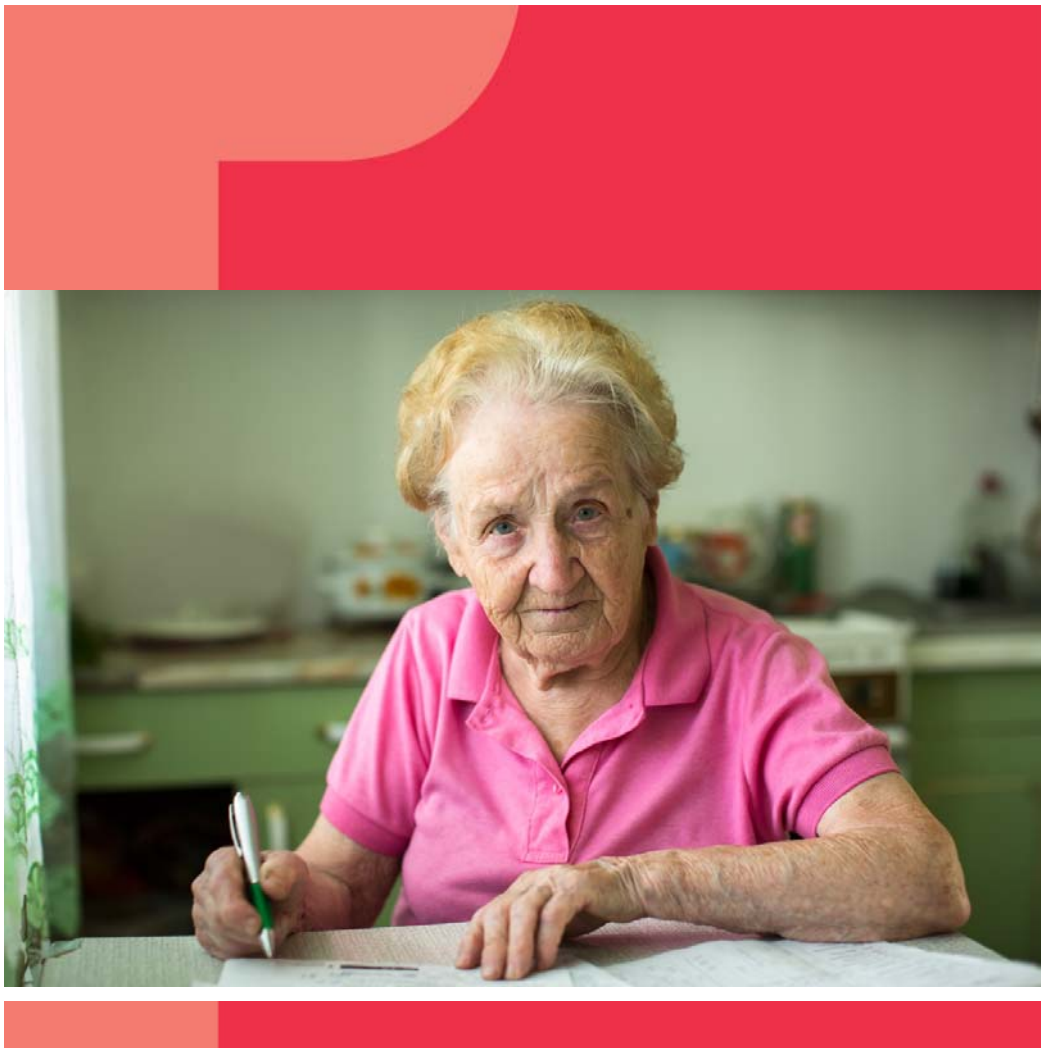


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2017-18 Pre-budget submission

www.benevolent.org.au

benevolent SOCIETY

Contact:

Jo Toohey

Chief Executive Officer

T: 02 8262 3400

E: joanne.toohey@benevolent.org.au

The Benevolent Society

Level 1, 188 Oxford St

PO Box 171

Paddington NSW 2021

www.benevolent.org.au

1. About The Benevolent Society

The Benevolent Society is Australia's first charity. We're a not-for-profit and non-religious organisation and we've helped people, families and communities achieve positive change for 200 years.

