



## **SUBMISSION TO THE SENATE COMMUNITY AFFAIRS LEGISLATION COMMITTEE INQUIRY INTO THE SOCIAL SERVICES LEGISLATION AMENDMENT (OMNIBUS SAVINGS AND CHILD CARE REFORM) BILL 2017**

### **INTRODUCTION**

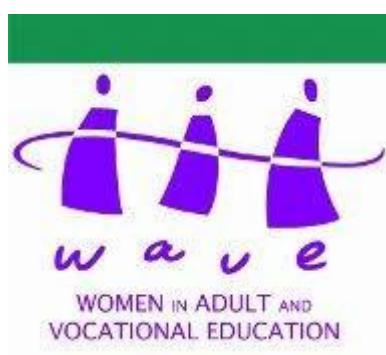
The National Foundation for Australian Women (NFAW) is a non-politically aligned feminist organisation committed to examining the potentially differential impacts of policies and their outcomes for men and for women, and whether the consequences of policies, intended or unintended, may adversely impact on women.

The Social Services Legislation Amendment (Omnibus Savings and Child Care Reform) Bill 2017 (the Omnibus Bill) reconfigures, yet again, a series of savings measures perpetrated in the infamous 2014-15 Budget and continuously recycled since.

NFAW, like many other organisations with an interest in income support, has made repeated submissions to Senate inquiries each time the Government has trotted these policies out alone or in tandem. In response to the Government's Omnibus Bill we have therefore prepared an omnibus submission appending our previous submissions and our annual responses to the relevant Budget measures.

The appended submissions (Appendices 1-9) have addressed in detail most of the specific savings measures proposed in the Bill. Measures relating to Youth Allowance and to the cessation of the Pensioner Education Supplement and the Education Entry Payment are addressed separately below, following our general comments in relation to the legislative package as a whole.

This submission has been endorsed by Women in Adult and Vocational Education (WAVE).





## Recommendations

NFAW

- notes that income support payments do not have to be paid for by income support recipients. These programs are not paid for out of hypothecated revenue. There is no reason apart from Government preference why measures affecting women, children, young people and people with disabilities have to pay for each other. They may equally be said to be paying for corporate tax cuts;
- recommends that the Bill be rejected.

## GENERAL COMMENTS

The Government's Omnibus Bill is proposing to cut income support at a time when:

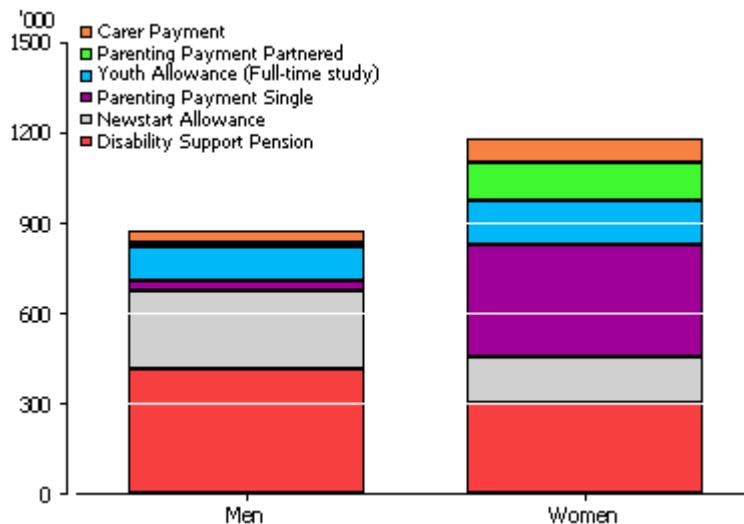
- Wage growth is at an all time low of 1.9 per cent.
- Company profits have surged to record highs.<sup>1</sup>
- Penalty rates have been cut to improve employers' profit margins.
- There is increasing evidence of a widespread black economy for substandard jobs.
- There are snowballing revelations of underpayment in the retail and hospitality sectors, including 7-Eleven, Domino's, Hungry Jack's, Woolworth's and KFC.<sup>2</sup>
- The Government proposes to cut company taxes.

NFAW reminds the Committee that these proposals are targeting women as well as disadvantage. Women are more likely than men at all ages to be receiving income support, generally because they have lower income and assets. They also receive more income support as mothers or carers because more women take on that role for longer periods.

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<sup>1</sup> <http://www.theage.com.au/federal-politics/political-news/company-profits-surge-to-record-highs-as-worker-wages-go-backwards-20170227-gum6tu.html>

<sup>2</sup> <http://www.smh.com.au/business/workplace-relations/sold-out-quarter-of-a-million-workers-underpaid-in-union-deals-20160830-gr4f68.html>; <http://www.smh.com.au/business/retail/dominos-shares-sliced-as-ombudsman-investigates-staff-underpayment-claims-20170205-gu670x.html>;  
<http://www.smh.com.au/interactive/2015/7-eleven-revealed/>



Source: Harmer, J 2008 [Australia's future tax system: Pension Review Background Paper](#)

The 2014 McClure report showed welfare spending is declining in absolute terms. Already Australia spends relatively less on social security than other countries. Nevertheless, the Government has repeatedly argued that measures affecting income support have to pay for each other. Often they are required to pay for each other twice.

