

# Chapter 1

## Report

### Introduction

1.1 The Social Security Amendment (2007 Measures No. 1) Bill 2007 was introduced in the House of Representatives on 20 June 2007, and was referred to this committee through the Selection of Bills process the following day for report on 30 July 2007.

### Conduct of the inquiry

1.2 Notice of the inquiry was posted on the committee's website and advertised in *The Australian* newspaper on 27 June 2007. The committee also contacted a number of organisations to notify them of the inquiry and to request submissions. The committee received 6 submissions, a list of which is at Appendix 1.

1.3 The committee thanks all those who contributed to the inquiry.

### Summary of amendments

#### *Vocational rehabilitation program*

1.4 The amendments provide for an increase to the standard rate of mobility allowance for those undertaking a vocational rehabilitation program, or a follow-up program.<sup>1</sup> That is, a rehabilitation program that provides a person with assistance to obtain or retain unsupported paid employment. The amendments will still require an applicant to be handicapped and, in the opinion of the delegate, unable to use public transport without substantial assistance, either permanently or for an extended period due to the person's physical or mental disability. If a person withdraws from a program, they can continue to receive mobility allowance for 12 weeks. If a recipient ceases to qualify for a reason other than course withdrawal, they may continue to receive payment for 2 weeks.<sup>2</sup>

#### *Parenting payment recipients*

1.5 The bill extends the higher rate of mobility allowance to Parenting Payment recipients who are working at least 15 hours per week and are paid at or above the relevant minimum wage, or are looking for such work. The higher rate is also extended to people receiving Newstart and/or Youth Allowance under certain conditions. These include that the person must not be studying full-time, must not be a

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1 As defined under Part III of the Disability Services Act 1986.

2 Items 1-4.

new apprentice, or in receipt of the Disability Support Pension (DSP) or Parenting Payment. Eligible applicants must also work for at least 15 hours per week at or above the minimum wage.

### ***Employment under the Supported Wage System***

1.6 The bill provides for the higher rate of mobility allowance to be paid to recipients of Newstart, DSP, Parenting Payment and Youth Allowance (provided they are not a new apprentice or undertaking full time study), where they work at least 15 hours per week under the Supported Wage System. Under the amended legislation, a person will remain eligible for the higher rate of Mobility Allowance in spite of their income rising to a point where income support is no longer payable, as long as they continue to work for 15 hours or more per week, provided the work is on the open market.<sup>3</sup>

### ***Youth allowance and change of status notification***

1.7 These measures aim to ensure that a person receiving Youth Allowance who stops studying full-time notifies Centrelink of their change in circumstances within 14 days of the change taking place. The provisions preclude the person being able to successfully apply for unemployment benefits until such time as they notify Centrelink of their changed circumstances or Centrelink becomes aware of these changed circumstances. Notification of changed circumstances will not operate retrospectively; a person can only meet the test to receive unemployment benefits after they have notified Centrelink of their change in circumstances.

### ***Partnered Parenting Payment – partial capacity***

1.8 The bill includes a measure to extend access by Parenting Payment (partnered) recipients to the pensioner education supplement. Eligibility is restricted to those who were receiving DSP between 11 May 2005 and 30 June 2006, and who now have a partial capacity to work.

1.9 The effect of the provisions is that a former DSP recipient, who ceases to be a recipient after June 2006 because they are deemed to have some ability to work, may move from DSP to partnered Parenting Payment, Youth Allowance, or Newstart, while also receiving the pensioner education supplement for the course of study they were undertaking when they ceased to qualify for the DSP.

1.10 The amendments also provide for access for one year to the pensioner concession card when a parenting payment recipient (either partnered or single) with partial ability to work ceases payment due to employment income.

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3 Items 5-15. Eligibility hinges on employment not being maintained through a supported employment service within the meaning of section 7 of the *Disability Services Act 1986*.

