



BUDGET

2014-15

Social Services

13 May 2014

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ISBN 978-0-642-74983-3

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Printed by CanPrint Communications Pty Ltd

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Building a strong

Starting in this Budget, for older people, for people with disabilities and women with young children, our aim is to maximise everyone's ability to participate in the economy; it's about driving change but, even more, it's about empowering choice.

The Government's Budget welfare reforms are aimed at increasing everyone's ability to contribute to the economy — everyone who can contribute, should contribute.

The Government will continue to provide assistance for families, seniors, people with a disability and carers, and those most in need.

The 2014-15 Budget includes \$146 billion of welfare spending, or 35 per cent of Budget expenditure.

This includes pensions, family payments, unemployment benefits and childcare support.

Our population is ageing and government spending has grown faster than the economy since 2007-08. This is placing greater pressure on our welfare system. Decisive action is required to ensure the welfare system is sustainable.

Changes in this Budget are part of the Government's Economic Action Strategy to build a strong prosperous economy, for a safe, secure Australia.

We want government assistance to be targeted towards supporting the most vulnerable Australians, while encouraging those who are able to work or study.

Budget repair

- As part of our commitment to repair the Budget, income and assets thresholds for payments will be maintained at their current levels for three years from 1 July 2014 for allowances and non-pension payments, and from 1 July 2017 for pensions. The rates of family payments will also be maintained at their current rates for two years from 1 July 2014. These temporary measures will help reduce our debt without reducing payments.

Pension reform

- Building on the move by the former Labor Government to increase the pension age to 67 from 1 July 2017, the Government will continue the gradual increase in the Age Pension age to 70 by 1 July 2035.
- The Government will also index pensions to inflation from September 2017. This will help ensure the Age Pension is sustainable, while pensions still keep up with the cost of living.
- The Government will not include the family home in the means test for the Age Pension.

No changes to pensions until 2017.

welfare system

Family payment reform

- The Government is tightening eligibility for family payments to ensure it supports those most in need of assistance. Families will continue to receive Family Tax Benefit Part B (FTB-B) until one parent earns \$100,000 per annum. Families will receive FTB-B until their youngest child turns six. Existing recipients with children six or older will continue to receive FTB-B for two years.
- Low income single parents will receive a new supplement of \$750 per annum for each child aged between six and twelve.

School leavers will be earning or learning.

Working age reform

- The Government is reinforcing the need for young Australians to either earn or learn. The changes will prevent young Australians from becoming reliant on welfare.
- Because we want new jobseekers, especially those leaving school and university, to actually look for work, income support will only be provided once a six month period of job hunting has been completed.
- This new waiting period will be reduced for those who have already been working for significant periods.
- The Government will introduce *Restart* which will provide a clear, long-term incentive for employers to take on, and keep, mature age workers.

The *Restart* programme will provide a clear, long-term incentive for employers not only to give mature-aged a job—but to keep them on.

Next steps

The Government will continue to consider what further structural reforms are needed to ensure the welfare system is sustainable for future generations. This will be informed by the Review of Social Welfare, Tax White Paper, Federation White Paper, Intergenerational Report and the Review of Indigenous Training and Employment.

This Budget is about shifting our focus from entitlement to enterprise; from welfare to work; from hand-out to hand-up.

For more information contact the Department of Social Services via www.dss.gov.au.

The case for change

An unsustainable budget position and high government spending growth, particularly in welfare payments, requires decisive action

An unsustainable budget position

Government spending has grown rapidly. From 2007-08 to 2013-14, government real spending has outgrown the growth in the economy by over 13 per cent.

As a result, the Government has inherited a budget position that is unsustainable for the long term.

This requires firm and decisive action to put the Budget back onto a secure and sustainable footing. To delay action would only exacerbate the problem, imposing an ever increasing financial burden on future generations.

Changes to our population

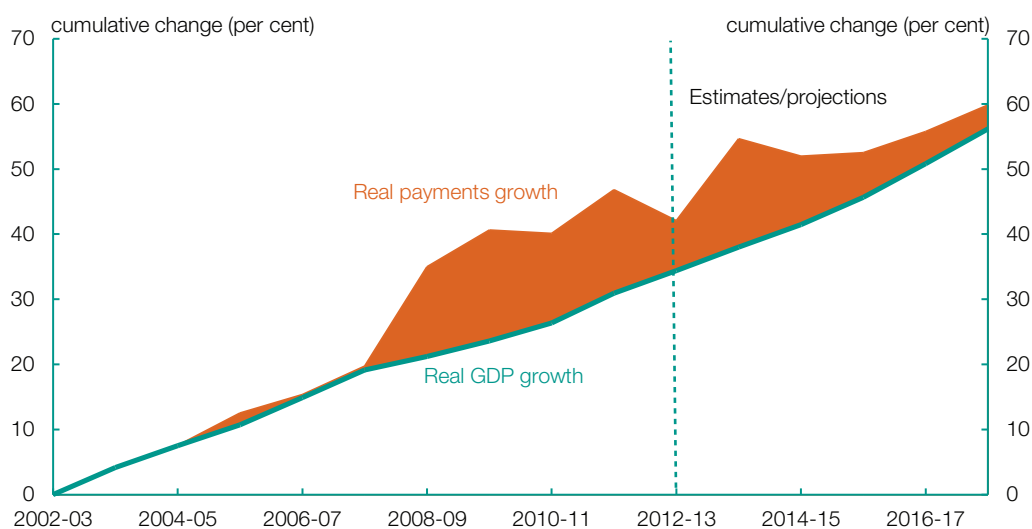
The ratio of people of traditional working age to support those aged over 65 will decline from five in 2010 to just under three in 2050.

Between 2010 and 2050, the number of people aged 65-84 will more than double and those aged 85 and over more than quadruple.

This will present further challenges for economic growth, living standards and government revenue.

Given these pressures, government spending on many welfare programmes will continue to grow strongly unless changes are made to their structure.

Real growth in Commonwealth Government payments and real GDP
(includes Government decisions)



The case for change

The Government's welfare changes will support individual responsibility, self-reliance and contribute to budget repair

There are periods in life when people are unable or not expected to participate in paid employment, for example if they are caring, or retired. During these times the Government will continue to support those who need it most.

However, we have made tough decisions to pull back payments where it is too easy for capable and able people neither to work nor study. This will support the sustainability of Australia's finances and the welfare system as the population ages.

Supporting individual responsibility, contribution and workforce participation

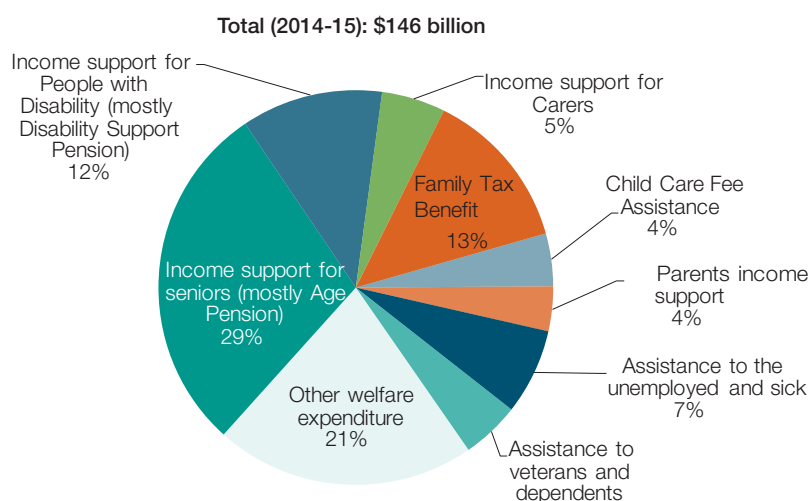
The Government's welfare changes pare back the widening gap between community expectations and what governments can — or should — realistically do.

