Chapter 1

Introduction

Purpose of the Bill

1.1   The Social Services Legislation Amendment (Simplifying Student Payments) Bill 2016 (the Bill) gives effect to a package of measures announced in the 2016-17 Budget.[1] The purpose of these measures is two-fold:

- to align means testing of student payments with other social security payments; and

- to automate processes for issuing health care cards and updating the Australian Statistical Geography Standard remoteness structure (used to assess eligibility of student payments).[2]

1.2   The Minister for Social Services (Minister), the Hon Christian Porter MP, stated that the measures in the Bill support future welfare reform by aligning payment settings across the social security system; simplifying the administration of payments; and make eligibility for payments fairer.[3]

Key provisions of the Bill

1.3   The Bill is comprised of three schedules proposing changes to the *Social Security Act 1991* (Social Security Act).

Schedule 1—Means testing for social security benefits

1.4   Schedule 1 would simplify means testing for student payments by:

- removing the exemption from the assets test for Youth Allowance and Austudy recipients whose partner receives income support, thus making all recipients of student payments subject to the same level of assessable assets (Part 1);

- including interests in companies in the asset test for student payment recipients, thus aligning it with the social security means test rules (Part 2);

- making regular gift payments from immediate family members exempt from the assets test for student payments, thus aligning it with the rules for pension payments (Part 3); and

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1   Budget 2016-17, 'Simplifying Student Payments', *Budget Measures – Budget Paper No. 2*, p. 145.

2   Explanatory Memorandum, *Social Services Legislation Amendment (Simplifying Student Payments) Bill 2016* (EM), p.1.

3   The Hon Christian Porter MP, Minister for Social Services, 'Second Reading Speech: Social Services Legislation Amendment (Simplifying Student Payments) Bill 2016', House of Representatives, *Parliamentary Debates*, 14 September 2016, p. 856.

- including tax free pensions and benefits as income for the parental income test for student payments, thus aligning it with the income test for Family Tax Benefit (Part 4).[4]

1.5   These measures would commence from 1 January 2017, or the first 1 January or 1 July after Royal Assent.

1.6   The measures are expected to save $0.778 million over the forward estimates.[5]

Schedule 2—Health care cards

1.7   Schedule 2 would make amendments to allow for health care cards to be automatically issued to all students receiving income support from 1 January 2019.

1.8   This measure is expected to cost $0.726 million over the forward estimates.[6]

Schedule 3—Remoteness Structure

1.9   Schedule 3 would allow for the Australian Statistical Geography Standard (ASGS) remoteness structure in the Social Security Act to be updated automatically after a new document is published by the Australian Statistician. The ASGS remoteness standard is used to assess eligibility for student payments.[7]

1.10   This measure has nil financial impact and would commence on 1 January 2017, or the first 1 January or 1 July after Royal Assent.

Consideration of the Bill by other committees

Scrutiny of Bills

1.11   At the time of tabling this report, the Senate Standing Committee for the Scrutiny of Bills Committee had not made any comments on the Bill.

Human Rights

1.12   At the time of tabling this report, the Parliamentary Joint Committee on Human Rights had not made any comments on the Bill.

Conduct of the inquiry

1.13   The provisions of the Bill were referred to the Community Affairs Legislation Committee on Thursday 13 October 2016 for inquiry and report by 7 November 2016.[8] The proposals to refer the Bill requested that the committee consider the impact of the Bill on young people.[9]

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4   EM, pp.1–3.

5   EM, p.2.

6   EM, p.2.

7   EM, p.1.

8   Journals of the Senate, *No. 11–13 October 2016*, p. 326.

9   Senate Standing Committee for Selection of Bills, *Report No. 7 of 2016*, Appendix 7.

1.14   Details of the inquiry, including a link to the Bill and associated documents, were place on the committee's website.[10] The committee wrote to 57 organisations and individuals inviting submissions by 24 October 2016. Submissions continued to be accepted after that date.

1.15   The committee received two submissions to the inquiry. Submissions accepted by the committee are listed at Appendix 1. The committee decided not to hold a public hearing for this inquiry.

1.16   The committee thanks those organisations that made submissions to the inquiry.

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10   See:
      http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Community_Affairs/StudentPayments