

The Senate

---

Economics  
Legislation Committee

---

Budget Savings (Omnibus) Bill 2016  
[Provisions]

September 2016

© Commonwealth of Australia 2016

ISBN 978-1-76010-452-8

This work is licensed under the Creative Commons Attribution-NonCommercial-NoDerivs 3.0 Australia License.



The details of this licence are available on the Creative Commons website:  
<http://creativecommons.org/licenses/by-nc-nd/3.0/au/>

Printed by the Senate Printing Unit, Parliament House, Canberra.

# Senate Economics Legislation Committee

## Members

Senator Jane Hume ( <i>Chair</i> )	Victoria, LP
Senator Chris Ketter ( <i>Deputy Chair</i> )	Queensland, ALP
Senator Cory Bernardi (until 12 September 2016)	South Australia, LP
Senator David Bushby	Tasmania, LP
Senator Ian Macdonald (from 12 September 2016)	Queensland, LP
Senator Jenny McAllister	New South Wales, ALP
Senator Nick Xenophon	South Australia, IND

## Senators participating in this inquiry

Senator Richard Di Natale	Victoria, AG
Senator Rachel Siewert	South Australia, AG
Senator Peter Whish-Wilson	Tasmania, AG

## Secretariat

Mr Mark Fitt, Secretary  
Dr Sean Turner, Principal Research Officer  
Mr Alan Raine, Principal Research Officer  
Ms Penny Bear, Senior Research Officer  
Mr Jarrod Baker, Acting Senior Research Officer  
Ms Leonie Lam, Research Officer  
Ms Ashlee Hill, Research Officer  
Ms Sarah Batts, Administrative Officer

PO Box 6100  
Parliament House  
Canberra ACT 2600  
Ph: 02 6277 3540  
Fax: 02 6277 5719  
E-mail: [economics.sen@aph.gov.au](mailto:economics.sen@aph.gov.au)  
Internet: [www.aph.gov.au/senate\\_economics](http://www.aph.gov.au/senate_economics)



# TABLE OF CONTENTS

<b>Membership of Committee .....</b>	<b>iii</b>
<b>Chapter 1.....</b>	<b>1</b>
<b>Introduction and overview of the bill .....</b>	<b>1</b>
Conduct of the inquiry .....	1
Financial impact .....	1
Summary of the bill's measures.....	3
<b>Chapter 2.....</b>	<b>9</b>
<b>Higher education financial support measures .....</b>	<b>9</b>
Schedule 1: Minimum repayment income for HELP debts .....	9
Schedule 2: Indexation of higher education support amounts .....	10
Schedule 3: Removal of the HECS-HELP benefit.....	11
Committee view.....	11
<b>Chapter 3.....</b>	<b>13</b>
<b>Health measures.....</b>	<b>13</b>
Schedule 6: Indexation of the private health insurance thresholds .....	13
Schedule 7: Abolishing the National Health Performance Authority .....	14
Schedule 8: Aged care .....	15
Schedule 9: Dental services.....	17
Committee view.....	20
<b>Chapter 4.....</b>	<b>21</b>
<b>Welfare measures .....</b>	<b>21</b>
Schedule 4: Job commitment bonus .....	21
Schedule 10: Newly arrived resident's waiting period .....	22
Schedule 11: Student Start-up scholarships .....	24
Schedule 12: Interest charge.....	25

Schedule 13: Debt recovery.....	26
Schedule 14: Parental leave payments .....	27
Schedule 15: Fringe benefits .....	27
Schedule 16: Carer's allowance .....	28
Schedule 17: Indexation of family tax benefit and parental leave thresholds.....	30
Schedule 18: Pension means testing for aged care residents .....	30
Schedule 19: Employment income .....	31
Schedule 20: Psychiatric confinement .....	32
Schedule 21: Closing carbon tax compensation to new welfare recipients .....	37
Committee view.....	40
<b>Chapter 5.....</b>	<b>41</b>
<b>Australian Renewable Energy Agency financing, and other measures .....</b>	<b>41</b>
Schedule 5: Australian Renewable Energy Agency's (ARENA) finances.....	41
Schedule 22: Rates of R&D tax offset .....	47
Schedule 23: Single touch payroll reporting .....	48
Schedule 24: Single appeal path under the Military Rehabilitation and Compensation Act .....	49
Committee view.....	49
<b>Addendum.....</b>	<b>51</b>
<b>Proposed amendments to the bill .....</b>	<b>51</b>
<b>Dissenting Report by Labor Senators .....</b>	<b>53</b>
Specific measures .....	53
<b>Dissenting report by the Australian Greens .....</b>	<b>55</b>
Introduction .....	55
Opposition to the bill .....	55
Australian Renewable Energy Agency.....	57
Backdating the Carer Allowance.....	57
Extending freezes of family tax benefit and parental leave thresholds.....	57

---

Interest charges and debt recovery .....	58
Cutting the Clean Energy Supplement .....	59
Psychiatric confinement .....	61
R&D Tax Offsets.....	62
Cutting the Child Dental Benefits Schedule.....	62
Higher Education Cuts .....	64
<b>Appendix 1 .....</b>	<b>65</b>
<b>Submissions received.....</b>	<b>65</b>





# Chapter 1

## Introduction and overview of the bill

1.1 On 1 September 2016, the Senate referred the provisions of the Budget Savings (Omnibus) Bill 2016 (the bill) to the Senate Economics Legislation Committee for inquiry and report by 13 September 2016. On 12 September, the Senate granted the committee an extension to report by 14 September 2016.

1.2 The bill contains 24 measures, set out in the same number of schedules, which represent total savings of approximately \$6 billion over the forward estimates.<sup>1</sup> These measures are broad-ranging, and relate to expenditure on higher education, health, and welfare, in addition to expenditure on specific matters such as the funding of the Australian Renewable Energy Agency (ARENA) and the rates of tax offsets for research and development. This report outlines each of the 24 measures below.

1.3 In his second reading speech, the Treasurer, the Hon Scott Morrison MP, explained that the bill is 'part of a concerted strategy to make immediate and tangible headway towards balancing the budget'.<sup>2</sup>

### Conduct of the inquiry

1.4 The committee advertised the inquiry on its website and social media, and wrote directly to a range of individuals and organisations inviting written submissions by 7 September 2016. The committee received 213 submissions, which are listed at Appendix 1. The committee thanks all groups and individuals who took the time to make a written submission.

1.5 The committee did not hold any public hearings for this inquiry.

### Financial impact

1.6 As noted above, the bill contains 24 measures, which represent total savings of approximately \$6 billion over the forward estimates.<sup>3</sup> The savings range from \$3.3 million from the introduction of a new minimum repayment threshold for all

---

1 The 'forward estimates' usually refers to the current fiscal year and three forward years (in this instance, 2016–17 to 2019–20). The Explanatory Memorandum includes the last financial year, 2015–16, in the savings projections. References to savings over the forward estimates in this report refer to the financial impact of measures from 2015–16 to 2019–20. See Table 1 in this report for more detail.

2 The Hon Scott Morrison MP, Treasurer, Second Reading Speech, *House of Representatives Proof Hansard*, 31 August 2016, p. 34.

3 A correction to the Explanatory Memorandum projects total savings of \$5,996.6 million over the forward estimates.

HELP debts from 1 July 2018, to \$1.291 billion from the closure of carbon tax compensation to new welfare recipients. These savings are summarised in Table 1.

1.7 In his second reading speech, the Treasurer, the Hon Scott Morrison MP, stated that indicative projections from Treasury suggested that if the savings in the bill were not passed then 'gross debt is projected to increase by more than \$30 billion by 2026–27 compared to projections at the 2016–17 budget'.<sup>4</sup>

**Table 1: Financial impact of the measures (\$m)**

No.	Measure Title	2015-16	2016-17	2017-18	2018-19	2019-20	Total
1	Minimum repayment income for HELP debts	0.0	-2.1	-2.2	2.8	4.8	3.3
2	Indexation of higher education support amounts	0.0	0.0	0.0	9.7	44.9	54.6
3	Removal of HECS-HELP benefit	0.0	0.0	7.2	7.1	7.3	21.5
4	Job commitment bonus	-0.4	45.8	66.1	65.5	65.0	242.1
5	Australian Renewable Energy Agency's finances	0.0	0.0	392.0	169.7	448.6	1,010.3
6	Indexation of private health insurance thresholds	0.0	0.0	0.0	127.3	253.7	381.0
7	Abolishing the National Health Performance Authority	-0.7	22.1	21.8	22.7	22.7	88.6
8	Aged care	-3.5	21.2	24.2	20.2	18.4	80.5
9	Dental services	-4.1	95.0	50.5	32.9	-121.9	52.4
10	Newly arrived resident's waiting period	0.0	27.5	111.5	86.2	87.4	312.5
11	Student start-up scholarships	0.0	0.0	146.7	92.6	58.7	298.1
12	Interest charge	0.0	179.5	120.2	59.2	28.2	387.0

4 The Hon Scott Morrison MP, Treasurer, Second Reading Speech, *House of Representatives Proof Hansard*, 31 August 2016, p. 3.

No.	Measure Title	2015-16	2016-17	2017-18	2018-19	2019-20	Total
13	Debt recovery	8.3	49.9	49.8	49.8	0.0	157.8
14	Parental leave payments	-0.9	24.1	35.9	37.3	37.4	133.7
15	Fringe benefits	-1.9	6.8	39.0	44.3	43.9	132.1
16	Carer allowance	0.0	10.4	29.0	34.3	34.9	108.6
17	Indexation of family tax benefit and parental leave thresholds	0.0	-0.8	54.1	115.2	162.4	330.9
18	Pension means testing for aged care residents	0.0	-0.8	27.1	34.5	56.3	117.1
19	Employment income	-1.1	-2.0	-11.5	36.9	39.2	61.5
20	Psychiatric confinement	0.0	4.2	9.6	11.1	12.9	37.8
21	Closing carbon tax compensation to new welfare recipients	-1.6	34.8	282.2	422.1	553.7	1,291.2
22	Rates of R&D tax offset	0.0	0.0	160.0	210.0	230.0	600.0
23	Single touch payroll reporting	-85.4	-48.0	-12.7	224.5	12.0	90.4
24	Single appeal path under the Military Rehabilitation and Compensation Act	-0.9	0.4	1.3	1.4	1.4	3.6
Total		-92.1	467.9	1,601.6	1,917.4	2,101.9	5,996.6

Source: Explanatory Memorandum, pp. 5–6, and incorporating corrections for measure 11 and the total in the Correction to the Explanatory Memorandum.

## Summary of the bill's measures

1.8 The next part of this report provides a basic summary of the measures in the bill. More detailed explanations of each measure are provided in the next chapter, which also considers views expressed in submissions.

### *Schedule 1: Minimum repayment income for HELP debts*

1.9 Schedule 1 to the bill establishes a new minimum repayment threshold for HELP debts of 2 per cent when a person's income reaches \$51,957 in the 2018–19

income year. The measure is projected to result in savings of \$3.3 million over the forward estimates.<sup>5</sup>

***Schedule 2: Indexation of higher education support amounts***

1.10 Schedule 2 to the bill changes the index for amounts that are indexed annually under the *Higher Education Support Act 2003*, from the Higher Education Grants Index to the Consumer Price Index, with effect from 1 January 2008. The measure is projected to result in savings of \$54.6 million over the forward estimates.

***Schedule 3: Removal of HECS-HELP benefit***

1.11 Schedule 3 to the bill discontinues the HECS-HELP benefit from 1 July 2017. The measure is projected to result in savings of \$21.5 million over the forward estimates.

***Schedule 4: Job commitment bonus***

1.12 Schedule 4 to the bill gives effect to the 'cessation of the job commitment bonus' measure announced in the 2016–17 Budget. The measure is projected to result in savings of \$242.1 million over the forward estimates.

***Schedule 5: Australian Renewable Energy Agency's (ARENA) finances***

1.13 Schedule 5 to this bill reduces the funding available to ARENA, so that it is consistent with the 2016–17 Budget. The measure will result in financial savings of \$1.01 billion over the forward estimates period, and \$1.26 billion through to 2021–22.

***Schedule 6: Indexation of private health insurance thresholds***

1.14 Schedule 6 to the bill pauses the income thresholds that determine the tiers for the Medicare Levy Surcharge (MLS) and the Australian Government Rebate (the Rebate) on private health insurance at the 2014–15 rates until 2020–21. The measure is projected to result in savings of \$381 million over the forward estimates.<sup>6</sup>

***Schedule 7: Abolishing the National Health Performance Authority***

1.15 Schedule 7 to the bill repeals Chapter 3 of the *National Health Reform Act 2011*, with the purpose of abolishing the National Health Performance Authority established under the Act. The measure is projected to result in savings of \$88.6 million over the forward estimates.<sup>7</sup>

---

5 Explanatory Memorandum, *Budget Savings (Omnibus) Bill 2016* (hereafter 'Explanatory Memorandum'), p. 5.

6 Explanatory Memorandum, p. 5.

7 Explanatory Memorandum, p. 5.

---

***Schedule 8: Aged care***

1.16 Schedule 8 to this bill deals with proposed amendments to the *Aged Care Act 1997* relating to the creation of civil penalties for approved providers of aged care who engage in certain behaviours and other matters. The measure is projected to result in savings of \$80.5 million over the forward estimates.<sup>8</sup>

***Schedule 9: Dental services***

1.17 Schedule 9 to this bill amends the *Dental Benefits Act 2008* to close the Child Dental Benefits Schedule (CDBS) from 31 December 2016, and establish a framework for agreements between the Commonwealth and the states and territories (the states) to underpin a Child and Adult Public Dental Scheme. The measure is projected to result in savings of \$52.4 million over the forward estimates.<sup>9</sup>

***Schedule 10: Newly arrived resident's waiting period***

1.18 Schedule 10 to the bill will remove the exemption from the 104 week newly arrived resident's waiting period for new migrants who are family members of Australian citizens or long-term permanent residents. The measure is projected to result in savings of \$312.5 million over the forward estimates.<sup>10</sup>

***Schedule 11: Student start-up scholarships***

1.19 Schedule 11 to the bill repeals the student start-up scholarship payment, from 1 July 2017, or the first 1 January or 1 July after Royal Assent after this date. The measure is projected to result in savings of \$298.1 million over the forward estimates.<sup>11</sup>

***Schedule 12: Interest charge***

1.20 Schedule 12 to the bill provides for the application of a new interest charge to outstanding debts owed by former recipients of social welfare payments who have failed to enter into, or have not complied with, an acceptable repayment arrangement. The measure is projected to result in savings of \$387 million over the forward estimates.<sup>12</sup>

---

8 Explanatory Memorandum, p. 5.

9 Explanatory Memorandum, p. 5.

10 Explanatory Memorandum, p. 5.

11 Correction to the Explanatory Memorandum.

12 Explanatory Memorandum, p. 5.

***Schedule 13: Debt recovery***

1.21 Schedule 13 to the bill introduces departure prohibition orders (similar to the arrangements applying the child support legislation) to prevent targeted welfare debtors from leaving the country.<sup>13</sup> Schedule 13 also removes the six-year limitation on the recovery of welfare debts, thereby aligning social welfare debt recovery with the recovery of other Commonwealth debts, for which no such limitation exists. The measure is projected to result in savings of \$157.8 million over the forward estimates.<sup>14</sup>

***Schedule 14: Parental leave payments***

1.22 Schedule 14 to the bill amends the social security and veteran's entitlements legislation to ensure Commonwealth parental leave payments and dad and partner pay payments under the *Paid Parental Leave Act 2010* are included in the income test for Commonwealth income support payments. The measure is projected to result in savings of \$133.7 million over the forward estimates.<sup>15</sup>

***Schedule 15: Fringe benefits***

1.23 Schedule 15 to the bill changes the way in which fringe benefits are treated under the income tests for family assistance and youth income support payments and for other related purposes. The measure is projected to result in savings of \$132.1 million over the forward estimates.<sup>16</sup>

***Schedule 16: Carer allowance***

1.24 Schedule 16 to the bill aligns carer allowance and carer payment start day provisions, by removing provisions that apply to backdate a person's start day in relation to payment of carer allowance in certain circumstances. The measure is projected to result in savings of \$108.6 million over the forward estimates.<sup>17</sup>

***Schedule 17: Indexation of family tax benefit and parental leave thresholds***

1.25 As the Explanatory Memorandum explains, schedule 17 to the bill:

...makes amendments to the family assistance indexation provisions to maintain the higher income free area for family tax benefit (FTB) Part A and the primary earner income limit for FTB Part B for a further three years. Under the current law, indexation of these amounts is paused until

---

13 Explanatory Memorandum, p. 15.

14 Explanatory Memorandum, p. 6.

15 Explanatory Memorandum, p. 6.

16 Explanatory Memorandum, p. 6.

17 Explanatory Memorandum, p. 6.

---

and including 1 July 2016. These amendments ensure that indexation does not occur on 1 July of 2017, 2018 and 2019.

