

BUDGET 2017 – CHANGES TO CLAIM REQUIREMENTS

In the 2017 Budget the Government announced a number of measures which change rules and processes for claiming social security payments.

Verification of relationship status for new and existing single parents

The Government proposes to make changes to the process for verifying relationship status for single parents, as well as conduct a one-off review of all existing single parent recipients. Most single parents receiving social security payments are women.

From 1 January 2018 single parents will have their relationship status reviewed. A referee will have to complete a form verifying they are single. From 20 September 2018 single parents claiming a social security payment (parenting payment or newstart allowance) will also have to supply a referee form verifying their relationship status for their claim to be processed. There will be penalties for claimants and/or referees who provide false information.

This change does not require legislation. The Government estimates savings of about \$93 million over five years from 2016-17 from this measure.

The Department of Human Services (DHS) already has processes for verifying relationship status. This is unsurprising. Most payments are paid at a lower rate to partnered people than to single people and a partner's income and assets are generally taken into account in determining eligibility for, and rate of, payment. These processes are therefore critical to ensuring that people are paid the correct rate of payment, including adjusting payments as people's relationship status changes such as following a separation.

Current processes may involve a requirement to provide one or more referees. For example, where an existing recipient of a social security payment advises the Department that they have separated from their partner, a DHS officer must verify the separation before changing their relationship status in DHS records. Where there is judged to be insufficient documentation to evidence the separation, the person may be asked to provide two referees. Similarly, the form for parenting payment recipients to notify DHS of a change in their relationship status includes a requirement to provide details of two referees.

Obtaining verification may delay payment in some cases. For this reason, existing processes include exemptions which permit immediate payment to people in certain cases, with verification obtained afterwards. The main exemptions are in situations of family violence, gambling or mental health issues.

This measure extends existing processes by:

- conducting a one-off review of all current single parents, requiring them to provide details of a referee, and
- making provision of the details of a referee mandatory for all new claimants.

The estimated savings are likely to result mainly from people currently receiving a social security payment as single moving to the lower partnered rate or losing eligibility for the payment altogether (eg if partnered and the partner's income is too high).

Experience shows that reviews such as this one can be effective in identifying some recipients receiving an incorrect rate of payment. They can, for instance, prompt people to update their circumstances or surrender a payment they are ineligible for. The requirement to provide a referee at claim may also deter some people from incorrectly claiming a benefit as a single parent.

The Government's estimates for this measure suggest that they do not anticipate they will detect high levels of non-compliance. This raises a question over the cost effectiveness of this measure, but on the other hand it is a relatively low intensity and therefore low cost review.

The NSSRN's main concern is with the implementation of the requirement to provide a referee at claim.

Current processes require DHS officers to ensure there is adequate verification of relationship status, but they do not require a referee in all cases. If the referee requirement is to be mandatory, there needs to be a careful review of the adequacy of existing guidelines and policies. Our experience is that some women, especially in violent relationships, are isolated from family and community or may be afraid to disclose separation. It is critical that this new requirement not be a barrier to these women claiming a social security payment. There are existing guidelines and exemptions for women in certain circumstances, especially violent relationships. These need to be built on to assist DHS officers to respond appropriately to women who have difficulty meeting the new requirement.

Tax file number collection

The Government proposes to change social security legislation from 1 January 2018 so that DHS may request a person's tax file number (TFN) and the TFN of any other relevant person (eg their partner) as part of the claim process. The claim will not be processed until they meet the request.

Currently, DHS has the power to request TFNs from people who have made a claim for a social security payment or concession card. Once DHS makes this request the person has 28 days to:

- provide their TFN and the TFN of any relevant third party (eg their partner), or
- authorise DHS to obtain their TFN from the Australian Taxation Office (ATO), or
- make a declaration that they have requested a TFN and authorise the ATO to provide it to DHS.

Unless exempt, the person must do one of these three things within 28 days or their social security payment is not payable.

