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THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

SENATE

SOCIAL SECURITY LEGISLATION AMENDMENT BILL 1990

SUPPLEMENTARY EXPLANATORY MEMORANDUM

Amendments to be Moved
on Behalf of the Government

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

SOCIAL SECURITY LEGISLATION AMENDMENT BILL 1990

OUTLINE AND FINANCIAL IMPACT STATEMENT

These amendments with respect to the Social Security Legislation Amendment Bill 1990 would affect the Social Security Act 1947.

SOCIAL SECURITY ACT 1947

Benefits

Under amendments to be moved on behalf of the Government, an unmarried person without a dependent child who claims unemployment or sickness benefit and who has more than \$5,000 in liquid assets would not be qualified, with effect from 1 February 1991, to receive that benefit for a period of 4 weeks.

Liquid assets held by or on behalf of the spouse of the person would also be taken into account for this purpose. In such cases, however, the couple could have \$10,000 in liquid assets before becoming affected by this measure. The \$10,000 limit would also apply to an unmarried person with a dependent child.

Estimated savings from the proposal to introduce a liquid assets test, as varied by these amendments, are \$13.0 million in 1990-91 and \$29.0 million in 1991-92.

Other

Also included are several other amendments dealing with minor or technical matters which would have only negligible or no financial impact.

NOTES ON AMENDMENTS

Amendments (1), (3) and (5) to (12)

- . Clause 4 : Application
- . Clause 44 : Persons with certain assets not qualified for unemployment benefit
- . Clause 45 : Persons with certain assets not qualified for sickness benefit

Clauses 44 and 45 would insert new sections 116C and 117AA into the Principal Act. Clause 4 would provide for the application of the amendments that would be made by clauses 44 and 45.

As originally introduced, new sections 116C and 117AA were to have provided, with effect from 1 December 1990, that a person who claims unemployment or sickness benefit and who has more than \$5,000 in liquid assets (eg cash and deposits with financial institutions but excluding amounts such as superannuation rollovers) would not be qualified to receive that benefit for a period of 4 weeks.

These amendments would provide that the \$5,000 limit in new subsections 116C(2) and (3) and 117AA(2) and (3) would apply to an unmarried person without a dependent child only.

A new limit of \$10,000 would be introduced for:

- . married couples, ie for a "married person" [as defined in subsection 3(1) of the Principal Act] and his or her spouse (regardless of whether they have a dependent child); and
- . an unmarried person with a dependent child or children.

Under these amendments, Clauses 44 and 45, as amended, would commence on 1 February 1991 and would apply to claims for unemployment or sickness benefit lodged on or after that date.

Amendments (2) and (4)

. Clause 4 : Application

Clause 4 would provide for the application of the amendments that would be made to the Principal Act by the Social Security Legislation Amendment Bill 1990.

Amendments (2) and (4) would correct numbering errors in clauses 4(8) and (13) of the Bill.

Amendment (13)

. Clause 50 : When benefits payable

Clause 50 would amend section 125 of the Principal Act. In broad terms, section 125 contains the rules with respect to the date from which unemployment or sickness benefit becomes payable to a person. The main effect of clause 50 would be to provide that unemployment benefit would be payable without a waiting period to a person who would otherwise have qualified for special benefit.

As originally introduced, clause 50 would have commenced on 1 December 1990 and would have applied to claims for unemployment benefit lodged on or after that date.

However, given that this measure was a part of the same package of proposals as the "liquid assets test" to be inserted by clauses 44 and 45, under this amendment, clause 50 would commence on the same day as those clauses, viz on 1 February 1991, and would apply to claims for unemployment benefit lodged on or after that date.

Amendments (14) to (16)

. Clause 56 : Benefit not payable to full-time students

Clause 56 would amend section 136 of the Principal Act. As suggested by its title, section 136 provides that a benefit payable under Part XIII of that Act, ie an unemployment, sickness or special benefit or a job search allowance, is not payable to a person who is a full-time student. In broad terms, clause 56 would clarify that a person who is "enrolled" in a full-time course of education or of educational training is a full-time student for the purposes of the Principal Act.

Under these amendments, clause 56 would provide further that a person who formally deferred his or her course for a period would not be taken to be "enrolled" in a full-time course of education or of vocational training during that period. Consequently, during that period, the person would not be ineligible for benefit because of his or her enrolment.

Amendments (17) and (18)

. Clause 70 : Claims

Clause 70 would amend section 158 of the Principal Act. In broad terms, subsection 158(1) provides that a person cannot be paid a pension, benefit or allowance until he or she makes a claim for that pension, benefit or allowance.

Subsection 158(2) provides that where a person makes a claim for a pension, benefit or allowance for which he or she is not qualified, the claim would generally be taken as if it had not been made.

Amendment (17) would correct a numbering error in clause 70(b) of the Bill.

Amendment (18) would amend clause 70(c). That clause would amend subsection 158(2) to provide that, as an exception, where a person is taken not to be qualified to receive unemployment or sickness benefit because of the "liquid assets test" provisions to be inserted by clauses 44 and 45, his or her claim would not be affected by that subsection. In other words, a person would not have to lodge a fresh claim in order to receive payment after the 4 weeks of disqualification under the liquid assets test.

As originally introduced, clause 70(c) would have commenced on 1 December 1990 and would have applied to claims for unemployment or sickness benefit lodged on or after that date. Under this amendment, clause 70(c) would commence on the same day as clauses 44 and 45, viz 1 February 1991, and would apply to claims for unemployment or sickness benefit lodged on or after that date.

Amendments (19) and (20)

. Clause 71 : Making and lodgment of claims etc.

Clause 71 would amend section 159 of the Principal Act.
Section 159 contains the rules for the making and lodgment of a claim for payment of a pension, benefit or allowance under that Act.

Amendments (19) and (20) would correct numbering errors in clause 71(b).



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