

EXPLANATORY STATEMENT

Social Security (Class of Debts — Youth Allowance) Notice 2004

The **Social Security (Class of Debts — Youth Allowance) Notice 2004** (the Notice) is made under subsection 1237AB(1) of the **Social Security Act 1991**.

Purpose

The purpose of the Notice is to create a class of debt comprising debts incurred by certain youth allowance customers whose parents actively notified Centrelink of a change in their circumstances that affected the youth allowee's payment. The Secretary of the Department of Family and Community Services may then waive the Australian Government's right to recover a debt falling within this class of debts.

Background

Dependent young people who receive youth allowance under the social security law are subject to parental means testing, including the Parental Income Test (PIT). Youth allowees whose parents receive a specified Commonwealth payment, such as newstart allowance or disability support pension, are exempt from the PIT.

When a parent stops receiving a specified Commonwealth payment the youth allowee has a statutory obligation to inform Centrelink of this change, so that Centrelink can ensure they are receiving the correct rate of payment.

From 1 July 2003 Centrelink introduced automatic linking of youth allowees' records with those of their parents who are also in receipt of a Commonwealth payment. This automatic linking enabled the cross-referencing of relevant information about a dependent youth allowee and that of his or her parent/s. Prior to this automatic linking, when a parent notified changes to their circumstances the information was not generally used for youth allowance purposes.

During the period 1 July 2002 to 26 April 2004, Centrelink conducted reviews of cases where a youth allowee received a PIT exemption during the period 1998 to 2003. The review found that a significant number of youth allowees did not advise of changes to parental income and, as a result, incurred debts from being overpaid their allowance. In a number of cases the parents had actively advised Centrelink of their changed income in respect of their own payment.

This instrument creates a class of debts that covers cases where parents actively notified Centrelink of their changed income circumstances and had that information been applied to the youth allowee's record they would no longer have received the PIT exemption.

Explanation of the provisions

Section 1 of the Notice states the name of the instrument.

Section 2 states that the Notice commences on 2 April 2004.

Section 3 defines certain terms used in the Notice.

Section 4 specifies that the class of debts will include only those debts incurred by a person in certain circumstances. Those circumstances are firstly, that the person must have been a youth allowance recipient who had an exemption from the parental income test during the period 1 July 1998 to 26 April 2003.

Second, the person must have been identified by Centrelink as someone who should not have received the exemption at some point in time during the period July 2002 and April 2003, because their parent was not receiving a specified Commonwealth benefit. This period is limited to 26 April 2003 because the Government's initiative to link automatically the records of parents on income support with that of their children on youth allowance was implemented fully by this date.

Third, because Centrelink had not been notified of a change in circumstances and the exemption from the PIT incorrectly remained in place the person was overpaid youth allowance.

Finally, subsection 4(2) specifies that the person's parent must have actively notified Centrelink of the change in their income circumstances. This last requirement reflects the fact that had the parent's changed information been used to update the youth allowance recipient's record, the exemption would have ceased at the time of the change. A person's parent will have actively notified Centrelink of a change in their circumstances only if they did so by telephoning, writing to, or attending a Centrelink office. Furthermore, this active notification must have been in accordance with the parent's notification obligations in respect of their specified Commonwealth benefit. For example, if the parent had 14 days within which to notify a change, notification must have occurred within this time in order for it to be an active notification. This requirement reflects the intention that a debt will not fall within this class of debts if the parent has not complied with their notification obligations.