

# Australian Greens' Dissenting Report

1.1 The Social Services Legislation Amendment (Omnibus Savings and Child Care Reform) Bill 2017 incorporates measures from the Social Services Legislation Amendment (Family Payments Structural Reform and Participation Measure) Bill 2016, Social Services Legislation Amendment (Budget Repair) Bill 2016, Social Services Legislation Amendment (Youth Employment) Bill 2016, measures from the 2016-2017 Mid-Year Economic and Fiscal Outlook as well as the Jobs for Families Child Care Package measures, Paid Parental Leave measures and one additional measure.

1.2 By recycling and continually reintroducing measures, some that have been rejected since the 2014 Budget, the Government is once again demonstrating that it still does not understand that attacks on our social safety net have been rejected as cruel and unfair.

1.3 Numerous submitters to the inquiry have expressed concern about the Government's repeated attempts to reintroduce these measures. These concerns are due to the impact these measures will have on low income and vulnerable people and have been repeated to a number of different inquiries when many of these measures were included in other Bills.

1.4 The Australian Greens are deeply concerned by the Government's repeated rejection of the expertise and evidence given by stakeholders in their continued pursuit of these harsh cuts.

1.5 In this regard the National Social Security Right Network (NSSRN) said in their submission:

[These measures] attracted widespread criticism in the community and were rejected because they were harsh and unfair, especially in light of the continued failure of this Government to make meaningful progress on taxation reform. The reintroduction of these proposals yet again suggests a Government deaf to the concerns of the community about fairness.<sup>1</sup>

1.6 The measures in this Bill will hurt many struggling Australians. The Australian Greens will not support cuts to the social safety net to pay for childcare reforms and the NDIS. The Government needs to look at revenue raising strategies such as reforming negative gearing, closing tax loopholes and ending subsidies to mining companies and large corporations.

1.7 This Bill contains measures that the Australian Greens oppose including cuts to FTB-A and FTB-B, (FTB) supplements, imposing a four week period with no income on young unemployed people and cutting the energy supplement. We oppose these attacks on vulnerable people. These measures would reduce the incomes of millions of people who can least afford it.<sup>2</sup>

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1 National Social Security Rights Network, *Submission 9*, p.1.

2 ACOSS, *Submission 13*, p.1.

1.8 The Australian Greens outlined our concerns regarding many of the measures contained in this Bill in our dissenting report to the *Social Services Legislation Amendment (Family Payments Structural Reform and Participation Measures) Bill 2016*, the *Social Services Legislation Amendment (Youth Employment) Measures 2015* and the *Social Services Legislation Amendment (Budget Repair) Bill 2016*. The concerns outlined in these dissenting reports still stand.

1.9 The Government has previously stated that the purpose of many of the measures in this Bill is to make provision for the additional \$3 billion needed for the measures contained in the *Jobs for Families Child Care Package* as well as to fund the NDIS. The Government has since stated they will require \$1.65 billion to pay for the childcare measures through savings found predominantly through changes to the family day-care sector. The Australian Greens reject the linking of family payment cuts to increased investment in child care. Additional investment in early childhood education and care should not come at the expense of low income families.

1.10 The Australian Greens are concerned that measures in this Bill will have a significant impact on Aboriginal and Torres Strait Islander children by failing to providing adequate supports for children and the services that meet their unique needs.

1.11 The Australian Greens oppose the Paid Parental Leave measures in this bill which would prevent employees accessing the Commonwealth Paid Parental leave scheme to supplement any private parental leave agreement beyond a cumulative total of 20 weeks paid leave at the minimum national wage.

1.12 While the measure that denies young people income support has been watered down in response to the enormous community backlash, refusing access to income support based on age still represents one of the most significant changes to the Australian system of income support since it was first introduced in a consolidated Social Security Act in 1947.

1.13 All of the inquiries relating to the measures in this Bill received clear evidence of the negative impacts that the measures in this Bill would have. The recommendation in the Majority Report that the measures be passed simply cannot be justified by the evidence given to the committee. As a result, we can only conclude that the Majority Report conclusions are based on ideology rather than on evidence.

1.14 This dissenting report will examine each of the measures in turn.

### **Payment Rates of Family Tax Benefit Part A**

1.15 While Schedule 1 increases FTB Part A by \$10 per week for each child up to 19 years old it does not offset the losses for all families receiving FTB under Schedule 3, leaving families worse off.

