

**2014-15 Federal Budget Submission**

**A submission to the Federal Government**

**National Welfare Rights Network**

**31 January 2014**

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### Executive Summary

In this submission the National Welfare Rights Network (NWRN) makes 28 recommendations for the 2014-15 Federal Budget. There are 17 recommendations which would increase government spending to alleviate poverty and address gaps in our social security system. There are a further 11 recommendations which would significantly increase government revenue and offset the recommended increases to targeted expenditure.

To build a more productive and fairer nation into the future, we need an efficient and sustainable tax base. We must minimise wasteful expenditure including tax expenditure so that we can afford essential public and social services. This, we recommend that the Government review current tax concessions for superannuation savings, to make them fairer and more sustainable.

This Budget submission makes recommendations to better target certain family payments and social security spending. It also makes recommendations to better target taxation expenditure. It contains a series of modest spending proposals that we believe are essential to assisting the poorest and most vulnerable groups in the community.

One of our spending proposals is to that the Government action the call from people and organisations across Australian public life to increase the single rate of Newstart Allowance, Youth Allowance and similar payments by $50 per week and to benchmark the single rate to 66.3% of the couple rate (the same relativity as currently applies to pensions).

The Government should continue to provide the twice yearly Income Support Bonus to recipients of Parenting Payment. In addition, in the event that the Government fails to act on the calls to increase the Newstart Allowance substantially, then the Income Support Bonus should be retained for all those who would have been eligible.

We recommended increased investment in employment assistance and greater flexibility and choice for job seekers and an expansion of the wage subsidy program to assist jobseekers into work.

We propose an increase to Rent Assistance to improve housing affordability and reduce homelessness.

We propose a number of improvements that would increase employment and participation outcomes for Indigenous people living in rural and remote communities.

Funding to Department of Human Services to administer Social Security payments should be increased not decreased. More Authorised Review Officers are needed to deal with appeal backlogs, more resources are required to reduce telephone and face to face wait times, and staffing levels generally need to be increased, not decreased. The availability of face to face services for customers who struggle with online and telephone self-service options must be preserved.

We have included a number of small budget measures in relation to the Special Benefit payment which, although applicable only to a very small group of extremely vulnerable people, would have an immense impact on the lives of people in dire circumstances who are currently unable to access income support.

We call on the Federal Government develop specific strategies to reduce homelessness among older people, and to provide appropriate services and support for older people needing crisis accommodation.

The Government should also consider measures to better assist women and carers in retirement.

We include a recommendation that Age Pension, which is by far the most expensive social security payment, be included in the review by the “Welfare Review Taskforce” being headed by Patrick McClure. The Age Pension, not workforce age payments, is the main contributor to the recent growth in welfare spending. At $36 billion, is a third of the entire welfare budget and nearly 10% of the entire Commonwealth budget. Also excluded from the McClure review is almost $20 million in Family Tax Benefits payments and childcare support, as well as the $5.5 billion Paid Parental Leave scheme.

The IMF has found that Australia forgoes more revenue as a proportion of GDP than all other OECD nations[[1]](#footnote-1). We propose a number of tax and revenue savings that would offset our recommendations for spending.

NWRN supports a series of recommendations that would make our taxation system fairer and more sustainable. Many of these have been developed by the Australian Council of Social Services (ACOSS), the peak social services agency in Australia.

It is concerning that the Commission of Audit was not tasked with and therefore will not undertake a comprehensive examination of all taxation-related expenditures. Tax exemptions and concessions, including some superannuation concessions, capital gains exemptions and negative gearing, are considerable. The Australian Council of Social Service (ACOSS) notes that over the last decade, this type of expenditure has increased from 4.1% of GDP in 2001-02 to 7.6% in 2011-12.[[2]](#footnote-2) This represents an increase in tax expenditures of 46%.

### Recommendations

1. That the rate for all allowance payments for single people be increased by $50 per week from March 2015.
2. That the single rate be benchmarked to 66.3% of the combined married couple rate of Allowances as is the case for pension payments (and a higher rate in the case of sole parents).
3. From March 2015 all allowance and related payments (including Austudy, ABSTUDY, Special Benefit) should be indexed six monthly to movements in wages.
4. Increase investment in employment assistance that offers greater flexibility and choice for job seekers.
5. That 20,000 six-monthly ‘wage subsidy’ placements be available over the next four years for very long term unemployed people who have been looking for work for over two years.
6. That the Federal Government establish a dedicated six monthly wage subsidy scheme for young people under 22 years of age. The program would provide 1000 places in five areas of high levels of youth unemployment. Thus, in total this *Youth Futures* scheme would offer 5,000 places per annum.
7. That the Government retain the twice yearly Income Support Bonus. In the event that a substantial increase is not made to Allowances, then the Income Support Bonus be maintained in its entirety.
8. That the Government adopt measures to improve housing and rental affordability by increasing the maximum rate of Rent Assistance by 30%, indexing Rent Assistance to movements in national rents and tasking the Productivity Commission to undertake a review of the effectiveness of Commonwealth housing assistance (including the appropriate roles of State and Territory Governments) and repealing the ‘sharers’ Rent Assistance rules.
9. That supports for Indigenous employment and training be improved
10. That funding to Department of Human Services to administer Social Security payments be increased, not decreased. More Authorised Review Officers are needed to deal with appeal backlogs, more resources are required to reduce telephone and face to face wait times, and staffing levels generally need to be increased, not decreased. The availability of face to face services for customers who struggle with online and telephone self-service options must be preserved.
11. That the requirement for a parent to forego Family Tax Benefit in the case of a child receiving Special Benefit be removed where the child’s parent is without a sufficient livelihood and is not receiving a social security payment.
12. That the exemption from the newly arrived residents waiting period for spouse 309 and 820 visa holders be restored for Special Benefit payment only.
13. That the Minister for Social Services declare that visa subcategory 444 be declared as a visa eligible for Special Benefit if there are special circumstances and it would be unreasonable to expect the person to return to New Zealand to access benefits there.
14. That the provisions for calculating preclusion periods be amended so that they are recalculated when the pension cut-off is indexed, and that legal costs be excluded from the gross lump sum used to calculate the preclusion period.
15. That the current exemptions from the program of support rules be extended to people incapable of benefitting from participation, irrespective of whether they had participated in a ‘program of support’ at the date of claim.
16. That the Federal Government develop specific strategies to reduce homelessness among older people, and to provide appropriate services and support for older people needing crisis accommodation.
17. That Federal Government increase funding for Welfare Rights caseworkers across Australia by $1.5 million per annum.
18. That the Government abolish Compulsory Income Management and introduce a genuinely voluntary scheme of income management for people who believe they would benefit from this program.
19. That if the Government intends to cut the welfare budget, then consideration be given to abolishing the Senior’s Supplement from March 2015.
20. That the Government review the pension assets test as recommended by the Henry Tax Review
21. That Government give in principle support to rolling Family Tax Benefits Part A and Part B into a single payment (with the income test being the existing income test for Part A) pending a detailed assessment of the effect of this proposal on lower income families.
22. That the Federal Government develop a more tightly targeted and less costly government-funded Paid Parental Leave Scheme. That the Federal Government introduce a national minimum award standard to ensure that industrial arrangements provide for full replacement of wages for parental leave.
23. Half a billion will be saved in 2015-16 and $800 million in 2016-17 if the Government were to restoring the $25,000 annual cap on concessionally-taxed superannuation contributions.
24. That, from July 2014, the use of private trusts to avoid personal income tax should be curbed, raising $1,000 million per annum.
25. Tax expenditures should be reviewed each year by the Treasury and Expenditure Review Committee. Tax expenditures that are poorly targeted should be reduced or abolished.
26. That the Federal Government review negative gearing with the aim of abolishing or restricting it. Revenue: If the concession is abolished, $4 billion per year initially, falling to around $2 billion per year.
27. That the Federal Government review current tax concessions for superannuation savings, to make them fairer and more sustainable. The Review should consider measures to better assist women and carers in retirement.

