64. Whatever the scale of change, redesigning income support for working-age people involves looking closely at any interactions with the tax system. Even the smallest changes to payment structures are likely to affect the current system of tax offsets. These ensure that people who get the maximum rate of income support for the full tax year pay no income tax.**

### The AFAO response

AFAO supports amendments to the taxation system which will remove current inappropriate financial penalties on low-income earners, including those people currently receiving the DSP.

## **6.1 Eligibility and coverage**

**66. At the moment, each pension or allowance has its own eligibility rules, which define a particular group of people who are unlikely to support themselves fully through paid work. The rules relate to, for example, disability, age, caring responsibilities or unemployment. Some people are potentially**

*eligible for more than one payment. Others may 'fall through the gaps' because no one payment seems to fit their particular situation.*

*67. An alternative approach would be to have one main payment for people who are broadly defined as 'working-age'. The main eligibility test could be that a person does not currently have adequate means of support, which is set by income and assets tests. Where appropriate, eligibility could also depend on a person showing that they were taking steps to be more self-reliant*

*68. In defining the boundaries for a working age payment, two particularly relevant issues are whether:*

- the new payment would be suitable for people with profound disabilities who are likely never to have the ability to take on paid work because of those disabilities; and*
- it is appropriate to extend eligibility for basic income support for people in low paid full-time work.*

*69. People whose disabilities are so severe that they can never take on paid work may need to get some form of disability payment that recognises their need for long-term income support. Or, they could be covered by the new working-age payment, with permanent exemption from participation requirements.*

*70. In Australia, people working full-time for award wages do not need any income support for themselves to meet ordinary costs of living, although their partners and dependent children may still need some assistance. However, people working part-time or working-full-time for lower than award wages (for example, people with disabilities on productivity-based or supported wages, some apprentices or trainees) could be eligible to receive a part payment if their earnings are below a certain level.*

#### The AFAO response

Consulting relevant groups will assist in reaching a contemporary and accurate definition of 'disability' and a common understanding of the notion of self-reliance.

People who are eligible for income support due to an assessed disability must be exempt from any compulsory participation requirements, although skill development opportunities should be available to them if they choose.

Part payments for those who qualify for welfare assistance, on the basis of disability, who are working part time, casually, or for less than award wages, should be part of any new welfare system.

#### **6.2.2 Meeting other needs**

*76. A variety of other needs are currently met through supplementary cash payments, targeted services or concession cards. Some of these are available across the income support system, while others vary between pensions and allowances. In a few cases (for example, Mobility Allowance), assistance is also available to people who work and do not get any other income support payment.*

**77. While cash supplements are easy to administer, they tend to overcompensate some people while under-compensating others. Services can be better targeted 'on the ground' to meet variable needs but may be more costly to administer. Any new system should take account of how best to meet people's additional costs.**

**78. The Reference Group on Welfare Reform specifically flagged costs of disability and costs that act as a barrier to participation as two areas where additional assistance might be needed.**

#### **Assistance for costs of disability**

**79. Many people with disabilities have extra costs of living, like housing modifications and costs to participate more fully, such as transport costs. However, not all people with disabilities have the same needs or costs. Recent research found no clear link between particular types of disability and extra costs.**

**80. The additional needs of people with a disability can be met in a number of different ways - through cash supplements, in-kind provision of goods and services by government and non-government agencies, or a combination of the two. The Commonwealth Government already funds State governments and a variety of service providers or brokers to provide or buy goods or services for people with disabilities.**

**81. To be cost-effective, a cash supplement would need to be carefully designed. Issues to take into account are:**

- the target population - should eligibility be limited to people on income support or should assistance be available more generally?;**
- the kinds of costs that should be covered; and**
- how to avoid creating incentives for people to qualify who do not face substantial costs - what is the best way to link assistance to their actual needs, costs and levels of participation?**

#### The AFAO response

AFAO advocates adopting a one-payment system with the allocation of a separate Disability Support Card to cover designated costs associated with an individual recipients disability.

#### **6.4 Participation requirements**

**99. Australian and overseas experience suggests that a purely voluntary approach to participation does not work to maximise self-reliance. The most effective strategies to increase employment and reduce reliance on income support combine assistance and good work incentives with clear and fair expectations that people on income support who can work should seek to become more self-reliant.**

**100. The current approach to participation requirements tends to exempt anyone with limits to working full-time. But even part-time work can significantly improve individual and family incomes and protect people against**

***financial hardship. There is widespread community support for the idea that people on income support should increase their self-reliance, if they can.***

***101. Not all people have the same capacity for paid work. Participation requirements and, where appropriate, exemptions from requirements need to be tailored to take account of the diversity in people's work ability and availability. That is, their physical and intellectual ability to undertake paid work and the amount of time they are available for paid work, taking account of their other commitments such as caring for someone.***

***102. Australians Working Together takes a first step towards building the capacity of parents with teenage children to move towards greater self reliance, while at the same time recognising and accommodating their parenting responsibilities. Australians Working Together also introduces new work ability assessments to better inform Centrelink about what people with disability can do and what they need to move into work. The Government has also proposed new modified requirements for the mature aged unemployed, which provide an example of more flexible participation requirements that are better tailored to individual capacity.***

***103. The proposed changes from 1 July 2003 to eligibility rules for new customers applying for Disability Support Pension illustrate the Government's tailored approach to participation requirements. People with some disability who are still able to work 15 hours or more a week will be directed onto Newstart and their participation requirements will be tailored to take account of their assessed level of work ability, rather than simply assuming that they can work full time.***

#### The AFAO response

There is greater complexity involved in assessing the ongoing ability of a person with a disability or chronic illness to sustain employment than is recognised in this Discussion Paper. People living with HIV/AIDS and others with disabilities will experience varying degrees of wellness over the course of their lives.

As previously discussed in this submission, the fact that a person with HIV/AIDS may be able, at any given time, to work for a defined number of hours is not an indicator of an ongoing ability to work these hours indefinitely.

The proposal that people with disabilities who can work 15 hours a week be directed onto the Newstart scheme fails to account for the reality of the lives of many people living with disabilities.

AFAO advocates for the Implementation of a system which allows, after an initial assessment, people with disabilities to easily suspend their full welfare payment in order to take up paid work to whatever degree they are capable, returning to full welfare payment when necessary.

AFAO would also need assurance that current breaching penalties imposed on participants in Newstart and other job seeker programs at present would not apply to people with disabilities moving to these programs from the DSP.

For clarification or expansion on any of the points made in this submission please contact:

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