### **Family Tax Benefit Part B Rate**

1.16 Schedule 2 abolishes FTB Part B for single parents under 60 years of age at the beginning of the calendar year their youngest child turns 17. While this is a

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softening of the previous measure that reduced FTB Part B by almost two thirds for sole parents whose youngest child was 13 or over, this measure incurs the package's single largest cut to income for people affected. A sole parent (under 60) with one child turning 17 years would lose roughly \$3,400 per year (factoring in the loss of supplements and \$10 per week increase in FTB Part A).<sup>3</sup>

1.17 The National Social Security Rights Network said in their submission:

The NSSRN opposes these cuts. They are harsh and unfair and affect the poorest families in our community. Cuts of this kind need a very strong rationale, which the Government has not provided.<sup>4</sup>

### **Family Tax Benefit Supplement**

1.18 Schedule 3 phases out the end of year supplements (\$726 per child per year for Part A and \$354 per family for Part B) over two years. Families will be at least \$210 per child per annum worse off. A dual income family with one primary school aged child would be \$210 a year or \$4 a week worse off. A single income family with a child in primary school would be \$560 a year worse off, or \$10 a week. This end of year supplement is crucial for low income families managing a tight budget.<sup>5</sup>

1.19 ACOSS outlined their deep concerns regarding the impacts of schedules 1-3 in this Bill in their submission to the inquiry:

ACOSS has long advocated for reform of the family payments system to address the high level of child poverty in Australia. Instead of addressing child poverty, we are deeply concerned that the proposed package would instead cause serious financial harm to many low income and vulnerable families. Since 2009, at least \$12 billion has been cut from the family payment system. These latest cuts would take another \$2.7 billion out of the system and would hurt those on the lowest incomes.<sup>6</sup>

1.20 Single parents and single income families with pre-school and primary school age children will lose more, as they also lose the FTB-B supplement, currently \$354 per year per family. Single parent families with older children in year 11 or year 12 (depending on the child's age) will lose even more, as they lose eligibility for FTB-B entirely from the end of the year their child turns 16. For the majority of families receiving FTB, who have household incomes under \$80,000, this is a loss of income support of at least \$200 per year per child, more if they are a single parent.<sup>7</sup>

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3 ACOSS, *Submission 13*, p.2.

4 NSSRN, *Submission 9*, p.2.

5 ACOSS, *Submission 13*, p.1.

6 ACOSS, *Submission 13*, p.2.

7 NSSRN, *Submission 9*, p.3.

1.21 In their submission the National Council of Single Mothers and their Children noted:

Low income sole parents have repeatedly borne the brunt of successive cuts. Struggling sole parent families, mostly headed up by a mother, have no financial capacity to absorb any further reductions.<sup>8</sup>

1.22 The Australian Greens are deeply concerned about the risk to food security for low income and single parent families if their payments are cut. Dr Cassandra Goldie gave the following evidence to the inquiry:

Both anecdotally and from research we have available, including from excellent work from some of our members, food has become one of the most discretionary items for households on very low incomes—particularly adults trading off a meal and also their accelerated accessing of food parcels from those of our members who provide those kinds of services. That is hardly an acceptable situation in a country like ours.<sup>9</sup>

1.23 The Australian Greens do not support these changes to Family Tax Benefits. They are unnecessary and unfair and will have a significant impact on single parents and low income families. Let it be clear, these cuts to the Family Tax Benefit will affect the *most* vulnerable in our society, children. Single parent families have been unfairly targeted again and again and the Australian Greens cannot support measures that would hurt single parent families.

### **Jobs for Families Child Care Package**

1.24 The Inquiry received a submission with signatories from 23 early education and care sector peak bodies. A number of concerns regarding these reforms were raised in that submission, including the delay in the implementation of these reforms, the unnecessary coupling of childcare reforms to significant cuts to social services and the potential for some children to be left without access to two full days of childcare each week.

1.25 The Australian Greens support the purported aim of the childcare reforms to 'improve access to the affordability of early childhood education and care'.

1.26 The Australian Greens remain concerned, however, that the childcare measures included in this Bill as currently drafted will not achieve these aims, and will in fact result in a number of families being unable to access childcare or receive reduced access to subsidised care.

1.27 The Australian Greens are concerned by the imposition of a minimum requirement of 8 hours of activity per fortnight in order to receive subsidised child care and note that a number of vulnerable families may not be able to meet this minimum requirement. The Greens are therefore concerned that a number of lower

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8 National Council of Single Mothers and their Children, *Submission 16*, p.4.

