

13 May 2019

Dr Cassandra Goldie
Chief Executive Officer
Australian Council of Social Service
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Dear Dr Goldie,

Thank you for the opportunity to provide the views of the Coalition on important issues facing your members. A response to your questions is attached.

This election will have real consequences for Australia's economy and our future.

Despite global headwinds, our economy is strong. This year, for the first time in more than a decade, the Government will deliver a Budget surplus.

A stronger economy means we can deliver on our plans to:

1. Create 1.25 million more jobs over the next five years.
2. Maintain budget surpluses and pay down debt.
3. Deliver tax relief to encourage and reward hard working Australians.
4. Guarantee increased investments for schools, hospitals and roads.
5. Keep Australians safe and our borders secure.

The alternative at this election is Mr Shorten. Labor's risky agenda includes billions of dollars of higher taxes – on retirees, housing, incomes, investments, family businesses, electricity and more.

Thank you for communicating our response to your members.

Yours sincerely,



Andrew Hirst
Federal Director

MORRISON GOVERNMENT RESPONSE TO THE AUSTRALIAN COUNCIL OF SOCIAL SERVICE

1. Income support to get through tough times and real help to find employment

The Morrison Government is committed to a welfare system that supports the most vulnerable, encourages those capable of work or study to do so, reduces intergenerational welfare dependency, and is sustainable for the future.

The Morrison Government believes the best form of welfare is a job. Under the Coalition, more than 1.3 million jobs have been created. A record number of young Australians and women are in employment. Welfare dependency is at its lowest level in 30 years.

The Newstart Allowance is primarily a payment designed to assist people transition through the labour market. For this reason, Newstart Allowance recipients can earn income from work or other sources before their payment is affected. It is important to note that around two-thirds of those granted Newstart Allowance exit income support within 12 months. Furthermore, over 99 per cent of Newstart Allowance recipients receive more than just the base rate of Newstart.

Australia also has one of the most targeted and efficient welfare transfer systems in the world - approximately 80 per cent of cash benefits are means tested. The bottom 20 per cent of households by income receive the highest amount of social assistance benefits in cash (\$517 per week, on average) with the highest 20 per cent of households by income receiving the least (\$28 per week).

The Morrison Government remains committed to providing a range of programs and payments, but this balanced with ensuring income support payments are well-targeted and sustainable into the future.

The Morrison Government knows that employment is critical to providing people with dignity, choice and opportunity. Under a Morrison Government there are more people in work than ever before.

We want to give even more Australians access to the choice and opportunity that having a job brings, that is why we are undertaking the most significant reforms to our employment services system in a generation.

The Morrison Government will transform Australia's employment services model to deliver better outcomes for both job seekers and Australian employers as part of our plan for a stronger economy.

The Morrison Government use digital technology to help job seekers to better match to suitable vacancies, and allow them to access the training they need when they need it. The new model will also have a more comprehensive assessment system to better identify the support that job seekers need to find work, whilst working to support the employment needs of employers.

Savings from digital servicing will be reinvested in the system to provide a more intensive, targeted and tailored face-to-face service for those who need extra help in addressing their barriers to finding a job.

The new system will also work better for employers by creating new online tools to help employers search for candidates for free, enabling them to meet skills shortages faster. It will also provide easier access to the range of support available to assist with employing a job seeker and will create incentives for providers to build better relationships with employers and service their employment needs.

The Morrison Government will also modernise its commitment to mutual obligation, providing more flexibility and diversity around the activities job seekers are expected to do, allowing activities to be better tailored to individual circumstances. Our new approach to mutual obligation will also encourage job seekers to take active steps to improve their employment prospects earlier than under the current framework.

The Morrison Government's new model will also be more contestable and flexible, making it easier for employment services providers to enter and exit. Under the new model, a licencing framework and a tough new performance regime will drive better outcomes and ensure providers are better meeting the needs of users. Providers who do not meet these standards will not have their licenses renewed.

It is critical that we get these reforms right. The Government is commencing a trial of elements of these reforms from 1 July 2019 to ensure that these reforms deliver better outcomes for job seekers and employers.

On 1 July 2018, the Government introduced significant reforms to *Disability Employment Services* (DES) to give people with disability greater choice and flexibility in finding work. Since the reforms were introduced, there has been a 27 per cent increase in the number of people with disability voluntarily participating in the DES program. Participants have also been able to change their provider, no questions asked. So far, over 9,800 participants have taken the opportunity to exercise their choice and control and change their provider.

Because of these reforms, we are also seeing greater employment outcomes, with 82 per cent of successful job placements are lasting at least 13 weeks, an increase of 24 per cent over previous arrangements. This shows that providers are financially incentivised to place a job seeker into work only if there is a real opportunity for lasting employment.

Over the next four years, the Morrison Government will continue to invest over \$3 billion in DES and associated services to help people with disability get long-term jobs with mainstream employers. The Government is also investing an additional \$300 million over the next ten years by indexing provider payments, ensuring that payments maintain their value into the future.

