

# Chapter 1

## Introduction

### Purpose and background of the Bill

1.1 The Social Services Legislation Amendment (Budget Repair) Bill 2016 seeks to reintroduce measures that were previously introduced in the 44<sup>th</sup> Parliament in the Social Services Legislation Amendment (Budget Repair) Bill 2015.<sup>1</sup> The Senate Community Affairs Legislation Committee (committee) inquired and reported to the Senate on the provisions of the previous Bill (Social Services Legislation Amendment (Budget Repair) Bill 2015) on 4 February 2016.<sup>2</sup> That Bill lapsed at the dissolution of the 44<sup>th</sup> Parliament.

1.2 The current Bill is identical to the previous Bill and seeks to amend the *Social Security Act 1991* and related Acts to:

- (a) reduce the length of time recipients may receive the age pension and other payments while outside Australia from 26 weeks to six weeks;
- (b) cease the Pensioner Education Supplement;
- (c) cease the Education Entry Payment; and
- (d) pause indexation for 3 years on the income free areas on working payments; and the income free areas and means testing for student payments.<sup>3</sup>

1.3 In the second reading speech, the Minister for Social Services (Minister), the Hon Christian Porter MP, suggested that the changes outlined in the Bill would underpin the long term sustainability of Australia's income support system. The Minister stated that the Bill would:

Help guarantee the long-term sustainability of the payments system, while ensuring Australia has a targeted, means-tested income support system that

- 
- 1 Prior to these measures being introduced in the Social Services Legislation Amendment (Budget Repair) Bill 2015, these measures were introduced in two Bills—the [Social Services Legislation Amendment \(Fair and Sustainable Pensions\) Bill 2015](#) and the [Social Services Legislation Amendment \(Youth Employment and Other Measures\) Bill 2015](#). Both Bills were the subject of an inquiry and report by the Community Affairs Legislation Committee in the 44<sup>th</sup> Parliament.
  - 2 Senate Community Affairs Legislation Committee, [Social Services Legislation Amendment \(Budget Repair\) Bill 2015 \[Provisions\]](#), February 2016.
  - 3 Social Services Legislation Amendment (Budget Repair) Bill 2016, [Explanatory Memorandum](#), pp 1–2.

provides financial assistance to those most in need, while encouraging self-provision.<sup>4</sup>

1.4 The Australian Government foreshadows savings over the forward estimates of \$592.6 million if this Bill is passed.<sup>5</sup> The table below outlines the savings in more detail.

MEASURE	FINANCIAL IMPACT OVER THE FORWARD ESTIMATES (SAVINGS)
Proportional payment of pensions outside Australia	\$168.4 million
Pensioner Education Supplement	\$252.4 million <sup>6</sup>
Education Entry Payment	\$64.4 million <sup>7</sup>
Indexation	\$107.4 million <sup>8</sup>

Source. [EM](#), pp 1–2.

### Key provisions of the Bill

1.5 The Bill is comprised of four schedules which reflect each of the four separate measures. The committee notes that the key provisions of the Bill are identical to the Social Services Legislation Amendment (Budget Repair) Bill 2015 and that these provisions are described in its predecessor committee's report on that Bill.<sup>9</sup> A brief summary of each of these schedules is outlined below.

#### *Schedule 1—Proportional payment of pensions outside Australia*

1.6 Schedule 1 of the Bill would reduce, from 26 weeks to six weeks, the length of time that recipients of certain payments would be paid the basic means tested rate

4 The Hon. Christian Porter MP (Minister for Social Services), ['Second Reading Speech: Social Services Legislation Amendment \(Budget Repair\) Bill 2016'](#), House of Representatives, *Parliamentary Debates*, 1 September 2016, p. 24.

5 Social Services Legislation Amendment (Budget Repair) Bill 2016, [Explanatory Memorandum](#), pp 1–2.

6 Financial impact refers to indicative estimated savings of administered funding for affected social security payments only, based on the previous commencement date of 1 January 2016. Estimated savings are not net of implementation funding.

7 Financial impact refers to indicative estimated savings of administered funding for affected social security payments only, based on the previous commencement date of 1 January 2016. Estimated savings are not net of implementation funding.

