

Australian Greens' Dissenting Report

Introduction

1.1 The Australian Greens cannot support the Majority Report of this Committee inquiry. The inquiry heard overwhelming evidence of the negative impacts that the measures in these Bills would have. The recommendation of the Majority Report that the Bills be passed cannot be justified by the evidence given to the Committee and we can only conclude that the Majority report conclusions are based on ideology rather than on evidence.

1.2 These Bills contain some of the Government's cruellest measures in the budget, and will take billions of dollars out of our social security system, adversely affecting low income and vulnerable Australians.

The proposals in the Bills before this Committee contain some 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

1.3 The radical changes being proposed will severely impact on disadvantaged Australians. The Senate inquiry heard repeatedly of the negative and potentially dangerous effect of these budget measures:

We cannot agree with measures that will drive people even deeper into poverty, above all in an environment where there simply aren't enough jobs for the numbers of people looking for work. The Society strongly opposes these measures in the Bills.²

1.4 The cumulative impact of these measures on people was of concern to many of the submitters to the inquiry, especially the impact on older Australians, under 30's, people with a disability, families, and particularly single parent families.

1.5 These Bills contain a wide range of measures which have complex interactions with each other, and with other measures proposed in other Bills. Overwhelmingly, these interactions mean that the harshest reductions to income are felt by the more vulnerable social security recipients and low income working families.³

Older Australians

1.6 There are a number of measures in these Bills which will significantly affect older Australians. The Australian Greens are particularly concerned with changes to indexation, and increasing the eligibility age for the aged pension. These changes will increase inequality and reduce quality of life for older Australians. COTA, National Seniors and A Fair Go for Pensioners all had similar concerns over these measures:

1 National Welfare Rights Network, *Submission 60*, p. 3.

2 St Vincent de Paul National Council, *Submission 27*, p. 2.

3 National Welfare Rights Network, *Submission 60*, p. 5.

The breadth of announcements made within the 2014-2015 Federal budget will greatly affect the capacity of older Australians to cope with everyday living costs, significantly disrupt already overstretched household budgets and impede the health and welfare of older Australians.⁴

Younger Australians

1.7 The under 30's budget measure, which subjects under 30's to no income support for six months a year has received the most criticism, and was one of the key concerns of many of the submitters:

We believe that the changes proposed in the Social Services Amendment Bill will be damaging, ineffective and counterproductive to the policy objective of assisting young people into full time, productive employment.⁵

1.8 This punitive measure will push people into poverty and make it harder for people to transition to work:

The overarching problem with these Bills is that rather than addressing the problems of inadequacy of income support, and the need for real incentives and support into work, many of the measures will:

- exacerbate inadequacy;
- increase disincentives to work; and
- undermine the current and proposed supports for jobseekers.⁶

1.9 Submitters agreed that this measure would be harmful and ineffective in supporting young people into employment.

People with Disabilities

1.10 These Bills include several measures that will negatively impact people with disability. The reduction in the portability of the disability support pension (DSP) to only four weeks a year has caused great concern in the community, and the Committee has received a number of submissions on the issue. This is a punitive approach that seeks to demonise and marginalise people with a disability, the re-assessment of those under 35 on the DSP is also of great concern:

Measures implemented through this budget will impact disproportionately on those already suffering financial hardship, compounded by the numerous systemic and societal barriers people with disability face every day.⁷

Families

1.11 There are a number of measures in the Bills that will significantly impact on low income families and particularly on single parent families who will be worse off under these changes. In particular we are concerned about altering the method for

4 National Seniors Australia, *Submission 57*, p. 2.

5 Young Opportunities Australia, *Submission 43*, p. 1.

6 National Welfare Rights Network, *Submission 60*, p. 4.

7 People with Disability Australia, *Submission 58*, p. 2.

indexing parenting payments and the compounded effect of the multiple changes to Family Tax Benefit will have on low income families:

All of the 220,000 Parenting Payment Single recipients will be negatively affected by the proposed indexation arrangements and the changes to Family Tax Benefit A and B, while 17,500 single parents currently on payments will be affected by the cessation of the Pensioner Education Supplement. While a supplement will be introduced for single parents, it will not make up for the loss of payment, and there is no supplement for low income couples.⁸

Proposed Measures

Social Services and Other Legislation Amendment (2014 Budget Measures No. 1) Bill 2014

Schedule 1: Cease payment of the seniors supplement for holders of the Commonwealth Seniors Health Card or the Veterans' Affairs Gold Card.

