

Federal Budget Snapshot

Social security

May 2017



Key points

- + While most of the \$13bn “Zombie” social security cuts are gone, cutting the Energy Supplement and increasing the Age Pension age to 70 remain on the government’s books. These mean-spirited proposals would cut the incomes of those with the least and have been repeatedly rejected by the Federal Parliament. ACOSS will continue to fight these cuts.
- + This Budget locks in wasteful spending including income management, more cashless debit card trials, and work for the dole.
- + Further harsh welfare crackdown measures vilify people on social security. They will make life even harder for people affected, including drug trials, demerit systems, longer waiting periods, and stricter tests.
- + Newstart, Youth Allowance and other allowances will now be one payment called “Jobseeker Payment”.
- + The Budget does nothing to address the real issue in social security that people are living below the poverty line on inadequate income support, and there is just one job for every ten people looking for paid work.
- + Long-term unemployment has almost tripled since the Global Financial Crisis.

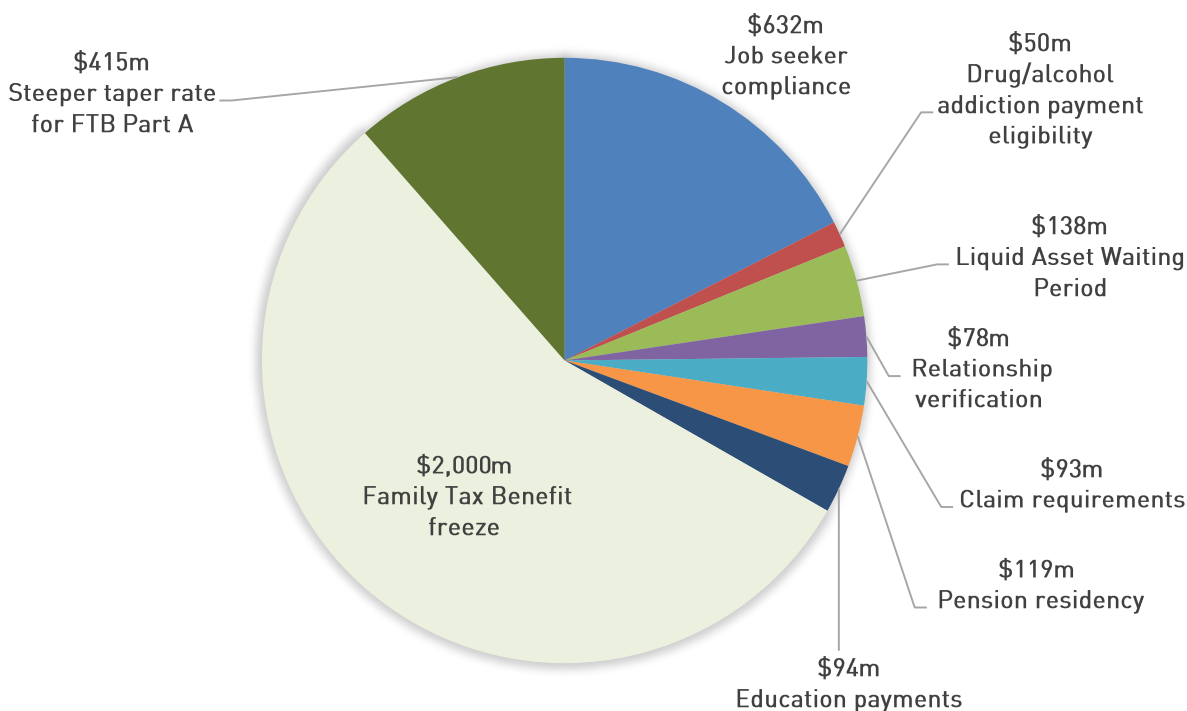
What’s in the Budget

- + **Cashless debit card and income management (ongoing)**
Cashless debit card trials in Ceduna and Kununurra and income management extended. Two new locations to be targeted. Will also apply to people under the drug testing trial. (Cost: at least \$145m)
- + **Drug testing and stricter eligibility for people with drug/alcohol addiction (from 1 July 2017)**
5,000 people who are unemployed drug tested. Drug/alcohol addiction mutual obligation exemption removed. Drug/alcohol addiction alone will no longer be an eligibility criterion for Disability Support Pension. (Saving: \$50m (no information published about the cost of drug testing))
- + **Tighten social security claim requirements (from 1 July 2017)**
People will need to provide a fully completed claim before they receive a payment. (Saving: \$78m)
- + **Family Tax Benefit cuts (FTB freeze starts 1 July 2017; taper rate change starts 1 July 2018)**
Freezing rates of FTB Parts A and B for two years. Lifting taper rate for families with income > \$94,316 to 30 cents in the dollar for FTB Part A. (Saving: \$2.4bn)

