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AUSTRALIA: AN INVESTIGATING STATE APPROACH?

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CONTENT OVERVIEW

LIST OF ABBREVIATIONS

AAT	Administrative Appeals Tribunal
ABS	Australian Bureau of Statistics
AUD	Australian Dollar
Cth	Commonwealth
CPI	Consumer Price Index
DSS	Department of Social Services
FTB	Family Tax Benefit
GDP	Gross Domestic Product
JCA	Job Capacity Assessment
MYEFO	Mid-Year Economic and Fiscal Outlook
PM	Prime Minister

1. THE CURRENT ECONOMIC, POLITICAL AND SOCIAL SITUATION

1.1. Overview

The 2016 calendar year was another tumultuous one politically, due to the knife-edge, one seat lower House majority of the narrowly returned Government following the 2 July 2016 General Election. The Government had originally been expected to win a comfortable mandate under its newly installed leader, the initially very popular moderate reformer (Malcolm Turnbull), who had deposed the unpopular Tony Abbott from the right of the party in late 2015. Concessions made by PM Turnbull to the conservative wing of the party (such as on climate change policy and rejecting a Parliamentary vote on same sex marriage without first conducting a plebiscite) saw the Government as a whole fall in popularity, with the PM himself less popular with voters in early November 2016 than his predecessor had been the year before when deposed on the basis that he was too unpopular to win the forthcoming election.

Unlike its predecessor, a chastened re-elected Government demonstrated a willingness to negotiate more flexibly with the blocking power of the upper house (the Senate), but little legislation was introduced in 2016 after it was returned following the mid-year election. The minority position of the Government in the Senate was not improved, so support of crossbench minority parties continues to be essential to passage of its legislative agenda. During the second half of 2016, negotiation with the Opposition saw passage of a stripped-down savings measure on welfare outlays (the 'Omnibus' bill) while other measures such as superannuation reforms also reflected greater willingness of government to seek common ground.

1.2. Statistical Measures

Economic conditions in Australia during 2016 remained robust by international standards, but the economic transition from reliance on the resources boom (Megalogenis 2015) was marked by continuing hollowing out of the labour market, with rising numbers of under-employed and casual workers, and slower than expected wages growth.

The national accounts continued to run a deficit. The December 2016 mid-point of fiscal year Budget update ('MYEFO') revealed that projected deficits over the four years of the forward estimates had deteriorated by a further AUD 10.4 billion compared to that published in the May 2016 Budget, mainly due to slower than anticipated wages growth and associated tax revenue (MYEFO 2016: 14). Savings measures blocked by the upper house were estimated to contribute AUD 13.2 billion to that figure (MYEFO 2016: 4) but this was offset by AUD 12.2 billion found over the forward estimates in the form of reduced outlays based on more conservative estimates of take-up and expenditure on child care benefits, pensions and carers (ibid, 25).

Economic growth projections for 2016-17 of 2.5 percent as announced in the May Budget were subsequently trimmed in the MYEFO by 0.5 percentage points (to 2%), though growth is still projected to rise to 2.75 percent in 2017-18 and 3 percent in each of the following two years (MYEFO 2016: 2, 7, 10-11). The September quarter GDP surprised with a negative figure of minus 0.5 percent, though the constellation of factors thought to be responsible for negative growth were not anticipated to carry through to the final quarter of the calendar year (MYEFO 2016: 16). Despite changed assumptions about revenue and outlays, the projected date for a return to a budget surplus remained unchanged at 2020-21 (MYEFO 2016: 26), mainly due to a rather dubious change in accounting for returns on investments in the Future Fund.

Unemployment dropped during 2016. Seasonally adjusted unemployment in October 2016 was 5.6 percent (ABS 2016c), down from the 6.1 percent for the same time in 2015 (ABS 2015b). However the Budget prediction of a 1.75 percent growth in employment was cut to 1.25 percent in the December MYEFO (MYEFO 2016: 13). Despite this the Budget estimate of 5.5 percent unemployment remained unchanged (ibid, 13).

