

1985

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA  
HOUSE OF REPRESENTATIVES

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*(As read a first time)*

**SOCIAL SECURITY (POVERTY TRAPS REDUCTION) BILL 1985**

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THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA  
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Presented and read a first time, 16 October 1985

*(Minister for Social Security)*

**A BILL**

**FOR**

**An Act relating to social security**

BE IT ENACTED by the Queen, and the Senate and the House of Representatives of the Commonwealth of Australia, as follows:

**Short title, &c.**

5     **1. (1)** This Act may be cited as the *Social Security (Poverty Traps Reduction) Act 1985*.

**(2)** The *Social Security Act 1947*<sup>1</sup> is in this Act referred to as the Principal Act.

**Commencement**

**2.** This Act shall come into operation on 1 November 1986.

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**Rate of age or invalid pension**

3. Section 28 of the Principal Act is amended—

- (a) by inserting in paragraph (1D) (a) “or section 30” after “sub-section (1AA) or (1B)”;
- (b) by inserting in paragraph (1D) (a) “and section 30” after “sub-sections (1AA) and (1B)”;
- (c) by omitting from paragraph (1D) (b) “payable” and substituting “applicable”;
- (d) by inserting in paragraph (1D) (b) “or by an amount under section 30,” after “sub-section (1B),” (first occurring);
- (e) by inserting in paragraph (1D) (b) “or section 30,” after “sub-section (1B),” (last occurring);
- (f) by omitting from paragraph (1D) (b) “that would, in accordance with sub-section (2AAA), be taken to be included in, or to make up,” and substituting “that comprises”;
- (g) by omitting from sub-paragraph (2) (a) (i) “\$1,560” and substituting “\$2,080”;
- (h) by omitting from sub-paragraph (2) (a) (ii) “\$1,300” and substituting “\$1,820”;
- (j) by omitting sub-section (2AAA); and
- (k) by inserting after sub-section (2AD) the following sub-section:
  - “(3) Where—
  - (a) the rate of pension applicable to a person is increased under this section, under section 30 or under this section and under section 30; and
  - (b) the rate of that pension is to be reduced under sub-section (2) of this section,

that sub-section shall be applied first to the rate of that pension apart from any increase under this section or under section 30, then to the amount of any increase under section 30 and then to the amount of any increase under this section.”.

**Calculation of income in respect of children**

4. Section 29 of the Principal Act is amended—

- (a) by omitting from paragraph (a) “\$312” and substituting “\$624”; and
- (b) by omitting from paragraph (b) “\$156” and substituting “\$312”.

**Omission of heading**

5. The heading to Division 4A of Part III is omitted.

6. Section 30A of the Principal Act is repealed and the following section is substituted:

**Rent assistance**

5 “30. (1) Subject to this Part, this section applies to a person who is qualified to receive a pension under this Part, in respect of any period during which—

(a) the person pays, or is liable to pay, rent at a rate exceeding \$520 per annum;

10 (b) the person is not and, if the person is a married person and the person’s spouse is living with the person in their home, the spouse is not, eligible to receive an incentive allowance under section 26 or 133JA; and

(c) the person is in Australia.

15 “(2) For the purposes of the application of this section to a married person—

(a) where the person’s spouse is living with the person in their home—any rent that the spouse pays, or is liable to pay, in respect of that home shall be deemed to be paid, or payable, by the person; and

20 (b) where a direction is in force under sub-section 28 (1AAA) or sub-section 32 (1A) in respect of the person—any rent that the person’s spouse pays, or is liable to pay, in respect of the premises occupied by the person shall be deemed to be paid, or payable, by the person.

25 “(3) Subject to sub-section (4), where this section applies to a person, the maximum rate of pension applicable to the person shall be increased by an amount per annum equal to—

(a) 50% of the amount by which the amount of the annual rent paid, or payable, by the person exceeds \$520; or

(b) \$780,

30 whichever is the lesser amount.

