Centre for Excellence
in Child and Family Welfare Inc.

Federal Budget 2015-2016

The Federal Budget was handed down on Tuesday 12 May.

Headline indicators were:

- Budget deficit of $35.1 billion for 2015/16
- Unemployment rate of 6.5 per cent for 2015/16
- Economic growth of 2.75 per cent for 2015/16
- Iron ore price assumed to be US$48 a tonne for next two years

There has been considerable debate about the accuracy of forecasting on these headline indicators and the impact for future deficit management.

Useful summaries around the impact for people on low incomes and disadvantaged groups have been prepared by:

- ACOSS
- YACVIC
- Brotherhood of St Laurence

Key items have been selected below for the child and family welfare sector interested in the impact on the children young people and families they support.

Income Security Payments

The McClure Report on Welfare Reform released in February 2015 has led to an investment of $21 million for identifying people of working age at risk of long term social security where intensive investment would change this course. This is based on approaches in New Zealand which are deemed as "successful". There could be considerable future investment in education and family support for vulnerable families should this direction be pursued.

Young People under the age of 25 receiving the youth allowance will have to wait four weeks before receiving benefits. Plans to raise the age of eligibility for New start (Youth allowance provides $92 less a fortnight than New start) to age 25 from 22 have been delayed for one year to 2016. Vulnerable groups are except from the waiting period – among them care leavers- but nevertheless many of the young people supported by our services will be badly impacted.

Planned changes to eligibility (youngest children under 6) , cut offs (reduced to >$100,000)reduced payment levels (frozen) for Family Tax Benefit B (paid to single income families including sole parents with children under 16) which were stranded in the Senate after last year's budget are back on the agenda after these emerged as the savings backing the Child Care Package. (See below) However subsequent to the Budget these have been declared as "negotiable".

The additional Family Tax Benefit for larger families has been cut.

Trialling of payments cards (debit cards) for those on social security payments is to be extended – it appears this will be in remote Aboriginal communities in response to the Forrest review.

Lower payment levels for “allowance” payments compared to pensions and the indexation of those which are still indexed only to the CPI rather than average male earnings as for the other social security payments remains very concerning and do not adequately address the costs of living of those on the “allowance” payments particularly sole parents. Plans to index pension payments to the CPI announced in last year’s Budget have been abandoned.

Early Childhood

A key plank of the Budget announced the week prior to the Budget sees increased investment in child care. A total $3.5 billion total new funding on childcare in response to the Productivity Commission report. Some details are consistent with the deliberations of the Productivity Commission such as simplification of payments, benchmarking of costs, activity testing and improved targeting of payments. The changes will see families on incomes of up to about $65,000 a year get 85 per cent back of their childcare fees. This will reduce to 50 per cent for families earning about $170,000 or above. Access to the package is dependent on work activity:

- Children in families where both parents aren’t working / don’t meet the activity test—will only have access to 12 hours subsidy (currently have access to 24 hours Child Care Benefit)
- Children in families earning over $65 000 and less than around $150 000 where only one parent is in work—will have no access to subsidies (currently have access to 24 hours of Child Care Benefit per week).
- Children in families where one parent doesn’t work sufficient hours (under eight hours per fortnight)—will lose access to 24 hours of Child Care Benefit and Child Care Rebate.

The preschool guarantee has been refunded and specific provision for child care for at risk children are to be made but the details are not available in the DSS info pack. An overview of the package can be found here.

The “no jab no pay crackdown” on family and child care benefits is expected to impact 10,000 families saving $142 million on year to year basis. Concerns have been expressed for that group of families which re excluded for reasons other than philosophical and religious reasons.

Youth Services

The development of a $331 Youth Employment Strategy entitled Transition to Work will see $106 million for intensive support to young people at high risk of long term unemployment These include $55.2 million over five years for community organisations to support young people in transition, $19.4 million for employment pilots for young people with mental illness and $22.1 million for education and employment transitions for migrant and refugee young people.

An additional $13.5 million has been announced for an Early School Leaver program

Housing

The National Partnership Agreement on Homelessness was extended for two years at $230 million but does not address the shortage of affordable housing nationwide and follows a State Budget which saw the numbers of social housing units continuing to decline.