
15 March 2012

Section 22

AUSTRALIAN COUNCIL OF TRADE UNIONS (ACTU)

The Australian Council of Trade Unions (ACTU) submission suggests that public spending to support employment is more important than returning the budget to surplus. As a consequence, the Government should change its short-term fiscal policy, if necessary, to ensure businesses in the manufacturing, tourism and other trade-exposed sectors do not fail.

The ACTU makes three specific policy recommendations in its submission including:

- provide \$1.6 billion per year to fund wage rises in the aged care sector to bring them in line with similar employees in public hospitals;
- progressively increase the Newstart Allowance to the same value as the aged pension, at an initial cost of \$855 million per year; and
- commit to funding the National Disability Insurance Scheme (NDIS).

Finally, their submission summarises policy proposals the ACTU previously made to the tax and jobs forums held in 2011, including personal and company tax increases, an expanded role for unions in the workplace relations systems, reduction in the rights of independent contractors, and protectionist measures such as local content rules for domestic businesses.

Treasury response

The decision by Fair Work Australia (FWA) on the equal remuneration case in the social and community services sector has implications for other sectors with similar characteristics. However, FWA must consider other claims for equal remuneration orders, for example in the aged care sector, on their merits.

The purpose of allowances is to provide income support for the short term. Consequently, they are set at a lesser amount than pension payments, which are for people who require income support for longer periods. Any narrowing of the difference could have an adverse impact on incentives to return to work or enter the labour market, although the difference between the rates means any effect would be modest.

The Government is currently considering the Productivity Commission's NDIS recommendations in consultation with the States and Territories, including options for funding.

Existing Government policy forums, such as the Fair Work Act Review and the Prime Minister's Manufacturing Taskforce, are dealing with other matters of concern to the ACTU such as workplace relations and support for local industry.

Section 22

Social Security

The ACOSS is concerned by the growing gap in payment rates for those on Newstart Allowance compared to Pension payments, and is calling for an increase in the Newstart Allowance and other Allowance payments for single people by \$50 per week from 1 January 2013. The ACOSS is also recommending changes to ease the income test and liquid assets for partnered principal carers of school age children and people with disabilities, to encourage part time employment.

Treasury response

The purpose of Allowances is to provide income support for the short term, for example a period of unemployment, and thus are set at a lesser amount than pension payments, which are designed for people who require income support for longer periods of time. The Minister for Employment and Workplace relations, the Hon Bill Shorten MP, has re-iterated the Government's position that the current balance is right between providing a safety net for people who need financial assistance, and the incentive for people to take up paid work.

Income tests are used to target income support at those who most need it, with taper rates allowing payments to be withdrawn gradually as people increase their earnings. To increase the incentives for people on the Disability Support Pension (DSP) to take up part time work the Government increased the number of hours all DSP recipients can work and remain on payment, subject to the income test, from 15 to 30 hours per week in the 2011-12 Budget.

Section 22

Pages 59-72 section 22