“ (4) Where this section applies to a married person—

(a) whose spouse is living with the person in their home; and

35 (b) to whose spouse there is payable a prescribed pension (other than a benefit under Part VII) the rate of which is increased by reference to an amount of rent paid, or payable, by the person,

the amount of any increase in the maximum rate of pension applicable to the person under sub-section (3) shall be reduced by 50%.”.

**Notification by pensioner**

7. Section 30B of the Principal Act is amended—

40 (a) by omitting from sub-sections (1) and (1A) “in receipt of an allowance under section 30A” and substituting “the rate of whose pension is increased under section 30”;

- (b) by omitting paragraphs (1) (b) and (c) and substituting the following word and paragraph:  
     “or (b) has the rate of that rent reduced,”;
- (c) by omitting from sub-section (1) “, the date on which his rate of rent was reduced or the last day of the period referred to in paragraph (c)” and substituting “or the date on which that reduction took place”; and 5
- (d) by omitting sub-section (2).

### **Rate of wife's pension**

- 8. Section 32 of the Principal Act is amended— 10
  - (a) by omitting from paragraph (2) (a) “\$1,300” and substituting “\$1,820”; and
  - (b) by adding at the end the following sub-section:  
     “(3) Where—
    - (a) the rate of a wife's pension applicable to a wife is increased under this section, under section 30 or under this section and under section 30; and 15
    - (b) the rate of that pension is to be reduced under sub-section (2) of this section,
 that sub-section shall be applied first to the rate of that pension apart from any increase under this section or under section 30, then to the amount of any increase under section 30 and then to the amount of any increase under this section.”. 20

### **Receipt of income or occurrence of event to be notified**

- 9. Section 45 of the Principal Act is amended— 25
  - (a) by omitting paragraph (1) (c) and substituting the following paragraph:  
     “(c) is not a person in receipt of a pension the rate of which is increased under section 30,”;
  - (b) by omitting from sub-section (1) “\$30” and substituting “\$40”; 30
  - (c) by omitting sub-paragraph (2) (a) (iii) and substituting the following sub-paragraph:  
     “(iii) is not a person in receipt of a pension the rate of which is increased under section 30; and”;
  - (d) by omitting from sub-section (2) “\$50” and substituting “\$70”. 35

### **Inmates of benevolent homes**

10. Section 50 of the Principal Act is amended by omitting from sub-section (2) “(being the sum of the person's pension under this Part and any allowance to which the person is entitled under section 30A)”.

**Rate of widow's pension**

11. Section 63 of the Principal Act is amended—

(a) by omitting from paragraph (2) (a) "\$1,560" and substituting "\$2,080"; and

(b) by adding at the end the following sub-section:

"(4) Where the rate of a widow's pension applicable to a class A widow or a class B widow is to be reduced under sub-section (2) of this section, that sub-section shall be applied first to that part of the rate of that pension that is calculated by reference to paragraph 28 (1) (a), then to the amount of any increase under section 65 and then to that part of the rate of that pension (if any) calculated by reference to sub-section 28 (1AA) or (1B).".

**Calculation of income in respect of children**

12. Section 64 of the Principal Act is amended by omitting from paragraph (a) "\$312" and substituting "\$624".

**Omission of heading**

13. The heading to Division 3A of Part IV is omitted.

14. Section 65A of the Principal Act is repealed and the following section is substituted:

**Rent assistance**

"65. (1) Subject to this Part, this section applies to a widow who is qualified to receive a pension under this Part in respect of any period during which—

(a) the widow pays, or is liable to pay, rent at a rate exceeding \$520 per annum; and

(b) the widow is in Australia.

"(2) Where this section applies to a widow, the maximum rate of pension under this Part applicable to the widow shall be increased by an amount per annum equal to—

(a) 50% of the amount by which the amount of the annual rent paid, or payable, by the widow exceeds \$520; or

(b) \$780;

whichever is the lesser amount.".

**Notification by widow**

15. Section 65B of the Principal Act is amended—

(a) by omitting "in receipt of an allowance under section 65A" (wherever occurring) and substituting "the rate of whose pension is increased under section 65";

(b) by omitting paragraphs (1) (b) and (c) and substituting the following word and paragraph:

- “or (b) has the rate of that rent reduced,”; and
- (c) by omitting from sub-section (1) “, the date on which the rate of her rent was reduced or the last day of the period referred to in paragraph (c)” and substituting “or the date on which that reduction took place”.