1.12 The Australian Greens support appropriate targeting of payments and supplements, currently the Commonwealth Seniors Health Card (CSHC) is not well targeted. There are approximately 290,000 people who receive the Seniors Health Care Card and approximately 30,000 receive the Veteran's Gold Card. The removal of the supplement would reduce their annual incomes by \$876 per annum for singles or \$660 each for partnered people. Most would have incomes close to the pension thresholds of \$50,000 for singles and \$80,000 for couples. They would have financial assets worth over \$759,000 for singles or \$1,127,000 for couples, in addition to the value of their home. Given that most would fall within the top 20% of households over 65 years of age, this measure is very unlikely to cause financial hardship.⁹

1.13 The Australian Greens could support the proposed changes to ceasing the seniors supplement. Organisation like the National Welfare Rights Network and Australian Council of Social Services also expressed support for this measure:

This measure would improve the targeting and future sustainability of the social security system as the population ages. It is hard to justify cash payments to couples with over a million dollars in financial assets.¹⁰

Schedule 2: Rename the clean energy supplement as the energy supplement, and permanently cease indexation of the payment.

1.14 The Greens vehemently opposed the dismantling of the Clean Energy package. The carbon price was demonstrated as an effective mechanism to reduce emissions and moving Australia to a more sustainable, secure energy future while protecting the most vulnerable Australians against energy price rises.

8 National Welfare Rights Network, *Submission 60*, p. 7.

9 Australian Council of Social Service, *Submission 50*, p. 23.

10 Australian Council of Social Service, *Submission 50*, p. 23.

1.15 This measure of renaming the clean energy supplement indicates once again that this government is only interested in ideology.

Schedule 3: Pause indexation for three years of the income free areas and assets value limits for all working age allowances (other than student payments), and the income test free area and assets value limit for parenting payment single.

1.16 This measure will mean that payments are not able to keep in line with changes in cost of living; it is a petty measure that targets those that can least afford it and will have a detrimental effect on supporting people to find work:

Freezing free areas reduces incentives to work and are at odds with the governments other policies ostensibly aimed at encouraging people into work.¹¹

Index parenting payment single to the Consumer Price Index only, by removing benchmarking to Male Total Average Weekly Earnings.

1.17 Changes to indexation for pension payments are one of the most insidious of the proposed measures. For aged and disability pensions this is delayed until after the next election but single parents will receive the cuts this year. Single parents have faced cut after cut, this change will see further reductions to their payments. This will push them and their children further into poverty:

Figures reveal that 24.1% of children living in one-parent households are in poverty. By contrast 7.6% of children with two parents are experiencing poverty. The 2013 report warned that “children under the care of just one parent are three times more likely than other children to live in poverty.”¹²

1.18 It is vitally important that the Single Parent Payment indexation appropriately reflects the cost of living:

...indexation should reflect the annual cost increases and living pressures as experienced by families. Therefore, we ask the Committee to decline the proposal that would reduce indexation to that of the lower Consumer Price Index.¹³

Pause indexation for three years of several family tax benefit free areas.

