

Catholic Social Services
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26 September 2008

Dr Jeff Harmer
Secretary
Department of Families, Housing,
Community Services and Indigenous Affairs
CANBERRA ACT 2600

Dear Dr Harmer

Thank you for the opportunity to make this submission to the Australian Government's Pension Review.

On 22 September Catholic Social Services Australia released a discussion paper: *An Australian Entitlements Commission*, which proposes the establishment of a commission to inform decisions about the adequacy of pensions and other forms of income support.

This paper forms the basis of our submission to the Pension Review. A copy of the paper is attached and is also available at:

<http://www.catholicssocialservices.org.au/system/files/Entitlements+commission+--+FINAL.pdf>

Catholic Social Services Australia has chosen on this occasion to submit a plan for a long-term solution to the issue of the adequacy of those payments.

The paper examines the history of the adequacy of Australia's income support system, exposing the ad hoc nature of decisions and the absence of an enduring set of principles to guide decisions about adequacy. It paints a picture of a system historically inspired by short-term political considerations.

An independent entitlements commission would set and review pensions and other income support payments independently of the government of the day in much the same way as the Fair Pay Commission, the Commonwealth Remuneration Tribunal and the Reserve Bank of Australia.

Its terms of reference would be public and its decision making processes transparent.

The Commission would be ongoing and the government would appoint members for a fixed period.

Before making decisions, the Commission would call for submissions and hold public consultations.

In setting adequacy benchmarks the Commission should consider:

- the goods and services necessary to live in reasonable comfort, maintain dignity and take part in the life of the community;
- the contribution of in-kind government support provided through measures such as the Seniors Card, Medicare, public housing and subsidised transport;
- differences in the cost of living between income support recipients who own their own homes or have access to public housing and those who rely on the private rental market;
- differences in the cost of living for income support recipients in different geographical areas;
- differences in the cost of living for income support recipients living in different family/household types.

The Commission could include:

- Academics with expertise in poverty research and income support policy.
- Representatives of the community sector.
- Representatives of the business community with expertise related to cost of living issues.
- Retired MPs or senior public servants with relevant experience.

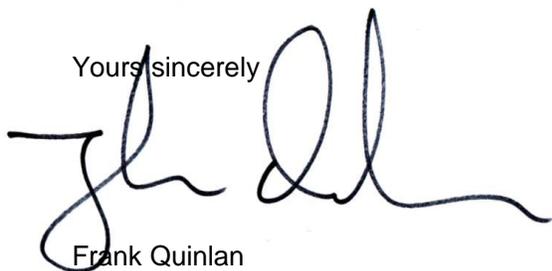
Income support payments have historically been set in an arbitrary fashion. Policy makers have rarely taken a structured approach to balancing adequacy, incentive effects, affordability and sustainability.

And even though the government has acknowledged that payments should be sufficient to support an adequate standard of living, there is currently no officially recognised standard of adequacy.

The technical issues involved in establishing credible benchmarks of income adequacy are well established. Appropriate methodologies have been developed for use in the Australian context.

I trust this paper will contribute in a meaningful way to this very important Review.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'F. Quinlan', with a long horizontal flourish extending to the right.

Frank Quinlan
Executive Director