We help people change their lives through support and education, and we speak out for a just society where everyone thrives.

The Benevolent Society helps the most vulnerable people in society, and supports people from all backgrounds including Aboriginal and Torres Strait Islanders and people from culturally and linguistically diverse communities. We believe that building stronger communities will lead to a fairer Australia.

Our focus is to foster wellbeing throughout life – from infancy to older age – with services that:

- prevent problems or reduce their negative impact
- tackle problems early before they become entrenched
- help people use their strengths to solve their own problems
- give priority to people experiencing social and financial disadvantage.

Snapshot

- The Benevolent Society is a secular non-profit organisation with 943 staff and 573 volunteers who, in 2015/16, reached 46,956 people through our services, community programs and events.
- We deliver services from 63 locations with support from local, state and federal governments, businesses, community partners, trusts and foundations.
- We support people across the lifespan, delivering services for children and families, older people, women and people with mental illness, and through community development and social leadership programs.
- Our revenue in 2015/16 was \$111.7 million.
- In 2015/16, 88% of our income came from government sources.
- The Benevolent Society is a company limited by guarantee with an independent board.

2. Priorities for the 2017-18 Federal Budget

2.1 Older Australians

The Benevolent Society provides services and support to some of the most disadvantaged people in Australia. We have noted with concern that many of the savings measures in previous budgets have been directed towards vulnerable Australians dependent on government assistance- those that can least afford it.

Whilst we recognise that social security payments are the Government's biggest budget spending line- we do not believe that the budget should be balanced at the expense of the most vulnerable members of our community.

The Benevolent Society is particularly concerned for the approximately 1.5 million people living on the age pension, too many of whom are on the edge of poverty, struggling to make ends meet and living a life of deprivation. In late 2016, The Benevolent Society with partners, The Longevity Innovation Hub and Per Capita, released a report on *The Adequacy of the Age Pension in Australia* (the Report) which shone a light on the difficulties facing many Australians living on the age pension. The Benevolent Society was shocked to hear stories of older Australians who turn off the

hot water during Summer to save money, who mash their food because they can't afford to go to the dentist and forego three meals a day just to get by.

The Report made a range of recommendations to improve the plight of Australians living on the age pension. We encourage the Government to support these recommendations through funding under the 2017-18 Federal Budget. They include:

2.1.1 Establish an Independent Age Pension Tribunal

There is a significant gap between the age pension and the minimum wage. If we are to close the gap between the pension and the minimum wage, we believe responsibility for pension-rate setting should be removed from politics and should be transferred to an independent Age Pension Tribunal.

The proposed Tribunal would set the base pension rate according to prescribed guidelines. It would be charged with setting a fair pension, taking into account relative living standards and the needs of people on the age pension, as well as the broader fiscal climate. Its role would be akin to that of Fair Work Australia in setting the minimum wage or the Remuneration Tribunal which determines the remuneration for federal politicians and senior Commonwealth office holders. The Tribunal would have three members, appointed by the government of the day for fixed terms with a small, highly qualified staff.

The indicative estimated costs of this recommendation is \$ 2.5 million over the period of the forward estimates.

2.1.2 Additional funding to increase the maximum rate of Commonwealth Rent Assistance (CRA)

Secure housing is the number one indicator of wellbeing for older Australians. There is currently a significant gap in housing costs between Australians on the age pension who rent and those that own their own homes. We would like to see an increase in the maximum rate of Commonwealth Rent Assistance (CRA) of at least 30% for couples and 50% for singles in order to reduce the gap between renters and home owners.

In June 2014 there were 231,292 Age Pensioners receiving Commonwealth Rent Assistance (CRA).ⁱ Currently, the Commonwealth Government pays seventy-five cents for every dollar of rent over the CRA threshold, which is \$116 per fortnight for singles and \$180 per fortnight for couples. This is up to a maximum of \$130.40 for singles and \$122.80 per person for couples. Taking into account current CRA payments, full pensioners who rent are still, on average, \$40 (couples) to \$80 (singles) per week worse off than home owners.

CRA payments totalled approximately \$4.2 billion in 2014-15.^{17, ii}

The estimated costs of the proposed recommendation to increase the CRA is \$1 billion per year to the CRA program cost.

