

## TREASURY EXECUTIVE MINUTE

Minute No.

8 August 2012

Deputy Prime Minister and Treasurer

### BACKGROUND BRIEFING FOR MEETING WITH THE CEO OF THE AUSTRALIAN COUNCIL OF SOCIAL SERVICES (ACOSS)

**Timing:** For consideration prior to your meeting with the CEO of ACOSS on 14 August 2012.

#### Recommendation/Issue:

- That you note the attached background briefing and talking points on issues of interest to ACOSS.

Noted

Signature: ~~COPY PROVIDED TO THE~~ ...../...../2012  
DEPUTY PRIME MINISTER

*Ths*  
*Jacobs*

#### KEY POINTS

- This minute provides background briefing on views expressed by the Australian Council of Social Services (ACOSS) on tax and transfer issues as well as other issues of interest to ACOSS.
- ACOSS was mostly positive about the Government's 2012-13 Budget, and noted in a media release on 8 May 2012 that '[it] welcomed the overall approach in the Federal Budget, which makes the tax system fairer and will improve the lives of people on low incomes'.
  - ACOSS' major criticisms of the 2012-13 Budget were in relation to its impact on around 100,000 single-parent families being moved from Parenting Payment to NewStart Allowance, and the failure to raise the NewStart Allowance to a decent liveable level indexed to wages growth rather than CPI.
- In recent months, ACOSS has prepared:
  - a 2012-13 Budget Priority Statement (ACOSS Paper 179);
  - Federal Budget 2012-13 Initial ACOSS Analysis (ACOSS Paper 189);
  - submissions relating to the the Australian Charities and Not-for-profits Commission exposure draft bills;
  - a submission to the Senate Economics Committee on reforms to the tax treatment of superannuation contributions (ACOSS Paper 180); and
  - a submission to the Tax Forum on a fairer and more efficient tax and social security system (ACOSS Paper 178).



## ATTACHMENT A — ADEQUACY OF ALLOWANCES

### BACKGROUND

- ACOSS in their *2012-13 Budget Priority Statement* (December 2011) made a number of recommendations regarding increased spending on allowances:
  - **Increase Allowance payments for single people by \$50 per week.** The gap between base rates of allowances and pensions for single people should be reduced by increasing allowance payments for single people to the same proportion of the married couple rates as applies to pensioners. The increase would also flow onto other allowance payments for singles.
  - **Ease the income test for Allowance payments for partnered principal carers of school age children and people with disabilities.** To make part time employment worthwhile for partnered parents and people with disabilities on Allowance payments, from 1 January 2013 the main ‘taper’ rate in the personal income test for those recipients of Allowance payments should be reduced from 60% to 50%.
  - **Abolish the liquid assets waiting period for Allowance payments.** The Liquid Assets waiting period for Allowance payments should be abolished from 1 January 2013.
- On 26 June 2012 the Senate referred the following matter to the Senate Education, Employment and Workplace Relations Committees for inquiry and report into “The adequacy of the allowance payment system for jobseekers and others, the appropriateness of the allowance payment system as a support into work and the impact of the changing nature of the labour market”.
  - Public submissions were to be lodged by 3 August 2012 and the committee is scheduled to report on 1 November 2012.
  - The Australian Government lodged its interagency submission on 8 August. ACOSS has yet to lodge a submission.
- Regarding a \$50 per week increase to the Newstart Allowance, the Government’s interagency submission to the Senate Inquiry argued that any increase of this nature would have a substantial fiscal cost which would need to be balanced against other government spending priorities and fiscal objectives. In addition, an increase would not assist in maintaining the Newstart Allowance as a payment that predominantly supports work re-engagement.
  - The indicative costing for the ACOSS \$50 increase proposal is between **\$10b and \$15b over the forward estimates**. Note this is an indicative costing. Also, note that a figure of \$13b was mentioned in the House in May by the Member for Hunter.

## TALKING POINTS

- I'm interested to hear ACOSS's views on priorities and issues for consideration by the current Senate inquiry into the adequacy of allowances.
- The Government looks forward to the findings of the Senate inquiry into allowances in November and will obviously consider its recommendations in due course.

Contact Officer:

Name:

Division: Social Policy Division

Telephone: (02) 6263

