

THE TURNBULL COALITION TEAM

CCHQ 2016



17 June 2016

Dr Cassandra Goldie
Chief Executive Officer
Australian Council of Social Services
Locked Bag 4777
Strawberry Hills NSW 2012

Dear Dr Goldie

Thank you for the opportunity to provide the views of the Coalition on important issues facing your members. On behalf of the Coalition Members of Parliament and candidates I am pleased to respond to your survey.

Australia's future depends on how well we can continue to grow and shape our economy.

Only the Liberal and National Parties have an **economic plan** to do that and ensure Australia's future.

We have a clear plan to transition the economy from the mining and investment boom to a stronger and more diverse economy.

The key elements of our national economic plan for jobs and growth are:

- An Innovation and Science programme bringing Australian ideas to market. This means greater investment and more jobs and opportunities for our young people;
- A New Defence Industry plan that will secure an advanced defence manufacturing industry in Australia. This will create thousands of new hi-tech, higher paying jobs;
- Export Trade Deals that will generate more than 19,000 new export opportunities. These will create many more jobs for our urban and regional families;
- New Tax Incentives, which will include tax cuts for more small businesses. More than two million businesses can benefit, to deliver more growth and jobs; and
- A Strong New Economy with more than 200,000 jobs expected to be created.

Our national economic plan and management is already paying dividends. Last year our economy continued to grow creating almost 300,000 new jobs, many of them in small business.

We cannot put economic growth and the jobs that come with it at risk with a return to Labor and their debt and deficits, high taxing, big spending ideas.

Only a Liberal and National Party Government can protect Australia's future.

Once announced, our policies will be available at www.liberal.org.au and www.nationals.org.au.

Thank you for communicating the Coalition's commitments to your members.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Tony Nutt', followed by a large, stylized checkmark.

Tony Nutt
National Campaign Director

COALITION RESPONSE TO THE AUSTRALIAN COUNCIL OF SOCIAL SERVICE (ACOSS)

The Turnbull Coalition is committed to improving the lives of all Australians and providing a well-targeted and sustainable safety net for vulnerable people and families.

Measuring social and economic progress

Joblessness is the major impediment to social and economic progress – that is why our policies are focused on jobs and growth and ensure that people are able to participate in society. There is nothing fair about losing a job or children growing up in jobless families.

This is why we are focusing on the Youth Employment Package to give vulnerable young people the skills they need and the skills that employers want, delivering real work experience and real jobs.

The Coalition's \$840 million Youth Jobs PaTh Programme will help up to 120,000 vulnerable young job seekers take advantage of job opportunities as the economy diversifies and transitions to broader based growth.

The \$40 billion *Jobs for Families* child care package will give parents more choice and opportunity to work by providing more accessible, flexible and affordable child care.

The Coalition Government's social security and family payments system provides a well-targeted safety net. Twenty per cent of households with the lowest income in Australia receive about 42 per cent of all Government cash benefits (nearly twice the OECD average).

At the same time our level of income/asset inequality in Australia is not high by international standards and an average Australian adult is among the wealthiest in the world (Table 4, *Credit Suisse Global Wealth Report 2015*).

A balanced approach to budget repair

The Australian economy is transitioning from the largest mining investment boom in its history to broader-based growth. While the resources sector will continue to play an important role in our economy, we must broaden growth to other sectors of the economy.

Like any Australian family or business, the Coalition Government is focused on keeping expenses down to balance the budget and pay down debt. A stronger budget supports jobs and growth and instils confidence as the economy transitions:

The Coalition's economic plan includes policies that will drive economic growth, particularly through innovation, boosting investor confidence, opening up new markets through Australia's successful and ambitious trade agenda, and continuing on a sustainable path to balancing the budget.

Improving the integrity and equity of the tax system

Australia needs a sustainable tax system that supports economic growth. Our Ten Year Enterprise Tax Plan will help underpin Australia's future economic success, attract new investment and create jobs.