Individual responsibility should be a driving force for building a stronger and more prosperous Australia.

While the Government will continue to support the most vulnerable, it will do for people only what they cannot do for themselves.

The changes are also designed to support people entering and staying in the workforce to the greatest extent possible. This will not only ensure a more sustainable welfare system, it will provide individuals with the incentives to support themselves and their families.

Total Social Security and Welfare expenditure



Young people should be learning, or earning

Young jobseeker reforms

The Government believes that assistance to the unemployed should help them move into employment, rather than encouraging them to remain on welfare.

In order to reach their full potential, all young Australians who can work should be earning, learning or participating in Work for the Dole.

Income support eligibility changes

From 1 January 2015, new jobseekers up to 30 years of age applying for Newstart or Youth Allowance (Other) (YA(O)) will participate in job search and employment services activities which are funded by the Government for

six months before receiving the payment.

Current recipients of Newstart and YA(O) up to 30 years of age will also be covered by the same requirements from 1 July 2015.

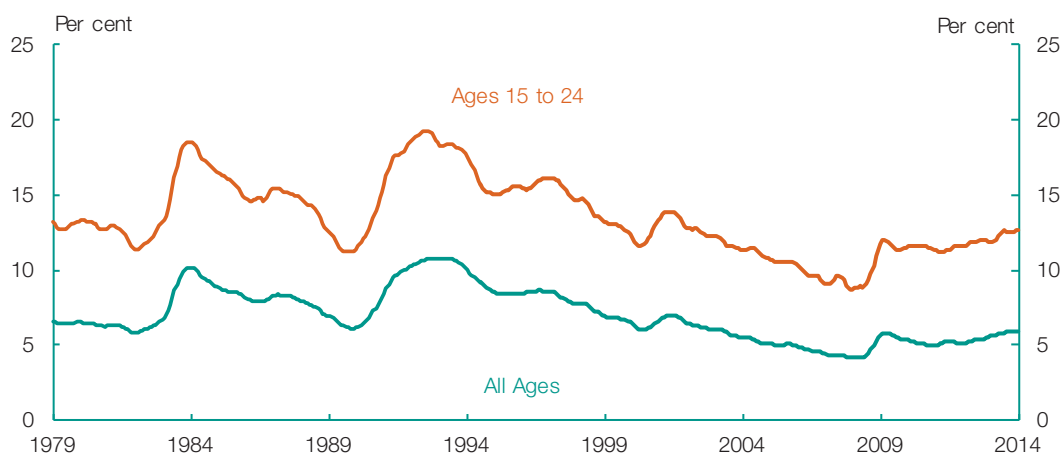
Young people who do not have a full capacity to work (i.e. their capacity is less than 30 hours), are in education or training, or have a significant disability will all be exempt from these requirements, as will those with parenting responsibilities.

Recognition for past employment

The waiting period will reduce depending on past employment. Part-time employment would also be recognised on a pro-rata basis.

After six months, the jobseeker will be required to participate in at least 25 hours per week of Work for the Dole activities and will be eligible to receive income support for six months.

Unemployment rates by age



The Government's decision to change eligibility for Newstart for under 30s is designed to prevent young Australians from becoming reliant upon welfare

Employer wage subsidy

If the job seeker is unable to secure employment after six months of Work for the Dole and Newstart or YA(O), a wage subsidy may be available to an employer for six months.

Other assistance

Rather than continue looking for work, job seekers can elect to undertake training or study which may make them eligible for student benefits.

Further information

More information on these changes is available at: www.dss.gov.au

Other changes in the Budget

Reinforcing the need for young Australians to either earn or learn, from 1 January 2015, young people aged 22 to 24 years may be eligible for YA(O) instead of Newstart.

Currently, a student can continue to receive payment even while they are overseas on a holiday.

From 1 October 2014, students will continue to receive payments while overseas but only in certain circumstances such as studying or a family emergency.

Budget repair

As part of the Government's commitment to repair the Budget, all allowances (such as Newstart) will have their income and assets test thresholds remain at their current levels for three years from 1 July 2014. There will be no change to the actual payment rates of these allowances.

Looking forward

Our welfare system is complicated and costly, and in this Budget we begin the work of making it strong for the future.

Under 30s:

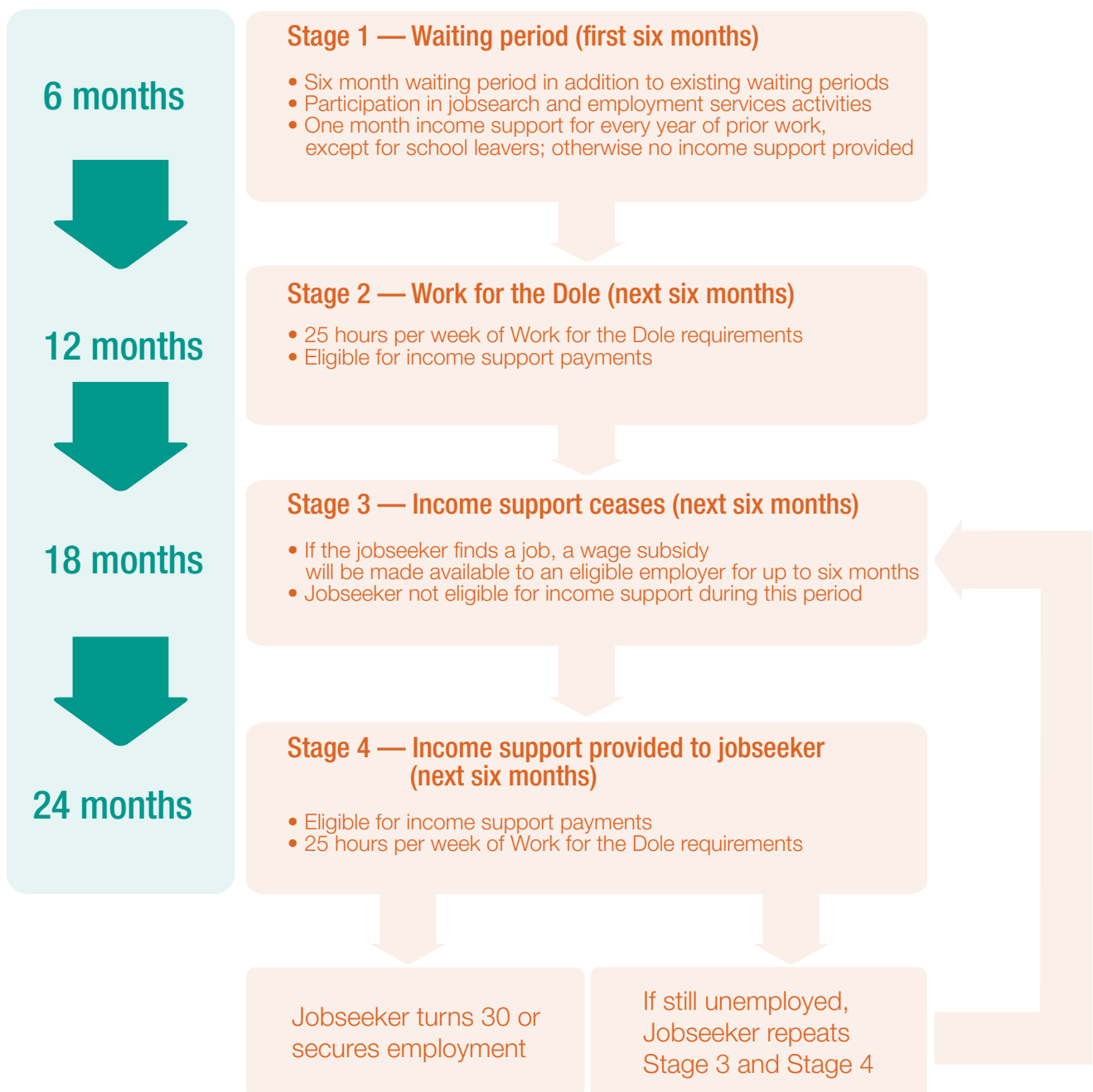
- Up to 6 month waiting period with job search obligations until qualifying for income support
- Discount for previous employment
- Strengthened activity and job search obligations
- 25 hours per week Work for the Dole

Under 25s:

- No longer eligible for Newstart; may qualify instead for Youth Allowance (Other)

Newstart changes for under 30s

Requiring young people to be earning, learning or participating in Work for the Dole



Newstart changes for under 30s

Opportunities

At any time while unemployed, the jobseeker may choose to undertake further study on a more permanent and regular basis and test their eligibility for a **student income support** payment such as Youth Allowance (Student) or AUSTUDY.