The October 2016 workforce participation rate of 64.4 percent (ABS 2016c) was significantly lower than the October 2015 participation rate of 65.0 percent (ABS 2015b). The 2016 MYEFO predicts the participation rate rising to just 64.5 percent (MYEFO 2016: 13), perhaps suggesting that it is unlikely to repeat the rise in the decade 1995 to 2006 (rising from 63.3 percent in 1995 to 65.0 by 2006: ABS 2006; 2007). In November 2016 the Australian Bureau of Statistics published a 'spotlight' on under-employment. This revealed that under-employment had exceeded the rate of official employment ever since 2003; and that since February 2015, although unemployment dropped by 0.5 percentage points, 'the underemployment rate has remained at 8.5 percent, a series high' (ABS 2016b).

Inflation in the major capital cities, as measured by the 'consumer price index' (CPI), came in as 1.3 percent over the period September 2015 to September 2016 (ABS 2016a). This is a decline from the 1.5 percent for the equivalent period in 2014-15 (ABS 2015a) or the 2.3 percent recorded in 2012-13 (ABS 2014); and it is significantly below the 3.5 percent and 3.6 percent experienced in 2009 and 2010 at the height of the resources boom (ABS 2011).

The central bank's official cash rate of interest dropped to 1.5 percent over the course of 2016 (following two 0.25 basis point reductions in May and August 2016), compared to its 2.0 percent level in the previous year. Speculation about the impact of the Trump Presidency in the US on the world economy has led commentators to suggest that this is the bottom of the central bank's rate cutting cycle, with rises of 0.5 percent being factored in for calendar year 2017.

2. POLICY AND PROGRAM CHANGES

The year was one of little change to policy settings, as the Government prepared for a looming Election and then sought to recover its equilibrium after the narrowest of victories.

Little was heard in public during 2016 about the Government's intentions regarding the February 2015 Final Report of the Reference Group on Welfare Reform (Australia 2015). Towards the end of the calendar year the Australian newspaper, a favoured outlet for conservative governments to test the water by way of off-the record briefings, carried stories tending to demonise recipients of welfare while foreshadowing likely consolidation of benefit categories accompanied by strengthened and more widespread application of compliance penalties. This could be interpreted both as favouring traditional welfare austerity philosophies evident internationally and in some European countries (Hvinden 2017: 20-24), while also continuing recent Australian trends to further 'shrink' welfare to an income 'safety net' by downplaying its historic interest in the contribution social policy makes to economic production and the building of human capital (Deeming & Smyth 2015: 300). However a few months earlier the relevant Minister, in a speech to the National Press club, spoke much more expansively, talking up an Australian and impliedly more generous and better designed version of New Zealand's 'investment' approach to welfare (Porter 2016b).

An investment approach to social security policy was one of the central recommendations of the 2015 Welfare Reform report and the 2015-16 Budget had allocated AUD 33.7 million over four years to fund data collection and other preparatory policy work (Arthur 2015). Drawing on analysis of large scale longitudinal data sets of social security reliance across the life course of recipients, the idea involves ‘bringing forward' investments in training or other supports in order to reduce the level or duration of longer term dependence (and the associated larger drain on government). Perhaps mindful of criticisms that a bloodless actuarial approach may be unduly optimistic (Hewett 2016) or risks over reliance on sanctions, the responsible Minister has stressed that Australia's measures would be developed on the basis of pilot programs and rigorous evidence-based assessment of what does and does not 'work' — including establishment in the 2016 Budget of an AUD 96 million 'try test and learn' fund, available to any group with a credible idea for an intervention that may reduce risk of future welfare reliance (Porter 2016a). More controversial was the identification of three often stigmatised groups for special attention as at risk of long-term dependency: young carers of adult family members; young parents, and young students (Porter 2016b).

2.1. Superannuation Reform

Following PM Turnbull's successful assumption of the leadership of his Party and the Government in late 2015, his new administration built high expectations of fundamental reforms to inject greater equity into taxation arrangements currently unduly favouring the wealthy. Negative gearing (allowing tax deductions against wage and salary income to offset losses on residential investment property), taxation of capital gains on the realisation of an investment property at half the rate for other capital gains, and over-generous superannuation concessions for high income earners — were all floated for possible reform during the Australian summer of 2015-16. Ultimately only superannuation reforms were included in the 2016 pre-Election Budget, though the Opposition Labor Party advanced a bolder plan for reform of all three (Butler & James 2016). Moreover, after its near death July election experience, the Government in September 2016 was obliged to substantially modify this superannuation package to placate internal critics concerned about retrospectivity and the lifetime contributions cap, and it subsequently negotiated a compromise package with the Opposition to win passage of the legislation.