Similarly, amendments are made to ensure that the paid parental leave income limit is not indexed for a further three years, until 1 July 2020.<sup>18</sup>

1.26 The measure is projected to result in savings of \$330.9 million over the forward estimates.<sup>19</sup>

#### ***Schedule 18: Pension means testing for aged care residents***

1.27 Schedule 18 aligns pension means testing arrangements with residential aged care arrangements. It does so by removing the pension income and assets test exemptions that are currently available to pensioners in aged care who rent out their former home and pay their aged care accommodation costs by periodic payments. The measure is projected to result in savings of \$117.1 million over the forward estimates.<sup>20</sup>

#### ***Schedule 19: Employment income***

1.28 As explained in the Explanatory Memorandum, schedule 19 to the bill:

...removes the exemption from the income test for family tax benefit Part A recipients and the exemption from the parental income test for dependent young people receiving youth allowance and ABSTUDY living allowance if the parent is receiving either a social security pension or social security benefit, and the fortnightly rate of pension or benefit is reduced to nil because of employment income (either wholly or partly).<sup>21</sup>

1.29 The measure is projected to result in savings of \$61.5 million over the forward estimates.

#### ***Schedule 20: Psychiatric confinement***

1.30 Schedule 20 to the bill provides that a person undergoing psychiatric confinement because they have been charged with a serious offence will be taken to be in psychiatric confinement for the purpose of social security law, regardless of whether they are undertaking a course of rehabilitation. For persons in this situation, social security payments will not be payable while they are undergoing psychiatric confinement. The measure is projected to result in savings of \$37.8 million over the forward estimates.

---

18 Explanatory Memorandum, p. 17.

19 Explanatory Memorandum, p. 6.

20 Explanatory Memorandum, p. 6.

21 Explanatory Memorandum, p. 18.

***Schedule 21: Closing carbon tax compensation to new welfare recipients***

1.31 Schedule 21 to the bill prevents new recipients of welfare payments or concession cards from being paid the energy supplement from 20 March 2017. Schedule 21 also prevents the single income family supplement from being paid to new recipients from 1 July 2017. The measure is projected to result in savings of \$1,291.2 million over the forward estimates.

***Schedule 22: Rates of R&D tax offset***

1.32 Schedule 22 to the bill reduces the rates of the tax offset available under the research and development (R&D) tax incentive for the first \$100 million of eligible expenditure by 1.5 percentage points from 1 July 2016. As such, the 'higher (refundable) rate of the tax offset will be reduced from 45 per cent to 43.5 per cent and the lower (non-refundable) rates of the tax offset will be reduced from 40 per cent to 38.5 per cent'.<sup>22</sup> The measure is projected to result in savings of \$600 million over the forward estimates.

***Schedule 23: Single touch payroll reporting***

1.33 Schedule 23 to the bill, as the Explanatory Memorandum explains:

...creates a new reporting framework, known as Single Touch Payroll (STP), for substantial employers to automatically provide payroll and superannuation information to the Commissioner of Taxation (Commissioner) at the time it is created. Entities that report under STP will not have to comply with a number of existing reporting obligations under the taxation laws.<sup>23</sup>

1.34 The measure is projected to result in savings of \$90.4 million over the forward estimates.

***Schedule 24: Single appeal path under the Military Rehabilitation and Compensation Act***

1.35 Schedule 24 to the bill will create a single appeal path for the review of determinations made under the *Military Rehabilitation and Compensation Act 2004*. The measure is projected to result in savings of \$3.6 million over the forward estimates.

---

22 Explanatory Memorandum, p. 20.

23 Explanatory Memorandum, p. 21.



## Chapter 2

### Higher education financial support measures

2.1 As explained in chapter one, the bill contains three measures that relate to higher education financial support:

- establishes a new minimum repayment threshold (schedule 1);
- updates the indexation method used for HELP debt (schedule 2); and
- removes the HECS-HELP benefit scheme (schedule 3).

2.2 Taken together, these measures will save Australian taxpayers nearly \$80 million over the forward estimates. This chapter provides an overview of the submitter views on the three measures.

#### **Schedule 1: Minimum repayment income for HELP debts**

2.3 Schedule 1 proposes establishing a new minimum repayment threshold for HELP debts of 2 per cent when a person's income reaches \$51 957 in the 2018-19 income year.<sup>1</sup> In the 2016-17 income year, incomes below \$54 869 do not attract compulsory repayments. Incomes above \$54 869 attract a repayment rate ranging from four per cent through to eight per cent for incomes above \$101 900.<sup>2</sup>

#### ***Views on schedule 1***

2.4 Universities Australia reported to the committee that they support a 'moderate reduction in the minimum repayment income' aimed at assuring the viability and sustainability of the HELP scheme.<sup>3</sup>

2.5 Several submitters, such as the Public Health Association of Australia, the Council of Academic Public Health Institutions Australia and the Australia Institute, expressed concerns about the measure potentially discouraging people from entering (or re-entering) the workforce, particularly in lower paying professions.<sup>4</sup>

2.6 The committee notes that the question of lower minimum repayment incomes for HELP debts was addressed as part of the Senate Education and Employment Legislation Committee's consideration of the Higher Education and Research Reform

---

1 Explanatory Memorandum, p. 7.

2 Australian Taxation Office, *HELP, SSL, ABSTUDY SSL, TSL and SFSS repayment thresholds and rates*, <https://www.ato.gov.au/Rates/HELP,-TSL-and-SFSS-repayment-thresholds-and-rates/> (accessed: 7 September 2016).

3 Universities Australia, *Submission 128*, p. 1.

4 Public Health Association of Australia, *Submission 133*, p. 5; Council of Academic Public Health Institutions Australia, *Submission 164*, p. 1; Australia Institute, *Submission 169*, p. 12.

Amendment Bill 2014 [Provisions]. In its report on the bill, that committee concluded that it was:

...satisfied that the lower two per cent repayment rate for those above the new minimum repayment threshold will ensure that low-income graduates will not experience a large reduction in their disposable income, while supporting the sustainability of HELP.<sup>5</sup>

## **Schedule 2: Indexation of higher education support amounts**

2.7 Schedule 2 of the bill changes the index for the amounts that are indexed annually under the *Higher Education Support Act 2003*, from the Higher Education Grants Index<sup>6</sup> (HEGI) to the Consumer Price Index (CPI), with effect from 1 January 2018.<sup>7</sup>

2.8 The current HEGI was announced in the 2009–10 Australian Government Budget. It was a key recommendation of the 2008 Bradley Review into the Australian Higher Education sector. It was explained by Universities Australia that 'the HEGI is aimed squarely at covering university costs, which do not move in lock step with CPI. In some years the HEGI will be higher than CPI, others lower'.<sup>8</sup> The HEGI was higher than CPI between 2012 and 2014, but lower in 2015 and 2016.

2.9 The Treasurer explained that this measure would 'streamline and simplify indexation rates for government programs'.<sup>9</sup>

### ***Views on schedule 2***

2.10 The Australia Institute submitted that changing the index would mean 'real reductions in the resources committed to higher education'.<sup>10</sup> The National Union of Students expressed concerns that any such funding reduction would eventually be passed on to students.<sup>11</sup>

---

5 Senate Education and Employment Legislation Committee, *Higher Education and Research Reform Amendment Bill 2014 [Provisions]*, 28 October 2014, p. 56.

6 The index is calculated based primarily on movements in the Wage Price Index for Professional Scientific and Technical Services (75 per cent), with the remainder based on the CPI.

7 Explanatory Memorandum, p. 7.

8 Universities Australia, *Submission 128*, p. 1.

9 The Hon. Scott Morrison MP, Treasurer of Australia, *House of Representatives Hansard*, 31 August 2016, p. 33.

10 Australia Institute, *Submission 169*, p. 13.

11 National Union of Students, *Submission 179*, p. 4.

---

2.11 Universities Australia suggested it was difficult to predict how a change in indexation would play out over the medium term, and thus called for a review in three years' time to assess the impacts of this measure.<sup>12</sup>

### **Schedule 3: Removal of the HECS-HELP benefit**

2.12 Schedule 3 to the bill discontinues the HECS-HELP benefit from 1 July 2017. The HECS-HELP benefit operates as a deduction from the HECS-HELP debt of graduates in certain fields employed in related occupations. The benefit provides 'an incentive for graduates of particular courses to take up related occupations or work in specified locations by reducing their compulsory HELP repayments'.<sup>13</sup>

2.13 The HECS-HELP benefit was introduced as part of the 2008-09 Budget, and was designed to reduce HECS-HELP repayments by around \$1,800 a year for early childhood education graduates and \$1,700 a year for certain other occupations. Since 2008, the HECS-HELP benefit has been expanded to cover graduates employed in other areas of identified need, including mathematics, science related occupations, teaching and nursing.<sup>14</sup>

#### ***Views on schedule 3***

2.14 The National Union of Students observed that there remain shortages of skilled graduates in certain occupations, and the bill does not propose to introduce any alternative measures to address this issue.<sup>15</sup>

2.15 However, Universities Australia supported this measure, pointing to the HECS-HELP benefit's 'limited success in influencing study choice selection and increasing demand for particular occupations'.<sup>16</sup>

#### **Committee view**

2.16 Supporting the development of a highly skilled workforce that meets the requirements of the 21<sup>st</sup> century labour market is a key objective of the Australian Government. The changes proposed in this schedule support the ongoing viability of the government supported higher education sector. Changing the repayment rate threshold for HELP debts will ensure that future students will have access to quality higher education services. Noting the lack of evidence on the

---

12 Universities Australia, *Submission 128*, p. 2.

13 Australian Government, Study Assist website, 'HECS-HELP Benefit', <http://studyassist.gov.au/sites/studyassist/payingbackmyloan/hecs-help-benefit/pages/hecs-help-benefit>, accessed 7 September 2016.

14 Explanatory Memorandum, p. 29.

15 National Union of Students, *Submission 179*, p 4.

16 Universities Australia, *Submission 128* p. 1.

efficacy of the HECS-HELP benefit, the committee considers it appropriate that the benefit cease.

# Chapter 3

## Health measures

3.1 The bill contains four measures that relate to health expenditure:

- a pause on indexing the income thresholds for the Medicare Levy Surcharge (MLS) and private health insurance rebate for a further three years (schedule 6);
- the abolition of the National Health Performance Authority (schedule 7);
- a measure to improve compliance in aged-care providers, by enhancing the Secretary's compliance powers and creating civil penalties for aged care providers who engage in certain behaviours (schedule 8); and
- the closure of the Child Dental Benefits Schedule (schedule 9).

3.2 This chapter provides an overview of the submitter views on these measures.

### **Schedule 6: Indexation of the private health insurance thresholds**

3.3 Schedule 6 to the bill pauses the income thresholds that determine the tiers for the MLS and the Australian Government Rebate (the Rebate) on private health insurance at the 2014–15 rates until 2020–21.<sup>1</sup>

3.4 The MLS is levied on Australian taxpayers who do not have an appropriate level of private hospital insurance and who earn above a certain income. The base income threshold (under which you are not liable to pay the MLS) is \$90,000 for singles and \$180,000 for families.<sup>2</sup>

3.5 The private health insurance rebate is a means-tested contribution from the Australian Government towards the cost of paying for private hospital health insurance premiums.<sup>3</sup>

3.6 The Explanatory Memorandum notes that individuals who do not currently pay the MLS may become liable to as their income increases. The Australian

---

1 Explanatory Memorandum, p. 47.

2 Australian Taxation Office, *Medicare Levy Surcharge*, <https://www.ato.gov.au/Individuals/Medicare-levy/Medicare-levy-surcharge/> (accessed: 8 September 2016).

3 Australian Taxation Office, *Private Health Insurance Rebate*, <https://www.ato.gov.au/individuals/medicare-levy/private-health-insurance-rebate/> (accessed: 8 September 2016).

Government anticipates that more people will be encouraged to take up private hospital insurance as their income increases.<sup>4</sup>

### ***Views on schedule 6***

3.7 The Consumers Health Forum of Australia (CHF) and the Public Health Association of Australia (PHAA) noted concerns that inflation-induced income increases will push people into requiring private hospital insurance although their capacity to pay has not increased.<sup>5</sup> The CHF and the Australian Healthcare and Hospitals Association (AHHA) also expressed concerns about what they regarded as the regressive character of the measure.<sup>6</sup>

3.8 The committee was also reminded of general concerns among stakeholders regarding the balance between public and private funding in healthcare. The AHHA argued that pausing the indexation of income thresholds could have the effect of increasing individuals' share of total health funding.<sup>7</sup> The PHAA reiterated its longstanding position that private health insurance rebates are an inefficient means to deliver quality healthcare to the population, and questioned the policy objective of pushing people into private health insurance.<sup>8</sup> The Australian Council of Trade Unions, observing the above-inflation increases in insurance policies, queried the value for money proposition of private health insurance.<sup>9</sup>

### **Schedule 7: Abolishing the National Health Performance Authority**

3.9 Schedule 7 of the bill has the effect of transferring the responsibilities of the National Health Performance Authority (NHPA) to the Australian Institute of Health and Welfare (AIHW). The Explanatory Memorandum outlines the rationale for this administrative change:

The responsibilities of the [NHPA] overlap with those of the [AIHW] in terms of the collection and dissemination of accurate, relevant and useful information on the performance of Australia's health system and services. The overlap resulted in the duplication of functions and an uncoordinated approach to reporting. The closure of the NHPA and the rationalisation of functions across the two agencies will strengthen AIHW's national

---

4 Explanatory Memorandum, p. 47.

5 Consumers Health Forum of Australia, *Submission 114*, p. 4; Public Health Association of Australia, *Submission 133*, p. 5.

