

# Chapter 1

## Introduction

### Referral

1.1 On 10 September 2015, the Senate referred the provisions of the Social Services Legislation Amendment (More Generous Means Testing for Youth Payments) Bill 2015 (Bill) to the Senate Community Affairs Legislation Committee (committee) for inquiry and report by 9 November 2015.<sup>1</sup>

### Objective of the Bill

1.2 The Bill seeks to implement a 2015–16 Budget measure that pledges 'more support for families with dependent young people who qualify for certain income support payments'<sup>2</sup>—that is, Youth Allowance (YA) and ABSTUDY Living Allowance.<sup>3</sup> In the Explanatory Memorandum to the Bill (EM), this support is described as 'more consistent and generous'.<sup>4</sup>

1.3 The Minister for Social Services (Minister) advised that the proposed measures were adopted following 'an examination of issues by an interdepartmental committee [IDC] on access to higher education for regional and remote students'.<sup>5</sup> Two of the IDC's key preliminary findings were that, for regional and remote students: cost, socio-economic status and distance are barriers to accessing higher education; and inequities in the Youth Allowance Parental Means Test arrangements create difficulties for some families. The Bill intends to respond to issues identified in

---

1 *Journals of the Senate*, No. 114–10 September 2015, p. 3083.

2 Australian Government, *Budget Paper No. 2: Budget Measures 2015–16*, 2015, p. 156, [http://www.budget.gov.au/2015-16/content/bp2/download/BP2\\_consolidated.pdf](http://www.budget.gov.au/2015-16/content/bp2/download/BP2_consolidated.pdf), accessed 30 October 2015.

3 Information regarding these income supports can be found at:  
Department of Human Services (DHS), *Youth Allowance* webpage:  
<http://www.humanservices.gov.au/customer/services/centrelink/youth-allowance>,  
accessed 30 October 2015.  
DHS, *ABSTUDY* webpage:  
<http://www.humanservices.gov.au/customer/services/centrelink/abstudy>,  
accessed 30 October 2015.

4 Explanatory Memorandum (EM), p. 1. Also see: the Hon Scott Morrison MP, Minister for Social Services (Minister), *House of Representatives Hansard*, 10 September 2015, p. 1.

5 Minister, *House of Representatives Hansard*, 10 September 2015, p. 1.

From July–September 2015, members of the Coalition Backbench Committee in Education hosted 15 fora throughout regional Australia, to discuss how the Australian Government can better support regional students to access higher education. These fora were attended by the Department of Education and the Department of Social Services (the Interdepartmental Committee on Access to Higher Education for Regional and Remote Students).

the IDC's interim advice—namely, concerns over parental means testing and the level of student assistance available.<sup>6</sup>

1.4 The Minister stated:

Removing complex and unnecessary means tests and improving the operation of the parental income test is a good first step...This bill is boosting assistance for working families, particularly in rural and regional areas, and better supporting young people into study to build their careers, develop economic opportunities and contribute to our economy.<sup>7</sup>

## Overview and purpose of the Bill

1.5 The Bill comprises Parts 1–3 of Schedule 1 that amend the *Social Security Act 1991* (Act) and the *Social Security (Administration) Act 1999* (Administration Act) to:

- remove the Family Assets Test (FAT) and the Family Actual Means Test (FAMT) from the YA parental means test arrangements (Part 1 of Schedule 1);
- align the Parental Income Test (PIT) exemptions for YA with the Family Tax Benefit Part A (FTB–A) arrangements (Part 1 of Schedule 1);
- remove maintenance income from the YA PIT (Part 1 of Schedule 1) and introduce a separate maintenance income test for the treatment of child support (Part 3 of Schedule 1); and
- where a family has a dependent child who receives an individual youth payment that is parentally income-tested and younger siblings who qualify for Family Tax Benefit (FTB), the 'family pool' for the YA PIT will include all FTB children (Part 2 of Schedule 1).<sup>8</sup>

1.6 The proposed measures will commence on 1 January 2016 (items 1–18 and 20 in Part 1 of Schedule 1), 1 July 2016 (Part 2 of Schedule 1) and 1 January 2017 (Part 3 of Schedule 1).<sup>9</sup>

---

6 The interdepartmental committee is expected to present its final report, containing recommendations and policy options, in November 2015.

