



The Coalition's Policy

Key Commitments

Australians are proud of a society that encourages enterprise while protecting the most vulnerable.

The Coalition is committed to supporting those who are most at risk, while creating an environment to maximise everyone's ability to participate in the economy.

We have delivered significant commitments to strengthen Australia's social welfare system.

We are rolling out the National Disability Insurance Scheme across Australia on time and on budget and ensuring it is fully funded.

We are implementing a \$100 million Women's Safety Package to protect women and children at high risk of experiencing domestic and family violence.

We are providing almost \$40 billion over the next four years to help Australian families with the cost of child care and early learning, targeting low income working families.

Social services and welfare account for over one third of the Commonwealth Budget and are growing faster than any other area of Government expenditure. Australia currently spends around \$160 billion a year on social services and welfare, which represents more than 80 per cent of all the personal income tax collected in Australia. Welfare spending is currently projected to increase to over \$190 billion by 2019-20 and to over \$270 billion by 2025-26.

Through the smarter use of technology, we can better manage our social welfare system to ensure that every dollar goes to those who need it most.

At any one time, there is around \$3.5 billion of debt to the Commonwealth due to fraud, non-compliance or misreporting in the welfare system. In just 2014-15, a total of \$2.5 billion in new debts was raised. Debts arise from very serious and complex fraud, such as identity fraud, through to accidental or inadvertent non-compliance or mistakes in reporting.

A better managed social welfare system means people in genuine need receive support.

Accordingly, we will continue to strengthen the integrity of Australia's social welfare system to ensure it is being used by those who are in genuine need.

The Coalition will further strengthen the integrity of Australia's social welfare system by:

- enhancing the integrity and compliance of social welfare payments through improved employment income and non-employment income data matching
- improving engagement with welfare recipients to better ensure they meet their obligations before problems arise
- ensuring welfare recipients accurately disclose assets and investments
- improving the capability for the identification and recovery of debt owed to taxpayers

Our commitments will reduce unintended misuse and stop Australia's social welfare system being intentionally abused, making it better able to provide support to people who genuinely need it.

Our Plan for Better Management of the Social Welfare System

The Coalition has delivered significant commitments to strengthen Australia's social services.

We are committed to supporting those who are most at risk while creating an environment to maximise everyone's ability to participate in the economy.

We are rolling out the National Disability Insurance Scheme across Australia on time and on budget, and ensuring it is fully funded with the creation of an NDIS Savings Fund Special Account to fill the \$5 billion funding gap left by Labor. The Turnbull Government has signed agreements with every state and territory.

We are implementing a \$100 million Women's Safety Package to protect women and children at high risk of experiencing domestic and family violence.

The Coalition is providing almost \$40 billion over the next four years to help Australian families with the cost of child care and early learning.

We introduced the 'No Job, No Pay' policy to ensure children are immunised and our communities are safe.

Ensuring welfare recipients are receiving the correct payment amount is critical to the sustainability of the system.

Australia currently spends around \$160 billion a year on social services and welfare, which represents more than 80 per cent of all the personal income tax collected in Australia.

Social services and welfare account for over one third of the Commonwealth Budget and are growing faster than any other area of Government expenditure.

The Coalition will strengthen the integrity of Australia's social welfare system to ensure it is sustainable for those who need it.

1. Enhancing the integrity and compliance of social welfare payments

The Coalition will enhance the integrity and compliance of our social welfare system by improving employment income and non-employment income data matching for welfare payments.

The integrity of the welfare system relies upon people who earn an income, whether from employment or investments, ensuring that all income is properly declared if they are receiving, or intend to receive, social welfare payments from the taxpayer.

People are encouraged to earn income, and become self-supporting.

However, people who are adequately able to support themselves should not receive taxpayer money they are not entitled to, as this undermines confidence in, and erodes the fairness of, the system that is intended to target people with genuine need.

That is why Australia's social welfare system has means-testing. For example, single people earning more than \$1,021 per fortnight are ineligible for Newstart.

Accurate and appropriate income testing ensures the system is fair and intended to provide support for those who need it.

Unfortunately, there are too frequently cases where people deliberately receive money they are not entitled to or where people, through inattention or inaccuracy, provide incorrect information, leading to the receipt of money they are not entitled to.

The Australian National Audit Office found, for example, that around 80 per cent of prosecuted welfare fraud in Australia related to a failure to declare or an under-declaration of employment income.

During the last three years of the former Labor Government, the estimate is that \$1.9 billion in fraud and overpayments occurred, which has not been the subject of proper recovery processes. Because of the inaction and inattention of the former Labor Government there is currently \$3.5 billion of outstanding debt owed, including \$870 million held by around 270,000 ex-recipients who have now left the welfare system.

We need to ensure that payments made under the social welfare system are appropriate and provided only to people who genuinely need support.

The Coalition will place at the centre of its approach to the welfare system the need to prioritise the integrity of social welfare payments by better managing the risk of welfare recipients failing to comply with their obligations to disclose employment income and non-employment income.

We will:

- automate and streamline existing compliance activities
- require more frequent and more stringent self-reporting
- ensure more thorough government income matching testing, record searching and auditing to detect overpayments

These measures, in combination with improved data matching of both employment income and non-employment income, will increase the amount of fraud and quantum of overpayments detected and ensure social welfare payments are targeted at the people who need them most.

No one who genuinely needs social welfare support and who is honestly disclosing their employment income and non-employment income will be worse-off under our commitment.

2. Improving engagement with welfare recipients to better ensure they meet their obligations

The Coalition will improve engagement with welfare recipients to better ensure they understand and meet their obligations.