6 Consumers Health Forum of Australia, *Submission 114*, p. 4; Australian Healthcare and Hospitals Association, *Submission 120*, p. 2.

7 Australian Healthcare and Hospitals Association, *Submission 120*, p. 2.

8 Public Health Association of Australia, *Submission 133*, p. 5.

9 Australian Council of Trade Unions, *Submission 177*, p. 16.

---

leadership role in the collection and publication of health information and statistics.<sup>10</sup>

3.10 This measure is anticipated to save \$88.6 million over the forward estimates.

### ***Views on schedule 7***

3.11 The Consumers Health Forum of Australia (CHF) noted general support for the streamlining of the delivery of government services through reducing the number of smaller, separate entities.<sup>11</sup> The Australian Healthcare and Hospitals Association (AHHA) pointed out that the reporting activities and staff of the NHPA has moved to the AIHW in the first half of 2016.<sup>12</sup>

3.12 It was reported to the committee that the NHPA's work was of a very high standard and could prove to be an asset to the AIHW if the two can successfully integrate. The CHF advised the committee:

[T]he NHPA established a high benchmark for both frequency and standard of health system performance reporting, particularly with the work it did at the regional level, including for Primary Health Networks and Local Hospital Networks.

...

The NHPA has an annual work program and was consultative in its approach to what it should be reporting on and how and CHF believes that the AIHW could benefit from taking on board more of this approach.<sup>13</sup>

3.13 The AHHA noted the importance of the work done by the NHPA in developing tools to 'increase transparency around variation in clinical care across local communities', and emphasized the importance of continuing this work.<sup>14</sup> Catholic Health Australia similarly called for the work of NHPA to continue.<sup>15</sup>

### **Schedule 8: Aged care**

3.14 Schedule 8 to the bill seeks to amend the *Aged Care Act 1997* (the Aged Care Act) to create civil penalties for approved providers of aged care who engage in certain behaviours, and provides new powers for the Secretary of the Department (currently, the Secretary of the Department of Health).

---

10 Explanatory Memorandum, pp. 9–10.

11 Consumers Health Forum of Australia, *Submission 114*, p. 5.

12 Australian Healthcare and Hospitals Association, *Submission 120*, p. 1.

13 Consumers Health Forum of Australia, *Submission 114*, p. 5.

14 Australian Healthcare and Hospitals Association, *Submission 120*, p. 2.

15 Catholic Health Australia, *Submission 154*, p. 1.

## ***Background***

3.15 There are several parts to this measure. As the subsidy the government pays to approved providers will be affected by appraisals of care recipients' care needs, the schedule introduces a civil penalty if approved providers give false, misleading or inaccurate information in connection with an appraisal or reappraisal on more than one occasion within a two year period.

3.16 The amendments will make it easier for the Secretary of the Department of Health (Secretary) to require an approved provider to re-appraise its care recipients or suspend it from making further appraisals if the provider gives false, misleading or inaccurate information in connection with an appraisal or reappraisal. Also, if the Secretary suspects on reasonable grounds that a care recipient's care needs have decreased significantly, the Secretary has the power to require the approved provider to re-appraise the care recipient.

3.17 The schedule changes the date that a change in classification is taken to have effect. This will allow the Secretary to recover overpayments of subsidy from the date the care recipient was originally classified. Currently, the Secretary can only recover overpayments for a maximum of six months before a change in classification.

3.18 The schedule also amends the Aged Care Act to allow for the charging of a fee if an approved provider seeks reconsideration by the Secretary of a classification downgrade.

3.19 Other amendments in the schedule allow the Secretary to take into account the manner in which care is provided to a care recipient, the abolition of adviser and administration boards so approved providers can choose their own advisers and administrators, and for approved providers to notify the Secretary of changes to any of its key personnel that do not materially affect the provider's suitability as a provider of aged care.

## ***Views on schedule 8***

3.20 The committee received four submissions that addressed schedule 8.

3.21 Several submissions raised concerns about the measure enabling the Secretary to require an approved provider to undertake a care recipient reappraisal where the Secretary reasonably suspects that the care needs of the recipient have decreased significantly. According to Catholic Health Australia (CHA), this measure would be contrary to the policy objective of encouraging providers to deliver programs that will assist in restoring function.<sup>16</sup> Both Leading Age Service Australia (LASA) and CHA reasoned that the inclusion of this measure would be a retrograde action as it would be



---

a 'disincentive to encourage the care recipient (and staff) to improve the level of care needed and does not recognise the support needed to maintain improvements.'<sup>17</sup>

3.22 Another concern related to the application of a civil penalty to 'inaccurate' information arising from genuine mistakes. LASA proposed that the adjective 'inaccurate' be removed from this part of the Bill.<sup>18</sup>

3.23 According to the Salvation Army, the proposed amendments will place further financial pressure on approved providers of aged care, particularly in relation to the proposal to recover overpayments of subsidy from the date the care recipient was originally classified, which may be backdated several years.<sup>19</sup> As noted by LASA, it does not acknowledge that care and services had already been delivered to the care recipient.<sup>20</sup>

3.24 Other concerns included the need for clarification concerning the definition of 'significant decrease' in reference to subsection (3B)<sup>21</sup> and in relation to the application of a fee by the Department of Health for reconsideration of a decision to downgrade a client's classification. COTA noted that 'some providers may slip clauses into their client agreements allowing them to on charge these fees onto clients without their consent to each reconsideration request.'<sup>22</sup> COTA also noted that it may be 'necessary to assess whether the decreased care needs [were] due to the intervention being provided, and not simply an independent decrease in care needs'.<sup>23</sup> LASA and the Salvation Army added that this section of the bill would deny natural justice for the provider, as the fee would also be a disincentive to providers to question a downgrade.<sup>24</sup>

## **Schedule 9: Dental services**

3.25 Schedule 9 to the bill seeks to amend the *Dental Benefits Act 2008* (the Act) to close the Child Dental Benefits Schedule from 31 December 2016.

3.26 The Explanatory Memorandum notes that the current Australian Government funding arrangements for dental services are provided for children through the Child

---

17 Catholic Health Australia, *Submission 154*, p. 2; Leading Age Services Australia, *Submission 157*, p. 6.

18 Leading Age Services Australia, *Submission 157*, p. 5.

19 Salvation Army Australia, *Submission, 155*, p. 3.

20 Leading Age Services Australia, *Submission 157*, p. 6.

21 Catholic Health Australia, *Submission 154*, p. 2.

22 COTA Australia, *Submission 180*, p.3.

23 COTA Australia, *Submission 180*, p.3.

24 Leading Age Services Australia, *Submission 157*, p. 6; Salvation Army Australia, *Submission 155*, p. 3.

Dental Benefits Schedule (CDBS) and adults through the National Partnership Agreement (NPA) on Adult Public Dental Services (APDS).

3.27 Under the current CDBS, eligible children can receive up to \$1,000 worth of dental treatment, capped over two calendar years. Under the APDS NPA, \$155.0 million is being provided to the states and territories during 2015–16 for the treatment of 178,000 additional public dental patients. Both adults on concession cards and all children will be eligible to receive public dental services under the new Child and Adult Public Dental Scheme (CaAPDS).<sup>25</sup>

3.28 The measure's Regulatory Impact Statement notes that low participation rates are a significant reason for the change to the Act. Presently around only one third of eligible children utilise the CDBS, stating that 'the existing Commonwealth funded Child Dental Benefits Schedule is poorly targeted as children already had good visiting patterns prior to its commencement.'<sup>26</sup> Additionally, the number of private dentists accessing public dental services is limited under existing arrangements.

3.29 As such, the government is proposing to improve access to public dental services by establishing an ongoing capped special appropriation under the *Dental Benefits Act 2008*. Funding grants would be made available to the states and territories via NPAs for an initial five year period.<sup>27</sup> It is anticipated that after the fourth year a review of the program will occur to inform the next NPA.

3.30 The Explanatory Memorandum notes that the Commonwealth contribution will be set at 40 per cent of the 'efficient price' of provision of dental services with the states and territories meeting the balance of the provision. The states will also retain the ability to contract private providers to deliver public dental services where required. It is also noted that through the provision of long-term Australian Government funding, the states will potentially put greater investment in infrastructure and general dental services.<sup>28</sup>

## ***Views on schedule 9***

### *Equitable access and impact on children's services*

3.31 Equitable access to dental care, particularly in rural and regional public dental services, was raised as a shortcoming of the measure in a number of submissions. A number of submitters have stated that the amalgamation of child dental in the measure

---

25 Department of Health, Report on the Review of the Dental Benefits Act 2008, [http://www.health.gov.au/internet/publications/publishing.nsf/Content/Report\\_+Review\\_DBAct-Report\\_+Review\\_DBAct\\_bground~Report\\_+Review\\_DBAct\\_DBA](http://www.health.gov.au/internet/publications/publishing.nsf/Content/Report_+Review_DBAct-Report_+Review_DBAct_bground~Report_+Review_DBAct_DBA)

26 Explanatory Memorandum, p. 78.

27 Explanatory Memorandum, p. 74.

28 Explanatory Memorandum, p. 12.

will impact negatively on children and the achievements gained in recent years.<sup>29</sup> For example, the NSW Council of Social Service submitted:

The proposed Child and Adult Public Dental Scheme (CaAPDS) is not an equitable replacement for the Child Dental Benefit Scheme. The changes not only represent an overall decrease in funding, but will make savings by impacting most heavily on the low-income and vulnerable children who are most in need of support. We are particularly concerned about the likely impact on children and families in rural and regional areas, and Aboriginal and Torres Strait Islander children.<sup>30</sup>

### *Waiting times and overloading*

3.32 The Australian Council of Social Service (ACOSS) and Consumer Health Forum of Australia (CHFA) stated that there is a risk that the expanded eligibility criteria will place further pressure on existing overloaded state public dental systems, increasing waiting times and reducing services. In a similar vein, the Australian Healthcare and Hospitals Association (AHHA) suggested that the funding model should attempt to address long waiting times in the public dental system.<sup>31</sup>

### *National Partnership Agreements and State funding*

3.33 The major funding share in this measure rests with the state and territories. The AHHA notes that the ability of the states and territories to meet this share of the funding poses a potential risk to the successful establishment of the new scheme:

The funding stream from the Commonwealth may contribute to easing waiting times, but it will be dependent on the calculation methodology for the efficient price the Commonwealth has indicated it will pay, and the capacity of the states and territories to meet co-funding requirements. The agreed upon funding model must reflect variable costs similar to the activity based funding model for public hospital services (e.g. loadings for regional and remote health consumers, Aboriginal and Torres Strait Islander health consumers, etc.), and attention should be paid to the real risk of variation across Australia in the availability of care.<sup>32</sup>

3.34 A number of submitters raised questions related to the commencement of the scheme and the introduction of the NPAs. Cohealth advocated for a delay to the introduction of the scheme until such time as details of the proposed CaAPDS replacement are finalised and can be assessed. The ADA considered that the eligible

---

29 NSW Council of Social Service (NCOSS), *Submission 122*, p. 2; Consumers Health Forum of Australia *Submission 114*, p. 2; Dr Niraj Lal, *Submission 113*, p.6; Australian Dental Association, *Submission 175*, p.1.

30 NSW Council of Social Service (NCOSS), *Submission 122*, p. 2.

31 Australian Healthcare and Hospitals Association, *Submission 86*, pp. 3–4.

32 Australian Healthcare and Hospitals Association, *Submission 120*, p.3; Australian Dental Association, *Submission 175*, p.1.

population size needs to be identified with associated equitable distribution of funding including the introduction of productivity targets.<sup>33</sup>

### *COAG outcomes and health indicators*

3.35 Both the AHHA and Australian Dental Association noted the need for greater recognition of the COAG National oral health plan and the need to ensure that the NPAs keep focus on outcomes and health indicators rather than just people through. The AHHA submitted that, as a starting point:

...the Commonwealth, state and territory governments could develop outcomes and indicators that reflect the guiding principles of Australia's National Oral Health Plan and its targeted strategies in six Foundation Areas and across four Priority Populations.<sup>34</sup>

### *Private Dentists*

3.36 In contrast to the Explanatory Memorandum's statements of possible greater opportunities for private dentists in the state-run services, a number of submitters raised concerns regarding the impact of this measure on private dentists.

The new public dental funding mechanism will have a significant negative impact on private dental practitioners, as the changes proposed in the Bill direct funding away from private sector providers, in favour of public clinics. Given that all children would then be eligible for the CaAPDS, more than 4.4 million children could be directed away from private dentists annually, and funneled into an already strained public dental system, where they will likely need to wait longer to receive the care that they need. Directing all children away from private dental services would certainly have an impact on private dentists.<sup>35</sup>

## **Committee view**

3.37 The committee notes the need to restrain growth in Health expenditure, so that it can ultimately be targeted to where it is needed most and can be most effective. The committee considers the measures in the bill consistent with this objective.

3.38 With regard to schedule 9 (dental services) specifically, the committee is cognisant of the need to balance resources yet provide the widest possible provision of dental services nationally. The committee further notes the challenges that the new Child and Adult Public Dental Scheme's expanded eligibility criteria may pose for state-based dental systems. Nevertheless, with the certainty of ongoing funding, the committee has confidence in the scheme.

---

33 Australian Dental Association, *Submission 175*, p. 3; cohealth, *Submission 131*, p. 6.

34 Australian Healthcare and Hospitals Association, *Submission 120*, p. 2; Australian Dental Association, *Submission 175*, p. 3.

35 Australian Dental Association *Submission 175*, pp. 3–4.

# Chapter 4

## Welfare measures

4.1 The bill contains 13 measures that relate to welfare expenditure:

- removes the job commitment bonus (schedule 4);
- removes the waiting period exemption for new migrants who are family members of Australian citizens or long-term permanent residents (schedule 10);
- repeals the student start-up scholarship payment (schedule 11);
- applies an interest charge to certain government debts (schedule 12);
- introduces departure prohibition orders (DPOs) to prevent certain government debtors from leaving Australia (schedule 13);
- includes Commonwealth parental leave payments in the income test for income support payments (schedule 14);
- changes how fringe benefits are treated under income tests for family assistance, youth income support payments and other related purposes (schedule 15);
- removes the backdating provision for the Carer's Allowance (schedule 16);
- pauses indexation for certain family tax benefit limits and the income limit for paid parental leave payments (schedule 17);
- removes the social security income and asset tests test exemptions for certain aged care residents (schedule 18);
- removes the nil rate period exemption from the income test for certain family and youth support payments (schedule 19);
- applies equal treatment in respect of social security payments for people charged with a serious offence, irrespective of whether they are confined in a psychiatric institution or prison (schedule 20); and
- prevents new recipients of welfare payments or concession cards from being paid the energy supplement from 20 March 2017 (schedule 21).