The central measure in the original Government superannuation proposal outlined in the 2016 pre-election Budget was to impose a lifetime cap of AUD 500,000 on 'non-concessional' (i.e. non tax deductible) personal superannuation contributions. This was a response to subversion of the original idea behind allowing such contributions (encouraging building-up of low superannuation balances), as very wealth citizens instead used it as a tax shelter by transferring large sums simply to access the concessional tax rate of 15 percent rate in place of their normal rate of tax. The modified measure abandoned the Budget idea of a lifetime cap; instead it reduced, from July 2017, the annual amount able to be contributed from its previous AUD 180,000 a year down to AUD 100,000 — thus removing much of the tax shelter attraction without being open to the charge of retrospectivity. In a move to inject greater equity, the threshold above which high income earners pay 30 percent tax (rather than 15%) on contributions was lowered from AUD 300,000 pa to AUD 250,000.

Two low income earner equity measures were included in the superannuation reform package. The first provides a 'tax offset' of up to AUD 540 pa. on the tax otherwise payable on superannuation contributions made by a partner towards their low income spouse, while considerably broadening the class of people covered (previously defined as a partner earning less than AUD 10,800, now raised to AUD 40,000). The second is a tax offset of up to AUD 500 for personal contributions made by someone earning below AUD 37,000 pa., an equity measure critical for low wage earners because the 'concessional tax' on their contributions would actually be higher than their marginal tax rate and they are a group for whom 'wages foregone' as superannuation contributions impact disproportionately heavily on their standard of living. These measures essentially preserved the effect of the AUD 500 low income superannuation contribution introduced by the former Labor Government, but slated for abolition from July 2017.

2.2. Saving Measures

The estimated AUD 6.2 billion of welfare savings achieved over the forward estimates under the Budget Savings (Omnibus) Act 2016 arguably warrants mention as a major policy advance, rather than purely an example of fiscal savings to balance the budget by way of cuts to welfare. The measures do all take the form of welfare cut-backs (which the Government contends are necessary to maintain the viability of welfare over the longer term) but it also included measures rolling back a number of the more egregious examples of 'middle class welfare'. These excesses favouring higher income earners were introduced by the former conservative Howard Government during the first decade of the current century, when the revenue bonanza of the resources boom was largely squandered for electoral advantage by way of generous child benefits (family tax benefits, 'FTB') and other benefits. Thus under the Omnibus Bill the FTB for middle and higher income families were wound back through freezing for three years indexation of the allowable income thresholds for the standard FTB 'Part A' payments, and by freezing for two years the thresholds for primary earners to qualify for the additional 'Part B' payments for single earner families. Over this time, numbers of higher income families will lose entitlement as wage inflation pushes them above the fixed thresholds.

These and other achievements (see E1 below) are noteworthy because they restore a greater sense of social equity to the social security system.

2.3. Child Care Reform Proposals

Child care reforms originally expected to be progressed during 2016 for implementation from July 2017, were effectively pushed forward by another year, for various reasons. As outlined previously (further, Carney 2016b), the improvements to be effected by the measures were linked by Government to passage of the more unpalatable of the proposed cuts to parenting payments and FTB. These cuts were criticised as disproportionately hurting people on low incomes, and had been rejected by the upper house of Parliament (the Senate). The pre-Election Budget handed down in May 2016 announced that the measures would now commence from July 2018, blaming continued

Opposition rejection of the harsher offsetting savings not otherwise included in the Omnibus Bill (see the previous sub-heading above).

Following the Election outcome, and the election of an equally unfavourable Senate, the supposed offsetting savings measures were again defeated in the Senate. The Government therefore delayed introduction of the Bill to give effect to the changes – the Families Assistance Legislation Amendment (Jobs for Families Child Care Package) Bill 2016 – until 1 September 2016, along with allied measures,[1] but debate on the legislation was then postponed to 2017. The Bill honours commitments agreed in 2015 to address concerns about adverse impacts on vulnerable groups (further, Carney 2016b). Apart from the previously discussed changes to subsidies and rebates, it includes provision for an 'additional child care subsidy' (ACCS) available to vulnerable families such as where children are at risk of abuse or neglect; families experiencing temporary financial hardship; social security recipients being transitioned to work; and grandparent carers receiving income support.

