

1990-91

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

SENATE

SOCIAL SECURITY LEGISLATION AMENDMENT BILL (NO 2) 1991

SUPPLEMENTARY EXPLANATORY MEMORANDUM

Amendments and New Part to be Moved on Behalf
of the Government

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



SOCIAL SECURITY LEGISLATION AMENDMENT BILL (NO 2) 1991

OUTLINE AND FINANCIAL IMPACT STATEMENT

These amendments and new Part would affect the National Health Act 1953 and the Social Security Legislation Amendment Act 1990.

The amendments have no financial impact.

NATIONAL HEALTH ACT 1953

The amendment to this Act would provide that the deeming provisions in section 4D of the Social Security Act 1947 do not operate so as to disqualify a person from the benefits attached to holding a Pharmaceutical Benefits Card if the person re-invests his or her deposit or available money after 21 August 1990 but before 28 March 1991 in anticipation of, or because of, section 4D.

SOCIAL SECURITY LEGISLATION AMENDMENT ACT 1990

The amendment to this Act would provide that the deeming provisions in section 4D of the Social Security Act 1947 do not operate so as to disqualify a person from the benefits attached to holding a Health Benefit Card if the person re-invests his or her deposit or available money after 21 August 1990 but before 28 March 1991 in anticipation of, or because of, section 4D.

NOTES ON AMENDMENTS AND NEW PART

Amendment 1

This amendment would include a reference to new Part 6 in the commencement provisions of the Social Security Legislation Amendment Bill (No 2) 1991.

New Part 6 would be expressed to commence on 1 March 1991 (the date on which the section 4D deeming provisions of the Social Security Act 1947 commenced).

Amendment 2

This amendment is technical and facilitates the insertion of two new paragraphs into the definition of "concessional beneficiary" in section 84 of the National Health Act 1953.

Amendment 3

The amendment would insert a new paragraph (aab) into the definition of "concessional beneficiary" in section 84 of the National Health Act 1953.

The amendment would ensure that where a person invested available money or re-invested deposit money after 21 August 1990 (the date of the Budget 1990 statement that announced the introduction of deeming of income on deposit and available money) and before 28 March 1991 (the date on which section 4D of the Social Security Act 1947 (the 1947 Act) came into

effect) in anticipation of, or as a result of, section 4D or Division 1A of Part 3.10 (the equivalent to section 4D in the Social Security Act 1991) and the person ceased to be eligible for a Pharmaceutical Benefits Card (PB Card) because of the investment or re-investment, the person would not lose eligibility for a PB Card.

For the purposes of the concession which derives from new paragraph (aab), available money may be invested or deposit money re-invested in an account with a financial institution, a loan including a loan by way of bonds, debentures or other securities, an accruing return investment, a market linked investment, an immediate annuity or shares.

After the Budget 1990 statement announcing the pending introduction of the deemed income provisions, social security recipients with money deposited in an account with a bank, building society, credit union or other institution which receives money on deposit or with available money were encouraged to re-invest their deposit and available money before the commencement of the deeming provisions to maximise their income rather than be deemed to have received interest in accordance with the new deeming provisions in section 4D of the Act. However, persons who re-invested were not to be penalised by losing certain fringe benefit entitlements.

The amendment is effectively a saving provision which preserves a person's entitlement to a PB Card if, because of investment or re-investment, the person would lose such entitlement.

A person would cease to be entitled to the benefit attached to a PB Card when the person loses entitlement for reasons other than investment of available money or re-investment of deposit money in anticipation of, or because of, section 4D.

After the commencement of the deeming provisions, persons who ~~would lose entitlement to PB Cards as a result of the~~ application of the deeming provisions would also be saved by operation of paragraph (aaa) of the definition of "concessional beneficiary" in section 84 of the National Health Act 1953.

Amendment 4 - Insertion of New Part 6 - Amendment of the Social Security Legislation Amendment Act 1990

This amendment would insert a new Part 6 into the Social Security Legislation Amendment Bill (No 2) 1991 comprising new clauses 42 and 43.

Clause 42 would provide that in Part 6 of the Bill, the Social Security Legislation Amendment Act 1990 is referred to as the Principal Act.

Clause 43 would insert a new subsection 9(3) into the Principal Act.

New subsection 9(3) would ensure that where a person invested available money or re-invested deposit money after 21 August 1990 (the date of the Budget 1990 statement that announced the introduction of deeming of income on deposit and available money) and before 28 March 1991 (the date on which section 4D of the Social Security Act 1947 (the 1947 Act) came into effect) in anticipation of, or as a result of, section 4D and the person ceased to be eligible for a Health Benefits Card (HB Card) because of the investment or re-investment, the person would not lose eligibility for a HB Card.

For the purposes of the concession under new subsection 9(3) of the Social Security Legislation Amendment Act 1990, available money may be invested or deposit money re-invested in an account with a financial institution, a loan including a loan by way of bonds, debentures or other securities, an accruing return investment, a market linked investment, an immediate annuity or shares.

The rationale behind and the effect of this amendment is similar to that made by amendment 3 except that this amendment applies to preserve entitlement to HB Cards in relation to the same group of persons investing available money or re-investing deposit money.

After the commencement of the deeming provisions, persons who would lose entitlement to HB Cards as a result of the application of the deeming provisions would also be saved by operation of clause 9(2) of the Social Security Legislation Amendment Act 1990.