4.2 The committee received evidence on all of the above schedules. This chapter provides an overview of submitters' views on the various measures contained in these schedules.

### **Schedule 4: Job commitment bonus**

4.3 Schedule 4 removes the job commitment bonus. Currently, a person aged between 18 and 30 who has been receiving the Newstart allowance for at least 12 months can qualify for the bonus if they complete 12 months of continuous paid

employment. The completion of a further 12 months attracts a second bonus. The value of the bonus is \$2 500 for the first year, and \$4 000 for the second year.<sup>1</sup>

4.4 The bonus was intended to encourage young long-term unemployed job seekers to keep and find a job. Analysis of the program has shown that it has not had an appreciable effect on young job seekers. The Explanatory Memorandum explains:

The job commitment bonus has had low take-up since its introduction, with less than 30 per cent of expected claims for the 2015–16 financial year being achieved. Further, the job commitment bonus did not increase job seekers' efforts to find a job and generally was not an incentive for potentially eligible individuals to stay in a job. Survey results show that, of those people who were aware of the bonus, the majority said that the bonus did not increase their job application effort, the number of jobs they applied for, or their motivation to find a job. Individuals who were potentially eligible for the bonus generally stated that their main motivation was to move from welfare into work. Once they got work, they expressed a desire to stay in work and off income support, regardless of the bonus.<sup>2</sup>

4.5 The bill makes provisions so that a person who qualified before the commencement date is still able to claim bonuses for which they are eligible.<sup>3</sup>

#### ***Views on schedule 4***

4.6 The National Welfare Rights Network (NWRN) echoed the government's position, noting that the job commitment bonus 'was based on the flawed assumption that lack of motivation is a significant factor in youth unemployment'.<sup>4</sup> The Australia Institute and the NWRN both supported the move to end the job commitment bonus.<sup>5</sup>

#### **Schedule 10: Newly arrived resident's waiting period**

4.7 Schedule 10 seeks to remove the exemption from the newly arrived resident's two year waiting period for new migrants who are family members of Australian citizens or long-term permanent residents.

#### ***Background***

4.8 Currently, exemptions are provided for certain newly arrived residents to access a social security payment, a concession card or farm household allowance for new migrants who are family members of Australian citizens or long-term permanent

---

1 Explanatory Memorandum, p. 35.

2 Explanatory Memorandum, p. 35.

3 Explanatory Memorandum, p. 39.

4 National Welfare Rights Network, *Submission 163*, p. 5.

5 The Australia Institute, *Submission 169*, p. 14; National Welfare Rights Network, *Submission 163*, p. 5.

---

residents under section 3 of the *Social Security Legislation Amendment (Newly Arrived Resident's Waiting Periods and Other Measures) Act 1997* (Newly Arrived Resident's Waiting Period Act).

4.9 The two year (104 weeks) waiting periods in the Social Security Act do not apply to refugees, former refugees, family members of refugees, Australian citizens, family members of Australian citizens, a person who has been an Australian resident for a continuous period of two years and the family member of a person who has been an Australian resident for a continuous period of two years.

4.10 Under the proposed changes, schedule 10 will remove the exemption from the waiting period for family members of Australian citizens and family members of persons who have been Australian residents for a continuous period of two years. The change is designed to align the Social Security waiting period for working age payments for all newly arrived migrants to Australia, apart from refugees, former refugees and their family members.

4.11 Those who are no longer exempt will be required to serve the current newly arrived resident's waiting period of 104 weeks before being able to access a social security payment, a concession card or farm household allowance. The Explanatory Memorandum states that by moving the exemption provisions (section 3) from the Newly Arrived Resident's Waiting Period Act into the Social Security Act and the Farm Household Act there will be less confusion regarding the various waiting periods across the acts. The Explanatory Memorandum also notes that there is an expectation that 'migrants, particularly those with family members living in Australia, should be financially secure or at least have arrangements in place to support themselves prior to moving to Australia.' The Explanatory Memorandum also suggests that the impact of the measure will be minimal.<sup>6</sup>

### *Views expressed*

4.12 In its submission, the Australian Council of Social Service (ACOSS) noted that the 2015–16 Additional Senate Estimates Community Affairs question on notice (QoN) highlighted that a change to the waiting period had the potential to 'impact approximately 5 700 people each year, and threatens to place affected families on low incomes in severe financial hardship'.<sup>7</sup> The same Community Affairs QoN estimated the potential whole of government savings over the forward estimates of this measure to be in the vicinity of \$225 million.<sup>8</sup>

---

6 Explanatory Memorandum, p. 91.

7 Senate Community Affairs Committee, 'Answers to estimates questions on notice - Social Services portfolio', Question no. SQ16-000154, 2016.

8 Senate Community Affairs Committee, 'Answers to estimates questions on notice - Social Services portfolio', Question no. SQ16-000154, 2016.

### *Increased hardship on new migrant families*

4.13 Both ACOSS and the NWRN noted that there could be significant risks of increased domestic violence incidents due to the removal of the exemptions and that this change may disproportionately affect women.<sup>9</sup> ACOSS submitted:

There is also a valid concern that denying family members access to income support payments for two years could heighten the risk of domestic violence and prevent people from leaving abusive situations because they are financially dependent on their family member. ACOSS understands three-quarters of people who will be affected by this change are women.<sup>10</sup>

4.14 The Disabled People's Organisations Australia (DPO Australia) also noted that the present exemptions provide significant support to spouses, partners and/or children of Australian citizens just as they are trying to establish themselves. Furthermore, DPO Australia highlighted the significant impact that the measure will have on new families supporting a family member with a disability:

For families who are supporting a family member with disability, who are subject to a ten year waiting period for the Disability Support Pension, the removal of this exemption will result in greater hardship. It will significantly reduce support and increase financial pressure at a critical time of facing challenges associated with adapting to life in a new country.<sup>11</sup>

## **Schedule 11: Student Start-up scholarships**

4.15 Schedule 11 repeals the student start-up scholarship payment from 1 July 2017, or the first of 1 January or 1 July following Royal Assent if Royal Assent is after 1 July 2017. The earliest this Schedule can commence is 1 July 2017.

### ***Background***

4.16 On 1 January 2016, Schedule 11 to the *Labor 2013-14 Budget Savings (Measures No. 2) Act 2015* (Budget Savings Measures No. 2 Act) amended the Social Security Act and Student Assistance Act to provide for the student start-up loan and ABSTUDY student start-up loan. These loans are income contingent and repayable under similar arrangements to the Higher Education Loan Programme. The qualification provisions for the student start-up loan and ABSTUDY student start-up loan are similar to the qualification provisions for the student start-up scholarship currently contained in Division 1 of Part 2.11B of the Social Security Act.

4.17 The Budget Savings Measures No. 2 Act also amended the qualification provisions for the student start-up scholarship payment. As a result of those amendments, a person is qualified for a student start-up scholarship payment only if

---

9 National Welfare Rights Network, *Submission 163*, p. 3; ACOSS, *Submission 86*, p. 6.

10 ACOSS, *Submission 86*, p. 6.

11 Disabled People's Organisations Australia, *Submission 151*, p. 2.



the person received a student start-up scholarship payment, ABSTUDY student start-up scholarship payment or Commonwealth Education Costs Scholarship before 1 January 2016; and the person has been receiving youth allowance on the basis of undertaking full-time study, Austudy payment or payments under the ABSTUDY Scheme known as Living Allowance for a continuous period since receiving the scholarship.

### *Views expressed*

4.18 In its submission, ACOSS raised concerns regarding the impact of this measure on students with low incomes particularly those who do not have their family to support them with large up-front education costs. In particular, ACOSS and Universities Australia both note that this measure has the potential to impact 80 000 students. ACOSS also suggested that a distributional analysis be undertaken into the impact of the removal of the start-up scholarships before proceeding with this proposal.<sup>12</sup>

4.19 Universities Australia also noted that the measure ends the grandfathering arrangements that cover students who were in receipt of the scholarship before it was replaced by the Student Start-up Loan Scheme (SSLS). As such, Universities Australia considered the measure to be contrary to the intent of the legislation establishing the SSLS, which specifically included the grandfathering arrangements to protect students already in receipt of the Scholarship payments.<sup>13</sup>

### **Schedule 12: Interest charge**

4.20 Schedule 12 seeks to incentivise responsible self-management of debts and encourage debtors to repay their debts in a timely manner, where they have the financial capacity to do so. It does this by applying an interest charge to social security, family assistance (including childcare), paid parental leave and student assistance debts.<sup>14</sup>

4.21 The new annual interest charge scheme is proposed to apply from 1 January 2017 to former recipients of social welfare payments who have outstanding debts and have failed to enter into, or have not complied with, an acceptable repayment arrangement. The proposed interest charge would be based on the 90-day Bank Accepted Bill rate (approximately 2 per cent currently), plus an additional 7 per cent. This is consistent with the charge applied by the Australian Taxation Office under the *Taxation Administration Act 1953*.

4.22 The measure was included in the 2015–16 Mid-Year Economic and Fiscal Outlook, and is projected to save \$387 million over the forward estimates.

---

12 ACOSS, *Submission 86*, p. 6; Universities Australia, *Submission 128*, p. 1.

13 Universities Australia, *Submission 128*, p. 1.

14 Explanatory Memorandum, pp. 146–147.

***Views expressed***

4.23 Several submitters, such as the Australian Unemployed Workers Union and The Australia Institute, expressed concern that the imposition of interest charges had the potential to push low-income and vulnerable Australians into further financial distress.<sup>15</sup>

4.24 The NRWN contended that this measure was not sufficiently targeted to debtors who deliberately evade their obligations. They suggested the measure be restricted to cases where 'the former payment recipient has persistently and deliberately failed to enter into a repayment arrangement'.<sup>16</sup>

**Schedule 13: Debt recovery**

4.25 Schedule 13 introduces departure prohibition orders (DPOs) so that, in certain cases where a person does not have a satisfactory arrangement in place to repay their social security, family assistance, paid parental leave or student assistance debt(s), they may be prevented from leaving Australia without either having wholly paid their debt(s) or making satisfactory arrangements to pay.

4.26 There are two parts to this measure. The first part amends the *A New Tax System (Family Assistance) (Administration) Act 1999* (Family Assistance Administration Act), *Paid Parental Leave Act 2010*, *Social Security Act 1991* and *Student Assistance Act 1973* to introduce DPOs to prevent debtors under these Acts from leaving the country.

4.27 The second part removes the six-year limit on debt recovery currently in place for social security, family assistance and paid parental leave debts.

4.28 The Explanatory Memorandum states that the number of social welfare payment debtors is higher than the number of child support debtors, and claims that the DPOs will only be issued in the most extreme welfare payment debt cases. Furthermore, the Explanatory Memorandum notes that there are some 2 000 DPOs in place—that is, DPOs apply to less than two per cent of all debtors.

***Views expressed***

4.29 ACOSS noted that it does not specifically object to this measure, though it is concerned that aggressive debt recovery techniques could potentially push

---

15 The Australia Institute, *Submission 169*, pp. 15–16; Australian Unemployed Workers' Union, *Submission 156*, [p. 7].

16 National Welfare Rights Network, *Submission 163*, p. 15.

---

disadvantaged people into further hardship.<sup>17</sup> The Australian Unemployed Workers Union (AUWU) expressed similar concerns.<sup>18</sup>

4.30 ACOSS further suggested that 'the Department of Human Services is poorly resourced to manage its existing client base, which impacts on its ability to follow up on debts and prevents debts from occurring'.<sup>19</sup> For its part, the NWRN stated that it believes the increased powers are unwarranted and confer wide ranging discretion on the Secretary of the Department of Human Services.<sup>20</sup>

#### **Schedule 14: Parental leave payments**

4.31 Currently, Commonwealth parental leave payment (PLP) and dad and partner pay (DAPP) recipients can receive the full rate of an income support payment at the same time as PLP or DAPP. This schedule seeks to make changes to the social security and veterans' entitlements legislation to ensure PLP and DAPP payments are included in the income test for income support payments, thereby treating income from PLP or DAPP consistently with the treatment of income from other sources.<sup>21</sup> The measure was set out in the 2015–16 MYEFO.

#### ***Views expressed***

4.32 The NRWN highlighted that there is currently an unequal treatment of income for social security purposes. Whereas Commonwealth PLP and DAPP do not count as income for income support purposes, income from employer paid parental leave does. Given the measure will provide for greater equity in this regard, the NRWN indicated that it did not oppose the measure.<sup>22</sup>

#### **Schedule 15: Fringe benefits**

4.33 Schedule 15 changes the way in which fringe benefits are treated under the income tests for family assistance, youth income support payments and for other related purposes.

4.34 Under current rules, the net value of reportable fringe benefits (or 51 per cent) is used to calculate an individual's adjusted taxable income (ATI). From the first of 1 January or 1 July after the bill receives the Royal Assent, the gross rather than adjusted net value of reportable fringe benefits will be used to calculate an individual's

---

17 Australian Council of Social Service, *Submission 86*, p. 6.

18 Australian Unemployed Workers' Union, *Submission 156*, [p. 6].

19 Australian Council of Social Service, *Submission 86*, p. 6.

20 National Welfare Rights Network, *Submission 163*, pp.15-17; ACOSS, *Submission 86*, p. 6.

21 Explanatory Memorandum, p. 193.

22 National Welfare Rights Network, *Submission 163*, p. 19.

ATI, except in relation to fringe benefits which are received by individuals working for certain not-for-profit organisations.<sup>23</sup>

4.35 Fringe benefits received by an individual who is employed by a not-for-profit institution defined under section 57A of the *Fringe Benefits Tax Assessment Act 1986* (public benevolent institutions, health promotion charities and some hospitals and public ambulance services) will continue to be assessed under current arrangements.<sup>24</sup>

4.36 Affected payments include Family Tax Benefit (FTB) Part A and Part B, Child Care Benefit (CCB), Parental Leave Pay, Dad and Partner Pay, Stillborn Baby Payment, Youth Allowance, and payments under the ABSTUDY scheme and Assistance for Isolated Children scheme.<sup>25</sup>

4.37 This schedule seeks to apply a new treatment of reportable fringe benefits to certain tax offsets. These offsets include the Net Rebate for Medical Expenses, Rebate for Low Income Aged Persons and Pensioners, Dependant (Invalid and Carer) Tax Offset and Dependant (non-student child under 21 or student) Notional Tax Offset.<sup>26</sup>

### ***Views expressed***

4.38 The NWRN argued that the measure will disproportionately affect workers in the community sector, where some employers offer salary packaging to increase their attractiveness to the workforce. Using the grossed up value of fringe benefits in assessing certain family assistance payments will reduce the rate of payment to some low and middle income households and offset some of the benefits of salary packaging.<sup>27</sup>

### **Schedule 16: Carer's allowance**

4.39 Under current rules, the start day for carer allowance for a disabled child, or for an adult where the disability affecting the adult is due to an acute onset, may be backdated by up to 12 weeks before the day on which the person made the claim. By contrast, the start day for carer payment cannot be earlier than the day worked out under the general start day rules.<sup>28</sup>

4.40 Schedule 16 seeks to amend the rules so that a person's start day for carer allowance will be day worked out under the general start day rules.