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### **Receipt of income or occurrence of an event to be notified**

- 16.** Section 74 of the Principal Act is amended—
- (a) by omitting from sub-section (1) “an allowance under section 65A” and substituting “a pension the rate of which is increased under section 65”; and
- (b) by omitting from sub-section (1) “\$30” and substituting “\$40”.

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### **Inmates of benevolent homes**

- 17.** Section 80 of the Principal Act is amended by omitting from sub-section (2) “(being the sum of her widow’s pension and any allowance to which she is entitled under section 65A)”.

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### **Application of certain provisions**

- 18.** Section 83AAG of the Principal Act is amended—
- (a) by omitting “3A,”; and
- (b) by adding at the end the following sub-section:
- “(2) Where the rate of a supporting parent’s benefit payable to a person is increased by reference to section 30 or 65, section 30B or 65B, as the case may be, applies in relation to the person.”.

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### **Interpretation**

- 19.** Section 106 of the Principal Act is amended—
- (a) by omitting “and includes an allowance under this Part” from the definition of “benefit” in sub-section (1); and
- (b) by omitting from sub-section (1) the definition of “rent assistance”.

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### **Rent assistance**

- 20.** Section 112A of the Principal Act is amended—
- (a) by omitting paragraph (b) of the definition of “prescribed period” in sub-section (1) and substituting the following paragraph:
- “(b) in relation to a person who is qualified to receive a sickness benefit in respect of a period and who, immediately before becoming qualified to receive that benefit, was receiving—
- (i) an incentive allowance under section 26 or 133JA; or
- (ii) a prescribed pension the rate of which was calculated by reference to rent paid, or payable, by the person or to an incentive allowance under section 26 or 133JA,

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any part of that period in respect of which the person pays,  
or is liable to pay, rent at a weekly rate exceeding \$10;”;

(b) by omitting “or a special benefit” from paragraphs (c) and (d) of  
the definition of “prescribed period” in sub-section (1); and

(c) by omitting sub-sections (3), (3AA), (3A), (3B), (3C) and (4) and  
substituting the following sub-sections:

“(3) Subject to this Part, where a person—

(a) who is qualified to receive an unemployment benefit or a  
sickness benefit;

(b) who is in Australia;

(c) if the person is a married person who is living with his or  
her spouse in their home—whose spouse is not in receipt  
of—

(i) an incentive allowance under section 26 or 133JA; or

(ii) a prescribed pension (other than a benefit) the rate  
of which is calculated by reference to rent paid, or  
payable, by the person or to an incentive allowance  
under section 26 or 133JA; and

(d) if the benefit is an unemployment benefit—

(i) who is over the age of 25 years;

(ii) who is a married person or who has a dependant; or

(iii) who is over the age of 18 years and living permanently  
or indefinitely away from the principal home of each  
parent of the person,

this section applies to the person in respect of any period that is a  
prescribed period in relation to the person.

“(4) Subject to sub-section (5), where this section applies to a  
person, the amount of benefit applicable to the person shall be  
increased by an amount per week equal to—

(a) in the case of a person who is qualified to receive a sickness  
benefit—

(i) 50% of the amount by which the amount of the  
weekly rent paid, or payable, by the person exceeds  
\$10; or

(ii) \$15;

whichever is the lesser amount; or

(b) in the case of a person who is qualified to receive an  
unemployment benefit—

(i) 50% of the amount by which the amount of the  
weekly rent paid, or payable, by the person exceeds  
\$10; or

(ii) \$10,

whichever is the lesser amount.

“(5) Where this section applies to a married person—

- (a) whose spouse is living with the person in their home; and
- (b) to whose spouse this section also applies,

the amount of any increase in the amount of benefit applicable to the person under sub-section (4) shall be reduced by 50%.”.

