



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

BILLS

**Social Services Legislation Amendment
(More Generous Means Testing
for Youth Payments) Bill 2015**

Second Reading

SPEECH

Thursday, 10 September 2015

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

SPEECH

Date Thursday, 10 September 2015
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Questioner
Speaker Morrison, Scott, MP

Source House
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Mr MORRISON (Cook—Minister for Social Services) (09:01): I move:

That this bill be now read a second time.

Mr Speaker, I commend you on the way that you have come into the chair over the last number of weeks and the excellent job you have been doing.

This bill will implement the government's 2015 budget measure that will provide more generous and consistent support for families with dependent young people who qualify for certain youth income support payments.

From 1 January 2016, this will include removing the family assets test and the family actual means test from the youth allowance parental means test arrangements. This will result in a more consistent level of support for families, as young people move from family tax benefit part A to an additional income support payment. The parental income test exemptions for youth allowance will also be aligned with existing arrangements for family tax benefit A.

Also from 1 January 2016, maintenance income will be removed from the youth allowance parental income test assessment. From 1 January 2017, a separate maintenance income test for the treatment of child support will be applied, like the test that currently applies to family tax benefit part A.

The last component of this budget measure will apply from 1 July 2016 to families that have dependent children receiving individual youth payments that are parentally income-tested, and also younger dependent siblings. In those circumstances, the 'family pool', as it is known, for the youth parental income test will include a notional maximum rate of family tax benefit A for all of the children for whom the parents have financial responsibility. This will result in a lower rate of reduction to the dependent child's youth allowance than is currently the case.

With a financial commitment from the government of \$262.7 million over the forward estimates, this bill will bring extra support to some 30,000 families, it is estimated, to further support those families as their child moves into young adulthood—particularly rural and regional families whose children continue to study beyond year 12.

Removing the family assets test for youth allowance will allow around 4,100 additional dependent youth allowance claimants to qualify for the first time, accessing average annual payments of more than \$7,000 a year.

Removing the family actual means test will see around 1,200 more people receiving youth allowance for the first time, as well as increasing payments for around 4,860 existing students by approximately \$2,000 a year.

The changes mean farming families will not have farm assets counted towards the means test for their dependent children claiming youth allowance—an important reform.

Including all FTB children in the family pool for the youth parental income test will allow around 13,700 families with dependent children in both the family tax benefit part A and youth systems to become eligible for an average increase in payment of around \$1,100 a year. Around 5,800 families, who currently miss out on payments due to the combined high taper rates, will also become eligible for an average payment of around \$1,300 per year.

The changes will reduce significantly the regulatory burden on around 30,000 families subject to the family actual means test and around 200,000 families subjected to the family assets test.

These measures were adopted following an examination of issues by an interdepartmental committee on access to higher education for regional and remote students at the urging of Senator McKenzie and her backbench colleagues, who have been pressing us to do more to improve access to education for regional and remote students. I want to thank those members for their significant engagement with us as we have worked through

these measures. I particularly want to acknowledge also the member for Forrest and the member for Wannon for their very strong advocacy on behalf of their constituents in relation to these matters.

Removing complex and unnecessary means tests and improving the operation of the parental income test is a good first step, and I know the member for Forrest, the member for Wannon and Senator McKenzie know that this is just a first step, but it is an important first step, as I know they also acknowledge. But it is a good first step, and it responds to concerns over parental means testing and the level of student assistance available, which were identified in the interdepartmental committee's interim advice.

Senator Bridget McKenzie has just completed a series of regional higher education forums, supported by my department, to discuss access to higher education, the IDC's interim advice and the 2015-16 budget. Feedback from the forums will provide useful input into the final report of the interdepartmental committee that is due in November 2015.

This bill is boosting assistance for working families, particularly in rural and regional areas, and better supporting young people into study to build their careers, develop economic opportunities and contribute to our economy. I commend the bill to the House.

Debate adjourned.