



Social Security Legislation Amendment (Budget and Other Measures) Act 1996

No. 84, 1996

**An Act to amend the law relating to social security,
and for related purposes**

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Social Security Legislation Amendment (Budget and Other Measures) Act 1996

No. 84, 1996

**An Act to amend the law relating to social security,
and for related purposes**

[Assented to 23 December 1996]

The Parliament of Australia enacts:

1 Short title

This Act may be cited as the *Social Security Legislation Amendment (Budget and Other Measures) Act 1996*.

2 Commencement

- (1) Subject to subsections (2), (3), (4), (5), (6), (7) and (8), this Act commences on the day on which it receives the Royal Assent.

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- (2) Schedules 3, 6 and 19, Parts 1, 2 and 5 of Schedule 5 and Part 1 of Schedule 21 commence on 1 January 1997.
 - (3) Schedules 8, 9, 10, 11, 12 and 17, Parts 3 and 4 of Schedule 5 and Part 2 of Schedule 21 commence on 20 March 1997.
 - (4) Schedules 1, 2, 14, 15 and 16 commence on 1 July 1997.
 - (5) Schedules 4 and 7 and Part 3 of Schedule 21 commence on 20 September 1997.
 - (6) Schedule 18 and Part 4 of Schedule 21 commence on 1 October 1997.
 - (7) Schedule 13 is taken to have commenced on 1 July 1995.
 - (8) Schedule 20 is taken to have commenced on 1 July 1996, immediately after the commencement of Schedule 12 to the *Social Security Legislation Amendment (Carer Pension and Other Measures) Act 1995*.

3 Schedule(s)

Subject to section 2, each Act that is specified in a Schedule to this Act is amended or repealed as set out in the applicable items in the Schedule concerned, and any other item in a Schedule to this Act has effect according to its terms.

Schedule 1—Amendment of the Social Security Act 1991 to increase the flexibility of carer pension

1 Subparagraph 198(2)(c)(i)

Omit “42”, substitute “52”.

2 Paragraph 198(2AA)(b)

Omit “education or employment”, insert “education, unpaid voluntary
work or paid employment”.

3 Paragraph 198(2AA)(c)

Omit “10”, substitute “20”.

Schedule 2—Amendments to change references in certain Acts from “carer pension” to “carer payment”

Social Security Act 1991

1 Subsection 17(1) (at the end of paragraph (n) of the definition of *former payment type*)

Add:

; or (o) a carer pension under this Act as previously in force.

2 Part 2.5 (heading)

Repeal the heading, substitute:

Part 2.5—Carer payment

3 Division 1 of Part 2.5 (heading)

Repeal the heading, substitute:

Division 1—Qualification for and payability of carer payment

4 Division 2 of Part 2.5 (heading)

Repeal the heading, substitute:

Division 2—Claim for carer payment

5 Division 4 of Part 2.5 (heading)

Repeal the heading, substitute:

Division 4—Rate of carer payment

6 Division 5 of Part 2.5 (heading)

Repeal the heading, substitute:

Division 5—Payment of carer payment

7 Division 6 of Part 2.5 (heading)

Repeal the heading, substitute:

Division 6—Protection of carer payment

8 Subdivision A of Division 9 of Part 2.5 (heading)

Repeal the heading, substitute:

Subdivision A—Continuation of carer payment

9 Division 8A of Part 2.13A (heading)

Repeal the heading, substitute:

Division 8A—Carer payment recipients

10 References to “carer pension”

Each of the following sections is amended by omitting “carer pension” (wherever occurring) and substituting “carer payment”:

sections 7, 17, 23, 48, 139, 140, 198, 198C, 198F, 198H, 198J, 198K, 198L, 198M, 198N, 198Q, 199, 200, 201, 201A, 201B, 202, 203, 206, 206AA, 206A, 206B, 206C, 208, 209, 210, 211, 212, 213, 214, 215, 216, 218, 219, 220, 221, 221A, 221B, 222, 223, 223A, 225, 225AA, 225A, 225B, 226, 227, 227A, 228, 228A, 229, 230, 231, 231A, 231AA, 231B, 232, 233, 234, 235, 236, 236A, 237, 240, 246, 247, 259, 303, 369, 665ZFA, 1064, 1067A, 1115, 1133, 1163, 1170, 1187, 1210, 1212, 1223, 1223A and 1223B.

Note 1: The heading to each of the following sections is altered by omitting “carer pension” and substituting “carer payment”:

sections 198, 199, 200, 210, 211, 220, 223, 225AA, 235, 236, 240 and 665ZFA.

Note 2: The heading to section 1064 is altered by omitting “and carer pensions” and substituting “pensions and carer payment”.

Note 3: The heading to subsection 201(2) is altered by omitting “carer pension” and substituting “carer payment”.

Data-matching Program (Assistance and Tax) Act 1990

11 Subsection 3(1) (subparagraph (c)(v) of the definition of personal assistance)

Schedule 2 Amendments to change references in certain Acts from “carer pension” to “carer payment”

Repeal the subparagraph, substitute:

(v) carer’s pension, carer pension or carer payment;

Student and Youth Assistance Act 1973

12 References to “carer pension”

Each of the following provisions is amended by omitting “carer pension” (wherever occurring) and substituting “carer payment”:
sections 229, 231 and 233 and Schedule 2.

Income Tax Assessment Act 1936

13 Section 24AB (Index of payments)

Omit “carer pension”, substitute “carer payment”.

14 Subsection 24ABA(1)

Omit “carer pension”, substitute “carer payment”.

15 Subsection 24ABF(1)

Omit “carer pension”, substitute “carer payment”.

Note: The heading to section 24ABF is replaced by the heading “Carer payment”.

Childcare Rebate Act 1993

16 Section 29

Omit “carer pension”, substitute “carer payment”.

Schedule 3—Abolition of the minimum rate of payment to under 18 year old sickness allowance, newstart allowance and youth training allowance recipients

Part 1—Amendment of the Social Security Act 1991 relating to newstart allowance and sickness allowance

1 Point 1067-G8

Repeal the point.

2 Point 1067-G11

Repeal the point, substitute:

Reduction for parental assets

1067-G11 A person's *reduction for parental assets* is:

- (a) if the person's combined parental assets value does not exceed the parental assets value limit—nil; or
- (b) if the person's combined parental assets value exceeds the parental assets value limit—the person's maximum payment rate.

Note: The parental assets value is indexed annually in line with CPI increases (see sections 1191 to 1194).

3 Point 1067-G22

Repeal the point.

4 Section 1190 (Indexed and Adjusted Amounts Table, item 43)

Repeal the item.

5 Subsection 1191(1) (CPI Indexation Table, item 29)

Repeal the item.

Part 2—Amendment of the Social Security Act 1991 relating to sickness allowance

6 Point 1067E-A1 (method statement, steps 7 to 10)

Repeal the steps, substitute:

- Step 7.* If the value of the person's assets is more than the person's assets value limit, then sickness allowance is not payable to the person and the following steps are to be disregarded.
- Step 8.* If the person is not independent and the parental income test applies to the person (see points 1067E-F2 and 1067E-F3 in Module F below), work out the **reduction for parental income** using that Module and take the reduction away from the maximum payment rate; the result is called the **parental income test reduced rate**.
- Step 9.* If the parental income test reduced rate is nil, then sickness allowance is not payable to the person and the following steps are to be disregarded.
- Step 10.* Apply the income test using Module G below to work out the person's income reduction.
- Step 11.* The rate of allowance is worked out by taking the person's ordinary income reduction away from:
- (a) if the person is not independent and Step 8 did not apply to the person because of points 1067E-F2 and 1067E-F3 (other than paragraph (g) of point 1067E-F3)—the maximum payment rate; or
 - (b) if the person is not independent and paragraph (g) of point 1067E-F3 applied to the person—the maximum payment rate; or
 - (c) if the person is not independent and Step 8 applied to the person but Step 9 did not—the parental income test reduced rate; or
 - (d) if the person is independent—the maximum payment rate;
- and adding any amount payable by way of remote area allowance (see Module H below).

Abolition of the minimum rate of payment to under 18 year old sickness allowance,
newstart allowance and youth training allowance recipients **Schedule 3**

7 Point 1067E-A1 (method statement, note)

Repeal the note, substitute:

<p>Note: If a person's rate is reduced under Step 8 or 11, the order in which the reduction is to be made against the components of the maximum payment rate is laid down by section 1207 (maximum basic rate first, then rent assistance).</p>
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8 Section 1190 (Indexed and Adjusted Amounts Table, item 35A)

Repeal the item.

9 Subsection 1191(1) (CPI Indexation Table, item 23A)

Repeal the item.

Part 3—Amendment of the Student and Youth Assistance Act 1973 relating to youth training allowance

10 Part 2 of Schedule 1 (Module A, point A1, method statement, steps 7 to 10)

Repeat the steps, substitute:

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| <p><i>Step 7.</i> If the value of the person's assets is more than the person's assets value limit, then youth training allowance is not payable to the person and the following steps are to be disregarded.</p> <p><i>Step 8.</i> If the person is not independent and the parental income test applies to the person (see points F2 and F3 in Module F below), work out the <i>reduction for parental income</i> using that Module and take the reduction away from the maximum payment;
the result is called the <i>parental income test reduced rate</i>.</p> <p><i>Step 9.</i> If the parental income test reduced rate is nil, then youth training allowance is not payable to the person and the following steps are to be disregarded.</p> <p><i>Step 10.</i> Apply the income test using Module G below to work out the person's income reduction.</p> <p><i>Step 11.</i> The rate of allowance is worked out by taking the person's ordinary income reduction away from:</p> <ul style="list-style-type: none">(a) if the person is not independent and Step 8 did not apply to the person because of points F2 and F3 (other than paragraph (g) of point F3)—the maximum payment rate; or(b) if the person is not independent and paragraph (g) of point F3 applied to the person—the maximum payment rate; or(c) if the person is not independent and Step 8 applied to the person but Step 9 did not—the parental income test reduced rate; or(d) if the person is independent—the maximum payment rate; <p>and adding any amount payable by way of remote area allowance (see Module H below).</p> |
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Abolition of the minimum rate of payment to under 18 year old sickness allowance,
newstart allowance and youth training allowance recipients **Schedule 3**

11 Part 2 of Schedule 1 (Module A, point A1, method statement, note)

Repeal the note, substitute:

<p>Note: If a person's rate is reduced under Step 8 or 11, the order in which the reduction is to be made against the components of the maximum payment rate is laid down by section 257 (maximum basic rate first, then rent assistance).</p>

12 Section 251 (Indexed Amounts Table, item 4)

Repeal the item.

13 Section 252 (CPI Indexation Table, item 4)

Repeal the item.

Schedule 4—Amendments to allow increased voluntary work participation for unemployed people

Social Security Act 1991

1 Section 603AA

Repeal the section, substitute:

603AA Relief from activity test—people engaged in voluntary work

- (1) Subject to subsection (3), a person who has reached 50 years is taken to satisfy the activity test in respect of a period (the *relevant period*) if the person:
 - (a) is engaged in approved full-time unpaid voluntary work for an approved organisation for at least 32 hours in the period; or
 - (b) is engaged, for at least 40 hours in the period in a combination of:
 - (i) approved unpaid voluntary work for an approved organisation; and
 - (ii) suitable paid work for another person.
- (2) Subject to subsection (3), a person who:
 - (a) is under 50 years; and
 - (b) has received income support payments in respect of a continuous period of at least 3 months but less than 12 months immediately before the start of the relevant period (whether or not the kind of payment received has changed over the period and whether any part of it occurred before or after the commencement of this subsection);is taken to satisfy the activity test in respect of a period (the *relevant period*) if:
 - (c) the person is engaged in approved full-time unpaid voluntary work for an approved organisation for at least 32 hours in the period; and
 - (d) the period occurs during the 12 months after the person commenced receiving income support payments (whether or not the kind of payment received has changed over the period and whether any part of it occurred before or after the commencement of this subsection); and

- (e) the person has not already undertaken approved full-time unpaid voluntary work with one or more approved organisations in more than 6 periods during the 12 months referred to in paragraph (d).
- (3) Neither subsections (1) nor (2) apply to a person in respect of a day in a relevant period if, in respect of the person, having regard to the opportunities, or possible opportunities, for employment that become available to the person on or before the day, the Secretary considers that the subsection is not to apply to the person in respect of that day.
- (4) For the purposes of subsections (1) and (2):
 - (a) approved voluntary unpaid work, either full-time or otherwise, is work that has been approved by the Secretary for the purposes of this section; and
 - (b) an approved organisation is an organisation that has been approved by the Secretary for the purposes of this section.

Student and Youth Assistance Act 1973

2 Subsection 58(1) (definition of *approved organisation*)

Repeal the definition.

3 Section 59

Repeal the section.