From 1 July 2016, businesses with annual turnover less than \$10 million will have a company tax rate of 27.5 per cent. To become more internationally competitive, the company tax rate will be progressively lowered to 25 per cent by 2026-27 for all companies. The Coalition will also extend a range of concessions already available to small businesses with turnover less than \$2 million to all businesses with turnover less than \$10 million from 1 July 2016.

In the 2016-17 Budget, the Turnbull Government announced we will make a start on personal income tax relief. The Coalition will prevent average full time wage earners from moving into the second top tax bracket until 2019-20 by increasing the 32.5 per cent tax threshold from \$80,000 to \$87,000. This change will stop around 500,000 taxpayers facing the 37 per cent marginal tax rate.

The Turnbull Coalition will crack down on tax avoidance to ensure everyone pays the right amount of tax. In the 2016-17 Budget, we introduced a new Australian Diverted Profits Tax that imposes a 40 per cent penalty rate of tax on multinational corporations that attempt to shift their Australian profits offshore to avoid paying tax. The new tax is expected to raise around \$650 million over four years from large multinationals. Also, the ATO will receive additional funding for a newly established Tax Avoidance Taskforce. It is expected to raise \$3.7 billion in additional revenue over the next four years.

If re-elected, the Coalition will remain committed to responsible economic management and fiscal restraint to support the successful transitioning of our economy. Our Ten Year Enterprise Tax Plan will boost new investment, create and support jobs, and increase real wages.

Towards a fair and sustainable retirement incomes system

The Turnbull Coalition team is better targeting superannuation tax concessions to ensure our system is meeting its objective of providing income in retirement to substitute or supplement the Age Pension. It will ensure that the superannuation system is sustainable, affordable and equitable by having:

- a \$25,000 annual cap on concessional contributions, which include amounts paid by your employer and additional 'salary sacrificed' amounts;
- a \$500,000 lifetime cap per person on non-concessional contributions, such as money you choose to contribute to superannuation from your take home pay; and
- a 30% tax rate on concessional superannuation contributions for individuals with an income (including super) of above \$250,000, as currently applies to those whose income is above \$300,000; and
- a limit of \$1.6 million per person on amounts moving into the tax-free retirement phase (amounts above \$1.6 million can continue to be held in superannuation and will continue to attract generous tax concessions).

Those above the \$500,000 lifetime non-concessional cap as of budget night (3 May 2016) will not be required to withdraw amounts from superannuation and will not be subject to any penalty.

If an individual's retirement phase account balance is greater than \$1.6 million, the excess amount can be transferred into a concessional tax accumulation account prior to 1 July 2017, or withdrawn from superannuation tax-free.

Recognising that individuals may have different work patterns throughout their lives, the Coalition will also improve the flexibility of the superannuation system. This added flexibility, which is fully-funded through better targeted superannuation tax concessions, will assist women in particular, who have lower superannuation balances than men, on average, despite longer life expectancies.

A re-elected Coalition Government will ensure that the superannuation system is more flexible to help people save and prepare for retirement by:

- helping people on \$37,000 or less (including around 2 million women), with a Low Income Superannuation Tax Offset, providing a refund of the tax paid on contributions (up to \$500);
- encouraging partners to make contributions to low-income spouses, by extending eligibility to claim a tax offset for these contributions;
- helping people with interrupted careers – e.g. women and carers – by introducing catch-up contributions (for up to 5 years, for those with account balances up to \$500,000);
- simplifying contributions rules for older Australians by lifting restrictions on their ability to contribute; and
- removing the current restrictions for the partially self-employed and those whose employers don't offer salary sacrificing arrangements.

Ninety-six per cent of Australians with superannuation will be better off or unaffected as a result of these changes.

Improving support for people who are unemployed

The Coalition is committed to a social security system which supports people of working age to look for work or improve their work readiness skills unless their level of disability means they have no real capacity for work.

The goal of our welfare system should be to help everyone who can work, to find and keep a job.

An effective system should not produce intergenerational cycles of dependence where successive generations of young Australians grow up never seeing a parent go out to work. The aim should surely be to solve rather than perpetuate social problems.

