SOCIAL SECURITY

Ex gratia payments to income tested pensioners resident in nursing homes due to the exemption of specified forms of income from 6 November 1997

Financial Implications ($m)

1998-99	1999-00	2000-01	2001-02
0.0	0.0	0.0	0.0

Explanation

This measure provides ex gratia payments to income tested pensioners resident in nursing homes whose social security entitlements were increased due to the exemption of specified forms of income and assets from means testing from 6 November 1997.

Further Information

The Prime Minister announced on 5 November 1997 the abolition of accommodation bonds for nursing home entry. The bonds were replaced with accommodation charges from 6 November 1997. In addition, concessions were announced which assist pensioners who are renting their former home and paying an accommodation charge.

Prior to amending legislation being passed to give effect to the announced changes, ex gratia payments were made to affected pensioners. A total of $2.45 million was allocated for these payments. All ex gratia payments are expected to be made in the 1997-98 financial year.

SOCIAL SECURITY

Additional Commonwealth emergency payments to individuals and redevelopment assistance following Katherine floods

Financial Implications ($m)

	1998-99	1999-00	2000-01	2001-02
Social Security	0.0	0.0	0.0	0.0
Transport and Regional Development	0.0	0.0	0.0	0.0
Total	0.0	0.0	0.0	0.0

Explanation

The Government implemented a number of initiatives to assist personal, business and regional recovery following the floods that affected the Katherine region of the Northern Territory in January and February 1998. The total costs of these initiatives is $16.5 million, all of which is expected to be expended during 1997-98.

Further Information

On 30 January 1998, the Prime Minister announced that the Commonwealth would provide ex gratia payments to persons affected by the Katherine floods. The Commonwealth Emergency Payment of $1000 per adult and $200 per child was made to eligible persons in recognition of widespread property damage and the dislocation of people's lives in and around Katherine. $8.2 million has been allocated to fund the Commonwealth Emergency Payment. These ex gratia payments are all expected to be made in the 1997-98 financial year.

The Commonwealth Emergency Payment is additional to payments under the Personal Hardship and Distress provisions of the Natural Disaster Relief Arrangements.

On 5 February 1998, the Prime Minister and the Chief Minister of the Northern Territory announced the formation of a $10 million Katherine District Business Re-establishment Package, to which the Commonwealth contributed $3.3 million in 1997-98. The Northern Territory Government and the private sector provided equal contributions to the Package. A trust comprising representatives of each contributing party has been established to administer the funds. Funds will be provided to eligible small businesses to accelerate their recovery following the Katherine floods.

The Commonwealth also provided an additional $5 million in new road funding to the Northern Territory to commence immediate restoration of sections of the Stuart Highway affected by flooding. This contribution is in addition to the Commonwealth's allocation of road funds for the National Highway System in the Northern Territory for 1997-98.

SOCIAL SECURITY

Ex gratia payment to non-pension age partners of farmers assisted under Retirement Assistance for Farmers

Financial Implications ($m)

1998-99	1999-00	2000-01	2001-02
0.5	0.0	0.0	0.0

Explanation

This measure will allow partners of farmers who are assisted under the Government's Retirement Assistance for Farmers (RAF) Scheme, announced on 14 September 1997, to receive back payment of income support payments.

Under the RAF Scheme non-pension age partners of older, low income farmers who transfer their farm up to a maximum value of $500,000 to younger family members will qualify for income support payments without having their entitlement affected by the usual gifting provisions.

Where a non-pension age partner's entitlement to income support payments is established, such payments will be backdated to 15 September 1997, the date of divestment of the farm property or the date on which their partner receives the Age Pension, whichever is the later.

Entitlement to payment is dependent on the passage of the Social Security and Veterans' Affairs Legislation Amendment (Retirement Assistance for Farmers) Bill, following which back payment to the qualifying date is to be made by way of an ex gratia payment.

SOCIAL SECURITY

Running costs for the introduction of a Youth Allowance for students aged under 25 and the unemployed aged under 21

Financial Implications ($m)

1998-99	1999-00	2000-01	2001-02
22.5	14.5	15.4	14.8

Explanation

Youth Allowance is a new social security payment providing an integrated system of income support for students under 25 and for the unemployed under 21. Implementation date for Youth Allowance is 1 July 1998.