4 Section 77

Repeal the section, substitute:

77 Relief from activity test—people engaged in voluntary work

- (1) This section applies to a person who has received income support payments in respect of a continuous period of at least 3 months but less than 12 months immediately before the start of the relevant period (whether or not the kind of payment received has changed over the period and whether any part of it occurred before or after the commencement of this subsection).
- (2) Subject to subsection (3), a person to whom this section applies is taken to satisfy the activity test in respect of a period (the *relevant period*) if:

Schedule 4 Amendments to allow increased voluntary work participation for unemployed people

- (a) the person is engaged in approved full-time unpaid voluntary work for an approved organisation for at least 32 hours in the period; and
 - (b) the period occurs during the 12 months after the person commenced receiving income support payments (whether or not the kind of payment received has changed over the period and whether any part of it occurred before or after the commencement of this subsection); and
 - (c) the person has not already undertaken full-time unpaid voluntary work with one or more approved organisations in more than 6 periods during the 12 month period referred to in paragraph (b).
- (3) Subsection (2) does not apply to a person in respect of a day in a relevant period if, in respect of the person, having regard to the opportunities, or possible opportunities, for employment that become available to the person on or before the day, the Secretary considers that the subsection is not to apply to the person in respect of that day.
- (4) For the purposes of subsection (2):
- (a) approved full-time voluntary unpaid work is work that has been approved by the Secretary for the purposes of this section; and
 - (b) an approved organisation is an organisation that has been approved by the Secretary for the purposes of this section.

Schedule 5—Amendments to tighten the activity test administration and simplify the penalty periods that apply to newstart allowance and youth training allowance

Part 1—Amendments to clarify provisions relating to employer statements

Social Security Act 1991

1 Subsections 601(1A) to (1E) (inclusive)

Repeal the subsections, substitute:

- (1A) The Secretary may notify a person (other than a person who is not required to satisfy the activity test) who is receiving a newstart allowance that the person must take reasonable steps to apply for a particular number of advertised job vacancies in the period specified in the notice.
- (1B) If a person refuses or fails to comply with a notice issued under subsection (1A), the person fails to satisfy the activity test in respect of the period specified in the notice.
- (1C) The person must give the Secretary a written statement from each employer whose job vacancy the person applied for that confirms that the person applied for that job vacancy.
- (1D) The statement from the employer must be in a form approved by the Secretary.
- (1E) Subsection (1C) does not apply to a person if the Secretary is satisfied that there are special circumstances in which it is not reasonable to expect the person to give the statement referred to in that subsection.
- (1F) If a person contravenes subsection (1C), the person fails to satisfy the activity test.

Schedule 5 Amendments to tighten the activity test administration and simplify the penalty periods that apply to newstart allowance and youth training allowance

Student and Youth Assistance Act 1973

2 Subsections 75(2) to (6) (inclusive)

Repeal the subsections, substitute:

- (2) The Secretary may notify a person (other than a person who is not required to satisfy the activity test) who is receiving a youth training allowance that the person must take reasonable steps to apply for a particular number of advertised job vacancies in the period specified in the notice.
- (3) If a person refuses or fails to comply with a notice under subsection (2), the person fails to satisfy the activity test in respect of the period specified in the notice.
- (4) The person must give the Secretary a written statement from each employer whose job vacancy the person applied for that confirms that the person applied for that job vacancy.
- (5) The statement from the employer must be in a form approved by the Secretary.
- (6) Subsection (4) does not apply to a person if the Secretary is satisfied that there are special circumstances in which it is not reasonable to expect the person to give the statement referred to in that subsection.
- (6A) If a person contravenes subsection (4), the person fails to satisfy the activity test.

Part 2—Amendments to clarify the meaning of unsuitable work

Social Security Act 1991

3 Subsection 601(2A)

Omit “For”, substitute “Subject to subsection (2AA), for”.

4 At the end of paragraph 601(2A)(a)

Add “and no training will be provided by the employer”.

5 Paragraph 601(2A)(b)

Repeal the paragraph, substitute:

- (b) it has been established that there is medical evidence that the person has an illness, disability or injury that would be aggravated by the conditions in which the work would be performed; or

6 Paragraph 601(2A)(h)

Repeal the paragraph, substitute:

- (h) the work would require enlistment in the Defence Force or the Reserve Forces; or
- (i) the work requires the person to move from a home in a place to a home in another place and subsection (2AB) applies to the person; or
- (j) for any other reason, the work is unsuitable for the person.

7 At the end of section 601

Add:

(7) In this section:

Reserve Forces means:

- (a) the Australian Nava¹ Reserve; or
- (b) the Naval Emergency Reserve Forces; or
- (c) the Australian Army Reserve; or
- (d) the Australian Airforce Reserve; or
- (e) the Airforce Emergency Reserve; or
- (f) the Army Individual Emergency Reserve.

Schedule 5 Amendments to tighten the activity test administration and simplify the penalty periods that apply to newstart allowance and youth training allowance

Student and Youth Assistance Act 1973

8 At the end of paragraph 75(8)(a)

Add “and no training will be provided by the employer”.

9 Paragraph 75(8)(b)

Repeal the paragraph, substitute:

- (b) it has been established that there is medical evidence that the person has an illness, disability or injury that would be aggravated by the conditions in which the work would be performed; or

10 Paragraph 75(8)(h)

Repeal the paragraph, substitute:

- (h) the work would require enlistment in the Defence Force or the Reserve Forces; or
- (i) for any other reason, the work is unsuitable for the person.

11 At the end of section 84

Add:

(16) In this section:

Reserve Forces means:

- (a) the Australian Naval Reserve; or
- (b) the Naval Emergency Reserve Forces; or
- (c) the Australian Army Reserve; or
- (d) the Australian Airforce Reserve; or
- (e) the Airforce Emergency Reserve; or
- (f) the Army Individual Emergency Reserve.

Employment Services Act 1994

12 Subsection 42(1)

Omit “For”, substitute “Subject to subsection (2A), for”.

13 At the end of paragraph 42(1)(a)

Add “and no training will be provided by the employer”.

14 Paragraph 42(1)(b)

Repeal the paragraph, substitute:

- (b) it has been established that there is medical evidence that the person has an illness, disability or injury that would be aggravated by the conditions in which the work would be performed; or

15 Paragraph 42(1)(h)

Repeal the paragraph, substitute:

- (h) the work would require enlistment in the Defence Force or the Reserve Forces; or
- (i) the work requires the person to move from a home in a place to a home in another place and subsection (2B) applies to the person; or
- (j) for any other reason, the work is unsuitable for the person.

16 At the end of section 42

Add:

- (5) In this section:

Reserve Forces has the same meaning as in subsection 601(7) of the *Social Security Act 1991*.

Part 3—Amendments relating to activity test deferment periods and administrative breach rate reduction periods

Social Security Act 1991

17 Section 3

Omit:

administrative breach deferment period subsection 23(1)

18 Section 3

Omit:

deferment period subsection 23(1)

19 Section 3

Omit:

discretionary deferment period subsection 23(1)

20 Section 3

Omit:

JSA automatic deferment period subsection 23(1)

21 Section 3

Omit:

JSA discretionary deferment provision subsection 23(1)

22 Section 3

Omit:

NS allowance automatic deferment provision subsection 23(1)

23 Section 3

Omit:

NS allowance discretionary deferment provision subsection 23(1)

24 Subsection 23(1) (definition of *activity test deferment period*)

Repeal the definition, substitute:

activity test deferment period means one or more of the following periods:

- (a) a period worked out under section 630A as in force before, on or after the commencement of this definition;
- (b) a period worked out under section 109 of the *Student and Youth Assistance Act 1973* as in force before, on or after the commencement of this definition;
- (c) a period worked out under section 546A of this Act as in force before the commencement of this definition.

25 Subsection 23(1) (definition of *administrative breach deferment period*)

Repeal the definition.

26 Subsection 23(1) (definition of *deferment period*)

Repeal the definition.

27 Subsection 23(1) (definition of *discretionary deferment period*)

Repeal the definition.

28 Subsection 23(1) (definition of *JSA automatic deferment provision*)

Repeal the definition.

29 Subsection 23(1) (definition of *JSA discretionary deferment provision*)

Repeal the definition.

30 Subsection 23(1) (definition of *NS allowance automatic deferment provision*)

Repeal the definition.

31 Subsection 23(1) (definition of *NS allowance discretionary deferment provision*)

Repeal the definition.

32 Subsection 23(1) (definition of *partner allowance automatic deferment provision*)

Repeal the definition.

33 Subsection 23(1) (definition of *youth training allowance automatic deferment provision*)

Repeal the definition.

34 Subsection 23(1)

Insert:

administrative breach rate reduction period means either or both of the following periods:

- (a) a period that applies under section 644B;
- (b) a period that applies under section 136A of the *Student and Youth Assistance Act 1973*.

35 After paragraph 608(1)(i)

Insert:

- (ia) the person fails to comply with a notification requirement under section 656, 657, 658 or 1304 (see section 631); or

36 Subparagraphs 608(1)(j)(iv) and (viii)

Repeal the subparagraphs.

37 Subsection 615(1)

After “(2A)”, insert “, (2B)”.

38 After subsection 615(2A)

Insert:

Provisional commencement day where newstart allowance ceases to be payable because of an administrative breach

(2B) If:

- (a) a person receives a newstart allowance; and

- (b) newstart allowance ceases to be payable to the person because of section 630C or 631; and
 - (c) payment of the newstart allowance is cancelled or automatically terminated; and
 - (d) the person lodges a claim for a newstart allowance within 14 days of the date of effect of the cancellation or automatic termination referred to in paragraph (c);
- the person's provisional commencement day is the day after the date of effect of the cancellation or automatic termination.

39 Subsection 615(3)

Omit "If", substitute "Subject to subsection (3A), if".

40 After subsection 615(3)

Insert:

(3A) If:

- (a) a person is receiving a newstart allowance; and
- (b) newstart allowance ceases to be payable to the person because of section 630C or 631; and
- (c) payment of the newstart allowance to the person is cancelled or automatically terminated; and
- (d) the person registers with the CES within 14 days after the day on which the newstart allowances ceases to be payable; and
- (e) the person claims a newstart allowance within 14 days after registering with the CES;

then, the person's provisional commencement day is 15 days after the date of effect of the cancellation or automatic termination.

41 Paragraph 628(b)

Repeal the paragraph, substitute:

- (b) the Secretary is not satisfied that the person's voluntary act was reasonable;

42 Section 630

Repeal the section, substitute:

630 Refusal of job offer

If the Secretary is satisfied that the person has refused or failed, without reasonable excuse, to accept a suitable offer of employment, newstart allowance is not payable to the person for the activity test deferment period.

43 Subsection 630A(1)

Omit "subsections (2) and (3), if an automatic deferment provision of this Subdivision applies to a person", substitute "subsection (2), if an activity test deferment period applies to a person under this Part".

44 Subsection 630A(1)

Repeal the note.

45 Subsection 630A(2)

Repeal the subsection, substitute:

(2) If:

(a) an activity test deferment period applies to a person under this Part at a particular time; and

(b) one or more activity test deferment periods had applied to the person within the period of 3 years before that time;

the deferment period is 6 weeks plus:

(c) in respect of a period (if any) referred to in paragraph (b) of this subsection that was fixed under subsection (1), the number of weeks fixed under that subsection; and

(d) in respect of each of a period (if any) referred to in that paragraph, a further 6 weeks.

46 Subsection 630A(3)

Repeal the subsection.

47 Subsection 630A(4)

Repeal the subsection.

48 Subsection 630A(5)

Repeal the subsection.

49 Subsection 630A(12)

Omit “an automatic deferment provision or a discretionary deferment provision”, substitute “an activity test deferment period”.

50 Subsection 630B(1)

Omit “an automatic deferment provision of this Subdivision applies to a person”, substitute “an activity test deferment period applies to a person under this Part”.

51 Subsection 630B(3)

Omit “automatic deferment provision”, substitute “activity test deferment period”.

52 Subsection 630B(3)

Omit “subject to a deferment period”, substitute “subject to an activity test deferment period”.

53 Subsection 630B(4)

Omit “automatic deferment provision”, substitute “activity test deferment period”.

54 Paragraph 630B(6)(b)

Omit “a deferment period”, substitute “an activity test deferment period”.

55 Subsection 630B(6) (note)

Omit “, *automatic deferment provision* and *deferment period*”.

56 Subsection 630BA(1)

Repeal the subsection, substitute:

- ‘1) Subject to subsection (2) and section 630BB, if:
 - (a) at a time when the person was not qualified for a newstart allowance, an event occurred that would have resulted in an activity test deferment period applying to the person under this Part had the person made a claim for a newstart allowance; and
 - (b) before the end of that period (assuming that the period had commenced on the day on which the event occurred), the person made a claim for a newstart allowance;

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the activity test deferment period is taken to have commenced on the day after the day on which the event occurred.