In response to the review of Australia's welfare system, *A New System for Better Employment and Social Outcomes*, the Coalition has allocated an initial \$60 million to start upgrading the ageing Department of Human Services ICT system.

The Coalition has also allocated \$96.1 million for a Try, Test and Learn Fund for innovative policy interventions to help people find jobs and avoid getting trapped on welfare.

Reducing child poverty

The Turnbull Coalition is committed to ensuring that every child has the greatest possible chance in life to succeed and not live in poverty.

The Coalition Government's family payment system is generous. For example, a single income family with three children on an income of \$65,000 receives almost \$20,000 in tax free family payments.

The Coalition remains committed to providing parents with more choice and opportunity to work, and children with high quality early education, through the *Jobs for Families* child care package announced in the 2015-16 Budget. This package will create a simpler, more affordable, accessible and flexible child care system through investing more than \$40 billion in child care support over the next four years.

We know children from disadvantaged backgrounds benefit most from quality early childhood education and care, and that's why we're providing additional support to those who need it most.

Our \$1 billion Child Care Safety Net recognises vulnerable children and families need extra support.

The Child Care Safety Net will support families earning less than around \$65,000 who do not meet the activity test by providing up to 24 hours of subsidised care per fortnight. That is equivalent to two weekly six-hour sessions, and will be subsidised at the highest 85 per cent rate (an increase on the current 72 per cent).

The Coalition's child care package strikes the right balance between targeted child care support for hard working families who depend upon it, a generous safety net to protect those most vulnerable in our community and ongoing support for high quality early learning through \$843 million for 15 hours of preschool a week in the year before school.

The 2016-17 Budget also included \$5.1 million in funding for the Third Action Plan under the *National Framework for Protecting Australia's Children 2009-2020* to deliver two trials aimed at increasing the wellbeing and future economic and social outcomes of children and young people and reducing the likelihood of their reliance on support services in later life.

The Building Capacity in Australian Parents trial will work to build parenting skills in the first 1,000 days of a child's life. It will focus on vulnerable families where parents have mental health issues, are in jail, or face significant disadvantage. Under the trial, a local area coordinator will improve the coordination of support services for parents and train service staff to help new parents become more effective in their parenting role.

The National Agreement on Housing Affordability (NAHA) and the National Partnership Agreement on Homelessness (NPAH) both prioritised funding to women and children experiencing domestic violence or youth in crisis.

The Towards Independent Adulthood trial will support young people as they move from out-of-home care into adulthood, primarily through mentoring.

Access to basic services for all who need them

The Coalition is committed to ensuring that all Australians have access to health care and quality education regardless of income or location.

Commonwealth school funding has been growing in real terms since the Coalition came to office and will continue to grow into the future. There are no cuts to Commonwealth school funding now or in the future, just continued growth.

As announced in the 2016-17 Budget, the Turnbull Government will invest an extra \$1.2 billion in needs-based school funding for the entire period of the current budget so the total funding commitment for school education will be a record \$73.6 billion over the four years from 2016-17 (an increase of \$4.1 billion or 26.5 per cent) between 2015-16 and 2019-20.

The Coalition understands that while funding matters, what you do with that funding matters more.

Our *Quality Schools, Quality Outcomes* plan ensures that increased funding to States, Territories and non-Government sector schools has a focus on evidence-based initiatives to lift student performance and results. It also rewards high performing teachers and incentivises them to work in disadvantaged schools. For more information please go to: www.education.gov.au/quality-schools-quality-outcomes.

Students with disability will benefit from the Turnbull Government's extra \$118.2 million in needs-based funding for schools to support students with disability in 2016 and 2017. This additional funding will be targeted where it is needed most, and will take the level of Commonwealth assistance for students with a disability to \$1.4 billion and \$1.5 billion in 2016 and 2017 respectively.

A re-elected Turnbull Government will provide more than \$95 billion to States and Territories for the delivery of public hospital services over five years, representing an increase of 22.7 per cent. This includes an estimated additional \$2.9 billion over three years from the recent agreement between the Prime Minister and State and Territory leaders. Importantly, this new agreement includes a focus on improving quality and patient safety in our public hospitals.