This measure provides running costs for the administration of the Youth Allowance. Most of the costs are for the administration of the parental means test for unemployed people aged 18 to 20, additional compliance activities and new activity test requirements for those aged under 18.

SOCIAL SECURITY

Defer until 1 January 1999 the requirement for Youth Allowees aged under 18 to be in education or training

Financial Implications ($m)

1998-99	1999-00	2000-01	2001-02
3.7	0.0	0.0	0.0

Explanation

The Youth Allowance eligibility requirement for young people under 18 years of age to be in full-time education or training has been deferred from 1 July 1998 until 1 January 1999. This deferral, which was announced on 28 January 1998, will help ensure a smooth transition to Youth Allowance arrangements and allow schools and other education and training providers additional time to prepare for students returning to school at the beginning of 1999.

The costs arise from income support payments being made available to young people who would otherwise have been ineligible for payment between 1 July 1998 and 1 January 1999.

SOCIAL SECURITY

Consistent treatment of Youth Allowees for calculating income free areas

Financial Implications ($m)

1998-99	1999-00	2000-01	2001-02
0.4	0.5	0.5	0.5

Explanation

This measure will treat Youth Allowees aged under 18, who are not independent, as dependants for the pension and Family Allowance income free areas, resulting in increased income support payments.

Currently, income support payments for single parents can be increased if dependent children receive Youth Training Allowance. However, payments to Family Allowance recipients can only be increased for full-time dependent students who meet specific eligilibility criteria.

SOCIAL SECURITY

Alignment of Family Allowance and Youth Allowance payment cycles

Financial Implications ($m)

1998-99	1999-00	2000-01	2001-02
0.5	0.0	0.0	0.0

Explanation

This measure provides a one-off additional Family Allowance payment on 2 July 1998 to those families whose entitlement to Family Allowance will be reduced as a result of the introduction of Youth Allowance.

When student children become eligible for the new Youth Allowance, their parents will cease to be able to claim them as dependants for Family Allowance purposes, with families receiving their last payment of Family Allowance in respect of these children on 18 June 1998. This measure provides for a one off top up payment to affected parents on 2 July 1998, equal to the amount of Family Allowance the family would have received in respect of the child had Youth Allowance not commenced operation.

On the next payday on 16 July 1998, the first full instalment of Youth Allowance will be paid and the Family Allowance payment will not include the child receiving Youth Allowance.

SOCIAL SECURITY

Extend eligibility for Youth Allowance – Definition of independence

Financial Implications ($m)

1998-99	1999-00	2000-01	2001-02
7.7	10.0	11.0	11.2

Explanation

This measure, which revises the definition of marriage-like relationship and self-support, arises from amendments made to the Government's proposal, announced in June 1997, to introduce a Youth Allowance for students aged under 25 and the unemployed aged under 21 from 1 July 1998.

Legislation to give effect to the proposal was included in Social Security Legislation Amendment (Youth Allowance) Bill 1997 introduced into Parliament in October 1997. The Senate requested a number of amendments to the Bill, which have been accepted by the Government.

This measure extends eligibility for Youth Allowance by broadening the definition of independence through:

- a reduction in the required number of hours per week of part-time employment for at least two years since the person last left secondary school from 20 to 15; and

- a reduction in the required amount of earned income.

In addition the required duration of membership of a couple in a marriage-like relationship has been reduced from 2 years to 12 months.

Under this measure an additional 5800 young people are expected to become eligible for Youth Allowance over the next four years.

SOCIAL SECURITY

Extend exemptions for Youth Allowees to be in education or training

Financial Implications ($m)

1998-99	1999-00	2000-01	2001-02
1.8	0.0	0.0	0.0

Explanation

The effect of this measure is to exempt those aged 16-17 years who left school before 1 July 1997 from the Youth Allowance eligibility requirement to be in full-time education or training. This measure, which takes effect from 1 January 1999, will increase by 800 the number of Youth Allowance recipients in 1998-99, with a consequential impact on outlays.

This measure arises from an amendment made to the Government's proposal, announced in June 1997, to introduce a Youth Allowance for students aged under 25 and the unemployed aged under 21 from 1 July 1998.

