Social Security Amendment Bill 1988

Date Introduced: 13 April 1988
House: House of Representatives
Presented by: The Hon. Roslyn Kelly, M.P., Minister for Defence Science and Personnel

Digest of Bill

Purpose

To amend the Social Security Act 1947 (the Principal Act):

1) to correct anomalies and drafting errors that have come to light since the introduction of certain major changes to the Social Security Act; and

2) to regularise the treatment of lump sum compensation payments under existing compensation recovery procedures.

Background

Over the last few years a large number of major changes to the Principal Act have been made. These include:

- changes to the definition of income for the purposes of the income test on pensions and benefits;
- changes to the residency qualifications for persons and benefits;
- restrictions on the payment of additional pension/benefit for dependants who are also eligible to receive certain educational allowances;
- restrictions on the payment of Class A widows pension and supporting parents benefit to those with dependants aged under 16;
- the introduction of Family Allowance Supplement (replacing the Family Income Supplement);
- the introduction of Job Search Allowance (replacing the junior rate [under 18 years] of unemployment benefit);
- the introduction of an assets test on unemployment benefits paid to those aged 25 or over; and

- the introduction of a new definition of 'income' for the purposes of the income test on pensions and benefits;
the introduction of new procedures for recovering certain payments made to people who receive lump sum compensation payments.

In the course of administering these new arrangements certain anomalies, drafting errors and other difficulties have come to light. With the exception of the provisions of this Bill relating to lump sum compensation recovery, the majority of the provisions of this Bill are directed at rectifying these problems.

The clauses relating to lump sum compensation recovery give effect to the Minister's announcement, on 8 February 1988, that in future 50 per cent of lump sum compensation payments will be deemed to be in respect of economic loss, and therefore subject to recovery by the Department of Social Security.

Main Provisions

German restitution payments (except that part of a payment specified as compensation for economic loss) and the education allowance paid to those who would otherwise be eligible for ABSTUDY will no longer be regarded as income for the purposes of the income tests on pensions and benefits (Sub- clauses 3(a) and 3(b) respectively).

Eligibility for payment of additional pension or benefit for children will be extended to certain children living outside Australia with a person receiving a payment under existing portability provisions and to dependants of special beneficiaries (Sub- clauses 3(f),(g) and 3(e),(h) respectively).

Eligibility for and rates of certain pensions and of additional pension/benefit for dependants where a person or his/her dependant was/is receiving ABSTUDY will be brought into line with provisions relating to the treatment of AUSTUDY payments (Sub- clauses 4(1), 4(2), 11(2), 11(3) and clause 21).

Eligibility for Class A widows pension and supporting parents benefit will be extended to persons where they have a child aged 16 to 24 years and Child Disability Allowance is paid in respect of that child (Clauses 5 and 6).

Lump sum payments of Post-Graduate Awards, ABSTUDY and AUSTUDY, and lump sum payments for leave or on termination of employment will be treated in specified ways under the Family Allowance Supplement income test (Clause 7).

Arrears of Family Allowance Supplement will be paid to parents who receive education payments and who lodge claims for FAS within 6 weeks of receiving their first education allowance payment (Clause 8).

A person who is a sickness beneficiary or a dependent spouse of a sickness or unemployment beneficiary who is temporarily absent from Australia will be treated as if s/he were in Australia for that period and
so continue to be eligible for payment of benefit (Clause 10, Sub-clause 11(1)).

Rent assistance for unemployment or sickness beneficiaries will not be payable in respect of periods that that beneficiary was outside Australia (Clause 12).

The parental income test will not apply for Job Search Allowance if the parent is a pensioner, beneficiary, sheltered employment or rehabilitation allowee, or a service pensioner (Clause 13).

The assets test limits for married beneficiaries are to be brought into line with those applying to married pensioners (Clause 14).

Arrears of sickness benefit for up to four weeks are to be paid where the claim for sickness benefit was lodged late because of the incapacity (Clause 15).

Eligibility for sheltered employment allowance is to be extended to certain persons in supported employment services, at the discretion of the Secretary (Clause 17).

Unless otherwise stipulated, 50 per cent of lump sum payments received as compensation for personal injury made after 8 February 1988 are to be recoverable under existing compensation recovery procedures (Sub-clause 18(b)). (These procedures allow for rates of certain payments to be reduced or for a debt to the Commonwealth to be raised against a person.) Sub-clause 18(a), clauses 19 and 23 provide for clarification of existing compensation recovery procedures and for transitional arrangements.

For further information, if required, contact the Education and Welfare Group.

28 April 1988

Bills Digest Service
Legislative Research Service

This Digest does not have any official legal status. Other sources should be consulted to determine the subsequent official status of the Bill.

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