

Social Security Legislation Amendment (Increased Employment Participation) Bill 2014

Portfolio: Employment

Introduced: House of Representatives, 27 February 2014

Purpose

2.49 The Social Security Legislation Amendment (Increased Employment Participation) Bill 2014 sought to amend the *Social Security Act 1991*, the *Social Security (Administration) Act 1999*, and the *Income Tax Assessment Act 1997* to enable the implementation of the Job Commitment Bonus and the 'Relocation Assistance to Take Up a Job' programme.

2.50 The Job Commitment Bonus payment will provide job seekers aged 18-30 who have been receiving Newstart Allowance or Youth Allowance (other than as an apprentice or full time student) for 12 months or more with:

- a \$2 500 payment, if they undertake gainful work and remain off income support for a continuous period of 12 months; and
- a further \$4 000 to eligible job seekers if they remain in a job and do not receive an income support payment for a continuous period of 24 months, for a total payment of \$6 500.

2.51 If job seekers later return to receipt of an income support payment and then qualify again for the Job Commitment Bonus, they will be able to receive a further Job Commitment Bonus (that is, a further \$2 500, or \$2 500 plus an additional \$4000, depending on whether the further period of work is 12 or 24 months).

2.52 The 'Relocation Assistance to Take Up a Job' programme is intended to replace a current scheme that provided relocation assistance to job-seekers, called 'Move 2 Work'. The replacement scheme will come into effect on 1 July 2014 and will provide financial assistance to long term unemployed job seekers with participation requirements who have been receiving Newstart Allowance, Youth Allowance or Parenting Payment for at least the preceding 12 months, to relocate for the purposes of commencing ongoing employment.

2.53 Those who relocate to a regional area (whether from a metropolitan area or another regional area) will receive up to \$6 000. Those who move to a metropolitan area from a regional area will receive up to \$3 000. Relocations between capital cities (metropolitan areas) will be limited to cases where the relocation is to a capital city with a lower unemployment rate. Families with dependent children will be provided with up to an additional \$3 000.

2.54 The bill also seeks to introduce a non-payment period of 26 weeks for which the relevant income support payment is not payable if the person ends their employment because of their own voluntary act or misconduct within a period of 6

months of the relocation assistance being paid. This requirement will apply to participants in the new 'Relocation Assistance to Take Up a Job' programme. The current non-payment period of 12 weeks will continue to apply to participants in the present 'Move 2 Work' programme.

Background

2.55 The committee reported on the bill in its *Third Report of the 44th Parliament*.

2.56 The bill was subsequently passed by the Parliament and received Royal Assent on 18 June 2014.

Committee view on compatibility

Right to equality and non-discrimination

Exclusion on protected Special Category Visa holders

2.57 The committee sought clarification from the minister as to why it is considered necessary to exclude protected Special Category Visa (SCV) holders from accessing the Job Commitment Bonus, and the basis for considering that their inclusion may jeopardise the goals of the measure.

Assistant Minister's response

The Australian Government considers it necessary to exclude protected Special Category Visa holders from eligibility and this exclusion is consistent with the 2001 Social Security Agreement between Australia and New Zealand.

The Job Commitment Bonus is an incentive for Australians 18- 30 years of age who have been recipients of certain income support payments for 12 months or more, to find and remain in gainful work for 12 months or more while remaining off income support.

The *Social Security Legislation Amendment (Increased Employment Participation) Act 2014* provides that a person must be an Australian resident throughout the period of work on which they rely to claim the Job Commitment Bonus.

For the purpose of the Job Commitment Bonus, the term 'Australian resident' is defined as a person who resides in Australia and who is an Australian citizen or who is the holder of a permanent visa. The term does not include a person who resides in Australia and is the holder of a protected Special Category Visa. Protected Special Category Visa holders are able to apply to become an 'Australian resident'.

Broadly, protected Special Category Visa holders are New Zealand citizens who arrived in Australia on a New Zealand passport and were in Australia on 26 February 2001, or were in Australia for 12 months in the two years immediately before this date and later returned to Australia, or who are in certain other similar categories. New Zealand citizens are able to work in Australia due to the 1973 Trans-Tasman Travel Arrangement.