An executive summary of the interim report was reproduced by MyNarrabri at: <http://news.mynarrabri.com.au/follow-up-on-the-regional-higher-education-forum-at-the-bowling-club-on-july-30th/>, accessed 30 October 2015.

7 Minister, *House of Representatives Hansard*, 10 September 2015, p. 1.

8 EM, p. 2.

9 Table items 2–6 in cl. 2 of the Social Services Legislation Amendment (More Generous Means Testing for Youth Payments) Bill 2015 (Bill). Item 19 in Part 1 of Schedule 1 will not commence as it was contingent on passage of the Social Services Legislation Amendment (Youth Employment and Other Measures) Bill 2015, which was defeated in the Senate: *Journals of the Senate*, No. 113–9 September 2015, pp 3075–3076.

1.7 According to the Department of Social Services (Department):

The measures in this Bill are consistent with long term directions to simplify the system and align rules for dependent children from birth to independence as recommended in the Government commissioned Final Report of the Reference Group on Welfare A New System for Better Employment and Social Outcomes (February 2015).<sup>10</sup>

1.8 The Government estimates around 33,500 families with dependent young people will benefit from the proposed measures:

An estimated 22,400 dependent young people would be eligible for an increase in youth payments while a further 11,100 dependent young people would become eligible for youth payments for the first time. Around 230,000 families currently subject to the [FAT] or the [FAMT] would benefit from reduced regulatory burden.<sup>11</sup>

### Consideration by committees

1.9 The Senate Standing Committee for the Scrutiny of Bills considered but had no comment on the Bill.<sup>12</sup> At the time of writing, the Parliamentary Joint Committee on Human Rights has deferred its consideration of the Bill.<sup>13</sup>

### Conduct of the inquiry and acknowledgement

1.10 Details of the inquiry, including links to the Bill and associated documents, were placed on the committee's website.<sup>14</sup> The committee also wrote to 49 individuals and organisations, inviting submissions by 9 October 2015. Submissions continued to be accepted after that date. The committee received nine submissions, which are listed at Appendix 1. All submissions were published on the committee's website. The committee thanks those organisations who assisted with the inquiry.

---

10 *Submission 6*, p. 1. Also see: Reference Group on Welfare Reform to the Minister for Social Services, *A New System for Better Employment and Social Outcomes*, February 2015, <https://www.dss.gov.au/our-responsibilities/review-of-australias-welfare-system/a-new-system-for-better-employment-and-social-outcomes-full-version-of-the-final-report>, accessed 30 October 2015.

11 Department of Social Services, *Submission 6*, p. 1. These figures include the impact of measures not discussed in chapter 2.

12 Standing Committee for the Scrutiny of Bills, *Alert Digest No. 10 of 2015*, 16 September, p. 7, [http://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Scrutiny\\_of\\_Bills/Alerts\\_Digests/2015/index](http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Scrutiny_of_Bills/Alerts_Digests/2015/index), accessed 30 October 2015.

13 Parliamentary Joint Committee on Human Rights, *Twenty-eighth Report of the 44<sup>th</sup> Parliament*, 17 September 2015, p. 2, [http://www.aph.gov.au/Parliamentary\\_Business/Committees/Joint/Human\\_Rights/Completed\\_inquiries/2015/Twenty-eighth\\_report\\_of\\_the\\_44th\\_Parliament](http://www.aph.gov.au/Parliamentary_Business/Committees/Joint/Human_Rights/Completed_inquiries/2015/Twenty-eighth_report_of_the_44th_Parliament), accessed 30 October 2015.

14 See: [http://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Community\\_Affairs](http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Community_Affairs)

