

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

SENATE

**SOCIAL SECURITY (1994 BUDGET AND WHITE PAPER)
AMENDMENT BILL 1994**

FURTHER SUPPLEMENTARY EXPLANATORY MEMORANDUM

Amendments to be moved on behalf of the Government

**(Circulated by authority of the Hon Janice Crosio MP,
Parliamentary Secretary to the Minister for Social Security,
representing the Minister for Social Security)**

1. The first part of the paper discusses the importance of understanding the underlying mechanisms of the observed phenomena. It highlights the need for a comprehensive theoretical framework that can explain the observed data. The authors argue that the current understanding is incomplete and that further research is needed to uncover the underlying processes.

2. The second part of the paper presents a detailed analysis of the experimental data. The authors use a combination of statistical methods and theoretical models to interpret the results. They find that the data is consistent with the proposed theoretical framework, but there are still some discrepancies that need to be addressed.

3. The third part of the paper discusses the implications of the findings for future research. The authors suggest that the results provide a solid foundation for further studies and that the proposed theoretical framework can be used to guide the development of new models and experiments.

4. The fourth part of the paper concludes the study and summarizes the main findings. The authors emphasize the importance of the results and the need for continued research in this field. They also provide a list of references for further reading.

5. The fifth part of the paper is a discussion of the limitations of the study. The authors acknowledge that there are some limitations to the current study, such as the limited range of parameters explored and the potential for systematic errors. They suggest that future studies should address these limitations and provide a more comprehensive understanding of the phenomena.

6. The sixth part of the paper is a discussion of the broader context of the study. The authors place the results in the context of the existing literature and discuss the implications for the field as a whole. They also provide a list of references for further reading.

7. The seventh part of the paper is a discussion of the future directions of the study. The authors suggest that there are several areas that need to be explored in future research, such as the development of more sophisticated theoretical models and the use of more advanced experimental techniques.

8. The eighth part of the paper is a discussion of the conclusions of the study. The authors summarize the main findings and provide a final statement on the importance of the results. They also provide a list of references for further reading.

9. The ninth part of the paper is a discussion of the acknowledgments. The authors thank the funding agencies and the colleagues who provided support and assistance during the course of the study.

10. The tenth part of the paper is a discussion of the references. The authors provide a list of references for further reading, including books, articles, and other sources of information.

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OUTLINE AND FINANCIAL IMPACT STATEMENT

These amendments affect the *Social Security Act 1991* (the Principal Act).

Low interest loan fringe benefits

Section 1157G of the Principle Act basically provides for a low interest loan provided to a person to be a loan benefit. This loan benefit is then valued and the resulting fringe benefit value is used in working out the person's rate of payment under the family payment income test and the parental income test that applies to job search and sickness allowance recipients aged under 18.

The amendment relating to the low interest loan fringe benefit provisions is to exempt past and present employees of the Defence Force from the provisions if they receive a low interest loan as a result of service with the Defence Force.

The financial implications of this amendment are nil on current interest rates. If interest rates were to rise, the annual costs would be \$6,600 at 11%, \$221,000 at 12% and \$796,000 at 13.5%.

Housing loan fringe benefits

Schedule 7 of the Bill also makes amendments that are for the purposes of the family payment income test and the parental income test for "under age" job search and sickness allowance. The amendments extend the existing housing fringe benefit provisions in the Principal Act to take into account payments from an employer to cover costs associated with renting accommodation or a housing related loan. (Currently, only housing directly provided by an employer is assessable under the housing fringe benefit provisions.) The amendments also include a special provision for valuing rental accommodation for employees of the Defence Force.

The new provisions that extend the housing fringe benefit provisions of the Act to rental and housing loan payments are inserted by Item 1 of Schedule 7. The new provisions apply to any employer/employee relationship, including that of the Defence Force.

These amendments to the Bill are to exempt employees of the Defence Force from part of the initiative. The result will be that past or present employees of the Defence Force will not be subject to fringe benefit assessment of payments made directly or indirectly by the Defence Force that are to enable past or present employees of the Defence Force to meet housing loan costs. However, as the Schedule 7 provisions already provide, employees of the Defence Force will be subject to fringe benefit assessment of rental payments.

This amendment will cost approximately \$4,400 per annum at current interest rates. If interest rates were to rise, the annual costs would be \$24,000 at 11%, \$38,200 at 12% and \$60,000 at 13.5%.

NOTES ON AMENDMENTS

Amendment 1 inserts two new items into Schedule 7 of the Bill relating to the low interest loan fringe benefit provisions.

New Item 1B provides that a loan made by a provider to a recipient is not a loan benefit for the purposes of the relevant fringe benefit provisions if the recipient is an employee of the Defence Force and the provider is the Defence Force or a body responsible for providing loans to employees of the Defence Force.

New Item 1A is a consequential amendment.

Amendments 2, 3 and 4 relate to the housing loan fringe benefit provisions.

The relevant provision of those inserted by Item 1 of Schedule 7 is new subsection 1157I(2). This provides that money or other valuable consideration paid by an employer directly or indirectly to an employee to enable or assist the employee to meet costs associated with a loan to which new subsection (3) applies constitutes a housing benefit provided by the employer to the employee.

Amendment 2 amends new subsection 1157I(2) so that it has no application to an employee of the Defence Force. **Amendment 3** inserts a new subsection 1157I(2A) to specifically provide that money or other valuable consideration paid by an employer to an employee of the Defence Force to meet costs associated with a loan to which new subsection (3) applies does not constitute a housing benefit provided by the employer to the employee.

Amendment 4 is a consequential amendment.

With employees of the Defence Force excluded from the operation of new subsection 1157I(2) in this way, the subsequent provisions inserted by Schedule 7 that provide for how to calculate the value of a housing loan fringe benefit simply do not apply to employees of the Defence Force.

The new housing fringe benefit provisions inserted by Schedule 7 that provide for assessment of a rental payment received from the employer will continue to apply to employees of the Defence Force as well as to any other employee. This part of the initiative is provided by new subsection 1157I(4).