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### **Income test**

**21.** Section 114 of the Principal Act is amended by inserting after sub-section (3) the following sub-section:

“(4) Where—

- (a) the rate of an unemployment or sickness benefit applicable to a person under sub-sections 112 (1), (2), (3) and (4) is increased under another sub-section of section 112, under section 112A or under such another sub-section and under 112A; and

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- (b) the rate of that benefit is to be reduced under this section,

this section shall be applied first to the rate of that benefit apart from any increase, then to the amount of any increase under section 112A and then to the amount of any other increase.”.

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### **Interpretation**

**22.** Section 115 of the Principal Act is amended by omitting sub-section (1) and substituting the following sub-section:

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“115. (1) In this Division, ‘sickness benefit’ includes so much of any amount paid to a person by way of a rehabilitation allowance under Part VIII as, in the opinion of the Secretary, would have been payable to the person by way of sickness benefit in respect of a relevant incapacity if that rehabilitation allowance had not become payable to the person.”.

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### **Notification**

**23.** Section 130 of the Principal Act is amended by omitting from sub-sections (1A) and (1AA) “to whom rent assistance is payable” and substituting “the rate of whose benefit is increased under section 112A”.

### **Persons eligible to be paid rehabilitation allowance**

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**24.** Section 135B of the Principal Act is amended by omitting from sub-section (3) “(including incentive allowance or an allowance by way of rent assistance)”.

### **Rate of rehabilitation allowance**

**25.** Section 135BA of the Principal Act is amended—

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- (a) by omitting from sub-paragraph (1) (a) (i) “(including any amount by way of rent assistance or incentive allowance)”;

- (b) by omitting from sub-paragraph (1) (a) (ii) “(including any amount by way of rent assistance or incentive allowance)”;
- (c) by omitting from sub-paragraph (1) (b) (i) “or 30A”;
- (d) by omitting from sub-paragraph (1) (b) (ii) “or 30A”; and
- (e) by omitting from sub-section (2) “(other than an allowance by way of rent assistance)”.

**Payment and calculation of instalments of certain pensions, &c.**

**26.** Section 135TBA of the Principal Act is amended—

- (a) by omitting “, 30A or 65A” from the definition of “allowance” in sub-section (1);
- (b) by omitting from sub-section (1) the definition of “relevant combination of instalments”;
- (c) by omitting sub-section (9) and substituting the following sub-section:  
 “(9) Subject to sub-section (10), the amount of an instalment of a pension shall be ascertained by dividing the amount of the annual rate of the pension by 26.”.
- (d) by omitting from sub-sub-paragraph (10) (b) (ii) (A) “\$1,300” and substituting “\$1,820”;
- (e) by omitting from sub-sub-paragraph (10) (b) (ii) (B) “\$2,132” and substituting “\$2,652”;
- (f) by omitting from paragraph (10A) (d) “\$2,132” and substituting “\$2,652”;
- (g) by omitting from paragraph (10A) (d) “\$2,028” and substituting “\$2,548”; and
- (h) by omitting sub-sections (12), (13) and (14) and substituting the following sub-sections:

“(12) Where an amount that is payable to a person on a pension pay-day in accordance with this section is not a multiple of 10 cents, the amount shall be increased or decreased to the nearest multiple of 10 cents except where the amount is a multiple of 5 cents in which case it shall be increased by 5 cents.

“(13) If an amount that is payable to a person on a pension pay-day in accordance with this section is less than \$1, the amount shall be increased to \$1.”.

**Payments received under the New Enterprise Incentive Scheme—effect where recipient is in receipt of a particular pension benefit or allowance and spouse of recipient is not in receipt of wife’s pension or carer’s pension**

**27.** Section 139A of the Principal Act is amended—

- (a) by omitting sub-paragraphs (1) (a) (i), (ii) and (iii) and substituting the following sub-paragraphs:

- “ (i) an instalment of a pension under Part III or an instalment of a pension under Part III and of an allowance under section 26;
- (ii) an instalment of a pension under Part IV;
- (iii) an instalment of a benefit under Part IVAAA;” and      5
- (b) by omitting paragraph (1) (c) and substituting the following paragraph:
- “ (c) in a case where the person is a married person, the spouse of the person is not entitled to receive, during that period, an instalment of a wife’s pension or an instalment of a carer’s pension in respect of the person’s spouse.”.      10