- Under the Omnibus Bill savings from cutting paid parental leave are to go towards the childcare package, in the same way that the savings from the Baby Bonus have already gone to pay for the current PPL scheme.
- The Bill would deny the energy supplement to new entrants to Newstart on the spurious ground that this would merely remove "carbon tax compensation for a carbon tax that no longer exists". In fact, the Newstart cost of living increase was cut by 0.7 per cent when the energy supplement was introduced to avoid double counting.
- The Family Tax Benefit and inadequate Newstart allowance are to be cut to pay for the NDIS.
- More generally, It is worth remembering that the structures which the Bill proposes to gut were introduced by the Howard Government as compensation for the costs introduced through the GST.

Members of the Committee will be aware that savings and expenditures are all part of consolidated revenue. Income support payments do not have to be paid for by income support recipients. These programs are not paid for out of hypothecated revenue. To say or to imply that they are, is a deliberate accounting fiction.



**Savings are savings and might as well be said to be required for corporate tax cuts or the capital gains tax concession as for income support.**

**There is no reason apart from Government preference why measures affecting women, children, young people and people with disabilities have to pay for each other.** Nor is there any reason why programs to support people with disabilities have to be hypothecated while corporate tax cuts amounting to \$48 billion over 10 years do not.

This example of Government misdirection is characteristic of the sleight of hand that makes the public increasingly sceptical of the political process.

The second key strategy pursued by The Government to cut income support is to cite statistically unlikely or actually impossible cases and parade these as characteristic. Thus the case for cutting paid parental leave for women was based on a notional example representing six tenths of one per cent of all PPL recipients Australia-wide.<sup>3</sup> The case for cutting parenting benefits was ‘a cameo’ using data known to be incomplete and misleading to demonise ten per cent of those receiving parenting benefits.<sup>4</sup>

The saving proposals recycled through the Omnibus Bill and the strategies used to sell them undermine our confidence in this Bill and anything else proposed by the Government in the name of welfare reform.

There are other sources of savings available to the Government apart from income support recipients, including the collection of unpaid corporate tax, cuts to capital gains tax and negative gearing concessions and a review of its corporate tax cuts policy.

NFAW recommends that the Bill be rejected.

## **SPECIFIC MEASURES RELATING TO THE CESSATION OF THE PENSIONER EDUCATION, SUPPLEMENT AND THE EDUCATION ENTRY PAYMENT, AND YOUTH ALLOWANCE**

### **1. Cessation of the Pensioner Education Supplement**

The Pensioner Education Supplement is a measure that provides assistance for training and education for those, mainly women, who are in receipt of income support. To qualify for the Pensioner Education Supplement the recipient needs to be studying at an approved

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<sup>3</sup> Submission to the Senate Community Affairs Legislation Committee’s Inquiry Into the Fairer Paid Parental Leave Bill 2016, Table 2. <<http://www.nfaw.org/wp-content/uploads/2016/12/PPL-sub-to-Senate-Cttee-December-2016.pdf>>

<sup>4</sup> <http://www.2gb.com/podcast/parents-welfare-benefits-financially-better-not-getting-job/>  
<http://www.theaustralian.com.au/national-affairs/treasury/parental-welfare-pays-more-than-work/news-story/5f4d825e0957e954fea4e13e7ff2fe26>



institution for a secondary or tertiary approved course, including school and adult secondary courses, undergraduate and graduate courses, some Master's courses or TAFE certificate and diploma courses.

Study can be full-time or part-time (again approval is required) and part-time study is at least 25% of a full time study load. The payment to an approved student who is studying fulltime is \$62.40. whilst the payment to an approved student who is studying part time is \$31.20.

Eligibility is for persons who are:

- a single parent with a dependent child aged under 16
- carer receiving Carer Payment or Department of Veterans' Affairs Partner Service Pension in combination with Carer Allowance
- a person with a substantial disability, illness or injury which affects their ability to study full time or
- an eligible student receiving Youth Allowance or Newstart Allowance.

Government programs indicates that there are more than 17 times as many women as men in receipt of Single Parenting Payment and more than twice as many women as men receiving a Carer Payment.<sup>5</sup>

The measure which the Government wishes to cease funding enables a largely feminised group of carers to become work ready when caring responsibilities permit, and to seek work that is better paid and more secure. Enabling women to enter or return to the workforce is cited by the Government in G20 and other contexts as a key goal. Removing the access of this group to educational support suggests that the Government is targeting it to serve as ongoing low wage, low skilled and casualised workers.

NFAW opposes the cessation of the Pensioner Education Supplement.