Legislation to give effect to the proposal was included in Social Security Legislation Amendment (Youth Allowance) Bill 1997 introduced into Parliament in October 1997. The Senate requested a number of amendments to the Bill, which have been accepted by the Government.

SOCIAL SECURITY

Extend Mobility Allowance

Financial Implications ($m)

1998-99	1999-00	2000-01	2001-02
3.3	3.5	3.8	4.1

Explanation

Mobility Allowance is provided at a rate of $56.70 per fortnight to assist with the transport needs of people with disabilities who are in employment, looking for work, undertaking vocational training or voluntary work and who are unable to use public transport without substantial assistance.

It has been the normal practice of the Department of Social Security to pay Mobility Allowance to people with disabilities engaged in independent living skills training. As a result of uncertainty regarding the legislative authority for these payments, on 18 December 1997 the Minister for Social Security, with the Prime Minister's agreement, announced the intention to provide clear legislative authority for the payments.

At the same time as this is being done, the opportunity is being taken to extend eligibility to students aged 16-18 attending high school. This will assist approximately 1000 high school students with disabilities to meet their transport needs.

This measure allows past practice to continue with certainty and ensures that clients in living skills training with transport difficulties are assisted financially.

SOCIAL SECURITY

Improve and simplify assistance for foster carers

Financial Implications ($m)

	1998-99	1999-00	2000-01	2001-02
Health and Family Services	0.0	2.0	2.2	2.5
Social Security	1.0	2.5	2.7	2.8
Total	1.0	4.5	4.9	5.2

Explanation

This proposal:

- aligns elements of the sole and partnered foster carers' eligibility for Parenting Payment by removing the waiting period for Parenting Payment for single foster carers; and

- issues a Health Care Card (HCC) to foster carers who receive Family Allowance and do not currently qualify for an HCC for that child, if the foster child had an HCC in his or her previous family. This is solely for use for the health expenses incurred by the foster child.

Under current arrangements, Parenting Payment (Single) imposes a 12-month waiting period on lone parent foster carers whereas Parenting Payment (Partnered) imposes no waiting period on partnered foster carers. Removal of the waiting period for single foster carers ensures equity between partnered and single foster carers. It is expected that approximately 900 single foster carers will benefit from this measure by becoming eligible for Parenting Payment.

Issue of an HCC to foster carers of an eligible foster child provides a greater level of assistance to middle income foster carers with out-of-pocket pharmaceutical expenses incurred for foster children in their care. If a child were covered by an HCC in his or her original family, an HCC will be issued covering the foster child in his or her foster family. There are approximately 4,400 families who will benefit from this measure.

SOCIAL SECURITY

Apply the liquid assets waiting period consistently to education leavers

Financial Implications ($m)

1998-99	1999-00	2000-01	2001-02
-0.3	-1.7	-1.7	-1.8

Explanation

A waiting period is imposed on Newstart Allowance claimants based on the view that people with sufficient financial resources to support themselves should do so before turning to the social security system.

This measure will apply the liquid assets waiting period to education leavers claiming Newstart Allowance and Sickness Allowance, consistent with the provisions that will apply to Youth Allowance customers.

The waiting period will defer payment for a period of up to 13 weeks to claimants with liquid assets of $3,000 or more ($6,000 if a member of a couple) at the time of claiming Newstart Allowance or Sickness Allowance. It is anticipated that around 2,500 education leaver claimants will serve a waiting period based on their liquid assets.

This measure takes effect in March 1999, and thus has only a part year effect on outlays in 1998-99.

SOCIAL SECURITY

Introduce a two-tiered payment structure for Austudy Pensioner Education Supplement to better reflect students' study loads

Financial Implications ($m)

1998-99	1999-00	2000-01	2001-02
0.0	-1.2	-6.0	-6.5

Explanation

The Pensioner Education Supplement is paid to eligible pensioners who undertake qualifying studies. The Government is transferring responsibility for the supplement from the Department of Employment, Education, Training and Youth Affairs to the Department of Social Security, as part of the administrative changes associated with the introduction of a Youth Allowance from 1 July 1998.

