

Dissenting report by the Australian Greens

Introduction

1.1 In working towards a fairer society, the Australian Greens support policies that meaningfully address inequality and addressing the rapid warming of the planet. The Budget Savings (Omnibus) Bill 2016 does not take action for a fairer society and sets us even further away from reducing Australia's excessive pollution levels.

1.2 This Bill represents a tired continuation of the Coalition's attempts to cut away the social safety net, hurting the most vulnerable and leading to further inequality. The Australian Greens do not support the recommendation of the majority report that the Budget Savings (Omnibus) Bill 2016 be passed in its current form.

1.3 The Australian Greens also share the concerns of many of the submissions, that the time-frame for this inquiry was too short. Attempting to rush these changes through is an effort to avoid scrutiny of this extensive list of measures that will have significant impact on disadvantaged Australians.

1.4 Despite the rushed Committee process, the day before the Committee was due to report, ALP shadow ministers announced they had agreed with the Coalition to make significant amendments to the bill.¹ The night before the Committee was due to report, these amendments were not yet available.

1.5 Even with reported amendments, the *Budget Savings (Omnibus) Bill 2016* represents a cruel and unnecessary attack on vulnerable members of Australian society and strips half a billion dollars out of clean energy research and will dissuade private sector investment in research and development.

1.6 There are many options available to repair the structural deficiencies in our budget that do not require cutting support payments, research and development, public services and university funding. These options have been laid out extensively in the Greens fully costed election platform.

1.7 The time available means that it is not possible to respond in detail to all individual social policy schedules, many of which contain detailed and complex changes. The Australian Greens have particular concerns around the punitive changes in relation to debt recovery and interest charges. There are multiple schedules which are of significant concern, because of the impact they will have on our social safety net, and on vulnerable Australians.

Opposition to the bill

1.8 The Australian Council of Social Services (ACOSS) said of this Bill that:

1 <http://www.chrisbowen.net/media-centre/media-releases.do?newsId=7211>

A significant number of measures contained in this Bill will impact negatively on people on low incomes (or there is a significant risk that they will do so) ...²

1.9 The Welfare Rights Centre said:

The Bill includes 24 significant measures, with the majority of the \$6.1 billion in cuts likely to impact most heavily on some of the poorest and most vulnerable sectors of the Australian community.³

1.10 ACOSS CEO Dr Cassandra Goldie said to Greens and other crossbench Senators on 12 September 2016 that:

We have been deeply struck by, on the one hand, the way the Government has essentially said ‘You will pass these measures’, and overnight effectively, all of which in our view, affect people who are in various ways, vulnerable and disadvantaged, and at the same time, have bent over backwards in our view, to try and hear the concerns of people who are on the highest incomes and who are wealthy – with the endeavors to legislate over superannuation tax concessions. And we do not believe that this reflects in any way, the way a responsible Government should carry a legislative agenda, and we think it actually speaks to the power dynamics in Australian society ...

1.11 Liz de Chastel of Catholic Social Services said to Greens and other crossbench Senators:

We’re seeking a response from the Government to this question: If we know that low income is a determinant of entrenched disadvantage, why then would we as a nation agree to allow the passage of a bill which will only further reduce the already low incomes of the people most affected by it? And we put that question to the Government.

1.12 The Australian Renewable Energy Agency spoke of the job and investment impacts from reducing their grant funding allocations:

ARENA-supported projects have created thousands of regional jobs, trained hundreds of researchers and trades-people and helped Australian companies build export businesses. The large-scale solar competitive funding round alone will create more than 2000 regional jobs.

ARENA also helps to bring down the cost of renewable energy by assisting developers with the high project costs that come with doing something for the first few times, helping to build industry capacity and capability, and create new business models.

In fact, by supporting early generations of Australia’s large-scale solar projects ARENA estimates that its support has lowered the cost of this technology by 40 per cent in three years, making it almost cost-competitive

2 <http://www.aph.gov.au/DocumentStore.ashx?id=9fa33a86-78a2-46c2-9a92-de30cf174716&subId=413533>

3 <http://www.aph.gov.au/DocumentStore.ashx?id=ad486594-ad3e-4270-8d0a-10d56b14a571&subId=413721>

with wind and creating a skilled workforce and efficient supply chains in the process.