---

23 Explanatory Memorandum, p. 202.

24 Explanatory Memorandum, p. 202.

25 Explanatory Memorandum, p. 202.

26 Explanatory Memorandum, p. 202.

27 National Welfare Rights Network, *Submission 163*, p. 19.

28 The backdated start day rules are contained in Part 3 of Schedule 18 of the *Social Security Administration Act 1999* while the general start day rules are contained in Part 2 of Schedule 18. Explanatory Memorandum, p. 211.

---

### *Views expressed*

4.41 Disabled People's Organisations Australia reflected that the backdating provisions were introduced as a means to recognise and address the significant turmoil, disruption and financial impact experienced by carers when they take on a caring role.<sup>29</sup> The Council of the Aging (COTA), meanwhile, highlighted that few carers consider applying for Carers Allowance on the day they commence caring:

It is unfathomable that in those moments of crisis, individuals would think or be able, to attend a Centrelink office in order to submit a form to claim the Allowance.<sup>30</sup>

4.42 Similarly, the Combined Pensioners and Superannuants Association (CPSA) submitted that:

The provision, in its current form, allows carers to focus on the provision of care immediately following an acute incident (when care needs are likely to be greatest), with the knowledge that they will be able to seek financial support retrospectively.<sup>31</sup>

4.43 The Superannuated Commonwealth Officers' Association (SCOA) proposed a compromise:

SCOA believes that it is only reasonable to allow some backdating, say up to four weeks, because people may become carers as a result of an unexpected illness, accident or natural disaster and, in the first few weeks, may have more important things to deal with than filing in the Centrelink form.<sup>32</sup>

4.44 COTA also noted that carers from culturally and linguistically diverse backgrounds face additional barriers in becoming aware of and navigating complex public support mechanisms, such as Carers Allowance. As such, these carers may lose out if the capacity to backdate claims is removed.<sup>33</sup>

4.45 Taking a broader view, the CPSA considered that this measure would not provide the savings envisaged over time:

The longer term costs of withdrawing support for informal carers, in terms of a reduced capacity to care, far outweigh the potential short-term Budget savings produced through Measure 16 of the Omnibus Bill.<sup>34</sup>

---

29 Disabled People's Organisation Australia, *Submission 151*, p. 3.

30 COTA Australia, *Submission 180*, p. 5.

31 Combined Pensioners and Superannuants Association, *Submission 126*, p. 4.

32 Superannuated Commonwealth Officers' Association, *Submission 127*, [p. 2].

33 COTA Australia, *Submission 180*, p. 5.

34 Combined Pensioners and Superannuants Association, *Submission 126*, p. 4.

## **Schedule 17: Indexation of family tax benefit and parental leave thresholds**

4.46 Schedule 17 seeks to make amendments to pause indexation for family tax benefit (FTB) Part A and the primary earner income limit for FTB Part B until 1 July 2020. The income limit for parental leave pay (PLP) will also be paused for a further three years, until 1 July 2020.

4.47 FTB Part A is subject to an income test based on family income. There are two income test thresholds. The upper threshold is currently \$94 316. If an individual's adjusted taxable income (ATI) is above this threshold the per-child rate is reduced by 30 cents for each dollar over the threshold.

4.48 The primary earner income limit for FTB Part B is currently \$100 000. An individual cannot access FTB Part B if their ATI is more than this amount (unless they or their partner are receiving an income support payment). The amendments made in this measure pause indexation for three years.

4.49 To be eligible for PLP or dad and partner pay (DAPP), a person must satisfy an income test. In general terms, to satisfy the income test, the person's income for a particular income year must not be more than the PPL income limit. Under the current rules, this limit is \$150 000 until 30 June 2017 and is then to be indexed.

### ***Views expressed***

4.50 Both ACOSS and the NRWN note that the pause on indexation merely continues the existing pause that was introduced in the 2014 Budget, meaning that income tests will be frozen for five years, thus further tightening access to these payments. Both organisations argued that more attention should be placed on investment to address inadequacies in the current family payment system, particularly for single parents and older children.<sup>35</sup>

## **Schedule 18: Pension means testing for aged care residents**

4.51 This schedule removes the social security income and assets test exemptions that are available to aged care residents who are renting their former home and paying their aged care accommodation costs by periodic payments.<sup>36</sup>

4.52 New entrants to residential and flexible aged care from the commencement of this schedule have:

- the net rental income from their former home assessed under the social security income test; and

---

35 National Welfare Rights Network, *Submission 163*, p. 2, ACOSS, *Submission 86*, p. 7.

36 Explanatory Memorandum, p. 225.

- the value of their former home assessed under the social security assets test after two years, unless the home is occupied by a protected person, such as their partner, in which case it will continue to be exempt.<sup>37</sup>

### *Views expressed*

4.53 Several stakeholders were supportive of the proposed change. The Council of the Aging (COTA) supported this measure as a matter of principle, in that all assets should be treated equally.<sup>38</sup> That said, COTA noted that more consideration should be given to the transitional impacts of entering care and paying accommodation fees while the home is being sold. Leading Age Services Australia was supportive of the inclusion of rental income in the means tests.<sup>39</sup>

4.54 By contrast, other stakeholders considered that the measure limits choice for aged care residents to contribute towards their care and accommodation. For example, ACOSS submitted that:

...this measure will make retaining the home near impossible because it will reduce the income they [Age Pensioners] have to pay for their accommodation...<sup>40</sup>

4.55 Similarly, the NRWN contended that:

There is a case for careful reform of aged care means testing arrangements. But the NRWN does not support this measure as it places further pressure on pensioners to sell their home and limits their choices about how to pay for aged care.<sup>41</sup>

## **Schedule 19: Employment income**

### *Background*

4.56 Currently, families receiving FTB Part A are subject to an income test, and dependent young people receiving youth allowance or ABSTUDY living allowance payments are subject to a parental income test when determining their rate of payment, unless the family or parent is eligible for a social security pension or benefit. The income test exemption for income support recipients is extended to income support recipients who are in an employment income nil rate period. An employment income nil rate period allows an income support recipient to retain an entitlement to

---

37 Explanatory Memorandum, p. 225.

38 COTA Australia, *Submission 180*, pp. 5–6.

39 Leading Age Services Australia, *Submission 157*, p. 8.

40 ACOSS, *Submission 86*, p. 7.

41 National Welfare Rights Network, *Submission 163*, p. 22.

their income support payment for up to 12 weeks if their income support payment is not payable due to employment income (either wholly or partially).<sup>42</sup>

4.57 Schedule 19 seeks to remove the exemption from the income test for families receiving family tax benefit Part A and the exemption from the parental income test for dependent young people receiving youth support payments, where the family or parent is in an employment income nil rate period.<sup>43</sup>

### ***Views expressed***

4.58 The NRWN expressed its opposition to the measure, submitting:

The purpose of the current rules is to provide an additional incentive for people to take up work, especially casual, short-term or insecure work. It does so by ensuring the person remains on payment and payments are not affected for up to 12 weeks and they can get back onto payments easily if the work does not continue. Although these rules do treat families with similar income levels differently for a period of up to 12 weeks, they do so for the reasonable purpose of recognising the difficulty re-entering the workforce, especially into precarious and insecure work.<sup>44</sup>

4.59 Similarly, the Australian Association of Social Workers considered that this measure 'could prove a disincentive to gaining part-time employment for the families affected'.<sup>45</sup>

4.60 Looking at the broader consequences of the measure, the Australian Unemployed Workers' Union noted that the measure would 'lead to many Australians receiving a lower entitlement, pushing them further below the poverty line'.<sup>46</sup>

### **Schedule 20: Psychiatric confinement**

4.61 Schedule 20 seeks to amend the *Social Security Act 1991* (Social Security Act) to cease social security payments to a person who is undergoing psychiatric confinement because they have been charged with a serious offence.<sup>47</sup>

4.62 The amendments made by this schedule seek to ensure equal treatment in respect of social security payments for people charged with a serious offence, irrespective of whether they are confined in a psychiatric institution or prison.<sup>48</sup>

---

42 Explanatory Memorandum, p. 229.

43 Explanatory Memorandum, p. 229.

44 National Welfare Rights Network, *Submission 163*, p. 22.

45 Australian Association of Social Workers, *Submission 150*, p. 3.

46 Australian Unemployed Workers' Union, *Submission 156*, [p. 7].

47 Explanatory Memorandum, p. 233.

48 Explanatory Memorandum, p. 240.



4.63 The provisions of schedule 20 are equivalent to the Social Services Legislation Amendment Bill 2015, which was first introduced to the House of Representatives on 25 March 2015. On 26 March 2015, the Senate referred that bill to the Community Affairs Legislation Committee for inquiry and report by 15 June 2015.<sup>49</sup> The Social Services Legislation Amendment Bill 2015 lapsed with the prorogation of the 44th Parliament in April 2016.

### ***Background***

4.64 Currently, the Social Security Act restricts certain social security payments being made to persons who are in gaol or psychiatric confinement following being charged with an offence.<sup>50</sup> As noted in the Senate's previous considerations of the proposed amendments, similar measures have existed in social security law since at least 1947.<sup>51</sup>

4.65 However, in 1986, an additional provision was included in the Social Security Act that amended the definition of psychiatric confinement.<sup>52</sup> This additional provision provides that the confinement of a person in a psychiatric institution is not taken to be in psychiatric confinement for the purpose of social security law provided that the person is undertaking a 'course of rehabilitation'.<sup>53</sup>

4.66 The interpretation of a 'course of rehabilitation' has evolved since the 1986 amendments. In a 2002 case, the Federal Court ruled that, for purpose of defining psychiatric confinement, a broad interpretation of a 'course of rehabilitation' be upheld.<sup>54</sup> The effect of this ruling has meant that most people confined in a psychiatric institution are considered to be undertaking a course of rehabilitation. Consequently, relevant social security payments continue to be payable to such persons.<sup>55</sup>

4.67 The bill seeks to support the original policy intention behind section 1158 of the Social Security Act, namely that:

...income support payments are not payable to a person who is in gaol or a person who is undergoing psychiatric confinement because the person has been charged with an offence.<sup>56</sup>

---

49 *Journals of the Senate*, No. 90, 26 March 2015, pp. 2458–2459.

50 See *Social Security Act 1991*, s. 1158; Explanatory Memorandum, p. 233.

51 Senate Community Affairs Legislation Committee, *Social Services Legislation Amendment Bill 2015 [Provisions]*, June 2016, p. 2.

52 See *Social Security and Veterans' Affairs (Miscellaneous Amendments) Act 1986*, s. 51.

53 Explanatory Memorandum, p. 233.

54 *Franks v Secretary, Department of Family and Community Services* (2002) FCAFC 436.

55 Explanatory Memorandum, p. 233.

56 Explanatory Memorandum, p. 240.

## *Views expressed*

### *Distinction between serious and non-serious offences*

4.68 For the purpose of implementing the proposed amendments to the Social Security Act, the bill provides a definition of what constitutes as serious offence:

A serious offence will include the offences of murder or attempted murder, manslaughter, rape or attempted rape, as well as other violent offences that are punishable by imprisonment for life or for a period (or maximum period) of at least seven years.<sup>57</sup>

4.69 A number of submitters argued that the distinction between serious and non-serious offences is irrelevant. This is because people who are not convicted on the grounds of mental impairment are not deemed to be morally culpable of the offence committed. This is the case regardless of the seriousness of the offence. The National Mental Health Commission, for example, argued:

The nature of the offence with which a person was charged – but not convicted – should not define whether they are taken to be in psychiatric confinement or undertaking a course of rehabilitation, nor should it be relevant to whether they have access to social security payments.<sup>58</sup>

4.70 Submitters also argued that, by ceasing social security payments to affected persons, the bill introduces a punitive dimension to psychiatric confinement and reinforces negative stereotypes regarding mental illness. This risks undermining the primary rehabilitative aim of forensic psychiatric detention:

The detention of these individuals in psychiatric hospitals...is for the purposes of care and rehabilitation, not punishment or deterrence. However, the effect of this punitive Bill would be to criminalise mental illness.<sup>59</sup>

4.71 However, the Explanatory Memorandum outlines:

This policy does not have a punitive intent, rather it is a recognition that people in these circumstances, like those in gaols, have a reduced need for social security payments as their basic needs are met by the states and territories that confine them.<sup>60</sup>

4.72 The committee notes that the concerns raised by submitters with regard to this measure are similar to those previously examined by the Senate as part of the

---

57 Explanatory Memorandum, p. 234.

58 National Mental Health Commission, *Submission 82*, p. 2.

59 Western Australian Association for Mental Health, *Submission 117*, p. 3.

60 Explanatory Memorandum, p. 241.

---

Community Affairs Legislation Committee's consideration of the provisions of the Social Services Legislation Amendment Bill 2015.<sup>61</sup>

*Impact on rehabilitation and reintegration*

4.73 Submitters noted that people's economic circumstances are a key determinant of health, and raised concern that this measure will impede recovery by limiting the economic resources necessary for successful rehabilitation and reintegration.

4.74 Some submitters argued that shifting the 'cost burden' to state and territory health systems to fund rehabilitation could also be detrimental to the recovery of people affected. For example, the Western Australian Association for Mental Health commented:

We are extremely concerned that the burden of additional costs for the state government, which will have to fund the daily living expenses for people transitioning to community should this Bill come to pass, will add further impediments to an already slow and challenging release process.<sup>62</sup>

*The definition of a 'period of reintegration'*

4.75 Schedule 20 provides that a person in psychiatric confinement because they have been charged with a serious offence will not be taken to be in psychiatric confinement during a period of integration back into the community.