Under this measure, funding for education will be better targeted at those pensioners whose study load is more substantial by:

- halving the rate to those pensioners studying less than 50 per cent of a full-time load (ie to $30 per fortnight);

- retaining entitlement to the Education Entry Payment of $200 a year for affected pensioners; and

- providing an exemption that would exclude recipients of the Disability Support Pension from the rate change. These people would continue to be eligible for the maximum Pensioner Education Supplement rate of $60 per fortnight for study loads less than 50 per cent.

This addresses concerns that pensioners may be eligible for an education supplement even though their study load is relatively light, whilst recognising that certain pensioner groups may have less capacity to increase their study loads.

This measure takes effect from March 2000.

SOCIAL SECURITY

Apply the newly arrived residents' waiting period to Agreement countries

Financial Implications ($m)

1998-99	1999-00	2000-01	2001-02
-0.1	-9.6	-16.1	-16.7

Explanation

This measure requires New Zealand citizens to wait for a period of two years (as applies to newly arrived residents from other countries) before being eligible to claim Newstart, Sickness, Partner, Mobility and Mature Age Allowances and the Commonwealth Seniors Card.

This measure implements Australia’s policy of applying waiting periods consistently to all migrants, including those from countries with which Australia has a Social Security Agreement.

This measure does not affect New Zealanders who are currently recipients of social security allowances in Australia. The new waiting period applies only to future arrivees.

SOCIAL SECURITY

Child Support Package

Financial Implications ($m)

1998-99	1999-00	2000-01	2001-02
0.4	-1.2	-1.3	-1.4

Explanation

This package consists of two elements detailed below.

Abolish the Special Maintenance Ceiling:

From 1 July 1999 the ceiling on the value of Special Maintenance used to determine a custodial parent's Family Allowance entitlement will be abolished. Outlays in 1998-99 are provided for administrative costs, including computer system changes. Outlays in future years reflect reduced Family Allowance payments.

Special Maintenance is the value of certain non-cash income received by custodial parents and is used within the social security system in determining the amount of Family Allowance paid.

This measure aligns the treatment of Special Maintenance with cash maintenance in determining Family Allowance entitlement.

Reforms to Non-Agency payments (NAPs)

This element of the package introduces administrative changes allowing non-custodial parents to pay up to 25 per cent of their monthly child support liability directly to or on behalf of the custodial parent, rather than through the Child Support Agency. This will allow parents greater flexibility and choice in meeting child support payments.

SOCIAL SECURITY

Community Development Employment Project - Remove inequities and pay a participant supplement

Financial Implications ($m)

1998-99	1999-00	2000-01	2001-02
3.1	-1.3	-4.9	-9.2

Explanation

This measure removes inequities in the treatment of Community Development Employment Project (CDEP) wages in the Social Security system. Currently CDEP participants who would otherwise be eligible for unemployment payments are excluded from any form of Social Security assistance, whereas CDEP participants who are sole parents can receive such assistance.

All CDEP wages will be treated as deductible on a dollar for dollar basis from the pension rate, up to the maximum basic rate of allowance, providing uniform treatment in the social security system. While approximately 4,000 sole parents will be affected by this change through a reduction in their social security assistance as a result of the uniform treatment of CDEP wages, most current CDEP workers will be better off and all future participants will be better off than had they remained on income support.

All CDEP participants will now have access to additional Social Security entitlements such as Rent Assistance, the Pensioner Concession Card and Pharmaceutical Allowance, provided they satisfy the eligibility criteria.

A supplementary payment of $20 per fortnight will be introduced for all CDEP participants. The CDEP Participant Supplement will provide a financial incentive to participate in Community Development Employment Projects. It is estimated that around 26,000 CDEP participants will take up this payment.

The measure will be implemented in March 1999. Outlays in 1998-99 are provided mainly for administrative set-up costs.

SOCIAL SECURITY

Special Employment Advance

Financial Implications ($m)

1998-99	1999-00	2000-01	2001-02
0.8	..	0.1	..

Explanation

The Special Employment Advance of up to $500, repayable over 13 fortnights, will be introduced in March 1999. This measure provides funding for the initial take-up of the advance and ongoing administrative costs. It introduces advance payments to customers who need financial assistance where:

- income support has been reduced due to earnings from work but the income will not be received until a future date; or
- a definite offer of employment has been received and financial assistance is needed to commence employment.

