

## Legislative Statement

### Social Security (Subsequent Child Policy Removal) Amendment Bill: First Reading

06 April 2021

#### Overview

The Social Security (Subsequent Child Policy Removal) Amendment Bill (the Bill) will amend the Social Security Act 2018 (the Act) and Social Security Regulations 2018, to remove the additional dependent child policy (commonly known as the subsequent child policy).

The Bill contains two parts:

- Part 1 will give effect to the removal of the subsequent child policy (the policy) from the Act and regulations. It comes into force on 8 November 2021.
- Part 2 sets out transitional provisions related to the removal of the policy. It comes into force on 11 October 2021, to allow for a 28-day transition period prior to the policy's removal.

The Bill also includes a schedule, which outlines specific details relating to how parts 1 and 2 are applied.

#### Part 1: Substantive and consequential amendments to the legislation

A client's eligibility for Sole Parent Support (as opposed to Jobseeker Support) and work obligations are based on the age of their youngest dependent child. Under the current policy, when a client has a 'subsequent' child while receiving a main benefit, that child's age is only considered for the purposes of benefit entitlement and work obligations until they reach the age of one. Work obligations and eligibility for Sole Parent Support (as opposed to Jobseeker Support) are then based upon the age of a parent's youngest non-subsequent child.<sup>1</sup>

As such, the policy currently impacts eligibility for Sole Parent Support (as opposed to Jobseeker Support), and places obligations on parents to search for and move into work earlier if they have an additional child while receiving a main benefit.

The policy's removal will mean that the youngest dependent child is always the basis for establishing eligibility for Sole Parent Support (as opposed to Jobseeker Support), and in setting work obligations.

Part 1 of the Bill gives effect to the removal of the policy from the Act and regulations. It will make substantive and consequential amendments to the Act and regulations, to remove provisions related to the policy, and to make related consequential amendments.

All of the necessary changes, including to regulations, are included in the Bill. The Bill fits with the principle that the law should be publicly available and capable of being ascertained before it comes into force.

#### Part 2: Transitional, savings, and related provisions

The policy's removal will result in a change in benefit type and/or work obligations for some affected parents. Some clients may have an application in progress or change in circumstances around the time of the policy's removal, which would result in multiple

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<sup>1</sup> Note work obligations change based on the age of the client's youngest (non-subsequent) dependent child:

- work preparation obligations if the child is aged under three years
- part-time work obligations if the child is aged three and above, up to fourteen years
- full-time work obligations if the child is aged fourteen years and over.

changes to their entitlement (benefit type and/or work obligations) in a short period of time when the policy is removed.

Clients receive communications from MSD every time their entitlement changes. Multiple changes of entitlement in a short period of time would therefore result in a number of communications from MSD. This is ultimately confusing and would have a negative impact on the client experience.

Without transitional provisions, MSD would be required to apply the current policy until it is removed on 8 November 2021 (except under limited circumstances). In order to prevent multiple changes to clients' entitlement in a short period, the transition period requires MSD to respond to new benefit applications or to a client's change in circumstances, in line with the removal of the policy.

These provisions will improve the client experience by reducing complexity for affected clients and ensuring that the treatment of client scenarios in the transition period aligns with the policy intent of the initiative.

The transition period begins 28 days before the policy's removal on 8 November 2021, and extends 28 days after 8 November 2021 (56 days total). New applications for benefit, a client's benefit commencement date, and the date of MSD's decision (or corresponding dates for a change in circumstances) may occur over a number of weeks before or after the policy's removal. The length of the transition period is intended to ensure equitable treatment of clients in similar circumstances and ensure a streamlined process for clients.