As part of the Government's higher education reforms, for the first time ever, direct Commonwealth financial support will be provided to students wishing to pursue alternative pathways to higher education, including those studying higher education **diplomas, advanced diplomas and associate degrees**, at all approved institutions.

The HELP scheme means that these students do not have to pay a dollar upfront. And students in the VET sector will no longer have to pay HELP loan fees.

During the waiting period, a jobseeker will be connected with an employment services provider who will provide them with a range of resources and tools to help with job search including **resumé development** and an assessment of their skills and any barriers to employment.

Alternatively, the job seeker may consider undertaking a formal trade qualification through an **Australian Apprenticeship**. More than 250,000 Australians commence apprenticeships and traineeships every year.

In addition to the existing Commonwealth assistance available to apprentices and their employers, the Government will also support those learning a trade by providing concessional **Trade Support Loans** of up to \$20,000 over a four year apprenticeship from 1 July 2014.

These loans will assist with the cost of undertaking an apprenticeship, and help them focus on completing a formal trade qualification.

Income support recipients who are exempt from the new 'under 30s' waiting period:

- Those with a work capacity of less than 30 hours per week
- Principal carers, or parents with 35 per cent or more care of a child
- Part-time apprentices
- Disability Employment Service clients
- Stream 3 or 4 jobseekers under employment services

STUDY

WORK

Our Age Pension system must be sustainable...

We must be able to both celebrate and support higher life expectancy and healthier lives for the future

A sustainable pension system

It is a sign of a healthy, strong, nation that Australians are increasingly living longer lives.

An Australian woman born today can expect to live for around 84.8 years and an Australian man can expect to live for around 80.6 years.

When our pension and welfare system was introduced, it was a very different story, with life expectancy of 58.8 for women and 55.2 for men. This is why we need to take a good look at how to make our Age Pension system strong for all of our futures.

The Government understands the challenges facing older Australians. Many seniors have not benefited from a lifetime of superannuation,

and for many the Age Pension is wage replacement.

Changes announced to the Age Pension will not start until 2017.

The family home will not be included in the pension means test.

Pension reforms

All pension assets test and income test thresholds will be fixed for three years from 1 July 2017. Maintaining these thresholds will not lead to any reduction in the rate of the pension.

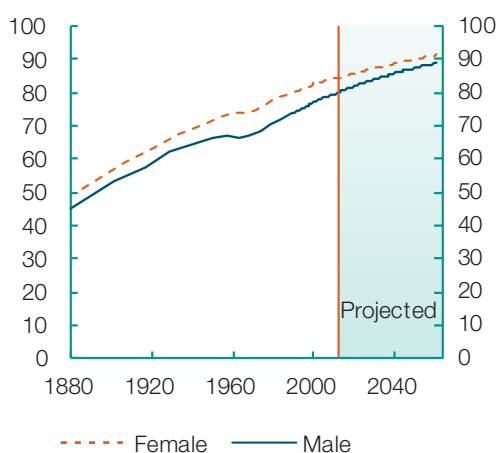
Building on the move by the previous Government to increase the Age Pension age to 67 by 1 July 2023, the Government will continue this growth and increase the Age Pension age to 70 by 1 July 2035.

From 1 September 2017, the Government will link pension increases only to inflation.

For the purposes of the pension income test, the Government will also change how it deems the return from a person's financial assets.

The Government will reset the deeming thresholds from \$46,600 to \$30,000 for singles and from \$77,400 to \$50,000 for couples from September 2017.

Life expectancy at birth



Age pension eligibility age by birth date

People born between	Eligible for Age Pension at Age
1 July 1952 and 31 December 1953	65½
1 January 1954 and 30 June 1955	66
1 July 1955 and 31 December 1956	66½
1 January 1957 and 30 June 1958	67
1 July 1958 and 31 December 1959	67½
1 January 1960 and 30 June 1961	68
1 July 1961 and 31 December 1962	68½
1 January 1963 and 30 June 1964	69
1 July 1964 and 31 December 1965	69½
1 January 1966 and later	70

...as Australians live longer and healthier lives

The Government is meeting its
commitment on the Commonwealth
Seniors Health Card

Recognising the Government's commitment to abolish the carbon tax, while keeping in place the associated pension increases, the Government will maintain the Energy Supplement (formerly known as the Clean Energy Supplement) at current levels.

The Government will not make any changes to pensions before 2017.

Commonwealth Seniors Health Card holders

The Government will meet its election commitment to senior Australians to index the eligibility thresholds for the Commonwealth Seniors Health Card (CSHC) from September 2014.

This change means modest variations in income will not affect

eligibility, and will reduce uncertainty for people in this group. This will be the first time the thresholds have increased since 2001.

To ensure people with similar incomes are treated consistently, from 1 January 2015 superannuation will be treated for new recipients in the same way for the CSHC income test as it is for the Age Pension.

Currently CSHC holders also receive the Seniors Supplement, \$876.20 per annum for singles and \$1,320.80 combined for couples.

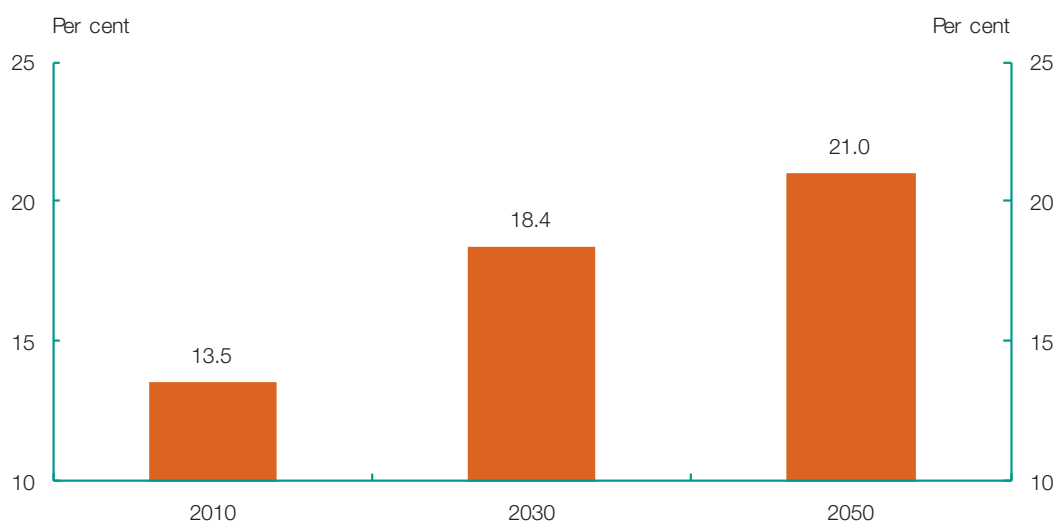
To help ensure that payments to senior Australians remain targeted to those who need them the most, the Government will cease payment of the Seniors Supplement received by those eligible for a CSHC entirely after the June 2014 payment.

This will help ensure the sustainability of the CSHC.