1.13 The time available mean that it is not possible to respond in detail to all individual social policy schedules, many of which contain detailed and complex changes. There are particular schedules which are of significant concern, because of the extraordinary impact they will have on our social safety net, and on vulnerable Australians.

Australian Renewable Energy Agency

1.14 The government and opposition's 2030 climate targets appear to be hollow aspirational statements with no clear plan to reach them. Reducing Arena's grant funding by half a billion dollars will make the task of rapidly reducing pollution in our energy sector more difficult than it should be.

1.15 Arena creates jobs, leverages new investment, funds research and helps build nationally significant infrastructure to carry Australia into the 21st Century. Reducing its funding limits our ability to diversify the economy and our export base.

1.16 Reducing its funding by a further half a billion dollars is an incredibly dangerous approach to Australia's future prosperity and should be opposed in the strongest possible terms.

Backdating the Carer Allowance

1.17 The Coalition is attempting to remove carers' ability to backdate applications for Carer Allowance. The Australian Greens reject the attempts to punish carers. As the Welfare Rights Centre said:

...the justification behind the backdating of Carer Allowance is fundamentally sound because many carers are not aware they are entitled to the supplement because they are too busy with their new and often very significant caring responsibilities to investigate whether they are entitled to a payment.

The current provisions are also recognition of the valued but difficult job that carers provide. Carers often experience high levels of emotional, financial, physical and psychological stress as a result of their caring role. Carers are poorer than their non-carer peers, are less likely to be employed as non-carers, and nearly 2 in 5 have a disability. Carers also provide a valuable service, with Deloitte Access Economics reporting the economic value of unpaid caring worth in excess of \$60 billion a year.

If care is not provided, the carer may be forced to move to an institutional setting, which is much more expensive for government to provide.⁴

Extending freezes of family tax benefit and parental leave thresholds

1.18 A number of submissions noted concerns about the changes in Schedule 17. ACOSS stated:

4 <http://www.aph.gov.au/DocumentStore.ashx?id=ad486594-ad3e-4270-8d0a-10d56b14a571&subId=413721>

...we are concerned about further savings being made in the family payments system in the absence of investment to address inadequacies in the system, including the level of assistance for single parents and older children.⁵

1.19 The National Welfare Rights Network said:

...this measure has to be considered alongside other changes to Family Tax Benefit which the Government has reintroduced in this Parliament, including abolition of the end of year supplements and a major restructure of Family Tax Benefit Part B. These unfair changes will have a significant impact on disposable incomes of the poorest households. The NWRN does not support a continued push for further savings from the Family Tax Benefit program in the absence of a commitment from Government to withdraw harmful measures that fall disproportionately on the poorest in the community and addressing the inadequacies of the current family payments system.⁶

1.20 The Australian Greens share these concerns, and do not support further cuts to the FTB system without clear steps from Government to reverse cuts that hurt the most vulnerable.

Interest charges and debt recovery

1.21 The Australian Greens oppose the schedules relating to interest charges and debt recovery.

1.22 NWRN wrote:

Our members regularly provide information and advice to current and former recipients of social security and family assistance payments about debts. Many have relatively small debts, which are nonetheless a significant burden for them due to their low incomes. Most are willing to repay their debts and do so steadily, although it may take some years for them to repay even small debts. Despite this, many of them miss repayments and repayment deadlines at times. This is for a range of reasons, sometimes vulnerability (mental health, homelessness), sometimes simply because of the challenges of managing the household budget on a very low level of income. Although in some of these cases, the person might be eligible to have their debt repayments suspended for a period (known as “write-off” in social security and family assistance law) or negotiate a lower rate of repayment, in our experience the same circumstances which lead to them missing payments often lead to them not advising the Department of Human Services/Centrelink (DHS) of their situation or seeking relief.

