

# **EXPLANATORY STATEMENT**

## **Social Security (Satisfaction of the Activity Test – Classes of Persons) (DEEWR) Amendment Specification 2010 (No. 1)**

### **Summary**

The *Social Security (Satisfaction of the Activity Test – Classes of Persons) (DEEWR) Amendment Specification 2010 (No. 1)* (the Amendment Specification) is made by the Secretary of the Department of Education, Employment and Workplace Relations under subsections 541 (1AB) and 601 (4A) of the *Social Security Act 1991* (the Act).

The purpose of the Amendment Specification is to amend the *Social Security (Satisfaction of the Activity Test – Classes of Persons) (DEEWR) Specification 2009 (No. 1)* (the Principal Specification) to include principal carers of one or more children as a class of persons who are taken to be satisfying the activity test for youth allowance (YA) or newstart allowance (NSA) by complying with the terms of their employment pathway plan (EPP).

### **Background**

Certain provisions of the Act require recipients of YA and NSA to satisfy the activity test to remain qualified for their social security payment. In general terms to satisfy the activity test a YA recipient must be either undertaking full-time study or be actively seeking and willing to undertake paid work. A NSA recipient must be actively seeking and willing to undertake paid work. However, subsections 541 (1AA) and 601(4) of the Act provide that a person is taken to satisfy the activity test if he or she is complying with the terms of an EPP in force for him or her, and the person is in a class of persons specified in an instrument made under subsection 541 (1AB) or 601 (4A) as the case may be. The Principal Specification is this instrument. Subparagraph 541(1AA)(b)(i) of the Act provides that YA recipients who are early school leavers also meet their activity test requirements by complying with the terms of their EPPs.

The Amendment Specification will allow principal carers of one or more children to be taken to satisfy the activity test by complying with their EPPs. That is, principal carers will not be required to be actively seeking and willing to undertake paid work in addition to the requirements of their EPPs.

This instrument, together with the *Social Security Amendment (Flexible Participation Requirements for Principal Carers) Act 2010* is a result of the 2009-10 Budget measure 'More Flexible Participation Requirements for Parents'. This measure responds to the report made to Government by the Participation Review Taskforce, which was asked by Government to consider ways to achieve sustainable employment outcomes for parents, including how to make participation requirements more flexible.

## **Explanation of provisions**

### ***Amendment Specification***

**Section 1** provides that the name of the Amendment Determination is the *Social Security (Satisfaction of the Activity Test – Classes of Persons) (DEEWR) Amendment Specification 2010 (No. 1)*.

**Section 2** states that the Amendment Specification commences on 1 July 2010. This is consistent with the commencement of the amendments made to the social security law by the *Social Security Amendment (Flexible Participation Requirements for Principal Carers) Act 2010*, which enables other components of the 'More Flexible Participation Requirements for Parents' 2009-10 Budget measure.

**Section 3** provides that the Principal Specification is amended as set out in Schedule 1 to the Amendment Specification.

### ***Schedule 1 to the Amendment Specification***

**Item 1** inserts the words 'persons who are principal carers of one or more children' as new paragraph 4(c). This specifies that persons who are the principal carer of one or more children should be taken to satisfy the activity test if they comply with the requirements of their EPPs. The meaning of the term 'principal carer' can be found in subsections 5(15) to (24) of the Act.

## **Formal matters**

### ***Consultation***

The Department of Families, Housing, Community Services and Indigenous Affairs was consulted during the preparation of this determination. This was done to ensure a co-ordinated and consistent approach for relevant social security payments under the Act.

The Participation Review Taskforce was established in 2008 and reported to Government in August 2008. Taskforce members held consultations with key stakeholders in parent participation policy. This Amendment Specification implements the recommendations in the Taskforce report that relate to flexible activities. Taskforce members and consultation included:

- Business Council of Australia
- Australian Council of Trade Unions
- National Welfare Rights Network
- Australian Council of Social Services
- Australian National University

### ***Regulatory Impact Statement***

The Amendment Specification does not require a Regulatory Impact Statement (RIS) nor a Business Cost Calculator Figure. The Amendment Specification is not regulatory in nature, will not impact on business activity and will have no compliance costs or competition impact.