The principal Act (the Social Services Act 1947 as amended) provides for the payment of pensions, benefits and allowances, such as aged pensions, unemployment benefits and maternity allowances.

**PURPOSE OF THE BILL IS TO:**

- increase the standard and married rates of pension for aged persons, invalids, widows and supporting mothers from 11 November 1976.
- increase the standard and married rates of unemployment and sickness benefits (except in the case of unmarried persons under 18) from 1 November 1976.
- increase the benefit for handicapped persons receiving sheltered employment allowances.
- provide for the automatic adjustment of standard and married rates of pensions and benefits each six months in line with the Consumer Price Index. The automatic adjustment provisions will not apply to unemployment and sickness benefits payable to persons under 18 or to payments such as mother’s and guardian’s allowance, additional pension and benefit for children and supplementary assistance and allowance.
- provide for the introduction of an income test for pensions replacing the existing tests on both income and assets to come into effect on 25 November 1976. The new income test will also determine eligibility for pensioner fringe benefit entitlements.
- increase the rate of the handicapped child’s allowance to be paid on 30 November 1976 with effect from 2 November 1976. This will be a flat increase from $10 to $15. Eligibility has also been extended to apply to younger children.
- validate existing procedures for payment of unemployment and sickness benefits in fortnightly instalments.

**IMPLICATIONS**

**Indexation**

- the provision for indexation and consequent regular benefit increases is in line with the L/NCP policy announced prior to the 1975 election.
- the intention of the indexation proposal is to counter the impact of inflation but, should the CPI fall at any time, there will be no reduction in benefit levels.
- the provision for automatic increases will eliminate the need for further legislation.
Income test

- the income only means test will mean that assets, including superannuation entitlements, which produce no income or a return of less than 10% are no longer counted (on a 10% notional basis) as income. Administration of the pension is made more equitable and simple.

- while the new test will increase the entitlement of many pensioners, those who may be disadvantaged by the provision are protected by the Bill from a pension reduction.

- the income only test should eliminate the practice of disposing of assets to come within the means test and so receive the pension but lose that other element of financial security.

Handicapped Child’s Allowance

- encourages parents to maintain their handicapped children within the family home where possible.

Fortnightly Payments

- simplifies the task of administering unemployment and Sickness Benefits by making payments each fortnight rather than each week. The benefit week is now regarded as a 5-day week, rather than a 6-day week: each day’s benefit entitlement is one-fifth of the full week’s payment, rather than one-sixth.