# NWRN 2014-15 Federal Budget Priorities

## PART 1 Expenditure on Income Support

Australia has a targeted, means-tested social security system. The OECD attests to the effectiveness of Australia’s means-tested approach to sustainable welfare arrangements, with 42% of transfer spending going to the poorest 20% of the population, and only 3% to the richest 20%.[[3]](#footnote-3) The OECD found in its analysis of the redistributive effects of OECD nations welfare systems that Australia was the second most effective in achieving this task.[[4]](#footnote-4) Australia is ranked as the third lowest spending country when it comes to welfare expenditure, at just 8.3% of economic output on income support, far less than almost every other advanced countries, where the average spend was 13.2% in 2013.

### Increase Newstart Allowance

As of December 2013, the numbers of people receiving Newstart and Youth Allowance was 827,039. This was an increase of 18% over the previous 12 months, from just 700,133. Between December 2012 and December 2013, Newstart Allowance recipients increased 19.5 per cent from 595,248 to 711,438 and Youth Allowance (Other) recipients increased 10.2 per cent from 104,885 to 115,601.[[5]](#footnote-5)

Two thirds of Newstart Allowance recipients have been on income support for more than 12 months.

In November 2012 a Senate Committee looked into the adequacy of the Newstart Allowance (NSA). It reported that at around $250 per week for a single person, NSA was inadequate to live on. The Senate Committee received compelling arguments and evidence on the benefits that would flow from increasing this payment. One in six of all NSA recipients are principal carers raising children. The data also shows that, 1 in 10 are Indigenous, 1-in-3 are aged over 45 and 1-in-7 have a disability, while a third have a diagnosed or undiagnosed mental health condition. There is a substantial group of women over 50 who are long-term income Newstart Allowance recipients. Despite significant efforts to re-enter the workforce, the reality is that NSW has become a long term payment for this group.[[6]](#footnote-6)

Three quarters of those in receipt of the Newstart Allowance are single and try to make ends meet on a base rate payment of just $35 a day. Young people living independently fare even worse, on just $29 per day. It is even harder for Youth Allowance recipients because their payments are indexed only once a year.

Single parents with children are also doing it tough on Newstart receiving only $38 per day base rate. Federal Budget changes in 2006, 2011 and 2013 have contributed to the impoverishment of many single parent families.

Unemployment payments were last increased in real terms in 1994 by $2.95 per week.

The most effective way to address the poverty experienced by people receiving social security allowance payments is to increase the single rate of allowances by $50 per week, as advocated by key business, union, welfare and faith-based organisations. The NWRN recognises that it may be appropriate to phase in such an increase. The indexation of all allowance payments to wage movements in addition to prices would assist in preventing the current $150 per week gap between pensions and allowances from rising in an unsustainable manner.

An increase to allowance payments would directly assist the nation’s poorest families, including the 110,000 single parent families who have been pushed onto the lower Newstart Allowance since 2006. An across-the-board increase to single allowance payments would also bring financial relief for over 121,000 people with disabilities on the Newstart Allowance as well as young people and mature age workers trying to find a foothold in the labour market.

**Recommendation #1:** That the rate for all allowance payments for single people be increased by $50 per week from March 2015.

**Recommendation #2:** The single rate benchmarked to 66.3% of the combined married couple rate of Allowances as is the case for pension payments (and a higher rate in the case of sole parents).

These increases should apply to recipients of Newstart Allowance, Widow Allowance, Sickness Allowance, Special Benefit, Crisis Payment, and Youth Allowance (Other) recipients living independently of their parents.

### Better indexation for allowances

Well-designed indexation of social security payments provides an important buffer against poverty and is critical in maintaining the purchasing power of people on low and limited incomes.

There is an urgent need to review the indexation of all Allowance payments, to ensure that people are provided with sufficient money to meet basic costs of living and of looking for work. The Henry Tax Review highlighted indexation as a critically important feature, and supported a regular review of indexation arrangements.

The Harmer Pension Review noted that the single Age Pension has risen by 20% over the previous decade, whereas the Newstart Allowance – which is linked only to the Consumer Price Index – rose by less than 0.5%.[[7]](#footnote-7)

The indexation of all allowance payments to wage movements in addition to prices, as we propose, will assist in preventing the current $150 per week gap between pensions and allowances from rising in an unsustainable manner.

The existing indexation arrangements for Age Pensioners flow on to other groups of pension recipients, including Veteran’s pensions, the Disability Support Pensions and Carer Payments.

Some have suggested winding back existing indexation arrangements for pensions or freezing payments (either temporarily or permanently). The NWRN does not support such suggestions and we oppose “decoupling” the Disability Support Pension from the existing indexation arrangements. NWRN considers that the suggestion that income support payments should no longer be indexed to the Consumer Price Index (let alone the better arrangements that we suggest) betrays a breathtaking lack of understanding of the circumstances of those attempting to survive on very modest social security payments.

