Social Security and Veterans Entitlements Amendment
Bill 1987

Date Introduced: 14 May 1987
House: House of Representatives
Presented by: Hon. Neal Blewett, M.P., Minister for Health

Digest of Bill

Purpose
To introduce an income test for eligibility for family allowance; increase the postponement period for unemployment benefits; and to limit the eligibility for assistance of dependent children of widows and supporting parents.

Background
The measures contained in this Bill form part of the 1987-88 initial Budget measures announced by the Treasurer on 13 May 1987 (the May Statement). The May Statement announced spending reductions that will reduce the Budget deficit for 1987-88 by $4000 million.¹ As regards unemployment benefits, it was announced that they would be abolished for those under 18 and replaced with training allowances. For those 18 to 20 and leaving education, the period before they are eligible for unemployment benefits will generally be increased from six to 13 weeks. This is estimated to save $45 million in 1988-89.² It was also announced that others who left their employment voluntarily would have to wait longer to receive the benefit.

In relation to the family allowance, it was announced that an incomes test would be introduced to restrict the availability of the allowance to those in need. The allowance will phase out when parental income reaches $50,000 per annum with a further $2500 allowed for the second and subsequent child. The test will apply from 1 October 1987 and is estimated to reduce outlays by $95 million in a full year.³

In the explanatory memorandum to this Bill it is estimated that the reduction in the qualifying age for when people will be treated as dependent children of widows and supporting parents to 16, will save $17 million in a full year.

Main Provisions

Amendments to the Social Security Act 1947

This Act will be amended by Part II of the Bill (clauses 7 to 28). Section 6 of this Act will be amended to insert a definition of when people will be treated as married even though they are not. This will occur when the person and their former spouse are living in the matrimonial house for 26 weeks from the latter of the time that these conditions were first satisfied or 14 May 1987. Where the person or their spouse has commenced proceedings to acquire the house, part of the house or the whole or part of the proceeds from the sale of the house, this period will be extended to 52 weeks (clause 8).
A new definition of incapacity for work will be inserted by clause 10 which will substitute a new section 23 into this Act. A person will be treated as permanently incapacitated if their incapacity for work is not less than 85% and at least 50% of that incapacity is caused by physical or mental impairment. The clause will operate from 1 July 1987 (sub-clause 2(3)).

Clause 12 will amend section 60 of this Act to remove Class B widows pensions and restrict dependent children of widows to those under 16. Clause 13 will amend section 83AAA to implement the same restriction regarding dependent children of supporting parents.

Section 99 of this Act will be repealed and new sections inserted to introduce an income test for family allowance (clause 15). 'Income threshold' is defined to be $50 000 plus $2500 for the second and subsequent child under 18 (proposed section 99). Proposed section 99AA provides for indexation of the threshold. The amendments will apply from 1 October 1987 (sub-clause 2(5)).

Paragraph 112(1)(c) of this Act deals with the rate of sickness benefit. This paragraph will be repealed and new paragraphs 112(1)(c), which will deal with the rate for unmarried people with dependents, and 112(1)(ca), which will deal with the rate for unmarried people without dependents, substituted. Benefits payable under proposed paragraph 112(1)(ca) will not be subject to indexation (clause 17). This amendment will be deemed to have operated from 13 June 1987 (sub-clause 2(2)).

Employers will be required to provide, on request, a statement of the reasons for dismissal where the dismissal occurs on or after 1 September 1987. It will be an offence, punishable by a $2000 fine and/or one year's imprisonment for people and a $10 000 fine for corporations, to fail to comply with a request as soon as practicable (clause 18 which will insert a section 116 into the Principal Act).

The waiting period for unemployment benefits will run from the time the person registers with the Commonwealth Employment Service (sub-clause 19(b) which will repeal sub-section 119(1A)).

Where a person fails to meet the requirements of section 120 (such as failing the work test or leaving work voluntarily) the waiting period for unemployment benefits will be increased from a minimum of two weeks to four with additional periods of two weeks for each breach of the requirements in the previous three years, to a maximum of 12 weeks (clause 20).

The waiting period for people leaving education on or after 1 September 1987 will be increased by clause 21 which will amend section 120A of this Act. For single people under 21 with no dependents the period will be increased from six to 13 weeks while for others the period will be six weeks. Previously the waiting period applied only to those leaving secondary school or leaving tertiary education without completing their course. The amendment will apply from 1 September 1987 (sub-clause 2(4)).

Amendments to the Veterans Entitlement Act 1986

Sub-section 39(4) of this Act provides that an eligible person need not satisfy the requirement of 10 years residence when applying for an invalidity pension if the person was incapacitated in Australia. This will be amended by clause 33 to require that the person is also an Australian resident.
The carers service pension, which is payable to those caring for a severely handicapped veteran who is a relative, will cease to be payable when the carer is outside Australia (clause 37 which will insert a new sub-section 63(3A) into this Act).

References
2. Explanatory memorandum to this Bill, p. 2.

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

28 May 1987

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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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