The Coalition is committed to funding community services in areas of high need through its grants programmes. The Government invests in grant programmes to ensure areas of community need are addressed. These include but are not limited to areas such as housing and homelessness, domestic violence support services, children's organisations, financial counselling, aged care services and volunteer grants.

The Coalition is also committed to ensuring that organisations receiving taxpayers' money are producing outcomes. The Turnbull Government has invested in the Data Exchange (DEX) which shifts the focus of performance measurement from outputs to more meaningful information about service delivery outcomes. Information is collected in two ways; directly from clients as part of client surveys and from service providers who choose to participate in a partnership approach to provide additional information as part of their grant agreement requirements.

Ending the housing crisis

The Coalition understands the importance of affordable housing.

Housing affordability is a complex matter determined by the interaction of both housing supply and housing demand. Despite the significant investment by governments, more needs to be done to ensure that all Australians have access to stable and affordable housing. No single level of Government can act alone on this issue – it must be collaborative and there must be innovative solutions offered. We need bold, innovative and imaginative ideas to address these challenges and also address the issue of homelessness.

In 2016-17, the Commonwealth will directly contribute \$6.4 billion to improve housing outcomes by providing:

- more than \$1.3 billion to States and Territories through the NAHA for housing assistance and homelessness services;
- around \$4.4 billion in Commonwealth Rent Assistance to support more than 1.3 million individuals and families renting in the private and community housing markets;
- \$257 million in financial incentives through the National Rental Affordability Scheme for the construction and rental of dwellings for low and moderate income households; and
- \$428 million to assist Indigenous housing outcomes through the National Partnership Agreement on Remote Housing.

The Coalition has taken action in this area. We restored funding to the NPAH and provided \$230 million over two years to fund frontline homelessness services with a focus on women and children experiencing domestic violence.

The Coalition established the Affordable Housing Working Group (AWHG) in February 2016 to investigate ways to boost the supply of affordable rental housing through innovative finance models. The working group received 77 submissions which are currently being evaluated, with the final report, including recommendations for possible trials and next steps, expected to be provided to the Heads of Treasuries by 30 June 2016. This will canvas a range of innovative ways to increase investment in affordable housing.

Additionally, the Turnbull Government has committed in the 2016-17 Budget to implement a compulsory rent deduction scheme for social housing welfare recipients, to help them sustain their tenancies and reduce the risk of eviction.

A strong, independent and diverse civil society

The Coalition recognises that building a productive relationship with and supporting community organisations, not for profit and charity groups is an important element in ensuring adequate services are provided to those who need them.

To ensure that these organisations can deliver these important services as efficiently and effectively as possible, the Coalition will streamline processes to remove red tape. This will enable the sector to self-manage and focus more on its work in the community.

Our commitment to civil society is evident through the Prime Minister's Community Business Partnership which brings together community and business leaders to advise the Australian Government on practical strategies to foster a culture of philanthropic giving and investment in Australia.

Throughout this term the Coalition has funded peak representative bodies such as ACOSS and is committed to funding them.

Effective action to address climate change and its impacts on people on low incomes

The Turnbull Government's strong climate change policies are working to reduce Australia's emissions. We are meeting and beating our climate change targets, improving the environment and playing our part internationally. Importantly, we are reducing Australia's emissions without an electricity tax.

The Coalition is determined that Australian consumers should not pay more than necessary for a reliable and secure supply of energy. A recent reform, led by the Turnbull Government, has given the Australian Energy Regulator (AER) greater ability to interrogate spending by network businesses. This has already allowed the AER to reject \$4.4 billion of proposed network spending, ensuring consumers will see lower prices in the future. Writing down the value of current assets is a commercial matter for each asset owner to consider. Instead, the Coalition believes that empowering the AER to regulate appropriate capital spending by network businesses is the best approach to reducing network costs.

The Coalition Government is supporting vulnerable people through lowering the costs of electricity and gas. The repeal of the carbon tax led to the largest drop in electricity prices on record. The Coalition is absolute – we will not introduce a carbon tax, which would push up the price of electricity for vulnerable people.