**Recommendation #3:** From March 2015 all allowance and related payments (including Austudy, ABSTUDY, Special Benefit) should be indexed six monthly to movements in wages.

### Increase investment in employment assistance

The Department of Employment publishes employment and education outcomes for people seeking assistance from Job Services Australia, Disability Employment Services and Indigenous Employment Programs.[[8]](#footnote-8) An analysis of quarterly data for December 2012, March 2013 and June 2013 revealed the proportion of Job Services Australia job seekers who achieved an employment outcome fell by more than 15%. In human terms, this meant 75,000 less jobs for people condemned to extended periods on low and inadequate rates of Newstart and Youth Allowance.

The number of employment outcomes has in fact been trending down for the past five quarters, but the most significant decline occurred between June 30, 2012 and June 30, 2013.

Urgent reforms are needed to strengthen employment assistance for people and a priority must be the most disadvantaged job seekers. NWRN has provided a number of proposals for reforms of the employment services system, and has also provided submissions on the 2015 Employment Services Review and the recent review of Indigenous employment and training for remote and regional job seekers.

Improvements to the current system are essential. Greater choice and real flexibility is essential. There needs to be more focus on “demand led” solutions. Job seekers will be more willing to engage with providers and potential employers if they are offered greater choice of providers and services. Providers need to be able to offer more flexible, tailored services. The current system promises a flexible, tailored service, but in reality it provides neither.

**Recommendation #4:** Increase investment in employment assistance that offers greater flexibility and choice for job seekers.

### Expand the wage subsidy program

Wage subsidy programs provide unemployed people with the chance to gain real skills and on-the-job experience and evidence shows that people with recent experience are much more likely to be considered by a future employer.

A period of paid work experience in regular employment can significantly improve the job prospects of long-term unemployed people and this type of program could be extended to young people generally. This type of program also reassures employers that the jobseeker is capable of undertaking work. Equally important for a jobseeker, these schemes can increase the confidence of job seekers who had been previously overlooked.

NWRN welcomes the Government’s recent decision to ‘fast-track’ the starting date of the Tasmanian wage subsidy program. The scheme will be evaluated to determine whether it should continue or be expanded.[[9]](#footnote-9) However, we are deeply disappointed that the Government has ceased offering the 2011 ‘Wage Connect’ six month wage subsidy scheme which targeted 10,000 very long term job seekers per year.

The Post-Program Monitoring Survey from the Department of Employment, Education and Workplace Relations (DEEWR) reveals far better outcomes for job seekers who have participated in the Wage Connect scheme. In 2011-12, 27.2% of unemployed people who had been out of work for 24 months or more were in employment three months after starting in the employment services system. By contrast, 47% of participants in the wage connect scheme (or 3,779 of the total of 8,084) were in employment after the end of the six-month wage subsidy period.[[10]](#footnote-10)

During 2012–13, 8,835 participants had been placed in a Wage Connect. As at 30 September 2013, 5,636 13-week employment outcomes have been recorded and 4,329 26-week employment outcomes have been recorded. The Government should immediately restore this highly successful program.

The current employment services system could be significantly improved if the following measures are taken.

* Increase payments to allow providers to improve training and work experience options for people at risk of becoming long term unemployed.
* Introduce wage subsidy schemes for young people.
* Double the Wage Connect wage subsidy scheme to 20,000 places per annum.
* Additional investment in the Local Connections To Work programs.
* Introduce measures to reduce churn’ of disadvantaged job seekers;
* Greater flexibility for young people, including increased options for job search.
* Offer dace-to-face career counseling for single parents and young people at risk.
* Offer job seekers flexible activity agreements and greater provider choice.

With over 250,000 people having been out of work for more than 24 months, increased support is needed to reduce the numbers of long term unemployed in Australia. Job seekers who undertook vocational training during 2011-12 had a 32% chance of being employed three months later, compared with 22% of Work For The Dole participants[[11]](#footnote-11). The evidence shows that vocational training generates better outcomes for job seekers than Work For The Dole programs.

The job outcomes were extremely disappointing for very long term unemployed people who had spent three months in Work For The Dole programs, with just 20.8% of participants in employment.[[12]](#footnote-12)

**Recommendation #5:** That 20,000 six-monthly ‘wage subsidy’ placements be available over the next four years for very long term unemployed people who have been looking for work for over two years.

**Recommendation #6:** That the Federal Government establish a dedicated six monthly wage subsidy scheme for young people under 22 years of age. The program would provide 1000 places in five areas of high levels of youth unemployment. Thus, in total this *Youth Futures* scheme would offer 5,000 places per annum.

### Maintain the Income Support Bonus for people on low incomes

The NWRN calls for Allowances to be increased by $50 per week (see page 7 above).

The Government should also continue to provide the twice yearly Income Support Bonus to recipients of Parenting Payment. In addition, in the event that the Government fails to act on the calls to increase Allowances substantially, then the Income Support Bonus should be retained for all those who would have been eligible.

The Income Support Bonus is paid to 1.1 million low income Australians, primarily Newstart Allowance (NSA) and Youth Allowance (YA) recipients. The Income Support Bonus was introduced last year in recognition of the fact that the current rates of income support Allowance payments are manifestly inadequate.

Currently, the Income Support Bonus provides $211.16 a year to single recipients and $352.80 a year for couples where both partners are eligible. The total cost of this bonus is $300 million per annum. The Government is removing the bonus on the grounds that it is being “paid for” by the Minerals Resource Rent Tax legislation, which it plans to repeal.

The new supplement provides recipients with a small lump sum that can be used to buy clothes or pay an unexpected bill. This is the first real increase in income support payments to unemployed people and students in almost two decades.

Senators on a 2012 Senate Committee agreed that the single Newstart Allowance, at the time just $246 per week, fails to provide an acceptable standard of living “for anything but the shortest period”.[[13]](#footnote-13)

The current Minister for Social Services Kevin Andrews, as Opposition spokesperson for Families, Housing and Human Services, indicated that the Coalition would consider an increase in Newstart and would “determine what is realistic, possible and appropriate”.[[14]](#footnote-14)

**Recommendation #7:** That the Government retain the twice yearly Income Support Bonus. In the event that a substantial increase is not made to Allowances, then the Income Support Bonus be maintained in its entirety.