57 Subsection 630BA(3)

Repeal the subsection and the note, substitute:

- (3) Subject to section 630BB, if:
- (a) at a time when the person was not qualified for a newstart allowance, an event occurred that would have resulted in an activity test deferment period applying to the person under this Part had the person made a claim for a newstart allowance; and
 - (b) the person made a claim for a newstart allowance after the end of that period (assuming that the period had commenced on the day on which the event occurred);
- then:
- (c) the activity test deferment period is taken to have commenced and to have ended before the claim was made; and
 - (d) the Secretary is not obliged to give the person a written notice under subsection 630B(1) in respect of the activity test deferment period.

58 Subsection 630BB(1)

Omit "Subdivision", substitute "Part".

59 Subsection 630BB(1)

Omit "deferment period" (last occurring), substitute "activity test deferment period".

60 Paragraphs 630BB(2)(a) and (b)

Omit "deferment period", substitute "activity test deferment period".

61 Section 630BC

Repeal the section, substitute:

630BC Effect of sections 630B, 630BA, 630BB

For the avoidance of doubt, sections 630B, 630BA and 630BB do not prevent a newstart allowance ceasing to be payable in circumstances that do not involve the application of an activity test deferment period under this Part.

62 Subsection 630C(1)

Omit “a newstart allowance is not payable to the person”, substitute “subsection (1A) applies to the person”.

63 After subsection 630C(1)

Insert:

- (1A) If this subsection applies to a person:
- (a) a newstart allowance is not payable to the person; and
 - (b) if, at a later time, a newstart allowance becomes payable to the person—an administrative breach rate reduction period applies to the person.

64 Subsection 630C(3)

Repeal the subsection, substitute:

- (3) The Secretary may determine that:
- (a) a newstart allowance is payable to a person that was not payable under paragraph (1A)(a); and
 - (b) an administrative breach rate reduction period does not apply to a person under paragraph (1A)(b);
- if the Secretary is satisfied that the person had a reasonable excuse for not complying with the requirement under subsection (1).

65 Subsections 630C(4) and (4A)

Repeal the subsections.

66 Section 631

Repeal the section, substitute:

631 Administrative breach rate reduction period to apply to persons who fail to comply with notification requirements

If a person refuses or fails, without reasonable excuse, to comply with a requirement made of the person under section 656, 657, 658 or 1304:

- (a) a newstart allowance is not payable to the person; and
- (b) if, at a later time, a newstart allowance becomes payable to the person—an administrative breach rate reduction period applies to the person.

Note: For *administrative breach rate reduction period* see section 644B.

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67 Sections 631A, 631B, 631C and 631D

Repeal the sections.

68 At the end of section 641

Add:

- (2) The Secretary is to determine that the claim is to be granted if the Secretary is satisfied that:
- (a) the person is qualified, or is expected to be qualified, for a newstart allowance; and
 - (b) the allowance would be payable apart from:
 - (i) the application of a waiting period; or
 - (ii) the application of an activity test deferment period; or
 - (iii) the application of an administrative breach rate reduction period where the administrative breach rate reduction reduces the rate of newstart allowance payable to the person to nil.

69 Before section 643

Insert:

Subdivision A—Rate of newstart allowance

70 After section 644A

Insert in Division 4:

Subdivision B—Administrative breach reductions in the rate of newstart allowance

644B Administrative breach rate reduction periods

If an administrative breach rate reduction period applies to a person under this Part, the period applicable to the person is 13 weeks.

644C Commencement of administrative breach rate reduction periods

- (1) If an administrative breach rate reduction period applies to a person under this Part, the Secretary must give to the person a written notice informing the person of the commencement of the administrative breach rate reduction period applicable to the person.

- (2) Subject to subsections (3), (4) and (6) and sections 644D and 644E, the administrative breach rate reduction period commences on the day on which the notice is given to the person.
- (3) Subject to sections 644D and 644E, if, at the time of the application of the administrative breach rate reduction period, the person is already subject to an administrative breach rate reduction period (the *pre-existing reduction period*) that has not yet ended, the administrative breach rate reduction period referred to in subsection (1) commences on the day after the day on which the pre-existing reduction period ends.
- (4) If, at the time of the application of the administrative breach rate reduction period, the person is already subject to more than one pre-existing reduction period that has not ended, the reference in subsection (3) to the day on which the pre-existing reduction period ends is a reference to the day on which the last occurring of those pre-existing reduction periods ends.
- (5) Subsections (3) and (4) apply in respect of a pre-existing reduction period whether or not it has commenced, and whether or not it is the subject of a notice under this section.
- (6) Subject to sections 644D and 644E, if:
 - (a) on or before the day on which the period referred to in subsection (1) would (apart from this subsection) have commenced, newstart allowance ceases to be payable to the person; and
 - (b) it has not ceased to be payable because of the application of an administrative breach rate reduction period;the administrative breach rate reduction period referred to in subsection (1) commences on the day on which the newstart allowance ceases to be payable to the person.

Note: For *administrative breach rate reduction period* see section 644B.

644D Administrative breach rate reduction periods—interaction with activity test deferment periods

- (1) If, under this Part, an administrative breach rate reduction period that applies to a person would (apart from this subsection) commence at the same time as, or during, an activity test deferment period that applies to the person, the reduction period is taken to commence immediately after the end of the deferment period.

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- (2) If an activity test deferment period that applies to a person commences during an administrative breach rate reduction period that applies to the person:
 - (a) the reduction period is taken to be suspended for the duration of the deferment period; and
 - (b) the remainder of the reduction period continues immediately after the end of the deferment period.
- (3) If an activity test deferment period applies to the person and another activity test deferment period commences immediately after the end of that deferment period, a reference in subsection (1) or (2) to the end of that deferment period is taken to be a reference to the end of the other deferment period.

Note: For *activity test deferment period* see subsection 23(1).

644E Waiting periods

- (1) If, under this Part, an administrative breach rate reduction period that applies to a person would (apart from this subsection) commence at the same time as, or during, a waiting period that applies to the person, the reduction period is taken to commence immediately after the end of the waiting period.
- (2) If a waiting period that applies to a person commences during an administrative breach rate reduction period that applies to the person:
 - (a) the reduction period is taken to be suspended for the duration of the waiting period; and
 - (b) the remainder of the reduction period continues immediately after the end of the waiting period.
- (3) If a waiting period applies to the person and:
 - (a) another waiting period commences during that waiting period and continues after the end of that waiting period; or
 - (b) another waiting period commences immediately after the end of that waiting period;a reference in subsection (1) or (2) to the end of that waiting period is taken to be a reference to the end of the other waiting period.
- (4) A reference in this section to a waiting period includes a reference to a liquid assets test waiting period under section 598.

Note: For *waiting period* see subsection 23(1).

644F Effect of sections 644D and 644E

For the avoidance of doubt, sections 644D and 644E do not prevent a newstart allowance ceasing to be payable in circumstances that do not involve the application of an administrative breach rate reduction period.

644G Administrative breach rate reduction period not to apply in certain circumstances

Despite any other provision of this Part, an administrative breach rate reduction period does not apply if:

- (a) a person receives a newstart allowance; and
- (b) newstart allowance ceases to be payable to the person because of section 630C or 631; and
- (c) payment of the newstart allowance is cancelled or automatically terminated; and
- (d) the person lodges a claim for a newstart allowance more than 14 days after the date of effect of the cancellation or automatic termination referred to in paragraph (c).

644H Rate of newstart allowance where administrative breach rate reduction applies

(i) If:

- (a) an administrative breach rate reduction period applies to a person under this Part; and
- (b) the person qualifies for a newstart allowance; and
- (c) a newstart allowance is payable to the person;

the person's rate of newstart allowance for the administrative breach rate reduction period is worked out as follows:

Newstart allowance rate calculator for administrative breach rate reduction period

This is how to work out a person's rate of newstart allowance for an administrative breach rate reduction period that applies to the person.

Method statement

Step 1. Work out the person's maximum basic rate of newstart allowance specified in:

- (a) Table B of Module B of Part 3.5 (Benefit Rate Calculator A); or

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(b) Table B of Module B of Part 3.6 (Benefit Rate Calculator B);

the result is called the *maximum payment rate*.

Step 2. Work out the *rate reduction amount* in accordance with subsection (2).

Step 3. Take the rate reduction amount away from the rate of benefit worked out in accordance with Benefit Rate Calculator A in section 1067 or Benefit Rate Calculator B in section 1068, as the case requires:

the result is called the *administrative breach reduced rate*.

Note: An administrative breach reduced rate may be a nil rate.

(2) A person's rate reduction amount is worked out as follows:

$$\begin{array}{r} \text{Maximum payment} \\ \text{rate} \end{array} \times 0.16$$

71 Paragraph 660(2)(a)

Omit "660F, 660E or 660FAA", substitute "660F or 660E".

72 Section 660FAA

Repeal the section.

73 After subsection 771HA(3)

Insert:

Person subject to an administrative breach rate reduction period

(4) If an administrative breach rate reduction period applies to a person under Part 2.12 or under Part 8 of the *Student and Youth Assistance Act 1973*, the person is not qualified for partner allowance throughout the period.

74 Section 771HO

Repeal the section.

75 Subparagraph 1241(1)(b)(ii)

Omit "deferment period", substitute "activity test deferment period".

76 Subparagraph 1251(1)(b)(ii)

Omit “deferment period”, substitute “activity test deferment period”.

Student and Youth Assistance Act 1973

77 Subsection 58(1) (definition of *activity test deferment period*)

Repeal the definition, substitute:

activity test deferment period has the same meaning as in the Social Security Act.

78 Subsection 58(1) (definition of *administrative breach deferment period*)

Repeal the definition.

79 Subsection 58(1) (definition of *automatic deferment period*)

Repeal the definition.

80 Subsection 58(1) (definition of *deferment period*)

Repeal the definition.

81 Subsection 58(1) (definition of *youth training allowance automatic deferment provision*)

Repeal the definition.

82 Subsection 58(1)

Insert:

administrative breach rate reduction period has the same meaning as in the Social Security Act.

83 After paragraph 85(1)(j)

Insert:

(ja) the person fails to comply with a notification requirement under section 148, 149, 150 or 343 (see section 115); or

84 Paragraph 85(1)(l)

Repeal the paragraph.

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85 Subparagraph 85(1)(m)(iv)

Repeal the subparagraph.

86 After subsection 91(2)

Insert:

Provisional commencement day where youth training allowance ceases to be payable because of an administrative breach

(2B) If:

- (a) a person receives a youth training allowance; and
- (b) youth training allowance ceases to be payable to the person because of section 114 or 115; and
- (c) payment of the youth training allowance is cancelled or automatically terminated; and
- (d) the person lodges a claim for a youth training allowance within 14 days after the date of effect of the cancellation or automatic termination referred to in paragraph (c);

the person's provisional commencement day is the day after the date of effect of the cancellation or automatic termination.

87 Subsection 91(3)

Omit "If", substitute "Subject to subsection (3A), if".

88 After subsection 91(3)

Insert:

(3A) If:

- (a) a person is receiving a youth training allowance; and
- (b) youth training allowance ceases to be payable to the person because of section 114 or 115; and
- (c) payment of the youth training allowance to the person is cancelled or automatically terminated; and
- (d) the person registers with the CES within 14 days after the day on which the youth training allowances ceases to be payable; and
- (e) the person claims a youth training allowance within 14 days after registering with the CES;

then, the person's provisional commencement day is 15 days after the date of effect of the cancellation or automatic termination.

89 Paragraph 106(b)

Repeal the paragraph, substitute:

- (b) the Secretary is not satisfied that the person's voluntary act was reasonable;

90 Section 108

Repeal the section, substitute:

108 Refusal of job offer

If the Secretary is satisfied that a person has refused or failed, without reasonable excuse, to accept a suitable offer of employment, youth training allowance is not payable to the person for the activity test deferment period.

Note: See section 136A for the length of activity test deferment periods and section 136B for the commencement of activity test deferment periods.

91 Subsection 109(1)

Omit "subsections (2) and (3), if a youth training allowance automatic deferment provision of this Subdivision applies to a person", substitute "subsection (2), if an activity test deferment period applies to a person under this Part".

92 Subsection 109(1)

Repeal the note.

93 Subsection 109(2)

Repeal the subsection, substitute:

(2) If:

- (a) an activity test deferment period applies to a person under this Part at a particular time; and
- (b) one or more activity test deferment periods had applied to the person within the period of 3 years before that time;

the deferment period is 6 weeks plus:

- (c) in respect of a period (if any) referred to in paragraph (b) of this subsection that was fixed under subsection (1), the number of weeks fixed under that subsection; and
- (d) in respect of each of a period (if any) referred to in that paragraph, a further 6 weeks.

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94 Subsection 109(3)

Repeal the subsection.

95 Subsection 109(4)

Repeal the subsection.

96 Subsection 109(5)

Repeal the subsection.

97 Subsection 109(8)

Omit “an automatic deferment provision or a discretionary deferment provision”, substitute “an activity test deferment period”.

