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Committee Secretary
Senate Standing Committees on Community Affairs
PO Box 6100
Parliament House
Canberra ACT 2600

Via email: community.affairs.sen@aph.gov.au

11 June 2015

Dear Committee Secretary

**SUBMISSION REGARDING SOCIAL SERVICES LEGISLATION AMENDMENT (FAIR AND
SUSTAINABLE PENSIONS) BILL 2015**

UnitingCare Australia is the national body for the UnitingCare Network, and is an agency of the National Assembly of the Uniting Church in Australia.

UnitingCare Australia is the national body for the UnitingCare Network, one of the largest providers of community services in Australia. With over 1,600 sites, the network employs 39,000 staff and is supported by the work of over 28,000 volunteers. We provide services to children, young people and families, Indigenous Australians, people with disabilities, the poor and disadvantaged, people from culturally diverse backgrounds and older Australians in urban, rural and remote communities.

UnitingCare Australia works with and on behalf of the UnitingCare Network to advocate for policies and programs that will improve people's quality of life. UnitingCare Australia is committed to speaking with and on behalf of those who are the most vulnerable and disadvantaged for the common good.

We take this opportunity to provide feedback to the Committee on the Social Services Legislation Amendment (Fair and Sustainable Pensions) Bill 2015.

This bill contains several measures that UnitingCare Australia supports, consistent with our position that budget expenditure should be targeted to those most vulnerable.



Measures we support

The three measures we support are:

- Changing the way defined benefit income streams are taken account of when applying the social security income test;
- Limiting the proportional payment of benefits to people when outside Australia; and
- Changes to the assets tests and taper rates for pensions.

We recommend that the committee support these measures.

Measures that raise concerns

We ask the Committee and Senators to carefully scrutinise the other three measures in this bill. They are:

- Cease payment of the seniors supplement and continue payment of the energy supplement
- Abolition of the pensioner education supplement
- Abolition of the education entry payment

Seniors supplement

The purpose of the seniors supplement is to support low income retirees (that is, those eligible to hold either the Commonwealth Seniors Health Card or the Veterans' Affairs Gold Card) to pay major bills.

UnitingCare Australia has collected some evidence to suggest that the seniors supplement is helping to ensure that these older citizens are able to pay their bills. Through our network of financial counsellors and emergency relief providers and through national surveys, we have shown that increasing numbers of households are experiencing financial stress when it comes to paying bills. Our survey data shows that citizens over 65 are the most likely to pay their credit card bills in full each month, and the most likely to pay energy bills on time. Those percentages are higher than for any other age cohort. This evidence suggests that the supplement is working. Removing the supplement may lower this capacity, and increase the number who pay bills late, and may become at risk of disconnection from essential services.

We recommend that the committee ask the government

- what evidence they have that the seniors supplement is not being applied to the purpose for which it is intended (payment of bills)?



- do they have evidence that major bills are declining as a proportion of household expenditure? This could would allow the government to argue the supplement was no longer necessary, however our information suggests that bills are rising as a proportion of expenditure.

If the government is unable to provide evidence on these issues, UnitingCare Australia asks the committee to consider opposing this measure.

Pensioner education supplement, and abolition of education entry payment

Explaining the proposed removal of both the pensioner education supplement, and the education entry payment, the Explanatory Memorandum states that the government:

“remains committed to providing incentives for income support recipients to improve their employment prospects through study or training. More appropriate channels of Government-funded study and training assistance for income support recipients are available through employment services providers and the HECS-HELP, FEE HELP and VET FEE HELP tuition loan programmes”

We recommend that the Committee ask the government:

- Has there been increased provision in the budget in other areas of Government-funded study support, to reflect the expected movement of pension recipients off the pensioner education supplement onto these other measures?
- Did the Department, either directly or through a commissioned consultant, conduct an evaluation of the outcomes of the pensioner education supplement or the education entry payment? What were the results?
- If there has been no evaluation of these programs, what evidence does the government have that these were not effective measures for assisting vulnerable Australians into study and then employment?

If the government is unable to provide evaluations or evidence, UnitingCare Australia asks the committee to consider opposing these measures.

Conclusion

UnitingCare Australia, alongside COTA and others, calls for a thorough retirement incomes review. We believe there are significant opportunities

- to improve the security of retirement incomes for vulnerable people,
- to ensure budget expenditure is targeted and middle class welfare is reduced, and



- to provide for the sustainability of aged care for those who need it,

if Australia reviewed and reformed its retirement incomes framework more broadly. UnitingCare Australia would look forward to working with such a review.

Please do not hesitate to contact us if we can assist the committee further.

Yours sincerely,

Lin Hatfield Dodds
National Director
UnitingCare Australia