

Social Services Legislation Amendment (Omnibus and Child Care Reform) Bill 2017

Fact Sheet

Other welfare recipients

Close the Energy Supplement to new welfare recipients

From 20 September 2017, the Energy Supplement will no longer be available for new recipients of income support payments. People who have been in the income support system continuously since 19 September 2016 will continue to receive the Energy Supplement as long as they remain continuously eligible for an income support payment that attracts the Supplement. From 19 September 2016, if an existing recipient transfers directly from one income support payment attracting the Supplement to another, without a break in entitlement, they will continue to receive the Energy Supplement applicable to the new payment.

The Energy Supplement was introduced on 20 March 2013 as part of the Household Assistance Package to compensate people for the introduction of the Carbon Tax. The current Government abolished the tax on 1 July 2014 and consequently there is no longer a need to provide this compensation.

Key facts

- The Energy Supplement is currently paid to all people in receipt of an eligible income support payment.
- Had the Carbon Tax not been repealed, it would have caused long-term increases in electricity prices which was why the compensation was thought necessary. As the Carbon Tax no longer exists, the Carbon Tax compensation is unnecessary for new recipients, particularly for people who only started receiving income support after the Carbon Tax was abolished.
- The Government remains committed to closing carbon tax compensation for all new welfare payment recipients and will continue to negotiate its passage through Parliament.
- There will be transitional arrangements in place for people who enter the income support system between 20 September 2016 and 19 September 2017. These people will receive the Energy Supplement temporarily during that period, while they remain eligible.
- Special arrangements will be put in place to allow those who have their pension cancelled to be able to receive the Supplement linked to a Commonwealth Seniors Health Card (CSHC) provided they make a successful claim for the card within six weeks beginning on the first day when their pension ceases.
- Legislation to close Carbon Tax compensation for new recipients of Family Tax Benefit (FTB) Part A and/or Part B and the CSHC has already been passed by Parliament. The Energy Supplement will no longer be paid to new recipients of FTB or to new holders of the CSHC from 20 September 2016.

- The savings achieved as a result of this measure will be deposited into the NDIS Savings Fund Special Account.
- This change will provide savings of \$933.4 million over the forward estimates.

More information

For more information about the age requirements for various Commonwealth payments, visit the Department of Human Services website <https://www.humanservices.gov.au>

Age requirements for various Commonwealth payments measure

From 1 July 2017, young jobseekers aged 22 to 24 years who become unemployed will receive Youth Allowance (other) until they turn 25 years. This broadly aligns payments for young jobseekers with payments for students.

Currently, Newstart Allowance is paid at a higher rate than Youth Allowance. Under the current arrangements, a 22 to 24 year old student could be financially better off if they give up full-time study to access Newstart Allowance.

This acts as an incentive to stay on Newstart Allowance instead of pursuing full-time study to better aid a transition into work. This change removes that incentive by placing all young people aged under 25 years on the same payment arrangements, irrespective of whether they are unemployed or studying full time.

For young people who are generally less qualified and / or have less work experience, education is essential to enable the transition into meaningful and sustained employment.

On Youth Allowance, there is more flexibility to earn while on payment as income free areas are higher before payment is affected, so this change will strengthen the incentive for young unemployed people to work, or pursue education and training opportunities.

Young jobseekers on Newstart or Sickness Allowance as at 30 June 2017 will be grandfathered and remain on these payments without any immediate reduction to their payments.

The age of independence remains at 22 years of age and as a result, people between 22 and 24 years who are granted Youth Allowance (other) will not be subject to parental means testing.

There are also amendments to the *Farm Household Support Act 2014* to maintain the alignment of rates at which farm household assistance is paid with Newstart Allowance and Youth Allowance rates.

This was part of the 2014 and 2015 Budgets.

Key Facts

- From 1 July 2017 young jobseekers aged 22 to 24 years who become unemployed will receive Youth Allowance (other) until they turn 25 years.
- Young jobseekers on Newstart or Sickness Allowance as at 30 June 2017 will remain on these payments.
- The age of independence remains at 22 years of age. As such, people between 22 and 24 who are granted Youth Allowance (other) will not be subject to parental means testing.
- There are also amendments to the *Farm Household Support Act 2014* to maintain the alignment of rates at which farm household assistance is paid with Newstart Allowance and Youth Allowance rates.
- It is projected this measure will have \$431.3 million in savings over four years.

More information

For more information about the age requirements for various Commonwealth payments, visit the Department of Human Services website <https://www.humanservices.gov.au>

Seasonal work incentives for job seekers

This measure introduces elements that were announced in the 2016-17 Mid-Year Economic and Fiscal Outlook (MYEFO) that will introduce a two year trial of incentives aimed at increasing the number of eligible job seekers who undertake horticultural seasonal work, such as fruit picking.

The measure responds to concerns about the ability of the Australian horticulture industry to attract sufficient numbers of seasonal workers by introducing three incentives aimed at increasing the number of job seekers who undertake horticultural seasonal work.