We believe there is a real risk that a significant number of these debtors will get caught up in the new interest charge regime, incur interest and end up

5 <http://www.aph.gov.au/DocumentStore.ashx?id=9fa33a86-78a2-46c2-9a92-de30cf174716&subId=413533>

6 <http://www.aph.gov.au/DocumentStore.ashx?id=49cc0c38-3293-4fe3-adae-d7aa11ad8e51&subId=413672>

with larger debts, further impoverishing them. Although some will respond to the threat of an interest penalty, others under pressure of the circumstances referred to above will continue to miss repayment deadlines and incur interest.⁷

The Australian Greens share these significant concerns, that interest charges and debt recovery will further impoverish some of the most vulnerable people in our society.

Cutting the Clean Energy Supplement

1.23 The Australian Greens oppose cuts to the Clean Energy Supplement. This is an unfair cut that will hurt the most vulnerable.

1.24 ACOSS said that:

Removal of the Energy Supplement will cut the rate of the \$38-per-day Newstart Allowance by \$4.40 per week and abolish the first real increase to the payment in over 20 years. It will also see the payment drop to a rate lower than it would have been if there had been no carbon price or compensation due to the adjustment to indexation when the Energy Supplement was introduced. It will plunge people living on already inadequate Allowance payments further into poverty. This cannot be supported.⁸

1.25 The National Welfare Rights Network said that:

The impact of discontinuing the Energy Supplement would also come on top of the abolition of the Income Support Bonus after September 2016, which is already legislated. The Government has also reintroduced a range of measures which would further cut the incomes of the poorest in our community including: a general one week waiting period for working age payments, a four week waiting period for job seekers under 25, a reduction in basic rates of payment for job seekers aged 22 to 24 and major cuts to Family Tax Benefit ... In short, the Government continues to place the burden of Budget repair disproportionately on the poorest and most vulnerable members of our community.⁹

1.26 The Australian Unemployed Workers' Union provided tragic examples of what people have had to forego because of the already low rate of Newstart. One person wrote:

At stages we have gone without food, medical care, dental care, so that our kids can eat.

1.27 Another wrote:

7 <http://www.aph.gov.au/DocumentStore.ashx?id=49cc0c38-3293-4fe3-adae-d7aa11ad8e51&subId=413672>

8 <http://www.aph.gov.au/DocumentStore.ashx?id=9fa33a86-78a2-46c2-9a92-de30cf174716&subId=413533>

9 <http://www.aph.gov.au/DocumentStore.ashx?id=49cc0c38-3293-4fe3-adae-d7aa11ad8e51&subId=413672>

...haven't bought brand new clothes in over 5 years. Even now, working part time, I still can't afford new clothes ... My son is 13 and he hasn't seen my family since he was 3.¹⁰

1.28 ACOSS CEO Dr Cassandra Goldie said to Greens and other crossbench Senators on 12 September 2016 that:

At this time we note, that whilst the Government seeks to make a saving by withdrawing between \$4.40 per week up to \$10 per week for people through the social security payments. There is no suggestion from the Government that it wants to roll back the increase in the tax free threshold, which was also part of that compensation package, and we believe that again highlights the very unevenhanded and unfair way in which the Government pursues its budget savings.

...The critical question is why is the Government pursuing a cut, to this payment, and consideration being given by the Opposition to support that cut ... at the same time, being prepared to spend four billion over the forward estimates, to deliver another tax cut to people on \$80,000 or more. It will be about \$6 a week of additional cash in the hand, of somebody who is on about \$80,000 ... and that will be loose change.

1.29 Comments from emergency services providers show how difficult life already is for individuals receiving Newstart Allowance. Stuart Davis-Meehan from St John's care said that:

We are able to provide food, clothing, bedding, bus-vouchers, Telstra vouchers, and some financial support ... In the last year we had about 3,500 visits to our centre alone, which equates to about twenty people or so a day ... Before I came this morning I left about eight people behind, being looked after by our volunteers. About eighty-five per cent of those are on a benefit of some description ... Two guys I left behind this morning are both absolutely homeless as we speak, and have nowhere to sleep tonight.