CSHC holders will still remain eligible for:

- discounts on PBS medicines;
- health safety net thresholds; and
- lower fees on medical services.

People aged 65 and over as a proportion of Australians (2010-2050)



How changes will affect Pensioners

Single, homeowner, Age Pension recipient, \$100,000 in assets

Ruth is 71, single and lives in her own home. She has investments, but apart from that receives no other income.

For the purposes of calculating her pension payment, the Government assumes Ruth receives a level of return (deeming) from her investment.

In 2013-14 she has \$89,052 in investments which is deemed to earn \$2,569.

She receives the maximum rate of pension — \$21,502, which includes the Energy Supplement.

In 2017-18, Ruth's investments have grown by 12.3 per cent over four years in value to \$100,000. Her investment is now deemed to earn \$2,826.

Ruth still receives the maximum rate of Age Pension of \$24,132.

	2013-14	2017-18
Private income	\$2,569	\$2,826
Additional Government support		
Age Pension	\$21,502	\$24,132
Total income	\$24,071	\$26,958
Income tax	\$0	\$0
Income after tax	\$24,071	\$26,958

Note: figures have been rounded.

PLUS other benefits and assistance

Ruth may receive a range of concessions and benefits including:

- Pensioner Concession Card
 - Subsidised PBS medicines
 - Assistance with costs of medical services through Medicare and the new Medicare Safety Net
 - Assistance with hearing services
 - Discounted mail redirection from Australia Post and concessional stamps
- Higher Private Health Insurance Rebate
- Access to Home and Community Care and Aged Care Services

Restart: Assistance for mature age job seekers

The \$10,000 *Restart* payment will provide a clear incentive to employers to employ mature age workers

More work for mature age job seekers

The Government's *Restart* programme will provide a clear, long-term incentive for employers not only to give mature age workers a go — but to keep them on.

Around 32,000 mature age job seekers are expected to benefit from the subsidy annually.

The *Restart* programme

The Government will introduce from 1 July 2014 a new wage subsidy called *Restart*, to encourage the employment of older Australians.

This will build on the Government's election commitment to introduce a seniors employment incentive payment.

Mature age job seekers aged 50 or over who have been receiving income support (including the Age Pension) for a minimum of six months will be eligible.

A subsidy of up to \$10,000 will be paid to employers who hire an eligible mature age job seeker on a full-time basis (30 hours or more per week).

Employers will receive:

- \$3,000 after six months of employment;
- \$3,000 after a year of employment; and
- \$2,000 after 18 months and a further \$2,000 at 2 years.

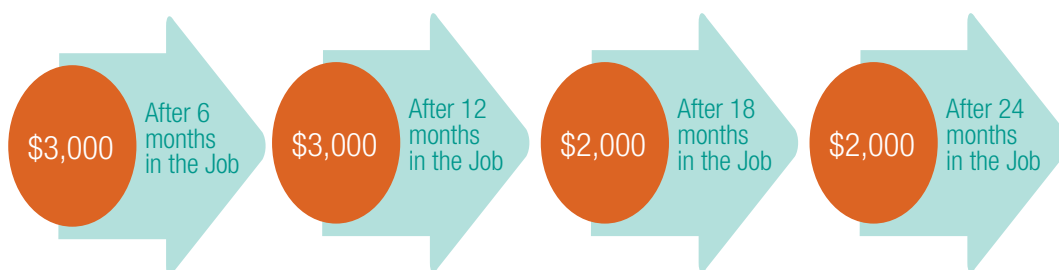
Employers that hire mature age job seekers on a part-time basis (15 to 29 hours per week) will also

be eligible for a pro-rata subsidy commensurate with the actual hours worked.

To ensure the integrity of the programme, the Government will monitor *Restart* and undertake an evaluation in June 2016 to assess the programme's take-up and outcomes.

For more information visit: www.employment.gov.au

Structure of the *Restart* programme



Changes to family payments

The Government will continue to provide payment assistance to families to supplement their income. In 2014-15, the Government will provide around \$19 billion in Family Tax Benefit (FTB).

FTB should provide assistance to families who need it most and encourage everyone who can work, to do so.

Current assistance

In addition to Family Tax Benefit Part A (FTB-A) and Family Tax Benefit Part B (FTB-B), assistance is provided to families through the Newborn Supplement and Upfront Payment, Stillborn Baby Payment and Paid Parental Leave scheme.

Families may also be eligible for a range of other allowances and benefits, depending on their circumstances.

Better targeting payments

Repairing the Budget and ensuring the welfare system remains sustainable requires payments to be targeted to those most in need.

Families who can support themselves will receive less assistance from government.

The FTB-B higher income earner test will be changed to \$100,000 from 1 July 2015. Families with one parent earning over \$100,000 will not be eligible for FTB-B.

The payment rates of FTB-A and FTB-B, excluding supplements, will stay at current levels until 30 June 2016.

The Clean Energy Supplement will now be known as the Energy Supplement and will remain at its current rate from 1 July 2014. It will continue to provide assistance for living expenses like utility costs without a carbon price.

Summary of 2014-15 Budget measures

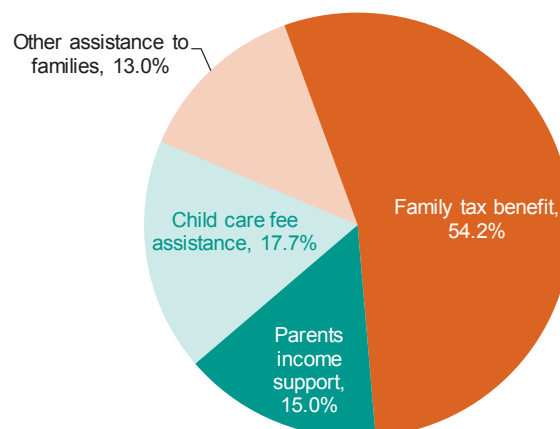
From 1 July 2014:

- The rates of FTB-A and FTB-B will remain at current rates for two years
- FTB eligibility thresholds will remain at current levels for three years
- The Energy Supplement will remain at current levels

From 1 July 2015:

- FTB-B payments will be paid until the youngest child turns six
- The FTB-B higher earner income test will be \$100,000
- Single parents who receive the maximum rate of FTB-A will receive additional assistance of \$750 per year per child aged between six and 12 once their youngest child turns six
- The FTB-A and FTB-B end of year supplements will be \$600 and \$300 respectively
- FTB-A High income free area will be \$94,316 for all families.
- The Large Family Supplement will be paid for the fourth and each subsequent child in a family

Assistance to families



The Government will improve the sustainability of the Family Tax Benefit system while continuing to support those most in need

FTB income thresholds will stay at current levels for three years from 1 July 2014. The income threshold for the maximum rate of FTB-A will remain at \$48,837 and the lower income earner threshold for FTB-B will remain at \$5,183 until 30 June 2017.

The Large Family Supplement will also be better targeted. From 1 July 2015, it will be paid for the fourth and subsequent children in

Encouraging workforce participation

It is important for families to be able to take some time out of the workforce with young children. However, assistance should be limited once children are at school.

From 1 July 2015, FTB-B payments will be available to families until the youngest child turns six. Those families already receiving FTB-B

Protecting low income single parents

The Government recognises single parents have greater difficulties balancing work and caring for their children. From 1 July 2015 the Government will provide low income single parents with extra assistance of \$750 a year for each child aged between six and 12 once their youngest child turns six.

