



28 April 2019

Dr Cassandra Goldie
CEO, ACOSS
Via email: jacqui@acoss.org.au

Dear Cassandra

Thank you for the invitation to outline the Australian Labor Party's policies on the issues that matter to ACOSS during the 2019 Federal Election.

Please find Labor's responses to the issues you have raised below. We will continue to release policies in the lead up to the election, which can be accessed at www.alp.org.au/policies.

Yours sincerely

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ALP Response – ACOSS Federal Election Priorities

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

Labor recognises that the rate of Newstart is too low. It simply hasn't kept up with the cost of living for Australians that rely on it. It's so low it's acting as a barrier to getting work; with people struggling to afford transport, clothes and essentials.

Labor will conduct a root and branch review of Newstart – as well as related payments and supports – as a matter of priority.

A comprehensive review is needed in order to identify which parts of the system need to change and how to pay for it. The review will focus on alleviating poverty and helping people into the workforce.

A review is also needed because Australia's social security system is complex. Interactions with other payments and services, like the Family Tax Benefit and employment services system, need to be considered. So too do interactions with state government services, like housing. It is important that changes to Newstart benefit vulnerable Australians and are not swallowed up by increases in State Government rents and charges.

Labor's review of Newstart will also reconsider the age at which single parents move from Parenting Payment to Newstart. Looking after your children is the most important job of all, and every child deserves a good start to life. It's important that single parents and their children are not forced into poverty.

In contrast to Labor's plan, Scott Morrison refuses to acknowledge that Newstart is inadequate. The Liberals have spent the last six years demonising people on social security. They have made it more and more difficult for vulnerable Australians to access income support – including trying to make them wait six months to access Newstart, as well as threatening to axe the Energy Supplement.

The reason that Newstart was not cut by the Abbott-Turnbull-Morrison Government was because Labor fought the cuts tooth and nail.

Unlike the Liberals, we do not review payments to cut them, or to push people off them. When Labor was last in government, we commissioned an independent and comprehensive review of the adequacy of the Age Pension, known as the Harmer Review. Following this review, Labor delivered the single largest increase to the Age Pension, Disability Support Pension and Carer Payment – lifting one million Australians out of poverty.

Labor is proud of Australia's social safety net. But too many people are falling through the cracks.

2) Real help to find employment

The jobactive system costs the Australian public more than \$6 billion over four years. It needs to provide value for money.

Labor knows that the current system isn't working for unemployed people, businesses or taxpayers. We believe that labour market programs should be geared towards making people more work-ready, helping them get the skills they need, and helping them to get a secure, decent job.

Instead of ticking boxes, jobactive providers should be getting to the bottom of what's stopping unemployed people getting work, building relationships with employers, and getting a better understanding of the local labour market.

The Government's own recently commissioned review showed that 18 per cent of employers were using the job services system in 2007, but by 2018 that proportion had dropped to only 4 per cent.

Labor believes that people who are looking for work need to be treated with respect, supported to develop the skills and experience they need for jobs in their local area, and helped to find secure, decent jobs.

Under a Shorten Labor Government, mutual obligation and any compliance measures that go with it, will be aimed at helping people to get off income support and into sustainable work.

Labor will also support people to develop skills by investing over \$1 billion in TAFE and apprenticeships to ensure Australians have the education and skills they need to succeed in our changing economy. Labor will provide 150,000 additional apprenticeships in areas of skill shortages and wave upfront fees for 100,000 Australians to go to TAFE.

3) A secure, affordable home for everyone

Australia is in the midst of a housing affordability and homelessness crisis under the Morrison Government – our housing system simply isn't delivering for working and middle class Australians.

Rates of home ownership have plummeted to historic lows, record numbers of families are experiencing rental and mortgage stress, and many of the most vulnerable in our communities are at-risk or experiencing homelessness.

The Abbott-Turnbull-Morrison Government has failed to provide national leadership in housing policy or to invest in the supply of Australia's affordable housing stock.

Labor has a comprehensive plan to tackle the housing affordability crisis, increase supply, combat growing intergenerational inequality, support jobs and skills, assist Budget repair, and improve financial stability.