Currently any income from employment that reduces entitlements is taken into account in the fortnight that it is earned, not when it is actually received. The Special Employment Advance will be available to approximately 4,500 customers per year who are in hardship due to income earned and not yet received, and will assist some 30,000 customers per year in taking up employment.

The headline balance will increase by $3.3 million in 1998-99, $0.5 million in 1999-00, $0.0 million in 2000-01 and $0.1 million in 2001-02. This differs from the underlying balance shown above because net advances are not included in the calculation of the underlying balance.

SOCIAL SECURITY

Crisis Payment

Financial Implications ($m)

1998-99	1999-00	2000-01	2001-02
0.9	1.4	1.4	1.4

Explanation

This measure introduces a non refundable one-off payment, equal to one week's benefit, to people who are released from prison or forced to establish a new home due to certain extreme circumstances, such as fleeing domestic violence or household fires. This measure applies from 1 July 1999. Outlays in 1998-99 are provided for computer systems and other set-up costs.

The crisis payment will replace current arrangements for released prisoners. The minimum qualifying period in gaol has been raised from seven to 14 days and prisoners must also meet a test of hardship before receiving benefits.

The crisis payment is not related to other forms of disaster relief payments. Recipients of disaster relief payments will not qualify for the crisis payment.

SOCIAL SECURITY

Expand the definition of suitable work to cover out-of-area jobs

Financial Implications ($m)

1998-99	1999-00	2000-01	2001-02
-1.2	-3.9	-3.8	-3.9

Explanation

This measure, which takes effect from 20 March 1999, will require Newstart Allowance (NSA) customers who voluntarily seek and are offered suitable paid work outside of their local accessible labour market to accept that offer or be subject to an activity test breach. Such work would generally be full-time permanent employment.

Currently, an unemployed person is required to accept offers of work within 90 minutes travelling time from their residence. This measure will extend the range of options open to job brokers and NSA customers who have expressed a willingness to consider work more than 90 minutes from their home. It will not be compulsory for NSA recipients to look for work outside their local area.

Exemption from the requirement to accept work outside their local area will include age, pregnancy, ill health, where acceptance of the job would jeopardise the current employment of a partner, or the partner's employment prospects, where the customer has children either living with them or in their local area, where the customer has significant caring responsibilities, where it is more appropriate for the person to participate in education and training, if there are cultural or religious reasons, or where taking up the job would cause financial hardship.

Programme savings arise from increased return to work cancellations and increased activity test breaches for those NSA customers who turn down an offer of suitable paid work outside their local area.

SOCIAL SECURITY

Tighten arrangements for unemployed people moving to areas with lower employment prospects

Financial Implications ($m)

1998-99	1999-00	2000-01	2001-02
-0.1	-0.5	-0.5	-0.5

Explanation

This measure, which takes effect from 20 March 1999, extends the application of the existing 26 week non-payment period (known as the deferment period) to Newstart Allowance (NSA) claimants if they move to an area of lower employment prospects without sufficient reason but were not NSA recipients at the time of the move.

Under the current arrangements, the deferment period can be circumvented by cancelling from NSA, moving and then claiming payment in the new location where there are lower employment prospects. This measure will close off this loophole by ensuring that the deferment period would operate in such circumstances.

SOCIAL SECURITY

Child Disability Allowance, Carer Payment and Domiciliary Nursing Care Benefit to be paid when caree is in hospital

Financial Implications ($m)

	1998-99	1999-00	2000-01	2001-02
Health and Family Services	0.0	1.3	1.4	1.4
Social Security	0.9	0.5	0.5	0.5
Total	0.9	1.8	1.8	1.9

Explanation

The measure will extend the eligibility for Child Disability Allowance (CDA), Carer Payment and Domiciliary Nursing Care Benefit to provide for the payment of benefits to parents of a child with a disability, or to other carers, when the child or care recipient is hospitalised for a period of up to 63 days in a calendar year, provided that:

- the treatment plan involves returning the child or care recipient into the care of the parent/carer in the private home of the child or care recipient; or

- the child or care recipient is terminally ill.

Parents and carers will gain as a result of this measure as they will be able to fully utilise the 63 days hospitalisation period while retaining eligibility for their payment, and will not have to resort to utilising their respite care provisions.