9 Dr Cassandra Goldie, *Committee Hansard*, 9 March 2017, p .9.

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socio-economic and middle-income families will be ineligible for adequate levels subsidised childcare under this scheme.

1.28 The Australian Greens also recognise concerns that the proposed activity test inadvertently creates barriers to work for families where at least one parent does not have secure, regular employment and believe amendments are required to ensure the system is fair for parents engaged in irregular work and does not leave them with inadequate child care subsidy to meet their work commitments, or higher childcare costs. Without amendment, this activity test will present a barrier for new mothers trying to re-enter the workforce through casual and irregular employment. Without a minimum amount of childcare guaranteed, many parents will find it near impossible to take on extra hours of work.

1.29 The Australian Greens also remain concerned that the Bill may have a detrimental impact on children from remote and rural parts of Australia, and in particular Aboriginal and Torres Strait Islander children. The Australian Greens refer to concerns raised by the Secretariat of National Aboriginal and Islander Child Care (SNAICC) in their submission and in their evidence provided at the public hearing into the *Jobs for Families Childcare Package* in 2016, in particular:

- The proposed closure of the Budget Based Funding Program;
- The risk posed to the loss or reduction to the Aboriginal and Torres Strait Islander sector; and
- The increased cost of service delivery to remote areas, in particular for Indigenous communities.

1.30 The Australian Greens are further concerned that the introduction of the activity test will reduce access to subsidised childcare for vulnerable children and is counter to the acknowledged need to increase participation in early childhood services for Aboriginal and Torres Strait Islander children.

### **Proportional payments of pensions outside Australia**

1.31 Schedule 5 reduces from 26 weeks to six weeks the period during which age pensions, and a small number of other payments with unlimited portability, can be paid outside Australia at the basic means-tested rate. After six weeks, payments will be adjusted according to the length of the pensioners' Australian working life residence.

1.32 This measure is a tightening of an existing restriction, rather than addressing a gap in the system. The measure is poorly targeted, and does not recognise the range of circumstances in which pensioners may need to travel for more than 6 weeks outside Australia.

1.33 The National Social Security Rights Network said in its submission:

The rules concerning payment of income support overseas (known as portability) have been progressively tightened over a number of years, especially since 2004. We consider that the rules already place great weight on the principle of residence and this further tightening is unjustified

because it does not give enough weight to the importance of travel overseas, especially for the many older Australians who are migrants and have strong ties to family and communities overseas.<sup>10</sup>

1.34 The Australian Greens do not support this measure. It is unfair and will have a significant impact on Age Pension recipients as well as those accessing a disability support pension.

### **Pensioner education supplement and Education Entry Payment**

1.35 Schedule 6 would cease a pensioner's education supplement and Schedule 7 would cease the education entry payment from 1 January or 1 July after the day the Act receives Royal Assent

1.36 These measures would remove study assistance available to people who rely on income support. There are 33,000 people currently receiving the Pensioner Education Supplement (PES), most of whom receive Parenting Payment Single, Disability Support Pension and Carer Payment. There are 83,000 recipients of the Education Entry Payment, which amounts to \$208 per year. These measures particularly disadvantage sole parents who are already facing payment cuts.<sup>11</sup>

1.37 ACOSS outlined in their submission that:

Sole parents have also lost the Low Income Support Bonus and new recipients would lose the Family Tax Benefit Energy Supplement payment, which adds up at least \$350 per annum. This would make it more difficult to pursue education and training, which is essential to improving work prospects. Around 40% of PES recipients are sole parents and another 40% are Disability Support Pensioners. The remainder are carers and widows. Three quarters of recipients are women. Sole parents in particular may need to obtain further educational qualifications to re-enter employment after a period of full or part time care.<sup>12</sup>

1.38 The Australian Greens continue to oppose these measures. These supplements assist income support recipients to engage in education and training. This can improve their prospects of entering the labour market, as well as providing the other social and personal benefits of education. The social security system should provide additional support to engage in education and training for income support recipients who do not receive a student payment. These supplements and payments assist with a range of additional costs of study, including travel costs and course material and equipment costs that are not covered in programs like HECS-HELP, FEE HELP and VET FEE HELP.

1.39 These measures will make it harder for those already struggling on income support to access education; it contradicts the Government's claimed agenda of

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10 NSSRN, *Submission 9*, p.3.