1.19 The support that Family Tax Benefit offers low income families is very important and any changes must take into consideration the impact that they will have on the families and children who rely on them:

We believe the family payment system is absolutely vital. It is not part of middle-class welfare, it is a very important corollary to protect families from poverty. When we have the minimum wage system which is 13:27 the

11 National Welfare Rights Network, *Submission 60*, p. 20.

12 National Welfare Rights Network, *Submission 60*, p. 19.

13 National Council of Single Mothers and their Children, *Submission 46*, p. 4.

adequacy of the minimum wage for a single person, family payments are vital in covering the adequacy for families that have children within them.¹⁴

1.20 Freezing indexations for three years will have a negative impact on low income families. During the inquiry it became clear that the large number of changes proposed to family tax benefits made it difficult to see what the overall result for families would be:

Many of these freezes have complex interactions for people when stacking of income tests occurs. The result of this is that people who are subject to more income tests will be disproportionately impacted by freezes to thresholds. These need to be considered in the context of complex interactions with other measures also, such as the abolition of the Pensioner Education Supplement.¹⁵

Schedule 4: From 1 July 2014 review disability support pension recipients under age 35 against revised impairment tables and apply the Program of Support requirements.

1.21 While we agree that people with disability who have some capacity to work should be supported and assisted to enter the workforce we do not support this blunt instrument and are deeply concerned about the impact of moving people off DSP onto a lower working age allowance:

The removal of income is a very worrying move. People with a disability and young people on Newstart, risk losing significant income as a result of these changes. Indeed, a single 23-year-old on a disability pension, living out of home, who finds themselves reassessed as a jobseeker and put onto youth allowance, will go from an allowance of \$383 a week¹⁴ to just \$207 a week.¹⁶

1.22 People with disability face many barriers to finding and staying in work and this measure will be yet another barrier. There were other concerns raised in the inquiry process about this measure. UnitingCare Australia said:

We support best practice in assessment and support for people with disabilities, however we are concerned that the age-specific removal of the current grandfathering clause is not based on a consideration of the most effective ways to support people with disability, does not treat all recipients equally, and is not grounded in evidence about what works.¹⁷

Schedule 5: Limit the six-week overseas portability period for student payments.

1.23 This measure limits portability of payments in regards to students undertaking eligible medical treatment or to attend an acute family crisis. It is another example of a Government intent on humiliating and punishing people. People may need to travel overseas for a variety of reasons and each case should be taken on its merits.

14 Australian Council of Social Service, *Submission 50*, p. 3.

15 National Welfare Rights Network, *Submission 60*, p. 20.

16 St Vincent de Paul National Council, *Submission 27*, p. 4.

17 Uniting Care Australia, *Submission 42*, p. 3.

1.24 National Union of Students was also concerned about the administrative issues around this measure and wanted to express concern if students were made to re-apply for payments if they were overseas for more than 6 weeks.¹⁸

Schedule 6: Extend and simplify the ordinary waiting period for all working age payments.

1.25 For people without access to income and support networks, waiting periods for payment can place them into serious financial distress. Additional waiting periods do not make sense when other waiting periods are already in place, this measure is about saving money not helping people:

The changes proposed to the Ordinary Waiting Period (OWP) are not really about simplification. Actually, the Bill extends the waiting period to new payment types and introduces new evidentiary requirements and thereby effectively set a higher bar for waiver of the waiting period. For all the Government's emphasis on "simplification", the obvious simplification measure has been overlooked. A true simplification measure would be to abolish this waiting period, which is not necessary given the existence of the Liquid Assets Waiting Period.¹⁹

1.26 This Government also fails to understand working life realities for a lot of Australians that include insecure, casual and seasonal work. We require a better targeted social security system that can respond effectively to needs around employment patterns that include all different types of employment. This measure could have particular impact on single parents and women:

Our other worry with that measure, and particularly its extension to parenting payment, is the potential impact on women escaping domestic violence. Women in those circumstances really need money quickly and if they are put through some kind of complex hardship tests to receive payment urgently then, unfortunately, some may lose the opportunity to escape from very desperate circumstances.²⁰

Schedule 7: Maintain the family tax benefit Part A and family tax benefit Part B standard payment rates for two years.