In addition, the measure allows for telephone lodgement of claims for CDA. This will allow customers more time to compile their medical documentation prior to the formal lodgement of the claim, and will assist those living in rural or remote areas.

This measure applies from 1 July 1999. Outlays in 1998-99 are provided for computer systems and other set-up costs.

SOCIAL SECURITY

Reduction in Department of Social Security's running costs

Financial Implications ($m)

1998-99	1999-00	2000-01	2001-02
-3.5	0.0	0.0	0.0

Explanation

The Department of Social Security will achieve savings in running costs of $7 million in 1997-98 and $3.5 million in 1998-99, enabling these funds to be made available to the Budget for allocation to higher priority areas.

SOCIAL SECURITY

Apply full rate of rent assistance to people lodging in marginal accommodation

Financial Implications ($m)

1998-99	1999-00	2000-01	2001-02
1.6	6.7	6.3	6.5

Explanation

This measure will restore eligibility for the full rate of rent assistance to recipients who lodge in marginal accommodation such as hostels, boarding houses and private hotels, and who would otherwise be affected by the single sharer’s measure.

The sharer's measure, announced in the 1996-97 Budget, reduced the maximum rate of rent assistance for singles (without dependent children) who share accommodation. Restoring eligibility for the full rate of rent assistance to people who lodge in marginal accommodation recognises that these people are not able to obtain the same cost benefits gained by those in shared or group housing.

This measure takes effect from 1 July 1999. Outlays in 1998-99 are provided for computer systems and other set-up costs.

SOCIAL SECURITY

Extend the Housing Reform Fund

Financial Implications ($m)

1998-99	1999-00	2000-01	2001-02
0.0	1.7	0.0	0.0

Explanation

The Housing Reform Fund supports key research and the development of housing reform directions. This measure provides for the Fund to be extended to the end of 1999-2000.

The Housing Reform Fund was broadened in October 1996 to include support for wider housing reform issues and community consultation. The Fund has played a valuable role in encouraging States to look at competition in the housing market and targeting of public housing.

SOCIAL SECURITY

Non-economic loss compensation payments - Modified assessment

Financial Implications ($m)

	1998-99	1999-00	2000-01	2001-02
Social Security	0.9	-9.1	-19.5	-20.0
Veterans' Affairs	0.5	-0.4	-0.8	-0.8
Total	1.4	-9.5	-20.3	-20.8

Explanation

This measure seeks to assess against a customer's existing income support payments, certain compensation payments for non-economic loss, including those paid in respect of workers' compensation and transport accident schemes, by:

- treating lump sum payments exceeding $10,000 as ordinary income subject to the usual income testing arrangements. Amounts in excess of $10,000 would be assessed as ordinary income spread over the 26 fortnights from receipt; and

- treating periodic payments for non-economic loss, in excess of $2,000 in a 28-day period, as ordinary income.

Current favourable treatment of lump sum payments, which generally have no effect on existing payments, create an incentive for recipients to take lump sums in preference to ongoing income support.

This measure applies from 1 July 1999. Outlays in 1998-99 are provided for computer systems and other set-up costs.

SOCIAL SECURITY

Extension of Commonwealth Seniors Health Card eligibility

Financial Implications ($m)

	1998-99	1999-00	2000-01	2001-02
Health and Family Services	24.1	50.5	53.2	55.2
Social Security	1.4	2.2	2.3	2.3
Total	25.5	52.7	55.5	57.5

Explanation

From 1 January 1999, the eligibility requirements for the Commonwealth Seniors Health Card (CSHC) will be relaxed.

Currently, the CSHC is issued to non-pensioners of Age Pension age who do not qualify for the pension because of their assets or an insufficient period of residence in Australia, but whose income is below the Age Pension income test cut-off.

Under this measure, the income test is to be simplified by moving to a test based on taxable income. In addition the income limit has been raised from around $21,000 to $40,000 per year for singles and from around $36,000 to $67,000 per year for couples. It is estimated that up to 220,000 additional non-pensioners will be eligible to receive the CSHC.

Cardholders can receive eligible pharmaceutical prescriptions for $3.20, with any prescriptions above 52 within a year being available free of charge.