



Brotherhood of St Laurence

Working for an Australia free of poverty

MEDIA RELEASE

Tuesday, May 12, 2009

Not a super budget for sole parents and unemployed

The Rudd Government's second Budget has ensured that the burden of its cutbacks falls most heavily on those most able to pay but they haven't gone far enough, the Brotherhood of St Laurence said today.

"The worldwide economic crisis provided the government with the opportunity to go much further in righting the inequitable treatment of sole parents and the unemployed," said Brotherhood Executive Director Tony Nicholson.

"The Brotherhood supports the reduction in the cap on concessional superannuation contributions in order to fund greater support to pensioners. This will go a long way to prevent poverty amongst our pensioners. However, it should have gone further in reigning in the generous concessions to high-income earners. Had superannuation contributions been taxed at the individual's marginal tax rate - rather than the current 15 per cent - at least \$5 billion would have been raised that could be used to provide greater support to the unemployed and sole parents.

"Instead, the temporary reduction for some years in superannuation co-contribution arrangements will disproportionately affect low and middle-income earners. More needs to be done to ensure a more equitable superannuation system for those on low incomes.

"The training supplement of \$41.60 a fortnight for people on NewStart and those on sole parent benefits is welcome. However it's puzzling that, amidst a forecast of over a million unemployed, only an estimated 50,000 unemployed people will receive this supplement over the next two years. Surely if this supplement is uncapped we can expect to see many more people benefitting from it.

"The new paid parental leave scheme will assist low-income women, particularly sole parents, as will the measures to assist sole parents to undertake more training or work before they lose benefits.

"However, the Brotherhood is concerned about the changes to indexing of Family Tax Benefit Part A. It will now be indexed to the CPI rather than in line with the pension rate, which generally rises more quickly. This means that benefits to jobless families and low-income working families will be eroded over time."