Date Introduced: 28 February 1985
House: Senate
Presented by: Senator Messner

Short Digest of Bill

Purpose

To abolish the assets test on social security and repatriation pensions and benefits.

Background

Age pensions were introduced in 1908 with income and property tests. A merged means test, combining previously separate income and property tests, came into operation on 1 March 1961. Certain groups, (first those over 75 and later those over 70) were exempted from the means test, and the property test itself was abolished from 25 November 1976.

In the 1983-84 Budget, brought down on 23 August 1983, the Treasurer announced the Government's intention of re-introducing an assets component in assessing entitlement for pensions. Legislation was introduced to the House of Representatives on 7 December 1983. A panel to review the proposed assets test structure was empanelled under Professor Gruen. The Panel reported to the Government in May 1984.

On 21 August 1984, the Social Security and Repatriation (Budget Measures and Assets Test) Bill 1984 was introduced into the House of Representatives to re-introduce the redrafted version of the assets test legislation. The Bill received Royal Assent on 21 September 1984 [Act No. 93].

Assets Test

A pensioner's principal place of residence is exempt from the assets test. In addition, single pensioner homeowners do not have the first $70,000 of other assets included in the test. For homeowning couples, the exemption threshold is $100,000. For non-homeowners, the threshold
figures are $50,000 higher. Assets above these threshold limits will reduce pensions by $2 per week for each $1,000 of non-exempt assets.

The threshold limits will be indexed. Pensions will be subject to an income or an assets test, but not both. The test which reduces the pension by the largest amount will apply.

Pensions for the blind, unemployment and sickness benefits, war widows' pensions and repatriation disability pensions are exempt from the test.

The first pension payment to be affected by the test will fall due on 21 March 1985.

Main Provisions

The Bill will come into operation on the date of Royal Assent (clause 2).

Clause 4 removes property as a consideration in determining eligibility for a pension and the level of pension payable.

Under clause 6, the Bill will apply only to payments of pension, benefits and allowances that occur on or after the commencement date of the Act.

For further information, if required, contact:

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