1.27 Family payments play an important role in supporting low income families in Australia, the significance of these payments was made clear by ACOSS during the inquiry:

Our family payment system performs two vital social and economic roles – helping prevent child poverty and treating low and middle income families

18 Jack Gracie, National Welfare Officer, National Union of Students Inc., *Committee Hansard*, 21 August 2014, p. 38.

19 National Welfare Rights Network, *Submission 60*, p. 17.

20 Peter Davidson, Senior Adviser, Australian Council of Social Service, *Committee Hansard*, 20 August 2014, p. 3.

with children fairly by taking account of the costs of raising children in the tax transfer system.²¹

1.28 The pausing of these payments will mean that low income families will have lower payments:

Low-income families are also impacted: freezing FTB part A and part B rates for two years will result in lower payments to lower income families. Once again the budget is withdrawing vital support for the most vulnerable families and children and we believe this will have a direct impact on the increase in child poverty rates in Australia.²²

Social and Community Services Pay Equity Special Account

1.29 Schedule 8 to the Bill will add the Western Australian Industrial Relations Commission decision of 29 August 2013 as a pay equity decision under the Social and Community Services Pay Equity Special Account Act 2012, allowing payment of Commonwealth supplementation to service providers affected by the decision.

1.30 The Australian Greens support this important measure and are disappointed that it has been included within this Bill as it is not a budget measure and should not be confused with the cruel budget measures proposed.

Social Services and Other Legislation Amendment (2014 Budget Measures No. 2) Bill 2014

Implements the following changes to Australian Government payments:

Schedule 1: Indexation for three years of the income free areas and assets value limits for student payments, including the student income bank limits;

Pause indexation for three years of the income and assets test free areas for all pensioners (other than parenting payment single) and the deeming thresholds for all income support payments; and

Reset the social security and veterans' entitlements income test deeming thresholds to \$30,000 for single income support recipients, \$50,000 combined for pensioner couples, and \$25,000 for a member of a couple other than a pensioner couple.

1.31 Again the government is going after small savings that mean little to the budget bottom line and enormous difference to the people living on it, this measure will disproportionately affect those with a few assets. This measure is also premature and has not been discussed with stakeholders and the community:

This measure does nothing to address some of the distributional issues across the older population. There needs to be a community discussion around what constitutes high income and high assets and what assets should be included in that calculation. Often we think of all older people as being the same but in terms of wealth and income this is clearly not the case.²³

21 Australian Council of Social Service, *Submission 50*, p. 25.

22 Dr Goldie, Australian Council of Social Service, *Committee Hansard*, 20 August 2014, p. 2.

23 COTA Australia, *Submission 59*, p. 10.

1.32 The changes to deeming thresholds could have significant impact on pensioners and self-funded retirees on a low income:

If legislated, the reduction of deeming thresholds to \$30,000 for single pensioners and self-funded retirees on lower incomes (currently \$48,000) and \$50,000 for couples (currently \$79,600) will reduce eligibility and access to the age pension from 2017. It is estimated that more than 500,000 age pensioners and self-funded retirees on low incomes will be affected by this change).²⁴

1.33 The Australian Greens agree with COTA that a review of retirement incomes needs to be undertaken and subsequent changes made as part of a holistic and considered approach to retirement income:

COTA has been, and is, urging the government to hold a retirement incomes review that covers pensions, superannuation and taxation in retirement in an inclusive and interconnected way, including consideration of asset and income testing, the preservation age and so on. We are asking that the pension changes be halted, be frozen, until that retirement incomes review is complete. We believe it could be done by the end of next year, so it certainly can happen within the time frame of these changes anyway.²⁵

Ensure all pensions are indexed to the Consumer Price Index only, by removing: benchmarking to Male Total Average Weekly Earnings; indexation to the Pensioner and Beneficiary Living Cost Index