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A Shorten Labor Government will:

- Reform negative gearing so that deductions can only be claimed on newly built homes, which will increase new housing supply and support jobs. We will reform the capital gains tax concession and allow existing investors maintain their current CGT and negative gearing entitlements. There will be no retrospective taxation or impost on existing investors.
- Build 250,000 new affordable rental homes over the next decade in partnership with the community housing sector for Australians on low and moderate incomes. We will also ensure that 1 in 10 employees engaged in building new housing stock under our scheme are apprentices.
- Create a viable Build to Rent sector in Australia – giving institutional investors better tax concessions, encouraging more construction and stimulating the housing market. We will cut the managed investment trust withholding rate in half from 30 per cent to 15 per cent to encourage new housing supply.
- Provide \$88 million over two years for a new Safe Housing Fund to increase transitional housing options for women and children escaping domestic and family violence, young people exiting out-of-home care and older women on low incomes who are at risk of homelessness.
- Develop and implement a national plan to reduce homelessness through the Council of Australian Governments (COAG).
- Limit direct borrowing by self-managed superannuation funds. Limited recourse borrowing in SMSFs has exploded in recent years, increasing risk in the superannuation system and crowding out first home owners.
- Facilitate COAG processes to introduce a uniform vacant property tax across all major cities.
- Increase fees for overseas investors buying Australian real estate, and increase penalties when they break the law.
- Achieve better results from National Agreements, including better rights for renters, planning reform, inclusionary zoning, and accelerated land release.
- Re-establish the National Housing Supply Council and appoint a dedicated Federal Housing and Homelessness Minister.

- Establish a new and independent COAG Economic Reform Council that will be given the autonomy to examine, track and report to COAG on long-term reform priorities, including on housing affordability and supply.

Secure housing is essential to wellbeing, participation and inclusion and that all Australians have a right to safe, affordable and appropriate housing throughout their lives.

A Shorten Labor Government will ensure that the issue of affordable housing for all Australians is front and centre of our national agenda for the next decade and beyond.

4) Affordable clean energy and action on climate change

A Shorten Labor Government will reduce pollution, invest in renewable energy and take real action on climate change – to ensure we hand on a better deal to the next generation.

After six years of chaos, uncertainty and rising pollution under the Liberals, Australians need stability and certainty on climate change policy – that’s what our plan delivers.

Ignoring climate change is simply not an answer.

Inaction is not an option for our environment or economy. Natural disasters cost the economy \$18 billion a year. Experts at the Australian National University, the University of Melbourne and the CSIRO have estimated the cost from climate change impacts of not meeting the Paris Agreement goals will be \$14,000 for every Australian household in the long run.

There are five key elements to our plan to reduce pollution and protect and grow our economy:

1. **Invest in renewable energy to grow jobs and slash power bills:** Labor will deliver a \$2,000 solar battery rebate for 100,000 households (with gross income below \$180,000), with a one million battery target by 2025, and doubling the capital of the Clean Energy Finance Corporation, to deliver 50 per cent renewable energy by 2030.
2. **Work with industry to cut pollution,** by extending the safeguard mechanism implemented by Turnbull’s pollution cap to Australia’s biggest polluters. Labor will:
 - a. Extend the coverage threshold to facilities that pollute more than 25,000 direct CO2 tonnes annually, bring industrial pollution down in line with our target of 45 per cent, allow companies to earn and sell credits for overachievement, and provide tailored treatment for emission intensive, trade exposed industries.
 - b. Exempt agriculture (as under the current system) and deal with the electricity sector separately, under Labor’s National Energy Guarantee to drive greater emissions reductions.

