

**Senate Community Affairs Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

**FAMILIES, HOUSING, COMMUNITY SERVICES AND**

**INDIGENOUS AFFAIRS PORTFOLIO**

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

**Senator Boyce** asked: Do you have any statistics on the number of people who would claim not to have been aware of the current rules when returning to Australia?

**Answer:** The Department of Human Services does not have any data about the number of customers who claim not to have been aware of the current rules when returning to Australia

**Senator Boyce** asked: How often are those criteria (extension provisions) reviewed and by whom?

**Answer:** Section 1218c of the Social Security Act 1991 was introduced in its current form in 2000 as part of *Social Security and Veterans' Entitlements Legislation Amendment (Miscellaneous Matters) Act 2000*. The legislation provides a list of circumstances under which a portability extension can be granted.

Responsibility for the legislation and policy relating to the extension of portability periods rests with FaHCSIA.

The relevant sections of the Guide to Social Security Law relating to the portability of payments and their extension provisions are reviewed by FaHCSIA as part of the ongoing process of ensuring that the Department is in a position to advise Ministers on policy matters for which we have responsibility.

**Senator Smith** asked: Could you just explain to me how the portability arrangements in Australia might compare with other OECD countries?

**Answer:** Australia's social security system differs from most Organisation for Economic Cooperation and Development (OECD) countries in that it is a non contribution system funded by taxpayers and is primarily a safety net aimed at poverty alleviation. Most OECD countries are generally contribution or insurance based schemes where people draw against contributions paid.

*New Zealand is the most comparable to Australia*

The New Zealand social security system is the most comparable to Australia's system in that it is residency based and provides a flat rate public pension. It is means-tested through the taxation system with all other income being taken into account.

Similarly to the situation in Australia, New Zealand Superannuation and Veteran's Pension (equivalent to our Age Pension) can be paid at the full rate during absences of up to 26 weeks, but the person must return within 30 weeks to remain eligible for that payment during the absence.

Widows Benefit and Domestic Purposes Benefit (equivalent to Australia's Carer Payment, Parenting Payment (Single) and Widow's Allowance) can be paid for absences of up to four weeks and Invalids Benefit (equivalent to Australia's Disability Support Pension) can be paid for absences up to six weeks.

Other benefits, such as Unemployment, Sickness and Emergency benefits, are only paid outside New Zealand if the beneficiary is required to be absent for humanitarian reasons (eg death of a parent).

We do not have current detailed information about portability arrangements for non-contributory benefits in other OECD countries.

**Senator Smith asked:** Moving on, I have a query just in regards to paid parental leave: when the scheme was introduced, it was described by the minister as 'adding to the workplace entitlements for working parents'. If the paid parental leave scheme was not intended as a welfare measure, why is it included amongst the measures to which the portability requirements apply?

**Answer:**

The change affects qualification for PPL. It does not restrict the ability of those that have qualified for PPL to travel overseas.

To qualify for PPL you have to satisfy an Australian residency test, which requires you to have not been absent from Australia for more than three years.

In determining this three year period, if a person has been absent from Australia for more than 13 weeks but less than 3 years, and returns to Australia for less than 13 weeks before going overseas again, the return does not reset the three year allowable absence period.

Under the budget bill, the 13 week period will reduce to 6 weeks.

**Senator Smith asked:** Just keeping with that point—and I accept that you might also take this on notice—I am just keen to understand what the effect of the budget's estimated savings in each year of the forward estimates are when you exclude paid parental leave from the tighter portability restrictions.

**Answer:** There are no savings is attributable to Paid Parental Leave.

**Chair** asked: The other point I made was to do with the natural disaster example that was identified by Welfare Rights Network. In a natural disaster emergency such as we have had, unfortunately, many times in the last few years, where Australian citizens have been caught up in natural disasters, it was my understanding that DFAT with Centrelink and other agencies had an emergency response. From the FaHCSIA point of view and from a portability point of view, is it something that is part of that emergency response to actually look at citizens who are on a welfare payment in Australia who are caught up in a natural disaster? Does someone talk with them about that? It may be something that I will have to put on notice and put to DFAT.

**Answer:** The Department of Human Services liaises with DFAT and other government departments in any case of a disaster occurring overseas. DHS customers in the disaster zone are identified and, for an agreed period, none of these customers are suspended for exceeding their portability period. This may be several weeks depending on the circumstances. Every effort is then made to contact each customer to make arrangements with them, taking into account their personal circumstances.

**Senator Siewert** asked: Senator Siewert sought information on the social security income test assessment of the West Australian Government Hardship Utilities Grant Scheme.

**Answer:** We understand that under the Hardship Utilities Grant Scheme, the Western Australian State Government may pay as a credit up to 85 per cent of a household's gas, electricity or water bill where the person is assessed as being in financial hardship. Payments from the scheme are made direct to the utilities provider, not to the individual concerned.

Concessions provided as reductions off bills are generally not assessed for social security income test purposes, for example, concessions provided by local, state and territory governments off rates, motor vehicle registration charges etc. are not assessed under the income test.

Therefore, consistent with this approach, the payments made under the Hardship Utilities Grants Scheme would not be assessed as income for social security purposes.

	<b>Action Officer:</b>		<b>Cleared by:</b>	
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Branch/Group:	Social Security Relationships and International		Social Policy	
<b>Cleared by Group Manager</b>	<b>Yes</b> <input type="checkbox"/> <b>No</b> <input checked="" type="checkbox"/>	<b>Date: 15 June 2012</b>	<b>GM Initial</b>	