

Chapter 1

Referral

1.1 On 28 May 2015, the Minister for Social Services, the Hon. Scott Morrison MP (Minister), introduced the Social Services Legislation Amendment (Youth Employment and Other Measures) Bill 2015 (Bill) in the House of Representatives.¹ Pursuant to the 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 2015.² On 15 June 2015, the Senate extended the reporting date to 11 August 2015.³

Conduct of the inquiry

1.2 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 29 organisations and individuals, inviting submissions by 9 June 2015.

1.3 The committee received 12 submissions. Submissions are listed at Appendix 1 and published on the committee's website.

1.4 The committee held a public hearing in Canberra on 5 August 2015.

Background

1.5 The Bill seeks to implement measures outlined by the government in the 2015–16 Federal Budget (Budget) that aim to increase jobs, growth and opportunity. This includes a \$5.5 billion Jobs and Small Business Package that aims to assist Australian small businesses and support Australia's unemployed, particularly young people, to move into long term employment.⁴

1.6 A number of these measures were outlined in the 2014–15 Budget and previously introduced in the Social Services and Other Legislation Amendment (2014 Budget Measures No. 4) Bill 2014 (the No. 4 Bill). The No. 4 Bill was introduced in the Senate on 28 October 2014 but has not yet been passed.⁵

1 The Hon. Scott Morrison MP, Minister for Social Services, *House of Representatives Hansard*, 28 May 2015, pp 1–2.

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 *Journals of the Senate*, No. 95–15 June 2015, p. 2644.

4 Budget 2015, 'Statement 1: Budget Overview,' *Budget Paper 1: Budget Strategy and Overview*, http://www.budget.gov.au/2015-16/content/bp1/html/bp1_bs1-04.htm (accessed 12 June 2015).

5 *Journals of the Senate*, No. 61–28 October 2014, p. 1639.

1.7 The Minister noted during the second reading speech on the Bill, the proposed reforms 'support the sustainability of the social security system and the nation's budget'.⁶

Purpose and key provisions of the Bill

1.8 This Bill proposes changes to the *Social Security Act 1991* (Social Security Act), *Social Security (Administration) Act 1999* (Social Security Administration Act) and *Farm Household Support Act 2014* (Farm Household Support Act).

1.9 The Bill contains five schedules that introduce measures outlined in the 2015-16 Budget and several measures from the 2014-15 Budget previously introduced in the No. 4 Bill. The proposed measures are outlined below.

Schedule 1 – Ordinary waiting periods

1.10 This schedule proposes changes to the Social Security Act to extend and simplify the ordinary waiting period for all working age payments, including:

- creating a new ordinary waiting period for parenting payment and youth allowance for a person who is not undertaking full-time study and is not a new apprentice;
- changing the current exemption to serve an ordinary waiting period on the basis of severe financial hardship to only apply if the person is also experiencing a personal financial crisis (a person will be taken to be experiencing a personal financial crisis if they have been subjected to domestic violence, incurred unavoidable or reasonable expenditure or in the circumstances prescribed by the Secretary in a legislative instrument); and
- providing that the ordinary waiting period is to be served after certain other relevant waiting periods or preclusion periods have ended.⁷

1.11 This schedule reintroduces Schedule 3 to the No. 4 Bill but excludes widow allowance claimants from the one-week ordinary waiting period for working age payments. This schedule would commence on 1 July 2015.⁸

Schedule 2 – Age requirements for various Commonwealth payments

1.12 This schedule proposes amendments to the Social Security Act to provide that young unemployed people aged 22 to 24 would no longer be eligible for Newstart allowance or sickness allowance until they turn 25 years of age and would, instead, be able to claim and qualify for youth allowance.⁹

6 *House of Representatives Hansard*, 28 May 2015, p. 2.