98 Subsection 110(1)

Omit “a youth training automatic deferment provision of this Subdivision applies to a person”, substitute “an activity test deferment period applies to a person under this Part”.

99 Subsection 110(3)

Omit “automatic deferment period”, substitute “activity test deferment period”.

100 Subsection 110(3)

Omit “subject to a deferment period”, substitute “subject to an activity test deferment period”.

101 Subsection 110(4)

Omit “automatic deferment provision”, substitute “activity test deferment period”.

102 Paragraph 110(6)(b)

Omit “a deferment period”, substitute “an activity test deferment period”.

103 Subsection 110(6) (note)

Omit “, *automatic deferment provision and deferment period*”.

104 Subsection 111(1)

Repeal the subsection, substitute:

- (1) Subject to subsection (2) and section 112, if:
- (a) at a time when the person was not qualified for a youth training allowance, an event occurred that would have resulted in an activity test deferment period applying to the person under this Part had the person made a claim for a youth training allowance; and
 - (b) before the end of that period (assuming that the period had commenced on the day on which the event occurred), the person made a claim for a youth training allowance;
- the activity test deferment period is taken to have commenced on the day after the day on which the event occurred.

105 Subsection 111(3)

Repeal the subsection and the note, substitute:

- (3) Subject to section 112, if:
- (a) at a time when the person was not qualified for a youth training allowance, an event occurred that would have resulted in an activity test deferment period applying to the person under this Part had the person made a claim for a youth training allowance; and
 - (b) the person made a claim for a youth training allowance after the end of that period (assuming that the period had commenced on the day on which the event occurred);
- then:
- (c) the activity test deferment period is taken to have commenced and to have ended before the claim was made; and
 - (d) the Secretary is not obliged to give the person a written notice under subsection 110(1) in respect of the activity test deferment period.

106 Subsection 112(1)

Omit “deferment period” (last occurring), substitute “activity test deferment period”.

107 Paragraphs 112(2)(a) and (b)

Omit “deferment period”, substitute “activity test deferment period”.

108 Section 113

Repeal the section, substitute:

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113 Effect of sections 110, 111 and 112

For the avoidance of doubt, sections 110, 111 and 112 do not prevent a youth training allowance ceasing to be payable in circumstances that do not involve the application of an activity test deferment period under this Part.

109 Subsection 114(1)

Omit “a youth training allowance is not payable to the person”, substitute “subsection (1A) applies to the person”.

110 After subsection 114(1)

Insert:

(1A) If this subsection applies to a person:

- (a) a youth training allowance is not payable to the person; and
- (b) if, at a later time, a youth training allowance becomes payable to the person—an administrative breach rate reduction period applies to the person.

111 Subsection 114(2)

Repeal the subsection, substitute:

Reasonable excuse for not complying

(2) The Secretary may determine that:

- (a) a youth training allowance is payable to a person that was not payable under paragraph (1A)(a); and
 - (b) an administrative breach rate reduction period does not apply to a person under paragraph (1A)(b);
- if the Secretary is satisfied that the person had a reasonable excuse for not complying with the requirement under subsection (1).

112 Subsections 114(3) and (4)

Repeal the subsections.

113 Section 115

Repeal the section, substitute:

115 Administrative breach rate reduction period to apply to persons who fail to comply with notification requirements

If a person refuses or fails, without reasonable excuse, to comply with a requirement made of the person under section 148, 149, 150

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or 343, an administrative breach rate reduction period applies to the person.

Note: For *administrative breach rate reduction period* see section 136A.

114 Sections 116, 117, 118 and 119

Repeal the sections.

115 At the end of section 133

Add:

- (2) The Secretary is to determine that the claim is to be granted if the Secretary is satisfied that:
- (a) the person is qualified or is expected to be qualified, for a youth training allowance; and
 - (b) the allowance would be payable, apart from the application of:
 - (i) a waiting period; or
 - (ii) the application of an activity test deferment period; or
 - (iii) the application of an administrative breach rate reduction period where the administrative breach rate reduction reduces the rate of youth training allowance payable to the person to nil.

116 Before section 135

Insert:

Subdivision A—Rate of youth training allowance

117 After section 136

Insert in Division 4:

Subdivision B—Administrative breach reductions in the rate of youth training allowance

136A Administrative breach rate reduction periods

If an administrative breach rate reduction period applies to a person under this Part, the period applicable to the person is 13 weeks.

136B Commencement of administrative breach rate reduction periods

- (1) If an administrative breach rate reduction period applies to a person under this Part, the Secretary must give to the person a written notice informing the person of the commencement of the administrative breach rate reduction period applicable to the person.
- (2) Subject to subsections (3), (4) and (6) and sections 136C and 136D, the administrative breach rate reduction period commences on the day on which the notice is given to the person.
- (3) Subject to sections 136C and 136D, if, at the time of the application of the administrative breach rate reduction period, the person is already subject to an administrative breach rate reduction period (the *pre-existing reduction period*) that has not yet ended, the administrative breach rate reduction period referred to in subsection (1) commences on the day after the day on which the pre-existing reduction period ends.
- (4) If, at the time of the application of the administrative breach rate reduction period, the person is already subject to more than one pre-existing reduction period that has not ended, the reference in subsection (3) to the day on which the pre-existing reduction period ends is a reference to the day on which the last occurring of those pre-existing reduction periods ends.
- (5) Subsections (3) and (4) apply in respect of a pre-existing reduction period whether or not it has commenced, and whether or not it is the subject of a notice under this section.
- (6) Subject to sections 136C and 136D, if:
 - (a) on or before the day on which the period referred to in subsection (1) would (apart from this subsection) have commenced, youth training allowance ceases to be payable to the person; and
 - (b) it has not ceased to be payable because of the application of an administrative breach rate reduction period;the administrative breach rate reduction period referred to in subsection (1) commences on the day on which the youth training allowance ceases to be payable to the person.

Note: For *administrative breach rate reduction period* see subsection 136B.

136C Administrative breach rate reduction periods—interaction with activity test deferment periods

- (1) If, under this Part, an administrative breach rate reduction period that applies to a person would (apart from this subsection) commence at the same time as, or during, an activity test deferment period that applies to the person, the reduction period is taken to commence immediately after the end of the deferment period.
- (2) If an activity test deferment period that applies to a person commences during an administrative breach rate reduction period that applies to the person:
 - (a) the reduction period is taken to be suspended for the duration of the deferment period; and
 - (b) the remainder of the reduction period continues immediately after the end of the deferment period.
- (3) If an activity test deferment period applies to the person and another activity test deferment period commences immediately after the end of that deferment period, a reference in subsection (1) or (2) to the end of that deferment period is taken to be a reference to the end of the other deferment period.

Note: For *activity test deferment period* see subsection 58(1).

136D Waiting periods

- (1) If, under this Part, an administrative breach rate reduction period that applies to a person would (apart from this subsection) commence at the same time as, or during, a waiting period that applies to the person, the reduction period is taken to commence immediately after the end of the waiting period.
- (2) If a waiting period that applies to a person commences during an administrative breach rate reduction period that applies to the person:
 - (a) the reduction period is taken to be suspended for the duration of the waiting period; and
 - (b) the remainder of the reduction period continues immediately after the end of the waiting period.
- (3) If a waiting period applies to the person and:
 - (a) another waiting period commences during that waiting period and continues after the end of that waiting period; or

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(b) another waiting period commences immediately after the end of that waiting period;

a reference in subsection (1) or (2) to the end of that waiting period is taken to be a reference to the end of the other waiting period.

(4) A reference in this section to a waiting period includes a reference to a liquid assets test waiting period under section 72.

Note: For *waiting period* see subsection 58(1).

136E Effect of sections 136C and 136D

For the avoidance of doubt, sections 136C and 136D do not prevent a youth training allowance ceasing to be payable in circumstances that do not involve the application of an administrative breach rate reduction period.

136F Administrative breach rate reduction period not to apply in certain circumstances

Despite any other provision of this Part, an administrative breach rate reduction period does not apply if:

- (a) a person receives a youth training allowance; and
- (b) youth training allowance ceases to be payable to the person because of section 114 or 115; and
- (c) payment of the youth training allowance is cancelled or automatically terminated; and
- (d) the person lodges a claim for a youth training allowance more than 14 days after the date of effect of the cancellation or automatic termination referred to in paragraph (c).

136G Rate of youth training allowance where administrative breach rate reduction applies

(1) If:

- (a) an administrative breach rate reduction period applies to a person under this Part; and
 - (b) the person qualifies for a youth training allowance; and
 - (c) a youth training allowance is payable to the person;
- the person's rate of youth training allowance for the administrative breach rate reduction period is worked out as follows:

Youth training allowance rate calculator for administrative breach rate reduction period

This is how to work out a person's rate of youth training allowance for an administrative breach rate reduction period that applies to the person.

Method statement

Step 1. Work out the person's maximum basic rate of youth training allowance specified in Table B of Module B of Schedule 1;
the result is called the *maximum payment rate*.

Step 2. Work out the *rate reduction amount* in accordance with subsection (2).

Step 3. Take the rate reduction amount away from the rate of youth training allowance worked out in accordance with Schedule 1;
the result is called the *administrative breach reduced rate*.

Note: An administrative breach reduced rate may be a nil rate.

(2) A person's rate reduction amount is worked out as follows:

$$\frac{\text{Maximum payment rate}}{\text{rate}} \times 0.16$$

118 Paragraph 151(2)(a)

Omit "156, 157 or 158", substitute "156 or 157".

119 Section 158

Repeal the section.

Employment Services Act 1994

120 Section 28 (note)

Repeal the note, substitute:

Note: This means that newstart allowance or youth training allowance would cease to be payable to the person and an administrative breach rate reduction period would apply to the person unless the person had a reasonable excuse for not complying with the request.

Schedule 5 Amendments to tighten the activity test administration and simplify the penalty periods that apply to newstart allowance and youth training allowance

121 Section 31 (note)

Repeal the note, substitute:

Note: This means that newstart allowance or youth training allowance would cease to be payable to the person and an administrative breach rate reduction period would apply to the person unless the person had a reasonable excuse for not complying with the request.

122 Section 46(5)

Repeal the note, substitute:

Note: This means that newstart allowance or youth training allowance would cease to be payable to the and an administrative breach rate reduction period would apply to the person unless the person had a reasonable excuse for not complying with the request.

Part 4—Amendments to make certain conduct subject to an activity test deferment period

Social Security Act 1991

123 After section 601

Insert:

601A Certain actions deemed to be failure to satisfy activity test

- (1) If a person, who is subject to the activity test in respect of a period, refuses or fails, without reasonable excuse, to attend a job interview, the person is taken to fail the activity test.

Note: For the consequences of failing the activity test see section 624.

- (2) If a person, who is subject to the activity test in respect of a period, voluntarily ceases, without reasonable excuse, to take part in, or is dismissed for misconduct from, a labour market program, the person is taken to fail the activity test.

Note: For the consequences of failing the activity test see section 624.

124 After subparagraph 608(1)(j)(iii)

Insert:

- (iv) the person has refused or failed to provide information in relation to the person's income from remunerative work (see paragraph 630AA(a)); or
- (iva) the person has knowingly or recklessly provided false or misleading information in relation to the person's income from remunerative work; or

125 After section 630

Insert:

630AA Failure to provide information etc.

If a person:

- (a) refuses or fails, without reasonable excuse, to provide information in relation to the person's income from remunerative work; or

Schedule 5 Amendments to tighten the activity test administration and simplify the penalty periods that apply to newstart allowance and youth training allowance

(b) knowingly or recklessly provides false or misleading information in relation to the person's income from remunerative work;

when required to do so under a provision of this Act, a newstart allowance is not payable to the person for the activity test deferment period.

126 After section 630BC

Insert in Subdivision F of Division 1 of Part 2.12:

630BD Where one event may give rise to both an activity test deferment period and an administrative breach rate reduction period

If, but for this section, an event would result in an activity test deferment period and an administrative breach rate reduction period applying to a person under the provisions of this Act, only the provision imposing the activity test deferment period is to apply to the person.

127 After subparagraph 729(2)(d)(v)

Insert:

(va) section 630AA (failing to provide information);

128 After subparagraph 729(2)(db)(v)

Insert:

(va) section 108A of that Act (failing to provide information);

Student and Youth Assistance Act 1973

129 After section 75

Insert:

75A Certain actions deemed to be failure to satisfy activity test

(1) If a person, who is subject to the activity test in respect of a period, refuses or fails, without reasonable excuse, to attend a job interview, the person is taken to fail the activity test.

Note: For the consequences of failing the activity test see section 103.

- (2) If a person, who is subject to the activity test in respect of a period, voluntarily ceases, without reasonable excuse, to take part in, or is dismissed for misconduct from, a labour market program, the person is taken to fail the activity test.

Note: For the consequences of failing the activity test see section 103.