- c. Abolish Tony Abbott's ineffective and expensive Emission Reduction Fund, which the Liberals recently topped up by \$2 billion.
3. **Support for strategic/trade exposed industries:** Labor will establish a Strategic Industries Taskforce and provide \$300 million for a Strategic Industries Reserve Fund for tailored solutions to cut pollution and remain competitive, plus tailored treatment under safeguards to ensure these industries are not disadvantaged in global markets.
4. **Cutting pollution on the land:** Labor will revitalise carbon farming initiatives to supply low cost land offsets for business, which will also give farmers, the forestry industry and traditional land owners opportunities to earn income. Plus, federal legislation will put protections in place to stop broad-scale land clearing (but won't intervene where state laws are adequate, like in Queensland).
5. **Clean cars and transport:** Labor will drive the transition to electric vehicles through setting a national target of 50 per cent new car sales by 2030, which will reduce electric vehicle prices, improve availability, and cut pollution.
 - a. Policies to support this include a government fleet target of 50 per cent new cars by 2025, the Australian Investment Guarantee to encourage more private fleets, and an innovation and manufacturing strategy.
 - b. Introducing vehicle emission standards, aiming for 105 grams of CO2 per kilometre, broadly consistent with US standards and Climate Change Authority advice, consulting on coverage, phase-in/timeline/implementation.
 - c. A \$200 million charging station fund, with Labor investing \$100m million to match industry, state and local government proposals to deliver around 200 fast charging stations. This will target rural and regional Australia and Australia's most critical road corridors.

We also have plans to restore Australia's international engagement on climate change by re-appointing a Climate Change Ambassador and focusing on engagement in the Pacific, and restore and reform Climate Change Authority to conduct detailed climate impact assessments.

Renters and social housing residents will benefit from cleaner and cheaper renewable energy that will help cut the cost of power bills, with Labor's plan to establish Community Power Hubs as part of Labor's \$100 million Community Renewables Program.

The program is aimed at helping renters and social housing residents benefit from cheaper and cleaner renewable energy, by supporting local community renewables projects such as solar gardens on rooftops, community wind farms, energy efficiency upgrades for social housing, and grants for community groups to pilot new projects.

Labor will work with local communities, local councils and renewable energy groups to determine the best location for the Hubs around the country.

Community Power Hubs will support the development, coordination and financing of local projects to increase the uptake of renewables, including through solar PV and batteries.

Labor will pay for these commitments by making multinationals pay their fair share and closing tax loopholes used by the top end of town.

5) Quality health and community services for all in need

In our pursuit of a fair society, Labor is always guided by our duty to protect the most vulnerable: alleviating poverty, combatting homelessness, and reversing disadvantage.

Labor supports a vibrant, strong and innovative community sector. Our community sector makes an enormous social and economic contribution. It provides frontline services to our most vulnerable people including early intervention, crisis support and legal assistance for those at risk of homelessness, escaping domestic violence or who are excluded from their communities. The sector builds the capacity of communities to respond to entrenched and emerging social challenges and create opportunities for the participation and inclusion of all Australians.

Labor believes in investing in health care so all Australians can access and afford the best possible quality care. Labor has a proud record in health care – we invented Medicare and the Pharmaceutical Benefits Scheme and have always fought to protect them.

We have consistently stood up against the billions of dollars in Liberal cuts to health and hospitals that began with the horror 2014 Budget.

Labor will invest in an extra \$2.8 billion in a Better Hospitals Fund which will benefit every public hospital in Australia by restoring the core funding cut by the Liberals. This investment will mean more doctors, nurses, hospital staff and beds. It will also reduce elective surgery and emergency department wait times and fund new capital projects like hospital expansions, new and refurbished wards, upgraded emergency departments and new palliative care and mental health facilities.

Labor will always invest more in Medicare. We will lift the Liberal's six year Medicare rebate freeze, meaning we will invest an extra \$200 million into Medicare to unfreeze 100 GP items – and make GP visits more affordable for patients. Labor has also committed to new Medicare-funded MRI licences across the nation, making safe and potentially life-saving scans more affordable.

Labor's \$2.3 billion Medicare Cancer Plan will slash out-of-pocket costs for cancer patients and fund millions of free scans, millions of free consultations and cheaper medicines for cancer patients.

Labor has committed to a \$115 million Indigenous health package and to the development of a National LGBTIQ Health and Inclusion Strategy to address the health needs of groups facing different barriers to accessing services.

Investing in quality early childhood education and care is one of the best ways to break down intergenerational disadvantage and build a more equal society. A Shorten Labor Government will deliver massive cost of living relief for nearly one million families struggling with the costs of child care. From July next year, Labor will put more money back in the pockets of 887,000 Australian families.

Labor will also introduce a new National Preschool and Kindy Program, guaranteeing around 700,000 Australian children a year will be able to access subsidised preschool in the two years before formal school.