4.76 As noted in the report by the Community Affairs Legislation Committee, the bill will be supported by a legislative instrument which will define the 'period of integration' during which social security payments would resume.<sup>63</sup> This would allow easier modification of the definition, should this be required. The Explanatory Memorandum provided an example of what such a definition could include:

A legislative instrument made for the purpose of new subsection 23(9C) may provide, for example, that a period of integration back into the community for a person is where the person regularly spends a set number of nights in a fortnight outside of the psychiatric institution. The legislative instrument may also provide that a person's day of integration back into the community is the first day of the fortnight in which the person spends the set number of nights outside of the psychiatric institution. An effect of this would be that the person's social security payment is payable for the full

---

61 Senate Community Affairs Legislation Committee, *Social Services Legislation Amendment Bill 2015 [Provisions]*, June 2015, [http://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Community\\_Affairs/Social\\_Services\\_2015/Report](http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Community_Affairs/Social_Services_2015/Report) (accessed 7 September 2016).

62 Western Australian Association for Mental Health, *Submission 117*, p. 7.

63 Senate Community Affairs Legislation Committee, *Social Services Legislation Amendment Bill 2015 [Provisions]*, June 2015, p. 3.

fortnight, even if the person spends some days in that fortnight in the psychiatric institution.<sup>64</sup>

4.77 Submitters raised concerns regarding this proposed definition of a 'period of integration', noting the potential limits on people's access to funds to support themselves, especially with regard to accommodation costs, on days they are not confined.

4.78 Some submitters also highlighted the apparent inequity between the entitlements afforded to people affected by the bill as compared to those who have been convicted of an offence and are serving a period of periodic detention:

No such provisions exist for people found guilty of an offence who are on periodic detention – they instead receive social security payments for any days outside detention.<sup>65</sup>

4.79 Moreover, submitters raised concerns that this inequity in social security entitlements characterises the people affected by the bill as less favourable than those convicted of an offence and serving a period of imprisonment. Consequently, submitters argued that this measure appears to discriminate against those with mental illness or intellectual disability.<sup>66</sup>

#### *Financial impact*

4.80 A number of submitters also expressed concern that social security payments are used by people in psychiatric confinement for the purposes of meeting ongoing financial commitments, such as maintaining housing. Submitters argued that the bill will consequently 'impair people's capacity to maintain housing while they are in confinement, increasing the risk of homelessness on return to the community'.<sup>67</sup>

4.81 The Mental Health Review Tribunal raised concerns that people affected by the bill, in addition to meeting ongoing financial obligations, are also reliant on social security entitlements to pay their hospital expenses:

Forensic patients are responsible for their hospital expenses, and are encouraged to pay for these because this is an important step for them to make by acknowledging that they have an illness that requires treatment...<sup>68</sup>

4.82 As noted in the Explanatory Memorandum, people in psychiatric confinement receive 'benefits in kind', such as food and housing, provided by the relevant state or

---

64 Explanatory Memorandum, p. 236.

65 National Mental Health Commission, *Submission 82*, p. 3.

66 See, for example, National Mental Health Commission, *Submission 82*, p. 3; Mental Health Legal Centre, *Submission 118*, p. 3.

67 ACOSS, *Submission 86*, p. 5.

68 Mental Health Review Tribunal, *Submission 139*, p. 3.

territory institution. The provision of these benefits in kind negates the need for social security payments in these circumstances.<sup>69</sup>

## **Schedule 21: Closing carbon tax compensation to new welfare recipients**

4.83 Schedule 21 prevents new recipients of welfare payments or concession cards from being paid the energy supplement from 20 March 2017.<sup>70</sup> The measure also prevents the single income family supplement from being paid to new recipients from 1 July 2017. It is anticipated that this measure will result in savings of approximately \$1.3 billion over the forward estimates.

### ***Background***

4.84 The energy supplement is an ongoing payment for pensioners, families who receive family assistance, income support and payment customers and Commonwealth Seniors Health Card holders.<sup>71</sup>

4.85 The energy supplement was introduced in 2012 to offset the anticipated impact of the Emissions Trading Scheme. The proposed measures will mean that any new recipients of pensions, allowances and FTB will no longer receive the energy supplement (worth \$14.10 per fortnight for a single pensioner and \$8.80 for a single Newstart recipient with no children). Current recipients of the energy supplement will still receive the supplement as long as they remain continuously eligible for a qualifying payment.

### ***Views expressed***

#### *The impact on low-income and other vulnerable individuals*

4.86 Catholic Social Services Australia, ACOSS, and the NSW Council of Social Service, along with others, raised concerns that the removal of the energy supplement would significantly impact the poorest members of the Australian community.<sup>72</sup> Concerns were most prominent in relation to the schedule's effect on Newstart payments.<sup>73</sup> It was pointed out to the committee that:

---

69 Explanatory Memorandum, p. 241.

70 Payment recipients and concession card holders who first receive the energy supplement on or after 20 September 2016 will only be able to receive the supplement until 19 March 2017.

71 Department of Human Services, *Energy Supplement*, <https://www.humanservices.gov.au/customer/services/centrelink/energy-supplement> (accessed 7 September 16).

72 Catholic Social Services Australia, *Submission 72*; ACOSS, *Submission 86*; NSW Council of Social Service (NCOSS), *Submission 122*; Salvation Army Australia, *Submission 155*; Disabled Persons Organisation Australia, *Submission 151*; SA Anti-Poverty Network, *Submission 152*; Electrical Trades Union of Australia, *Submission 149*; Australian Unemployed Workers' Union, *Submission 156*.

73 National Welfare Rights Network, *Submission 163*, p. 2.

Removal of the energy supplement will abolish the first above CPI increase to Newstart in over two decades and follows the removal of the \$4 per week Income Support Bonus. The current rate of Newstart is well below the poverty line of \$38 per day.<sup>74</sup>

4.87 Good Shepherd Microfinance (GSM)—Australia's largest microfinancing organisation—highlighted that any reduction of income to very low income households will limit their access to credit markets. It noted that a \$4.40 per week reduction in income for people on low incomes represents 'a third of the weekly repayment for an \$800 [No Interest Loan Scheme] loan'.<sup>75</sup> GSM expressed fears that the changes proposed in the schedule will move people towards 'high cost fringe credit and goods rental'.<sup>76</sup>

4.88 Carers Australia informed the committee that carers are heavy users of energy as they are home longer hours than most Australians, and may be required to operate specialist energy-intensive equipment or maintain a constant climate.<sup>77</sup> Pensioners are also vulnerable as they are not in a position to readily increase their income by other means. Disabled People's Organisations Australia raised concerns that a further effective reduction in income for their constituents will reduce their ability 'to be able to participate fully in the economic, social, cultural, civil and political life of Australia'.<sup>78</sup>

*Payments recipients may be worse off than if supplement had not been introduced*

4.89 Some submitters, including Carers Australia, pointed out that had the energy supplement never been introduced, the basic rate of payment of CPI indexed payments would have been higher today. To prevent welfare recipients being compensated twice (through the energy supplement and normal indexation of prices) basic payments were adjusted at the time of the introduction of the energy supplement.<sup>79</sup> Removing the energy supplement therefore means that recipients of these payments will have missed out on an indexation payment in an earlier year, meaning their payments are lower today.<sup>80</sup>

4.90 Similarly, Mr David Plunkett suggested that by removing the energy supplement, a sole parent on Newstart with two children, aged 8 and 10, would be worse off by an estimated \$7.50 per week than if the energy supplement had never

---

74 Catholic Social Services Australia, *Submission 72*, p. 1.

75 Good Shepherd Microfinance, *Submission 167*, p. 2.

76 Good Shepherd Microfinance, *Submission 167*, p. 2.

77 Carers Australia, *Submission 71*, p. 5.

78 Disabled People's Organisations Australia, *Submission 151*, p. 6.

79 Carers Australia, *Submission 71*, p. 5.

80 cohealth, *Submission 131*, p. 4.

been introduced.<sup>81</sup> To remedy this apparent problem, the Superannuated Commonwealth Officers' Association suggested that a small increase should be applied to affected payments at the same time as the abolition of the energy supplement, thereby at least returning recipients to the same financial position they would have been in if the energy supplement had not been created.<sup>82</sup>

#### *Increased complexity of administration*

4.91 ACOSS also suggested that the proposed changes would create inequality within the payments system and increase the complexity of administering payments:

Cessation of the Energy Supplement will create two levels of payment because existing recipients will continue to receive the supplement. This creates inequality as two people in the same circumstances will receive different rates of payment and will add further complexity to an already complicated income support system.<sup>83</sup>

4.92 Several stakeholders similarly argued that the measure would create a two-class payment system where the date of eligibility determines access to support.<sup>84</sup>

#### *Perverse incentives*

4.93 The Superannuated Commonwealth Officers' Association pointed out that a two-tiered payment system also creates an incentive for people on Newstart *not* to take up short-term work. If a person currently on Newstart interrupted their payment with a short-term contract they would then be worse off if they required Newstart at the conclusion of their contract.<sup>85</sup>

#### *The rationale for the measure*

4.94 ACOSS questioned the Australian Government's rationale of removing the payments on the grounds that the Carbon Pollution Reduction Scheme has been abolished. It was observed that tax reductions for wage earners, introduced as part of the package of compensation measures, have not been rescinded.<sup>86</sup>

4.95 The Treasurer, the Hon Scott Morrison MP, noted that the carbon tax is no longer in existence, and it was not necessary to compensate people for a tax that no

---

81 David Plunkett, *Submission 24*, pp. 3–4.

82 Superannuated Commonwealth Officers' Association, *Submission 127*, p. 1.

83 ACOSS, *Submission 86*, p. 3.

84 Combined Pensioners and Superannuants Association, *Submission 126*, p. 5; cohealth, *Submission 131*, p. 4; Superannuated Commonwealth Officers' Association, *Submission 127*, p. 1.

85 Superannuated Commonwealth Officers' Association, *Submission 127*, p. 1.

86 ACOSS, *Submission 86*, p. 3; Disabled People's Organisations Australia, *Submission 151*, p. 5; Australia Institute, *Submission 169* p. 16.

longer exists.<sup>87</sup> Speaking more broadly to this measure and other changes proposed in the bill regarding the welfare system, Mr Morrison further emphasised that the government 'remains committed to ensuring the welfare system continues to provide a welfare safety net for Australia's most vulnerable people and families'.<sup>88</sup>

### **Committee view**

4.96 The committee notes the concerns raised by submitters in relation to the welfare measures covered by the schedules in this chapter. Indeed, the committee is cognisant that these measures will adversely affect the welfare benefits that some people may receive in the future. However, the government is committed to ensuring the welfare system is equitable while also undertaking the significant task of repairing the federal budget.

4.97 On balance, the committee considers that these measures will contribute to greater consistency across different welfare entitlements and improve the sustainability of the welfare system in the longer term.

---

87 The Hon. Scott Morrison MP, Treasurer of Australia, *House of Representatives Hansard*, 31 August 2016, p. 35.

88 The Hon. Scott Morrison MP, Treasurer of Australia, *House of Representatives Hansard*, 31 August 2016, p. 35.



## Chapter 5

### Australian Renewable Energy Agency financing, and other measures

5.1 A large number of submissions received by the committee related to the re-profiling of ARENA's finances, as set out in schedule 5 to the bill. This chapter provides a brief overview of some of the key issues raised in these submissions.

5.2 This chapter also considers the following measures in the bill:

- changes to the rates of the R&D tax offset (schedule 22);
- the introduction of single touch payroll reporting (schedule 23); and
- the introduction of a single appeal path under the Military Rehabilitation and Compensation Act.

#### Schedule 5: Australian Renewable Energy Agency's (ARENA) finances

5.3 As noted in the previous chapter, the bill reduces the funding available to ARENA so that it is consistent with the 2016–17 Budget.

5.4 Funding available for ARENA for each year from 2013–14 to 2021–22 is set out in subsection 64(1) of the *Australian Renewable Energy Agency Act 2011* (ARENA Act). ARENA accesses these amounts through requests for payment under section 65. Payments to ARENA are then appropriated from the Consolidated Revenue Fund under section 66. Any unrequested amount may be carried over to future financial years under subsection 64(2).<sup>1</sup>

5.5 Schedule 5 amends the table in subsection 64(1) of the ARENA Act to bring funding available for the years 2017–18 onwards into line with revised funding amounts contained in the 2016–17 Budget. Table 2 provides a comparison of the funding currently available to ARENA and the new amounts as set out in schedule 5.

5.6 The revised funding as set out in schedule 5 applies to the years 2017–18 to 2021–22, the final year funded through subsection 64(1). Whereas the Explanatory Memorandum refers to the financial impact of the measure over the

---

1 Explanatory Memorandum, p. 45.

forward estimates (and including 2015–16), it also reflects the fact that the bill has no impact on ARENA's funding for 2015–16 and 2016–17.<sup>2</sup>

5.7 The measure will result in financial savings of \$1.01 billion over the forward estimates period (through the period to 2019–20), and \$1.26 billion for the period through to 2021–22 (the period for which funding is currently provided for in subsection 64(1) of the ARENA Act). The savings are set out below in Table 2.

**Table 2: Changes in ARENA's funding in schedule 5 (\$m)**

Year	Current funding	Revised funding	Savings
2017–18	499.9	107.9	392
2018–19	237	67.3	169.7
2019–20	468.3	19.7	448.6
2020–21	135	12	123
2021–22	135	7.5	127.5
Total			1,260.8

Source: Current funding is set out in subsection 64(1) of the ARENA Act. Revised funding is set out in schedule 5 to the bill.

### ***Background to the measure***

5.8 ARENA is an independent Australian Government authority within the Environment and Energy portfolio. It was established in July 2012, with the dual purpose of improving the affordability of renewable energy and increasing the supply of renewable energy in Australia. As the Explanatory Memorandum notes, its legislated functions, as provided in section 8 of the ARENA Act, are 'primarily to provide financial assistance for research into, and development and deployment of, renewable energy technologies, and to engage in knowledge sharing in relation to the same'.<sup>3</sup> As ARENA notes in its submission, it has primarily achieved its objectives 'by providing grant support to innovative Australian renewable energy projects, helping accelerate these technologies on the path to commerciality'.<sup>4</sup>

2 While the bill has no impact on ARENA's 2016–17 funding, the Explanatory Memorandum notes that the funding available for ARENA in the 2016–17 Budget differs from the amount in the current iteration of subsection 64(1) for 2016–17. The difference is not due to any additional appropriation for ARENA, but rather to 'some unspent amounts carried over from previous years under sub-section 64(2) being reprofiled in the Budget to match ARENA's updated profile of payment commitments'. Explanatory Memorandum, p. 45.

3 Explanatory Memorandum, p. 8.

4 Australian Renewable Energy Agency (ARENA), *Submission 141*, p. 1.

5.9 The funding available to ARENA, as originally set out in 2012 in the ARENA Act, was re-profiled by the *Clean Energy Legislation (Carbon Tax Repeal) Act 2014*, which received assent on 17 July 2014. This legislation brought into effect two measures:

- a re-profiling of \$370 million in funding over the forward estimates (2014–15 to 2016–17) into later years (2019–2020 to 2020–21); and
- a reduction in funding for ARENA by \$434.9 million over the forward estimates.<sup>5</sup>

5.10 The government moved to abolish ARENA in 2014, with the anticipated savings factored into the 2014–15 Budget. The Senate Economics Legislation Committee reported on the provisions of the *Australian Renewable Energy Agency (Repeal) Bill 2014* in September 2014, and recommended that the bill be passed.<sup>6</sup> However, the bill failed to pass the Senate.