130 After subparagraph 85(1)(m)(iii)

Insert:

- (iia) the person has refused or failed to provide information in relation to the person's income from remunerative work (see paragraph 108A(a)); or
- (iib) the person has knowingly or recklessly provided false or misleading information in relation to the person's income from remunerative work; or

131 After section 108

Insert:

108A Failure to provide information etc.

If a person:

- (a) refuses or fails, without reasonable excuse, to provide information in relation to the person's income from remunerative work; or
- (b) knowingly or recklessly provides false or misleading information in relation to the person's income from remunerative work;

when required to do so under a provision of this Act, a youth training allowance is not payable to the person for the activity test deferment period.

132 After section 113

Insert in Subdivision F of Division 2 of Part 8:

113A Where one event would give rise to both an activity test deferment period and an administrative breach rate reduction period

If, but for this section, an event would result in an activity test deferment period and an administrative breach rate reduction period applying to a person under the provisions of this Act, only the provision imposing the activity test deferment is to apply to the person.

Schedule 5 Amendments to tighten the activity test administration and simplify the penalty periods that apply to newstart allowance and youth training allowance

Part 5—Amendments to extend the non-payment period for moving to an area of lower employment prospects from 12 to 26 weeks

Social Security Act 1991

133 Subdivision H of Division 1 of Part 2.12 (heading)

Repeal the heading, substitute:

Subdivision H—Other situations where allowance not payable

134 Subsection 634(1)

Omit “12 weeks”, substitute “26 weeks”.

Student and Youth Assistance Act 1973

135 Subsection 122(1)

Omit “12 weeks”, substitute “26 weeks”.

Schedule 6—Amendments relating to unemployment due to industrial action

Social Security Act 1991

1 At the beginning of subsection 596(3)

Insert "Subject to subsection (4),".

2 At the end of section 596

Add:

- (4) Where the relevant industrial action or series of industrial actions is in breach of an order, direction or injunction issued by a State industrial authority, the Australian Industrial Relations Commission or the Federal Court, a person is not qualified for a newstart allowance in respect of a period unless that period occurs 6 weeks or more after the relevant industrial action or series of industrial actions has stopped.

Note: For *State industrial authority* see section 4 of the Workplace Relations Act.

3 At the beginning of subsection 660XBE(3)

Insert "Subject to subsection (4),".

4 At the end of section 660XBE

Add:

- (4) Where the relevant industrial action or series of industrial actions is in breach of an order, direction or injunction issued by a State industrial authority, the Australian Industrial Relations Commission or the Federal Court, a person is not qualified for a mature age allowance in respect of a period unless that period occurs 6 weeks or more after the relevant industrial action or series of industrial actions has stopped.

Note: For *State industrial authority* see section 4 of the Workplace Relations Act.

5 At the beginning of subsection 771HB(3)

Insert "Subject to subsection (4),".

6 At the end of section 771HB

Add:

- (4) Where the relevant industrial action or series of industrial actions is in breach of an order, direction or injunction issued by a State industrial authority, the Australian Industrial Relations Commission or the Federal Court, a person is not qualified for a partner allowance in respect of a period unless that period occurs 6 weeks or more after the relevant industrial action or series of industrial actions has stopped.

Note: For *State industrial authority* see section 4 of the Workplace Relations Act.

Student and Youth Assistance Act 1973

7 At the beginning of subsection 69(3)

Insert "Subject to subsection (4),".

8 At the end of section 69

Add:

- (4) Where the relevant industrial action or series of industrial actions is in breach of an order, direction or injunction issued by a State industrial authority, the Australian Industrial Relations Commission or the Federal Court, a person is not qualified for a youth training allowance in respect of a period unless that period occurs 6 weeks or more after the relevant industrial action or series of industrial actions has stopped.

Note: For *State industrial authority* see section 4 of the Workplace Relations Act.

Schedule 7—Amendments relating to waiting periods

Part 1—Replacement of the unused annual leave waiting period with an income maintenance period

Social Security Act 1991

- 1 Subsection 23(1) (definition of *unused annual leave*)**
Repeal the definition.
- 2 Subsection 23(1) (definition of *unused annual leave waiting period*)**
Repeal the definition.
- 3 Subsection 23(1) (paragraph (a) of the definition of *waiting period*)**
Repeal the paragraph.
- 4 Subsection 23(1) (paragraph (fb) of the definition of *waiting period*)**
Repeal the paragraph.
- 5 Subsection 23(1) (paragraph (h) of the definition of *waiting period*)**
Repeal the paragraph.
- 6 Subsection 23(1) (paragraph (m) of the definition of *waiting period*)**
Repeal the paragraph.
- 7 Subsection 23(1)**
Insert:

income maintenance period has the meaning given in points 1067-H5G, 1067E-G6G, 1068-G7AG or 1068A-D8B.

8 Subsection 23(10)

Omit “an unused annual leave waiting period or”.

9 Subsection 23(10) (note 1)

Repeal the note.

10 Paragraph 608(1)(f)

Repeal the paragraph.

11 Subsection 616(2) (note 2, paragraph (a))

Repeal the paragraph.

12 Subsection 616(2) (note 3)

Repeal the note.

13 Subsection 616A(2) (note 1, paragraph (a))

Repeal the paragraph.

14 Subsection 616A(3) (note 1)

Repeal the note.

15 Subsection 616A(5) (note 1)

Repeal the note.

16 Sections 617, 618 and 619

Repeal the sections.

17 Paragraph 621(1)(b)

Repeal the paragraph.

18 Subsection 621(2)

Repeal the subsection.

19 Paragraph 621(5)(b)

Repeal the paragraph, substitute:

- (b) because of sections 96 and 97 of the *Student and Youth Assistance Act 1973* (ordinary waiting period), youth training allowance is not payable to the person for a period starting on

the day (the *applicable day*) applicable to the person under subparagraph (i) or (ii), as the case may be:

- (i) if the person is not disqualified for youth training allowance under section 72 of that Act (liquid assets test)—the person's youth training allowance provisional commencement day; or
- (ii) if the person is disqualified for youth training allowance under section 72 of that Act (liquid assets test)—the day after the day on which the person's youth training allowance liquid assets waiting period ends; and

20 Subsection 621(6)

Repeal the subsection.

21 Paragraph 621(7)(b)

Repeal the paragraph, substitute:

- (b) because of sections 693 and 694 (ordinary waiting period), sickness allowance is not payable to the person for a period starting on the day (the *applicable day*) applicable to the person under subparagraph (i) or (ii), as the case may be:
 - (i) if the person is not disqualified for sickness allowance under section 676 (liquid assets test)—the person's sickness allowance provisional commencement day; or
 - (ii) if the person is disqualified for sickness allowance under section 676 (liquid assets test)—the day after the day on which the person's sickness allowance liquid assets waiting period ends; and

22 Subparagraph 641(2)(b)(iii)

Repeal the subparagraph, substitute:

- (iii) an administrative breach rate reduction period applies and the administrative breach rate reduction reduces the rate of newstart allowance payable to the person to nil; or
- (iv) an income maintenance period applies.

23 Paragraph 677(1)(g)

Repeal the paragraph.

24 Subsection 688(2) (note 1, paragraph (a))

Repeal the paragraph.

25 Subsection 688(3) (note 1)

Repeal the note.

26 Subsection 688(6)

Repeal the note.

27 Subsection 694(5)

Repeal the subsection.

28 Paragraph 694(6)(b)

Repeal the paragraph, substitute:

- (b) because of sections 620 and 621 (ordinary waiting period), newstart allowance is not payable to the person for a period starting on the day (the *applicable day*) applicable to the person under subparagraph (i) or (ii), as the case may be:
 - (i) if the person is not disqualified for newstart allowance under section 598 (liquid assets test)—the person's newstart allowance provisional commencement day; or
 - (ii) if the person is disqualified for newstart allowance under section 598 (liquid assets test)—the day after the day on which the person's newstart allowance liquid assets waiting period ends; and

29 Paragraph 694(7)(b)

Repeal the paragraph, substitute:

- (b) because of sections 96 and 97 of the *Student and Youth Assistance Act 1973* (ordinary waiting period), youth training allowance is not payable to the person for a period starting on the day (the *applicable day*) applicable to the person under subparagraph (i) or (ii), as the case may be:
 - (i) if the person is not disqualified for youth training allowance under section 72 of that Act (liquid assets test)—the person's youth training allowance provisional commencement day; or
 - (ii) if the person is disqualified for youth training allowance under section 72 of that Act (liquid assets test)—the day after the day on which the person's youth training allowance liquid assets waiting period ends; and

30 Paragraph 909(1)(j)

Repeal the paragraph.

31 Sections 923, 924 and 925

Repeal the sections.

32 Point 1067-H5

Omit "If", substitute "Subject to points 1067-H5F to 1067-H5R (inclusive), if".

33 Point 1067-H5F

Repeal the point, substitute:

Roll-over of lump sum leave payments

1067-H5F If:

- (a) a person's employment has been terminated; and
- (b) as a result the person is entitled to a lump sum leave payment from the person's former employer; and
- (c) the person rolls over the lump sum leave payment into an approved deposit fund, a superannuation fund or a deferred annuity;

the lump sum leave payment is to be disregarded in working out the ordinary income of the person for the purposes of Module H of section 1067.

Certain leave payments taken to be ordinary income

1067-H5G Subject to points 1067-H5A to 1067-H5E (inclusive), if a person receives a leave payment (whether as a lump sum payment, as a payment that is a part of a series of regular payments or otherwise), the person is taken to have received ordinary income for a period (the *income maintenance period*) equal to the period of leave to which the payment relates.

More than one leave payment on a day

1067-H5H Subject to points 1067-H5A to 1067-H5E (inclusive), if a person receives more than one leave payment on a day, the income maintenance period is worked out by adding the periods of leave to which the payments relate.

Start of income maintenance period

1067-H5J Subject to point 1067-H5K, the income maintenance period starts on the day the person is paid the leave payment.

Schedule 7 Amendments relating to waiting periods

Commencement of income maintenance period where there is a second leave payment

- 1067-H5K If a person is subject to an income maintenance period (the *first period*) and the person is paid another leave payment during that period (the *second leave payment*), the income maintenance period for the second leave payment commences the day after the end of the first period.

Leave payments in respect of periods longer than a fortnight

- 1067-H5L Subject to points 1067-H5A to 1067-H5E (inclusive), if:
- (a) a person receives a leave payment; and
 - (b) the payment is in respect of a period of leave greater than a fortnight;
- the person is taken to receive in a payment fortnight or part of a payment fortnight an amount calculated by:
- (c) dividing the amount received by the number of days in the period of leave to which the payment relates (the *daily rate*); and
 - (d) multiplying the daily rate by the number of days in the payment fortnight that are also in the period of leave.

Secretary may determine in certain circumstances that the whole or part of an income maintenance period does not apply

- 1067-H5M The Secretary may determine that the whole or any part of an income maintenance period that would, apart from this point, apply to the person, does not apply to the person if the Secretary is satisfied that:
- (a) the application of the income maintenance period to the person would cause the person severe financial hardship; and
 - (b) the circumstances that would cause the severe financial hardship were not reasonably foreseeable by the person.

When a person receives a leave payment

- 1067-H5N For the purposes of points 1067-H5B, 1067-H5D and 1067-H5F to 1067-H5M (inclusive), a person (the *first person*) is taken to receive a leave payment if the payment is made to another person:
- (a) at the direction of the first person or a court; or
 - (b) on behalf of the first person; or
 - (c) for the benefit of the first person; or
 - (d) the first person waives or assigns the first person's right to receive the payment.

Single payment in respect of different kinds of leave

1067-H5P If a person receives a single payment in respect of different kinds of leave, then, for the purposes of the application of points 1067-H5F to 1067-H5N (inclusive), each payment in respect of a different kind of leave is taken to be a separate payment and the income maintenance period in respect of the payment is worked out by adding the periods of leave to which the payments relate.

Definitions

1067-H5Q In points 1067-H5F to 1067-H5P (inclusive):

payment fortnight means a fortnight in respect of which a sickness allowance or a newstart allowance, as the case requires, is paid, or would be paid apart from the application of an income maintenance period, to a person.

roll-over, in relation to a lump sum leave payment, has the same meaning as roll-over in 27D of the *Income Tax Assessment Act 1936* in relation to an eligible termination payment.

1067-H5R In points 1067-H5A to 1067-H5Q (inclusive):

leave payment includes a payment in respect of sick leave, annual leave, maternity leave and long service leave.

34 Point 1067-H8

Omit "If", substitute "Subject to points 1067-H5F to 1067-H5R (inclusive), if".

35 Point 1067E-G6

Omit "If", substitute "Subject to points 1067E-G6F to 1067E-G6R (inclusive), if".

36 Point 1067E-G6F

Repeal the point, substitute:

Roll-over of lump sum leave payments

1067E-G6F If:

- (a) a person's employment has been terminated; and
- (b) as a result the person is entitled to a lump sum leave payment from the person's former employer; and
- (c) the person rolls over the lump sum leave payment into an approved deposit fund, a superannuation fund or a deferred annuity;

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the lump sum leave payment is to be disregarded in working out the ordinary income of the person for the purposes of Module G of section 1067E.