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### ***Child support changes***

1.11 The amendments also provide that recipients of Youth Allowance (except full-time students and new apprentices), Newstart allowance (single), mature age allowance (single) and sickness allowance (single) will be entitled to the dependent child maximum basic rate of child support if they have a child for whom they are providing care for at least 14 percent of a period, where they are legally responsible for the child.<sup>4</sup>

1.12 The measure is designed to ensure that the costs incurred by parents with whom the child does not live but who provide at least 14 percent care of a child are recognised, even where the person would not otherwise qualify as having a dependent child. This legislative amendment therefore only extends to people who have legal responsibility for a child or who are caring for a child under a family law order, parenting plan or registered parenting plan, and does not affect the definition of a dependent child in any other provision of the Act.

### ***Other changes***

The bill also includes provides that people over 55 years of age may meet the Parenting Payment participation requirements, or the activity test for receiving Newstart, through a combination of paid and voluntary work totalling at least 30 hours per fortnight. Paid work will include self-employment.

### **Issues**

1.13 This bill would see the continuation of the two-tier mobility allowance, following the government's decision as part of the welfare to work reforms to pay a higher rate of allowance to pensioners working or seeking to work 15 hours or more per week. National Disability Services (NDS) argued against the continuation of the two-tier scheme, arguing that:

[The] extension of the higher rate to a group unaffected by the welfare-to-work changes weakened the rationale for maintaining two rates of Mobility Allowance. The Bill that is currently before the Committee further weakens the rationale by extending the higher rate to people in open employment paid under the Supported Wage System. National Disability Services welcomes the extension of the higher rate of Mobility Allowance proposed in this Bill, but believes that continuing to maintain a lower rate for some groups is inequitable.<sup>5</sup>

1.14 NDS argued that the two groups most likely to require the higher allowance were excluded from receiving it currently, and that the bill would offer no solution. The first is people whose disability is so severe that it prevents potential recipients

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4 This includes care pursuant to a family law order, parenting plan or registered parenting plan.

5 National Disability Services, *Submission 4*, p.2.

working 15 hours a week. This group includes people with high support needs in open employment.

1.15 The second group is all people with disability employed in a Disability Business Service, the majority of which receive DSP, but only a small proportion of which are employed under the Supported Wage System. Even this small number, it was submitted, would be excluded from receiving the higher rate because they were not employed on the open employment market, even though they were likely to earn lower wages as a result. The NDS concluded by calling for all recipients to receive the higher rate, observing that:

Under current arrangements, the lower the employee's income and the more severe the disability the less likely he or she is to receive the higher rate of Mobility Allowance. The Bill under consideration, although it extends the higher rate to new groups, does little to rectify this anomaly. Indeed, it makes the continuing denial of the higher rate to the remaining group look even more anomalous. There is no sound justification for continuing to deny access to the higher rate of Mobility Allowance to people who are most likely to be in need of it.<sup>6</sup>

1.16 The Sydney University Postgraduate Representative Association (SUPRA) argued for the inclusion of coursework and research toward the participation requirements for receiving Parenting Payment. SUPRA argued that the bill fails to recognise the greater financial and personal responsibilities often experienced by postgraduate students, and that the bill should allow all coursework and research associated with the degree to count toward participation requirements for Parenting Payment. SUPRA observed that:

Requiring postgraduate students receiving PP to undertake 15 hours of paid work on top of their studies is already proving onerous for some students and forcing them to choose between their studies and working to continue receiving PP. This discourages many prospective postgraduate students from undertaking studies, and does little to value continuing education and research in Australia.

## **Conclusion**

The committee notes the underlying support for the bill expressed in the submissions it received, and that the provisions involve no reduction in existing entitlements. Rather, the bill would see increases in Mobility Allowance, Parenting Payment and child support payments, as well as expanded eligibility for other benefits such as concession cards and telephone allowances, in a variety of circumstances. The committee notes concerns raised by National Disability Services about the exclusion of those working in a supported environment, as opposed to a job on the open employment market, from receiving the higher rate of Mobility Allowance. However, the committee considers that such arrangements are consistent with the objectives of

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6 National Disability Services, *Submission 4*, p.2.

the Welfare to Work reforms insofar as they encourage and assist people with disability to work in the open labour market, and are justifiable on that basis.

1.17 The committee commends the bill to the Senate.

**Recommendation**

**The committee recommends that the bill be passed.**

**Senator the Hon. Judith Troeth**

**Chairman**