The social welfare system should work better to support welfare recipients, minimise red tape, and avoid mistakes that may adversely affect a recipient's payments.

Some welfare recipients, for example, make genuine mistakes in the information they supply to the government, which can result in reduced or cancelled payments.

The social welfare system should ensure these mistakes are minimised so that welfare recipients are not adversely affected and inconvenienced.

We will make it easier for welfare recipients to comply with their obligations by:

- using historical analysis of social services data to apply risk management techniques to better manage and prevent non-compliance by welfare recipients
- introducing faster and more targeted intervention to prompt welfare recipients to address potential non-compliance behaviour, which will minimise the risk of payments being reduced or cancelled
- identify and manage welfare recipients most at risk of non-compliance
- adopting real time monitoring and real time data analysis of online transactions to immediately address potential non-compliance concerns

These measures will make it simpler and less time consuming for welfare recipients to meet their obligations. This will improve the efficacy of the social welfare system, making it better for recipients, less burdensome, less susceptible to fraud and inadvertent overpayments, and more sustainable.

Over the next 12 months the Digital Transformation Office will improve the myGov service, including changes in the following areas:

- users will be able to choose their own unique username, starting with their email address
- the overall sign-in experience will be simplified and improved
- users will be able to sign in to participating agencies directly without having to first go through myGov
- improved useability and design of myGov, particularly on mobile devices

No one who genuinely needs social welfare support and who is already honestly disclosing their employment and non-employment income will be worse-off under our commitment.

3. Ensuring welfare recipients appropriately disclose assets and investments

The Coalition will stringently ensure welfare recipients accurately disclose assets and investments.

The social welfare system can only be sustainable if it targets those people who most need support.

People who knowingly fail to accurately declare assets and investments are unlawfully gaming the system, taking advantage of taxpayers and contributing to an unsustainable social welfare system.

We will require more detailed, accurate and timely disclosure of assets and investments from welfare recipients by requiring more frequent self-reporting and through improved compliance and auditing activities.

No one who genuinely needs social welfare support and who is already honestly disclosing their assets and investments will be financially worse-off under our commitment.

4. Improving the capability for the identification and recovery of debt owed to taxpayers

The Coalition will further enhance integrity in the welfare system by continuing and expanding its crack down on welfare fraud and non-compliance.

The Coalition is serious about protecting the integrity of the welfare system and saving taxpayers' money. Our existing measures are on track to recover \$1.9 billion in fraud and overpayments made during the last three years of the Labor Government.

The Coalition will improve the capability to recover welfare debts owed to taxpayers by the three key measures above, notably:

- ensuring further income data cross-checking between the Australian Tax Office and Centrelink to identify more recoverable debt owed to the taxpayer
- ensuring asset data cross-checking between the Australian Tax Office and Centrelink to identify more recoverable debt owed to the taxpayer
- using data and statistical analysis to identify groups at elevated risk of non-compliance with their reporting and disclosure obligations and pro-actively taking action to reduce future non-compliance

Even before the application of the three measures above, there are around 270,000 former recipients of social security and family assistance payments who owe more than \$870 million to the Government and are not making appropriate effort to repay individual debts.

A new and important recovery initiative which is to be part of the Coalition's overall strategy is to expand tax garnishing to recover unpaid welfare debt. Existing processes already ensure that debts are recovered from former welfare recipients who are not in a repayment

arrangement by garnishing their tax return and now this process will be expanded to current welfare recipients with debts owing regardless of whether or not they are in a repayment arrangement.

We should be proud that we have a strong social security safety net, but we must always remember that welfare payments come from taxpayers who have a right to expect that payments are targeted and that there is integrity in the system.

Our commitment will not impact in any way on existing welfare recipients or previous recipients who do not have an outstanding debt to taxpayers.

The Choice

The Coalition is committed to stop misuse and abuse of Australia's welfare system, making it fairer and more sustainable.

We are ensuring the NDIS is fully funded and being rolled out on budget and on time.

We are implementing a \$100 million Women's Safety Package to provide a safety net for women and children at high risk of experiencing violence.

The Coalition is providing almost \$40 billion over the next four years to help Australian families with the cost of child care and early learning.

We introduced the 'No Job, No Pay' policy to protect Australian children.

We have already strengthened the integrity of Australia's welfare system by ensuring people pay back their welfare debts if they have received payments they are not entitled to.

However, there are further improvements to be made and the Coalition is committed to ensuring that Australia's welfare system is fair, sustainable and targeted to those most in need.

Under Labor, Australia's welfare system was unsustainable.

Labor claims that they fully funded the NDIS when in Government.

This is untrue. Labor left a \$5 billion shortfall each year. It has fallen to the Coalition to ensure that the NDIS is fully funded, which we are doing through the establishment of the NDIS Savings Fund Special Account.

Labor's policies threaten the successful transition to the new economy, through damaging tax changes that will cut existing property values, a 50 per cent increase in Capital Gains Tax that will hurt investment, and their refusal to support re-establishing a building industry watchdog, the ABCC.

Costs

The Coalition's measures to improved engagement with welfare recipients to better ensure they meet their obligations will deliver \$285 million to the Budget.

Our measures to ensure greater income data matching will deliver \$661 million to the Budget and enhancing non-employment income data matching will deliver \$527 million.

Ensuring welfare recipients appropriately disclose assets and investments will deliver \$527 million to the Budget.

Our better management of the social welfare system will make it able to provide support to people who genuinely need it.



THE NATIONALS
for Regional Australia

For further details of the Coalition's plan go to
www.liberal.org.au/our-plan
nationals.org.au/our-plan/