## **2. Cessation of the Education Entry Payment**

The Education Entry Payment is a measure that provides assistance to training and education for women who are in receipt of income support. The Education Entry Payment is a taxable payment of \$208 paid once each year with subsequent payments paid annually. Eligibility for the Education Entry Payment is determined by approval of for the Pensioner Education Supplement

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<sup>5</sup> See. [The DSS Payments Demographic Data Set](#)



Women who have not recently been in paid work will require a qualification to gain a foothold in the labour market. Such qualifications can also assist women moving beyond insecure, low paid and part-time work. The available alternatives as presented by the Government such as HECS do not assist with cost of books, travel costs and/or associated child care costs.

NFAW opposes the cessation the Education Entry Payment.

### **3. Changes to Youth Allowance**

The explanatory memorandum to the Bill explains that the changes to youth allowances (including lifting the eligibility age for Newstart to 25) aim to provide incentives to young employed people to obtain the relevant education and training to increase employability. The premise of this argument is that young people are making the decision to forego education to go on the slightly higher Newstart allowance.

There is no evidence of such a phenomenon. On the contrary, young people report undertaking education and training to improve their chances of fulfilling and financially secure work in the future.<sup>6</sup>

The Bill also allows Youth Allowance recipients to accumulate a student income bank of \$10,000 without affecting payments. This measure has been used to argue that young people will not be worse off under the changes. The proposed changes in fact remove financial support from young people and place the onus on them to supplement an inadequate Youth Allowance. As such, the changes will adversely affect cohorts of young people who are not financially well off and have limited capacity to work while completing their studies, for example those with chronic illness and disability.

NFAW believes that the Government should focus on measures that decrease barriers to education and training and increase the number of secure jobs available, rather than targeting savings measures at young people.

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<sup>6</sup> Mission Australia's Youth Survey Report 2016 found that 68.7% of respondents planned to go to university after school (more women than men), 12.5% planned to attend TAFE or college and 8.9% planned to undertake an apprenticeship. <<https://www.missionaustralia.com.au/what-we-do/research-evaluation/youth-survey>>



## APPENDICES

### **Appendix 1:** Child Care

Submission to the Senate Education and Employment Committee on Family Assistance Legislation Amendment (Jobs and Families Child Care Package) Bill 2015--January 2016 (submission 67)

<[http://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Education\\_and\\_Employment/jobs\\_for\\_families/Submissions](http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Education_and_Employment/jobs_for_families/Submissions)>

### **Appendix 2:** Paid Parental Leave

Submission to the Senate Community Affairs Legislation Committee's Inquiry Into the Fairer Paid Parental Leave Bill 2016 --December 2016 (submission 27)

<[http://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Community\\_Affairs/FairerParentalLeave2016/Submissions](http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Community_Affairs/FairerParentalLeave2016/Submissions)>

### **Appendix 3:** Paid Parental Leave

Submission to the Senate Standing Committee on Community Affairs Inquiry into the Fairer Paid Parental Leave Amendment Bill 2015--August 2015 (submission 13)

- Attachment 1
- Attachment 2

<[http://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Community\\_Affairs/Fairer\\_Parental\\_Leave/Submissions](http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Community_Affairs/Fairer_Parental_Leave/Submissions)>

### **Appendix 4:** The Family Tax Benefit

NFAW Statement November 30 2015

<<http://www.nfaw.org/ftb-changes-nfaw-statement/>>

### **Appendix 5:** The Family Tax Benefit



Proposed Family Tax Benefit saving robbing Pauline to Pay Peta 22 October 2015

<<http://www.nfaw.org/family-tax-benefit/>>

**Appendix 6:** Income Support, Including Family Tax Benefits, Newstart, Child Care and Paid Parental Leave

Budget 2014-15—A Gender Lens, Section 5.1 Income Support, 5.5 Child Care, 5.6 Paid Parental Leave

<<http://www.nfaw.org/wp-content/uploads/2014/05/Budget-2014-NFAW-gender-lens-final.pdf>>

**Appendix 7:** Income Support, Including Family Tax Benefits and Newstart, Child Care and Paid Parental Leave

*Budget 2015-16—A Gender Lens*, Section 7 Social Services, Section 8 Families, Section 9 Employment

<[http://sydney.edu.au/business/\\_data/assets/pdf\\_file/0009/231588/NFAW\\_FINAL\\_25\\_May\\_gender\\_lens\\_2015-16.pdf](http://sydney.edu.au/business/_data/assets/pdf_file/0009/231588/NFAW_FINAL_25_May_gender_lens_2015-16.pdf)>

**Appendix 8:** Income Support, Including Family Tax Benefits and Newstart, Child Care and Paid Parental Leave

*Budget 2016-17—A Gender Lens*, Including section 2.1 Transfer Payments

<<http://www.nfaw.org/gender-lens-on-the-budget/>>

**Appendix 9:** The Welfare System

Response to the interim report of the reference group on welfare reform – A New System for Better Employment and Social Outcomes – July, 2014 (Submission 10)

<<https://www.dss.gov.au/our-responsibilities/review-of-australias-welfare-system/public-submissions>>