Certain leave payments taken to be ordinary income

1067E-G6G Subject to points 1067E-G6A to 1067-H5E (inclusive), if a person receives a leave payment (whether as a lump sum payment, as a payment that is a part of a series of regular payments or otherwise), the person is taken to have received ordinary income for a period (the *income maintenance period*) equal to the period of leave to which the payment relates.

More than one leave payment on a day

1067E-G6H Subject to points 1067E-G6A to 1067E-G6E (inclusive), if a person receives more than one leave payment on a day, the income maintenance period is worked out by adding the periods of leave to which the payments relate.

Start of income maintenance period

1067E-G6J Subject to point 1067E-G6K, the income maintenance period starts on the day the person is paid the leave payment.

Commencement of income maintenance period where there is a second leave payment

1067E-G6K If a person is subject to an income maintenance period (the *first period*) and the person is paid another leave payment during that period (the *second leave payment*), the income maintenance period for the second leave payment commences the day after the end of the first period.

Leave payments in respect of periods longer than a fortnight

1067E-G6L Subject to points 1067E-G6A to 1067E-G6E (inclusive), if:

- (a) a person receives a leave payment; and
- (b) the payment is in respect of a period of leave greater than a fortnight;

the person is taken to receive in a payment fortnight or part of a payment fortnight an amount calculated by:

- (c) dividing the amount received by the number of days in the period of leave to which the payment relates (the *daily rate*); and
- (d) multiplying the daily rate by the number of days in the payment fortnight that are also in the period of leave.

Secretary may determine in certain circumstances that the whole or part of an income maintenance period does not apply

1067E-G6M The Secretary may determine that the whole or any part of an income maintenance period that would, apart from this point, apply to the person, does not apply to the person if the Secretary is satisfied that:

- (a) the application of the income maintenance period to the person would cause the person severe financial hardship; and
- (b) the circumstances that would cause the severe financial hardship were not reasonably foreseeable by the person.

When a person receives a leave payment

1067E-G6N For the purposes of points 1067E-G6B , 1067E-G6D and 1067E-G6F to 1067E-G6M (inclusive), a person (the **first person**) is taken to receive a leave payment if the payment is made to another person:

- (a) at the direction of the first person or a court; or
- (b) on behalf of the first person; or
- (c) for the benefit of the first person; or
- (d) the first person waives or assigns the first person's right to receive the payment.

Single payment in respect of different kinds of leave

1067E-G6P If a person receives a single payment in respect of different kinds of leave, then, for the purposes of the application of points 1067E-G6F to 1067E-G6N (inclusive), each payment in respect of a different kind of leave is taken to be a separate payment and the income maintenance period in respect of the payment is worked out by adding the periods of leave to which the payments relate.

Definitions

1067E-G6Q In points 1067E-G6F to 1067E-G6P (inclusive):

payment fortnight means a fortnight in respect of which a sickness allowance is paid, or would be paid apart from the application of an income maintenance period, to a person.

roll-over, in relation to a lump sum leave payment, has the same meaning as roll-over in 27D of the *Income Tax Assessment Act 1936* in relation to an eligible termination payment.

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1067E-G6R In points 1067E-G6A to 1067E-G6Q (inclusive):

leave payment includes a payment in respect of sick leave, annual leave, maternity leave and long service leave.

37 Point 1067E-G10

Omit "If", substitute "Subject to points 1067E-G6F to 1067E-G6R (inclusive), if".

38 Point 1068-G7

Omit "If", substitute "Subject to points 1068-G7AF to 1068-G7AR (inclusive), if".

39 Point 1068-G7AF

Repeal the point, substitute:

Roll-over of lump sum leave payments

1068-G7AF If:

- (a) a person's employment has been terminated; and
- (b) as a result the person is entitled to a lump sum leave payment from the person's former employer; and
- (c) the person rolls over the lump sum leave payment into an approved deposit fund, a superannuation fund or a deferred annuity;

the lump sum leave payment is to be disregarded in working out the ordinary income of the person for the purposes of Module G of section 1068.

Certain leave payments taken to be ordinary income

1068-G7AG Subject to points 1068-G7AA to 1068-G7AE (inclusive), if a person receives a leave payment (whether as a lump sum payment, as a payment that is a part of a series of regular payments or otherwise), the person is taken to have received ordinary income for a period (the *income maintenance period*) equal to the period of leave to which the payment relates.

More than one leave payment on a day

1068-G7AH Subject to points 1068-G7AA to 1068-G7AE (inclusive), if a person receives more than one leave payment on a day, the income maintenance period is worked out by adding the periods of leave to which the payments relate.

Start of income maintenance period

1068-G7AJ Subject to point 1068-G7AK, the income maintenance period starts on the day the person is paid the leave payment.

Commencement of income maintenance period where there is a second leave payment

1068-G7AK Subject to points 1068-G7AA to 1068-G7AE (inclusive), if a person is subject to an income maintenance period (the *first period*) and the person is paid another leave payment during that period (the *second leave payment*), the income maintenance period for the second leave payment commences the day after the end of the first period.

Leave payments in respect of periods longer than a fortnight

1068-G7AL Subject to points 1068-G7AA to 1068-G7AE (inclusive), if:

- (a) a person receives a leave payment; and
- (b) the payment is in respect of a period of leave greater than a fortnight;

the person is taken to receive in a payment fortnight or part of a payment fortnight an amount calculated by:

- (c) dividing the amount received by the number of days in the period of leave to which the payment relates (the *daily rate*); and
- (d) multiplying the daily rate by the number of days in the payment fortnight that are also in the period of leave.

Secretary may determine in certain circumstances that the whole or part of an income maintenance period does not apply

1068-G7AM The Secretary may determine that the whole or any part of an income maintenance period that would, apart from this point, apply to the person, does not apply to the person if the Secretary is satisfied that:

- (a) the application of the income maintenance period to the person would cause the person severe financial hardship; and
- (b) the circumstances that would cause the severe financial hardship were not reasonably foreseeable by the person.

When a person receives a leave payment

1068-G7AN For the purposes of points 1068-G7AB and 1068-G7AD to 1068-G7AM (inclusive), a person (the *first person*) is taken to receive a leave payment if the payment is made to another person:

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- (a) at the direction of the first person or a court; or
- (b) on behalf of the first person; or
- (c) for the benefit of the first person; or
- (d) the first person waives or assigns the first person's right to receive the payment.

Single payment in respect of different kinds of leave

1068-G7AP If a person receives a single payment in respect of different kinds of leave, then, for the purposes of the application of points 1068-G7AF to 1068-G7AN (inclusive), each payment in respect of a different kind of leave is taken to be a separate payment and the income maintenance period in respect of the payment is worked out by adding the periods of leave to which the payments relate.

Definitions

1068-G7AQ In points 1068-G7AF to 1068-G7AP (inclusive):

payment fortnight means a fortnight in respect of which a sickness allowance or a newstart allowance, as the case requires, is paid, or would be paid, apart from the application of an income maintenance period, to a person.

roll-over, in relation to a lump sum leave payment, has the same meaning as roll-over in 27D of the *Income Tax Assessment Act 1936* in relation to an eligible termination payment.

1068-G7AR In points 1068-G7AA to 1068-G7AQ (inclusive):

leave payment includes a payment in respect of sick leave, annual leave, maternity leave and long service leave.

40 Point 1068-G8

Omit "If", substitute "Subject to points 1068-G7AF to 1068-G7AR (inclusive), if".

41 Point 1068A-D8

Omit "If", substitute "Subject to points 1068A-D8A to 1068A-D8J (inclusive), if".

42 After point 1068A-D8

Insert:

Roll-over of lump sum leave payments

1068A-D8A If:

- (a) a person's employment has been terminated; and

(b) as a result the person is entitled to a lump sum leave payment from the person's former employer; and

(c) the person rolls over the lump sum leave payment into an approved deposit fund, a superannuation fund or a deferred annuity;

the lump sum leave payment is to be disregarded in working out the ordinary income of the person for the purposes of Module D of section 1068A.

Certain leave payments taken to be ordinary income

1068A-D8B If a person receives a leave payment (whether as a lump sum payment, as a payment that is a part of a series of regular payments or otherwise), the person is taken to have received ordinary income for a period (the *income maintenance period*) equal to the period of leave to which the payment relates.

More than one leave payment on a day

1068A-D8C If a person receives more than one leave payment on a day, the income maintenance period is worked out by adding the periods of leave to which the payments relate.

Start of income maintenance period

1068A-D8D Subject to point 1068A-D8E, the income maintenance period starts on the day the person is paid the leave payment.

Commencement of income maintenance period where there is a second leave payment

1068A-D8E If a person is subject to an income maintenance period (the *first period*) and the person is paid another leave payment during that period (the *second leave payment*), the income maintenance period for the second leave payment commences the day after the end of the first period.

Secretary may determine in certain circumstances that the whole or part of an income maintenance period does not apply

1068A-D8F The Secretary may determine that the whole or any part of an income maintenance period that would, apart from this point, apply to the person does not apply to the person if the Secretary is satisfied that:

(a) the application of the income maintenance period to the person would cause the person severe financial hardship; and

- (b) the circumstances that would cause the severe financial hardship were not reasonably foreseeable by the person.

When a person receives a leave payment

1068A-D8G For the purposes of points 1068A-D8A to 1068A-D8F (inclusive), a person (the *first person*) is taken to receive a leave payment if the payment is made to another person:

- (a) at the direction of the first person or a court; or
(b) on behalf of the first person; or
(c) for the benefit of the first person; or

the first person waives or assigns the first person's right to receive the payment.

Single payment in respect of different kinds of leave

1068A-D8H If a person receives a single payment in respect of different kinds of leave, then, for the purposes of the application of points 1068A-D8A to 1068A-D8G (inclusive), each payment in respect of a different kind of leave is taken to be a separate payment and the income maintenance period in respect of the payment is worked out by adding the periods of leave to which the payments relate.

Definition

1068A-D8J In points 1068A-D8A to 1068A-D8J (inclusive):

leave payment includes a payment in respect of sick leave, annual leave, maternity leave and long service leave.

roll-over, in relation to a lump sum leave payment, has the same meaning as roll-over in 27D of the *Income Tax Assessment Act 1936* in relation to an eligible termination payment.

43 Point 1068A-D9

Omit "A", substitute "Subject to points 1068A-D8A to 1068A-D8J (inclusive), a".

44 Section 1073

Omit "If", substitute "Subject to points 1067-H5A to 1067-H5R (inclusive), 1067E-G6A to 1067E-G6R (inclusive), 1068-G7AA to 1068-G7AR (inclusive) and 1068A-D8A to 1068A-D8J (inclusive), if".

Student and Youth Assistance Act 1973

45 Subsection 58(1) (definition of *unused annual leave*)

Repeal the definition.

46 Subsection 58(1) (paragraph (a) of the definition of *waiting period*)

Repeal the paragraph.

47 Subsection 58(1)

Insert:

income maintenance period has the meaning given in point G6B of Schedule 1.

48 Subsection 58(3)

Omit “an unused annual leave waiting period or”.

49 Paragraph 85(1)(f)

Repeal the paragraph.

50 Subsection 92(2) (note 2, paragraph (a))

Repeal the paragraph.

51 Subsection 92(2) (note 3)

Repeal the note.

52 Subsection 92A(2) (note 1, paragraph (a))

Repeal the paragraph.

53 Subsection 92A(3) (note 1)

Repeal the note.

54 Subsection 92A(5) (note 1)

Repeal the note.

55 Sections 93, 94 and 95

Repeal the sections.

56 Paragraph 97(1)(b)

Repeal the paragraph.

57 Subsection 97(2)

Repeal the subsection.

58 Paragraph 97(4)(b)

Repeal the paragraph, substitute:

- (b) because of sections 693 and 694 of that Act (ordinary waiting period), sickness allowance is not payable to the person for a period starting on the day (the *applicable day*) applicable to the person under subparagraph (i) or (ii), as the case may be:
 - (i) if the person is not disqualified for sickness allowance under section 676 of that Act (liquid assets test)—the person's provisional commencement day for sickness allowance ; or
 - (ii) if the person is disqualified for sickness allowance under section 676 of that Act (liquid assets test)—the day after the day on which the person's liquid assets waiting period for sickness allowance ends; and

59 Subsection 97(4) (note 3)

Repeal the note.

60 Subparagraph 133(2)(b)(iii)

Repeal the subparagraph, substitute:

- (iii) an administrative breach rate reduction period applies and the administrative breach rate reduction reduces the rate of youth training allowance payable to the person to nil; or
- (iv) an income maintenance period applies.

61 Section 175

Omit "If", substitute "Subject to points G6A to G6K (inclusive), if".

62 Schedule 1 (Module G, point G6)

Omit "If", substitute "Subject to points G6A to G6K (inclusive), if".

