

# Australian Greens Dissenting Report

## Introduction

1.1 **The Australian Greens do not support the recommendation of the majority report that the Social Services Legislation Amendment (Budget Repair) Bill 2015 (the Bill) be passed.**

1.2 As noted in the majority committee report, the Bill reintroduces measures that were previously in the Social Services Legislation Amendment (Fair and Sustainable Pensions) Bill 2015:

- Reducing the length of time Age Pensioners and recipients of specific other payments can spend overseas while receiving the basic means tested rate. This measure lowers that period from 26 to 6 weeks.
- Cease the Pensioner Education Supplement and the Education Entry Payment from 1 January 2016.

1.3 The Bill also reintroduces a measure from the Social Services Legislation Amendment (Youth Employment and Other Measures) Bill 2015 that would freeze specific income support parameters for three years. In particular, it would freeze the income free areas for working age allowances (including student payments), and parenting payment single.

1.4 The Government's stated purpose in introducing these measures is to improve the budget balance.<sup>1</sup> The Australian Greens reject this approach, and do not support the majority committee report. **The Australian Greens recommend that this bill not be passed.**

## Changes to payment rates for pensioners travelling outside Australia

1.5 Currently, Age Pensioners (and a number of other income support recipients) are able to receive their full means tested rate for 26 weeks when travelling outside Australia. If they are still outside Australia after this period, they receive a lower rate based on their Australian working life residence (AWLR). The proportion of the pension rate received relates to the AWLR, with individuals with an AWLR below 35 years receiving a reduced rate.

1.6 As noted in the majority committee report, the Federation of Ethnic Communities' Council of Australia (FECCA) argued that the measure would disadvantage a significant portion of the Australian population who were born overseas.<sup>2</sup> These concerns were shared by a number of other submitters, including the National Welfare Rights Network (NWRN), the Refugee Council of Australia, the

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1 Second reading speech, Christian Porter.

2 *Submission 3*, p. 1.

Welfare Rights Centre Sydney (WRSC) and the St Vincent de Paul Society.<sup>3</sup> The Council of the Ageing (COTA) has also expressed its opposition to this measure.<sup>4</sup> COTA stated:

COTA believes that this measure is excessively punitive and inequitable in its impact on Australians not born in this country and who maintain cultural and familial ties to their place of birth. As around 40 per cent of Age Pensioners were not born in Australia the impact of the measure is likely to be significant and unfairly borne by one segment of our community.

1.7 It is important to note that there is already a limit in place which restricts pension portability, based on AWLR. This measure is a tightening of an existing restriction, rather than addressing a gap in the system. It 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. A number of submissions, including the NWRN, Refugee Council of Australia and WRCS noted the need for pensioners to spend extended periods overseas, particularly in cases of illness or bereavement. The NWRN said:

They are more likely to have humanitarian and compassionate reasons for travel (e.g. to visit parents and family members overseas who may be elderly and require care or other assistance). Reducing the rate of Age Pension after just 6 weeks is too short a period in such circumstances.

1.8 **The Australian Greens do not support this measure.** It is unfair, and will have a significant impact on Age Pension recipients.

### **Pensioner Education Supplement**

1.9 The Pensioner Education Supplement (PES) is a payment that supports eligible students with the costs of study. The Minister has stated that around 46 000 people studying while on income support receive the payment.<sup>5</sup>

1.10 A number of submissions to the Committee noted the already difficult situation of income support recipients,<sup>6</sup> and others noted concerns about the impact of removing the payment.<sup>7</sup> Most importantly, removing the PES will make it even more difficult for marginalised groups to access education.<sup>8</sup> The WRCS said:

The removal of the supplement will limit the opportunity for single parents and people with disabilities to retrain or undertake a university or TAFE courses. PES assists people with disabilities and single parents to gain the skills they need to compete be attractive to employers. News of the plan to

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3 Submissions as referenced in the majority committee report.