### Increase Rent Assistance to improve housing affordability and reduce homelessness

**The facts on housing affordability in Australia are alarming:**

* average rents have  [increased by 32% in the five years to 2012](http://australiansforaffordablehousing.cmail2.com/t/r-l-kkdtjrt-allkriye-s/);
* it takes an average of 5.7 years to save for a deposit in Sydney, according to a 2011 study by the recently abolished National Housing Supply Council;
* rental increases have outstripped earnings growth in recent years;
* renters make up 24% of households compared with 18% 15 years ago;
* in 1994, 42% of Australians had mortgages, while in 2004 it was 30; and[[15]](#footnote-15)
* Home-ownership is declining significantly across most groups in the population. The National Housing Supply Council *Housing Supply and Affordability Issues 2012-13* notes that housing supply difficulties “is likely to continue to be felt by the more vulnerable in our population, such as…those dependent on government income support payments.”[[16]](#footnote-16)

In June 2012, there were 164,323 people on waiting lists for social housing. People can wait up to 10 years on public housing wait lists, and there is a shortage of over half a million rental properties for people on low incomes.

The range of issues identified with housing affordability cannot be solved by the recommendations we make in this submission. In this section, we focus on reform of Rent Assistance, as many significant numbers of people who contact Welfare Rights Centres are on low incomes and are experiencing difficulty meeting the costs of renting privately. , Note that we also recommend the Government review existing negative gearing arrangements at page 22 below.

As at July 2013, there were 1,267,979 people receiving Commonwealth Rent Assistance (CRA). Of these, 76% three in four people who receive CRA (965,069) pay enough rent to be eligible for the maximum rate of CRA.[[17]](#footnote-17)

A person is considered to be in ‘housing stress’ if they are paying more than 30% of their income in rent. They are defined as experiencing ‘extreme rental stress’ when they spend more than half of their income on rent.

Data about those who receive CRA highlights the increasing incidence of ‘housing stresses.

Over 502,000 private renters, or two in every five Australian’s receiving CRA, are paying more than 30% of their weekly income including CRA in rent. This figure has grown from 450,000 in March 2011.

People on Newstart (60%) were twice as likely to be in rental stress, compared to Age Pension recipients (28%). As at June 2013, there were 165,835 households, or 13.1% of all rent assistance recipients, were paying in excess of 50% of their household income in rent. Of these household, 35% or 55,701 were on NSA. There were also a very high proportion of young students on Youth Allowance paying excessively high rents, with 27,876 or 37.9% of students paying more than half of their income in rent.

Twenty-seven per cent of all Newstart Allowance recipients, over 63,600 unemployed people, are paying 50% of their income in rent.

Our analysis indicates that people on Newstart Allowance payments were four times as likely to be experiencing extreme housing stress, compared with Age Pension recipients. Over 39% of students on Youth Allowance are paying over half of their income in rent. The “sharers” Rent Assistance rules, combined with low rates of social security payments, explain why people on allowance payments are more likely to experience housing stress.

Some people receiving social security payments who are sharing accommodation with others have their Rent Assistance rent reduced by a third which can have a very severe impact on their ability to find housing. These rules, introduced in 1997, reduce the maximum amount of Rent Assistance to $82.67 a fortnight as at 1 January 2014 instead of the maximum rate of Rent Assistance, worth $124 per fortnight.

In 1996, around 80,000 people were affected by the “sharers’ rules”, and at June 2013, 183,100 people had been affected.[[18]](#footnote-18)

**Recommendation #8:** That the Government adopt measures to improve housing and rental affordability by increasing the maximum rate of Rent Assistance by 30%, indexing Rent Assistance to movements in national rents and tasking the Productivity Commission to undertake a review of the effectiveness of Commonwealth housing assistance (including the appropriate roles of State and Territory Governments) and repealing the ‘sharers’ Rent Assistance rules.

### Improve Indigenous Employment and Training programs

Recent reports have revealed that the growth in Indigenous employment over the past 15 years has stalled. More Indigenous Australians are currently in work than in previous years, but the growth in jobs has not kept up with population increases.[[19]](#footnote-19)

The Government’s Review of Indigenous Employment and Training provides an ideal opportunity to improve genuine opportunities for employment and community participation.[[20]](#footnote-20)

NWRN proposals for improving employment and participation outcomes for Indigenous people living in rural and remote communities include:

* increasing funding and more effective support for long term and disadvantaged job seekers;
* addressing the challenges facing the system because of increasing levels of disadvantage among job seekers, in particular, larger cohorts with a disability;
* locating service providers in local communities where people live;
* increasing awareness of and access and availability to Indigenous interpreters;
* encouraging greater take-up of Language, Literacy and Numeracy programs and design programs for Indigenous job seekers;
* the critical importance of disclosure and appropriate referral, streaming and assessment, and the need for appropriately trained employment consultants;
* re-focussing initial engagement with job seekers on building relationships, genuine partnerships and trust;
* improve the quality of Registered Training Organisations;
* improve job seeker awareness of their ability to change service providers and increasing awareness of complaints mechanisms;
* better use of the internet and greater use of social media, including development of a new “Job Assist” App, to support job seekers in their search for work; and
* expanding ‘wrap-around’ services for vulnerable, disadvantaged and’ hard to reach’ job seekers through the national rollout of successful programs like Local Connections To Work.

Indigenous Australians are over-represented in the imposition of penalties under social security legislation with 22% of all eight week non-payment periods for those in receipt of income support being imposed on Indigenous Australians.[[21]](#footnote-21) Furthermore, 25% of all job seeker penalties are imposed on Indigenous Australians who comprise just 10% of all unemployed people nationally.

It is critical that a national solution be found to what are seemingly intractable problems. This means a focus on community-led identification and solutions, building community resilience and cultural competency.

**Recommendation #9:** That supports for Indigenous employment and training be improved.

### Improve Centrelink services

Over 7 million people receive some type of social security or family assistance payment via Centrelink. Therefore, it is critical that the Government adequately funds and supports Centrelink services of the highest quality in the 2014-15 Federal Budget.