7 Explanatory Memorandum (EM), p. 2.

8 EM, p. 1.

9 EM, p. 9.

1.13 This schedule also makes consequential amendments to the Farm Household Support Act to align rates at which farm household allowance is paid to farmers and their partners with Newstart allowance and youth allowance rates.¹⁰

1.14 During the second reading speech on the Bill, the Minister noted around \$8.1 million in emergency relief funding will be made available to provide assistance to job seekers affected by the measure.¹¹

1.15 This schedule reintroduces Schedule 6 to the No. 4 Bill, with a new start date. The schedule would commence on 1 July 2016.¹²

Schedule 3 – Income support waiting periods

1.16 This schedule proposes changes to the Social Services Act to introduce a four-week waiting period for job ready young people who are looking for work to receive income support payments. During the four-week period, job seekers under 25 years of age who have been classified as job ready (Stream A) by the Job Seeker Classification Instrument will also be required to complete assigned activities, through a new program, RapidConnect Plus.¹³

1.17 This schedule introduces a replacement for the 2014 Budget measure, *Stronger Participation Incentives for Job Seekers under 30*, proposed in Schedule 7 to the No. 4 Bill, which would have required young people with full capacity to serve a six-month waiting period for income support, with access to payment for six months and rolling six-month non-payment periods thereafter. This schedule would commence on 1 July 2016.¹⁴

Schedule 4 – Low income support

1.18 This schedule proposes to cease the Low Income Supplement assistance measure for low-income households for costs associated with the introduction of the carbon price from 1 July 2017.¹⁵

Schedule 5 – Indexation

1.19 This schedule proposes implementing the following changes to Australian Government payments:

- maintain at level for three years from 1 July 2015 the income free areas for all working age allowances (other than student payments) and for parenting payment single; and

10 EM, p. 9.

11 *House of Representatives Hansard*, 28 May 2015, p. 2.

12 EM, p. 1.

13 EM, p. 16.

14 EM, p. 1.

15 EM, p. 23.

- maintain at level for three years from 1 January 2016 the income free areas and other means test thresholds for student payments, including the student income bank limits.¹⁶

1.20 The government has stated that together these indexation measures would result in an estimated saving of \$134.8 million over the next four years.¹⁷

1.21 This schedule reintroduces changes proposed by Schedule 4 of the No. 4 Bill.¹⁸

Financial implications

1.22 The Explanatory Memorandum notes the following estimated savings are expected for each of the measures over the forward estimates:

- schedule 1 – \$274.8 million
- schedule 2 – \$517.0 million
- schedule 3 – \$173.3 million
- schedule 4 – \$42.9 million
- schedule 5 – \$134.8 million.¹⁹

Consideration by other committees

1.23 The Parliamentary Joint Committee on Human Rights (PJCHR) found the income support waiting periods (schedule 3) engage and limit the right to equality and non-discrimination on the basis of age. The PJCHR noted the statement of compatibility does not sufficiently justify that limitation for the purposes of international human rights law and sought advice from the Minister for Social Services as to whether the measure is a proportionate means of achieving the stated objective.²⁰

1.24 The Senate Standing Committee for the Scrutiny of Bills (Scrutiny Committee) raised concerns about provisions empowering the Secretary to prescribe, by legislative instrument, circumstances for the purpose of determining whether a person is experiencing a personal financial crisis and for the purpose of waiving the ordinary waiting period (schedule 1). The Scrutiny Committee noted the provision may be considered to delegate legislative powers inappropriately, but leaves the question of whether the proposed approach is appropriate to the Senate as a whole.²¹

16 EM, p. 27.

17 EM, p. 2.

18 EM, p. 1.

19 EM, p. 2.

20 Parliamentary Joint Committee on Human Rights, *Human Rights Scrutiny Report: Twenty-fourth report of the 44th Parliament*, 23 June 2015, pp 12–19.

21 Senate Standing Committee for the Scrutiny of Bills, *Alert Digest No. 6 of 2015*, 17 June 2015, pp 55–56.

Acknowledgement

1.25 The committee thanks those individuals and organisations that made submissions and gave evidence at the public hearing.

Note on references

1.26 References to the committee *Hansard* are to the *Proof Hansard*. Page numbers may vary between the proof and official Hansard transcript.

