



Australian Government
Department of Social Services

Public Hearing - Inquiry into Social Services Legislation Amendment (Omnibus Savings and Child Care Reform) Bill 2017

Senate Community Affairs Legislation Committee

Thursday, 9 March 2017

Department of Social Services – Paid Parental Leave Questions on Notice

Question 1

Hansard page reference: 59

Hansard extract:

Senator WATT: Thank you for that. Again, one point that has come up, not just today but in a previous hearing, regarding paid parental leave is that while the government may expect to derive some savings through the change it is making to paid parental leave, one quite likely outcome for at least some women is that they will return to work earlier than they would have had they got the current amount of paid parental leave. Those women are then going to need child care, which is going to come at a cost to the government. To what extent have the savings that government is predicting to derive from the PPL changes taken into account any increased demand for child care?

Answer:

The Productivity Commission's 2009 report *Paid Parental Leave: support for parents with newborn children* noted that it was expected parents using formal child care prior to the introduction of the Paid Parental Leave Scheme in 2011 would extend their time off work. Consequently, it was predicted that there would be a reduction in very young children in 'approved' child care.

However, we have not seen any decrease in the use of childcare for young children since Paid Parental Leave was introduced in 2011. It is therefore unlikely that we will see any increase as a result of the current Paid Parental Leave measure.

It is also worth noting that higher income women, who are more likely to have access to employer-provided primary carer pay, have not significantly changed their leave-taking patterns as a result of Paid Parental Leave. Lower income women, who are more likely to have access only to the Government scheme, will receive an additional two weeks of Paid Parental Leave and are therefore more likely to delay child care as their paid leave will be increased.

The Productivity Commission also noted that in estimating the net costs of its proposed scheme, it had not taken into account the aggregate effects of the scheme on child care payments, mainly because of data limitations, although other analysis undertaken by the Productivity Commission suggested that the effects would be modest.

Senate Community Affairs Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

SOCIAL SERVICES PORTFOLIO

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

Outcome Number: N/A

Question No: 2

Topic: Recipient impacts – Schedule 8 Indexation measures

Hansard page: 61

Senator WATT: If I was to ask you to provide that by payment type, that is essentially what you have just done, isn't it? Or is there a further breakdown—

Ms Halbert: For Austudy, Abstudy and Youth Allowance students, the working age payments are Newstart, Youth Allowance, Parent Payment Couple, Parent Payment Single and some other smaller payments.

Senator WATT: Are you in a position to table that breakdown?

Ms Davis: Yes, and the reason that they have been separated out like that is because the indexation is 1 January for students and 1 July for the other payments.

Ms Halbert: I do not have that separately, but we can easily provide that on notice.

Senator Watt: Okay.

Answer:

The estimated number of recipients who will be impacted in the first year of the pauses contained in Schedule 8 of the Bill are as follows.

Payments will not be reduced unless recipients' circumstances change, such as their income increasing in value. Not indexing the value of these free areas and thresholds for three years will mean that increases to payments that would have occurred on either 1 July or 1 January of each year will not occur. The magnitude of impacts will depend upon the particular payment and individual's circumstances.

WORKING AGE PAYMENTS

Payment type	Number of Recipients
Newstart Allowance	134,500
Parenting Payment (Partnered)	8,300
Parenting Payment (Single)	59,700
Partner Allowance	100
Sickness Allowance	600
Widow Allowance	900
TOTAL	204,000

STUDENT PAYMENTS

Payment type	Number of Recipients
ABSTUDY (Living Allowance)	1,200
Austudy	9,200
Youth Allowance (Student)	50,200
TOTAL	60,500

Estimates of recipient numbers for payments have been rounded to the nearest hundred.

Senate Community Affairs Committee
ANSWERS TO QUESTIONS ON NOTICE
SOCIAL SERVICES PORTFOLIO

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

Outcome Number: 1.10

Question No: 3

Topic: Pensioner Education Supplement

Hansard page: 64

Senator Siewert asked:

Senator SIEWERT: You may need to take this on notice, but can you provide me with evidence that the employment fund, pathway fund, or whatever we are calling it now, has actually provided ongoing, every week payment support such as PES?

Ms Halbert: That is something that would have to be addressed to Employment.

Senator SIEWERT: Can you take it on notice to ask them, please? You have raised it as a possibility, and I certainly have not heard of anyone being paid money out of that. It is quite possible that it is happening, but I certainly have not heard of it.

Ms Halbert: We can direct the question to Employment.