Below, we provide a snapshot of how Centrelink is faring and highlight what essential changes are necessary to improve services and supports:

* In 2012-13, there were 146,659 reviews of Centrelink decisions by both internal mechanisms and external tribunals. There were 123,526 internal reviews undertaken by Centrelink in 2012-13 resulting in 36.1% of decisions being overturned, up from 32.7% in 2011-12.[[22]](#footnote-22)
* There is currently a backlog of many thousands appeals, with people waiting up to six months or more for their appeal to be progressed.
* Centrelink decisions can adversely affect people’s lives in the short and long term. It is therefore important that people have access to a fair and impartial review system in Centrelink, and that an independent system separate from Centrelink is available when things go wrong. It is also important that review decisions are undertaken in a timely and procedurally fair manner.
* Over 2.2 million people received an overpayment, complaints increased to the Commonwealth Ombudsman by 28%, and customer ratings of satisfaction fell by 13% on the previous year, to just 72**%.**
* Many of the Centrelink complaints related to staff shortages and lengthy waiting times for service, decision-making and review of decisions.
* Last year there were 46,243 complaints to Centrelink’s internal feedback line. In 2012-13 the top complaint was access to a call centre (23%).
* Many people, including many older Australians have a legitimate preference for face-to-face services at Centrelink. Furthermore, cost issues may be a barrier to using online and self-service options.

**Recommendation #10:** Funding to Department of Human Services to administer Social Security payments should be increased, not decreased. More Authorised Review Officers are needed to deal with appeal backlogs, more resources are required to reduce telephone and face to face wait times, and staffing levels generally need to be increased, not decreased. The availability of face to face services for customers who struggle with online and telephone self-service options must be preserved.

###

### Supporting disadvantaged children receiving Special Benefit

NWRN proposes a reform to remove hardship caused by the legislative definition of “Family Tax Benefit Child”. This definition adversely affects a small number of extremely disadvantaged children receiving Special Benefit.

In a small number of cases, a citizen child of a non-resident parent may receive Special Benefit. However the parent is required to forego payment of Family Tax Benefit in order for the child to receive Special Benefit. This is because of section 22A(1) of the *Family Assistance Act****,***which states that a person cannot receive Family Tax Benefit in respect of a child who receives an income support payment in their own name. *[[23]](#footnote-23)/*[[24]](#footnote-24)

We understand that the intention of this section is to prevent a parent receiving Family Tax Benefit at the same time as their child receives Youth Allowance.

However, in the Youth Allowance cases, unlike child Special Benefit cases, the parents would generally be receiving their own income support payment (eg Newstart Allowance or a pension), or have income of their own. In Special Benefit cases where a child is paid Special Benefit, the parent(s) have no income support payment of their own.

Thus, the family generally receives several hundred dollars per fortnight less than a family relying on Newstart Allowance as the primary income support payment. Such a family would also miss out on the annual Family Tax Benefit supplements.

It is unlikely that the *Family Assistance Act* was intended to operate in this way in relation to Special Benefit where the child, not the parent, is in receipt of the family’s only income support payment.

**Recommendation #11:** The requirement for a parent to forego Family Tax Benefit in the case of a child receiving Special Benefit should be removed where the child’s parent is without a sufficient livelihood and is not receiving a social security payment.

### Restore limited exemptions from the newly arrived residents waiting period

NWRN Members receive a significant number of calls from couples and families who are surviving on a single income support payment (and if there are children, Family Tax Benefit). This is placing vulnerable new families in extreme financial hardship.

Previously, a 309 or 820 visa holder was automatically exempt from the two year waiting period for Special Benefit. The qualification criteria for Special Benefit are so restricted that only people in dire circumstances can access it. We do not propose that the automatic exemption apply to all payments (eg Newstart Allowance) only that it apply once again for Special Benefit to ensure the most vulnerable families can access the income support payment if they meet the stringent criteria for Special Benefit.

**Recommendation #12:** Restore the exemption from the newly arrived residents waiting period for 309 and 820 visa holders for Special Benefit payment only.

### Extend Special Benefit to vulnerable New Zealanders

New Zealander citizens have access to family assistance payments. However, with limited exceptions, those who arrived after 26 February 2001 cannot receive income support payments unless they qualify for Age Pension or Disability Support Pension under the International Agreement with New Zealand.

There is a need to allow very limited access to Special Benefit for a small cohort of New Zealanders in dire circumstances.

In rare cases a New Zealander may find themselves in desperate financial need in circumstances where it is not reasonable for them to return to New Zealand to access benefits there. For example, a young person who was brought to Australia by their parents as a child but who is forced to leave the family home eg due to extreme family breakdown. Such a person will have had no choice in the decision to move to Australia, and is likely to have all their support networks and schooling in Australia and no ties at all to New Zealand.

New Zealanders who arrive in Australia after 26 February 2001 are generally here on a subclass 444 visa. The relevant Minister has power to declare that visa as a visa which attracts Special Benefit and may in his determination limit the circumstances in which the visa will attract the payment.

NWRN anticipates that the number of grants would be low if our recommendation was adopted.

**Recommendation #13:** that the Minister for Social Services declare that visa subcategory 444 be declared as a visa eligible for Special Benefit if there are special circumstances and it would be unreasonable to expect the person to return to New Zealand to access benefits there.

### Fairer compensation preclusion rules

A person who receives a lump sum compensation payment will generally have to serve a lengthy period during which they cannot access income support payments (a compensation preclusion period).

The period is calculated by dividing the compensation amount by the weekly pension cut off amount, which is regularly indexed.

However, this calculation is only done once at the beginning of the period. A person with a long preclusion period can be severely disadvantaged as the pension cut-off rises, but their compensation preclusion period remains unchanged. Preclusion periods can last for decades, depending on the amount of compensation. Particularly affected are people who had their preclusion periods calculated prior to the pension reforms of 2007. Such people have significantly longer preclusion period than those who received their compensation after the divisor increased significantly after those reforms.

A second issue is the treatment of legal costs. A person whose settlement is inclusive of costs is disadvantaged over a person whose settlement is exclusive of legal costs, because the former has their legal costs included in the gross lump sum used to calculate the preclusion period whereas the latter does not.

Moreover, in our experience, legal costs can vary significantly, from roughly 7% of the lump sum to 40%.

Removing legal costs from the calculation of the preclusion period would create equity and fairness in the treatment of compensation.

**Recommendation #14:** Amend the provisions for calculating preclusion periods so that they are recalculated when the pension cut-off is indexed, and to exclude legal costs from the gross lump sum used to calculate the preclusion period.

### Extend exemptions from the ‘program of support’ rules

Since 2011, some new Disability Support Pension claimants are required to show that they meet the “program of support” rules which generally require new claimants to participate in a program of support for 18 months.  In practice, most people will meet this requirement by undertaking activities through their employment services provider while on Newstart Allowance.

