

1990

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

SOCIAL SECURITY LEGISLATION AMENDMENT BILL 1990

FURTHER SUPPLEMENTARY EXPLANATORY MEMORANDUM

(Circulated by authority of the Minister for Social Security
Senator the Hon Graham Richardson)

SOCIAL SECURITY LEGISLATION AMENDMENT BILL 1990

OUTLINE AND FINANCIAL IMPACT STATEMENT

The amendments to the Social Security Legislation Amendment Bill 1990 would impact on the Social Security Act 1947, and the First Home Owners Act 1983

SOCIAL SECURITY ACT 1947

Interpretation

The amendments would insert a definition of "employment declaration" and "tax file number" for the purposes of the Social Security Act 1947.

These amendments have no financial impact.

Income

With effect from 22 August 1990, entry contributions made by a pensioner to a person or organisation operating a retirement village would not be a "loan" for the purposes of section 4C (deemed income on loans).

This amendment has no financial impact.

Also from 22 August 1990, the Minister would have the power to disregard a specified loan or specified class of loans from the operation of section 4C (deemed income on loans).

Estimated program costs for this measure are \$0.15m in 1990-91 and \$0.50m in 1991-92.

Family Payments

An amendment is to be made to ensure that references to indexation of the assets test for family allowance supplement are reinstated. The amendment is consequent upon the reversal of the decision to reduce the assets test limit applicable to family allowance supplement.

The amendment has no financial impact.

FIRST HOME OWNERS ACT 1983

The amendments would provide for the meaning of "employment declaration" and "tax file number" in new section 17B to have the same meanings as in Part VA of the Income Tax Assessment Act 1936.

These amendments have no financial impact.

NOTES ON AMENDMENTS

Amendment - Clause 5 : Interpretation

The amendment would omit the word "definition" and substitute the word "definitions" and is consequent upon further amendments outlined below.

Amendment - Clause 5 : Interpretation

The amendment would insert a definition of "employment declaration" into clause 5(r). "Employment declaration" would have the same meaning as in Part VA of the Income Tax Assessment Act 1936.

Amendment - Clause 5 : Interpretation

The amendment would insert a definition of "tax file number" into clause 5(r). "Tax file number" would have the same meaning as in Part VA of the Income Tax Assessment Act 1936.

Amendment - Clause 8 : Income from Loans

The amendment would delete clause 8 as introduced and substitute new clauses 8(a), (b) and (c).

Clause 8(a) would provide a definition of "entry contribution" which would be the same as that in section 4B of the Social Security Act 1947.

Clause 8(b) would effectively reproduce the current clause 8 which ensures that money on deposit with a bank, building society, credit union or other institution which accepts money on deposit would not be subject to the deeming rules in section 4C of the Principal Act. In addition, clause 8(b) would provide that entry contributions made by a pensioner to a person or organisation operating a retirement village would not be caught under the deeming rules in section 4C.

Clause 8(c) would insert a new subsection 4C(6A) into the Social Security Act 1947. This new provision would give the Minister the power to determine, by notice in writing, that section 4C does not apply in relation to specified loans or a specified class of loans.

Amendment - Clause 35 : Indexation of income thresholds

Clause 35 as introduced would amend section 74D of the Social Security Act 1947 by deleting references to indexation of the assets test limit for family allowance supplement. This was necessitated by amendments to section 74A of the Principal Act which would have been made by clause 33 to provide for an assets test limit of \$200,000 to apply in the year 1991.

The amendment would delete clause 35 and is consequent upon the decision not to reduce the family allowance supplement assets test limit.

Amendment - Clause 86 : Insertion of new section 17B -
Provision of tax file numbers

The amendment would provide that for the purposes of new section 17B "employment declaration" and "tax file number" would have the same meaning as in Part VA of the Income Tax Assessment Act 1936.