2.4. Other Measures

Few other measures in 2016 proved to be significant in policy terms (for details see below).
As foreshadowed (Carney 2016b) the little heralded administrative changes to assessment of disability payments extended to all applicants from mid-2015 proved to be problematic, especially for members of remote indigenous communities (Commonwealth Ombudsman 2016) as well as many others lacking the knowledge or finances to assemble adequate medical documentation concerning their disability (ANAO 2016). The change eliminated the routine report previously obtained from the applicant's treating general practitioner in favour of reliance on favourable 'screening in' by government job capacity assessors (with some very limited numbers of referrals for more specialist evaluation by members of a medical unit), and from January 2016 provision for a second medical assessment, but only if found by the JCA to otherwise be medically qualified for pension (Commonwealth Ombudsman 2016: 6-9). Together with the requirement to show not only the requisite 20 'impairment rating points' and an inability to work for 15 hours a week in the next two years, but (unless 'severely' disabled) also to have spent 18 months in the previous three years being assisted by a specialist disability employment provider — the result is that only a small proportion of applicants for the disability support pension are successful in their initial application.

Healthy welfare (or 'place-based welfare') smartcards were mooted for expansion in Government remarks made towards the end of the 2016 calendar year. These specially created electronic funds transfer cards bar expenditure on non-essential items such as alcohol, gambling or pornography. Initially introduced as part of the 2007 'intervention' to address indigenous disadvantage, the measures have slowly expanded in coverage to other groups and geographic sites (Deeming 2016: 166-67) despite limited evidence of significant benefits from the few independent evaluations (Deloitte Access Economics 2015). Instead the policy was most recently promoted to the public by the Minister on the basis of selectively released 'highlights' from just six months of data from an unpublished evaluation report, detailing reductions in admissions to sobering-up units, incidents of domestic violence, ambulance call-outs and slot machine revenues (Porter 2016a)

[1] *Social Services Legislation Amendment (Family Payments Structural Reform and Participation Measures) Bill 2016.*

2.5. Major Policy Changes in Prospect

The social security policy future remains as uncertain as it has been over at least the last couple of years. Government appears to have lost much of its appetite for reform in the current political and economic climate.

As already explained, Government has yet to show its hand regarding most of the proposals floated in the Final Report on Welfare Reform. Simplification of benefit categories (compare Australia 2015: 82-92), extension of activation obligations to additional groups, and an ongoing focus on ensuring that 'compliance' sanctions are more immediate and effective – provide a trilogy of measures to which the Government remains wedded, but the nature and pace of future development remains uncertain. For example nothing has been said publicly about the interesting proposal for a real-time 'passport to work' which the Report urged be developed to provide an individualised signal to recipients about the effect of taking up or increasing their hours of part-time work, along with public reassurance about their entitlements to concession cards or fall-back entitlements to welfare should employment be lost (Australia 2015: 39, 75, 98-99).

The Government's immediate major priority for 2017 remains an economic stimulus through a politically fraught, staged reduction in the corporate taxation rate, as initially announced in the 2016 Budget, and introduced in the as yet not debated Treasury Laws Amendment (Enterprise Tax Plan) Bill 2016. The first stage targets the 28.5 percent rate for 'small' businesses (a small business currently covers a turnover of under AUD 2 million; the rate for other businesses is 30%). If passed by Parliament, the proposal is that the small business rate would drop to 27.5 percent and be progressively applied to larger businesses each year. For 2016-17 the ceiling to qualify for the lower rate would be raised to turnovers of up to AUD 10 million a year. This ceiling would increase progressively until it applied to businesses of any size by 2023-24. The rate would then be dropped for every business by one percentage point each following year, until it reaches 25 percent in 2026-27 (ATO 2016). The AUD 50 billion overall cost to revenue of this package is regarded by the Opposition as too high, and too inequitable a way of promoting economic growth; while the key Upper House cross-benchers for their part seem unlikely to negotiate passage of more than a version of the 'year one' change (a 1% reduction for businesses with turnover under AUD 10 million, or a lower turnover yet to be negotiated: Massola 2016), at a cost to revenue of about AUD 0.4 billion.
Child care reforms can however be expected to pass into law in 2017, while a compromise is likely on parental leave payment changes, possibly including a further extension in the number of weeks covered (for current proposals see below).

