

The Senate

Community Affairs
Legislation Committee

Social Services Legislation Amendment
(Simplifying Student Payments) Bill 2016
[Provisions]

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45th Parliament

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TABLE OF CONTENTS

Membership of the Committee iii

List of Recommendationsvii

Chapter 1

Introduction 1

Purpose of the Bill 1

Key provisions of the Bill..... 1

Consideration of the Bill by other committees..... 2

Conduct of the inquiry 2

Chapter 2

Key issues.....5

Introduction 5

Means testing for student payments 5

Health Care Card 6

Remoteness structure 6

Committee view..... 7

Appendix 1

Submissions received by the Committee9

LIST OF RECOMMENDATIONS

Recommendation 1

2.18 The committee recommends that the Bill be passed.

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

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

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 placed 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.

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

Chapter 2

Key issues

Introduction

2.1 The committee received two submissions—from the National Welfare Rights Network (NWRN) and the Australian Council of Social Service (ACOSS)—both of which support the Bill without amendments. NWRN submits that the Bill simplifies the payment system and facilitates access to student payments.¹

2.2 The Minister for Social Services (Minister), the Hon Christian Porter MP, stated during the second reading debate on the Bill that the proposed measures support payment simplification and would not affect the overall value of student payments.²

Means testing for student payments

2.3 Submitters support the four proposed changes to means testing for student payments.

2.4 NWRN agrees with removing the exemption from the assets test for Youth Allowance and Austudy recipients whose partner receives income support. NWRN acknowledges this would affect a small number of recipients,³ but that it 'ensures equal treatment' of student payment recipients with similar levels of assets.⁴

2.5 ACOSS submits that the change to include company assets to means testing student payments is 'sensible and rectifies an anomaly' within the payments system.⁵ NWRN submits that this measure will only apply to a small number of recipients.⁶

2.6 Both submitters welcome reforms to exempt regular gift payments by family members from asset testing.⁷

2.7 NWRN acknowledges that including tax free pensions and benefits as income for the parental income test may reduce payments for dependent Youth Allowance recipients whose parents have a high level of income *and* receive income support such as a pension. NWRN supports this measure, noting that it creates equitable treatment of recipients of similar income. It also simplifies the process for families to declare

1 National Welfare Rights Network (NWRN), [Submission 1](#), p. 1.

2 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.

3 NWRN submit these would include recipients partnered to pensioners with significant assets.

4 NWRN, *Submission 1*, p. 2.

5 Australian Council of Social Service (ACOSS), [Submission 2](#), p. [1]

6 NWRN, *Submission 1*, p. 2.

7 ACOSS, *Submission 2*, p. [1], NWRN, *Submission 1*, p. 3.

their incomes as they will now report the same income for family tax benefit and youth allowance purposes.⁸

2.8 The Minister noted that the proposed measures would simplify means testing and remove anomalies between student payments and other welfare payments.⁹

Health Care Card

2.9 Both submissions strongly support the measure to automate issuing of health care cards to recipients of student payments.¹⁰ NWRN states this is a welcome increase of support to students and their families as it would increase access to subsidised prescriptions and a reduced Medicare safety net.¹¹

2.10 The Minister noted that the proposed measure would align access to concession cards for students with other income support recipients and would:

...guarantee that around 240,000 students will receive Pharmaceutical Benefits Scheme prescriptions at the concessional rate and access to the lower threshold of the extended Medicare safety net when they receive a student payment. It will also provide greater access to bulk billing allowing students to focus on their studies without worrying about their medical costs.¹²

Remoteness structure

2.11 NWRN supports the automatic updating of the Australian Statistical Geography Standard (ASGS) remoteness structure by the Australian Statistician as it simplifies the administration of student payments.¹³ ACOSS made no comment on this schedule.

2.12 The Minister noted that the automatic updating of the remoteness structure would 'ensure that the assessment of qualification for youth allowance and the relocation scholarship is based on the latest available information on geographical classification'.¹⁴

8 NWRN, *Submission 1*, p. 3.

9 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.

10 ACOSS, *Submission 2*, p. [1], NWRN, *Submission 1*, p. 3.

11 NWRN, *Submission 1*, p. 4.

12 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. 857.

13 NWRN, *Submission 1*, p. 4.

14 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. 858.

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- 2.13 The Minister highlighted that the reclassification of areas would be:
...unlikely to have lasting or recurrent effects on students' payment eligibility given the cycle of five-yearly updates of the geographical classification document and that on average tertiary courses are completed in three to four years.¹⁵

Committee view

2.14 The committee recognises that the proposed changes to means testing rules would simplify means testing for student payments and remove anomalies between student payments and other welfare payments.

2.15 The committee recognises that the proposal to automatically issue a healthcare card to students receiving student payments would improve consistency by aligning access to concession cards for students with other welfare recipients.

2.16 The committee also recognises that the automatic updating of the ASGS remoteness structure would ensure that assessments of qualification for student payments are based on the latest available information on geographical classification.

2.17 The committee acknowledges the stakeholder support for the measures proposed in the Bill and agrees with the Minister that the measures will support payment simplification and future welfare reform. The committee acknowledges that whilst there will be a small number of recipients affected by these measures, overall the measures will create a more equitable payments system.

Recommendation 1

2.18 The committee recommends that the Bill be passed.

Senator Jonathon Duniam

Chair

15 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. 858.

APPENDIX 1

Submissions received by the Committee

Submissions

- 1** National Welfare Rights Network
- 2** Australian Council of Social Service