The incentives will commence as a trial from 1 July 2017 for two years and will be capped at 7,600 participants.

Key facts

- From 1 July 2017, there will be a two year trial of incentives aimed at increasing the number of eligible job seekers who undertake horticultural seasonal work, such as fruit picking.
- The trial will be capped at 7,600 participants over the two years.
- The incentives are aimed at increasing the number of job seekers who undertake horticultural seasonal work. They respond to concerns about the ability of the Australian horticulture industry to attract sufficient numbers of seasonal workers and will provide job seekers with a practical opportunity to enter the workforce and to build work experience and skills.
- There are three incentives that will apply for participants in the trial:
 - Newstart and Youth Allowance (Other) recipients who have been receiving those payments continuously for at least three months will have access to a Seasonal Horticultural Work Income Exemption under which they will be able to earn up to \$5,000 each year without it being assessed under the social security income test.
- Qualification rules will be relaxed for this group so that they continue to qualify for Newstart and Youth Allowance (Other) while undertaking eligible horticultural seasonal work.
 - Newstart and Youth Allowance (Other) recipients who have been receiving those payments continuously for at least three months would be eligible for a Seasonal Work Living Away and Travel Allowance of up to \$300 each year, if they undertake horticultural seasonal work more than 120 km from their home. This payment would not be assessed as income for income support purposes.
 - Employment providers, including jobactive, Transition to Work and Disability Employment Services, would receive a Provider Seasonal Work Incentive Payment of \$100 a week for up to 6 weeks a year for each eligible job seeker that they place with eligible farmers.
- The measure is expected to cost \$27.5 million over the forward estimates.

Ordinary waiting periods measure

Currently a person claiming Newstart Allowance or Sickness Allowance must serve a one week Ordinary Waiting Period before receiving payment, unless they are exempt. This waiting period is designed to encourage people to support themselves in the first instance where they are able before seeking income support.

From 1 July 2017, the Ordinary Waiting Period will be extended to Parenting Payment and Youth Allowance (other). This will provide a consistent one week waiting period across similar working age payments.

For all payment types, the Ordinary Waiting Period will start after any other relevant waiting or preclusion periods have ended to ensure the waiting period is served consistently and effectively.

Currently a person may be exempt from the Ordinary Waiting Period if they are in severe financial hardship. This exemption will be retained but a new requirement introduced that the person is also experiencing a personal financial crisis. This could include domestic violence or unavoidable or reasonable expenditure. This will better target the exemption to those who are most vulnerable and most in need of immediate assistance.

The other existing exemptions will also continue to be available, for example, where a person is transferring between payment types or participating in certain employment services for people with significant non-vocational barriers to employment. This measure was part of the 2014 and 2015 Budgets.

Key facts

- From 1 July 2017 the Ordinary Waiting Period will be extended to Parenting Payment and Youth Allowance (other).
- This will provide a consistent one week waiting period across similar working age payments.
- It is projected there will be \$189.4 million in savings over four years.

More information

For service delivery information about the Ordinary Waiting Periods measure, visit the Department of Human Services website <https://www.humanservices.gov.au>

Other waiting period amendments measure

From 1 July 2017, this measure will require all new job seekers up to the age of 25, applying Youth Allowance (other) or Special Benefit, who are serving a four week waiting period to complete pre-benefit activities within four weeks in order to receive payments following their waiting period.

Around 83,000 young people assessed as having a significant barrier to employment or in particularly vulnerable circumstances will be exempt. This is more than will be subject to the four week waiting period itself.

This will ensure that job ready young job seekers demonstrate that they are doing all they can to find employment ahead of receiving income support. These additional requirements will be called 'RapidConnect Plus'.

Currently, under RapidConnect, some job seekers who make a claim for Newstart Allowance or Youth Allowance (other) are already required to attend an initial interview with an employment services provider within two working days before their claim for income support is finalised.

Rapid Connect Plus pre-benefit activities will include meeting with a jobactive provider, agreeing to a Job Plan, developing an up-to-date resume, creating a job seeker profile on the JobSearch website, and providing evidence of satisfactory job search with up to 20 job applications (with flexibility for job seekers in poor labour markets).

Failure to complete these activities within the four week period will result in the lapse of their application for income support, and the job seeker will be required to re-apply. If applicable, they will re-serve the four week waiting period and subsequently comply with activity requirements over the course of a further four weeks before any payment is made.

This measure is part of the 2015 Budget.

Key facts

- From 1 July 2017, the Income Support Waiting Periods measure will require all new job seekers up to the age of 25, applying Youth Allowance (other) or Special Benefit, who are serving a four week waiting period to complete pre-benefit activities within four weeks in order to receive payments following their waiting period.
- This will ensure that job ready young job seekers demonstrate that they are doing all they can to find employment ahead of receiving income support.
- These additional requirements will be called 'RapidConnect Plus'.
- The financial implication for this measure is \$0.8 million.