2.6. Conclusion

The expectation in late 2015 that the change of national leadership would deliver meaningful public policy debate and thoughtful ideas for welfare reform (Carney 2016b) proved to be a mirage. Instead 2016 was a year of little policy achievement and precious few indications of an agenda for the future. The Abbott Government's undelivered promises of a thorough going review of taxation (a proposed White paper) and a root and branch review of federalism — both fell by the wayside during 2016 and have apparently now been abandoned, despite the high public expectations built for tax reform during the first few months after Malcolm Turnbull became Prime Minister in late 2015.

Intensification of compliance measures in 2016 was flagged in the 'crack-down' on welfare overpayments announced in the December 2015 mid-year economic review (MYEFO 2015: 42). Rather than simply revisiting previous data-matching of social security records against tax and employee pay data to identify possible overpayments to then be investigated in detail by Centrelink staff, the new scheme largely 'automated' the key stage of raising and seeking recovery of debts. Instead of using its powers as previously to require employers to provide fortnightly pay records so the income test can accurately calculate social security entitlement for each individual fortnight, from mid-2016 debts have been raised on the basis of apportioning to each fortnight the annual employment income reported to the tax office, and recipients must then supply their own information of their variable or multiple sources of earnings to challenge that calculation. The December 2016 MYEFO anticipated savings of AUD 2.1 billion over the forward estimates from this measure (MYEFO 2016: 5, 44, 189), but since the new debt procedures only started to really bite in late 2016 it remains to be seen whether such lofty expectations can be realised without compromising standards of procedural fairness.

The Government appears to have embraced as one of its guiding philosophies the investment approach designed to 'reduce future liability associated with long term income support dependence by targeting investment to build peoples self-reliance' (Australia 2015: 26, further 121-131). Sensibly it is hastening slowly on this front, by crafting and piloting measures prior to any large-scale adoption. But less caution is being shown about smart-card technology as a vehicle for making welfare payments conditional on lifestyle or behavioural change under the various income management schemes (Billings 2011; Bielefeld 2014) or 'healthy welfare' smartcards (Carney 2015), where the evidence of effectiveness is as yet less than robust.

The last few years have seen many policy kites launched for trial flights, the latest being an as yet ill-defined 'investment' approach. Few of the past policy kites have flown for long, as exemplified by the lack of momentum around the conservative vision sketched out when the then Abbott Government was first elected (Carney 2016a). Whether the investment approach also proves to be something of a mirage is yet to be shown. It does at least have the advantage of being grounded in the work of the Welfare Review in 2015 and is an idea attracting international interest (see for example, Deeming & Smyth 2015; Leoni 2015; Smyth & Deeming 2016). However predicting future trajectories of welfare policy in Australia has proven particularly challenging in recent years, due to a combination of political instability and fiscal constraint.

3. THE LEGISLATIVE FRAMEWORK

No change has been made in the basic architecture of the legislation governing social security payments (for details of all payments, see: Carney 2013). The legislation continues to be administered by the Department of Human Services through a statutory agency called Centrelink.

Decisions made by officers of Centrelink are reviewable on their merits, with two levels of merits review. The first tier (since July 2015 the Social Services and Child Support Division of the Administrative Appeals Tribunal) now schedules single member hearings for the vast majority (86% in

2014) of appeals (Carney & Bigby 2014), with a further level of merits review to the General Division of the Administrative Appeals Tribunal (further, Pearce 2015).

Social security law is currently found in five enactments, each of which is frequently amended:

- *Social Security Act 1991 (Cth)*
- *Social Security (Administration) Act 1999 (Cth)*
- *Social Security (International Agreements) Act 1999 (Cth)*
- *Family Assistance Act 1999 (Cth)*
- *Family Assistance (Administration) Act 1999 (Cth)*

3.1. Recent Amending Acts

Social Services Legislation Amendment (Family Measures) Act 2016 (Act No 17 of 2016)

> This Act, with effect from July 2016, shortened from 52 weeks to six weeks the portability period for payment overseas of Family Tax Benefit Part A payments, aligning the portability period with FTB Part B payments. It also ended, from the same date, payment of large family supplement for the fourth or subsequent child.