11 ACOSS, *Submission 13*, p.3.

12 ACOSS, *Submission 13*, p.3.

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encouraging people to improve their skills and enter the workforce and weakens supports to those studying and relying on income support.

1.40 Once again single parents will be bearing the brunt of the Government's harsh cuts.

### **Freezing Indexation of Income Free Areas**

1.41 The amount certain income support recipients can earn (before their payments are reduced) will cease to increase in line with inflation for three years.

1.42 Freezing indexation of income free areas would reduce the amount that people on income support can earn before their payments are reduced. This would reduce the overall income for people partly reliant on income support as well as those in paid employment. This would largely impact Newstart recipients and sole parents, most of whom are already living on inadequate incomes. It would have a flow on effect of preventing payment recipients from accessing state concessions that are based on receiving a full rate of payment, such as transport concessions.

1.43 ACOSS has warned of these measures pushing people further into poverty should they be introduced:

Income free areas should not be adjusted through ad-hoc freezing of indexation to achieve short term budget savings at the expense of reducing the incomes of people on low wages. People on allowances are already relying on inadequate levels of income support. Any measure which further reduces the adequacy of incomes for people partly reliant on allowances should be strongly opposed.<sup>13</sup>

1.44 The Australian Greens do not support this measure. It will reduce the amount of money people on income support can earn in real terms before their payments are reduced dropping people further into poverty and making it harder to enter the workforce.

### **Close the energy supplement to new welfare recipients**

1.45 Schedule 9 ceases from 20 September 2017 the payment of the energy supplement to recipients who were not receiving a welfare payment on 19 September 2016 and closes the energy supplement to new welfare recipients from 20 September 2017.

1.46 This schedule reintroduces a measure which would close the energy supplement to new social security recipients. The Australian Greens are opposed to this measure as it would reduce income support payments to millions of people, most of who are already below the poverty line. This measure would affect 2.2 million people over the forward estimates, including Age Pensioners, Disability Support

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13 ACOSS, *Submission 13*, p.4.

Pensioners, Carer Payment recipients, family payment recipients, Parenting Payment and recipients of Newstart and Youth Allowance.<sup>14</sup>

1.47 The NSSRN stated in their submission:

We are particularly disappointed that the Minister continues to state that this measure simply removes compensation no longer needed because of the repeal of the carbon tax. That this is incorrect (because normal indexation of the basic payment rates did not occur at the time the supplement was introduced) and has been pointed out numerous times in the media and by experts in this area.<sup>15</sup>

1.48 This measure cannot be supported by the Australian Greens. It would see the payment drop to a rate lower than it would have been if there had been no carbon price or compensation due to the adjustment to indexation when the Energy Supplement was introduced. It would put people living on already inadequate payments further into poverty.

### **Stopping the payment of pension supplement after six weeks overseas**

1.49 This measure will stop the payment of pensions supplement after six weeks temporary absence overseas and immediately for permanent departures.

1.50 This measure would apply to the GST component of the Pension Supplement as the rest of the supplement is already no longer not payable after six weeks overseas. While in theory this measure should not disadvantage pensioners whilst overseas because they are not paying GST, in practice it reduces their income. This underscores the need for supplements to be rolled into the base rate. Many affected by this measure may be affected by the reduced portability (and reduced pension) in Schedule 5.<sup>16</sup>

1.51 The Australian Greens do not support this measure.

### **Automation of income stream review processes**

1.52 This measure will allow for the automation of the regular income stream review process by enabling the Secretary to require income stream providers to transfer a data set to the Department of Human Services (DHS) on a regular basis.

1.53 The Australian Greens cannot support this measure. As we have seen with the recent Centrelink debacle and ensuing inquiry, there is a distinct lack of public confidence in DHS particularly in regards to automated systems. Considering the mistakes that have been made in the automation of Centrelink debt assessments, there is good reason to hold concerns about the implementation of such a program and the

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14 ACOSS, *Submission 13*, p.4.

15 NSSRN, *Submission 9*, p.5.

16 ACOSS, *Submission 13*, p.5.



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Department of Human Services' capacity to accurately implement and assess an income stream review process via an automated system.

1.54 While technology can be beneficial to both the Department of Human Services and those using the social security system, as we have recently seen, the Government has been unable to implement and maintain an accurate automated debt recovery program as well as a reliable online service and phone system. That they are proposing another automated review process before the current crisis has been resolved is deeply troubling.