1.30 Many vulnerable groups will be impacted by the cuts, including people with disability. ACOSS CEO Cassandra Goldie said:

The proposed cuts that are being pursued, will affect people who are meant to be benefitting from the NDIS. But let us be clear, the NDIS is not a social security income support scheme. It's to provide the additional care and support to enable people to – amongst other things – to be able to have greater chance of being in paid employment. And of course we all want to see that be an overwhelming success, but we know from People with Disability Australia and other disability organisations – there was a sense of outrage that the Government would frame up, the need to fund the National Disability Insurance Scheme as the excuse for pursuing income support cuts from people with disability as well as other groups such as single parents, who of course have been in the firing line of budget cuts since during the term of the Labor Government, when over a hundred and twenty thousand

10 <http://www.aph.gov.au/DocumentStore.ashx?id=2e610459-6e1d-4862-98fd-df651a30bba7&subId=413667>

additional single parents were moved on to the Newstart payment, which gave them a cut back then of sixty dollars per week. So this has been a relentless pursuit of budget savings off the back of people who are heavily reliant on social security. So there is a resounding rejection of any notion that you would present the budget measures in this bill, as having merit, in order to fund another critical social policy reform such as the NDIS.

1.31 The tragically low rate of Newstart is a disgrace. Further attempts to cut income support reflect a complete disregard for the real needs of vulnerable Australians, and the importance of a social safety net to our society.

Psychiatric confinement

1.32 The changes in Schedule 20 of the bill are basically the same as those in the Social Services Legislation Amendment Bill 2015. The Australian Greens opposed those horrific cuts then, and continue to oppose them now. The full range of problems in the Coalition's approach is set out in the previous dissenting report.

1.33 It is clear, however, that the Coalition has not learnt from earlier mistakes. The Australian Greens re-iterate their concerns:

The Australian Greens will not support this Bill, as it makes an arbitrary distinction about who should access federal support. It will achieve relatively small savings for the Government but will have a significant impact on the lives of those who are affected by it.

It seeks to punish those who a court has already found 'not guilty on the grounds of mental illness' and in doing so, flies in the face of hundreds of years of jurisprudence ... Furthermore, often the indefinite incarceration of an individual who has been charged with a crime but considered incapable of facing a court comes after a difficult life journey to that point, marked by a lack of personal support and poverty. For many individuals, for many years, there was simply no next step, no way forward after being placed in a secure mental institution. This, in and of itself, represented a serious failure of our justice system where individuals who had no mental capacity to understand the seriousness of their behaviour were simply locked up.

A number of advocates have done incredible work to reverse this situation, by bringing it to the attention of State and Federal Parliaments, and building a coalition that fights for the rights of those who were indefinitely detained without a conviction.

The Australian Greens acknowledge the tireless work of these under-resourced advocates and thank them for providing detailed submissions to this inquiry ... The evidence provided to the committee has demonstrated that through this Bill the Federal Government is abandoning its responsibilities to a small group of people who are already marginalised and clearly in need of government assistance.¹¹

11 http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Community_Affairs/Social_Services_2015/Report/d02

1.34 Alison Xamon, president of the Western Australian Association for Mental Health, said:

What we do know is that people with mental illness can be appropriately treated, and often medicated, and released on conditional release orders. But the problem is that if you have withdrawn all of their supports – because these are often people that are on disability support payment – then what will often happen is that they will lose their accommodation, which is one of the key social determinants for recovery. They can't keep their rent going, they can't keep their mortgage going if they have mortgages, or keep the utilities happening, for the temporary that they are being detained within mental health facilities or prison ... There are no long term savings to be made in this, but there are certainly far more expenses to be incurred by these measures.

...The reason why you need to keep receiving an income, particularly for people with mental illness, is because you need to be able to maintain those supports externally, while you are being temporarily incarcerated and receiving treatment.