63 Schedule 1 (Module G, after point G6)

Insert:

Roll-over of lump sum leave payments

G6A If:

- (a) a person's employment has been terminated; and
- (b) as a result the person is entitled to a lump sum leave payment from the person's former employer; and
- (c) the person rolls over the lump sum leave payment into an approved deposit fund, a superannuation fund or a deferred annuity;

the lump sum leave payment is to be disregarded in working out the ordinary income of the person for the purposes of Module G of Schedule 1.

Certain leave payments taken to be ordinary income

G6B Subject to point G6F, if a person receives a leave payment (whether as a lump sum payment, as a payment that is a part of a series of regular payments or otherwise) the person is taken to have received ordinary income for a period (the *income maintenance period*) equal to the period of leave to which the payment relates.

Start of income maintenance period

G6C Subject to point G6D, the income maintenance period starts on the day the person is paid the leave payment.

More than one leave payment on a day

G6D If a person receives more than one leave payment on a day, the income maintenance period is worked out by adding the periods of leave to which the payments relate.

Commencement of income maintenance period where there is a second leave payment

G6E If a person is subject to an income maintenance period (the *first period*) and the person is paid another leave payment during that period (the *second leave payment*), the income maintenance period for the second leave payment commences the day after the end of the first period.

Leave payments in respect of periods longer than a fortnight

G6F If:

- (a) a person receives a leave payment; and
- (b) the payment is in respect of a period of leave greater than a fortnight;

the person is taken to receive in a payment fortnight or part of a payment fortnight an amount calculated by:

- (c) dividing the amount received by the number of days in the period of leave to which the payment relates (the *daily rate*); and
- (d) multiplying the daily rate by the number of days in the payment fortnight that are also in the period of leave.

Secretary may determine in certain circumstances that the whole or part of an income maintenance period does not apply

G6G The Secretary may determine that the whole or any part of an income maintenance period that would, apart from this point, apply to the person does not apply to the person if the Secretary is satisfied that:

- (a) the application of the income maintenance period to the person would cause the person severe financial hardship; and
- (b) the circumstances that would cause the severe financial hardship were not reasonably foreseeable by the person.

When a person receives a leave payment

G6H For the purposes of points G6A to G6G (inclusive), a person (the *first person*) is taken to receive a leave payment if the payment is made to another person:

- (a) at the direction of the first person or a court; or
- (b) on behalf of the first person; or
- (c) for the benefit of the first person; or

the first person waives or assigns the first person's right to receive the payment.

Single payment in respect of different kinds of leave

G6J If a person receives a single payment in respect of different kinds of leave, then, for the purposes of the application of points G6A to G6K (inclusive), each payment in respect of a different kind of leave is taken to be a separate payment and the income maintenance period in respect of the payment is worked out by adding the periods of leave to which the payments relate.

Definitions

G6K In points G6A to G6K (inclusive):

leave payment includes a payment in respect of sick leave, annual leave, maternity leave and long service leave.

payment fortnight means a fortnight in respect of which a youth training allowance is paid, or would be paid, apart from the application of an income maintenance period, to a person.

roll-over, in relation to a lump sum leave payment, has the same meaning as roll-over in 27D of the *Income Tax Assessment Act 1936* in relation to an eligible termination payment.

64 Point G10

Omit "If", substitute "Subject to points G6A to G6K (inclusive), if".

Part 2—Amendments relating to the liquid assets test waiting period

Social Security Act 1991

65 Subsection 14A(1) (paragraph (a) of the definition of *maximum reserve*)

Omit "\$5,000", substitute "\$2,500".

66 Subsection 14A(1) (paragraph (b) of the definition of *maximum reserve*)

Omit "\$10,000", substitute "\$5,000".

67 Subsection 598(2)

Repeal the subsection, substitute:

- (2) The liquid assets test waiting period in relation to the claim is to be worked out under subsections (2A), (2B) and (2C).
- (2A) Work out the number of formula weeks (disregarding any fractions of a week) in relation to the claim using the formula:

$$\frac{\text{Liquid assets} - \text{Maximum reserve amount}}{\text{Divisor}}$$

where:

liquid assets means the person's liquid assets.

maximum reserve amount means the maximum reserve in relation to the person under subsection 14(1).

divisor means, in relation to a person:

- (a) if the person is not a member of a couple and does not have a dependent child—\$500; or
 - (b) otherwise—\$1,000.
- (2B) If the number of formula weeks is equal to or greater than 13 weeks, the liquid assets test waiting period in relation to the claim is 13 weeks.
 - (2C) If subsection (2B) does not apply, the liquid assets test waiting period in relation to the claim is the number of weeks equal to the number of formula weeks.

68 Paragraph 598(4)(b)

Omit “the period of 4 weeks”, substitute “the liquid assets test waiting period”.

69 Paragraph 598(4)(c)

Omit “that period of 4 weeks”, substitute “that liquid assets test waiting period”.

70 Subsection 621(3)

Omit “the period of 4 weeks referred to in subsections 598(2), (3) and (4)”, substitute “the liquid assets test waiting period referred to in subsection 598(2)”.

71 Subparagraph 676(5)(b)(ii)

Omit “the period of 4 weeks”, substitute “the liquid assets test waiting period”.

72 Paragraph 676(5)(c)

Omit “that period of 4 weeks”, substitute “the period referred to in subparagraph (b)(i) or (ii)”.

Student and Youth Assistance Act 1973

73 Subsection 72(1) (paragraph (a) of the definition of *maximum reserve*)

Omit “\$5,000”, substitute “\$2,500”.

74 Subsection 72(1) (paragraph (b) of the definition of *maximum reserve*)

Omit “\$10,000”, substitute “\$5,000”.

75 Subsection 72(5)

Repeal the subsection, substitute:

- (5) The liquid assets test waiting period in relation to the claim is to be worked out under subsections (5A), (5B) and (5C).
- (5A) Work out the number of formula weeks (disregarding any fractions of a week) in relation to the claim using the formula:

Schedule 7 Amendments relating to waiting periods

$$\frac{\text{Liquid assets} - \text{Maximum reserve amount}}{\text{Divisor}}$$

where:

liquid assets means the person's liquid assets.

maximum reserve amount means the maximum reserve in relation to the person under subsection 72(1).

divisor means, in relation to a person:

- (a) if the person is not a member of a couple and does not have a dependent child—\$500; or
- (b) otherwise—\$1,000.

(5B) If the number of formula weeks is equal to or greater than 13 weeks, the liquid assets test waiting period in relation to the claim is 13 weeks.

(5C) If subsection (5B) does not apply, the liquid assets test waiting period in relation to the claim is the number of weeks equal to the number of formula weeks.

76 Paragraph 72(9)(b)

Omit “the period of 4 weeks”, substitute “the liquid assets test waiting period”.

77 Paragraph 72(9)(c)

Omit “that period of 4 weeks”, substitute “that liquid assets test waiting period”.

Schedule 8—Amendments relating to sickness allowance, newstart allowance and youth training allowance

Part 1—Allowing a grace period for the renewal of medical certificates

Social Security Act 1991

1 Subsection 603F(3)

Repeal the subsection.

2 After subsection 603F(4)

Insert:

(4A) If:

- (a) a person was exempt, under this Subdivision, from the activity test; and
- (b) within 14 days after the end of the person's maximum exemption period the person gives the Secretary a certificate of a medical practitioner that states the matters listed in paragraph 603C(1)(e) and is in accordance with a form approved under that paragraph; and
- (c) the Secretary is satisfied that the person's incapacity for work has continued after the end of the person's maximum exemption period and that the incapacity will continue;

the Secretary may extend the maximum exemption period by a period that is not more than the lesser of the following periods:

- (d) a period equal to the period stated in the certificate as the period for which the person would be incapacitated for work;
- (e) 13 weeks.

3 After subsection 603F(5)

Insert:

(5A) If:

- (a) a person was exempt, under this Subdivision, from the activity test; and

Schedule 8 Amendments relating to sickness allowance, newstart allowance and youth training allowance

- (b) within 14 days after the end of the person's maximum exemption period the person gives the Secretary written evidence (other than a certificate referred to in paragraph (4A)(b)) that the person's incapacity for work will continue after the end of the person's maximum exemption period; and
- (c) the Secretary is satisfied that:
 - (i) the person's circumstances make it unreasonable to expect the person to obtain a certificate referred to in paragraph (4A)(b); and
 - (ii) the person's incapacity for work has continued after the end of the person's maximum exemption period and that the incapacity will continue;

the Secretary may extend the maximum exemption period by a period of not more than 4 weeks from the end of the previous maximum exemption period.

4 Subsection 669(1)

Omit "if the person's maximum allowance period ends", substitute "14 days after the person's maximum allowance period ends".

5 After subsection 669(5)

Insert:

(5A) If:

- (a) a person was receiving sickness allowance; and
- (b) within 14 days after the end of the person's maximum allowance period the person gives the Secretary a certificate of a medical practitioner containing the matters listed in subsection 704(1) and in accordance with the form approved under subsection 704(2); and
- (c) the Secretary is satisfied that the person's incapacity for work has continued after the end of the person's maximum allowance period and that the incapacity will continue;

the Secretary may extend the maximum exemption period by a period of not more than 13 weeks from the end of the previous maximum exemption period.

6 After subsection 669(6)

Insert:

(6A) If:

- (a) a person was receiving sickness allowance; and

- (b) within 14 days after the end of the person's maximum allowance period the person gives the Secretary written evidence (other than a certificate referred to in paragraph (5A)(b)) that the person's incapacity for work will continue after the end of the person's maximum allowance period; and
- (c) the Secretary is satisfied that:
 - (i) the person's circumstances make it unreasonable to expect the person to obtain a certificate referred to in paragraph (5A)(b); and
 - (ii) the person's incapacity for work has continued after the end of the person's maximum allowance period and that the incapacity will continue;

the Secretary may extend the maximum allowance period by a period of not more than 4 weeks from the end of the previous maximum allowance period.

7 Subsection 728C

Omit "If", substitute "Subject to subsection (2), if".

8 At the end of subsection 728C

Add:

- (2) If:
 - (a) a person is receiving sickness allowance; and
 - (b) the person's maximum allowance period under section 669 ends;the payment of sickness allowance to the person is suspended for 14 days from the end of the person's maximum allowance period.
- (3) If:
 - (a) apart from this subsection, subsection (2) would apply to a person; and
 - (b) the person's maximum allowance period is extended under subsection 669(5A) or 669(6A);subsection (2) is taken not to have applied to the person.

Student and Youth Assistance Act 1973

9 After subsection 78E(3)

Insert:

- (3A) If:

Schedule 8 Amendments relating to sickness allowance, newstart allowance and youth training allowance

- (a) a person was exempt, under this Subdivision, from the activity test; and
 - (b) within 14 days after the end of the person's maximum exemption period the person gives the Secretary a certificate of a medical practitioner containing the matters listed in paragraph 78B(1)(e) and in accordance with the form approved under that paragraph; and
 - (c) the Secretary is satisfied that the person's incapacity for work has continued after the end of the person's maximum exemption period and that the incapacity will continue;
- the Secretary may extend the maximum exemption period by a period of not more than the lesser of the following periods:
- (d) a period equal to the period stated in the certificate as the period for which the person would be incapacitated for work;
 - (e) 13 weeks.

10 After subsection 78E(4)

Insert:

(4A) If:

- (a) a person was exempt, under this Subdivision, from the activity test; and
- (b) within 14 days after the end of the person's maximum exemption period the person gives the Secretary written evidence (other than a certificate referred to in paragraph (3A)(b)) that the person's incapacity for work will continue after the end of the person's maximum exemption period; and
- (c) the Secretary is satisfied that:
 - (i) the person's circumstances make it unreasonable to expect the person to obtain a certificate referred to in paragraph (3A)(b); and
 - (ii) the person's incapacity for work has continued after the end of the person's maximum exemption period and that the incapacity will continue;

the Secretary may extend the maximum exemption period by a period of not more than 4 weeks from the end of the previous maximum exemption period.

**Part 2—Amendments of the Social Security Act 1991
to abolish the sickness allowance loss of
income provisions**

11 Paragraph 666(1)(d)

Repeal the paragraph.

12 Subsection 666(1) (note 2)

Repeal the note.

13 At the end of paragraph 666(1A)(da)

Add “and”.

14 Paragraphs 666(1A)(e) and (f)

Repeal the paragraphs.

15 Section 675

Repeal the section.

16 Subsection 709(1)

Omit “Subject to sections 710, 711 and 712, a”, substitute “A”.

17 Subsection 710

Repeal the section.

18 Sections 771KB, 771KC and 771KD

Repeal the sections.

19 After point 1067-H5

Insert:

Ordinary income to include certain sick leave entitlements

1067-H5A If a person is a person who is qualified for sickness allowance, the person’s ordinary income is taken to include an amount equal to the amount in respect of sick leave worked out under points 1067-H5B, 1067-H5C and 1067-H5D.

