



Australian Government

**Department of Families, Housing,
Community Services and Indigenous Affairs**

Committee Secretary
Senate Standing Committees on Community Affairs
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Parliament House
Canberra ACT 2600

Dear Committee Secretary

Social Security and Other Legislation Amendment (2012 Budget and Other Measures) Bill 2012

The *Social Security and Other Legislation Amendment (2012 Budget and Other Measures) Bill 2012* introduces several measures from the 2012-13 Budget and non-Budget amendments to clarify existing Government policies.

The 2012-13 Budget measures include:

- extending permanently the current income test exemption for the Western Australian Government's Country Age Pension Fuel Card and the Cost of Living Rebate Scheme (Schedule 1);
- strengthening the rules for people who travel overseas while receiving some income support and family payments (Schedule 2); and
- changing the age/study rules for family assistance payments, with Family Tax Benefit Part A to be no longer available for young people aged 18 or over unless they are in full-time secondary study (Schedule 3).

In relation to Schedules 1, 6 and 7, the Department has no further information to add to the information included in the Explanatory Memorandum.

Schedule 2 - Adjustments to portability and other periods

Schedule 2 of the *Social Security and Other Legislation Amendment (2012 Budget and Other Measures) Bill 2012* strengthens the rules for people who travel overseas while receiving most income support payments and certain family assistance payments. Under the changes, the length of time individuals can spend overseas while continuing to receive their payments will generally be reduced from 13 weeks to six weeks. This is consistent with a trend toward portability limitations announced in 2000 and 2004.

The amendments contained within the Bill will contribute to the ongoing sustainability of the Australian social security system and better reflect the expectations of most Australian taxpayers about how social security expenditure should be targeted.

The Government recognises that many income support and family assistance recipients have strong family and friendship ties overseas. Six weeks is seen as a reasonable period of time for an Australian resident to manage family or personal matters that may arise from time to time overseas.

The changes will allow payments to be made to those who are temporarily overseas for up to six weeks, with the arrangements following this period varying according to the specific payment. Most income support payments will be suspended after an individual has been overseas for six weeks. Family Tax Benefit Part A will continue to be paid for up to three years but will reduce to the base rate at six weeks, rather than at 13 weeks under current rules. Eligibility for family assistance ceases immediately when a customer permanently leaves Australia.

The measure *Portability of Australian Government Payments* also reinforces the overarching principle that those in receipt of a working-age income support payments and supplements are encouraged to participate, in Australia, economically or socially to the extent they are able.

While these amendments reduce general portability of payments from 13 weeks to six weeks for those with a capacity to work, this is balanced against recent changes introduced to provide extended and unlimited portability for those without a capacity to work. From 1 July 2012, Disability Support Pension recipients who have a severe and permanent impairment and no future capacity to work will have indefinite portability. In addition, Disability Support Pension recipients who are severely disabled and are required to travel overseas because a family member who they rely on for care and support has been posted overseas through the course of their employment, can now be granted extended portability.

These changes do not remove current exemptions to limited portability periods within the social security system, such as those studying overseas as part of an approved Australian course, or provisions that allow for an extension to a portability period where an extreme event or emergency occurs, specified in the *Social Security Act 1991*, preventing a person from returning to Australia within the new six-week period.

The changes contained in this Bill place no restriction on the number of overseas trips a person can make; however, it remains an ongoing requirement that a person in receipt of a working-age income support payment be an Australian resident, as defined in the *Social Security Act 1991*.

Individuals receiving social security and family assistance payments are required to notify the Department of Human Services of events that will have an impact on their rate of payment, which includes overseas travel.

Data matching arrangements between the Department of Human Services and the Department of Immigration and Citizenship provide an exchange of departure information. This serves as an additional mechanism to identify people who have not reported their departure to the Department of Human Services, thereby helping to ensure that individuals receive their correct payment.

Schedule 3 – Age/study rules for children for family assistance payments

The Bill makes changes to the child age eligibility rules for Family Tax Benefit Part A, with the payment no longer available for young people aged 18 and over who have finished school. Families of young people aged 18 and 19 years old who are studying full-time to complete secondary school will be able to continue to receive Family Tax Benefit Part A. Youth Allowance will become the primary form of assistance for eligible young people aged 18 and over who have completed Year 12 or an equivalent qualification.

Other minor non-budget amendments

The Bill also contains some other minor non-budget amendments, including changes to the requirements to take reasonable maintenance action in relation to child support and arrangements in relation to care percentages.

Schedule 4 (Family tax benefit and reasonable maintenance action) will make a beneficial change to the consequence of failing to meet the requirement to take reasonable maintenance action for customers who collect their assessed child support privately. Currently, if an individual privately collecting child support does not collect the full child support entitlement, the individual's rate of Family Tax Benefit Part A is restricted to the base child rate. This may be significantly less than what the individual's Family Tax Benefit Part A rate would have been even if they received their full child support entitlement. The proposed amendments will ensure that the rate of Family Tax Benefit Part A for a child is based on the child support that an individual would have received if they were receiving their full entitlement. Where a customer is not receiving their full child support entitlement, they have the option to request the Child Support Agency collect and transfer child support and their rate of Family Tax Benefit Part A would be based on the amount of child support that is actually collected.

Schedule 5 (Percentage of care for children) makes amendments that affect some parents who have a reduction in their care percentage due to a change in care which they are disputing. The amendment provides that a parent in this circumstance will not be able to receive a beneficial care percentage determination (usually lasting 14 weeks) due to their own unreasonable actions. The Secretary or Registrar will have discretion to decide that the percentage of care be immediately based on the actual level of care if there are special circumstances which support that outcome. The discretion would only be exercised in unusual cases, for example, where there is evidence of violence or other unusual behaviour by the individual who has reduced care, which led to the change in care. A similar change will be made to the definition of a Family Tax Benefit child or regular care child to provide for discretion to decide that the child immediately ceases to be an FTB child or regular care child of the individual if there are special circumstances.

FaHCSIA officials are available to assist the committee at any hearing on matters in this Bill that are of interest to the committee.

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