Social Services Legislation Amendment (Miscellaneous Measures) Act 2016 (Act No 46 of 2016)

> This Act, apart from minor technical amendments, corrects policy loopholes and drafting oversights, including: closing the availability of the discretionary Special Benefit payment for someone serving a non-payment period due to receipt of termination or other payments; aligns the periods of time during which FTB rates paid on an income estimate may retrospectively be increased in light of actual taxable income; and prevents more than one course of study being taken into account when assessing full time study entitlement to student payments.

Budget Savings (Omnibus) Act 2016 (Act No 55 of 2016)

> This Act achieved savings of approximately AUD 6 billion over the forward estimates (to 2019-20) across a number of portfolios, but with significant cuts made to social security outlays. The main social security measures included:

- Adding another 2 to 3 years to the 'indexation pause' (previously to and including July 2016) freezing of the allowable income thresholds for FTB Part A for three years and the primary earner test threshold applying to Part B for 2 years;
- Scrapping the failed Abbott Government measure of a tax-free bonus (of AUD 2,500 after 12 months and AUD 4,000 after 24 months) for someone previously unemployed for 12 months who obtained and retained work without returning to welfare;
- Removing the exemption from the 104 week newly arrived resident's waiting period for new migrants who are family members of Australian citizens or long-term permanent residents (excluding family members of refugees or former refugees);

- Removing for new applicants for family payments or self-funded retirees, the 'supplementary amount' originally paid as compensation for introduction of the carbon tax (but retaining the supplement for pensions and workforce age payments);
- Repealing the student start-up scholarship payment, from 1 July 2017, or the first 1 January or 1 July after Royal Assent after this date;
- Applying, from January 2017, a new interest charge (of around 9%) to outstanding social security debts where the debtor has not entered into or complied with a repayment arrangement, removing the 6 year limitation period on debt recovery, and providing for orders to prevent departure from the country for persistent refusal to enter into repayment arrangements;
- Including parental leave payments as income for the social security income testing purposes (previously exempt);
- Changing the calculation of fringe benefits for family and youth payments from an adjusted net value to the gross amount;
- Aligning the backdating of carer allowance (previously 12 week backdating) with the less generous carer payment period;
- Altering the income and assets means tests for pensioners residing in aged care facilities to remove the exemption from inclusion of the pensioner's (former) unsold principal residence (capturing any rental income) and removing an indefinite exemption from inclusion of its asset value; and
- Removing from July 2018 the exemption from the income test for family tax benefit Part A recipients and the exemption from the parental income test for dependent young people receiving youth allowance and ABSTUDY living allowance if the parent is receiving either a social security pension or social security benefit, and the fortnightly rate of pension or benefit is reduced to nil because of employment income (either wholly or partly).

Treasury Laws Amendment (Fair and Sustainable Superannuation) Act 2016 (Act No 81 of 2016)

This Act implements the compromise reforms to superannuation based on modification of the package taken to the 2016 Election (accommodating Government backbench retrospectivity and other concerns) and adopts some measures negotiated with the Opposition. The Act, mainly from July 2017:

- Caps the amount of capital that can be transferred to the tax-free earnings phase of superannuation (at AUD 1.6 million) along with changed treatment of defined benefit tax on pensions above AUD 100,000 pa to achieve equivalence;
- Reduces the amount of contributions attracting concessional treatment to AUD 25,000 pa (previously AUD 35,000 if over 50 and AUD 30,00 otherwise) and drops the ceiling above which full 30% tax is paid from AUD 300,000 to AUD 250,000 pa);
- Drops the non-concessional contributions cap from AUD 180,000 to AUD 100,000 pa;
- Allows, but only from July 2018, any untapped concessional contributions allowances in the previous 5 years to be used for additional 'catch-up' contributions provided the superannuation balance does not exceed AUD 500,000; and
- Provides tax offsets of up to AUD 540 for making superannuation contributions towards a low income spouse (someone earning less than AUD 40,000, previously AUD 10,88), and a

tax offset of up to AUD 500 for personal contributions made by a person earning up to AUD 37,000 pa.

Social Services Legislation Amendment (Family Assistance Alignment and Other Measures) Act 2016 (Act No 85 of 2016)

This Act amended the law to reverse a decision of the AAT which found that reconciliation 'top-up' payments might be made in some circumstances even though the reconciliation between the estimate and the status of a person as not required to lodge a tax return took place later than the end of the following financial year. It also corrected some oversights in a previous measure designed to align Youth Allowance parental income testing with the arrangements for FTB.