Government payments available to families will continue including:

- FTB-A — up to \$5,840 per child
- FTB-A end of year supplement — \$600 per child
- FTB-B — up to \$3,818 per family
- FTB-B end of year supplement — up to \$300 per family
- Newborn Supplement and Upfront Payment — up to \$2,001 per child
- Multiple Birth Allowance — up to \$4,997 per annum
- Energy Supplement — up to \$113 per annum
- Large Family Supplement — up to \$314 for the fourth and subsequent children
- Child Care Benefit
- Child Care Rebate — up to \$7,500 per child
- Jobs, Education and Training Child Care Fee Assistance
- Family Support Programme
- Health Care Card
- Rent Assistance — up to \$4,362 per annum
- Carer Allowance — up to \$3,082 per annum
- Carer Supplement — \$600 per annum

a family. The FTB-A and FTB-B end of year supplements provide additional assistance at the end of the year to reconcile FTB debts. From 1 July 2015, the FTB-A end of year supplement will be \$600 per child and the FTB-B end of year supplement will be \$300 per family.

for children over six at this time will continue to receive payment until 30 June 2017.

A genuine Paid Parental Leave (PPL) scheme will be introduced from 1 July 2015 and will include superannuation. This PPL scheme recognises the vital contribution women make to our workforce. The PPL will provide recipients up to 26 weeks replacement wage at no less than the minimum wage.

Schoolkids Bonus and Income Support Bonus

The Government will keep its commitment to repeal the Minerals Resource Rent Tax and the associated spending measures, including the Schoolkids Bonus and Income Support Bonus. These programmes were to be funded from the anticipated revenue from the mining tax, but are now being funded by debt.

Changes to payments

Family Tax Benefit

	Current	Changes
FTB-A		
Rate	<p>The FTB-A maximum rate is:</p> <ul style="list-style-type: none"> • \$172.20 per fortnight for each child aged under 13; and • \$224.00 per fortnight for children 13-15 or up to 19 where in full time secondary school. <p>The FTB-A base rate of is currently \$55.16 per fortnight for each child.</p> <p>These rates are indexed to CPI each year.</p>	<p>The rates of FTB-A will remain at current rates until 30 June 2016.</p>
Eligibility	<p>Families can earn:</p> <ul style="list-style-type: none"> • \$48,837 without losing the maximum rate of FTB-A; and • \$94,316 without losing any base rate. <p>The maximum rate threshold is indexed to CPI each year. Indexation of the base rate threshold is currently paused until 30 June 2017.</p>	<p>The eligibility threshold for FTB-A maximum rate will remain at current levels until 30 June 2017.</p>
	<p>The per child add on increases the income a family can earn while continuing to receive the FTB-A base rate.</p> <p>The per child add on of \$3,796 for each additional child after the first builds on the high income free area of \$94,316.</p>	<p>The high income free area will be \$94,316 for all families.</p>
End-of-year supplement	<p>\$726.35 per child.</p> <p>This amount is indexed to CPI each year.</p>	<p>From 1 July 2015, the supplement will be \$600 per child and remain at this rate.</p>
Large Family Supplement	<p>\$12.04 per fortnight paid for the third and each subsequent child in a family.</p>	<p>From 1 July 2015, the supplement will be paid for the fourth and each subsequent child.</p>
Single Parent Assistance	<p>Single parents do not receive additional FTB-A compared to partnered parents.</p>	<p>From 1 July 2015, single parents receiving the maximum rate of FTB-A will receive extra assistance of \$750 a year for each child aged between six and 12 once their youngest child turns six.</p>
Additional Assistance	<ul style="list-style-type: none"> • Newborn Supplement and Upfront Payment • Stillborn Baby Payment • Multiple Birth Allowance • Rent Assistance 	<p>There are no changes to these payments.</p>

	Current	Changes
FTB-B		
Rate	<p>The FTB-B maximum rate is:</p> <ul style="list-style-type: none"> • \$146.44 per fortnight for each family where the youngest child is under five; and • \$102.20 per fortnight for each family where the youngest child is five to 15 or up to the end of the calendar year the child turns 18 where in full-time secondary school. <p>These rates are indexed to CPI each year.</p>	<p>The rates of FTB-B will remain at current rates until 30 June 2016.</p>
Eligibility	<p>FTB-B is no longer paid when the higher income earner's income exceeds \$150,000.</p>	<p>From 1 July 2015, the higher income earner test threshold will be \$100,000.</p>
	<p>The secondary income earner can earn up to \$5,183 before their FTB-B is reduced.</p> <p>These thresholds are indexed to CPI each year.</p>	<p>The eligibility threshold for FTB-B will remain at current levels until 30 June 2017.</p>
	<p>Families can receive FTB-B until their youngest child turns 16 or up to the end of the calendar year the child turns 18 if they are in full-time secondary school.</p>	<p>From 1 July 2015, families will receive FTB-B until their youngest child turns six. Existing recipients will continue to receive payments for two years.</p> <p>This means that families already receiving FTB-B at this time will receive FTB-B until 30 June 2017.</p>
End-of-year supplement	<p>\$354.05 per family.</p> <p>This amount is indexed to CPI each year.</p>	<p>From 1 July 2015, the FTB-B Supplement will be \$300 per family and remain at this rate.</p>

Working age payments

Working age allowances		
Income thresholds	<p>People on working age allowances such as Newstart Allowance and Youth Allowance can have income up to certain thresholds before their payments are reduced due to the income test. Thresholds are typically indexed to CPI each year.</p> <p>For example, the income thresholds for Newstart Allowance are currently \$100 and \$250 per fortnight.</p>	<p>The thresholds will remain at current levels until 30 June 2017.</p>
Assets thresholds	<p>People on working age allowances can have assessable assets up to certain thresholds before they no longer receive payment. Thresholds are indexed to CPI each year. For example, the current assets threshold for a single homeowner is \$196,750.</p>	<p>The thresholds will remain at current levels until 30 June 2017.</p>

How changes will affect families

Single Income Couple with 1 child (aged 2)

Jack and Sue have one child, Veronica aged 2. Jack works full-time and earns \$82,562 and Sue stays at home.

In 2013-14, they receive \$2,201 in Family Tax Benefit Part A (FTB-A), \$4,241 in Family Tax Benefit Part B (FTB-B) payments and \$300 in the Single Income Family Supplement. This gives Jack and Sue a total take home income after tax of \$69,571.

In 2016-17, Jack now earns \$90,000 because of growth in wages in line with average wage growth of around 3 per cent per year. They will receive \$2,111 of FTB-A, \$4,282 of FTB-B and \$300 of Single Income Family Supplement. This gives them a total take home income after tax of \$73,646.

	2013-14	2016-17
Private income	\$82,562	\$90,000
Supplementary Government income		
Family Tax Benefit Part A	\$2,201	\$2,111
Family Tax Benefit Part B	\$4,241	\$4,282
Single Income Family Supplement	\$300	\$300
Total Government payments	\$6,742	\$6,693
Total income	\$89,304	\$96,693
Income tax	\$19,733	\$23,047
Income after tax	\$69,571	\$73,646

PLUS other payments and benefits

Jack and Sue may also be eligible for a range of other benefits and services including:

- Child Care Rebate up to \$7,500 per child
- Child Care Benefit
- Access to Family Support Programmes
- Carer Allowance and Carer Supplement to care for somebody with a disability or medical condition
- Subsidised medicines through the Pharmaceutical Benefits Scheme and rebates towards the cost of a wide range of health services through the Medicare Benefits Schedule

Dual Income Couple with 2 children (aged 3 and 5)

David and Mary have two children, Daniel aged 3 and Leah aged 5. David works full-time and Mary works part-time. They have an income split of 70:30.

In 2013-14, they earned \$82,562 in combined income. David and Mary received \$4,402 in Family Tax Benefit Part A (FTB-A), \$324 in Family Tax Benefit Part B (FTB-B) and \$410 in Schoolkids Bonus. This gives them a total take home income after tax of \$75,460.

In 2016-17, David and Mary's combined income has grown to \$90,000 because of average wage growth of around 3 per cent per year. David and Mary will continue to receive FTB-A. However, they will no longer receive FTB-B as Mary's income now exceeds the maximum allowed to receive this payment because of the pause to the eligibility threshold. They will still have a total take home income after tax of \$79,228.

