Date Introduced: 28 September 1978
House: House of Representatives
Presented by: The Hon. Ralph J. Hunt, M.P., Representing the Minister for Social Security

Purpose

The Bill proposes to amend the Social Services Act 1947 to:

(i) abolish maternity allowances,
(ii) restrict the payment of benefits in respect of children living abroad,
(iii) prevent family allowances being paid for students receiving TEAS or other Commonwealth education allowances,
(iv) alter the automatic adjustment provisions of the Act to adjust selected payments annually,
(v) increase the rate of payment for pensions and benefits, except in the case of unemployment and sickness beneficiaries under the age of 18, and unemployment beneficiaries without dependants,
(vi) provide that future pension increases for pensioners aged 70 or more will be subject to an income test,
(vii) make provisions regarding children uniform, by providing an upper age limit of 25 years for the payment of family allowances, double orphans pension, additional pension and additional unemployment and sickness benefit for children,
(viii) extend the payment of Handicapped Child's Allowance for full time students aged 16-25, provided the child is not in receipt of an Invalid Pension.
Main Provisions

Rationalisation of payments for children

Clauses 3, 11, 14 and 43 provide an upper age limit of 25 for student children over the age of 16 who are dependants of an age or invalid pensioner (clause 3), a widow pensioner (clause 11), a supporting parent (clause 14), and an unemployment or sickness beneficiary (clause 43). In cases where a student child has already attained the age of 25, the rate of pension or benefit in respect of that child is unaffected by the new provisions. The same age limit restrictions are imposed in relation to the receipt of funeral benefits (clause 19 amends s.83A and clause 20 amends s.83CA).

Adjustment of pensions

Clauses 6 and 46 amend sections 28A (age and invalid pensions) and 112AA (unemployment and sickness benefits) respectively, by substituting a 12 monthly adjustment period (from 1 November 1979) for the present May and November adjustments. Under the existing indexation provisions the rates of pensions and benefits will be increased in November 1978 in line with the rise in the CPI between the December 1977 and June 1978 quarters.

Increased rate of pensions and benefits

Clauses 5 and 45 provide an increase of $1.75 pw to $53.20 pw in the case of single age, invalid, and widow pensioners, supporting parents, and sickness beneficiaries, while the combined married rate will rise by $3.20 to $88.70 pw from 1 November 1978. Unemployment benefits will increase in the case of a beneficiary with a dependant. However, no increase will apply to single unemployment beneficiaries, and unemployment and sickness beneficiaries under the age of 18.

Age pensions for persons aged 70 or more

Clause 5, 7, 8, 9(a) and 10 make amendments to sections 28, 44, 45, 46 and 48A respectively. The effect of the amendments is that the free of means pension for people aged over 70 will be frozen at the present rate of $51.45 (single) and $42.90 (married couple). Pension increases will only be increased if the means test is satisfied. Permanently blind pensioners are excluded from the income test.
Joint custody

Clause 18 and 27 insert sections 83AAJ and 99A in order to avoid the payment of 2 full family allowance payments for the same child at the same time. In cases where 2 people have joint custody and share care and control, the Director General will have the discretion to share the benefit between the two persons.

Payment of Benefit in respect of children living overseas

Clauses 4, 9, 12, 13, 15, 26, 30, 44 and 47 limit the payment of certain pensions and benefits in relation to children living outside Australia. These payments will no longer be made unless the child is temporarily abroad, living abroad pending migration to Australia within four years or living abroad with a person who is himself receiving an Australian pension or benefit overseas.

Maternity allowances

Clause 22 repeals Part V of the Principal Act. This abolishes maternity allowances. It comes into operation on 1 November 1978 (clause 2).

Child endowment

Clause 28 inserts a new s.101 which provides for the monthly (rather than four-weekly) payment of family allowances, commencing on the 15th day of each month and ending on the 14th day of the next month. Clause 24 (s.95) sets out the new monthly rates. The new method of payment commences on 15 May 1979 (clause 2). Clause 25 (proposed ss.95A and 95B) provides that endowment will not be paid in respect of a child receiving payments under a prescribed educational scheme e.g. TEAS (specified in cl. 23). Clause 23 also provides that endowment is not available for a dependant receiving an invalid pension, unless an endowment is already being paid.

Double orphan's pension

Clause 33 precludes the payment of a double orphan's pension where the child receives an invalid pension, except in cases where both pensions are being paid. Clause 35 provides that double orphan's pensions be paid at the rate of $47.70 a month instead of $11 per week.
Handicapped child's allowance (HCA)

Clause 37 gives the Director General discretion to continue payment of the handicapped child's allowance in respect of any child during short absences from the home. It also extends the eligibility for a handicapped child's allowance to students aged 16 to 25 not in receipt of an invalid pension. Clause 39 provides that HCA be paid at the rate of $65 per month instead of $15 per week.

Clause 40 inserts a provision to deduct payments for the period a child is in an institution, as in those circumstances assistance is payable under the National Health Act 1953 or the Handicapped Persons Assistance Act 1974.

Background

(i) Maternity allowances

The abolition of maternity allowances from 1 November 1978 was announced in the 1978-79 Budget Speech on the grounds that this allowance has been superceded by health care and family allowance arrangements. Maternity allowances were paid to mothers to help meet the expenses associated with the birth of a child. There has been no change in the rate since 1943. Maternity allowances cost $7.2m in 1977-78 and are estimated to cost $2.9m in 1978-79.

(ii) Family allowances

Despite a statement in the Budget Speech 1978-79 that family allowances would be income tested on the basis of the child's income, the Government has announced that it will not proceed with this measure. The amounts of benefit remains unchanged and are listed below:

<table>
<thead>
<tr>
<th>Family allowance</th>
<th>Weekly Rates</th>
<th>Monthly Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>First child</td>
<td>$3.50</td>
<td>$15.20</td>
</tr>
<tr>
<td>Second child</td>
<td>$5.00</td>
<td>$21.70</td>
</tr>
<tr>
<td>Third child</td>
<td>$6.00</td>
<td>$26.00</td>
</tr>
<tr>
<td>Fourth child</td>
<td>$6.00</td>
<td>$26.00</td>
</tr>
<tr>
<td>Fifth and subsequent children</td>
<td>$7.00</td>
<td>$30.35</td>
</tr>
<tr>
<td>Children in Institutions</td>
<td>$5.00</td>
<td>$21.70</td>
</tr>
<tr>
<td>Handicapped Child's Allowance</td>
<td>$15.00</td>
<td>$65.00</td>
</tr>
<tr>
<td>Double Orphan's Pension</td>
<td>$11.00</td>
<td>$47.70</td>
</tr>
</tbody>
</table>
(iii) Automatic adjustment of pensions

The explanation given by the Government for changing the pension adjustment provisions from twice a year to once a year is based on the reduction in inflation. It has been estimated that $27m will be saved in 1978-79 as a result of the change. The full year savings from withholding the May 1979 increase that would occur under existing arrangements is approximately $60m. However, no explanation is given for reviewing unemployment benefit rates annually in the Budget context, rather than continuing the automatic adjustment provisions.

(iv) Age pensions for people aged 70 and over

The introduction of a means test for the increases in the age pension for those over 70 years of age is estimated to save $20m in 1978-79. The means test free pension will remain at $51.45 per week, ($85.80 for a married couple) and the means tested supplement will increase the single rate of pension to $53.20 pw (88.70 married couple). 500,000 pensioners aged 70 or more will qualify for the full pension increase, while a further 50,000 will receive partial increases.