The Benevolent Society also recommends that CRA is indexed to housing costs, instead of to the Consumer Price Index (CPI).

2.1.3 Expand the provision of free dental care to people on the age pension

The Benevolent Society is concerned about the impact that funding cuts may have on the availability of dental services for older Australians who are already struggling to access and afford dental services. Australia's National Oral Health Plan 2015–2024 recognises the fundamental importance of oral health to overall health, wellbeing and quality of life. A healthy mouth enables people to eat, speak and socialise without pain, discomfort or embarrassment. Public dental care at little or no cost is available at a limited number of clinics with provision varying from state to state and region to region.

We would like to see the provision of Medicare funded dental care for all people on a full pension. This dental care would be provided by existing private practitioners under a similar model to that under which General Practitioners provide health services.

The Parliamentary Budget Office has estimated the cost of providing comprehensive dental care to all age pensioners would be \$1,012 million in 2017/18.ⁱⁱⁱ This recommendation applies to those on a full pension only.

The estimated cost of this recommendation is \$600 million per year over the forward estimates.

2.1.4 Awareness campaign to increase knowledge of existing subsidies for older Australians

During research for the *Adequacy of the Age Pension Report*, many people on the age pension complained about the ongoing costs of necessary items such as incontinence pads and disposable medical supplies. They were not aware of the Government's existing schemes to subsidise these items for pensioner concession card holders. We recommend that the Government fund a campaign to raise awareness of existing schemes such as The Continence Aids Payment Scheme and the Diabetes Services Scheme. The campaign could most effectively be delivered through primary healthcare providers and service delivery organisations.

The estimated cost of this recommendation is \$ 2 million per year over the next three years (2017/18 to 2019/20).

2.2.4 A National Strategy for Older Australians

Australia has an ageing population- population projections from the Australian Bureau of Statistics show that the proportion of people aged 65 and over is expected to increase from 14 per cent at 30 June 2012 to 22 per cent in 2061.^{iv} The 2015 Intergenerational Report from the Commonwealth Government reported an expected increase in health costs from 4.2 per cent of GDP to 7.1 per cent of GDP by 2054/55 (under a no change policy scenario)^v– this is partly attributed to the ageing population.

At present the Federal Government does not have a single point for consolidated and coordinated consideration of the challenges and opportunities raised by our ageing population and for developing the necessary policy response. We have a Minister for Aged Care but do not have a Minister who is charged with considering the broad spectrum of issues facing older Australians now and into the future.

The Benevolent Society wants to change the national conversation about ageing from a focus on costs and burdens to one that seeks to recognise and support the contribution of older Australians. We recommend that the government develop a national agenda on ageing led by a Federal Minister with responsibility for older Australians.

The estimated cost of the development of a national ageing strategy is \$ 5 million over three years (2017-18 to 2019-20).

2.2 Child and Family

2.2.1 The Family Matters Campaign

Today, the rate of Aboriginal and Torres Strait Islander children in out-of-home care is almost ten times that of other children, and continues to grow. Aboriginal and Torres Strait Islander children represent almost one in every three children living in out-of-home care.

The Benevolent Society supports the Family Matters Campaign established by SNAICC- National Voice for Our Children. Family Matters is supported by over 150 Aboriginal and Torres Strait Islander and non-Indigenous organisations, leading academics and prominent educational institutions.

Family Matters wants to see Aboriginal and Torres Strait Islander children grow up safe, and cared for, thriving in family, community and culture. It aims to eliminate the over-representation of Aboriginal and Torres Strait Islander children in out-of-home care by 2040. It is seeking political recognition of, and support to redress the over-representation of Indigenous children in out-of-home care.

The issue of over-representation of Indigenous children was touched on recently at the Council of Australian Governments (COAG), with the Communiqué from the December 2016 COAG meeting stating that 'Leaders discussed the critical importance of early intervention efforts to reduce the flow of children into the system as well as the benefits of better information sharing and identifying opportunities to reduce the over-representation of Indigenous children'. This commitment needs to be supported by government action and funding.