	2013-14	2016-17
Private income	\$82,562	\$90,000
Supplementary Government income		
Family Tax Benefit Part A	\$4,402	\$4,222
Family Tax Benefit Part B	\$324	\$0
Schoolkids Bonus	\$410	\$0
Total Government payments	\$5,136	\$4,222
Total income	\$87,698	\$94,222
Income tax	\$12,238	\$14,994
Income after tax	\$75,460	\$79,228

PLUS other payments and benefits

David and Mary may also be eligible for a range of other benefits and services including:

- Child Care Rebate up to \$7,500 per child
- Child Care Benefit
- Access to Family Support Programmes
- Carer Allowance and Carer Supplement to care for somebody with a disability or medical condition
- Subsidised medicines through the Pharmaceutical Benefits Scheme and rebates towards the cost of a wide range of health services through the Medicare Benefits Schedule

How changes will affect families

Sole Parent with 2 Children (aged 8 and 9) working part-time

Sharon is a single mother who has two children, Gus aged 8 and Max aged 9. She works part-time and earns \$27,521.

In 2013-14 Sharon receives \$10,607 in Family Tax Benefit Part A (FTB-A), \$3,070 in Family Tax Benefit Part B (FTB-B) and \$5,423 in other income support including Newstart, Income Support Bonus and Schoolkids Bonus. This gives Sharon a total take home income after tax of \$44,557.

Since Sharon's youngest child is over 6, Sharon will continue to receive FTB-B until 30 June 2017 as she will be grandfathered from the change to the FTB-B eligibility age.

In 2016-17, Sharon's wages have grown to \$30,000 in line with average wage growth of around 3 per cent per year. She will receive \$10,581 in FTB-A, and \$3,081 in FTB-B and \$4,792 in Newstart. She will have a total take home income after tax of \$45,845.

	2013-14	2016-17
Private income	\$27,521	\$30,000
Supplementary Government income		
Family Tax Benefit Part A	\$10,607	\$10,581
Family Tax Benefit Part B	\$3,070	\$3,081*
Other income support	\$5,423	\$4,792
Total Government payments	\$19,100	\$18,454
Total income	\$46,621	\$48,454
Income tax	\$2,064	\$2,609
Income after tax	\$44,557	\$45,845

* From 1 July 2017, Sharon will no longer receive FTB-B since the two year grandfathering expires. However, as a sole parent who receives the maximum rate of FTB-A of \$12,256 in 2017-18, she will now receive a new FTB-A allowance of \$750 for each of her children, which brings her total FTB-A to \$13,756 for this year. She would also continue to receive Newstart.

PLUS other payments and benefits

Sharon may also be eligible for a range of other benefits and services including:

- Child Care Rebate up to \$7,500 per child
- Child Care Benefit
- Rent Assistance
- Carer Allowance and Carer Supplement to care for somebody with a disability or medical condition
- Access to Family Support programmes
- Subsidised medicines through the Pharmaceutical Benefits Scheme and rebates towards the cost of a wide range of health services through the Medicare Benefits Schedule

Changes to the Disability Support Pension

The Government is changing the DSP to encourage people with a disability to participate in the workforce

We want to support those who most need assistance, but we also want to be a Government that helps people work. That's why we're making some changes to the Disability Support Pension (DSP). Currently, over 800,000 Australians are on the DSP. Australia has lower rates of workforce participation among people with disability than other OECD countries.

Expenditure on DSP is currently more than \$16 billion per year, and is projected to grow by 27 per cent by the end of the decade. To improve the sustainability of the DSP, the Government is announcing reforms to encourage people with disability to participate in the workforce where they have capacity to work. The reforms will help target the DSP to those most in need.

Review of DSP recipients

Some DSP recipients aged under 35 who were previously granted DSP between 2008 and 2011 will now be assessed under the current DSP Impairment Tables. People with a severe or manifest disability will not be reassessed.

People who have some capacity to work now or in the future will be helped to do this through programmes, services and activities.

Compulsory activities for recipients, aged under 35

The Government wants to ensure that people with some work capacity are supported to take steps to seek employment.

Under this reform, recipients under 35 will have a participation plan

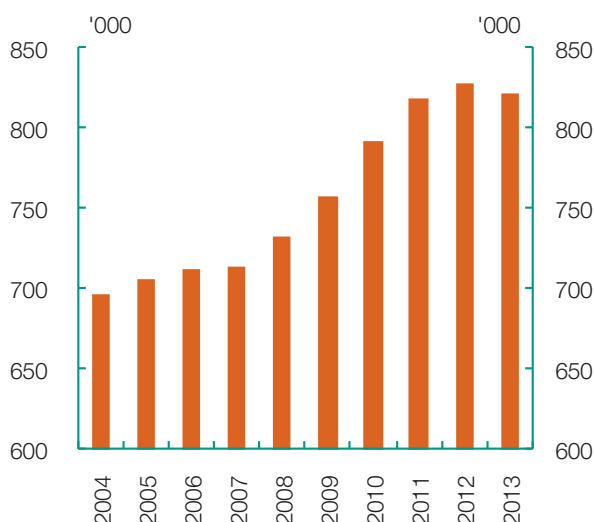
which includes activities that will genuinely assist in labour market participation. These activities could include Work for the Dole, job search, work experience, education and training, and connection with Disability Employment Services.

New portability requirements

The Government is tightening DSP portability requirements, but DSP recipients will still be able to leave Australia for up to four weeks in a 12 month period and be paid DSP while overseas.

Some exceptions will remain, such as for terminally ill people and those assessed as having a severe impairment.

Growth in DSP recipients since 2004



Disability Employment Services

The Government will continue to provide employment support to people with disability through Disability Employment Services, which offer a range of services including helping people with disability to prepare for work, providing job search support and providing support once placed into a job.

Detailed household outcomes

Sole parent

One Dependant, aged <6	22
Two Dependants, aged <6	22
Two Dependants, aged 6-13	23

Single income couple

One Dependant, aged <6	23
Two Dependants, aged 6-13	24
Three Dependants, one aged <6 and two aged 6-13	24

Dual income couple

70:30 income split, One Dependant, aged <6	25
70:30 income split, Two Dependants, aged <6	25
70:30 income split, Three Dependants, aged 6-13	26
50:50 income split, One Dependant, aged <6	26
50:50 income split, Two Dependants, aged 6-13	27

Individuals

Single person	27
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Pensioners and CSHC holders

Singles	28
Couples	28
End notes	29

- (a) Government payments include income support payments (for example, Newstart and Parenting Payment) and family payments (for example, Family Tax Benefit Part A and Part B). Rent Assistance is excluded.
- (b) Tax paid is equal to income tax including the Medicare Levy.
- (c) The restriction of eligibility for Family Tax Benefit Part B to families with children aged under six commences on 1 July 2015 but is grandfathered for two years for existing recipients and will therefore be fully implemented from 2017-18. For illustrative purposes, the tables assume that this policy change is fully implemented from 2016-17.
- (d) The two cameos for Pensioners and Commonwealth Seniors Health Card (CSHC) holders are for people who: are home-owners, have financial assets that are investments that earn a rate of return equal to current deeming rates, and have no other assets or private income. Deemed income from the specified level of assets is thus income for pension income-testing, and is also taken to be equal to adjusted annual income for CSHC income-testing.

