BRIEFING: BUDGET 2021 SOCIAL SECURITY MEASURES

MEASURES SUBJECT TO PASSAGE OF LEGISLATION

Newly Arrived Resident's Waiting Period

- *Date of effect: 1 January 2022 - subject to passage of legislation*

"In EJA's view, extension of the FTB NARWP to four years will mean that a cohort of Australian children will be at risk of poverty purely because their parents or carers are migrants … Delayed childhood vaccinations and health checks may be an unintended policy consequence of extending the NARWP for FTB."

Background

A key social security savings measure is the extension of the four-year newly arrived residents waiting period (NARWP) to additional payments, including Carer Payment, Carer Allowance and Family Tax Benefit (FTB).

The term "newly arrived residents waiting period" (NARWP) refers to the waiting period that generally applies before a migrant may access social security income support payments and concessions:

- A NARWP of 26 weeks was introduced from 1 January 1993 for specified social security payments.
- From 4 March 1997, the NARWP was extended to two years and a wider range of payments, with Carer Payment, Carer Allowance and FTB remaining exempt from the NARWP.
- From 1 January 2019, the NARWP was extended to four years for most working age payments, including Jobseeker Payment, Youth Allowance, Austudy, Parenting Payment, and Special Benefit. (The NARWP for Special Benefit may be waived in limited circumstances where a claimant is in severe financial hardship).
- A two-year NARWP was introduced for a range of other payments from 1 January 2019 - including for Carer Payment; and a one-year NARWP was introduced for Carer Allowance and FTB Part A.

Holders of humanitarian visas are exempt from the NARWP.

Key announcements

- Savings of $671.1 million over five years by applying a "consistent four-year Newly Arrived Resident's Waiting Period across most welfare payments". The payments to be newly subject to a four-year NARWP are shown in the table below.

Payment	Current NARWP	New NARWP
Carer Payment	2	4
Carer Allowance	1	4
Family Tax Benefit A	1	4
Family Tax Benefit B	0	4
Parental Leave Pay	2	4
Dad and Partner Pay	2	4

- The four-year NARWP for these payments will only apply to people granted a permanent visa, or a temporary visa that attracts an entitlement, on or after 1 January 2022. People with such visas granted prior to 1 January 2022 will be subject to current NARWP legislation, as per the table above.
- Humanitarian visa holders are not subject to a NARWP and will not be affected by this measure.

Commentary

Most social security payments are currently subject to a NARWP of four years, and the Government's rationale for introducing a four-year NARWP for additional income support payments and for FTB, is to provide "consistency", "certainty" for new residents, and to encourage self-sufficiency. This rationale makes sense only superficially – i.e. the NARWP for most payments is four years, so why not extend the NARWP to four years for all payments?

There were good reasons why the four-year NARWP was not extended to FTB or payments for carers when it was introduced for other payments from 1 January 2019:

FTB

- FTB targets children, and aims to ensure that no child living in Australia lives in poverty. Applying a NARWP of four years for FTB means that the children of many migrant families with self-supporting parents on low incomes will live in poverty. Given that many people are now granted permanent residence on-shore, after living in Australia on long-stay temporary visas, such as skilled visas for many years, introducing a four-year NARWP for FTB means that children born in Australia to new residents may be eight or nine years of age before they attract FTB.
- In EJA's view, extension of the FTB NARWP to four years will mean that a cohort of Australian children will be at risk of poverty purely because their parents or carers are migrants.
- There are also flow-on issues created by precluding new resident families from FTB Part A. Perhaps the most significant is that parents of children who do not attract FTB A for many years will not be targeted by the Commonwealth childhood vaccination strategy. This is because payment FTB A in respect of a child is conditional on the child being vaccinated; and on getting a health check before the child's fifth birthday, as part of the Healthy Start to School Health Check Requirement (see https://www.dss.gov.au/our-responsibilities/families-and-children/benefits-payments/strengthening-immunisation-for-young-children#:~:text=To%20meet%20immunisation%20requirements%20and,or%20have%20an%20approved%20exemption). Delayed childhood vaccinations and health checks may be an unintended policy consequence of extending the NARWP for FTB.
- Overall, the protracted wait for FTB will undermine new resident families' efforts to settle in Australia and take part in community life, with potential consequences for children's health and wellbeing.

