

**Senate Community Affairs Committee**  
**ANSWERS TO ESTIMATES QUESTIONS ON NOTICE**  
**Social Services Portfolio**  
**2014-15 Budget Estimates Hearings**

**Outcome Number: 1**

**Question No: 303**

**Topic: Payments Impacts**

**Hansard Page: 04/06/2014 CA 86**

**Senator Moore** asked:

How many people/families will be affected by the new measures, broken down by:

- number of people
- number of families
- measure
- state
- electorate.

**Answer:**

The following details regarding the estimated number of customers impacted by various 2014-15 Budget measures relate only to recipients of social security and family assistance payments within the Social Services portfolio.

Implementation of most of these measures is subject to the passage of legislation. Some start dates, for example 1 July 2014, will have to change and are likely to result in differences in the estimated number of customers affected.

In relation to customer impacts broken down by state and electorate, the Department uses broad population estimates to determine the impact of measures using data from a specific period or point in time. To answer these questions would therefore require a significant diversion of resources.

Unless otherwise specified, the following estimates relate to the number of customers expected to be impacted in the first financial year in which the measure applies. The estimates of the number of customers affected reflect policy details, including start dates, as announced in the 2014-15 Budget.

Apply the One-Week Ordinary Waiting Period to all Working Age Payments

- It is estimated that in 2014-15 (for the part-year from 1 October 2014) approximately 192,000 new claimants of Newstart Allowance, Sickness Allowance, Youth Allowance (other), Parenting Payment and Widow Allowance will be affected. The estimated average full-year impact across the forward estimates is around 258,000 new claimants per year.

Cease indexation of the Clean Energy Supplement

- Around 3.2 million pensioners, one million allowees, 280,000 Commonwealth Seniors Health Card holders, 1.6 million families and 300,000 youth and students receive the Clean Energy Supplement and will be impacted by this measure.

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Commonwealth Seniors Health Card – annual indexation of income thresholds

- In 2014-15, around 5,200 more people will receive a Commonwealth Seniors Health Card as a result of this measure.

Commonwealth Seniors Health Card – include untaxed superannuation income in the eligibility assessment

- In 2014-15, around 2,100 people will be impacted by this measure.

Cessation of the Seniors Supplement – Commonwealth Seniors Health Card holders

- It is estimated that, in 2014-15, around 280,000 Commonwealth Seniors Health Card holders will be impacted by this measure.

Disability Support Pension – compulsory participation requirements for recipients aged under 35 years

- Approximately 20,000 DSP recipients under age 35 years have a current participation plan that will be updated to include compulsory activities at their next 3 monthly or 6 monthly interview in 2014-15. Approximately 5,000 new entrants to DSP per year will also be affected.

Disability Support Pension – reduced portability

- It is estimated that about 2,000 people will stay overseas for more than four weeks each year and will need to reapply for the pension on return to Australia.

Disability Support Pension – review recipients aged under 35 years

- Approximately 15,300 recipients will be reviewed in 2014-15.

Education Entry Payment – cessation

- From 1 January 2015 the Education Entry Payment will cease to be available, affecting around 92,000 recipients each year.

Family Payment Reform – maintain Family Tax Benefit payment rates for two years

- All FTB families (around 1.7 million in 2014-15) were expected to be impacted by this measure. This comprises around 1.6 million families receiving FTB Part A, and 1.4 million families receiving FTB Part B (some families receive both payments). This measure was not implemented on 1 July 2014.

Family Payment Reform – better targeting of Family Tax Benefit Part B

- It is estimated that, in 2015-16, around 137,000 families will be affected by this measure.

Family Payment Reform – limit Family Tax Benefit Part B to families with children under six years of age

- It is estimated that, in 2015-16, around 34,200 families will be affected by this measure.

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Family Payment Reform – limit the Large Family Supplement to families with four or more children

- It is estimated that, in 2015-16, around 383,000 families will be affected by this measure.

Family Payment Reform – new Family Tax Benefit allowance

- It is estimated that, in 2015-16, around 7,500 families will be affected by this measure.

Family Payment Reform – remove the Family Tax Benefit Part A per child add-on

- It is estimated that, in 2015-16, around 96,000 families will be affected by this measure.