5.11 In March 2016, the government announced its intention to retain ARENA. The government further announced that ARENA would work with the Clean Energy Finance Corporation (CEFC) on a proposed new Clean Energy Innovation Fund, the funding for which would be made available from within the CEFC's existing appropriation.<sup>7</sup> The 2016–17 Budget explained that the CEFC's investment mandate would be revised to allocate \$1.0 billion in existing CEFC funding over 10 years to establish the Clean Energy Innovation Fund. The fund:

...will provide debt and equity financing to assist emerging clean energy technologies make the leap from demonstration to commercial deployment.<sup>8</sup>

5.12 Announcing the fund, a joint media release from the Prime Minister and the Minister for the Environment indicated that the CEFC and ARENA would work together to 'provide capital investment in Australian businesses and emerging clean energy technologies'.<sup>9</sup>

5.13 The media release further indicated that ARENA would continue to manage its existing portfolio of grants—worth approximately \$1 billion—and would deliver \$100 million in new funding for large-scale solar deployment projects. Once the large-scale solar round was completed, ARENA would 'move from a grant based role to

---

5 Australian Renewable Energy Agency (ARENA), *Annual Report 2014–15* (September 2015), p. 17.

6 Senate Economics Legislation Committee, *Australian Renewable Energy Agency (Repeal) Bill 2014 [Provisions]* (September 2014).

7 Explanatory Memorandum, p. 8.

8 Australian Government, Budget 2016–17, *Budget Paper No. 2*, p. 89.

9 The Prime Minister, the Hon. Malcolm Turnbull MP, and the Minister for the Environment, the Hon. Greg Hunt MP, joint media release, 'Turnbull Government taking strong new approach to clean and renewable energy innovation in Australia', 23 March 2016.

predominantly a debt and equity basis under the Clean Energy Innovation Fund'.<sup>10</sup> These decisions were reflected in 2016–17 Budget.<sup>11</sup>

5.14 The committee received a large number of submissions that addressed the proposed changes to ARENA's funding profile. The views expressed in these submissions are outlined below.

### *Views on schedule 5*

#### *ARENA's shift from a grant-based role*

5.15 As noted above, the bill will see ARENA move away from its current grant-based role. A number of submissions expressed reservations about this shift. ARENA itself emphasised the value of its grant funding in supporting early-stage renewable energy projects:

ARENA's grant funding, and scope to invest in projects until 2022, reduces the investment risk of renewable energy projects, thereby giving the private sector the confidence it needs to invest in such projects. This, in turn, creates local jobs, expertise, supply chains and exports. It also leads to projects that can be commercially financed, including by the Clean Energy Finance Corporation and the Clean Energy Innovation Fund.<sup>12</sup>

5.16 ARENA also submitted that the loss of approximately \$1.3 billion in long-term grant funding 'would remove a primary way of attracting private investment to the projects that will deliver affordable and reliable electricity to Australians while cutting carbon emissions'.<sup>13</sup>

5.17 Similarly, the Australian PV Institute emphasised the importance of competitive grant funding in the development of the renewable energy sector, arguing that grants are 'a highly effective method of supporting R&D and early stage commercialisation and an essential component of technology innovation'.<sup>14</sup>

5.18 The North Queensland Conservation Council argued that ARENA funding helped drive investment in the renewable energy sector, reducing investment risk and accelerating 'innovation to make the transition to renewable energy faster, cheaper and easier'. It added that public investment provided support to 'cutting-edge' projects that would 'otherwise be too risky for commercial lending'.<sup>15</sup> Geodynamics made a similar

---

10 The Prime Minister, the Hon. Malcolm Turnbull MP, and the Minister for the Environment, the Hon. Greg Hunt MP, joint media release, 'Turnbull Government taking strong new approach to clean and renewable energy innovation in Australia', 23 March 2016.

11 Explanatory Memorandum, p. 8.

12 Australian Renewable Energy Agency (ARENA), *Submission 141*, p. 1.

13 Australian Renewable Energy Agency (ARENA), *Submission 141*, p. 1.

14 Australian PV Institute, *Submission 125*, p. 1.

15 North Queensland Conservation Council, *Submission 41*, p. 1.

---

point, arguing that ARENA funding helped to establish and demonstrate the commercial viability of renewable energy technologies to the point they might attract commercial equity and debt financing.<sup>16</sup>

5.19 Similarly, Reelectrify, a company that is commercialising advanced battery control technology, argued that ARENA funding was particularly important given the challenges in Australia of raising private funding 'in capital intense sectors that offer slow but highly socially and economically valuable returns such as cleantech'.<sup>17</sup> Carnegie Wave Energy, a wave energy technology company in Western Australia, also argued that the:

...commercialisation of new innovation technologies in the energy sector is often both capital intensive and takes place over long time frames, meaning the investments required often exceed the risk appetite of the private sector.<sup>18</sup>

5.20 Another company operating in the renewable energy sector, Energus, informed the committee that it is currently commercialising in Australia a new form of solar panel, and is seeking ARENA funding 'to help us take this technology from working prototype to proven commercial viability'. Energus submitted that if ARENA were defunded and the grant funding moved to CEIF or CEFC, 'our project many not be able to meet the commercial hurdles required for this type of funding, and our project will stall'.<sup>19</sup>

5.21 As previously noted, the government has indicated that ARENA will move from its current grant based role to predominantly a debt and equity basis under the Clean Energy Innovation Fund, which it will jointly manage with the CEFC. ARENA acknowledged that the establishment of the Clean Energy Innovation Fund was a welcome development 'that will lead to innovative, later-stage technology projects receiving low-cost debt and/or equity support'.<sup>20</sup> However, ARENA maintained that 'commercial equity and debt are not substitutes for ARENA's grant funding support and the impact this support has in accelerating renewables innovation'.<sup>21</sup> It noted, in this regard, that only a small number of projects in its current portfolio would have met the criteria for funding under the new Clean Energy Innovation Fund:

ARENA's provision of grant support for projects is not an ongoing subsidy; the support bridges an otherwise insurmountable gap in the technology innovation chain, providing funding for projects that are not yet attractive to

---

16 Geodynamics, *Submission 112*, p. 2.

17 Reelectrify, *Submission 48*, p. 1. A similar argument was made by the Clean Energy Council. Clean Energy Council, *Submission 137*, p. [4].

18 Carnegie Wave Energy, *Submission 129*, p. 1.

19 Energus, *Submission 74*, p. 1.

20 Australian Renewable Energy Agency (ARENA), *Submission 141*, p. 1.

21 Australian Renewable Energy Agency (ARENA), *Submission 141*, p. 2.

private sector investors due to the timeframes being too long, capital required too high, or the rate of return too low.<sup>22</sup>

5.22 The Australian Conservation Foundation (ACF) also argued that because of its grant making function for early-stage renewable energy projects and innovation ARENA had a 'unique role' in supporting the growth of the sector:

ARENA investment spans the commercialisation pathway and assists all of these pre-commercial stages. It is virtually impossible for these early stages to be financed on a commercial basis from debt and equity providers. The assistance needed to bridge this gap should be seen as an essential role of government.<sup>23</sup>

5.23 The ACF further submitted that the Clean Energy Innovation Fund would play a different role by supporting businesses using technology that had already 'passed beyond the research and development stages'.<sup>24</sup>

5.24 Similarly, the Clean Energy Council suggested that the role of ARENA was unique: the Renewable Energy Target (RET), incentivises commercial renewable energy projects; the CEFC provides debt and financing solutions; and the Clean Energy Innovation Fund would provide targeted equity. However, none of these policy measures 'can drive early-stage innovation in the way that ARENA has and should continue to'.<sup>25</sup>

#### *ARENA's work supporting jobs, research and the effort to address climate change*

5.25 A number of submitters suggested ARENA's work aligned closely with the government's innovation agenda,<sup>26</sup> or highlighted current and potential jobs growth in the renewable energy sector.<sup>27</sup> Many submissions also expressed concern that the funding changes would result in job losses for scientists and researchers who rely on ARENA funding.<sup>28</sup>

5.26 Professor Andrew Blakers and Dr Richard Corkish argued that ARENA provided critical funding continuity for renewable energy research. The loss of this funding, they contended, would risk Australia's research leadership in areas such as

---

22 Australian Renewable Energy Agency (ARENA), *Submission 141*, p. 2.

23 Australian Conservation Foundation, *Submission 136*, p. 2.

24 Australian Conservation Foundation, *Submission 136*, p. 3.

25 Clean Energy Council, *Submission 137*, p. 6.

26 For example, Professor Andrew Blakers (ANU) & Dr Richard Corkish (UNSW), *Submission 14*, p. 1; North Queensland Conservation Council, *Submission 41*, p. 1–2; Dr Klaus Weber, *Submission 58*, p. 2.

27 For example, Mr Jeremy Wray, *Submission 79*, p. 1.

28 Dr Mark Keevers, *Submission 78*, p. 1.

solar cell research.<sup>29</sup> Echoing this argument, Associate Professor Kylie Catchpole argued that Australia's 'leading position in solar energy research' would be threatened by cuts to ARENA's funding.<sup>30</sup>

5.27 Submissions also pointed to the contribution of ARENA's work in helping Australia meet its international commitments to reduce carbon emissions, including the commitments made at the 2015 UN Climate Change Conference in Paris (COP21), and in aiding the broader effort to tackle climate change.<sup>31</sup>

## **Schedule 22: Rates of R&D tax offset**

5.28 As noted in chapter 1, schedule 22 to the bill reduces the rates of the tax offset available under the R&D tax incentive. The government introduced a bill proposing to reduce the rates of tax offsets available under the R&D tax incentive in September 2014. The Senate referred the bill to the Senate Economics Legislation Committee for inquiry and report, and a report was tabled on 28 October 2014.<sup>32</sup>

5.29 Subsequent to the committee report, the measure to reduce the rates of R&D tax offset was removed from the bill by Senate amendment, and the amended bill was passed by both houses of the Parliament. The R&D tax offset measure was re-introduced in May 2015 as part of the Tax and Superannuation Laws Amendment (2015 Measures No. 3) Bill 2015, which lapsed with the prorogation of the 44th Parliament in April 2016. The proposal to reduce the rates of the R&D tax incentive in schedule 22 is the same as the measure contained the lapsed bill except for the commencement date for the proposed changes, which will apply in respect of income years commencing on or after 1 July 2016 (the commencement date in the lapsed bill was 1 July 2014).<sup>33</sup>

5.30 The Explanatory Memorandum notes that 'targeted confidential consultation was undertaken on the exposure draft legislation with affected stakeholder bodies'. According to the Explanatory Memorandum, no concerns were raised in this consultation.<sup>34</sup> The Explanatory Memorandum further suggested that following the

29 Professor Andrew Blakers (ANU) & Dr Richard Corkish (UNSW), *Submission 14*, p. 1.

30 Associate Professor Kylie Catchpole, *Submission 69*, p. 1.

31 For example, Street Coolers, *Submission 45*, p. 1; Dr Klaus Weber, *Submission 58*, pp.1–2; Australian Council of Social Service (ACOSS), *Submission 86*, p. 8; Geodynamics, *Submission 112*, p. 1; Australian Conservation Foundation, *Submission 136*, p. 6.

32 Senate Economics Legislation Committee, report, *Tax and Superannuation Laws Amendment (Measures No. 5) Bill 2014 [provisions]*, 28 October 2014.

33 Explanatory Memorandum, p. 292; Tax and Superannuation Laws Amendment (2015 Measures No. 3) Bill 2015, Explanatory Memorandum, p. 12.

34 Explanatory Memorandum, p. 290.

change, the R&D tax incentive 'will continue to provide a significant incentive for research and development in Australia'.<sup>35</sup>

### ***Views on the measure***

5.31 AusBiotech submitted that reducing the available R&D tax offset would disproportionately disadvantage 'small, pre-revenue and start-up companies'.<sup>36</sup> It further submitted that the measure would:

...have a direct negative impact on an area of national competitive advantage, which has responded recently with growth, in large part due the effect of the R&D Tax Incentive.<sup>37</sup>

5.32 Similarly, Research Australia contended that the measure:

...will reduce an important form of Australian Government support for the industry led R&D that is essential to commercialising Australia's investment in research and developing Australia's high value manufacturing sector.<sup>38</sup>

5.33 The Australian Private Equity & Venture Capital Association Limited (AVCAL) cautioned against the erosion of the R&D tax incentive, and highlighted the importance of certainty, stability and consistency in the R&D system.<sup>39</sup>

5.34 RSM Australia questioned the potential budget savings from this measure, and provided a detailed analysis in support of its argument that the budget cost of R&D tax offset had been overstated.<sup>40</sup>

### **Schedule 23: Single touch payroll reporting**

5.35 Single Touch Payroll (STP) reporting is designed to reduce the compliance costs for employers meeting their Pay as you go (PAYG) withholding obligations by using Standard Business Reporting (SBR) enabled software to automatically report employee salary or wage information to the Commissioner of Taxation at the time these amounts are paid. The use of SBR-enabled software presents an opportunity to automate and better align reporting to business processes. STP reporting will also allow the Australian Taxation Office to monitor employee-level superannuation contribution information and take early intervention and compliance action if required.<sup>41</sup>

---

35 Explanatory Memorandum, p. 290.

36 AusBiotech, *Submission 162*, p. 1.

37 AusBiotech, *Submission 162*, p. 2.

38 Research Australia, *Submission 176*, p. 7.

39 Australian Private Equity & Venture Capital Association Limited, *Submission 119*, p. 2.

40 RSM Australia, *Submission 166*, p. 2.

41 Explanatory Memorandum, pp. 295–96.



---

### *Views on the measure*

5.36 CPA Australia supported the introduction of STP reporting from July 2017, noting that:

If properly implemented, this will be good for business as it promises to reduce compliance costs and the number of times business need to handle payroll transactions.<sup>42</sup>

### **Schedule 24: Single appeal path under the Military Rehabilitation and Compensation Act**

5.37 The *Military Rehabilitation and Compensation Act 2004* (MRCA) provides compensation and other benefits for current and former members of the Defence Force who suffer a service injury or disease. The MRCA also provides compensation and other benefits for the dependents of some deceased members. Schedule 24 implements a recommendation from the Review of Military Compensation Arrangements that the MRCA appeal process be refined into a single appeal path for clients.

5.38 The government introduced a bill, the *Veterans' Affairs Legislation Amendment (Single Appeal Path) Bill 2016*, to create a single appeal path for clients in February 2016. This bill lapsed with the prorogation of the 44th Parliament.

