

Key Savings Measures

Savings Who is affected

What it means

Bill

Social Security

 Between
2016/17 and
2019/20

 First version
introduced

Family Tax Benefit payment rate changes (Schedules 1, 2 & 3)

\$2.7b

- Removes end-of-year FTB supplements
- Increases FTB Part A by \$10pw from 1 July 2018
- Abolishes FTB Part B for sole parents aged 59 or less (and who are not grandparents) in the calendar year their youngest child turns 17.

- All recipients of Family Tax Benefit (approx. 1.6 million families) will lose access to the end-of-year supplements. Sole parents whose youngest child is aged 16+ will lose FTB Part B in full (in the year the child turns 17).
- All recipients of FTB Part A will receive an extra \$10pw per child.

All families will lose \$210pa per child and single-income families will lose an additional \$350pa. A sole parent with a child aged 16+ will lose \$66pw. A sole parent with two children under 16 will lose \$20pw in 2017/18 and then \$15pw from 1 July 2018.

2014/15

Young people's access to unemployment payments (Schedules 13, 14, 15, & 16)

\$789m

- Four-week wait for young people to access unemployment payment;
- One week ordinary waiting period (to be served in addition to four-week wait for relevant income support recipients);
- Increases Newstart eligibility age to 25;
- Rapid activation of young people locked out of paid work.

- 75,000 young unemployed people denied any kind of income support for four-weeks (which will be five with the additional one-week wait included in Bill).
- 270,000 additional waits served by unemployed people and parenting payment recipients.¹
- 70,000 young unemployed people affected by increased Newstart age.

A 22-year-old who cannot find work after leaving education will lose at least \$1,320 upfront and \$47 per week thereafter. If they rent privately, they will lose over \$1,530 upfront by being denied income support (including rent assistance) for five weeks.

2014/15

Cessation of Energy Supplement for new income support recipients (Schedule 9)

\$933m

- 2 million income support recipients over four years, including people who started receiving a payment on 20 September 2016.

People living on Newstart will lose \$4.40pw. A pensioner will lose \$7pw.

2016/17

Abolition of various payments (Schedules 5, 6, 7, and 10)

\$580m

- Cessation of Pensioner Education Supplement
- Cessation of Education Entry Payment
- Reduces Age Pension portability
- Cessation of Pension Supplement for people who spend six weeks or more overseas

- 33,000 recipients of Pensioner Education Supplement (PES)
- 83,000 recipients of Education Entry Payment (EEP)
- (Most of these recipients are Carers, Disability Support Pensioners and sole parents).
- 190,000 Age Pensioners (over four years) affected by the change to portability

People who lose the PES and EEP will be \$35 per week worse off.

Pensioners who lose the Pension Supplement will lose \$32.5pw (couples lose \$44pw).

2014/15

 2016/17
(MYEFO)

¹ All of these measures could apply to one person, therefore total affected cannot be determined.



Fairer Paid Parental Leave Bill 2016 (Schedule 17)

- Restricts access to Government Paid Parental Leave where parent has access to employer scheme commencing at least 9 months after the Bill receives Royal Assent, with an earliest commencement date of 1 January 2018.

\$491m

- An estimated 70,000 parents will be worse off.

Parents will lose up to \$13,500 over 20 weeks (or \$12,100 under current program). 2015/16

Indexation freeze for working age payments (Schedule 8)

- Freezes working-age payments' income free area and income bank thresholds for three years.

\$69m

- Around 330,000 allowees will be affected at any point in time.

Although this does not directly cut payments, it erodes the level of income that can be earned before payments are reduced, adding to high effective marginal tax rates, heightening the risk of Centrelink debts and contributing to disincentives to work.

Automation of income stream assessments (Schedule 11)

- Allows sharing of data between income stream providers and the Department of Human Services

\$38.1m

- It will largely be Age Pensioners affected by this change.

There is substantial risk that automation will lead to mistakes in assessments.

Total savings**\$5.6b**