There are exemptions from the program of support rules, including for people with a severe disability (resulting in 20 points from one condition).  However unless you have severe disability, there is no exemption which can apply to someone who has never previously been in a program of support **when they claim** the pension, even if they are incapable of benefitting from a program of support.

This has an unfair impact on people who fall seriously ill or are injured, claim the pension and find it difficult to even participate in a program, let alone benefit from it.

**Recommendation #15:** Extend the current exemptions from the program of support rules to people incapable of benefitting from participation, irrespective of whether they had participated in a ‘program of support’ at the date of claim.

### Increase homelessness services

NWRN is concerned at the recent increase in the number of people aged over 55 seeking assistance from homelessness services. This indicates the growing threat of poverty being faced by older Australians and highlights the need to better prepare for the ‘greying’ of our population.

Many older people live on limited, fixed incomes and those in the private rental market face considerable difficulties making ends meet. The Australian Institute of Health and Welfare’s study, *Specialist Homelessness Services: 2012-13 Report*, shows a 14% increase in people aged 55 and over seeking assistance from homelessness services. NWRN’s recent report on Rent Assistance highlighted the problems faced by older renters, especially older women.[[25]](#footnote-25)

Recent increases to Age and Disability Support Pension payments have helped reduce the numbers of these pensioners paying in excess of half of their income in rent.

**Recommendation #16:** That the Federal Government develop specific strategies to reduce homelessness among older people, and to provide appropriate services and support for older people needing crisis accommodation.

###

### Help for people with Centrelink and income support problems

The National Welfare Rights Network (NWRN) is a network of 14 community legal centres members and three Aboriginal Legal services affiliate members. Our members specialise in social security law and its administration by the Department of Human Services (DHS). Our members are located across Australia. The Network also develops policy and advocates for beneficial law reform.

NWRN member organisations provide casework assistance to their clients. They conduct training and education for community workers and produce high quality information and publications to help social security recipients and community organisations understand the system.

Each year, Welfare Rights caseworkers assist thousands of people with Centrelink problems. Welfare Rights services are cost-effective and efficient. NWRN’s 14 member casework services are, in the main, funded under the Community Legal Services Program. Members of the National Welfare Rights Network receive recurrent funding under the CLSP for welfare rights services. In 2011-12, a total amount of $1.8 million was provided.

Centrelink administration and practices could be significantly improved by an expansion of independent social security advice and casework.

The value and contribution of the work performed by the NWRN has been recognised by the OECD who said in a recent report that the NWRN’s “input into policy formulation process, informed by feedback from their street-level operations, give society a good return on a relatively small investment.”[[26]](#footnote-26)

An additional investment of $1.5 million for front-line casework services would mean that tens of thousands of Centrelink recipients throughout Australia would be able to gain independent advice and casework assistance each year. A tangential yet beneficial outcome would be significantly increased independent casework data on which to base feedback and advice to the Department of Human Services and the Department of Social Services about emerging problems and potential solutions.

The Welfare Rights program should be expanded by $1.5 million per year. The expansion of funding would enable a significant increase in the capacity of Welfare Rights services to both assist greater numbers of client, and allow greater expansion of services and supports to people in regional and remote areas.

**Recommendation #17:** That Federal Government increase funding for Welfare Rights caseworkers across Australia by $1.5 million per annum.

## PART 2 SAVINGS MEASURES

### Introduction: review into taxation and family payments required

The Government has promised to undertake a review of the taxation system within the next two years. We urge the Government to initiate a transparent review of our taxation system with public submissions and community meetings which would feed into an options paper for broader community consultation. The IMF recently released a report[[27]](#footnote-27) in which Australia was found to forgo more revenue as a proportion of GDP than all other OECD nations.[[28]](#footnote-28) It is critical to build on, and not seek to replicate the work and analysis that has already been undertaken by the Henry Tax Review.

The Australian Council of Social Services had produced a detailed paper for reform of the family payments system. Government should assess and respond to these proposals for improving the system, and engage with the community about measures to make the system fairer and more sustainable. While the Schoolkids Bonus payment is poorly targeted, it does provide vital assistance to low income families who are trying to survive on low and inadequate income support payments.

The NWRN would support means testing the Schoolkids Bonus such that it is only available to those who receive Family Tax Benefit A at the maximum rate. This threshold stands at $48,837 during the quarter ending 31 December 2013.

The NWRN does not support the calls by some to reduce the income threshold for payment of general family tax benefits to a uniform median weekly earnings $64,168 beyond which no benefit is payable, as this could cause financial hardship to many. This proposal needs much greater examination.

In our submission below, we make recommendations for savings in three areas, social security, taxation and family assistance.

## Social security and family assistance savings options

### Income Management

Under income management a half or more of a person’s Centrelink payments are generally only accessible through the use of a Basics Card. The Basics Card can only be used to purchase a prescribed list of goods and services that are authorised by Centrelink. Compulsory income management is on most occasions imposed on the basis of what sort of payment the person receives, as opposed to any objective assessment of financial hardship or an inability to manage their financial affairs.

At November 2013, there were 23,996 people subject to income management Australia-wide. Almost three-quarter were mandatory participants, with 26% voluntary participants in the scheme.[[29]](#footnote-29)

There were 18,892 people are under income management at October 2013 in the Northern Territory.

Six years into the intervention, and three years after the *Racial Discrimination Act* was restored, nine out of every ten people subject to the welfare quarantine are Indigenous income support recipients, while the number of people on ‘voluntary’ income management’ continues to decline. Voluntary participation fell from 4,560 in April 2011 to 3,770 in October 2013, a fall of 18%. Just 31 people have managed to achieve the maximum $500 in savings to qualify for the ‘matched savings’ scheme.

Nationally, hundreds of millions of dollars has been spent on income management to date without hard evidence to suggest that income management is having a positive impact on people’s lives. The cost of income managing some people is over 60% of the basic yearly rate of the Newstart Allowance. Between 2005-06 and 2014-15, Income Management will cost $1 billion according to estimates by the Parliamentary Library.[[30]](#footnote-30)

Critically, no evidence has been presented that quarantining half of a person’s income support reduces unemployment or long term reliance on social security payments.