1.34 Proposed changes to the indexation of pensions is one of the most concerning aspects in the Bills, this is a fundamental change to the pension system and will drastically effect the viability and adequacy of pensions in coming years. Currently the highest of CPI, Pensioner and Beneficiary Cost of Living Index, or Male Total Average Weekly Earnings are used to determine the increase in the pension. Using only CPI will have significant impacts on the value of the pension and affect pensioner's standard of living:

While pensions would still increase as prices rise, they will increase more slowly. After 10 years, ACOSS estimates that single pensioners will be \$80 per week worse off than they would be under current arrangements. Community living standards improve with increases in wages, but the living standards of those on pensions will fall behind.²⁶

1.35 Appropriate indexation of payments is vital to ensure that payments reflect increases in the cost of living. The Newstart Allowance is a clear example of a payment that has fallen behind the real cost of living because it is indexed inadequately by CPI. This point was raised by many submitters and witnesses:

The Society has consistently advocated that the indexation of payments is essential, and that the indexation must be adequate. When payments are not

24 National Seniors Australia, *Submission 57*, p. 5.

25 Mr Ian Yates, *Committee Hansard*, 21 August 2014, pp 1-2.

26 Australian Council of Social Service, *Submission 50*, p. 34.

indexed at all, or their indexation is paused, by definition their real value, and the amount of benefit that they bring people, will decrease each year.²⁷

1.36 CPI is not an adequate tool to determine indexation for a number of reasons, primarily because it does not reflect the rising cost of living for those on a low income as ACOSS argues:

If you do not index these payments to wages—and we are open to discussion about which wages measure is appropriate—than those at the bottom will inevitably fall behind the rest of the community. That is what happened with Newstart, that is what will happen with pensions if this goes through and it is what has also been happening with family payments since 2009, when indexation of that payment was frozen.²⁸

1.37 These changes will have an unacceptable impact on the income and quality of life for pensioners.

Schedule 2: Generally limit the overseas portability period for disability support pension to 28 days in a 12-month period from 1 January 2015.

1.38 The further reduction of the portability of the disability support pension to four weeks is petty and unfounded; it is another way for the government to punish vulnerable people. Australia is a multicultural country, many people have family and obligations overseas, it means that if you are not lucky enough to have your family reside in Australia you cannot see them for extended periods of time:

The proposed legislation which will limit the portability to 4 weeks in a 12 month period will force us to break the bond between our families, and leave our elderly parents without any family support.²⁹

1.39 Many people on disability support pension save up for many years to be able them to travel, if they are limited to only 28 days it may be a long time before they are able to save the money to go overseas again. This is a petty and punitive measure focused on demonising and demoralising those who receive income support by denying access to a decent quality of life.

1.40 There were many submissions from individuals, who were very concerned with the impact that this measure would have.

Schedule 3: Exclude from the social security and veterans' entitlements income test any payments made under the new Young Carer Bursary Programme from 1 January 2015.

1.41 The Australian Greens believe that we need greater supports for young carers and welcome this assistance, however we note that this a small support in a broader set of brutal cuts that will see carers and those they care for worse off.

27 St Vincent de Paul National Council, *Submission 27*, p. 3.

28 Australian Council of Social Service, *Submission 50*, p. 8.

29 Disability Support and Carers Alliance, *Submission 14*, p. 1.

Schedule 4: Include untaxed superannuation income in the assessment for the Commonwealth Seniors Health Card (with products purchased before 1 January 2015 by existing cardholders exempt from the new arrangements), and extend from six to 19 weeks the portability period for cardholders.

1.42 The Australian Greens support the changes to the treatment of superannuation income for CHSC. However we are concerned that existing recipients are grandfathered and will not be subjected to this measure, they could be earning significant amounts from their super which is not included in the assessment for CHSC:

UnitingCare Australia supports this change because we believe superannuation tax concessions are poorly targeted. Secondly, we support the streamlining of income and assets tests.³⁰

Schedule 5: Remove relocation scholarship assistance for students relocating within and between major cities.

