Anglicare Australia
in every Community

Submission to the Social Services Legislation Amendment (Payment Integrity) Bill 2017

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About Anglicare Australia

Anglicare Australia is a network of 36 independent local, state, national and international organisations that are linked to the Anglican Church and are joined by values of service, innovation, leadership and the Christian faith that every individual has intrinsic value. Our services are delivered to one in 26 Australians, in partnership with them, the communities in which they live, and other like-minded organisations in those areas. In all, over 13,000 staff and 9,000 volunteers work with over 940,000 vulnerable Australians every year delivering diverse services, in every region of Australia.

Anglicare Australia has as its Mission "to engage with all Australians to create communities of resilience, hope and justice". Our first strategic goal charges us with reaching this by "influencing social and economic policy across Australia…informed by research and the practical experience of the Anglicare Australia network".

Contact Person

Roland Manderson
Deputy Executive Director
Anglicare Australia
PO Box 4093
Ainslie ACT 2602
T: 02 62301775

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Introductory remarks

Anglicare Australia urges the Committee and the Senate to reject this bill in its entirety, as there is no reasonable or fair rationale for these measures. They are retrograde and inappropriate in their targeting of people on low and middle incomes with cuts to essential and reasonable government financial support.

The context for these proposed measures is an Australia facing growing inequality, and where the cost of living is rising faster than wages or government payments. Inequality is now the worst it has been in seventy-five-years, in spite of two decades of uninterrupted economic growth.[1] These proposed cuts and restrictions are directly contrary to community and business priorities for our social safety net, including the need to urgently raise the rates of government pensions and allowances above the poverty line. All four measures proposed will increase inequality and disadvantage in Australia, and in turn create further poverty.

We therefore strongly support the submission by the Australian Council of Social Services, and offer the following additional comments.

Schedule 1 – Enhanced residency requirements for pensioners

We strongly oppose these changes to residency requirements for people seeking to access pensions. There are already sufficient requirements in place to ensure that a person is a genuine resident before being able to access the aged care or disability pensions.

Australia's pension system for the aged and people with a disability is based fundamentally on need and ensuring a fair society that takes care of everyone. These proposed changes are a dangerous attempt to step away from that philosophy of universalism underpinning our pension system, by restricting access based on arbitrary notions of how long someone must contribute to our society and for how long before they are deemed 'worthy'. They assume that older migrants in particular make no other contribution to our community when the opposite is true. It ignores their role offering family care and support, volunteering, and community mentoring and leadership. It further ignores the fact that many migrants to Australia, as part of adapting to their new home, take seasonal and casual work, but do not earn sufficiently to be able to be completely independent of government support.

Proposing to take into account whether someone has previously accessed other forms of government support is therefore reductive, discriminatory and harmful. It will discriminate against immigrants who undertake legitimate study to transfer or enhance their work skills as part of settling in Australia. It will especially discriminate against those immigrants who settle in Australia as part of family reunion programs.

[1] Sheil, C., and Stilwell, F. (2016) *The wealth of the nation: Current data on the distribution of wealth in Australia*. The Evatt Foundation: Sydney, found here.

Many such migrants to Australia from these circumstances have not had the chance to learn English, or gain recognition for existing qualifications or re-skill, and therefore rely on government incomes to make those adjustments to participating in and contributing to Australian life.

This is a mean-spirited, destructive and wholly unnecessary measure. We urge the Committee to reject it.

Schedule 2 – Stopping the payment of the pension supplement after six weeks overseas

This is an unnecessary cut to pensions. Instead the supplement should be rolled into the base rate of pensions, given that the GST is here to stay and is part of the inherent cost of living.

Schedule 3 – Proposed changes to the taper rate for part A of Family Tax Benefit

Anglicare Australia opposes this measure. It is a further cut on top of recent other Family Tax Benefit changes to approximately 100,000 middle income families at a time of wage stagnation and concerning levels of household debt. It makes no sense at all to be seeking government savings by undermining the overall financial resilience of middle and low income households

Schedule 4 – Doubling the Liquid Assets Waiting Period (LAWP)

We are also strongly opposed to this measure. The LAWP is already substantive, and entirely detrimental to the ability of people with modest savings to maintain any form of financial resilience in order to deal with unexpected costs such as medical bills, or urgent car and home repairs.

The contention in the human rights compatibility statement for this bill that $11,500 for a single person with no children and $23,000 for a couple or person with dependent children respectively represents 'higher levels' of liquid assets is completely inaccurate when taking into account the cost of living in Australia, particularly housing costs, and rates of household debt. It is directly contrary to the experience of Anglicare service providers in assisting families in financial crisis.

Our collaborative report, *Going without*[2], showed that people on low income support such as Newstart are already going backwards financially, spending 122% of their income on an ongoing basis. Our further research on Australian living standard trends shows that families on low incomes are going backwards[3]. This measure will only exacerbate these disturbing trends, by forcing people with modest saving cushions to spend themselves into poverty, and remain there, because government pensions and allowances are so low.

[2] Anglicare Australia et al (2012). Going Without.

[3] Anglicare Australia (2015). Living Standard Trends in Australia.

The LAWP has such a negative effect on people needing government support that the Henry Tax Review suggested it be abolished altogether. Doubling it is directly contrary to this evidence-based recommendation, and will cause severe hardship. It will also deny the people affected any assistance to find work through employment services, which works completely contrary to a core objective of our social security system.

Conclusion

With no evidence to support these measures, this Bill simply appears to be an ideological attack on the social safety net. The evidence that these payments are already too low is almost universally accepted,[4] and the business and community sectors have been calling for an increase for years. These measures will only generate greater poverty and increased community need for emergency relief. At a time of growing concern about rising inequality, and with welfare cuts opposed by the majority of Australians,[5] this Bill is out of step with community expectations.

The Committee should therefore reject this bill.

[4] Education, Employment and Workplace Relations References Committee (2012) The adequacy of the allowance payment system for jobseekers and others, the appropriateness of the allowance payment system as a support into work and the impact of the changing nature of the labour market. Parliament of Australia: Canberra.

[5] The Australia Institute (2016) Poll: Strong rejection of Newstart cuts