



## **Social Security (recommendations 14, 15 and 16)**

*The social security section of the ACOSS submission focuses on the financial hardship faced by recipients of Newstart and other Allowance payments, particularly those who have been on these payments for over 12 months. 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. 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Income tests are used to target income support at those who most need it, with taper rates allowing payments to be withdrawn gradually as people increase their earnings.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 Disability Support Pension 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.

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

## **Section 22**