More information

For more information about income support waiting periods, visit the Department of Human Services website <https://www.humanservices.gov.au>.

Income support waiting periods to apply

From 1 July 2017, and subject to some exceptions, a job ready person under the age of 25 and assessed as job ready will be required to serve a four-week waiting period before Youth Allowance (other) and, in certain circumstances, Special Benefit, becomes payable.

During the waiting period, a person will be required to undertake pre-benefit activities through a new programme, RapidConnect Plus, that will help them prepare for and find work.

Job seekers who have been assessed as having significant barriers to finding a job will not be required to serve the four-week waiting period. This will include Stream B and C jobactive clients, parents with 35 per cent or more care of a child, and young people in or leaving state care.

Exemptions from the four week waiting period will also be available to job seekers with a mutual obligations exemption of more than two weeks. Mutual obligations exemptions may be granted to those who are temporarily incapacitated, pregnant women in the six weeks before they are expected to give birth and people experiencing a major personal crisis such as domestic violence or homelessness.

A range of exemptions has also been announced for young people in vulnerable circumstances such as former carers of a person with disability, those unable to live at home, recently released prisoners and humanitarian entrants.

In recognition of the importance of education and training in preventing future unemployment, young people who return to school or take up full-time vocational education or university study will be able to seek more suitable payments such as Youth Allowance (student) and would therefore not be subject to the four week waiting period.

Job seekers required to serve the four week waiting period will be serviced by jobactive and will receive support and assistance to complete their pre-benefit activities. Once on payment, they will also need to participate in Work for the Dole or other activities in addition to job search as required under jobactive.

This measure is part of the 2015 Budget.

Key facts

- From 1 July 2017, and subject to some exceptions, a job ready person under the age of 25 and assessed as job ready will be required to serve a four-week waiting period before Youth Allowance (other) and, in certain circumstances, Special Benefit, becomes payable.
- During the waiting period, a person will be required to undertake pre-benefit activities through a new programme, RapidConnect Plus, that will help them prepare for and find work.
- The projected financial implication is a \$169.5 million saving.

More information

For more information about the income support waiting periods, visit the Department of Human Services website <https://www.humanservices.gov.au>

Automation of income stream review process

This measure allows the Department of Human Services (DHS) to automate the collection of information to support the regular income stream review process for income support recipients with income streams.

From 1 January 2018, there will be a staged introduction of a six-monthly electronic data collection process for income stream information from income stream providers. This change will apply to all income streams, including account-based income streams, annuities, and defined benefit income streams. This change will result in reduced red tape and regulatory costs for income support recipients and income stream providers by removing double handling. The relevant departments will engage with income stream providers to agree a schedule for commencing automatic provision of data to DHS.

Key facts

- Changes to the social security legislation will allow the Department of Human Services to automate the collection of information to support the regular income stream review process.
- The current regular superannuation income stream review process will be automated, by requiring income stream providers to provide recipient data on income streams directly to the Department of Human Services.
- The outcome of this policy will be reduced red tape and regulatory costs for income support recipients and the income stream providers through reducing double handling and the need for income stream providers to provide information to recipients, which they in turn have to provide to DHS.
- By obtaining the information for income stream reviews directly from the income stream provider, the efficiency of government service delivery and accuracy of income support payments will be improved.
- Savings of \$38.1 million over the forward estimates will be achieved.
- The measure will reduce future customer debts through the provision of accurate data.

More information

For more information about income stream reviews, visit the Department of Human Services website <https://www.humanservices.gov.au>

Indexation of payments

This measure implements the following changes to Australian Government payments:

- maintain at level for three years the income free areas for all working age allowances (other than student payments) and for parenting payment single from the first 1 July after the Bill receives Royal Assent; and
- maintain at level for three years the income free areas and other means test thresholds for student payments, including the student income bank limits, from the first 1 January after the Bill receives Royal Assent.

Under the current rules, income free areas and means test thresholds are indexed annually in line with movements in the Consumer Price Index. Indexation occurs either on 1 July or 1 January, depending on the payment involved.

The changes will pause for three years the indexation that occurs on 1 July each year of various income test thresholds that apply to certain social security benefits and allowances (other than student payments) and the income test free area for parenting payment single. Under this measure, these amounts will not be indexed on the first 1 July after this Bill takes effect and the 1 July of the following two years.

Similarly, the usual 1 January indexation of the income free areas and other means test thresholds for student payments will be paused for three years. These amounts will not be indexed on the first 1 January after this Bill takes effect and the 1 January of the following two years.

When indexation recommences, it will apply to the (paused) thresholds and there will be no catch-up in respect of indexation that would otherwise have occurred during the three-year pause.

Key facts

- The 2014 Budget announced that various means test thresholds for Australian Government payments would be fixed for three years.
- Some of the pauses were subsequently reversed, others have been passed by the Parliament, and some are yet to be passed.
- This Bill reintroduces elements of the 2014 Budget measure.