

**1993-94**

**THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA**

**HOUSE OF REPRESENTATIVES**

**SOCIAL SECURITY (HOME CHILD CARE AND PARTNER ALLOWANCES)  
LEGISLATION AMENDMENT BILL 1993**

**SUPPLEMENTARY EXPLANATORY MEMORANDUM**

**Amendment to be moved on behalf of the Government**

**(Circulated by authority of the Hon Con Sciacca MP  
Parliamentary Secretary to the Minister for Social Security  
representing the Minister for Social Security)**



SOCIAL SECURITY (HOME CHILD CARE AND PARTNER ALLOWANCES)  
LEGISLATION AMENDMENT BILL 1993

OUTLINE AND FINANCIAL IMPACT STATEMENT

This amendment will affect the *Social Security Act 1991* (the Principal Act).

The Social Security (Home Child Care and Partner Allowances) Legislation Amendment Bill 1993 (the Bill) seeks to introduce two new payment types into the Principal Act, home child care allowance (HCCA) and partner allowance. The subject of this amendment is HCCA.

As currently drafted, the ordinary income of a person for the purposes of HCCA includes a social security pension, social security benefit or rehabilitation allowance. The rate of pension, benefit or rehabilitation allowance for which a person qualifies may include an amount for rent assistance, pharmaceutical allowance and remote area allowance.

The amendment will provide that amounts of rent assistance, remote area allowance and pharmaceutical allowance are to be excluded from the definition of 'ordinary income' for the purposes of the HCCA income test.

The financial implications of this amendment are negligible.

## NOTES ON AMENDMENT

### SOCIAL SECURITY ACT 1991

#### General description of Amendment

In the HCCA Bill, as currently drafted, 'ordinary income' for the purposes of HCCA includes a social security pension, social security benefit or rehabilitation allowance (paragraph 926(a), inserted by clause 3, refers).

The rates of social security pensions and benefits are worked out in accordance with the various rate calculators in the Principal Act. Amounts for rent assistance, pharmaceutical allowance and remote area allowance can be included in the rate.

Although rehabilitation allowance was abolished from 12 November 1991, savings provisions allow for the continuity of payment where a determination granting a claim for rehabilitation allowance was in force in relation to a person's participation in a rehabilitation program immediately before that date and is continuing. The rate of rehabilitation allowance is determined by reference to the rate of qualifying payment (eg, invalid pension) the person would have received before the person started the rehabilitation program. This rate may include similar 'add-ons'.

These add-on allowances are made to compensate clients for a particular situation such as living in a remote area (remote area allowance) or living in rented accommodation (rent assistance) whereas the basic rates of pensions, benefits and allowances are intended as income support payments that are paid across the board according to need, subject to income and assets testing.

This amendment will exclude amounts received by way of rent assistance, remote area allowance and pharmaceutical allowance from the definition of 'ordinary income' for the purposes of HCCA. This will mean that a greater number of people will qualify for payment of HCCA.

#### Description of Amendment

New paragraph 926(a), inserted by clause 3 of the Bill, will be omitted and a new paragraph 926(a) substituted.

The effect of the amendment will be that 'ordinary income' for the purposes of the HCCA income test will include a payment by way of a social security pension, social security benefit or rehabilitation allowance other than that part of the payment that is for rent assistance, pharmaceutical allowance or remote area allowance.