1.43 We are concerned about the impact of these measures and support the position of the National Union of Students:

The National Union of Students submits that these upfront relocation costs exist not just for those moving to or from regional areas. They are costs that students relocating from major metropolitan area to major metropolitan area must contend with as much as rural and regional students.³¹

Schedule 6: Cease pensioner education supplement from 1 January 2015.

Schedule 7: Cease the education entry payment from 1 January 2015.

1.44 If the government is invested in the study and training of people on income support, ceasing the pensioner education supplement and the education entry payment makes no sense. Cancelling the PES reduce access to education for some of the most disadvantaged members of our community. The supplement is an important support in helping older Australians, single parents and people on disability support pension access educational opportunities, the changes were widely criticised by submissions to the inquiry from a range of organisations:

Over 41,000 people will lose between \$811 and \$1,622 per year (depending on their study load) from the cessation of the Pensioner Education Supplement resulting in people currently receiving this payment being unable to pay education and other related costs.³²

UnitingCare Australia considers that measures that encourage people on income support to undertake education and training should be retained.³³

30 Uniting Care Australia, *Submission 42*, p. 4.

31 National Union of Students, *Submission 65*, p. 7.

32 Combined Pensioners Superannuants Assoc., *Submission 44*, p. 5.

33 Uniting Care Australia, *Submission 42*, p. 3.

The ATN [Australian Technology Network of Universities] advises against the removal of the Pensioner Education Supplement where it is paid to support the education of those on Carer Payments, Disability Support Pensions and Veterans Affairs Payments.³⁴

Schedule 8: Extend youth allowance (other) to 22 to 24 year olds in lieu of Newstart allowance and sickness allowance.

1.45 Newstart is widely acknowledged as inadequate and condemns people to living in poverty. Forcing young people off Newstart onto an even more inadequate payment will drive them deeper into poverty and will be yet another barrier to employment:

YACSA [Youth Affairs Council of South Australia] opposes raising the age at which a young person can access Newstart Allowance from 22 to 25 years. This change will increase existing levels of hardship as young people will now have to wait three more years to access a higher rate of allowance.³⁵

Schedule 9: Require young people with full capacity to learn earn or Work for the Dole from 1 January 2015.

1.46 This is the most controversial measure proposed in these Bills, it is untenable to condemn people under the age of 30 to 6 months without any income support. This measure was met with alarm across the board:

Our deepest concerns with the current bills are associated with the measures for young people. We strongly oppose the suspension of eligibility for income support for six months in each year and then forcing young into work for the dole.³⁶

For the Society, this suggestion has been one of the most troubling elements of the Budget. We find very concerning the idea that the government would intentionally remove any semblance of a social safety net for a particular group of people.³⁷

As the peak representative body for Australian undergraduate students, the National Union of Students submits that the current budgetary proposal included in the Social Services and Other Legislation Amendment (2014 Budget Measures No. 2) Bill 2014 to quarantine unemployment benefits of Australians under 30 for six months would be devastating to graduates across the country.³⁸

1.47 The Abbott Government's attitude to employment for young people is one that assumes jobs are readily available for all young people, that if a person is unemployed

34 Australian Technology Network of Universities, *Submission 31*, p. 1.

35 Youth Affairs Council of South Australia Inc., *Submission 33*, p. 3.

36 Australian Council of Social Service, *Submission 50*, pp 1-2.

37 St Vincent de Paul National Council, *Submission 27*, p. 8.

38 National Union of Students, *Submission 65*, p. 5.

then it is their fault. This assumption ignores the reality of the current labour market. The Government thinks that by making life unbearable for young jobseekers they will force them into work. Rather than help young people into employment these measures will condemn them to live in poverty, they will need to spend their time worrying about their next meal and accommodation which will make job seeking even harder.