1.35 Patrick McGee, coordinator of the Aboriginal Disability Justice Campaign, said:

These are people who've been found unfit to plead. They are being detained for the purposes of treatment, and that treatment is designed to return them safely to the community. The DSP is used as a cornerstone mechanism for enabling that pathway.

R&D Tax Offsets

1.36 The government's commitment to innovation is not advanced by reducing the R&D Tax Offset by 1.5%. At a time of transition in our economy, it is research and development that will lead to leaps and bounds in living standards and productivity gains.

1.37 The rhetoric around agility and innovation rings hollow when compared with the actions this government is taking to stifle R&D and should not be supported.

Cutting the Child Dental Benefits Schedule

1.38 The Australian Greens strongly oppose the proposed cut to the Child Dental Benefits Schedule (CDBS) which will reduce access to essential dental treatment for children who need it most.

1.39 The impacts of untreated dental disease can be significant, leading to serious infection and increased risk of heart disease and stroke. Poor dental health can also lead to social isolation, poor diet, and depression, not to mention financial consequences.

1.40 Many Australians avoid visiting the dentist due to the cost.¹² The CDBS provides access to \$1000 worth of essential and preventive dental treatment over two years, for 3.4 million children in families receiving FTB-A.

1.41 As outlined in the submission from the Australian Dental Association (ADA):
...results from the National Dental Telephone Interview Survey show that almost 70% of pre-schoolers in 2010 had never visited a dentist. The CDBS covered children in this age group.¹³

1.42 Arthur Bushell, Managing Director, Future Care Mobile Dental Services, which provides mobile dental care to schools, told the Greens and other crossbench Senators on 12 September 2016 that:

We can see up to 30, 40, 50 students a day and a lot of them, up to 40 per cent have tooth decay. If you take the program away it's only going to get worse.

1.43 The EM suggests that a rationale for the closure of the CDBS is its underutilisation by eligible families. This ignores the fact that the government has done nothing to effectively promote the program, as acknowledged by the ANAO.¹⁴

1.44 The Child and Adult Public Dental Scheme, which is proposed to replace the CDBS, will mean that patients can no longer visit their local dentist but must join the queues at public dental clinics, which already run to over 12 months in some cases. Only 12 – 15 per cent of the dental workforce work in the public sector, meaning waiting times will only increase. ADA's submission states:

Even with increased funding for public dental services, their capacity to treat an increased eligible population in an appropriate time frame will not be sufficient. The reality is that there will be longer waiting times leading to an increase in expensive emergency care and less capacity to provide proven and cost-effective preventative care and timely conservative treatment.¹⁵

1.45 The Australian Greens are particularly concerned about the impacts of the proposed change on those in rural and regional areas, in which there may not be access to public dental clinics. Patients in these areas will face both the extended waiting times and significant distances in order to seek dental care.

12 Australian Institute of Health and Welfare (AIHW), Oral health and dental care in Australia: key facts and figures 2015 <http://www.aihw.gov.au/publication-detail/?id=60129554382>

13 <http://www.aph.gov.au/DocumentStore.ashx?id=cb541af0-1008-4cea-8185-0ca503c40912&subId=413697>

14 <https://www.anao.gov.au/work/performance-audit/administration-child-dental-benefits-schedule>

15 <http://www.aph.gov.au/DocumentStore.ashx?id=cb541af0-1008-4cea-8185-0ca503c40912&subId=413697>

1.46 The Australian Greens welcomes the announced removal of this schedule from the Budget Savings (Omnibus) Bill 2016, and calls on the government to drop this proposed savings measure which will come at the expense of children's health.

Higher Education Cuts

1.47 The persistent undermining of our Higher Education system continues in this legislation with more of the financial burden to be shifted on to students by converting scholarships into debts, changing indexation rates and lowering the HELP repayment threshold.

1.48 The intergenerational inequities in our society will be exacerbated by these changes as greater personal debts will have to be carried by students and recent graduates and should not be supported.

Senator Richard Di Natale
Leader of the Australian Greens

Senator Rachel Siewert
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Senator Peter Whish-Wilson
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