Family Payment Reform – revise Family Tax Benefit end-of-year supplements

- All FTB families (around 1.7 million in 2014-15) will be impacted by this measure. This comprises around 1.6 million families receiving FTB Part A, and 1.4 million families receiving FTB Part B (some families receive both payments).

Increase the Age Pension qualifying age to 70 years

- From July 2025 the qualifying age to receive the Age Pension will continue to increase from 67 years, by six months every two years, until it reaches 70 years in 2035. There will be no impact to customers within the forward estimates period.

Increasing the age of eligibility for Newstart Allowance and Sickness Allowance

- Around 240,000 young people aged 22-24 years would be affected over four years.

Index Pension and Pension Equivalent Payments by the Consumer Price Index

- This measure is estimated to affect around 250,000 Parenting Payment Single recipients in 2014-15 (starting 20 September 2014).
- This measure is estimated to affect 3.8 million recipients of Age Pension, Disability Support Pension, Carer Payment, Bereavement Allowance, Wife Pension (Age and Disability), and Widow B Pension in 2017-18 (starting 20 September 2017).

Limit the Six-Week Portability Period for Student Payments

- Approximately 55,100 students are expected to be impacted in 2014-15 (proposed to commence from 1 October 2014).

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Maintain eligibility thresholds for Australian Government payments for three years

- Fixing the value of the following family payment income free areas from 1 July 2014 was estimated to impact the following number of customers in 2014-15 (this part of the measure was not implemented on 1 July 2014):
  - FTB Part A lower income free area (LIFA): around 392,000 families.
  - FTB Part B secondary earner income free area (SEIFA): around 417,000 families.
  - FTB Part A maintenance income free area (MIFA): around 265,000 families.
- Fixing the income free areas and asset value limits which apply to working age payments and Parenting Payment for three years from 1 July 2014, and personal income free area, assets value limits and the student income bank which apply to student payments for three years from 1 January 2015, was estimated to impact around 370,000 recipients in 2015-16 (the financial first year in which all relevant payments are impacted by the measure). Changes with start dates of 1 July 2014 were not implemented.
  - As a consequence of the FTB Part A lower income free area (LIFA) being fixed for three years, the parental income free area and family actual means test free area will also be fixed. As noted above, fixing the LIFA for three years was not implemented on 1 July 2014.
- Around 1.19 million recipients of Age Pension, Disability Support Pension, Carer Payment, Wife Pension, Widow B Pension, and Bereavement Allowance will be impacted in 2017-18 by fixing the pension income and assets test free areas for three years from 1 July 2017. (This does not include affected recipients of equivalent Veterans' Affairs pension payments, which are administered by the Department of Veterans' Affairs.)
- Around 343,000 recipients of social security income support payments will be impacted by fixing the deeming thresholds for three years from 1 July 2017.

Pensioner Education Supplement – cessation

- From 1 January 2015 the Pensioner Education Supplement will cease to be available, and it is estimated this will impact about 47,000 individuals annually.

Remove Grandfathering of Student Start-Up Scholarship Recipients

- Approximately 196,000 students expected to be impacted in 2014-15 (proposed to commence from 1 January 2015).

Remove Relocation Scholarship Assistance for Students Relocating Within and Between Major Cities

- Approximately 12,000 students expected to be impacted in 2014-15 (proposed to commence from 1 January 2015).

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Reset the Deeming Thresholds

- It is estimated that resetting the social security income test deeming thresholds from 20 September 2017 will impact around 530,000 social security income support recipients in 2017-18.

Social Security Agreement with India

- It is estimated that, subject to legal and administrative processes being completed in both Australia and India prior to the commencement of the agreement, in 2015-16 around 105 former Australian residents in India will be able to qualify for some Australian Age Pension. No one in Australia will be affected.

Stronger Participation Incentives for Job Seekers under 30

- The changes will affect approximately 700,000 applicants, including repeat applicants, over four years. QoN 230 and QoN 232 provide a breakdown by State/Electorate of Newstart Allowance and Youth Allowance (other) populations under 30 years at 28 March 2014.

Please list all other Branches/Offices/Departments consulted:

1. Age, Disability and Carer Payments Policy
2. Eligibility and Participation Policy
3. Family and Student Payments Policy
4. Labour Market Payment Policy
5. Social Security Performance and Analysis