1.55 In this regard Ms Charmaine Crowe, Senior Policy and Advocacy Officer from ACOSS told the inquiry:

Our concern remains around the accuracy of the automation of the process. As you have pointed out, we are not filled with confidence when it comes to the automation of income assessment, which we are seeing with the Centrelink debt recovery process.<sup>17</sup>

1.56 The Australian Greens would be deeply concerned to see this review process used retrospectively. Until the issues with the current automated data-matching system have been completely resolved, and recommendations of the inquiry implemented, the Australian Greens cannot support this measure due to the inordinate amount of risk involved.

### **Seasonal horticultural work income exemption**

1.57 This measure would allow approximately 7,600 people receiving an unemployment payment each year access to an income bank of \$5,000 if they undertake seasonal horticultural work 120 kilometres away from their home.

1.58 The Australian Greens believe this style of policy initiative should be broadened to apply to all people receiving an unemployment payment. As suggested by ACOSS, the Government should consider an income bank of \$4,000 for Newstart and Youth Allowance (Other) payments that accrues over time to enable all receiving an unemployment payment to undertake casual or sporadic work without incurring a sharp or total loss of payment. An income bank would also reduce the likelihood of people receiving unemployment payments accruing a debt.

1.59 ACOSS noted in their submission:

This kind of measure must be carefully thought through because it sets a precedent of directing people who are unemployed into a specific industry. Such measures should also be considered in terms of how it would assist people to get secure, sustainable and meaningful work.<sup>18</sup>

1.60 We share the concerns of NSSRN who stated in their submission:

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17 Ms Charmaine Crowe, *Committee Hansard*, 9 March 2017, p .5.

18 ACOSS, *Submission 13*, p.6.

Incentives like this have generally been unsuccessful in the past (the Job Commitment Bonus for example), because there are other far more significant factors affecting the take up of work. They are also a departure from very fundamental principles of payment according to need and can therefore lead to inequity.<sup>19</sup>

1.61 The Australian Greens believe that this measure has some merit and could be explored further for those on Newstart and Youth Allowance (Other) payments but have concerns that it is limited to one industry.

### **Ordinary waiting periods**

1.62 This schedule makes amendments to extend and simplify the ordinary waiting period (OWP) for working age payments and will affect parenting payments and will make single parents wait longer to access payments.

1.63 Currently, most Newstart recipients must serve an ordinary waiting period of seven days before allowances are payable. This Schedule provides that the current exemption on the basis of severe financial hardship will only apply if the person is also experiencing a personal financial crisis.

1.64 Schedule 13 extends the OWP to Parenting Payment and Youth Allowance (other), which is paid to young job seekers under age 22 who are not full-time students or apprentices. It makes this waiting period consecutive on other waiting periods and also changes the circumstances in which it can be waived.

1.65 In addition to severe financial hardship, the claimant must also be experiencing a "personal financial crisis" which is defined to mean: being subjected to domestic violence, incurring unavoidable or reasonable expenditure or any other circumstance specified by the Secretary in a legislative instrument for this purpose.<sup>20</sup>

1.66 The Australian Greens share the deep concerns of NSSRN in regards to this measure:

The intention of these amendments should be recognised. They are intended to ensure that most claimants serve a one week waiting period on top of any other waiting periods, and that it cannot be waived even if they are in severe financial hardship. This should be rejected. It is a fundamental departure from the principle of need, the basic principle of the Australian social security system. The existing rule for waiver of the OWP is sound and consistent with this basic principle and should be retained.<sup>21</sup>

1.67 The Australian Greens cannot support this measure. It will mean that parents with children to care for will have to go without income for a week which will unfairly impact on children. We are also deeply concerned that severe financial crisis

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19 NSSRN, *Submission 9*, p.6.

20 NSSRN, *Submission 9*, p.7.

21 NSSRN, *Submission 9*, p.7.

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alone does not result in an exemption from this waiting period, pushing people further into financial crisis.

### **Age requirements for various Commonwealth payments**

1.68 This measure increases the eligibility age for some income support payments.

1.69 Young people aged 22-24 would no longer be eligible for Newstart allowance or sickness allowance until they turn 25. Instead they will be deferred to Youth Allowance if they can satisfy the activity test.

1.70 This is another cruel and unfair measure that will compound financial stress for young people for longer periods of time.