The Benevolent Society supports Family Matters advocacy in this area, which includes:

- That the Federal Government develop and implement a comprehensive, adequately resourced national strategy and target, developed in partnership with Aboriginal and Torres Strait Islander peoples, to eliminate the over-representation of Aboriginal and Torres Strait Islander children in out-of-home care
 - That the Federal Government commit to providing \$40 million over four years to fund a new National Partnership Agreement between all States and Territories to eliminate the over-representation of Aboriginal and Torres Strait Islander children in out-of-home care.
- That the federal Government invest in a national Aboriginal and Torres Strait Islander family support program for early intervention, prevention and family reunification.
 - That the government reallocate funding within the Community Safety stream of the Commonwealth Government's Indigenous Advancement Strategy, accompanied by a \$60 million per annum investment to establish a nation-wide program for intensive family support with a total additional cost of \$240 million over four years.
- Provide at least 20 hours of subsidised quality early learning to all Indigenous children to support their development, regardless of their parents' activities¹.
- Development and publication of data to better measure the situation of, causes and responses to over-representation of Aboriginal and Torres Strait Islander children.
- Undertake a trial of local Aboriginal and Torres Strait Islander community strategies to strengthen families, redress local risks of abuse and neglect for children, oversee safety and well-being and input to decision-making on the care and safety of Aboriginal and Torres Strait Islander children.
 - That the Federal Government provide \$8 million over 4 years to fund this trial.^{vii}

3. Revenue and savings measures

¹ Family Matters advocates for 20 hours of subsidised early learning to all childhood, but notes that given that is a significant budget ask, an option would be to implement a specific provision for 20 subsidised hours for all Aboriginal and Torres Strait Islander children in recognition of the need to close the gap in early childhood services access and outcomes for Aboriginal and Torres Strait Islander children.

The Benevolent Society recognises that many of the recommendations made above have substantial costs associated with them. There are a range of revenue and savings measures that could be used to ensure that the recommendations do not add to government net deficits.

A combination of the following measures would ensure that the proposed recommendations are manageable in the current fiscal climate:^{viii}

- Reduce negative gearing and the tax concessions on capital gains. The Parliamentary Budget Office has costed a proposal to restrict negative gearing and halve the concession on capital gains as providing a saving of around \$565 million over the forward estimates but ramping up to \$3 billion per year.
- Restrict tax concessions on superannuation to reduce the extent to which super is used for tax planning instead of retirement saving. The current government proposed changes to superannuation are estimated to save \$2.9 billion over the forward estimates. Further targeting of superannuation tax concessions are possible with an estimated \$10 billion to go to the top ten per cent of taxpayers in 2016/17.
- Crackdown on multinational tax avoidance. The current federal government's proposal is estimated to raise \$3.7 billion over four years. Given multinational tax avoidance has been estimated at up to \$6 billion annually, there is clearly further lost revenue which could be recouped.
- Reduce the assets-free area for homeowners to \$100,000 for singles and \$150,000 for couples and increase the taper rates from \$1.50 to \$2 per \$1,000 of assets over the assets limit. Combine this with a government loan scheme for people excluded by this new means test up to the value of the pension they would have received. The estimated savings from this recommendation are up to \$1.3 billion.

ⁱ Productivity Commission (2016). *Report on Government Services, Volume G: Housing and homelessness*. Productivity Commission, Canberra.

ⁱⁱ Commonwealth of Australia (2016). *Portfolio budget statements 2015-16* Budget related paper 1.15A Social Services Portfolio. At <https://www.dss.gov.au/sites/default/files/documents/06_2015/2015-16_dss_pbs.pdf>

ⁱⁱⁱ This figure is published in *The Adequacy of the Age Pension*, based on figures provided by the office of Senator Richard Di Natale.

^{iv} ABS (2013). *Population Projections, Australia, 2012 to 2101*, ABS: Canberra, Cat #3222.0

^v Commonwealth of Australia (2015). *Intergenerational report: Australia in 2055*, Commonwealth of Australia: Canberra

^{vii} These recommendations are taken from the *Family Matters 2017-18 Federal Budget Submission (Draft)* as at 18 January 2017.

^{viii} These proposed measures are taken directly from *The Adequacy of the Age Pension Report*.