Senator SIEWERT: That would be appreciated.

Answer:

The Employment Fund under jobactive does not provide ongoing fortnightly payments, such as the Pensioner Education Supplement, to income support recipients.

All jobactive providers have access to the Employment Fund which can be used to pay for training or other assistance to help eligible income support recipients gain and keep employment. The Employment Fund focuses on work-related items, training and support that meets the needs of individuals and employers. The Employment Fund may be used to fund training where it is either accredited, employer required or employability and foundation skills training to help eligible income support recipients prepare for work. As at 28 February 2017, \$83.7 million has been spent from the Employment Fund to assist eligible income support recipients undertake training.

The use of the Employment Fund is at the discretion of the jobactive provider, who will consider if the assistance will help an income support recipient obtain relevant skills, experience or support. jobactive providers also need to balance the needs of all of their clients and are required to ensure that the purchase represents value for money and will not bring jobactive or the Australian Government into disrepute. As a result, some income support recipients may not be assisted or fully funded for the assistance they are seeking.

Senate Community Affairs Committee
ANSWERS TO QUESTIONS ON NOTICE
SOCIAL SERVICES PORTFOLIO

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

Outcome Number: 1.1

Question No: 4

Topic: Savings from Bill being directed to NDIS

Hansard page: 65

Senator SIEWART asked: I might follow that up next time at estimates. There was an announcement made about the savings from the omnibus bill going into NDIS some time after the omnibus bill was introduced. When was the decision made that the savings would go into NDIS funding?

Answer:

This was a decision of Government and therefore the Department is not able to provide information on the timing of that decision.

Senate Community Affairs Committee
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SOCIAL SERVICES PORTFOLIO

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

Outcome Number: 1.1

Question No: 5

Topic: Family Tax Benefit Supplements

Hansard page: 66

Senator WATT asked: So it is 1.5 million families in total that will lose out because of these cuts to—

Ms Halbert: It is 1.2 million, I think.

Mr Hardy: FTB A families.

Senator WATT: What about FTB A and B families?

Answer:

Around 1 million families would no longer receive both the FTB Part A and FTB part B supplements as a result of the measures within the Social Services Legislation Amendment (Omnibus Savings and Child Care Reform) Bill 2017.

Senate Community Affairs Committee
ANSWERS TO QUESTIONS ON NOTICE
SOCIAL SERVICES PORTFOLIO

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

Outcome Number: 1.1

Question No: 6

Topic: Family Tax Benefit

Hansard page: 66

Senator WATT asked: How many families receive the maximum rate of family tax benefit A, which I think means that their household income is less than \$52,000 per year?

Ms Halbert: I think I can get it from here. On the maximum rate, the total number of families is 587,458.

Senator WATT: Those families receive the maximum rate of FTB A?

Ms Halbert: That is correct.

Senator WATT: We are talking there about families with both parents, or sole parents?

Ms Halbert: That is both.

Senator WATT: Is there a figure for single-parent families?

Ms Halbert: Not here, no, but we can get that for you.

Senator WATT: Okay. Single-parent families are eligible for FTB A, aren't they?

Answer:

As at September 2016, there were around 280,000 single parent families receiving the maximum rate of Family Tax Benefit (FTB) Part A via fortnightly instalments, while there were around 307,000 couple families receiving the maximum rate of FTB Part A via fortnightly instalments.

Single parent families are eligible for FTB Part A, provided they have a FTB child in their care, meet residential requirements and meet the income tests.

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

Outcome Number: 1.1

Question No: 7

Topic: Family Tax Benefit Supplements

Hansard page: 67

Senator WATT asked: There are 2.2 million kids in the 1.2 million families who will be worse off due to FTB A cuts? Is the 1.2 million FTB A only?

Answer:

Around 1.1 million families will lose the FTB Part A end of year supplement due to the measures within the Social Services Legislation Amendment (Omnibus Savings and Child Care Reform) Bill 2017.

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

Outcome Number: 1.1

Question No: 8

Topic: Family Tax Benefit

Hansard page: 67

Senator Watt asked:

So does that mean that there are actually 2.1 families who will be worse off, or am I missing something because of the \$20 increase?

Answer:

In total, around 1.3 million families will lose either the FTB Part A supplement or the FTB Part B supplement as a result of the measures within the Social Services Legislation Amendment (Omnibus Savings and Child Care Reform) Bill 2017.