1.71 The NSSRN said in their submission:

The stated intention is to encourage young people to engage in study or training by aligning the rate of payment for job seekers aged 22 to 24 with the rate of payment for full-time students, who currently receive youth allowance until age 24 (or older, if a continuing student). Again this is policy based on a fiction. In our view, it is a fiction that the higher rate of Newstart allowance acts as a significant disincentive to people aged 22 to 24 taking up study. Young people who undertake study do so on the understanding that it is a period of reduced income for the purpose of the long-term benefits in terms of employment and income of further education and training.<sup>22</sup>

1.72 This measure will not be supported by the Australian Greens.

### **Income support waiting periods**

1.73 A key concern in this Bill is the re-introduction of a measure for a four-week waiting period for young people to access income support.

1.74 It is clear that people with little financial support who are unemployed will be unable to live if they are locked out of income support payments for any length of time. This measure has been almost universally criticized, as well as being rejected by the Senate in previous Bills. The Australian Greens join many of the organisations who submitted to this inquiry in their concerns.

1.75 The National Council of Single Mothers and their Children said:

The 'waiting period' is a cold-hearted cost saving measure that would witness Australia stepping away from its moral obligation. Essentially Australians, who are eligible, and in need of a payment will be forced to endure a period with no capacity for self-support. It is an unethical and flawed economic lever and we are steadfast in opposing this punitive measure. Hardship and poverty is an obstacle towards getting work ready,

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22 NSSRN, *Submission 9*, p.8.

applying for jobs and gaining a foothold in the labour market, it does not serve anyone's interest when this obstacle is increased.<sup>23</sup>

1.76 This measure is so inherently flawed it has emergency relief provisions for those required to "wait". This Bill includes a provision of funding for emergency relief of around \$8 million.<sup>24</sup> The Australian Greens will not pass a measure that unfairly impacts young people and in such a way that even Government acknowledges that it will result in a large number of young people having to access emergency relief.

1.77 NSSRN stated in their submission:

The NSSRN has long experience helping people who fall into hardship during the existing waiting and preclusion periods in social security law. Our experience is that surviving from one week to the next quickly becomes an all-consuming task for people with no income: asking landlords for more time to pay rent, exacerbation of mental health conditions due to severe stress and anxiety and so forth. These are the natural consequences of putting someone into severe financial hardship. They interfere with job search and are likely to lead to some people becoming vulnerable and being exempted from the four week waiting period part way through, an absurd outcome.<sup>25</sup>

### **Other waiting period amendments (Rapid Activation of young job seekers)**

1.78 This measure requires young people on the waiting period to undertake activities, if a young person fails to meet these requirements they could be denied income support and have to re-apply and begin the 4 week waiting period again.

1.79 Schedules 13-16 are of deep concern to the Australian Greens and will lead to many young people relying on emergency handouts. The Government continues to pedal the myth that there are many young people who are unemployed because they lack motivation to find work, despite the employment data to the contrary. The current rate of youth unemployment can be explained by inadequate demand for labour since the Global Financial Crisis.

1.80 The NSSRN expressed their concerns regarding these schedules in their submission:

They will impact hardest on young people from low income families who have the least financial capacity to help them. They will cause financial hardship, debt and stress to the young people who are unable to quickly find a job through no fault of their own and their families. The Department of Social Services estimates that one-third of young job seekers subject to this

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23 National Council of Single Mothers and their Children, *Submission 16*, p.7.

24 Ms Charmaine Crowe, *Committee Hansard*, 9 March 2017, p .6.

25 NSSRN, *Submission 9*, p.8.

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measure or about 25,000 young people will be forced to rely on emergency handouts to get through the new waiting period.<sup>26</sup>

### **Adjustments for Primary Carer Pay and Employer Opt-In**

1.81 These measure moves away from recommended minimum international standards and instead of strengthening support for working parents, these measures weaken the existing scheme which already sees Australia ranked third to last amongst OECD countries.