4 COTA Australia, *Submission 12*.

5 Second reading, Christian Porter.

6 Salvation Army, *Submission 6*; Australian Association of Social Worker, *Submission 1*.

7 St Vincent de Paul Society, *Submission 8*; ACOSS, *Submission 10*; WRCS, *Submission 9*.

8 WRCS, *Submission 9*; RCA, *Submission 11*.

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axe the PES was, unsurprisingly, met with alarm and concern from people who were accessing this supplement.<sup>9</sup>

1.11 The majority Committee report recommends providing transition arrangements for those who are currently undertaking study. This would of course be appropriate if the PES is removed, however we hope it is not.

1.12 However removing the PES is fundamentally bad policy. It cuts away another important piece of an already fragile income support safety net. It makes it harder for people to survive on low payments, and in particular to access education. This measure is cruel, mean penny pinching and will be counter-productive. **The Australian Greens do not support this measure.**

### **The Education Entry Payment**

1.13 The Education Entry Payment is a payment that helps eligible income support recipients who are studying. About 83 000 people received it in 2014-15.<sup>10</sup>

1.14 Removing this payment will hurt many vulnerable income support recipients, including single parents, and pensioners who may be struggling to access education. The Australian Council of Social Services and the National Welfare Rights Network oppose this measure.<sup>11</sup>

1.15 **The Australian Greens do not support this measure.**

### **Freezing income free areas**

1.16 Under current legislation, specific parameters in income support tests ('income free areas') are indexed by the consumer price index (CPI) annually. This means that the income tests are adjusted automatically, to match inflation. In particular, it means that the amount income support recipients can earn (before their payments are reduced) increases in line with inflation.

1.17 As ACOSS noted, freezing the indexation hurts vulnerable people through its impact on their payments:

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.<sup>12</sup>

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9 WRCS, *Submission 9*.

10 Second reading, Christian Porter.

11 ACOSS, *Submission 10*; NWRN, *Submission 4*.

12 ACOSS, *Submission 10*.

1.18 Where adjustments to income free areas have occurred, these have typically been increases, to increase the incentives to work.<sup>13</sup> As the NWRN said:

To propose undermining existing free areas by freezing indexation, in the face of clear inadequacy of workforce age payments, is indefensible.

1.19 This measure would only hurt income support recipients. Given the already poor level of support available through the income support system, this is just another cut to an already fragile safety net. **The Australian Greens do not support this measure.**

### **'Budget repair', and rationales for cutting away the safety net**

1.20 The Minister in his second reading speech, and the majority committee report, have commented on the need for 'budget repair'. The argument that particular changes are necessary for 'budget repair' is explicitly used to support the measures in this bill, and recurs frequently in the Government's rhetoric. In particular, it is an argument deployed to justify cuts which have been rejected by the Australian public and the Senate.

1.21 The Government's action since the election shows that it has no real interest in 'budget repair'. It has deliberately taken steps which have actively worsened the budget balance, by reducing the revenue available to the Commonwealth. It has also failed to take meaningful action on significant gaps in the tax system. Its entire focus has been, instead, on measures which cut away the safety net.

1.22 This reflects an ideological approach, which is not at all concerned with an evidence based approach to budget repair. Instead the Government's approach is to cut away Government support for those who are struggling, and give bigger tax breaks and Government support to major corporations and the very wealthy. This is a fundamentally unfair policy approach. It contributes to increasing inequality, and ultimately to an unfair and divided society.

1.23 The Australian Greens reject this approach.

### **Recommendation 1**

**1.24 The Australian Greens recommend that the Social Security Legislation Amendment (Budget Repair) Bill 2015 not be passed.**

### **Senator Rachel Siewert**

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13 Michael Klapdor, Work and study incentives for the unemployed and single parents, *Parliamentary Library Budget Review 2013-14*, [http://www.aph.gov.au/About\\_Parliament/Parliamentary\\_Departments/Parliamentary\\_Library/pubs/rp/BudgetReview201314/WorkStudyIncentives](http://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/BudgetReview201314/WorkStudyIncentives) (accessed 3 February 2015); WRCS, *Submission 9*.