Payments for carers

- When the NARWP was extended from two to four years for most social security payments, Carer Payment and Carer Allowance were exempted.
- The rationale for this exemption remains a compelling one. Providing a high level of care in the home for a frail older person, or a child or adult with disability, makes economic sense and relieves pressure on services and residential care. Introducing a four-year NARWP for Carer Payment and Carer Allowance will mean that fewer Australian families will be able to provide high-level care in the home for loved ones.

Cashless Debit Card — Jobs Fund and Income Management extension

- *Subject to passage of legislation where indicated*

Background

Compulsory income quarantining commenced in 2007 as a measure targeting Aboriginal communities in the Northern Territory, as part of the Federal Government's Intervention. It has since been extended by successive federal governments, including via introduction of the Cashless Debit Card program, to restrict how people spend their Centrelink entitlements by limiting the percentage of specified payments a person may receive as cash in their chosen bank account, with the balance (generally between 50% and 80%) quarantined to a separate account. Restrictions are imposed on where and how the quarantined funds can be spent, precluding the use of the quarantined amount to purchase excluded goods, such as alcohol or for gambling.

Legislation passed in December 2020 enabled continuation of the CDC program in former trial areas, and extension of the program (with distinctly different participation criteria) to the whole of the Northern Territory and the Cape York Area.

For more information on the CDC and Income Management programs, and the extended rollout currently underway, see https://www.ejaustralia.org.au/wp/briefing-paper/briefing-cashless-debit-card-cdc-extended-rollout-2021/

Key announcements

- Further investment in development of Cashless Debit Card (CDC) technology
- Funding to support engagement with communities, states and territories on "expansion options" for the CDC program
- Extension of place-based Income Management (i.e., where participation is compulsory in a defined geographic area, unless the person is exempted or exited), in all 13 current locations across Australia until 31 December 2023 (subject to passage of legislation)
- Funding to support operation of the CDC and Income Management programs concurrently in the Northern Territory and Cape York region, reflecting legislative amendments made late last year. (Income Management participants in the Northern Territory can choose not to transition from Income Management to the CDC program. Cape York Income Management participants are being compulsorily transitioned to the CDC program.)
- Funding for a "Jobs Fund", to create employment opportunities in the longest-running CDC sites

- Funding to establish and build on existing drug and alcohol residential rehabilitation facilities in CDC sites
- Investment in CDC program data collection, to enable evaluation.

Commentary

In its submission to the Senate Inquiry into the Social Security (Administration) Amendment (Continuation of Cashless Welfare) Bill 2020, EJA recommended that mandatory income management regimes, including the CDC program, be abolished; and that while the CDC program remains in place, it should be solely voluntary or opt-in.

EJA remains concerned that the CDC program:

- can cause social harms
- can make it more difficult for victims of domestic violence to seek safety
- has been rolled out without adequate consultation with communities
- has created unnecessary and outsized administrative costs
- has been developed on the flawed assumption that poverty and social disadvantage are caused by poor financial and self-control skills rather than a basic lack of resources
- breaches Australia's human rights obligations in relation to the self-determination of Indigenous peoples, equality, non-discrimination, social security and privacy.

Read EJA's submission on the Cashless Welfare Bill here: https://www.ejaustralia.org.au/wp/policy-submission/inquiry-into-the-social-security-administration-amendment-continuation-of-cashless-welfare-bill/

For further analysis of the CDC budget measures, see the Accountable Income Management Network's media release, here.

Community Development Program

- *New jobs program subject to passage of legislation*

- $111 million to be provided to enable the Community Development Program to meet the increased caseload resulting from the COVID-19 pandemic; and develop a new remote jobs program to replace the CDP from 2023.
- The new jobs program to replace the CDP will be designed in partnership with remote communities, with pilots to commence later this year.

Commentary

EJA welcomes the announcement that the Community Development Program will be replaced with an alternative program for job seekers in remote communities from 2023, with penalties suspended in the meantime.