- + **Pensioner Education Supplement + Education Entry Payment reduction (from 1 January 2018)**
Payment rates will be paid at four different tiers according to study load.
(Saving: \$94m)
- + **Job seeker compliance measure (from 1 July 2018)**
New demerit point system for people who are unemployed with activity requirements.
Payments cut after losing four points and cancelled after losing seven.
(Saving: \$632m)
- + **Increased funding for employment assistance (from 1 July 2018)**
Expansion of ParentsNext. Extra assistance for mature-age jobseekers.
(Cost: \$303m)
- + **No Job No Pay – Family Tax Benefit Part A (FTB) (from 1 July 2018)**
\$28 cut from fortnightly FTB Part A for each child who is not up-to-date with their immunisation.
(Saving: \$15m)
- + **Residence requirements for people on Age and Disability Support Pension (from 1 July 2018)**
Stricter access to pensions for people with fewer than 10 years Australian Working Life Residence.
(Saving: \$119m)
- + **JobSeeker Payment replacing Newstart and other payments (20 March 2020)**
Seven working age payments will be rolled into the one payment called JobSeeker Payment.
- + **Increased hours of mutual obligation activity for job seekers (from 20 September 2018)**
People aged 30 - 49, 55 - 59 and 60 – Age Pension age will have increased hours of activity.
- + **Doubling of Liquid Assets Waiting Period (from 20 September 2018)**
Doubling the Liquid Assets Waiting Period for unemployment payments from 13 to 26 weeks where liquid assets are over \$18,000 (singles) or \$36,000 (couples and/or singles with dependants).
Saving \$138m

For a complete list of Budget welfare measures and ACOSS positions on these measures, see the social security measures table on page 4.

Breakdown of \$3.6 billion in social security cuts (over five years)



ACOSS commentary

ACOSS welcomes the removal of the \$13b in Zombie cuts after three years of opposition from the sector and the Parliament. It is also good to see a \$263 million investment in the worthwhile employment program ParentsNext and a Career Transition Program for older people affected by increased participation requirements.. ACOSS does not oppose the taper rate changes to Family Tax Benefit (FTB) as they affect households on incomes of \$94,000 and over.

However, the Budget continues to demonise people with a range of new welfare crackdown measures. No expert in drug and alcohol addiction has supported the random drug testing of social security recipients. Trials elsewhere have failed to achieve any positive results. ACOSS strongly opposes this measure.

The proposed demerit system will cut about \$200 million per year from social security. Australia already has one of the toughest systems of compliance for job seekers in the OECD, but this budget makes it tougher, with about 100,000 people expected to lose at least one week's payment and no exemption for families. There appears to be no exemption for families. ACOSS strongly opposes this measure. ACOSS calls for an independent review of the compliance system so that relevant experts can work with government and people affected to reassess what is most effective in supporting positive outcomes for people who are unable to find paid work.

There are stricter requirements for social security claims in this budget. Single parents will have to provide a third party verification of their relationship status, there will be removal of immediate payment provisions for people in need, and people with serious drug or alcohol addiction will no longer qualify for the Disability Support Pension on the basis of addiction alone. The tightening of the Liquid Asset Test is also regressive, requiring people to run down more of their meagre savings before being eligible for a payment. The longer wait period for some migrants will also only impoverish more people. ACOSS does not support any of these measures, as we cannot see the problem that they are said to address. They appear to all be budget savings measures.

The big problem in social security is the inadequacy of income support payments, including the now-called Jobseeker Payment, and Commonwealth Rent Assistance. People cannot find paid work to alleviate their situation. This budget does not alleviate this problem.

Instead, this budget blames people for their circumstances and, with one or two limited exceptions, provides no support to lift people out of poverty. ACOSS recommendations to address the poverty of people on social security have been ignored.

For a complete list of Budget welfare measures and ACOSS positions on these measures, see the social security measures table on the following pages.

[St Vincent de Paul Society: Budget 2017 boosts already high inequality](#)

[People with Disability, Australia: Federal Budget: Great NDIS and job support wins, but harsh welfare measures for people with disability](#)

[Australian Federation of Disability Organisations: 'Funding of NDIS now secure'](#)

[National Social Security Rights Network: Budget 2017 - Trial of compulsory random drug testing for job seekers](#)

[Mission Australia: Federal Budget 2017 - Welcome help for the homeless, but more needed for affordable housing](#)

[Anglicare Australia: This Budget forgets that we're all in this together](#)

[Federation of Ethnic Communities' Councils of Australia: FECCA concerned about impact of key Budget measures on migrant Australians](#)

[Catholic Social Services Australia: Budget 2017: Fairness and compassion should be the cornerstone of our society](#)

The National Congress of Australia's First Peoples criticises the extension of the cashless debit card stating the program is "shockingly inefficient" and that "the outcomes of this program are questionable." Congress co-chair Rod Little stated: "This budget continues the trend of punitive measures on welfare recipients." Congress co-chair Jackie Huggins said "this [budget] further stigmatises the most vulnerable members of society and is counterproductive to social cohesion."