A Shorten Labor Government will make a record Commonwealth investment of over \$660 million in the Fourth Action Plan to reduce violence against women and their children, more than doubling current funding and committing to long term change. This will include an extra \$90 million to make sure women threatened by violence don't go through the legal system alone, by boosting funding to Community Legal Services and other services and supports.

Labor will also invest in an \$88 million Safe Housing Fund, provide an extra \$60 million for refuges and emergency housing and build 250,000 new affordable rental properties.

Further support will be provided through a \$62 million grants program for community-based prevention efforts and frontline services. Labor will provide 20,000 Flexible Support Packages to provide practical financial assistance to people escaping violence.

And we will provide \$40 million to emergency relief organisations across the country to support people in financial hardship.

Labor will pay for these commitments by making multinationals pay their fair share and closing tax loopholes used by the top end of town.

6) Funding for our future

Labor has been at the forefront of policies designed to build a fair and sustainable tax system.

We have already announced policies that would:

- Reform negative gearing and the capital gains tax discount, with Treasury analysis showing that over half of the tax benefit of negative gearing goes to the top 20 per cent of incomes, and nearly three quarters of the tax benefit of the capital gains tax discount goes to the top 10 per cent.
- Reform the taxation of discretionary trusts, that are generally only used by wealthier Australians who have been able to accumulate passive investments such as shares and property, with 98 per cent of all individual taxpayers in Australia being unaffected.

- Place a \$3,000 cap on the deduction someone can claim for managing their tax affairs, which will affect less than one per cent of all taxpayers.
- Reform dividend imputation by returning it to its original settings, with 80 per cent of the benefits under the current system accruing to the wealthiest 20 per cent of retirees.
- Not proceed with the later stages of the Liberals' income tax plan that overwhelmingly benefits high income individuals, and restore the temporary Budget Repair Levy of 2% on income above \$180,000.
- Remove 'debt-deduction' loopholes used by multinational companies to syphon profits out of Australia, remove certain tax perks used by companies and individuals who exploit tax havens, provide additional resources to the Tax Office, and dramatically increase transparency to drive greater compliance.

Labor is focused on creating a tax system that works for all Australians and ensuring that the burden of budget repair is evenly shared across the community. We need to make sure that the Budget can support the delivery of world-class health and education systems into the future.

7) A strong community and a thriving democracy

Labor believes in strong, vibrant and independent community and not-for-profit sectors to build social capital and drive advocacy for positive policy change.

Our National Platform committed Labor to work to ensure that Australian charities and not-for-profit organisations are able to participate in public debate and in policy making processes, in accordance with charities law, without being treated as if they have a partisan political intent or being subjected to unnecessary regulatory burden.

Further, a Labor Government will safeguard the ability of charities and not-for-profits to collaborate in work that advances the public interest. Labor believes a national framework for regulating not-for-profits should:

- Stimulate the establishment and growth of a broad range of community or not-for-profit organisations.
- Foster the public advocacy role of the sector.
- Encourage donor confidence.
- Set a reasonable standard for public disclosure and oversight.

Labor does not support gag clauses, and in 2013 introduced the Not-for-Profit Freedom to Advocate Act to prohibit and invalidate clauses in Commonwealth agreements with the not-for-profit sector that restrict or prevent NFP entities from advocating on Commonwealth law, policy or actions.

Under a Labor Government, the relationship between not-for-profits and the government would be one of partnership and respect.

The work Labor has done in Opposition to uphold the rights of charities, not-for-profits and community sector organisations to speak openly and confidently in our public discourse, has been done in partnership with the sector.

If Labor forms government after the election, we will work to protect civil society's role in our democracy and to ensure the Commonwealth gives due consideration to the expertise, experience and altruism of Australia's not-for-profit sector.

A Shorten Labor Government will look to continue the work that was commenced by the Gillard and Rudd governments, which set up the Australian Charities and Not-For-Profits Commission and put in place the Not-For-Profit Sector Freedom to Advocate Act.

Labor acknowledges the effectiveness of issues-based advocacy in bringing about changes that the community supports, and we understand how important it is that philanthropists and private donors can confidently support charitable advocacy.

A Shorten Labor Government will work with the charity and not-for-profit sectors to ensure that community voices can join conversations about critical political issues, because we know it is in the community's interests that these voices get a say.