Date Introduced: 25 May 1983
House: House of Representatives
Presented by: Hon. Neal Blewett, M.P., Minister for Health representing the Minister for Social Security

Short Digest of Bill

Purpose

To re-introduce an income test on that part of age and service pensions which had remained free of income testing since 1973-5.

Background

The Whitlam Government removed the means test on age and service pensions for people aged 75 and over in 1973 and for people aged 70 and over in 1975.

The Fraser Government reimposed an income test on age and service pension increases for people aged 70 and over in 1978.

Since 1978, all age and service pensioners aged 70 and over have received a basic pension which has been free of an income test but which has been frozen at May 1978 rates; about four-fifths of them have also qualified under the income test for the indexed increases made since May 1978.

Main Provisions

The Bill amends the Social Security Act 1947 and the Repatriation Act 1920 so as to impose an income test on that portion of the pensions that has remained frozen at the May 1978 rate.

For single people the income test begins when their other income reaches $200 a week, and the pension ceases altogether when their other income reaches $302.90 a week. The corresponding figures for the combined income of a married couple are $333 and $504.60.
The income test will not apply to blind pensioners.

It will come into effect on 3 November 1983 in the case of age pensions, and 10 November 1983 in the case of service pensions.

Remarks

The new income test and the existing income test will not be end-on. At present the full age or service pension for single people aged 70 or more, whose other income is $30 a week or less, is $82.35. The pension diminishes by $1 for every $2 of their other income above $30 a week, so that the pension reaches the irreducible minimum of $51.45 when their other income is $91.80 a week.

The Bill envisages no change in the level of pension if one’s other income is between $91.80 and $200 a week, that is, between the level of other income at which the existing income test cuts out and the level of other income at which the new income test begins to bite.

There will be a corresponding gap between the two income tests for the combined other weekly income of a married couple (between $153 a week and $333 a week).

For further information, if required, contact:

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Education and Welfare Group
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