



Australian Council of Social Service

18 January 2016
Committee Secretary
Senate Standing Committee on Community Affairs
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Committee Secretariat,

Re: Inquiry into the Social Services Legislation Amendment (Budget Repair) Bill 2015

Thank you for the opportunity to participate in this inquiry. ACOSS is a national voice in support of people affected by poverty, disadvantage and inequality. Our vision is for a fair, inclusive and sustainable Australia where all individuals and communities have the opportunities and resources they need to participate fully in social and economic life.

The above Bill re-introduces measures proposed in previous Bills. All of the proposed measures reduce income support and assistance available to those on the lowest incomes, thus seeking budget savings from those least able to pay. In addition, the proposal to freeze income test free areas for allowances and student payments, and the proposal to cease the Pensioner Education Supplement and the Education Entry Payment for those on income support weakens supports to participate in education, critical to improving employment opportunities. These policies are likely to undermine the efforts of people to secure paid work, which in turn would be counter-productive to reducing budget expenditure.

ACOSS opposes this Bill in its entirety, for the reasons outlined below:

- **Schedule 1, Reduce Portability of Pensions Outside of Australia:** This would reduce from 26 weeks to 6 weeks the amount of time that a person on the Age Pension (and other payments with less limited portability) can receive their payment at the means tested rate while outside of Australia. We have specific concerns about people on low incomes, particularly those born overseas, reliant on the full pension who may need to travel to fulfil family or other responsibilities for extended periods (including the provision of care, or to obtain care and support for themselves that is not available in Australia). Approximately 40% of pensioners were born overseas. The amount of time those on the Age Pension can receive their pension at their means tested rate is already capped at 26 weeks, and this Bill would reduce that to just 6. Under the proposed measure, after 6 weeks the payment would be reduced according to the amount of a person's 'working life' spent in Australia, which would particularly disadvantaging more recent cohorts of migrants.



- Schedule 2 and 3, Cease the Pensioner Education Supplement and the Education Entry Payment: This would remove the study assistance available to people who rely on income support. Many people, especially sole parents, rely on the Pensioner Education Supplement and Education Entry Payment to make the costs of study feasible, and single parents would lose up to \$36 per week as a result of the proposed measure. Further education and skills development improves work prospects, enabling people to rely less on income support in the future. Sole parents in particular may need to obtain further educational qualifications to reenter employment after a period of full or part time care. While the Explanatory Memorandum to the Bill argues that more appropriate funding is available through other programs (HECS-HELP, FEE HELP and VET FEE HELP), none of these programs provide additional income support to those reliant on social security payments seeking to improve their work prospects.
- Schedule 4, Freeze Indexation of Income Free Areas: By freezing the indexation (to CPI) of payment free areas this measure would reduce in real terms the amount that people on income support can earn before their payments are reduced. This will reduce the overall income for people partly reliant on income support as well as paid employment. 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. The maximum rate of the Newstart Allowance is now just \$37 per day, and has not been increased in real terms for over twenty years. Any measure which further reduces the adequacy of incomes for people partly reliant on allowances should be strongly opposed.

We also refer the Committee to our previous submissions about these proposed measures at: <http://www.acoss.org.au/wp-content/uploads/2015/07/Submission-to-Fair-and-Sustainable-Pensions-Bill-FINAL.pdf>; and <http://www.acoss.org.au/wp-content/uploads/2015/07/Submission-to-Fair-and-Sustainable-Pensions-Bill-FINAL.pdf>

Policy changes should be considered against the objectives of the income support system: to provide means tested adequate income support to those who need it and to facilitate transitions to employment where appropriate. The above proposed measures do not meet these objectives and we again recommend the measures in the Bill not be passed.

Yours sincerely,

Cassandra Goldie
ACOSS CEO