2. A secure, affordable home for everybody

The *National Housing and Homelessness Agreement* (NHHA), which commenced on 1 July 2018, will improve accountability and transparency for housing and homelessness outcomes. The Coalition has provided more than \$7.5 billion over five years, which includes \$620 million in dedicated, matched and indexed homelessness funding. This funding targets priority homelessness cohorts, which includes women and children escaping domestic violence, indigenous Australians and older Australians.

As part of the 2017-18 Budget, the Coalition announced a comprehensive housing affordability plan, which included a variety of tax, superannuation and foreign investment changes aimed to help Australians meet their housing needs. The Coalition has announced a comprehensive housing affordability plan designed to improve housing outcomes for all Australians.

This includes:

- the *First Home Super Saver Scheme* to help Australians buy their first home;
- the \$1 billion *National Housing Infrastructure Facility* and the *National Housing Finance and Investment Corporation* which will help to unlock new housing supply including social housing;
- strengthening regulation of the community housing sector to support its capacity to grow;
- \$6 million to support the Homes for Homes initiative, which aims to raise funds for social and affordable housing;
- \$10 million over 10 years to develop social impact investments that help young people at risk of homelessness;
- releasing surplus Commonwealth land for housing and the Australian Government property register; and
- a variety of tax, superannuation and foreign investment changes aimed to help Australians meet their housing needs.

The Morrison Government continues to support those in need in the community by providing around \$4.5 billion each year in *Commonwealth Rent Assistance* to more than 1.3 million individuals and families.

The Morrison Government will continue to build on this comprehensive plan to ensure that the policy framework exists to support Australians getting the opportunity to purchase a house.

Labor's Housing Tax will increase rents, making it harder for first home buyers to save for a deposit. Research by SQM found rents could rise as much as 22 per cent, equivalent to a \$90 a week rent increase in Brisbane, \$65 a week in Melbourne, \$60 a week in Perth and Adelaide, or \$50 a week in Sydney.

3. Action on climate change and affordable, clean energy

The Morrison Government will continue the Coalition's strong record of supporting practical and meaningful environmental action that gets results. Australia's iconic environment is part of our national identity and we are committed to protecting and preserving it for future generations.

We believe that protecting and restoring the environment is best achieved by working in partnership with the community, landcare groups, small and large businesses, Indigenous communities, farmers and scientists.

Under the Morrison Government, Australia's emissions are currently at their lowest level on a per capita and GDP basis in 28 years. Australia contributes to just over 1 per cent of global emissions. The Morrison Government is committed to Australia continuing to play its part in reducing emissions

The Morrison Government's 2030 target to reduce emissions by 26 to 28 per cent below 2005 levels is responsible and achievable. This target will see a reduction in emissions per person halve by 2030. This is one of the strongest efforts among G20 countries. This represents a balanced approach to reducing emissions and with the impacts of climate change.

The Morrison Government's Climate Solutions Package is a comprehensive, fully costed, \$3.5 billion plan, over the next decade to deliver on Australia's 2030 emissions reduction targets.

Our plan includes:

- A \$2 billion climate solutions fund to reduce greenhouse gases across the economy through the existing Emissions Reduction Fund, giving farmers, small businesses and Indigenous communities the chance to improve the environment and benefit from new revenue opportunities.
- To secure our energy future for generations to come, through investments in a high-tech expansion of the Snowy Mountains Scheme and a second interconnector, Marinus Link, between Victoria and Tasmania. This will deliver more affordable, reliable power to the National Electricity Market, reducing prices for Australian families and businesses while keeping the lights on.
- To help households and businesses to lower energy bills. By the middle of 2019, over one million Australian families and small business will benefit from electricity prices falling by up to 15 per cent and the ban on sneaky late payment fees.
- To develop a national electric vehicle strategy to ensure a planned and managed transition to new vehicle technology and infrastructure.

We are taking action to lower prices. Our plan for affordable, reliable power includes: a price safety net to protect customers; big stick legislation to stop energy company rip offs of customers; and a technology neutral program to underwrite new reliable energy generation.

This builds on previous measures to lower energy costs, including: requiring power companies to provide better deals; securing priority gas supply for Australia; and putting downward pressure on network costs (which are passed on to customers) by stopping the energy networks from gaming the system.

Our plan for affordable and reliable power is getting results. From 1 July 2019, we will permanently get rid of the 'loyalty tax' and lock in better deals for nearly 800,000 households and small businesses. Households will save up an estimated \$479 per year in South Australia, \$696 in NSW and \$660 in South East Queensland under a direct market offer.

The savings delivered build on the price cuts of up to 15 per cent secured by the Morrison Government for more than 500,000 families and small businesses from 1 January 2019 – and our ban on sneaky late payment fees that will save some customers up to \$1,000 a year. To further support pensioners and many other Australians we are providing \$365 million for Energy Assistance Payments to help with energy bills – \$75 for singles and \$125 for couples.