Sole Parent

One Dependant, aged <6

Sole Parent

Two Dependants, aged <6

2016-17			
Private income per annum	Government payments	Income tax paid	Net income
\$0	\$29,826	\$0	\$29,826
\$10,000	\$27,705	\$0	\$37,705
\$20,000	\$23,705	\$399	\$43,305
\$30,000	\$19,705	\$2,671	\$47,033
\$40,000	\$15,705	\$5,461	\$50,243
\$50,000	\$11,705	\$8,288	\$53,417
\$60,000	\$7,340	\$12,147	\$55,193
\$70,000	\$6,443	\$15,697	\$60,746
\$80,000	\$6,693	\$19,147	\$67,546
\$90,000	\$6,693	\$23,047	\$73,646
\$100,000	\$4,988	\$26,947	\$78,041
\$110,000	\$300	\$30,847	\$79,453
\$120,000	\$300	\$34,747	\$85,553
\$130,000	\$200	\$38,647	\$91,553
\$140,000	\$100	\$42,547	\$97,553
\$150,000	\$0	\$46,447	\$103,553

*Not liable for Temporary Budget Repair Levy

2016-17			
Private income per annum	Government payments	Income tax paid	Net income
\$0	\$35,117	\$0	\$35,117
\$10,000	\$33,251	\$0	\$43,251
\$20,000	\$29,251	\$480	\$48,771
\$30,000	\$25,251	\$2,790	\$52,461
\$40,000	\$21,251	\$5,580	\$55,671
\$50,000	\$17,251	\$8,160	\$59,091
\$60,000	\$12,630	\$12,147	\$60,483
\$70,000	\$10,680	\$15,697	\$64,983
\$80,000	\$8,930	\$19,147	\$69,783
\$90,000	\$8,804	\$23,047	\$75,757
\$100,000	\$7,099	\$26,947	\$80,152
\$110,000	\$300	\$30,847	\$79,453
\$120,000	\$300	\$34,747	\$85,553
\$130,000	\$200	\$38,647	\$91,553
\$140,000	\$100	\$42,547	\$97,553
\$150,000	\$0	\$46,447	\$103,553

*Not liable for Temporary Budget Repair Levy

Sole Parent

Two Dependants, aged 6-13

Single income (100:0) couple

One Dependant, aged <6

2016-17			
Private income per annum	Government payments	Income tax paid	Net income
\$0	\$27,833	\$0	\$27,833
\$10,000	\$24,873	\$0	\$34,873
\$20,000	\$20,873	\$1,128	\$39,745
\$30,000	\$16,873	\$2,609	\$44,264
\$40,000	\$12,873	\$4,239	\$48,633
\$50,000	\$10,348	\$8,431	\$51,917
\$60,000	\$8,348	\$12,147	\$56,201
\$70,000	\$6,398	\$15,697	\$60,701
\$80,000	\$4,648	\$19,147	\$65,501
\$90,000	\$4,522	\$23,047	\$71,475
\$100,000	\$2,817	\$26,947	\$75,870
\$110,000	\$300	\$30,847	\$79,453
\$120,000	\$300	\$34,747	\$85,553
\$130,000	\$200	\$38,647	\$91,553
\$140,000	\$100	\$42,547	\$97,553
\$150,000	\$0	\$46,447	\$103,553

*Not liable for Temporary Budget Repair Levy

2016-17			
Private income per annum	Government payments	Income tax paid	Net income
\$0	\$33,895	\$0	\$33,895
\$10,000	\$29,845	\$0	\$39,845
\$20,000	\$23,845	\$403	\$43,442
\$30,000	\$18,474	\$1,797	\$46,677
\$40,000	\$13,353	\$4,657	\$48,696
\$50,000	\$9,340	\$8,547	\$50,793
\$60,000	\$7,340	\$12,147	\$55,193
\$70,000	\$6,443	\$15,697	\$60,746
\$80,000	\$6,693	\$19,147	\$67,546
\$90,000	\$6,693	\$23,047	\$73,646
\$100,000	\$4,988	\$26,947	\$78,041
\$110,000	\$300	\$30,847	\$79,453
\$120,000	\$300	\$34,747	\$85,553
\$130,000	\$200	\$38,647	\$91,553
\$140,000	\$100	\$42,547	\$97,553
\$150,000	\$0	\$46,447	\$103,553

*Not liable for Temporary Budget Repair Levy

Single income (100:0) couple

Two Dependants, aged 6-13

Single income (100:0) couple

Three Dependants,
one aged <6 and two aged 6-13

2016-17			
Private income per annum	Government payments	Income tax paid	Net income
\$0	\$36,409	\$0	\$36,409
\$10,000	\$32,359	\$0	\$42,359
\$20,000	\$26,359	\$403	\$45,956
\$30,000	\$20,362	\$1,797	\$48,565
\$40,000	\$14,362	\$4,317	\$50,044
\$50,000	\$10,348	\$8,431	\$51,917
\$60,000	\$8,348	\$12,147	\$56,201
\$70,000	\$6,398	\$15,697	\$60,701
\$80,000	\$4,648	\$19,147	\$65,501
\$90,000	\$4,522	\$23,047	\$71,475
\$100,000	\$2,817	\$26,947	\$75,870
\$110,000	\$300	\$30,847	\$79,453
\$120,000	\$300	\$34,747	\$85,553
\$130,000	\$200	\$38,647	\$91,553
\$140,000	\$100	\$42,547	\$97,553
\$150,000	\$0	\$46,447	\$103,553

*Not liable for Temporary Budget Repair Levy

2016-17			
Private income per annum	Government payments	Income tax paid	Net income
\$0	\$44,476	\$0	\$44,476
\$10,000	\$40,426	\$0	\$50,426
\$20,000	\$34,426	\$403	\$54,023
\$30,000	\$29,055	\$1,797	\$57,258
\$40,000	\$23,934	\$4,147	\$59,787
\$50,000	\$19,920	\$8,092	\$61,829
\$60,000	\$17,920	\$12,147	\$65,773
\$70,000	\$15,970	\$15,697	\$70,273
\$80,000	\$14,220	\$19,147	\$75,073
\$90,000	\$12,220	\$23,047	\$79,173
\$100,000	\$10,220	\$26,947	\$83,273
\$110,000	\$3,938	\$30,847	\$83,091
\$120,000	\$1,938	\$34,747	\$87,191
\$130,000	\$200	\$38,647	\$91,553
\$140,000	\$100	\$42,547	\$97,553
\$150,000	\$0	\$46,447	\$103,553

*Not liable for Temporary Budget Repair Levy

Dual income (70:30) couple

One Dependant, aged <6

Dual income (70:30) couple

Two Dependants, aged <6

2016-17			
Private income per annum	Government payments	Income tax paid	Net income
\$0	\$33,895	\$0	\$33,895
\$10,000	\$30,885	\$0	\$40,885
\$20,000	\$24,885	\$0	\$44,885
\$30,000	\$18,685	\$479	\$48,206
\$40,000	\$12,834	\$1,843	\$50,991
\$50,000	\$7,376	\$3,447	\$53,929
\$60,000	\$4,776	\$5,667	\$59,109
\$70,000	\$3,230	\$8,320	\$64,910
\$80,000	\$2,630	\$11,710	\$70,920
\$90,000	\$2,111	\$14,994	\$77,117
\$100,000	\$406	\$18,094	\$82,312
\$110,000	\$0	\$21,139	\$88,861
\$120,000	\$0	\$24,364	\$95,636
\$130,000	\$0	\$28,024	\$101,976
\$140,000	\$0	\$31,834	\$108,166
\$150,000	\$0	\$35,644	\$114,356