1.48 Workforce exclusion is both complex and enduring, particularly for those people who are disadvantaged. Denying access to income support to job seekers aged under 30 for more than six months, and then subject them to work for the dole regimes and strict compliance requirements will not address this. Living on nothing will only compound existing disadvantage and drive people further into poverty, while worsening the factors contributing to their workforce exclusion. The Government is ignoring the realities of youth unemployment, the mounting evidence against their approach and what should be done to help young jobseekers.

1.49 The Australian Greens are also concerned about the implications of extending a youth group to include up to 30 year olds:

I think we should correctly refer to it as the 'youth and under 30s measure'. But a shift regarding people between the age of 25 and 30 years of age as 'youth' or 'young people' is a new thing...It has been referred to by some as infantilising those people.³⁹

1.50 The effect that this measure will have on young people is profound, a fact that appears to have been anticipated by the Department for Social Services:

Not surprisingly the potential for increased hardship under these new requirements has also been noted by the Department for Social Services who expects that there will be approximately 500,000 young people who are impacted negatively by the proposed changes. As you would know, the Department for Social Services recently told a Senate Estimates Committee that the 2014 budget includes around \$230 million to assist those affected by the changes to welfare with food, utility bills, and other subsistence services.⁴⁰

1.51 The inquiry heard evidence from a number of witnesses about creating and supporting programs that helped young people into employment. The need for a new approach was emphasized, with a focus on:

Balance a significant investment in young people's capabilities with high expectations...

intervene rapidly and early to motivate and inspire engagement and ensure young people can achieve their best

provide careers and vocational guidance and coaching by trained staff, to support young people to develop employability skills and address barriers to work and learning

39 David Francis Thompson, CEO, Jobs Australia, *Committee Hansard*, 20 August 2014, p. 19.

40 Youth Affairs Council of South Australia, *Submission 33*, p. 4.

engage with employers– so that young people can develop employability and vocational skills in ‘real’ work environments...⁴¹

Schedule 10: Implement the following family payment reforms:

Limit the family tax benefit Part A large family supplement to families with four or more children;

Remove the family tax benefit Part A per child add on to the higher income free area for each additional child after the first; and

Revise the family tax benefit end-of-year supplements to their original values and cease indexation.

1.52 The Family Tax Benefit is relied on by families and is an essential support for families on a low income. Any changes must be done carefully and with a full understanding of the impact on families and particularly children.

1.53 The end of year supplements is very important in a family being able to afford larger occasional items:

The reconciling of end of year supplement is factored into household budgets and provides a much required capacity to enable families to pay those large costs that often cannot be met within the weekly budget. Such items may include outstanding school fees, car registration, and replacement of household appliances. The measure that seeks to ‘revise’ (reduce) the end-of-year supplements to their original values and ceasing indexation should not proceed. We urge the committee to understand the particular importance of the end of year supplements for struggling families and reject this proposal.⁴²

Improve targeting of family tax benefit Part B by reducing the primary earner income limit from \$150,000 a year to \$100,000 a year

1.54 We need a well targeted social security net that supports those who need it most. However in the current context of changes to family benefits we have grave concerns about hitting families with another cut:

We have supported increased targeting of family tax benefits over a number of years when previous governments had made those changes, but those changes were done pretty much as discrete changes, not packaged as a range of other nips and tucks to the assistance which was going to families, whether it be one or two parents or the family unit as a whole. There were also not other costs unrelated to these Bills like, perhaps, home medical costs, co-payments and things like that coming in. We agonised over this issue and had a lot of discussion and debate within our network about whether we would take this view, because if it were in isolation we would support this reform.⁴³

41 Brotherhood of St Laurence, *Submission 49*, p. 11

42 National Council of Single Mothers and their Children, *Submission 46*, p. 5.

43 National Welfare Rights Network, *Submission 60*, p. 28.

Limit family tax benefit Part B to families with children under six years of age, with transitional arrangements applying to current recipients with children above the new age limit for two years

1.55 The Australian Greens are very concerned about changes to FTB that affect single parents. Limiting, reducing and or denying access to Family Tax Benefit Part B will mean that parents do not have assistance when they need it the most. Single parents have been targeted by successive governments and this is yet another measure that reduces their income and makes it harder to support their families. The supplement proposed by Government to compensate for loss of FTB does not adequately compensate them:

UnitingCare Australia opposes the policy of withdrawing benefits six years earlier than presently, because low-income families need this support. We are concerned that the transitional measures and new allowance will still leave low-income families, especially single parent families, worse-off.⁴⁴

Introduce a new allowance for single parents on the maximum rate of family tax benefit Part A for each child aged six to 12 years inclusive, and not receiving family tax benefit Part B.

