

# Chapter 1

## Referral

1.1 On 28 May 2015, the Minister for Social Services, the Hon. Scott Morrison MP, introduced the Social Services Legislation Amendment (No. 2) Bill 2015 (Bill) in the House of Representatives.<sup>1</sup> Pursuant to a Senate resolution of 13 May 2015, the provisions of the bill were referred to the Community Affairs Legislation Committee for inquiry and report by 15 June 2015.<sup>2</sup>

## Background

1.2 In the 2015–16 Federal Budget (Budget) the government outlined proposed changes that aim to strengthen Australia's tax, foreign investment and benefit systems.<sup>3</sup> This included proposed reforms to income management, including continuing existing BasicsCard arrangements for two years while also trialling new income management arrangements and debit card technology in a small number of locations following community and industry consultation.<sup>4</sup>

1.3 In the 2014–15 Mid-Year Economic and Fiscal Outlook announcement, the government outlined a series of proposed reform measures including ceasing the pre-entry leave subsidy to residential aged care providers and abolishing the Aged Care Planning Advisory Committee as part of the third phase of the *Smaller Government* reforms. The *Smaller Government* reforms aim to reduce the size and complexity of government by eliminating duplication and waste, streamlining services and reducing the cost of government administration.<sup>5</sup>

## Conduct of the inquiry

1.4 Details of the inquiry, including a link to the Bill and associated documents, were placed on the committee's website. The committee also wrote to 30 organisations and individuals, inviting submissions by 9 June 2015.

1.5 The committee received 8 submissions. Submissions are listed at Appendix 1 and published on the committee's website.

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1 The Hon. Scott Morrison MP, Minister for Social Services, *House of Representatives Hansard*, 28 May 2015, p. 1.

2 On 13 May 2015 the Senate passed a resolution that the provisions of all bills introduced into the House of Representatives after 14 May 2015 and up to and including 4 June 2015 that contain substantive provisions commencing on or before 1 July 2015 (together with the provisions of any related bill), are referred to committees for inquiry and report by 15 June 2015. See: *Journals of the Senate*, No. 93–13 May 2015, p. 2585.

3 *Budget 2015–16: Fairness in Tax and Benefits*, [http://www.budget.gov.au/2015-16/content/highlights/tax\\_benefits.html](http://www.budget.gov.au/2015-16/content/highlights/tax_benefits.html) (accessed 29 May 2015).

4 *Budget 2015–16: Welfare Integrity Measures*, <http://www.budget.gov.au/2015-16/content/glossy/tax/html/tax-12.htm> (accessed 29 May 2015).

5 *Budget 2014–15, Mid-Year Economic and Fiscal Outlook*, p. 197, <http://www.budget.gov.au/2014-15/content/myefo/html/index.htm> (accessed 29 May 2015).

1.6 The committee agreed not to hold a public hearing.

### **Purpose and key provisions of the Bill**

1.7 The Bill proposes changes to the *Social Security Act 1991* (Social Security Act), *Social Security (Administration) Act 1999* (Social Security Administration Act) and *Aged Care Act 1997* (Aged Care Act).

1.8 The Bill contains three schedules. Schedule 1 reflects measures outlined in the 2015-16 Budget, and Schedules 2 and 3 reflect measure outlined in the 2014-15 Mid-Year Economic and Fiscal Outlook announcement.

#### ***Schedule 1 – Streamlined income management***

1.9 This schedule proposes changes to the Social Security Act and the Social Security Administration Act to continue income management and the BasicsCard for two additional years to maintain support for existing income management participants and to streamline the income management programme. The amendments in this schedule would generally commence on 1 July 2015.<sup>6</sup>

1.10 Proposed changes to streamline the income management programme include:

- the abolition of certain incentive payments relating to income management;
- amendments to the operation of the vulnerable measure associated with income management; and
- minor amendments streamlining the operation of income management, removing ambiguities and providing for more effective operation of the programme.<sup>7</sup>

1.11 The schedule proposes to empower the Minister to prescribe a class or classes of persons who are vulnerable welfare payment recipients by legislative instrument, rather than determining vulnerability on the basis of a case-by-case assessment by social workers from the Department of Human Services.<sup>8</sup>

1.12 The government has stated these changes will result in an estimated \$144.6 million over the next four years.<sup>9</sup>

#### ***Schedule 2 - Ceasing residential care subsidy for pre-entry leave***

1.13 This schedule proposes changes to the Aged Care Act to cease payment from 1 July 2015 of the residential care subsidy to residential aged care providers for holding a place for up to seven days prior to a care recipient entering care. The schedule also proposes consequential amendments to fee and leave provisions.<sup>10</sup>

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6 Explanatory Memorandum (EM), p. 2.

7 EM, p. 2.

8 EM, p. 3.

9 EM, p. 2.

10 EM, pp 1 – 6.

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**Schedule 3 – Aged Care Planning Advisory Committees**

1.14 This measure proposes to remove provisions from the Aged Care Act that allow for the establishment of Aged Care Planning Advisory Committees.

1.15 This measure forms part of the *Smaller Government* reforms to reduce the size and complexity of government. The Aged Care Planning Advisory Committees' role was to provide advice in relation to the distribution of aged care places. The last of these committees expired in September 2014.<sup>11</sup>

**Acknowledgement**

1.16 The committee thanks those individuals and organisations that made submissions.

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11 EM, p. 1.