The lack of evidence regarding the effectiveness of income management and the high cost of administration – of up to $7,900 per person each year – should act as a constraint on moves to expand the scheme more widely.[[31]](#footnote-31)

**Recommendation #18:** That the Government abolish Compulsory Income Management and introduce a genuinely voluntary scheme of income management for people who believe they would benefit from this program.

### Abolish the Seniors Supplement

As a matter of general principle, the NWRN supports benefits based on need as opposed to age alone.

The Seniors Supplement is available to all Commonwealth Seniors Health Card (CSHC) holders or Department of Veterans' Affairs Gold Card holders.[[32]](#footnote-32) It worth $858.00 a year for a single person and $647.40 a year each if partnered. It is paid each quarter and is non-taxable. Individuals can qualify is their income as a single person is less than $50,000 or $80,000 as a couple combined.

The Government has announced plans to index the CSHC thresholds. There is no assets test.

In 2012-13, there were 284,239 people receiving the Seniors Supplement, costing $232.4 million, up from $179.17 million in 2012-11.[[33]](#footnote-33)

FAHCSIA estimates that the Commonwealth Seniors Card is worth around $1,200 per year for each recipient.[[34]](#footnote-34)

Also available with the card is cheaper prescription costs of just $5.90 per script, whereas working people on much less incomes pay $36.10 per script.

**Recommendation #19:** That if the Government intends to cut the welfare budget, then consideration be given to abolishing the Senior’s Supplement from March 2015.

### Reform the pension assets test

When compared with allowance assets test, the pension assets test is generous, particularly since 2007 when the taper rate for assets above a certain limit was halved. The assets tests limits are indexed to the Consumer Price Index each July.

Assets over the limit will reduce the pension by $1.50 per fortnight for every $1,000 above the limit. In September 2007, this rate was $3.00 per fortnight. The table below highlights the assets test limits as of January 2014 for single and partnered home-owners and non-homeowners, and the levels of assets prior to their very generous relaxation in September 2007.

The assets test is generous, particularly when compared to allowances, which have no taper but rather cease to be payable entirely at the threshold where pensions only begin to taper. No payment is paid to a single non-homeowner unemployed person when assets reach $339,250, yet a part pension is paid to a single non-homeowner until their assets reach $890,750. A non-home owning couple can have assets of $1,253,000 and still receive a part pension, while for couples under the assets test, no payment is made when assets reach $421,500.

NWRN believes on grounds of generational fairness and equity, that there is room for limiting the benefits available for people under the current arrangements. Hence NWRN believes that reforms of the assets test, as recommended by the 2009 Henry Tax Review, should be explored.

**Table 1: Pension and Allowance Treatment Assets Test Limits, July 2007 and January 2014**

|  |  |  |  |
| --- | --- | --- | --- |
|  |  January 2014 For part pension assets must be less than # | July 2007 For part pension assets must be less than # | January 2014 For Allowance assets must be less than # |
| Family situation | For Homeowners | For Non-homeowners | For Homeowners | For Non-homeowners | For Homeowners | For Non-homeowners |
| Single | $748,250  | $890,750 | $166,750 | $343,750 | $196,750 | $339,250 |
| Couple (combined) | $1,110,500 | $1,253,000 | $531,000 | $652,000 | $279,000 | $421,500 |

**Recommendation #20:** that the Government review the pension assets test as recommended by the Henry Tax Review

### Combine Family Tax Benefit Parts A and B into a single payment

Family tax benefit Part B is a critical payment for single parents and low income families with a single primary income earner.

However, while a family may have up to $150K income from a single primary earner and receive FTB B, a family with two low income workers will lose qualification for the payment as soon as the lower earner earns more than $5,183 irrespective of the fact that the family as a whole may have combine income much lower than $150K.

FTB Part B would be cheaper to administer and would be far better targeted at families in need if the payment is rolled into the FTB Part A. The income test for Part A would ensure that payability is more fairly based on combined family income.

Alternatively, we support a reduction in the $150K income threshold for primary earners provided that the savings are reinvested in the social security spending measures recommended above.

**Recommendation #21:** That Government give in principle support to rolling Family Tax Benefits Part A and Part B into a single payment (with the income test being the existing income test for Part A) pending a detailed assessment of the effect of this proposal on lower income families.

## A more sustainable Paid Parental Leave (PPL) scheme

Under the Government’s current proposal, the PPL government scheme will pay the full replacement wage (up to $150,000 per annum) of the parent for 26 weeks, rather than the current scheme, whereby the parent receives the minimum wage $622.10 per week for 18 weeks.

Someone earning $150,000 a year will receive a $75,000 government benefit while on parental leave. On the other side of the counter, a shop assistant on $42,000 a year will receive just $20,000.

A government- funded paid parental leave scheme aimed at increasing workforce attachment and participation by women needs to be targeted so that expenditure goes to the people most likely to increase participation as a result of the paid parental leave payments. By directing expenditure to women with high incomes who already have high levels of workforce attachment the Government will not get maximum value for money. The Productivity Commission found that for such women, full income replacement would have “few incremental labour supply benefits”.[[35]](#footnote-35)

The scheme would be better targeted to lower income families for whom the financial incentives to remain in the workforce are low (eg where the benefits of remaining in the workforce are undermined by the relative costs of child care).

This might be done by lowering the income cap or, by paying it at a flat rate. The Productivity Commission considered that it should be paid at a flat rate because it “*would mean labour supply effects would be greatest for lower income, less skilled women – precisely those who are most responsive to wage subsidies and who are least likely to have privately negotiated paid parental leave*”. [[36]](#footnote-36)

**Recommendation #22:** That the Federal Government develop a more tightly targeted and less costly government-funded Paid Parental Leave Scheme. That the Federal Government introduce a national minimum award standard to ensure that industrial arrangements provide for full replacement of wages for parental leave.

## Tax and Revenue savings

The National Welfare Rights Network supports the ACOSS submission with respect to taxation and other revenue savings outside of the welfare budget. Below we outline a few of those proposed measures.

### Reduce the annual cap on concessionally-taxed superannuation contributions

Super tax concessions (tax expenditures) are currently skewed heavily in favour of high income earners. The flat 15% tax on employer contributions means those on the top marginal tax rate avoid paying over 30 cents in tax for every dollar contributed to super, while those below the tax free threshold pay 15c more for every dollar contributed to super. The cap on concessionally-taxed superannuation contributions should be restored to $25,000.

**Recommendation #23:** Half a billion will be saved in 2015-16 and $800 million in 2016-17 if the Government were to restoring the $25,000 annual cap on concessionally-taxed superannuation contributions.

