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No. 134 2000–01

Family and Community Services Legislation
Amendment (One-off Payment to the Aged) Bill
2001

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I N F O R M A T I O N A N D R E S E A R C H S E R V I C E S

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No. 134 2000–01

Family and Community Services Legislation Amendment
(One-off Payment to the Aged) Bill 2001

Ian Ireland
Law and Bills Digest Group
24 May 2001

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Family and Community Services Legislation Amendment (One-off Payment to the Aged) Bill 2001

Date Introduced: 22 May 2001

House: House of Representatives

Portfolio: Family and Community Services

Commencement: Royal Assent

Purpose

To provide for a one-off payment of \$300 to people who, on 22 May 2001, are of age pension age and are receiving a social security pension or benefit on 22 May 2001.

Background

The one-off payment of \$300 to people who, on 22 May 2001, are of age pension age and are receiving a social security pension or benefit on 22 May 2001 gives effect to a measure announced in the 2001-2002 Budget.

Rationale

The Second Reading Speech to the Bill states that the one-off payment of \$300:

... forms part of the measures announced in the 2001-2002 Budget to give effect to the Government's appreciation and acknowledgment of the contribution made by older Australians to society.¹

In his 2001-2002 Budget Speech, the Treasurer gave as a rationale for the one-off payment:

The Government is making this payment because the economy can benefit from it, the Budget can afford it this financial year and, most of all, our older Australians deserve it.²

Warning:

This Digest was prepared for debate. It reflects the legislation as introduced and does not canvass subsequent amendments.

This Digest does not have any official legal status. Other sources should be consulted to determine the subsequent official status of the Bill.

Financial Impact

The cost of providing the one-off payment is estimated by the Government in its Explanatory Memorandum to the Bill to total \$547.2 million. It also estimates that 1.8 million people will receive the payment under this Bill.

Who will receive the payment

The proposed one-off payment of \$300 will be payable to people who, on 22 May 2001, are of age pension age and are receiving a social security pension or benefit on 22 May 2001. As stated by the Treasurer in his 2001-2002 Budget speech, this covers qualifying people with incomes up to \$29,263 for a single person and \$48,880 for a couple. It should be noted that the Second Reading Speech to the Bill states:

This one-off payment will also be available, otherwise than by this Bill, to people of age pension age receiving certain veterans' payments and payments under the ABSTUDY Scheme. It will also be made available to people of age pension age who are outside the personal income taxation and social security systems.³

Urgent Passage through Parliament

The Treasurer in his 2001-2002 Budget Speech stated that:

If the payment (the \$300 one-off payment) is to be made with the fortnightly pension payment next month it needs to pass the Parliament by Thursday. Any delay by the Opposition will mean the payment cannot be made next month. There are 2.2 million people eligible for this payment.⁴

The remarks contained in the Government's Explanatory Memorandum to the Bill are of interest given the Government's desire that the Bill pass both chambers of the Australian Parliament within two days of introduction. The Explanatory Memorandum states:

It is envisaged that wherever possible, the one-off payment to the aged will be paid on the person's first social security payday that falls due after 17 June 2001 or in any event, before 1 July 2001.

Parliament resumes sitting on 4 June 2001 so the rationale for passage within two days of introduction remains unclear. It is noted that it may be possible to have the proposed measure applying from date of announcement as is common with taxation arrangements. For example, the announced rights could be preserved by the legislation, thereby leaving Parliament with more time to consider the measure.

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Main Provisions

Amendments to the *Income Tax Assessment Act 1997*

The effect of **items 1 and 2 of Schedule 1** of the Bill is to ensure that the proposed one-off payment will not be subject to income tax.

Amendments to the *Social Security Act 1991*

Item 5 of Schedule 1 of the Bill inserts a **new section 93X** in the *Social Security Act 1991* to provide for the one-off payment.

Proposed subsection 93X(1) sets out the qualification criteria for the one-off payment. The qualification criteria include:

- a person has reached pension age on or before 22 May 2001, and
- a social security pension or a social security benefit is payable to the person on 22 May 2001.

Proposed subsection 93X(2) provides that the amount of the one-off payment is \$300.

A **new section 47A** is inserted in the **Social Security (Administration) Act 1999** by **item 8 of Schedule 1** of the Bill providing that the one-off payment is to be paid to a person on the date that is determined by the Secretary to be the earliest date on which it is reasonably practicable for the payment to be made.

Endnotes

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- 1 House of Representatives, *Hansard*, 22 May 2001, p. 25755.
 - 2 *ibid.*, at p. 25759.
 - 3 *ibid.*
 - 4 *ibid.*, at p. 25755.

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