

Northern Territory Council of Social Service Inc.

Working for a fair and inclusive Northern Territory

14 August 2011

Senator Claire Moore

Chair

Senate Community Affairs Committee

Parliament House

Canberra ACT 2600

NTCOSS submission to the Senate Community Affairs Committee on the: FAMILY ASSISTANCE AND OTHER LEGISLATION AMENDMENT BILL 2011

Dear Senator Moore

Thank you for the opportunity to make a submission to this enquiry. The Northern Territory Council of Social Service (NTCOSS) is a peak group for community sector organisations across the NT, and an advocate for disadvantaged Territorians.

NTCOSS would like to make a brief submission in relation to the Family Assistance and Other Legislation Amendment Bill 2011 and wish to preface our comments by expressing our concern at the very short time frame available in which to make a submission on issues of such critical importance. The short time frame for submissions has made it difficult for disability and other community service organisations to provide an extensive response to these complex policy issues.

NTCOSS has a number of specific concerns in relation to proposed amendments which are outlined here as follows:

NTCOSS is concerned about the proposed **new requirements for certain applicants for the DSP**

We are concerned that new applicants for Disability Support Pension (DSP) from 3 September 2011, must satisfy a new requirement before their claim is approved, meaning that applicants whose impairments are not classified as 'severe' would be required to undertake a 'program of support' before the pension can be granted (We expect such a program of support would include rehabilitation, training or other employment assistance).

We are concerned that this measure seems to unnecessarily and unreasonably delay access to a more adequate level of income support – and we are concerned about a lack of protection against any delay¹. While the aim of the policy might be to ensure that people with disabilities benefit from assistance to improve their job prospects and reduce the risk of long-term reliance on income support – we believe that such an outcome could be met by applying the proposed activity requirement to those new recipients of DSP who would benefit from such programs *after* the higher pension payment has commenced. This could help ensure that people with disabilities are not be financially disadvantaged.

NTCOSS supports programs that are designed to improve the job prospects of DSP recipients, as long as they can be individually tailored to their needs and they are genuinely able to do participate. However, since the Newstart Allowance (which is the alternative payment people would be on), is at least \$128 per week less than the pension, the Bill would deprive the majority of applicants (those with poor job prospects with an ongoing need of income support) of additional income to help them meet their basic living

¹ It is not clear whether the Bill provides for back-payment of DSP entitlements to the date of the original claim for someone who ultimately meets the eligibility requirements.

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expenses, and the additional expenses which often accompany living with a disability (e.g. medications, costs of transport).

We also have a specific concern with the proposed definition of a 'severe impairment' (which exempts individuals from the new requirement), which specifies that an applicant for DSP must have a score of at least 20 points on a single impairment table, rather than a combination of scores from more than one impairment table adding up to at least 20 points. This could mean that individuals who have multiple impairments might be required to participate in a program which is realistically going to be impossible for them to do (however, if a combination of scores was taken together then, they might be assessed as not suitable for such a program).

In addition the short time frame for commencement of this measure, with the proposed starting date being 3 September, provides insufficient time for Centrelink as well as employment service providers to adjust their systems to ensure they can meet the new requirement. NTCOSS also has concerns that there has been limited information on the numbers of people who will be affected by payments.

NTCOSS oppose this proposed amendment in the Bill and urges the Government to implement the widely supported policy objective of improving the employment prospects of people with disabilities in a more equitable manner.

NTCOSS also has concerns in relation to the non-indexation of FTB A and B supplements, which would see a three year freeze on indexation of these payments, to July 2014. These supplements are seen as an essential part of the budget planning of families on low incomes, who often use them to repay debts, to purchase costly household items such as whitegoods, and large yearly bills like car registration. We are concerned that this proposed amendment will impact on the poorest families the hardest. NTCOSS opposes this proposed amendment in the Bill.

NTCOSS believes that the amendment in the Bill which provides for a freeze on indexation of certain 'higher income test thresholds' for family payments (Family Tax Benefit Parts A and B, the Baby Bonus and Paid Parental Leave, to July 2014), is appropriate, as they target families on above-average incomes who are less likely to experience financial hardship as a result. We therefore support this amendment.

In summary, NTCOSS believe that there is no need to cut people's payments in order to assist them to engage in the labour market and we support the more extensive submission which has been made by the Australian Council of Social Service (ACOSS). We specifically highlight the ACOSS recommendations that:

- Schedule 3, which would delay access to the Disability Support Pension while applicants participate in a 'program of support' be opposed;
- The provisions of Schedule 2 that freeze the Family Tax Benefit supplements be opposed;
- The provisions of Schedule 2 that freeze various family payment income thresholds be supported.

Thank you for considering the issues we have raised in this submission

Yours sincerely

Wendy Morton
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NTCOSS