Australian Government
Department of Social Services

Welfare – Other Measures

2017 Budget

What was announced in the 2017 Budget?

Families

Funding the Jobs for Families Package
As previously announced, from 1 July 2017, Family Tax Benefit (FTB) rates will be maintained for two years. This change applies to the standard, base rate and approved care organisation rate of FTB Part A and the maximum rate of FTB Part B.

This means that these FTB rates will not be indexed using the Consumer Price Index until 1 July 2019.

Under this measure, there will be no cuts to FTB payments and over the two-year maintenance period many families will still see some increases in their payments as a result of increases to some income thresholds for Family Tax Benefits.

Key facts

- This change will achieve efficiencies of approximately $1.9 billion over five years from 2016-17.
- Savings made from this measure will provide much needed support to Australian families through more affordable and accessible child care.

Consistent treatment for families receiving FTB Part A
From 1 July 2018, changes to the maximum rate income test taper of FTB Part A will apply.

This measure will increase the maximum rate income test taper of FTB Part A beyond the Higher Income Free Area. The maximum rate income test taper will increase from 20 cents to 30 cents for each dollar once a family's income has exceeded the value of the Higher Income Free Area (currently $94,316).

This measure provides consistent treatment of income testing arrangements above the Higher Income Free Area for FTB Part A recipients, and produces savings from improved targeting of benefit to those who need it most.

Key facts

- The current maximum income test taper rate will continue to apply to income over the Low Income Free Area of $51,903, but under the Higher Income Free Area.
- Around 24,900 families will lose access to the Family Tax Benefit Part A.
- Around 71,800 families will see a reduction in Family Tax Benefit Part A.
- This measure will achieve efficiencies of $415.4 million over five years from 2018-19.

No Jab No Pay
To ensure that parents understand how important this Government views immunisation, and protecting public health, it will be strengthening the immunisation requirements for families receiving FTB Part A.

From 1 July 2018, fortnightly FTB Part A payments will be reduced by about $28 per fortnight for each child who does not meet the immunisation requirements, rather than waiting until after the end of the financial year to withhold their end of year supplement.

This measure will provide a more frequent and more immediate reminder to parents of the importance of immunising their children and ensures that all families receiving Family Tax Benefit Part A continue to have a financial incentive to immunise their children.

Key facts

- Since 1 January 2016, more than 210,000 families, with more than 230,000 children, have taken action to ensure that they now meet immunisation requirements under the Turnbull Government's No Jab No Pay policy.
- This means a quarter of a million more children aren't contracting or spreading vaccine-preventable diseases.
- Almost 6,500 children, whose parents were in receipt of child care payments and had registered a vaccination objection prior to 1 January 2016, now meet the immunisation requirements.

Priority improvements to Australia's child support program

The Government will prioritise three of the 18 recommendations agreed to in response to the House of Representatives Committee report, *From conflict to cooperation: Inquiry into the Child Support Program*.

The Government already has arrangements in place, or has undertaken previous work, which addresses some of the recommendations.

The priority changes include:

Extension of interim period

Currently, when parents dispute the amount they care for a child, a 14-week interim period may apply before child support and Family Tax Benefit (FTB) is adjusted to reflect a change in actual care of a child. The Government supports improvements to the policy for disputed care arrangements that will better support attempts by separated families to resolve disputes.

From 1 January 2018:

- For court-ordered care arrangements, the interim period will be extended:
  - for up to 52 weeks, if a disputed care change occurs within the first year of the court order, or
  - to 26 weeks, for older court orders if the person with increased care does not take reasonable action to participate in family dispute resolution.
- For care arrangements in a non-enforceable agreement or parenting plan, the interim period will be reduced to four weeks if a disputed care change occurs after the first year of the agreement/plan and the person with increased care takes reasonable action to participate in family dispute resolution.

Amended tax assessments will be considered

From 1 January 2018, an amended tax assessment will be taken into account in an administrative assessment of child support if it results in a higher taxable income, or, in the case of a lower taxable income, if certain conditions are met based on the reason for the amended tax assessment and the timeliness of action taken to obtain an amended tax assessment.