EJA has long advocated for the abolition of the CDP and its replacement with the comprehensive alternative model originally proposed by the Aboriginal Peak Organisations NT (APONT) - the Fair Work and Strong Communities: Remote Development and Employment Scheme (RDES). EJA's February 2020 research report on the impact of the CDP penalty system on Aboriginal and Torres Strait Islander people living in the Northern Territory found that CDP penalties created financial hardship for families and broader communities, with long-term impacts for whole communities on food and housing security, physical and mental health and well-being. It is vital that any new remote employment program delivers community development by meeting community needs, providing meaningful training and ensuring economic development. Read EJA's research report, *Community Development Program — The Impact of Penalties on Participants*, here: https://www.ejaustralia.org.au/briefing-paper/cdppenalties/

Pension Loans Scheme

➢ *Date of effect: 1 July 2022 - Subject to passage of legislation*

Announcement

- $21.2 million to be expended over four years to improve uptake of the Pension Loans Scheme by: allowing participants to access up to two lump sum advances in any 12 month period, up to a total value of 50 per cent of the maximum annual rate of the Age Pension; introduction of a No Negative Equity Guarantee so borrowers will not have to repay more than the market value of their property; raising awareness of the Pension Loans Scheme through improved public messaging and branding
- Based on current Age Pension rates, a single person would be able to receive lump sum payments of up to around $12,385 per year, while couples combined could receive up to around $18,670.
- The total amount of pension plus loan available will still be capped at 150 per cent of the maximum rate of Age Pension.

Commentary

For analysis of this budget measure see article by researchers from School of Risk & Actuarial Studies at UNSW, here, which concludes that reverse mortgage-type schemes (such as the Pension Loans Scheme) should be marketed to both older homeowners and their adult children, and that families should be encouraged to discuss the opportunity to use housing wealth to fund expenses in retirement.

Social Security Agreements — Republic of Serbia and Bosnia-Herzegovina

➢ *1 January 2023 - subject to passage of legislation*

Background

Australia currently has 31 bilateral social security agreements with other countries, all of which are shared responsibility agreements. Partner countries under each agreement make concessions against their social security qualification rules so that people covered by the agreement may access payments for which they might otherwise fail to qualify. Responsibility for social security is thereby shared between the countries where a person has lived during their working years and potential entitlements are unlocked. A pension from one country can generally be accessed in the second country.

Announcement

- $18.8 million to be provided over four years from 2021-22 to enter into bilateral social security agreements with the Republic of Serbia and Bosnia-Herzegovina
- This measure affects people who have lived or worked in both countries
- The agreements will help people to claim a pension from both countries
- The agreements will also exempt people temporarily working in either country from having to pay into both countries' superannuation and pension schemes.

MEASURES NOT SUBJECT TO PASSAGE OF LEGISLATION

Taskforce Integrity

Background

The key compliance measure announced in the budget is a substantial funding boost for Services Australia's Taskforce Integrity. The Taskforce was established to respond to serious fraud and identity crime by bringing together capabilities and intelligence from Services Australia and the Australian Federal Police, with areas of focus including investigation of cases involving:

- Stolen identity, to lodge false social security claims or hijack social security payments
- Social security recipients having unexplained wealth.

The Taskforce is also involved in recovery of social security debts resulting from fraud and serious non-compliance, with recovery effected via departure prohibition orders; seizure and sale of assets; and bank, wage and tax refund garnishee. Where there's evidence of criminal behaviour, the Taskforce refers matters to the Commonwealth Director of Public Prosecutions.

Announcement

- $23.8 million to be expended over two years from 2021-22 to extend operation of Services Australia's Taskforce Integrity.

Confirmation of single status

Background

Until November 2019, single parents claiming Parenting Payment or Jobseeker Payment were required to provide contact details of two referees who could attest to their single status. These third party verification requirements have not been enforced since November 2019 due to the 2019-20 bushfires and ongoing impact of the COVID-19 pandemic.

Announcement

- $3.8 million to be expended over five years from 2020-21 to enable cessation of the third party relationship verification process for single parents claiming Parenting Payment and JobSeeker Payment.
- This measure will start on 1 July 2021 and is ongoing. Claimants and recipients will still need to provide contact details of one referee but the referee will only be contacted where further verification is required.
- Review processes for customers who are separated and living under the same roof as their ex-partner will change. A mandatory review must be completed 13 weeks after an initial decision that a person is separated under the same roof as their ex-partner. Following this first review, ongoing reviews may be undertaken every 13 or 26 weeks depending on individual circumstances.