During six years of Labor Government, power prices doubled and went up every year. Now, Bill Shorten wants to replicate South Australian Labor's 50 per cent renewable target on a national level, which will mean higher electricity prices.

Labor also wants Australia to go far beyond the rest of the world and cut carbon emissions by 45 per cent. This would damage our economy and cost local jobs. Independent modelling shows that Labor's 45 per cent *Emissions Reduction Target* and 50 per cent *Renewable Target* will cost the economy \$472 billion, slash more than 336,000 jobs, cut the average wage by over \$9,000 and increase wholesale electricity prices by more than 58 per cent.

4. Quality health and community services

The Morrison Government's *Long-Term National Health Plan* is providing Australians with access to quality medical care, record hospital funding, affordable life-saving medicines and breakthrough research for new drugs and treatments. Our goal is to make our health system even stronger and to ensure it is the best in the world.

Medicare funding is at record levels. Almost nine out of 10 Australians who visit the doctor have no out of pocket costs with GP bulk billing rates at a record 86 per cent, up from 82 per cent under Labor.

We are keeping the cost of health care down by increasing funding for diagnostic services such as MRIs and PET scans to detect breast cancer.

In partnership with GPs, we will improve options for more flexible care to meet the needs of patients and to keep them healthy and out of hospital with a \$1.6 billion package to strengthen primary care.

Australians have access to the latest medicines through the PBS – with reduced costs on more than 2,000 new and amended medicines listings since 2013, thanks to an investment of \$10.6 billion. These medicines are saving and changing lives.

A re-elected Morrison Government will also invest \$308 million to cut the cost of life changing prescription medicines for over 1.4 million Australians who require multiple medicines.

From 1 January 2020, the Safety Net threshold to receive free or further discounted medicines through the PBS will be lowered by 12 scripts for concession card holders and the equivalent of 2 scripts for non-concession card holders.

This change will mean that people will take less time to reach their safety net threshold saving them up to \$80 per year and providing them earlier access to free or further discounted medicines. This will be of particular benefit to families who require multiple medicines per month and pensioners and individuals with multiple chronic conditions such as heart disease, high cholesterol, arthritis, asthma and diabetes.

Record funding will be provided for public hospitals with an additional \$31 billion from 2020-21 to 2024-25 to employ more nurses, doctors and specialists, delivering – in partnership with the states and territories – more surgeries and medical services.

With one in five Australians affected by a mental health disorder, we are expanding support services particularly for young people. We are working to address the nation's suicide rate with the largest youth suicide prevention plan in Australia's history focused on expanding headspace, Indigenous youth suicide prevention and supporting children and their parents. Australians living in rural and regional Australia have greater access to services including through new regional cancer centres, expanded telehealth services, regional clinical trial centres and increased opportunities for Australia's rural and regional health workforce.

Our 10-year medical research plan through the \$20 billion *Medical Research Future Fund* backs our local scientists and ensures we can quickly take life-saving discoveries from the laboratory to the hospital.

When Labor was last in Government, their budget mismanagement denied patients affordable access to life changing medicines. Hospital funding and bulk billing rates were lower under Labor and Labor won't commit to the Private Health Insurance rebate.

5. Funding for our future

Under the Coalition, Australia now has some of the strongest multinational tax laws in the world. This includes the *Multinational Anti-Avoidance Law* and the *Diverted Profits Tax*.

Since July 2016, the ATO has raised \$12.9 billion in additional tax from large companies, multinationals and wealthy individuals through these rules.

Labor's devastating Retiree Tax is a \$57 billion tax grab that would hit over 1 million Australians. This includes more than 900,000 Australians with direct shareholdings, 200,000 self-managed super funds and 1,800 super funds. On average, these retirees would lose almost \$2,300 a year – and more than half of them are women. Self-managed super funds would lose \$12,000 a year.

Labor claims their Retiree Tax will only slug the wealthy, but the truth is that 84 per cent of Australians who would be affected are on a taxable income of less than \$37,000. And 50,000 pensioners in self-managed super funds would also be hit.

6. A strong community voice and a thriving democracy

The Coalition has always supported, and will continue to support, a strong and vibrant community services sector. The Morrison Government regularly engages with community sector organisations on its policies and programs and we welcome their contribution.

To this end, the Government funds a number of organisations, including ACOSS, to provide feedback and advice on policies and issues impacting the sector. This funding also assists these organisations to facilitate engagement between the Department of Social Services and the sector, and to communicate information about programs and policies to peak body members and the sectors they represent.

Since September 2013, the Coalition's investment in disability advocacy has grown from \$19.7 million to \$34.4 million in 2018-19, recognising the significant challenges involved for people with disability to understand and access the *National Disability Insurance Scheme*.