

2013–2014

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

THE SENATE

**SOCIAL SECURITY AMENDMENT
(CARING FOR PEOPLE ON NEWSTART) BILL 2014**

EXPLANATORY MEMORANDUM

(Circulated by the authority of Senator Siewert)

Social Security Amendment (Caring for People on Newstart) Bill 2014

Outline

The purpose of the Social Security Amendment (Caring for People on Newstart) Bill 2014 is to provide additional financial assistance to Newstart and Youth Allowance recipients to assist in alleviating poverty and to help people to more effectively access employment.

The Bill:

- increases the single rates of Newstart by \$50 a week;
- increases the single independent rates of Youth Allowance by \$50 a week; and
- provides the same indexation arrangements for certain pensions and allowances, being the higher of CPI, MTAWA or pensioner and beneficiary living cost index amount.

NOTES ON CLAUSES

Clause 1 – Short title

This clause provides for the Bill, when enacted, to be cited as the *Social Security Amendment (Caring for People on Newstart) Bill 2014*

Clause 2 – Commencement

This clause provides for clauses 1 to 3 of the Act to commence on the day it receives Royal Assent and Schedule 1 of the Act to commence 28 days after it receives Royal Assent.

Clause 3 – Schedule(s)

This clause provides that an Act that is specified in a Schedule is amended or repealed as set out in that Schedule, and any other item in a Schedule operates according to its terms.

Schedule 1 – Amendments to the *Social Security Act 1991*

Part 1 - Newstart Amendments

Item 1 is a consequential amendment to item 2.

Item 2 inserts a new Module CA into the *Social Security Act 1991* after point 1068-BA4 providing for a Newstart Supplement payment. The Newstart Supplement payment is \$100 a fortnight paid to a person who is qualified for the Newstart Allowance and who is single, a member of an illness separated couple or a partnered couple where one of the partners is in gaol.

Part 2 – Youth Allowance Amendments

Items 3 to 9 amend the table in point 1067G-B3 of the *Social Security Act 1991* to increase the amounts in column 3 items 1-6 and 8 by \$100. These amendments implement a \$50 a week increase to the maximum basic rates for independent single recipients of Youth Allowance.

Items 10 and 11 amend the table in point 1067G-B4 of the *Social Security Act 1991* to increase the amounts in column 3 items 3 and 4 by \$100. These amendments implement a \$50 a week increase to the maximum basic rates for independent single long term income support students recipients of Youth Allowance.

Part 3 – Indexation Amendments

Item 12 inserts a new row to the table in section 1190 to include reference to the additional Newstart supplement being a payment that is indexed.

Item 13 inserts a new row to the table in subsection 1191(1) to include a reference to the additional Newstart supplement being a payment that is indexed to CPI.

Item 14 inserts a new section 1195A providing certain pension and allowance payments to be indexed the same, being the higher of CPI, MTAWWE or pensioner and beneficiary living cost index amount (PBLCI).

Subsection (1) lists the pension and allowance payments to be indexed by reference to the payments listed in section 1191.

Subsection (2) provides the method statement for determining the indexation for the payments listed in subsection (1). The method is to determine the CPI indexed amount in accordance with section 1192, and to determine the MTAWWE indexed amount applying the rules in section 1195, and to determine the pensioner and beneficiary living cost index amount in accordance with section 1196. The indexed amount is then the highest of those three amounts.

Part 4 – Other amendments

Items 15 and 16 confirm that payments made as a result of this Bill cannot be made until Parliament has made an appropriation for that purpose.

Statement of Compatibility with Human Rights

Prepared in accordance with Part 3 of the Human Rights (Parliamentary Scrutiny) Act 2011

Social Security Amendment (Caring for People on Newstart)

Bill 2014

This Bill is compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.

Overview of the Bill

The Bill:

- increases the single rates of Newstart by \$50 a week;
- increases the single independent rates of Youth Allowance by \$50 a week; and
- provides the same indexation arrangements for all pensions and allowances, being the higher of CPI, MTAW or pensioner and beneficiary living cost index amount.

Human rights implications

The Bill engages the following human rights:

Right to social security

Article 9 of the International Covenant on Economic, Social and Cultural Rights (ICESCR) recognises the right of everyone to social security.

The Bill will promote the right to social security by increasing the amount of financial support for certain recipients of Newstart and Youth Allowance and providing more appropriate indexation for all other social security basic payment rates.

The focus on singles is based on evidence that these households are the most at risk of poverty. The ACOSS Poverty Report 2012, which drew on 2010 census data, found that single people generally faced a significantly higher risk of poverty than couples (25% to 9%) while 25.3% of single parent families with children are living in poverty compared with 8.4% of couples with children. This reflects in part the economies of scale available to people living with partners. This focus is therefore aimed at a legitimate objective, and is reasonable, necessary and proportionate to achieving that objective.

Conclusion

The Bill is compatible with human rights because it generally advances human rights.