

1993

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

THE SENATE

**SOCIAL SECURITY AMENDMENT (LISTED SECURITIES)
BILL 1993**

EXPLANATORY MEMORANDUM

(Circulated by authority of Senator Kay Patterson)

SOCIAL SECURITY AMENDMENT (LISTED SECURITIES)

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OUTLINE

The bill sets out to ensure that certain proposed changes made by the *Social Security Legislation Amendment Act (No. 3) 1992* to the Social Security Act concerning the treatment of shares and other listed investments do not come into operation. *The Social Security Legislation Amendment Bill (No. 3) 1992*, by Division 16 inserted new provisions concerned with the treatment of investments and, in particular, managed investments. Division 18 of that amendment Act provided for the treatment of shares and other listed securities, and was to come into force from 20 September 1993. This bill will leave in place the amendments inserted by Division 16 in the 1992 amendments but is intended to ensure that the extension to shares and other listed securities proposed in Division 18 does not occur.

FINANCIAL IMPACT STATEMENT

The provisions of the bill will change eligibility entitlements to benefits, however these changes will not be effective or have a financial impact unless the Parliament passes a law to appropriate any necessary funds.

NOTES ON CLAUSES

1. Short title

Provides for the citation of the Act.

2. Commencement

This clause provides that, subject to sub-clause (2), the bill will commence on 20 September. This is because the amendments the bill seeks to negate made by the *Social Security Legislation Amendment Act (No. 3) 1992* will not commence until then. The intention is that, on 20 September, the provisions of this bill will replace those scheduled to commence then. Subclause (2) has been inserted because the provisions of the bill will

effect eligibility for benefits, and separate legislation will be necessary to appropriate the necessary revenue. This subclause provides that the bill cannot commence until such legislation has been passed.

3. Index of definitions

Section 112 of the *Social Security Legislation Amendment Act (No. 3) 1992* inserted a new index of definitions in section 3 of the Principal Act. This clause will remove the reference to listed securities from that index and it is a consequence of the substantive amendments proposed.

4. Investment product - definition

Section 134 of the *Social Security Legislation Amendment Act (No. 3) 1992* inserted a new definition of investment product to include listed securities, to have effect from 20 September 1993. It also inserted a definition of listed security to have effect from the same time. The amendment proposed by clause 4 will effectively revert to the definition of investment product proposed by section 113 of the *Social Security Legislation Amendment Act (No. 3) 1992* and will thus ensure that that definition continues after 20 September instead of that proposed by the Government last year.

5. Heading to Subdivision AA of Division 1 of Part 3.10

This amendment will ensure that the heading of Subdivision AA of Division 1 of Part 3.10 is amended by removing the reference to listed securities.

6. Structure of Division

Section 115 of the *Social Security Legislation Amendment Act (No. 3) 1992* inserted a new section 1073 in the Principal Act to outline the structure of the division in a table form. The table contained reference to shares and other listed securities. The amendment now proposed would remove those references.

7. Investments to which Subdivision applies

Section 136 of the *Social Security Legislation Amendment Act (No. 3) 1992* added subsection 2 to section 1074 to provide that the Subdivision applied to an investment in the form of a listed security. The amendment now proposed will remove this subsection.