Setting aside child support agreements will be fairer

In addition to the above, the Government will also remove the hurdles for courts to set aside child support agreements made before 1 July 2008, as well as allowing all child support agreements to be set aside without having to go to court if certain circumstances change. To enable this, from 1 July 2018, the following changes will apply:

- For a child support agreement made before 1 July 2008 that transitioned as a binding agreement from 1 July 2008, a separate and less restrictive test will apply for a court to set aside the agreement (in comparison to binding agreements made from 1 July 2008).
- For all child support agreements, new provisions will apply to terminate the agreement, or to suspend the effect of the agreement, if the person who is entitled to child support for a child under the

agreement ceases to be an eligible carer of the child.

Greater equity in the collection of child support debts and overpayments

From 1 July 2018, the following changes will apply:

- The methods for the Department of Human Services (DHS) to enforce recovery of a child support overpayment from a payee will be expanded to align with the methods for recovering a child support debt from a payer.
- The basis for an overpayment to be recoverable by DHS will expand to ensure that all backdated reductions to a child support assessment collected by DHS will be recoverable by DHS.
- New backdating provisions will provide a fairer basis for retrospectively creating a child support overpayment or underpayment due to a change of circumstances. This will take into account the type of change of circumstances and the timeliness of action to notify DHS of the change of circumstances.

Key fact

- These changes will affect around 90,000 to 100,000 child support cases per year.

Pensions

Pensioner Concession Cards – reinstatement to pensioners who lost entitlement due to rebalancing assets test measure

The Pensioner Concession Card (PCC) will be reinstated to about 92,300 former pension recipients, including 3600 Department of Veterans' Affairs payment recipients.

These former pensioners lost entitlement to the PCC when they ceased being eligible for a pension due to the rebalancing the assets test measure which came into effect on 1 January 2017.

This change will help these people in accessing discounts and concessions offered by states, territories and private providers.

Consistent with the Health Care Card and Commonwealth Seniors Health Card they currently have, the PCC will be automatically reissued over time with an ongoing income and assets test exemption. Other eligibility requirements, such as portability conditions, will still need to be met.

These people will also retain the Commonwealth Seniors Health Card to ensure they continue to receive the Energy Supplement.

Key fact

- This measure costs $3.1 million over four years.

Increasing the Residence Requirement for Australian Pensions

The residence requirement to qualify for the Age Pension and Disability Support Pension (DSP) is increasing.

In order to qualify for Age Pension or DSP this measure will require a person have 10 years continuous Australian residence, with five years of this residence being during their working life (16 years of age to Age Pension age).

Where the person has less than five years of Australian Working Life Residence (AWLR), they would be required to have 10 years of continuous residence and not have been in receipt of an activity tested income support payment for cumulative periods greater than five years.

In circumstances where the person does not meet the requirements set out above, they will be required to have 15 years continuous Australian residence before being eligible to receive the Age Pension.

Existing exemptions to Age Pension and DSP residency requirements will be maintained for Humanitarian entrants and for those whose inability to work happened while they were an Australian resident.

Key facts

- This measure will affect very few, approximately 2,390 people on average each year over the forward estimates.
- 98 per cent of Age Pension claimants will not be affected by this measure, as they already have the required 10 cumulative year's residence and five continuous years during their working life.

- Approximately 2,300 people will be delayed from claiming the Age Pension or DSP as they do not have 10 years continuous residence and approximately 90 people a year (Parent and Partner visa migrants) will now be required to wait an additional five years before being eligible for the Age Pension as they do not have five year working life residence and do not meet the requirement to have not been in receipt of an activity tested income support payments for cumulative periods greater than five years.

Education payments

Education supplements

The Government previously announced that, subject to the passage of legislation, the Pensioner Education Supplement (PES) and the Education Entry Payment (EdEP) would cease. This decision has now been reversed and both payments will continue.

Eligibility for PES and EdEP will remain unchanged. However, from 1 January 2018, the rates of PES and EdEP will be changed to align better with the study loads of recipients. Four payment tiers will be introduced as follows.

PES:

- $62.40 per fortnight (current full rate) for study loads of 76% to 100%
- $46.80 per fortnight (new rate) for study loads of 51% to 75%
- $31.20 per fortnight (current part rate) for study loads of 26% to 50%
- $15.60 per fortnight (new rate) for study loads of 25%
- nil for study loads under 25%, as at present.