**Payments received under the New Enterprise Incentive Scheme—effect where spouse of recipient is in receipt of wife’s pension or carer’s pension**

- 28. Section 139B of the Principal Act is amended—
- (a) by omitting sub-sub-paragraph (1) (a) (i) (A) and substituting the following sub-sub-paragraph:      15
- “ (A) an instalment of a pension under Part III;”;
- (b) by omitting paragraph (1) (b) and substituting the following paragraph:
- “ (b) the wife is entitled to receive, during that pension period, a payment being an instalment of a wife’s pension or an instalment of a carer’s pension in respect of the person’s spouse.”;      20
- (c) by omitting sub-sub-paragraph (2) (a) (i) (A) and substituting the following sub-sub-paragraph:      25
- “ (A) an instalment of a pension under Part III;” and
- (d) by omitting paragraph (2) (b) and substituting the following paragraph:
- “ (b) the husband is entitled to receive during that period an instalment of a carer’s pension.”.      30

**Application of amendments**

29. The amendments made by this Act apply in relation to each instalment or payment of pension, benefit or allowance under the *Social Security Act 1947* that falls due on or after 1 November 1986.

**Transitional**      35

- 30. (1) Where—
- (a) immediately before the commencement of this section, an allowance was payable to a person under sub-section 22 (2) of the *Social Services Amendment Act 1981*; and
- (b) the person is or becomes eligible to receive an increase in the rate of pension, benefit or allowance payable to the person under section      40

30, 65 or 112A of the Principal Act as amended by this Act, and the amount of that increase is greater than the amount of the allowance referred to in paragraph (a),

5 sub-section 22 (2) of the *Social Services Amendment Act 1981* ceases to apply in relation to the person.

(2) Where—

(a) immediately before the commencement of this section, an allowance was payable to a person under sub-section 22 (2) of the *Social Services Amendment Act 1981*; and

10 (b) the person is or becomes eligible to receive an increase in the rate of pension, benefit or allowance payable to the person under section 30, 65 or 112A of the Principal Act as amended by this Act, and the amount of that increase is less than or equal to the amount of the allowance referred to in paragraph (a),

15 sub-section 22 (2) of the *Social Services Amendment Act 1981* continues to apply in relation to the person and section 30, 65 or 112A, as the case may be, of the Principal Act as amended by this Act does not apply in relation to the person.

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#### NOTE

1. No. 26, 1947, as amended. For previous amendments, see Nos. 38 and 69, 1948; No. 16, 1949; Nos. 6 and 26, 1950; No. 22, 1951; Nos. 41 and 107, 1952; No. 51, 1953; No. 30, 1954; Nos. 15 and 38, 1955; Nos. 67 and 98, 1956; No. 46, 1957; No. 44, 1958; No. 57, 1959; No. 45, 1961; Nos. 1 and 95, 1962; No. 46, 1963; Nos. 3 and 63, 1964; Nos. 57 and 152, 1965; No. 41, 1966; Nos. 10 and 61, 1967; No. 65, 1968; No. 94, 1969; Nos. 2 and 59, 1970; Nos. 16 and 67, 1971; Nos. 1, 14, 53 and 79, 1972; Nos. 1, 26, 48, 103 and 216, 1973; Nos. 2, 23 and 91, 1974; Nos. 34, 56 101 and 110, 1975; Nos. 26, 62 and 111, 1976; No. 159, 1977; No. 128, 1978; No. 121, 1979 (as amended by Nos. 37 and 98, 1982); No. 130, 1980; Nos. 61 and 1970, 1981; No. 159, 1981 (as amended by No. 98, 1982); Nos. 37, 38 and 148, 1982; Nos. 4 and 36, 1983; No. 69, 1983 (as amended by No. 78, 1984); Nos. 46, 78, 93, 120, 134 and 165, 1984; and Nos. 24, 52, 95 and 000, 1985.





