

1993-94-95

**THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA**

**SENATE**

**SOCIAL SECURITY (NON-BUDGET MEASURES)  
LEGISLATION AMENDMENT BILL 1995**

**FURTHER SUPPLEMENTARY EXPLANATORY MEMORANDUM**

**Request for an amendment to be moved on behalf of the Government**

**(Circulated by authority of the Hon Janice Crosio MP,  
Parliamentary Secretary to the Minister for Social Security,  
representing the Minister for Social Security)**

**SOCIAL SECURITY (NON-BUDGET MEASURES)  
LEGISLATION AMENDMENT BILL 1995**

**OUTLINE AND FINANCIAL IMPACT STATEMENT**

This request affects the *Social Security Act 1991* (the Principal Act).

***Suspension and restoration of fringe benefits payable to disability support pensioner***

Division 3 of the Bill contains measures related to the suspension and restoration of fringe benefits to disability support pension (DSP) customers. It is expressed to commence on the date of Royal Assent. The request for an amendment changes the commencement date to 1 July 1995.

**Financial impact:** The request for an amendment will have negligible financial impact.

## NOTES ON REQUEST FOR AMENDMENT

The measures contained in Division 3 of the Bill fall into 2 categories. The first extends the suspension of benefit provisions to those customers whose DSP is cancelled because of their earnings. It also covers those customers who are suspended because their earnings take them over the cut-out level for pension. Further, the amendments ensure that dependent pensioner partners (ie wife pensioners and carer pensioners) of DSP customers are also suspended (rather than cancelled) where the DSP customer loses qualification as a result of his or her earnings.

The second category of amendment corrects an unintended consequence of a previous amendment to the Principal Act that extended the availability of fringe benefits to all DSP customers, regardless of income. The unintended consequence was that persons who are cancelled in certain circumstances are (on the face of the Principal Act) no longer entitled to the extension of fringe benefits. The second category of amendment allows customers whose DSP is cancelled because of their earnings to retain their eligibility for fringe benefits for a period of 12 months.

The first category of amendment has a significant inter-relationship with amendments contained in the Social Security (Parenting Allowance and Other Measures) Legislation Amendment Act 1994. The amendments in question relate to the phasing out of wife pension. Those amendments have effect from 1 July 1995.

It was anticipated that this Bill would be passed before 1 July 1995 and the Bill was drafted with this assumption in mind. The fact that this has not taken place operates to disadvantage certain existing preserved wife pensioners (ie women who were granted wife person prior to 1 July 1995) whose partner loses entitlement to DSP on the basis of earnings, because those persons are subject to the existing legislation and are cancelled rather than suspended. This means that the woman's wife pension is also cancelled (rather than suspended, as it would be under the amendments) and therefore cannot be re-instated, if required, at a later date.

This situation will only apply to preserved wife pensioners who are cancelled in the time between 1 July 1995 and the date that the Bill receives the Royal Assent. To avoid women in this position suffering a disadvantage, this request for an amendment alters the commencement date of the Division 3 amendments to 1 July 1995.



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