Senate Community Affairs Committee
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Social Services Legislation Amendment (Omnibus Savings and Child Care Reform) Bill 2017

Outcome Number: 1.1

Question No: 9

Topic: Family Tax Benefit

Hansard page: 67

Senator WATT asked:

Okay. Just so we are clear, as well as knowing the number of children in families that are losing FTB A, I am also interested in knowing the number of kids in families that will lose FTB B, because I presume that will be on top of it.

Answer:

As a result of the measures within the Social Services Legislation Amendment (Omnibus Savings and Child Care Reform) Bill 2017:

- Around 2.1 million children in families would lose the FTB Part A supplement
- Around 2.3 million children in families would lose the FTB Part B supplement.

These numbers cannot be added together as there is considerable overlap between the FTB Part A and FTB Part B populations.

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ANSWERS TO QUESTIONS ON NOTICE
SOCIAL SERVICES PORTFOLIO

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

Outcome Number: 1.1

Question No: 10

Topic: Family Tax Benefit

Hansard page: 67

Senator WATT asked:

Do we know how many families will have a reduced rate of FTB A and will also lose their FTB B end-of-year supplement?

Ms Halbert: A reduced rate of FTB A? On what?

Mr Hardy: We would have to, I think, take that on notice. Are you saying there is a crossover between those that are losing the supplement to FTB A and—what else? In relation to FTB—

Senator WATT: And are losing their FTB B end-of-year supplement.

Answer:

Around 1 million families would lose both the FTB Part A and FTB Part B end of year supplements as a result of the measures within the *Social Services Legislation Amendment (Omnibus Savings and Child Care Reform) Bill 2017*.

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ANSWERS TO QUESTIONS ON NOTICE
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Social Services Legislation Amendment (Omnibus Savings and Child Care Reform) Bill 2017

Outcome Number: 1.10

Question No: 11

Topic: Income support waiting period

Hansard page: 69

Senator Watt asked:

Senator WATT: Has any work been done to determine whether these young people have any other income sources?

Ms Halbert: A large number of those young people will be living at home with their parents.

Senator WATT: Do you know how many?

Ms Halbert: We do not have that here, but we can get it.

Senator WATT: You have done that work?

Ms Halbert: We can take that on notice and get that figure of how many live at home. The different rates will indicate their living circumstances.

Answer:

An estimated 71,000 claimants under 25 years will be subject to the four week waiting period per year. It is not possible to disaggregate this estimate by claimant circumstances including whether they live at home.

However, the following point in time data (as at December 2016) provides the current circumstances of Youth Allowance (other) recipients by dependence status and rate category*:

- Dependent – 55,516
 - Living at home rate – 46,596
 - Living away from home rate – 7,986
- Independent – 48,282**
 - Living at home rate – 6,481
 - Living away from home rate – 36,787

Notes:

Only job-ready Stream A recipients will be subject to the four week waiting period. Please note that the above data is not able to be disaggregated by a recipient's jobactive stream.

* The breakdown by rate category provides only those receiving the single living at home rate or single living away from home rate. Other rate categories (such as partnered, single with child or partnered with child) are not provided as these do not distinguish between whether the recipient is living at or away from home.

** Includes all independence reasons, many of which would provide an exemption from the waiting period. Independence reasons include unable to live at home, self-supporting through employment, partnered, has had a dependent child, is a refugee, orphan or has been in state care, has a partial capacity to work or has parents who cannot exercise their responsibilities because they are in prison, are mentally incapacitated, living in a nursing home or missing, many of which would provide an exemption from the waiting period.

Senate Community Affairs Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

SOCIAL SERVICES PORTFOLIO

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

Outcome Number: N/A

Question No: 12

Topic: Recipient impacts – Schedule 11 Automate Income Stream Reviews

Hansard page: 70

Senator SIEWERT: Retirement incomes, yes. So at the moment retirement incomes go to the person.

Ms Halbert: The information is given to the recipient, and then they have to provide it to DHS. This just cuts out the middleperson, so to speak, so it reduces red tape for both the institutions and the recipient.

Ms Davis: Can I provide a caveat on that. I would need to confirm it is only retirement income streams, because there are other income streams.

Senator SIEWERT: Could you take it on notice, because either I am not reading the EM correctly—

Ms Davis: It is predominantly retirement income streams, but I would not say 100 per cent.

Senator SIEWERT: If you could check that, that would be appreciated—just what income streams it does cover.

Ms Davis: Yes.