The designation of protected Special Category Visa holders came as a result of the bilateral Social Security Agreement between Australia and New Zealand announced on 26 February 2001. The agreement only sets out arrangements for the payment of Age Pension, Disability Support Pension and Carer Payment to New Zealand citizens in Australia. Importantly, the agreement recognised the right of each country to determine access to social security benefits not covered by the agreement and to set related residence and citizenship rules within legislative and policy frameworks. The *Social Security legislation Amendment (Increased Employment Participation) Act 2014* is not intended to alter access to income support related payments that were negotiated in the 2001 agreement.

The Job Commitment Bonus is not aimed at providing support to people so that they can meet the basic costs of living- that is the purpose of income support. Protected Special Category Visa holders can normally claim income support as long as they satisfy the usual qualification criteria and serve any relevant waiting periods. Protected Special Category Visa holders' ineligibility for the Job Commitment Bonus does not impact on their access to income support.

Getting more Australians into paid employment has both economic and social benefits for individuals, their families and the community and therefore it is reasonable to provide an incentive for certain young Australians to find and remain in gainful work. However, it is necessary to set parameters on the eligibility for the Job Commitment Bonus (for example, the age requirements and the requirements for persons to have been on certain income support payments for 12 months and to remain in gainful work for at least 12 months).¹

Committee response

2.58 The committee thanks the Assistant Minister for Employment for his response and has concluded its examination of this matter.

Right to social security

Increase of non-payment period from 12 to 26 weeks

2.59 The committee sought the following information from the minister:

- The levels of assistance provided under the current 'Move 2 Work' programme, including how the present 12-week non-payment period correlates with the applicable relocation assistance provided to eligible individuals.

1 See Appendix 2, Letter from The Hon Luke Hartsuyker MP, Assistant Minister for Employment, to Senator Dean Smith, 27 June 2014, pp 2-3.

- Whether for some individuals the proposed 26-week non-payment period may amount to more than the relocation assistance received.

Assistant Minister's response

[...] The *Social Security Legislation Amendment (Increased Employment Participation) Act 2014* maintains the previous 12 week non-payment period rather than the originally proposed 26 weeks non-payment period.

Under the current Move 2 Work programme eligible job seekers may be reimbursed up to \$6500 if relocating with dependants and \$4500 if relocating with no dependants. Under the new Relocation Assistance to Take Up a Job programme, those who relocate to a regional area, whether from a capital city or another regional area, will receive up to \$6000. Those who move to a capital city from a regional area will receive up to \$3000. Families with dependent children will be provided with up to an additional \$3000. A maximum of \$9000 of assistance is available.

The maximum financial impact of a 12 weeks non-payment period is \$4197.60 for an individual receiving Parenting Payment (Parenting Payment has higher payment rates than Newstart Allowance or Youth Allowance).

The 12 week non-payment period is considered to be a penalty for job seekers who choose not to remain in a job for which they have relocated and received generous relocation assistance. While in some cases the amount of relocation assistance received by a person could be less than the financial impact of the 12 week non-payment period, it is important to note that the non-payment period will continue to be able to be ended at any time, based on existing provisions in the social security law, for certain cohorts of job seekers (including those with children) who are in severe financial hardship.

The maximum non-payment period is therefore consistent with the right to social security and the right to an adequate standard of living, as explained in the statement of compatibility with human rights for the Social Security Legislation Amendment (Increased Employment Participation) Bill 2014.

As also noted in the Social Security Legislation Amendment (Increased Employment Participation) Bill 2014 statement of compatibility with human rights, it is necessary to discourage job seekers from not only making ill-considered decisions to relocate, but from relocating purely to take illegitimate advantage of financial assistance from the Commonwealth without a genuine intention of remaining in the job for which they purportedly relocated. This will help ensure that finite

resources are used for the benefit of genuine job seekers, to assist those genuine job seekers to realise their right to work.²

Committee response

2.60 The committee thanks the Assistant Minister for Employment for his response and has concluded its examination of this matter.

2 See Appendix 2, Letter from The Hon Luke Hartsuyker MP, Assistant Minister for Employment, to Senator Dean Smith, 27 June 2014, p. 3.