3.2. Significant Bills Awaiting Passage or Defeated in the Senate

Family Assistance Legislation Amendment (Jobs for Families Child Care Package) Bill 2016

The Bill, a revised form of Family Assistance Legislation Amendment (Jobs for Families Child Care Package) Bill 2015 proposes to replace, from July 2018, the existing Child Care Benefit and the Child Care Rebate by a single and means tested Child Care Subsidy designed to provide more assistance to low and middle income families. In a concession designed to promote its chances of passage, some designated groups of vulnerable or disadvantaged children will qualify for an Additional Child Care Subsidy. Qualification for the payment (subject to limited dispensations) will also be subject to an 'activity' test for the first time.

Social Services Legislation Amendment (Family Payments Structural Reform and Participation Measures) Bill 2016

This Bill reintroduced family payments (FTB) savings measures contained in the unsuccessful Social Services Amendment Bill (Family Payments Structural Reform and Participation Measures) Bill 2015, designed to offset some of the costs of funding the child care reform package announced in the 2015 Budget but not enacted in the previous Parliament.

Social Security Legislation Amendment (Youth Jobs Path: Prepare, Trial, Hire) Bill 2016

This Bill is designed to implement a 2016 Budget measure in the form of a 'staged' progression from unemployment into work. The pathway starts with basic skilling and preparation, proceeds to voluntary unpaid internships (with a small income test exempt incentive payment of AUD 200 a fortnight for participants in addition to youth payments), and can culminate in a subsidised employment position (attracting a 'youth bonus wage subsidy' for employers after 6 months of employment). Should the person lose this position through no fault of their own within 6 months of ceasing to draw Youth Allowance they would automatically be entitled to return to that payment without the need for an application.

Social Services Legislation Amendment (Youth Employment) Bill 2016

This Bill reintroduces failed measures from the previous Parliament contained in the Social Services Legislation Amendment (Youth Employment) Bill 2015 designed to implement 2015 Budget proposals. Among the stalled measures was a 4 week waiting period for young people commencing youth payments for the first time (previously proposed as a very harsh 6 months), lifting to 25 years the age at which an unemployed person would qualify for the adult unemployment or sickness payment, and a 'rapid activation' requirement for young job seekers.

Social Services Legislation Amendment (Simplifying Student Payments) Bill 2016

This Bill would implement a 'simplification' measure announced in the 2016 Budget, essentially by aligning youth payments more closely to the conditions for other payments. Changes include removing anomalous advantages allowing payment to someone where their partner receives a social security payment which allows for ownership of assets of a value which would cut-out entitlement to a youth payment, and by extending the application of the provisions which 'pierce the veil' of trusts and companies to bring underlying assets or income under the means tests. The Bill would however exempt from consideration as income all gifts from a family member, provide automatic entitlement to a health card (with cheaper access to health care and medicines, but only from January 2019), and apply the FTB test of family income (for which data is likely already to exist and be verified) when applying the parental means test to young people who are not independent.

Fairer Paid Parental Leave Bill 2016

This Bill is a revised version of the one introduced but not passed by Parliament in June 2015 (further, Carney 2016b). The new package extends coverage beyond individuals lacking access to employer-funded parental leave by including someone whose funded leave is for less than 18 weeks, or is paid at a rate below the minimum wage. Government funded parental leave would essentially ‘fill the gap' for any shortfalls in private sector schemes (such as being for less than 18 weeks, or at less than the national minimum wage). Rules about backdating (for up to 4 weeks) and what qualifies as recent previous work for the purposes of attracting the entitlement, have also been liberalised (so for instance there are exemptions for someone unable to continue hazardous work once becoming pregnant, and more flexible rules for people in irregular employment). As with the 2015 Bill, administration of payments would be assumed by the government (Centrelink) rather than a responsibility of employers as is the case under the existing scheme.

Social Services Legislation Amendment (Enhanced Welfare Payment Integrity) Bill 2016

The enhanced debt recovery reforms in this Bill – removal of the 6 year limitation period on debt recovery and the introduction of departure prohibition orders where debt recovery arrangements have not been entered into – were absorbed by the Budget Savings (Omnibus) Act 2016.

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