The proposed changes would allow DHS to request a person's TFN (and the TFN of any relevant third party) as part of the claim process and prevent payment until the request is met. This means that the person must provide their TFN in their claim or take one of the other two options outlined above as part of their claim.

On the face of it, this is a sensible measure to improve the efficiency of the claim process by allowing the TFN collection to be done as part of a single transaction. Given that a person who does not know or have a TFN can make a declaration to this effect as part of the claim, this measure should not delay

their claim. However, the removal of the 28 day grace period means it is critical that the processes for obtaining a TFN are timely, so that payment is not delayed to vulnerable claimants.

Removal of deemed claim provisions

The Government also proposes to change social security legislation to remove provisions which allow claimants to be paid from the date they first contacted the Department of Human Services (DHS) in certain circumstances. It is unclear if the Government also intends to make the requirements for a valid claim for payment more stringent and, if so, whether this involves legislative change.

Currently, a new claimant is paid from their “start day”. Generally the start day is the date the person makes a claim for a payment (if qualified on that day). A claim is generally taken to be made on the day the written claim form is lodged.

A new claimant may only be paid from an earlier day in limited circumstances. In practice the most common situation where this applies is where they contacted DHS before lodging the claim. If a person contacts DHS about claiming a payment (known as an “intent to claim”), DHS acknowledges this in writing and they lodge a written claim within 14 days, the date of contact is taken to be the date their claim is made. The practical effect is that the person receives a larger first payment once their claim is processed.

A person may lodge their claim up to 13 weeks after first contact with DHS if prevented from lodging their claim by a medical condition.

The NSSRN is opposed to the removal of the deemed claim provisions. Removing the deemed claim provisions will fall hardest on the most vulnerable. This is unacceptable.

The deemed claim provisions are not as important as they once were when paper claims were the norm. Many people are able to lodge a claim for payment online quickly and as soon as they need to (eg after losing a job), ensuring they access and are paid income support in a timely fashion.

However, based on our experience working with our clients, many vulnerable people will be disadvantaged by this change. New migrants, for example, often delay claiming a payment because they do not understand the system or have trouble with paperwork. Recently separated parents may have trouble getting together relevant documentation or be consumed with finding a new place to live. People who are hospitalised may be unable to lodge their written claims for some weeks.

For all these vulnerable people, the deemed claim provisions meant that even if there was a delay in lodging their claim, their first payment once processed was more than their regular payment and could help pay debts or meet other expenses accumulated over the period they had been without income.

At the time of writing, it is unclear whether the Government also intends to go further, and make the requirements for a valid written claim more stringent by requiring people to supply all the necessary supporting documents (or at least those documents in their control) before a claim is taken to be made.

Currently, although a written claim in the proper form must be lodged, there are no legislated requirements concerning the adequacy of the claim or the information provided with it. A claim may

be accepted where it does not contain all the necessary information to process it. Under current policy, the claimant's name and the payment claimed must be completed, but other information may be provided later and the date the form was handed in is still the date of lodgement (and thus, the start day for payments).

The NSSRN is opposed to any change to claim requirements.

Making this requirement more stringent would further disadvantage the most vulnerable claimants by delaying the date from which their payments begin. Social security claim forms are generally long and complex and a significant amount of supporting documentation may also be required (identification documents, payslips, separation certificate from the person's last job, documentation relating to their partner and so on).

Many of these documents, such as identification documents, may be regarded as in a person's control. However, it may be difficult for vulnerable people to collect them all quickly. This can be for a range of reasons. Someone who has recently separated from their partner may have their possessions boxed up or spread across friends and family's homes. New migrants may have difficulty understanding what is required. A single parent may be struggling with the demands of a new baby.

Our preliminary view is also that such a change requires legislative amendment. Social security legislation does not expressly specify the requirements for a valid claim. By contrast family assistance legislation contains requirements for an effective claim, including that a claim contain information or be accompanied by documents required by the Secretary. In our view, something like this is necessary before a change like this may be introduced.