

Budget at a glance

Social Security

May 2018



Key points

- + No increase to Newstart, Youth Allowance and related payments, despite broad support to Raise the Rate.
- + Plan to abolish the Energy Supplement remains in the Budget (cut of \$4.40 per week for new recipients of Newstart and Youth Allowance).
- + Several brutal measures, including garnisheeing of income support payments to pay state-based fines, making newly arrived migrants wait four years to access income support and subjecting Community Development Program participants to the harsh new compliance regime.
- + Although \$50 million will be put toward reducing Centrelink call waiting times, the government will slash 1,280 jobs from the Department of Human Services by 2019.
- + Extension of Robodebt for three years (expected to recover \$300m in alleged debt)

What's in the Budget

- + Reform of payments for Abstudy recipients, including higher Rent Assistance and improved travel fare assistance for students (costs \$38m over five years).
- + Extend the waiting period for newly arrived migrants to access income support from two to four years (cuts \$202.5m over five years, but assumes passage of existing legislation to extend the waiting period to three years currently before the parliament).
- + Amendment of the Community Development Program to provide up to 6,000 wage subsidies of up to \$21,000 over two years for CDP participants. Hours of activity reduced from 25 to 20 per week. CDP participants subjected to the harsh jobactive compliance framework from February 2019.
- + Cut income support to people with an outstanding arrest warrant and compulsorily deduct outstanding state and territory fines from income support payments (no figures published).
- + Cancel the Disability Support Pension to people who have been imprisoned for 13 weeks or more, even though they cannot be paid the payment while in prison (cuts \$5.2m over five years).
- + Extension of Robodebt for three years (expected to recover \$300m in alleged debt).
- + Reform of Pension Loans Scheme to extend it to full-rate pensioners (costs \$11m over five years).
- + Increase Work Bonus for Age Pensioners to allow them to earn more before the income test kicks in (costs \$227m over five years).
- + Encourage take-up of annuities by age pensioners by amending means test (cost \$20m over five years).
- + Align eligibility for Youth Allowance (student) with eligibility for the Higher Education Loan Program (cuts \$101m over five years).
- + Investment in social impact investing through longitudinal studies, development of an impact framework and establishment of trials (costs \$8.3m over four years).
- + Integrated Carer Support Service model to provide information, resources, services and early intervention for Carers (costs \$113 million).
- + Means test Carer Allowance by imposing a \$250,000 sudden death income test (savings directed to Carer Support Service model).

Impact on people

There is very little in this budget for people receiving income support. The modest spending restricted to Age Pensioners, Carers and Abstudy recipients is far outweighed by payment cuts affecting people who are unemployed, people with disability, low-income families and students. Aboriginal and Torres Strait Islander people stand to be further disadvantaged by this budget, particularly because Community Development Program participants will now be subjected to the new jobactive compliance regime.

Missing in action

- + No increase in the single rate of Newstart, Youth Allowance and related payments, despite the broad community consensus that these payments must rise.
- + No relaxation of the income test for people who are unemployed. ACOSS has been calling for an income bank of \$4,000 per annum to help people on Newstart and Youth Allowance (Other) keep more income from paid work.
- + No increase in family payments for single parents despite child poverty having increased largely because of cuts to payments for single parents.
- + The government has retained cutting the Energy Supplement and lifting the Age Pension age to 70, despite the lack of parliamentary support.

ACOSS commentary

This budget continues the trend of punishing people on income support payments. The refusal to lift the incomes of people in the lowest 20% is shameful, considering that this budget was touted as one to help low-income households. The measures to assist pensioners may help some, but low-wealth pensioners who do not own their home and cannot work will derive no benefit from this budget.

The cuts to social security are cruel. Making migrants wait four years to access income support is completely unjustified, as is cancelling prisoners' Disability Support Pension eligibility after 13 weeks of being in prison. Equally, recovering state-based fines from income support payments without permission will lead to people becoming homeless and removes responsibility from the states to reform their justice systems so that people are not imprisoned for unpaid fines.

Putting in place wage subsidies under the Community Development Programme will only be as good as the number of jobs created; the lack of paid work in remote areas is why people must rely on income support. We are deeply concerned that CDP continues to discriminate against Aboriginal and Torres Strait Islander people, as it maintains a more onerous set of mutual obligations than that of the mainstream employment program. Subjecting CDP participants to the new compliance framework, which is expected to see far more people cut off payment, is particularly egregious when one of the worst aspects of CDP is the severe over-penalisation.

In sum, this budget, at best, bypasses people on the lowest incomes and, at worst, impoverishes people who are most in need.

Sector views

- + Anglicare Australia: [Community advocacy has made its mark on the Budget debate](#)
- + Mission Australia: [Mission Australia response to Federal Budget 2018-19](#)
- + The Brotherhood of St Laurence: [Budget: some welcome job measures but inadequate income support undermines nation's effort](#)
- + The Salvation Army Australia: [Budget fails struggling Aussies](#)