1.82 The Australian Greens maintain that Paid Parental Leave should be a minimum of 26 weeks as per the World Health Organisation's recommendation. The CPSU noted that the Coalition's Paid Parental Leave Policy in August 2013 argued that 26 weeks paid parental leave 'is the optimal outcome for new mothers'.<sup>27</sup>

1.83 The Australian Human Rights Commission noted in its submission to the *Fairer Paid Parental Leave Bill 2016*, that it considers limiting PPL entitlements as a retrogressive measure. Expressing their concerns that the measures 'fall short of meeting Australia's human rights obligations, and could potentially have negative impacts on maternal and child health and development, the economic security of women and their families, and women's workforce participation'.<sup>28</sup>

1.84 The government-provided Paid Parental Leave scheme was always intended to work alongside employer-provided programs, but now the government is attempting to cut support for working parents. The ACTU's submission noted the current scheme is highly successful and 'removing access to the minimum standard of 18 weeks paid leave is unfair and undermines a fundamental workplace right'.<sup>29</sup>

1.85 While the Government persists in trying to cut funding from our social safety net, they are dishing out corporate tax cuts that will cost the budget \$4.8 bn a year. 72, 000 families will be affected by these measures.<sup>30</sup> These cuts will see nearly half a billion dollars ripped from the current scheme and make approximately 42% of families worse-off than they are now, hitting low-income families particularly hard.

### **Conclusion**

1.86 Yet again, the Government is targeting vulnerable people while continuing to prop up corporations, the wealthy and those in the mining industry. This Bill targets young people, low income families, children, single parents, women, pensioners and those already living below the poverty line.

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26 NSSRN, *Submission 9*, p.7.

27 Community and Public Sector Union, *Submission 36*, p.11.

28 Australian Human Rights Commission, *Submission 104*, p. 3.

29 Australian Council of Trade Unions, *Submission 11*, p. 7.

30 Australian Council of Trade Unions, *Submission 11*, p. 6.

1.87 This grab for "savings" by the Government will not only have a negative impact on people, it will affect the economy, costing the tax payer more in the long term because it will push people into poverty. It widely accepted that poverty has an overall long term negative impact on economic growth and productivity.

1.88 It is disturbing to see the Government rehash these harmful measures again and again, ignoring the evidence of a wide range of experts and stakeholders.

1.89 We can afford a strong social safety net; in fact we cannot afford not to have one. We must invest in a strong plan for revenue raising through reforming negative gearing, closing tax loopholes and stopping handouts to the wealthy.

1.90 The Government should not be targeting low income people to raise revenue for vital services like the NDIS and childcare. The Government's continued harsh approach towards income support recipients is unfair and unnecessary.

1.91 Despite their rhetoric about getting women into work, the Government is engaging in a piece of social engineering that will hit women hard. The best way to look after children and to support women getting back to work is by legislating 26 weeks of paid parental leave, not by taking an axe to the current minimum entitlement. The current Paid Parental Leave scheme was always intended to be a floor, not a ceiling.

1.92 The Australian Greens are concerned the issues raised by the vast majority of childcare experts regarding these reforms have not been addressed. There is a real risk that the impacts of a tougher activity test will further disadvantage families with irregular work hours and new mothers re-entering the workforce. Some of the most vulnerable children in our nation, particularly those from Aboriginal and Torres Strait Islander communities, will lose out if these measures are introduced un-amended. Furthermore we contend, as do the 23 peak bodies who submitted to this inquiry, that the childcare reform package should be considered on its own merit and has already been paid for, by legislated savings, at least twice since it was announced.

1.93 The Australian Greens share the concerns of submitters in regards to this Bill exacerbating the already high poverty rate in Australia:

It should be noted that in Australia right now we have just under three million people living below the poverty line and we have 731,000 children living in poverty. On our analysis through the poverty report, which has been done in conjunction with the University of New South Wales, a full 40 per cent of children in single-parent households are living below the poverty line. It would be an extraordinary outcome if the parliament was to support a budget measure which had the effect of reducing the incomes of single parents at this time in the face of that kind of overwhelming evidence of the very high levels of poverty in Australia for single parents and their children.<sup>31</sup>

1.94 The Australian Greens have always stood for vulnerable people and cannot support a Bill that would that would reduce paid parental leave, make young people

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31 Dr Cassandra Goldie, *Committee Hansard*, 9 March 2017, p .2.

live with no income for long periods and cut vital supports to children, families, single parents and pensioners.

1.95 Given the extensive evidence presented to the inquiry on the real world impacts these cruel measure would have on young people, low income families, single parents, children, women and pensioners, the Australian Greens appeal to the crossbench and Labor to join us in blocking these harsh measures. They should be taken off the table, once and for all.

### **Recommendation 1**

**The Australian Greens recommend that the *Social Services Legislation Amendment (Omnibus and Child Care Reform) Bill 2017* NOT be passed.**

**Senator Rachel Siewert**