*Not liable for Temporary Budget Repair Levy

2016-17			
Private income per annum	Government payments	Income tax paid	Net income
\$0	\$39,185	\$0	\$39,185
\$10,000	\$36,175	\$0	\$46,175
\$20,000	\$30,175	\$0	\$50,175
\$30,000	\$23,975	\$479	\$53,497
\$40,000	\$18,125	\$1,503	\$56,621
\$50,000	\$12,667	\$3,331	\$59,336
\$60,000	\$10,067	\$5,667	\$64,400
\$70,000	\$7,467	\$8,320	\$69,147
\$80,000	\$4,867	\$11,710	\$73,157
\$90,000	\$4,222	\$14,994	\$79,228
\$100,000	\$2,517	\$18,094	\$84,423
\$110,000	\$0	\$21,139	\$88,861
\$120,000	\$0	\$24,364	\$95,636
\$130,000	\$0	\$28,024	\$101,976
\$140,000	\$0	\$31,834	\$108,166
\$150,000	\$0	\$35,644	\$114,356

*Not liable for Temporary Budget Repair Levy

Dual income (70:30) couple

Three Dependants, aged 6-13

Dual income (50:50) couple

One Dependant, aged <6

2016-17			
Private income per annum	Government payments	Income tax paid	Net income
\$0	\$43,108	\$0	\$43,108
\$10,000	\$40,658	\$0	\$50,658
\$20,000	\$34,958	\$0	\$54,958
\$30,000	\$29,008	\$479	\$58,529
\$40,000	\$23,011	\$1,417	\$61,594
\$50,000	\$17,047	\$2,992	\$64,056
\$60,000	\$15,047	\$5,667	\$69,380
\$70,000	\$13,047	\$8,320	\$74,727
\$80,000	\$11,047	\$11,710	\$79,337
\$90,000	\$9,047	\$14,994	\$84,053
\$100,000	\$7,047	\$18,094	\$88,953
\$110,000	\$5,047	\$21,139	\$93,908
\$120,000	\$3,047	\$24,364	\$98,683
\$130,000	\$1,047	\$28,024	\$103,023
\$140,000	\$0	\$31,834	\$108,166
\$150,000	\$0	\$35,644	\$114,356

*Not liable for Temporary Budget Repair Levy

2016-17			
Private income per annum	Government payments	Income tax paid	Net income
\$0	\$33,895	\$0	\$33,895
\$10,000	\$30,735	\$0	\$40,735
\$20,000	\$24,605	\$0	\$44,605
\$30,000	\$18,205	\$45	\$48,160
\$40,000	\$11,805	\$1,079	\$50,726
\$50,000	\$5,376	\$2,586	\$52,791
\$60,000	\$3,058	\$4,794	\$58,264
\$70,000	\$2,111	\$6,894	\$65,217
\$80,000	\$2,111	\$9,894	\$72,217
\$90,000	\$2,111	\$13,494	\$78,617
\$100,000	\$406	\$17,094	\$83,312
\$110,000	\$0	\$20,694	\$89,306
\$120,000	\$0	\$24,294	\$95,706
\$130,000	\$0	\$27,894	\$102,106
\$140,000	\$0	\$31,394	\$108,606
\$150,000	\$0	\$34,844	\$115,156

*Not liable for Temporary Budget Repair Levy

Dual income (50:50) couple

Two Dependants, aged 6-13

Single

2016-17			
Private income per annum	Government payments	Income tax paid	Net income
\$0	\$36,409	\$0	\$36,409
\$10,000	\$34,009	\$0	\$44,009
\$20,000	\$28,309	\$0	\$48,309
\$30,000	\$22,309	\$45	\$52,264
\$40,000	\$16,309	\$805	\$55,504
\$50,000	\$10,348	\$2,470	\$57,878
\$60,000	\$8,348	\$4,794	\$63,554
\$70,000	\$6,348	\$6,894	\$69,454
\$80,000	\$4,348	\$9,894	\$74,454
\$90,000	\$4,222	\$13,494	\$80,728
\$100,000	\$2,517	\$17,094	\$85,423
\$110,000	\$0	\$20,694	\$89,306
\$120,000	\$0	\$24,294	\$95,706
\$130,000	\$0	\$27,894	\$102,106
\$140,000	\$0	\$31,394	\$108,606
\$150,000	\$0	\$34,844	\$115,156

*Not liable for Temporary Budget Repair Levy

2016-17			
Private income per annum	Government payments	Income tax paid	Net income
\$0	\$14,302	\$0	\$14,302
\$10,000	\$10,252	\$0	\$20,252
\$20,000	\$4,252	\$1,010	\$23,242
\$30,000	\$0	\$2,397	\$27,603
\$40,000	\$0	\$4,947	\$35,053
\$50,000	\$0	\$8,547	\$41,453
\$60,000	\$0	\$12,147	\$47,853
\$70,000	\$0	\$15,697	\$54,303
\$80,000	\$0	\$19,147	\$60,853
\$90,000	\$0	\$23,047	\$66,953
\$100,000	\$0	\$26,947	\$73,053
\$110,000	\$0	\$30,847	\$79,153
\$120,000	\$0	\$34,747	\$85,253
\$130,000	\$0	\$38,647	\$91,353
\$140,000	\$0	\$42,547	\$97,453
\$150,000	\$0	\$46,447	\$103,553

*Not liable for Temporary Budget Repair Levy

Pensioner and CSHC singles

Pensioner and CSHC couples

2017-18	
Financial assets [^]	Government payments
\$0	\$24,132
\$50,000	\$24,132
\$100,000	\$24,132
\$150,000	\$24,028
\$200,000	\$23,153
\$250,000	\$22,278
\$300,000	\$20,681
\$350,000	\$18,731
\$400,000	\$16,781
\$450,000	\$14,831
\$500,000	\$12,881
\$600,000	\$8,981
\$700,000	\$5,081
\$800,000	\$1,307
\$900,000	\$361
\$1,000,000	\$361
\$1,200,000	\$361
\$1,400,000	\$361
\$1,600,000	\$0

*Not liable for Temporary Budget Repair Levy

[^] Assumes home owner; financial assets are investments that earn a rate of return equal to current deeming rates; and no other private income or assets.

2017-18	
Financial assets [^]	Government payments
\$0	\$36,382
\$100,000	\$36,382
\$200,000	\$36,382
\$300,000	\$35,591
\$400,000	\$32,482
\$500,000	\$28,582
\$600,000	\$24,682
\$700,000	\$20,782
\$800,000	\$16,882
\$900,000	\$12,982
\$1,000,000	\$9,082
\$1,200,000	\$1,973
\$1,400,000	\$546
\$1,600,000	\$546
\$1,800,000	\$546
\$2,000,000	\$546
\$2,200,000	\$546
\$2,400,000	\$546
\$2,600,000	\$0

*Not liable for Temporary Budget Repair Levy

[^] Assumes home owner; financial assets are investments that earn a rate of return equal to current deeming rates; and no other private income or assets.

End notes

- (a) Government payments include income support payments (for example, Newstart and Parenting Payment) and family payments (for example, Family Tax Benefit Part A and Part B). Rent Assistance is excluded.
- (b) Tax paid is equal to income tax including the Medicare Levy.
- (c) Net income is equal to private income and transfer payments less tax paid.
- (d) The tables show the outcomes in 2016-17 (2017-18 for the pensioner and Commonwealth Seniors Health Card cameos) for selected household types.
- (e) The restriction of eligibility for Family Tax Benefit Part B to families with children aged under six commences on 1 July 2015 but is grandfathered for two years for existing recipients and will therefore be fully implemented from 2017-18. For illustrative purposes, the tables assume that this policy change is fully implemented from 2016-17.
- (f) The children in household types with children aged between six and 13 are assumed to be aged over eight. The parent(s) therefore receive Newstart Allowance (where they meet the income test).
- (g) All household types are assumed to have private health insurance.
- (h) The tables have been prepared using annualised transfer payment rates.
- (i) The two cameos for Pensioners and Commonwealth Seniors Health Card (CSHC) holders are for people who: are home-owners, have financial assets that are investments that earn a rate of return equal to current deeming rates, and have no other assets or private income. Deemed income from the specified level of assets is thus income for pension income-testing, and is also taken to be equal to adjusted annual income for CSHC income-testing.