### Limit use of private tax as a tax minimisation vehicle

ACOSS argues that tax-preferred income of private discretionary trusts should tax capital gains in the hands of beneficiaries and strong measures should be introduced to prevent the trustees from avoiding tax on income (including capital gains) that is not distributed to beneficiaries each year. The use of private trusts to avoid personal income tax should be curbed.

**Recommendation #25:** That, from July 2014, the use of private trusts to avoid personal income tax should be curbed, raising $1000 million per annum.

### Greater scrutiny of business taxation expenditures

Taxation expenditure and handouts to business receive little scrutiny, compared to welfare spending, for instance. However, recent statements by the Treasurer, Joe Hockey, indicate that the Government might have an appetite to further examine these expenditures. NWRN believes that measures must be taken to ensure greater scrutiny and transparency of all Government expenditures – the parliament and the public should not only scrutinise not just expenditure on the poor, the sick and the unemployed.

**Recommendation #26:** Tax expenditures should be reviewed each year by the Treasury and Expenditure Review Committee. Tax expenditures that are poorly targeted should be reduced or abolished.

### **Negative gearing**

**The community, government and business must address housing affordability issues and homelessness. This means finally tackling taxation issues such as negative gearing. Negative gearing, along with the exemption of the family home from the capital gains tax, and a lack of system for imputed rents, significantly distorts the housing market. This was recognised by the 2010 Henry Tax Review, though his report failed to make any concrete recommendation on this subject. The nation’s premier business paper recently editorialised on this subject, stating that “property tax review was “a matter of fairness”, and that “the break gives property investors an unfair advantage over people looking for a home to live in”.**[[37]](#footnote-37)

**Negative gearing can significantly reduce the amount of tax that is paid by many taxpayers. As just 50% of capital gains are taxed, negative gearing reduces, as well as defers tax liabilities. In 2011, 1.2 million taxpayers received income from negative gearing, claiming $13.3 billion in losses.**

**People on higher incomes receive the most benefit from negative gearing, but there are also a substantial number of low income households, including retirees, who also claim negative gearing losses. Relatively few investment properties are owned by to poorest 20% of people, so this change would have little impact on people living on the lowest incomes. A report by the Grattan Institute states that abolishing negative gearing would generate around $4 billion a year in the short-term falling to $2 billion per year, and that such a proposal would increase home ownership rates, pointing out that 95% of new investment lending is for existing houses. The proposal would not increase the costs of rental properties, and could encourage investors to invest in other assets, which could generate further tax receipts.**[[38]](#footnote-38)

**Recommendation #27:** That the Federal Government should review negative gearing with the aim of abolishing or restricting it. Revenue: If the concession is abolished, $4 billion per year initially, falling to around $2 billion per year.

## Superannuation savings

A number of recent reports have highlighted the pressures arising from the ageing of the Australian population, with a focus on the costs of superannuation and the benefits which are provided to older Australians not living on low incomes.

As noted, the 2009 single pension increase had a significantly reduced the proportion of age pensioners who were living in poverty. Older Australians who do not own their own homes and are in the private rental market are most likely to be experiencing poverty. The recent ACOSS Poverty report found that over 13% of those over 63 live on less than 50% of the median income and over a third of people over 64 still live below the 60% poverty line. That equals 884,000 people aged over 64 living on less than 60% of the median poverty line.[[39]](#footnote-39)

Almost 60% of Age Pensioners were on the maximum rate of Age Pension at June 2011. Of the 1.3 million on the maximum rate, almost 700,000 were older women. The 2008 Harmer Pension Review reported that while only 13.3% report no private income, a further 28% have just small amounts of private income (up to $20 pw).[[40]](#footnote-40) Forty percent of age pensioners had just $20 in addition to their Age Pension which for a single person is paid at the maximum rate of $375 per week.

The NWRN notes, however, the generous assets test limit for age pensioners, and the increased wealth held by some, though not all, ‘baby boomers’. Currently Age Pension couples can own their own home of any value and receive part a pension with $1,253,000 in financial assets on a combined income of $72,000 a year.[[41]](#footnote-41)

Below we highlight some of the existing support for older people that warrant further investigation.

The NWRN supports a review of taxation and superannuation arrangements, with a focus on fairness, equity, sustainability and intergenerational fairness, where assistance is provided on the basis of need and not age alone.

The Government needs to consider for efficiency and equity reasons:

* that the provision of tax-free super granted in 2006, is resulting in forgone revenue of $3 billion per annum;
* that taxing all super earnings would significantly affect only the wealthiest 30% of retirees in their 60s, and
* the existing tax arrangements mean workers over 60 can pay significantly less than workers under age 60.

Looking at the cost of the Age Pension compared to the costs of tax concession for superannuation:

* in 2011-12, tax concessions contributed $30.2 billion to the superannuation accounts of Australians, increasing to $45 billion by 2015-16, making this by far the largest single area of government expenditure by way of concession;
* taxpayer subsidies for superannuation are likely to grow significantly faster than the annual cost of providing the Age Pension. By 2015-16 the annual cost of taxpayer contributions to superannuation will exceed the annual cost of the age pension;
* a key flaw in our superannuation system is that contributions are taxed at a flat rate of 15%;
* the top 5% of income earners receive 37% of all superannuation taxation concessions: and; and
* a significant proportion of these concessions for superannuation are going to future retirees who will almost certainly be ineligible for the age pension.

**Recommendation #28:** That the Federal Government review current tax concessions for superannuation savings, to make them fairer and more sustainable. The Review should consider measures to better assist women and carers in retirement.

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18. [↑](#footnote-ref-18)
19. Karvelas, P. *Indigenous jobs gap widens*, 23 January 2014. [↑](#footnote-ref-19)
20. See NWRN submissions to the [2015 Review of Employment Services](https://www.welfarerights.org.au/news/2013/3/22/employment-service-2015) and [Jobseeker Compliance Arrangements](https://www.welfarerights.org.au/news/2013/3/27/jobseeker-compliance-arrangements). [↑](#footnote-ref-20)
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22. Department of Human Services, *Annual Report 2012-13*. [↑](#footnote-ref-22)
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24. Section 22A(1) provides that a child is not an “FTB Child” of a person if the child, or someone on behalf of the child, is receiving a social security pension, benefit or allowance or labour market program payment. [↑](#footnote-ref-24)
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