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Section 22

SOCIAL SECURITY

The social security section of ACOSS' submission focuses on the financial hardship faced by recipients of income support payments, particularly Newstart, Youth Allowance and Parenting Payment and raises concerns about disincentives for recipients to seek employment creating poverty traps, particularly in relation to the *Welfare to Work* changes introduced in 2006. ACOSS give two specific recommendations in relation to social security:

- To increase Allowance payments for single people by \$50 per week in order to reduce the gap between Allowances and Pensions, and
- To reduce the income test taper rate for Allowance payments for parents and people with disabilities who are required to seek part-time employment from 60 to 50 per cent.

Treasury Response

Allowances are designed 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. Income tests are used to target income support at those who most need it, with taper rates allowing payments to be withdrawn gradually as people increase their earnings.

The measures proposed by ACOSS would involve a substantial financial commitment by the Government in a tight fiscal environment.

The Government has recently brought forward by twelve months a comprehensive review of student income support to report by 1 July this year, with a particular focus on the capacity of rural and regional students to access higher education.