8 Financial impact refers to indicative administered funding for affected social security payments only and is not net of implementation funding.

9 Senate Community Affairs Legislation Committee, [Social Services Legislation Amendment \(Budget Repair\) Bill 2015 \[Provisions\]](#), February 2016, pp 2–5.

while outside Australia. This includes recipients of the Age Pension, and certain recipients of Disability Support Pension, Wife Pension and Widow B Pension. After six weeks, the pension would be paid at a proportional rate reflecting the length of a person's Australian Working Life Residence (AWLF).<sup>10</sup>

***Schedule 2 and 3—Cessation of the Pensioner Education Supplement and Education Entry Payment***

1.7 Schedule 2 and 3 of this Bill would repeal the Pensioner Education Supplement and the Education Entry Payment.<sup>11</sup>

***Schedule 4—Pauses on indexation***

1.8 Schedule 4 of this Bill would pause indexation of the income free areas for all working age allowances and for Parenting Payment (single), and the income free areas and other means test thresholds for student payments.<sup>12</sup>

***Commencement dates***

1.9 The commencement dates of each of the schedules in the Bill are outlined in the table below.

<b>Schedule</b>	<b>Commencement</b>
Schedule 1—Proportional payment of pensions outside Australia	From the first day of January, April, July or October after Royal Assent
Schedule 2—Pensioner Education Supplement	From the first day of January or July after Royal Assent
Schedule 3—Education Entry Payment	From the first day of January or July after Royal Assent
Schedule 4—Indexation	For working payments, from the 1 July of the financial year beginning on or after Royal Assent; for student payments, from the 1 January of the calendar year beginning on or after Royal Assent.

10 Social Services Legislation Amendment (Budget Repair) Bill 2016, [Explanatory Memorandum](#), pp 2–3.

11 Social Services Legislation Amendment (Budget Repair) Bill 2016, [Explanatory Memorandum](#), pp 4 & 9.

12 Social Services Legislation Amendment (Budget Repair) Bill 2016, [Explanatory Memorandum](#), pp 14–15.

## Consideration of the Bill by other committees

### *Scrutiny of Bills*

1.10 The Senate Standing Committee for the Scrutiny of Bills made no comment on this Bill and noted that 'this Bill is substantively similar to a Bill introduced in the previous Parliament'.<sup>13</sup> Furthermore, the Scrutiny of Bills committee has made no comment on these measures when presented in earlier Bills.<sup>14</sup>

### *Human Rights*

1.11 The Parliamentary Joint Committee on Human Rights (PJCHR) had not considered this Bill at the time of tabling. The PJCHR has concluded previously that the measures contained in the Bill do not 'raise human rights concerns'.<sup>15</sup>

## Conduct of the inquiry

1.12 The provisions of the Bill were referred to the committee on 15 September 2016 for inquiry and report by 10 October 2016.<sup>16</sup> The proposal to refer the Bill requested that the committee examine the 'impacts of these measures on those affected'.<sup>17</sup>

1.13 Details of the inquiry, including a link to the Bill and associated documents, were placed on the committee's website.<sup>18</sup> The committee also wrote to 100 organisations and individuals, inviting submissions by 28 September 2016. Submissions continued to be submitted after that date.

1.14 The committee received 14 submissions to the inquiry. The list of submissions received by the committee is listed at Appendix 1. The committee did not hold public hearings for this inquiry.

1.15 The committee thanks those organisations and individuals that made submissions to the inquiry.

---

13 Senate Standing Committee for the Scrutiny of Bills, [Alert Digest No. 6 of 2016](#), September 2016, p. 31.

14 Senate Standing Committee for the Scrutiny of Bills, [Alert Digest No. 1 of 2016](#), 3 February 2016, p. 35.

15 Senate Community Affairs Legislation Committee, [Social Services Legislation Amendment \(Budget Repair\) Bill 2015 \[Provisions\]](#), February 2016, p. 5.

16 *Journals of the Senate*, No. 7—15 September 2016, pp 211–12.

17 Selection of Bills Committee, [Report No. 6 of 2016](#), 15 September 2016, Appendix 9.

18 See:  
[http://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Community\\_Affairs/BudgetRepair2016](http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Community_Affairs/BudgetRepair2016).