Rate increase; income test change; temporary waiver of ordinary waiting period

> *Enabling legislation passed and measures in place*

Funded measures

- Increase to the base rate of working-age payments by $50 per fortnight from 1 April 2021.The increase applies to JobSeeker Payment, Youth Allowance, Parenting Payment, Austudy, ABSTUDY Living Allowance, Partner Allowance, Widow Allowance, Special Benefit, Farm Household Allowance and for certain Education Allowance recipients under the Department of Veterans' Affairs Education Scheme
- Increase in income test free area for certain working-age payments to $150 per fortnight, from 1 April 2021. This applies to income test for JobSeeker Payment, Youth Allowance (other), Parenting Payment Partnered, Widow Allowance and Partner Allowance
- Extension of the temporary waiver of the Ordinary Waiting Period for certain payments to 30 June 2021.

COVID-related changes to eligibility criteria for JobSeeker Payment and Youth Allowance

> *Enabling legislation passed and measure in place*

Funded measure

- Extension of the temporary change to eligibility criteria for JobSeeker Payment and Youth Allowance (job seeker), so that people required to self-isolate or care for others as a result of COVID-19 may qualify. Temporary change extended for a further three months to 30 June 2021.

Enhanced mutual obligations

- *Measures already in place*

Announcements

- Job seekers will be required to participate in an intensive activity after six months of unemployment, including participation in approved intensive short courses, with some job seekers required to participate in Work for the Dole
- $12.0 million to provide "Relocation Assistance to Take Up a Job", with a $2,000 incentive payment upfront and expanding eligibility to enable job seekers to access the incentive when they take up ongoing work for more than 20 hours per week
- $2.5 million to establish an employer reporting line to refer job seekers who are not genuine in their job search and increase auditing of job applications to ensure job seekers are making genuine applications
- $1.5 million to fund reintroduction of face-to-face servicing for job seekers; implementation of a graduated return in job search requirements from 15 per month from April 2021 to 20 per month from July 2021; and mandating job seekers in online employment services to complete their career profile in the jobactive system.

Further information

For more information on mutual obligation requirements currently in place, see ACOSS webpage, *JobSeeker Payments: Access and Requirements*, here.

Remote Servicing

Announcements

- $99.3 million to be provided over four years from 2021-22 (and $24.9 million per year ongoing) for Services Australia to deliver payments and services in remote locations, particularly in the Northern Territory, Western Australia, Northern Queensland, South Australia and Tasmania
- The funding aims to enable Services Australia to enhance direct access to payments and services for remote customers through a mix of agents, access points, remote service centres, visits by remote servicing teams, and technology-enabled services such as virtual servicing
- This measure extends the 2020-21 Budget measure titled Services Australia — provision of remote services — continuation.

Commentary

For background on the barriers faced by people in remote communities in accessing social security entitlements and services see:

- https://www.ejaustralia.org.au/wp/policy-submission/inquiry-into-the-social-security-administration-amendment-continuation-of-cashless-welfare-bill/
- https://www.ejaustralia.org.au/wp/policy-submission/submission-in-response-to-the-indigenous-voice-discussion-paper/

Family and domestic violence

Announcements

Announcements aiming to enhance access to social security income support for women experiencing domestic violence include:

- Provision of $600 million for the Department of Social Services to deliver measures under the women's safety package
- Two-year trial of a new Escaping Violence Payment which will provide women with access of up to $5,000 in financial assistance (a cash payment of up to a maximum of $1,500 and the remainder in goods, services and support from a community service provider, or other items needed to establish a home free from violence). The measure also includes awareness-raising for the No Interest Loans Scheme for Women Experiencing Family and Domestic Violence and the expansion of a Services Australia pilot providing streamlined specialist case management to people experiencing family and domestic violence
- $10.3 million over two years, to extend to 30 June 2023 the current pilot supporting women on temporary visas experiencing violence. The additional funding will be given to the Red Cross and nine legal services providers will receive additional funding to extend the pilot program for a further year and help more women access financial and legal assistance and migration support.

Commentary

For background see:

- https://www.ejaustralia.org.au/general/how-well-does-australias-social-security-system-support-victims-of-family-and-domestic-violence/
- https://www.ejaustralia.org.au/wp/policy-submission/inquiry-into-family-domestic-and-sexual-violence/