1.56 While there is some support offered in this measure it is not enough to offset the financial hardship that single parents will be placed in because of the other measures in this budget.

Schedule 11: Increase the qualifying age for age pension, and the non-veteran pension age, to 70, increasing by six months every two years.

1.57 Australia does need to consider our ageing population, how we support people as they age, retirement income and retirement age. Instead of taking a considered, consultative approach the Government has made a decision to raise the age of retirement, as if it can be made without addressing the structural issues. Raising the retirement age without addressing issues like age discrimination, the increasing number of older Australians out of work and on Newstart and retirement income means that many older Australians will be condemned to live longer on Newstart in poverty.

1.58 We will not support the dumping of older Australians on to a lower payment to save the government some money and let older Australians linger on inadequate payments:

There is little point in increasing the eligibility age for the pension until there are jobs for older people. Otherwise this measure is just consigning a growing number of older Australians to living on lower levels of income support for longer.⁴⁵

1.59 While it is true that Australians are living longer that does not mean that they are able to work for longer:

44 Uniting Care Australia, *Submission 42*, p. 3.

45 COTA Australia, *Submission 59*, p. 8.

However, increases in life expectancy do not necessarily equal increases in healthy years of life. The evidence is mixed on whether we are achieving longer healthier lives or rather longer lives with increasing periods of ill health and disability. This obviously impacts on the capacity to work.⁴⁶

1.60 Older workers face discrimination in the workplace, and there are structural changes, and better supports that need to be put in place before we raise the retirement age:

The Organisation for Economic Co-operation and Development (OECD) 2013 figures show that Australia's mature age (age 55 to 64) workforce participation rates, at 63.6 per cent, fall behind other OECD countries including New Zealand (77), Sweden (77.1), Switzerland (72), Japan (68.2), Germany (65.4) USA (64.5) and Canada (63.8).⁵ National Seniors does not support an increase to the age pension age while there is still no progress on mature age employment. Any pension age increases must come with bold initiatives, driven by government, that engage with, and shift the attitudes of, both business and the community.⁴⁷

1.61 We welcome the committee's recommendation that the Government look at a retirement review and share COTA's view that:

...the age pension is one part of a multifaceted retirement incomes landscape and that all should be considered in any reform process as, for example, superannuation tax concessions are comparable to the cost of the pension but inequitably distributed.⁴⁸

Schedule 12: Remove the three months' backdating of disability pension under the Veterans' Entitlements Act 1986.

1.62 The Australian Greens are concerned that this measure will impact negatively on people with disability, who are likely to be in very vulnerable positions and this would place further burden in what is likely to be a difficult time for them. This is yet another punitive measure aimed at people with disability.

Recommendation 1

1.63 That Social Services and Other Legislation Amendment (2014 Budget Measures No. 1) Bill 2014 and Social Services and Other Legislation Amendment (2014 Budget Measures No. 2) Bill 2014 not be passed.

Recommendation 2

1.64 That the Government introduce a separate bill including the changes to the Commonwealth Senior Health Card, the Seniors Supplement and the Young Carer's Bursary measure and the Social and Community Services Pay Equity Special Account measure.

46 COTA Australia, *Submission 59*, p. 3.

47 National Seniors Australia, *Submission 57*, p. 6.

48 COTA Australia, *Submission 59*, p. 3.

Senator Rachel Siewert
Senator for Western Australia