5.39 No submissions addressed this schedule of the bill but the Minister, in his second reading speech when introducing the original bill, noted that:

I want to acknowledge the very strong support for these changes from the veteran and ex-services community and the support in writing from the RSL [Returned Services League] and ADSO, the Alliance of Defence Service Organisations.<sup>43</sup>

### **Committee view**

5.40 The committee acknowledges concerns raised about the ARENA's future role and financial support available to support emerging renewable energy technologies. However, the committee notes that the government announced in March 2016 that it was creating a \$1 billion Clean Energy Innovation Fund to 'support emerging technologies make the leap from demonstration to commercial deployment'.<sup>44</sup> The committee further notes that CEFC and ARENA will be jointly responsible for the management of the Clean Energy Innovation Fund. In the committee's view, this represents a substantial ongoing commitment by the government to supporting renewable energy jobs and innovation in Australia.

---

42 CPA Australia, *Submission 168*, p. 1.

43 *House of Representatives Hansard*, 11 February 2016, p. 1357.

44 The Prime Minister, the Hon. Malcolm Turnbull MP, and the Minister for the Environment, the Hon. Greg Hunt MP, joint media release, 'Turnbull Government taking strong new approach to clean and renewable energy innovation in Australia', 23 March 2016.

5.41 The committee notes that some submitters raised concerns regarding the reduction in the R&D tax offset. However, the committee considers that the R&D tax offset, as amended, will continue to provide a significant incentive for research and development in Australia.

5.42 The committee considers that the introduction of STP reporting will deliver both budget savings and wider economic benefits by streamlining administrative processes for substantial employers and reducing compliance costs.

5.43 The committee considers that the proposed reform to simplify and streamline the military compensation appeal process will help ensure the right decision is made at the earliest possible time and at the lowest appeal level.

### **Recommendation 1**

**5.44 The committee recommends that the bill be passed.**

**Senator Jane Hume**

**Chair**

# **Addendum**

## **Proposed amendments to the bill**

1.1 The committee understands that the government and the opposition have negotiated amendments to the bill.

1.2 The committee did not have an opportunity to consider the amendments in the course of the inquiry, and the proposed amendments were announced after written submissions had already closed. Nonetheless, this chapter provides a brief overview of the amendments and their financial impact.

### **Removal of schedule 9: Dental services**

1.3 This schedule will be removed from the bill. The Child and Adult Public Dental Scheme would have provided funding for additional public dental services to children and concession card holder adults and delivered savings of \$52.4m over the forward estimates. The government has indicated that this measure will be pursued separately at a later time.

### **Removal of schedule 20: Psychiatric confinement**

1.4 This schedule will be removed from the bill. This measure would have ceased social security payments to certain people who are in psychiatric confinement because they have been charged with a serious offence and would have delivered savings of \$37.8m over the forward estimates.

### **Amendment of schedule 5: Australian Renewable Energy Agency's finances**

1.5 The original schedule reduced the forward appropriation for the Australian Renewable Energy Agency (ARENA) by \$1.3bn (\$1 billion over the current forward estimates), bringing it back into line with the savings already reflected in the 2014-15 Budget and all subsequent Budgets.

1.6 Proposed amendments will restore \$800m of ARENA funding over five years (\$550m over forward estimates). This amendment reduces the net savings from this measure to \$460m over the forward estimates.

### **Amendment of schedule 21: Closing carbon tax compensation to new welfare recipients**

1.7 The original schedule ceased the Energy Supplement and the Single Income Family Supplement (both with grandfathering) saving \$1.29 billion over the forward estimates.

1.8 Proposed amendments will remove the Energy Supplement only for new recipients of Family Tax Benefit Part A, Family Tax Benefit Part B and the Commonwealth Seniors Health Card. The Energy Supplement will continue to be paid to all other recipients. This reduces net savings from this measure to \$195 million.

**Addition of a new schedule: FTB Part A end-of-year supplement – means testing**

1.9 A new schedule will be added to remove the Family Tax Benefit Part A end-of-year supplement for families with an adjusted taxable income greater than \$80,000 from the 2016-17 financial year. This is part of an existing measure that is part of the Social Services Legislation Amendment (Family Payments Structural Reform and Participation Measures) Bill 2016 currently before the House. This measure will deliver additional savings of \$1.65 billion over the forward estimates.

# Dissenting Report by Labor Senators

1.1 Labor is committed to budget repair that is fair. This means taking responsible savings decisions that improve the sustainability of our public finances, reduce the risk of a credit rating downgrade, protect the most vulnerable Australians and ensure we can make targeted investments that promote inclusive growth.

1.2 Labor always approaches budget repair in line with our values and priorities. The Budget Savings (Omnibus) Bill 2016 (the bill) as drafted contains measures that are contrary to Labor's values and priorities.

1.3 Budget repair should be achieved in a way that protects the most disadvantaged and people on low incomes, while ensuring important investments, such as those in clean energy, are protected and can promote sustainable economic growth.

## Specific measures

1.4 Labor Senators are committed to working constructively with the Government to find sensible and appropriate savings to improve the budget bottom line.

1.5 However, Labor Senators are particularly concerned about the following proposed measures:

- Funding cuts to the Australian Renewable Energy Agency (ARENA);
- Cuts to payments for low income individuals and families;
- Closure of the Child Dental Benefits Schedule; and
- Cessation of social security payments to people who are in psychiatric confinement because they have been charged with a serious offence.

1.6 The committee received a substantial number of submissions relating to these measures.

1.7 The Government's proposal to gut ARENA and establish a new Clean Energy Innovation Fund is not acceptable to Labor Senators. This proposal would see investments in earlier stage research and development and demonstration projects suffer, as the Clean Energy Innovation Fund would only be able to finance commercially ready projects. Labor Senators support ARENA receiving an additional \$800 million in funding.

1.8 The Government's proposal to abolish the Energy Supplement would see the most vulnerable in our society suffer disproportionately. Labor supports the retention of the Energy Supplement, except for new recipients of Family Tax Benefit and Commonwealth Seniors Health Card.

1.9 Labor established the Child Dental Benefits Schedule. The Government's proposed replacement scheme, the Child and Adult Public Dental Scheme (CAPDS) would force over five million children onto long public dental waiting lists, remove dentist choice and lengthen waiting times for both children and adults, especially in rural areas. Labor is prepared to work with the government to deliver the same quantum of dental savings while protecting patients.

1.10 Labor strongly opposes the measure to cease social security payments for people who are in psychiatric confinement because they have been charged with a serious offence. This measure would unfairly disadvantage people with serious mental illness and Labor has opposed it previously.

1.11 Labor Senators believe that changes to these specific measures would substantially improve the bill. As additional savings, Labor proposes that the Government no longer proceed with the 'Baby Bonus' and abolish the Family Tax Benefit Part A supplement for families with adjusted taxable incomes over \$80 000. Taken as a package, the package recommended by Labor Senators will actually see \$6.3 billion in savings enacted as opposed to the \$5.996 billion put forward in the original Budget Savings (Omnibus) Bill 2016.

**Senator Chris Ketter**

**Deputy Chair**

**Senator Jenny McAllister**

**Senator for New South Wales**

# 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.<sup>1</sup> 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) ...<sup>2</sup>

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.<sup>3</sup>

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 21<sup>st</sup> 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.<sup>4</sup>

### **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.<sup>5</sup>

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.<sup>6</sup>

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.<sup>7</sup>

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.<sup>8</sup>

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.<sup>9</sup>

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.<sup>10</sup>

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.<sup>11</sup>

---

11 [http://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Community\\_Affairs/Social\\_Services\\_2015/Report/d02](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.<sup>12</sup> 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.<sup>13</sup>

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.<sup>14</sup>

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.<sup>15</sup>

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**  
**Senator for Western Australia**

**Senator Peter Whish-Wilson**  
**Senator for Tasmania**



# Appendix 1

## Submissions received

Submission Number	Submitter
1	Mr Phil Hartwig
2	Mr Andrew Sciuto
3	Mr Peter Lane
4	Ms Carol Jordan
5	Ms Kathrine Farn
6	Mr John Brusen
7	Mr Malek Ghantous
8	Ms Karol Fisher
9	Mr Michael Searle
10	Mr David Connolly
11	Ms Joanne Jaworowski
12	Mr James Harker
13	Mr Peter Verbiest
14	Professor Andrew Blakers (ANU) & Dr Richard Corkish (UNSW)
15	Mr John Vandenberg
16	Mr Warren Newson
17	Mr Joe Lenzo
18	Mr Bryan Tingey
19	Professor Andres Cuevas
20	Mr Gordon Bossley
21	Mr Leon Smith
22	Ms Elaine Jones
23	Mr Daniel Jacobs
24	Mr David Plunkett
25	Mr Anthony Wood
26	Mrs Sue Taylor
27	Name Withheld
28	Mr Alan Reynolds
29	Name Withheld
30	Ms Jean Christie
31	Dr Jianfeng Lu
32	Mr James Hills
33	Name Withheld
34	Mr Simon Harvey
35	Ms Kate Booker
36	Dr Yasmina Dkhissi
37	Dr Tom Statham
38	Dr Jennifer Bryce
39	Name Withheld
40	Mr Geoff Law
41	North Queensland Conservation Council
42	Mr Alexander Dudley

43	Ms Anna Nadolny
44	Dr Peter Stevens
45	Street Coolers
46	Mr & Mrs John and Rosie Hayes
47	Ms Rosemary Blemings
48	Reelectrify
49	Mr Graeme Greenup
50	Mr Mark Singer
51	Mr Mal McNelley
52	Solar Analytics
53	Mr Kenneth F Dyer
54	Mr Ian Scott
55	Mr Alan Stenhouse
56	Ms Helen Palethorpe
57	Dr Catherine Pye
58	Dr Klaus Weber
59	Mr Peter Degorski
60	Mr Peter Healy
61	Ms Kim Henderson
62	Mr Shakir Rahman
63	Mr Marcus Billing
64	Ms Aida Tebbutt
65	Environment Council of Central Queensland
66	Mr Bill Holliday
67	Ms Emma White
68	Mr Paul Cruickshank & Mr Winston Guymer
69	Associate Professor Kylie Catchpole
70	Mental Health Australia
71	Carers Australia
72	Catholic Social Services Australia
73	Mr David Doyle
74	Energus
75	Sunwise
76	Ms Margaret Hetheron
77	Ms Sylvia Cooper
78	Dr Mark Keevers
79	Mr Jeremy Wray
80	Ms Sally Wilson
81	Private Mental Health Consumer Carer Network (Australia) Limited
82	National Mental Health Commission
83	Mr & Mrs Anton and Sue Lubbers
84	Ms Elaine Trotman
85	Ms Marcia Lorenz
86	Australian Council of Social Service (ACOSS)
87	Mr Alan Kruger
88	Labor Environment Action Network (LEAN)
89	Mr John Sheehan
90	Mr Peter Nicholas
91	Mr Arum Holden

---

92	Mr Darryl Fallow
93	Name Withheld
94	Mr Tony Wagner
95	Dr Eve White
96	Mr Bill Gresham
97	Name Withheld
98	Mr Richard Buckdale
99	Mr Tom Dickson
100	Mr Hamed Gate
101	Dr Brett Montgomery
102	Mr Michael Rae
103	Mr Grahame Swindells
104	Dr Peter Campbell
105	Mr Kirk Hall
106	Ms Margaret Lee
107	Mr Graham Jacobs
108	Climate Conversations Group
109	Inclusion Australia
110	Australian Human Rights Commission
111	Mr Richard Stanford
112	Geodynamics
113	Dr Niraj Lal
114	Consumers Health Forum of Australia
115	Dr Nick Wilson
116	Ms Ursula Corkish
117	Western Australian Association for Mental Health
118	Mental Health Legal Centre
119	Australian Private Equity & Venture Capital Association Limited
120	Australian Healthcare & Hospitals Association
121	Mr David Teather
122	NSW Council of Social Service (NCOSS)
123	Mr Joe Thwaites
124	Frankston Beach Association Inc.
125	Australian PV Institute
126	Combined Pensioners & Superannuants Association
127	Superannuated Commonwealth Officers' Association (SCOA)
128	Universities Australia
129	Carnegie Wave Energy
130	Mr Alasdair Stuart
131	cohealth
132	Community Power Agency
133	Public Health Association of Australia
134	Consumers of Mental Health WA
135	Children and Young People with Disability Australia
136	Australian Conservation Foundation
137	Clean Energy Council
138	Doctors for the Environment Australia
139	Mental Health Review Tribunal (NSW Government)
140	Central West Environment Council

141	Australian Renewable Energy Agency (ARENA)
142	Mr Rory McGuire
143	Mr David Arthur
144	Jobs Australia
145	LF Economics
146	Australian Youth Climate Coalition, Seed Indigenous Youth Climate Network & Solar Citizens
147	Repower Port Augusta
148	Queensland Advocacy Incorporated
149	Electrical Trades Union of Australia
150	Australian Association of Social Workers
151	Disabled People's Organisations Australia
152	Anti-Poverty Network SA
153	Forensicare
154	Catholic Health Australia
155	The Salvation Army Australia
156	Australian Unemployed Workers' Union
157	Leading Age Services Australia
158	Medicines Australia
159	Aged and Community Services Australia
160	Victoria Legal Aid
161	NSW Government
162	AusBiotech
163	National Welfare Rights Network
164	Council of Academic Public Health Institutions Australia
165	The Royal Australian and New Zealand College of Psychiatrists
166	RSM Australia
167	Good Shepherd Australia New Zealand
168	CPA Australia
169	The Australia Institute
170	Friends of the Earth Melbourne
171	Good Shepherd Microfinance
172	Australian Academy of Technology and Engineering (ATSE)
173	Goldwind Australia
174	Swinburne University of Technology
175	Australian Dental Association
176	Research Australia
177	Australian Council of Trade Unions
178	Mental Health Commission of New South Wales
179	National Union of Students
180	COTA Australia
181	Dr Mitchell Wilson
182	Professor Bassam Dally, Professor David Lewis & Professor Frank Bruno
183	Mr Peter Corkish
184	Dr Ed Roberts
185	Friends of CSIRO
186	Dr Patricia Phair
187	RayGen Resources Pty Ltd
188	Future Business Council

189	Dr Matt Stocks
190	Community and Public Sector Union (CPSU)
191	Mr Louis Villiers
192	WWF Australia
193	Windlab Limited
194	Welfare Rights Centre NSW
195	Mr Jonathan Peter
196	Ms Kate Wattchow
197	Name Withheld
198	Dr John Pye
199	Doctors Reform Society of Australia
200	Mr Hieu Nguyen
201	Name Withheld
202	Name Withheld
203	Vast Solar
204	Ms Heidi Edmonds
205	Mr Mike Collins
206	Sunrise CSP
207	Dr Joe Coventry
208	Mr Matt Parmeter
209	Australian Solar Council
210	Mr Keith Presnell
211	Ms Sally Newell
212	Office of the Public Advocate
213	Mr Peter Blessing
214	Aboriginal Disability Justice Campaign
215	The Group of Eight