EdEP:

- $208 per annum (current rate) for study loads of 76% to 100%
- $156 per annum (new rate) for study loads of 51% to 75%
- $104 per annum (new rate) for study loads of 26% to 50%
- $52 per annum (new rate) for study loads of 25%
- nil for study loads under 25%, as at present.

In conjunction with these new rates of payment, PES will be paid only during study periods, and not during semester breaks and holidays. Payments will continue over public holidays unless the public holidays coincide with semester holiday periods.

Key facts

- PES and EdEP are paid to people studying full-time or part-time in secondary or tertiary education while on certain income support payments. Both payments assist income support recipients to gain skills and qualifications to improve their chances of finding sustainable employment.
- PES is a fortnightly payment available to recipients of Disability Support Pension, Parenting Payment Single, Carer Payment, Widow B Pension, and Widow Allowance, and, in limited circumstances, to Newstart Allowance, Youth Allowance (other), Special Benefit and Parenting Payment Partnered.
- EdEP is an annual lump sum, which may be paid to recipients of Newstart Allowance, Partner Allowance, Widow Allowance, Widow B Pension, Wife Pension, Parenting Payment Single, Parenting Payment Partnered, Disability Support Pension, Carer Payment and Special Benefit (in limited circumstances).

Student scholarships

Restrict access to relocation scholarship

The Relocation Scholarship for Youth Allowance (student) and ABSTUDY Living Allowance recipients was intended to assist those in rural and regional areas in relocating to undertake further study.

From 1 January 2018, access to the Relocation Scholarship will be restricted to students studying in Australia, and those whose parental family home or usual place of residence is located in Australia.

This means that students relocating from or studying overseas will no longer be eligible for the scholarship.

Where a student's parents return to Australia to live or the student returns to Australia to continue studying after undertaking part of their course overseas, the student's eligibility for the Relocation Scholarship will be retested and depending on the circumstances, the student may become eligible for the Scholarship.

Students receiving the Relocation Scholarship prior to 1 January 2018 with a parental home overseas will continue to receive the Relocation Scholarship after this date if, on the day they started their current course, their parental home was overseas.

Key fact

- It is estimated that fewer than 450 students will no longer receive the Relocation Scholarship.

Better Alignment of Student Payments

Currently, qualification for student payments for students undertaking Vocational Education and Training (VET) courses is not linked to the availability of VET Student Loans.

From 1 January 2018, approval of tertiary VET courses, at diploma level or above, for student payment purposes will be restricted to those tertiary VET courses and education providers that are approved for VET Student Loans. The change will improve consistency across VET courses that are approved for different types of Commonwealth support.

This will affect Youth Allowance (student), Austudy, ABSTUDY and Pensioner Education Supplement.

This change is consistent with recent changes to the VET loan scheme.

On 1 January 2017, VET FEE-HELP ceased and VET Student Loans commenced. Current course eligibility for VET Student Loans looks at courses that have a high national priority, meet industry needs, contribute to addressing skills shortages and align with strong employment outcomes.

Students undertaking secondary school courses and VET courses below diploma level will not be affected by this change.

Key facts

- Approximately 69,000 student payment recipients are undertaking a VET level course
- On average, it is estimated around 5,000 students each year will no longer qualify for student payments.

Other

Ongoing delivery of Australian longitudinal studies

The Australian Government is investing $40.9 million over four years to support the ongoing delivery of four nationally significant longitudinal studies. This Budget measure enables the delivery of these longitudinal studies in future years on an ongoing basis.

The four studies are the *Household, Income and Labour Dynamics in Australia* (HILDA) Survey, *Growing Up in Australia*: The Longitudinal Study of Australian Children (LSAC), *Footprints in Time*: The Longitudinal Study of Indigenous Children (LSIC) and *Building a New Life in Australia* (BNLA): The Longitudinal Study of Humanitarian Migrants.

These longitudinal studies collect valuable information from the same individuals over time, so that Government can understand the drivers of particular outcomes for individuals, families and communities. The longitudinal nature of the studies means that the value of the data continues to increase over time.

More information

For more information about these measures and other Department of Social Services' Budget measures, visit the Department of Social Services website (www.dss.gov.au).

For information about the 2017 Budget, visit the Australian Government budget website (www.budget.gov.au).