Senator SIEWERT: Thank you

Answer:

Under the current notification rules, income support recipients with an income stream are required to regularly inform the Department of Human Services of changes in the income received or asset value of their income streams. The measure streamlines this process by obtaining the information directly from income stream providers.

The measure will cover products which meet the definition of an income stream. This includes income streams purchased with superannuation assets, income streams purchased with money outside of the superannuation system, defined benefit income streams, and income streams acquired where the person meets the definition of total and permanent disability within a superannuation fund or a life insurance company.

Income streams are commonly referred to as retirement income streams as most income streams are used for retirement. Income streams can be purchased with superannuation assets or money outside of the superannuation system. However the vast majority of income streams are purchased with superannuation monies. Superannuation assets can only be accessed once a person reaches their preservation age and satisfies a condition of release, such as retiring from employment.

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SOCIAL SERVICES PORTFOLIO

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

Outcome Number: 1.10

Question No: 13

Topic: Income support waiting period

Hansard page: 71-72

Senator Siewert asked:

Do people have to be in receipt of a social security payment to receive Emergency Relief?

Answer:

No.

As outlined the Financial Wellbeing and Capability guidelines, access to Emergency Relief is universal and is a safety net for people experiencing financial distress or hardship and who have limited means or resources to help alleviate their financial crisis. More information can be found at

www.dss.gov.au/sites/default/files/documents/01_2017/revised_fwc_program_guidelines_22_november_2016_2.pdf

Senate Community Affairs Committee
ANSWERS TO QUESTIONS ON NOTICE
SOCIAL SERVICES PORTFOLIO

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

Outcome Number: 1.10 Working Age Payments

Question No: 14

Topic: Pensioner Education Supplement

Hansard page: 72

Senator Duniam asked:

CHAIR: I will just have a second stab at what I was asking before: is the department at all able to provide me any detail or numbers around those who were receiving the Pensioner Education Supplement who have gone off welfare, for whatever reason? No reason recorded, obviously—

Ms Halbert: We can take that on notice and get you that figure.

Answer:

The social security system does not collect data on the education or employment outcomes achieved by people following cessation of their Pensioner Education Supplement (PES) payments.

The table at Attachment A shows income support recipients whose PES was cancelled during 2015 and their income support status three, six and 12 months after PES was cancelled.

Note: These data are point in time snapshots and do not indicate whether a person was in receipt of an income support payment for the period between PES ceasing and the snapshot time. The data do not include people whose income support payments ceased within 14 days of their PES payments ceasing.

Table a) Payment Type 3 months after PES cancellation	
Payment Type	Total
Not on Payment	654
ABSTUDY (Living Allowance)	n.p.
Age Pension	21
Austudy	53
Carer Payment	3,502
Disability Support Pension	11,134
Newstart Allowance	3,657
Parenting Payment Partnered	139
Parenting Payment Single	15,124
Special Benefit (Newstart)	<5
Widow Allowance	60
Wife Pension (DSP)	15
Youth Allowance (other)	11
Youth Allowance (student)	5
Total	34,383

Table b) Payment Type 6 months after PES cancellation	
Payment Type	Total
Not on Payment	1,302
ABSTUDY (Living Allowance)	11
Age Pension	41
Austudy	105
Carer Payment	3,471
Disability Support Pension	10,950
Newstart Allowance	3,946
Parenting Payment Partnered	222
Parenting Payment Single	14,227
Sickness Allowance	<5
Special Benefit (Newstart)	<5
Widow Allowance	58
Wife Pension (DSP)	15
Youth Allowance (apprentice)	<5
Youth Allowance (other)	23
Youth Allowance (student)	n.p.
Total	34,383

Table c) Payment Type 12 months after PES cancellation	
Payment Type	Total
Not on Payment	2,449
ABSTUDY (Living Allowance)	19
Age Pension	74
Austudy	192
Carer Payment	3,443
Disability Support Pension	10,719
Newstart Allowance	4,545
Parenting Payment Partnered	374
Parenting Payment Single	12,454
Sickness Allowance	<5
Special Benefit (Other)	<5
Special Benefit (Newstart)	<5
Widow Allowance	52
Wife Pension (DSP)	15
Youth Allowance (apprentice)	<5
Youth Allowance (other)	27
Youth Allowance (student)	14
Total	34,383

Source: Department of Human Services administrative data (DSS extract).

NOTE: In order to protect individuals' privacy, identified populations <5 are reported as "<5" and other data that would allow these populations to be derived are not provided "n.p."