Schedule 8 Amendments relating to sickness allowance, newstart allowance and youth training allowance

1067-H5B If:

- (a) a person has sick leave entitlements on a day that the person is incapacitated for work; and
- (b) the person has the right to claim payment from the person's employer by way of sick leave payment in respect of that day; and
- (c) the person's employer is able to pay the person the person's sick leave payment in respect of that day; and
- (d) the person is not receiving a leave payment (other than a sick leave payment) in respect of that day;

the person is, for the purposes of this point, taken to have received a sick leave payment equal to the person's sick leave entitlements in respect of that day, assuming that the person does not exercise any rights the person may have in relation to the amount to be paid in respect of that day.

1067-H5C If point 1067-H5B has applied to a person in respect of a day, then, for the purposes of any subsequent consecutive applications of the point, the person's sick leave entitlements are to be taken to be reduced by a day.

1067-H5D A person's ordinary income is not to include a payment received by the person in respect of sick leave to the extent that an amount equal to the payment has been included in the person's ordinary income under point 1067-H5A.

1067-H5E If:

- (a) point 1067-H5A has applied to a person while the person was qualified for sickness allowance; and
- (b) that allowance has been cancelled; and
- (c) at least 6 weeks after the day on which the sickness allowance was cancelled, the person is granted sickness allowance again;

point 1067-H5A applies to the person in respect of the person's sick leave entitlements.

1067-H5F For the purposes of points 1067-H5B and 1067-H5D, a person (the *first person*) is taken to receive a leave payment if the payment is made to another person:

- (a) at the direction of the first person or a court; or
- (b) on behalf of the first person; or
- (c) for the benefit of the first person; or

- (d) the first person waives or assigns the first person's right to receive the payment.

20 After point 1067E-G6

Insert:

Ordinary income to include certain sick leave entitlements

1067E-G6A If a person is a person who is qualified for sickness allowance, the person's ordinary income is taken to include an amount equal to the amount in respect of sick leave worked out under points 1067E-G6B, 1067E-G6C and 1067E-G6D.

1067E-G6B If:

- (a) a person has sick leave entitlements on a day that the person is incapacitated for work; and
- (b) the person has the right to claim payment from the person's employer by way of sick leave payment in respect of that day; and
- (c) the person's employer is able to pay the person the person's sick leave payment in respect of that day; and
- (d) the person is not receiving a leave payment (other than a sick leave payment) in respect of that day;

the person is, for the purposes of this point, taken to have received a sick leave payment equal to the person's sick leave entitlements in respect of that day, assuming that the person does not exercise any rights the person may have in relation to the amount to be paid in respect of that day.

1067E-G6C If point 1067E-G6B has applied to a person in respect of a day, then, for the purposes of any subsequent consecutive applications of the point, the person's sick leave entitlements are to be taken to be reduced by a day.

1067E-G6D A person's ordinary income is not to include a payment received by the person in respect of sick leave to the extent that an amount equal to the payment has been included in the person's ordinary income under point 1067D-G6A.

1067E-G6E If:

- (a) point 1067E-G6A has applied to a person while the person was qualified for sickness allowance; and
- (b) that allowance has been cancelled; and

Schedule 8 Amendments relating to sickness allowance, newstart allowance and youth training allowance

- (c) at least 6 weeks after the day on which the sickness allowance was cancelled, the person is granted sickness allowance again;

point 1067E-G6A applies to the person in respect of the person's sick leave entitlements.

1067E-G6F For the purposes of points 1067E-G6B and 1067E-G6D, a person (the *first person*) is taken to receive a leave payment if the payment is made to another person:

- (a) at the direction of the first person or a court; or
- (b) on behalf of the first person; or
- (c) for the benefit of the first person; or
- (d) the first person waives or assigns the first person's right to receive the payment.

21 After point 1068-G7

Insert:

Ordinary income to include certain sick leave entitlements

1068-G7AA If a person is a person who is qualified for sickness allowance, the person's ordinary income is taken to include an amount equal to the amount in respect of sick leave worked out under points 1068-G7AB, 1068-G7AC and 1068-G7AD.

1068-G7AB If:

- (a) a person has sick leave entitlements on a day that the person is incapacitated for work; and
- (b) the person has the right to claim payment from the person's employer by way of sick leave payment in respect of that day; and
- (c) the person's employer is able to pay the person the person's sick leave payment in respect of that day;
- (d) the person is not receiving a leave payment (other than a sick leave payment) in respect of that day;

the person is, for the purposes of this point, taken to have received a sick leave payment equal to the person's sick leave entitlements in respect of that day, assuming that the person does not exercise any rights the person may have in relation to the amount to be paid in respect of that day.

1068-G7AC If point 1068-G7AB has applied to a person in respect of a day, then, for the purposes of any subsequent consecutive applications of the point, the person's sick leave entitlements are to be taken to be reduced by a day.

1068-G7AD A person's ordinary income is not to include a payment received by the person in respect of sick leave to the extent that an amount equal to the payment has been included in the person's ordinary income under point 1068-G7AA.

1068-G7AE If:

- (a) point 1068-G7AA has applied to a person while the person was qualified for sickness allowance; and
- (b) that allowance has been cancelled; and
- (c) at least 6 weeks after the day on which the sickness allowance was cancelled, the person is granted sickness allowance again;

point 1068-G7AA applies to the person in respect of the person's sick leave entitlements.

1068-G7AF For the purposes of points 1068-G7AB and 1068-G7AD, a person (the *first person*) is taken to receive a leave payment if the payment is made to another person:

- (a) at the direction of the first person or a court; or
- (b) on behalf of the first person; or
- (c) for the benefit of the first person; or
- (d) the first person waives or assigns the first person's right to receive the payment.

Part 3—Amendments relating to qualification for sickness allowance and exemptions from activity tests

Social Security Act 1991

22 Sections 603D, 603G, 603H, 670, 671, 672 and 673

Repeal the sections.

23 Subsections 666(4) and (5)

Repeal the subsections.

24 Paragraph 728C(1)(b)

Omit “, 670, 672 or 673”.

25 Paragraph 1132(6)(b)

Omit “671,”.

26 Clause 38 of Schedule 1A

Repeal the clause.

Student and Youth Assistance Act 1973

27 Sections 78C, 78F and 78G

Repeal the sections.

Schedule 9—Amendments relating to the lodgment of claims by sick or incapacitated people

Social Security Act 1991

1 After section 100

Insert:

100A Telephone claims

- (1) Subject to subsection (2), this section applies to a person if:
- (a) the person telephones the Department in relation to making a claim for:
 - (i) a disability support pension; or
 - (ii) a sickness allowance; or
 - (iii) a newstart allowance; or
 - (iv) a youth training allowance; and
 - (b) on the day the person made the telephone call, the person was qualified for a disability support pension; and
 - (c) the Secretary gives the person a written notice acknowledging that the person has contacted the Department in relation to making the claim; and
 - (d) the person lodges a claim for a pension or allowance referred to in paragraph (a) within the period specified in subsection (2); and
 - (e) if the claim referred to in paragraph (d) is not a claim for a disability support pension—the person subsequently lodges a claim for a disability support pension; and
 - (f) the Secretary is satisfied that the person suffered a medical condition that significantly impacted on the person's ability to work at the time the person made the telephone call referred to in paragraph (a); and
 - (g) either:
 - (i) the person gives the Secretary the notice referred to in paragraph (c) when lodging the claim referred to in paragraph (d); or
 - (ii) the Department has a written record that the notice referred to in paragraph (c) has been sent to the person.

Schedule 9 Amendments relating to the lodgment of claims by sick or incapacitated people

- (2) Subject to subsection (3), for the purposes of paragraph (1)(d), the period is 21 days after the day on which the person made the telephone call to the Department (the *21 day period*).
- (3) The Secretary may, at the request of the person, determine, by written notice given to the person:
 - (a) within the 21 day period; or
 - (b) within the period of any extension under this subsection;that the period for the purposes of paragraph (1)(d) is extended to a period that is not longer than 3 months after the day on which the person made the telephone call to the Department.
- (4) If this section applies to a person, the person is taken to have lodged a claim in accordance with subsection 108(1) on the day on which the person made the telephone call referred to in paragraph (1)(a).

2 After section 615

Insert:

615A Telephone claims

- (1) Subject to subsection (2), this section applies to a person if:
 - (a) the person telephones the Department in relation to making a claim for:
 - (i) a newstart allowance; or
 - (ii) a sickness allowance; or
 - (iii) disability support pension; or
 - (iv) a youth training allowance; and
 - (b) on the day the person made the telephone call, the person was qualified for a newstart allowance; and
 - (c) the Secretary gives the person a written notice acknowledging that the person has contacted the Department in relation to making the claim; and
 - (d) the person lodges a claim for a pension or allowance referred to in paragraph (a) within the period specified in subsection (2); and
 - (e) if the claim referred to in paragraph (d) is not a claim for a newstart allowance—the person subsequently lodges a claim for a newstart allowance; and
 - (f) the Secretary is satisfied that the person suffered a medical condition that significantly impacted on the person's ability to work at the time the person made the telephone call referred to in paragraph (a); and

- (g) either:
- (i) the person gives the Secretary the notice referred to in paragraph (c) when lodging the claim referred to in paragraph (d); or
 - (ii) the Department has a written record that the notice referred to in paragraph (c) has been sent to the person.
- (2) Subject to subsection (3), for the purposes of paragraph (1)(d), the period is 21 days after the day on which the person made the telephone call to the Department (the *21 day period*).
- (3) The Secretary may, at the request of the person, determine, by written notice given to the person:
- (a) within the 21 day period; or
 - (b) within the period of any extension under this subsection;
- that the period for the purposes of paragraph (1)(d) is extended to a period that is not longer than 3 months after the day on which the person made the telephone call to the Department.
- (4) If this section applies to a person, the person is taken to have lodged a claim in accordance with subsection 637(1) on the day on which the person made the telephone call referred to in paragraph (1)(a).

3 After section 687

Insert:

687A Telephone claims

- (1) Subject to subsection (2), this section applies to a person if:
- (a) the person telephones the Department in relation to making a claim for:
 - (i) a sickness allowance; or
 - (ii) a newstart allowance; or
 - (iii) disability support pension; or
 - (iv) a youth training allowance; and
 - (b) on the day the person made the telephone call, the person was qualified for a sickness allowance; and
 - (c) the Secretary gives the person a written notice acknowledging that the person has contacted the Department in relation to making the claim; and
 - (d) the person lodges a claim for a pension or allowance referred to in paragraph (a) within the period specified in subsection (2); and

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- (e) if the claim referred to in paragraph (d) is not a claim for a sickness allowance—the person subsequently lodges a claim for a sickness allowance; and
 - (f) the Secretary is satisfied that the person suffered a medical condition that significantly impacted on the person's ability to work at the time the person made the telephone call referred to in paragraph (a); and
 - (g) either:
 - (i) the person gives the Secretary the notice referred to in paragraph (c) when lodging the claim referred to in paragraph (d); or
 - (ii) the Department has a written record that the notice referred to in paragraph (c) has been sent to the person.
- (2) Subject to subsection (3), for the purposes of paragraph (1)(d), the period is 21 days after the day on which the person made the telephone call to the Department (the *21 day period*).
- (3) The Secretary may, at the request of the person, determine, by written notice given to the person:
- (a) within the 21 day period; or
 - (b) within the period of any extension under this subsection; that the period for the purposes of paragraph (1)(d) is extended to a period that is not longer than 3 months after the day on which the person made the telephone call to the Department.
- (4) If this section applies to a person, the person is taken to have lodged a claim in accordance with subsection 701(1) on the day on which the person made the telephone call referred to in paragraph (1)(a).

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4 After section 91

Insert:

91A Telephone claims

- (1) Subject to subsection (2), this section applies to a person if:
- (a) the person telephones the Department in relation to making a claim for:
 - (i) a youth training allowance; or
 - (ii) a disability support pension under the Social Security Act; or

- (ii) a sickness allowance under the Social Security Act; or
- (iii) a newstart allowance under the Social Security Act; and
- (b) on the day the person made the telephone call, the person was qualified for a youth training allowance; and
- (c) the Secretary gives the person a written notice acknowledging that the person has contacted the Department in relation to making the claim; and
- (d) the person lodges a claim for a pension or allowance referred to in paragraph (a) within the period specified in subsection (2); and
- (e) if the claim referred to in paragraph (d) is not a claim for a youth training allowance—the person subsequently lodges a claim for a youth training allowance; and
- (f) the Secretary is satisfied that the person suffered a medical condition that significantly impacted on the person's ability to work at the time the person made the telephone call referred to in paragraph (a); and
- (g) either:
 - (i) the person gives the Secretary the notice referred to in paragraph (c) when lodging the claim referred to in paragraph (d); or
 - (ii) the Department has a written record that the notice referred to in paragraph (c) has been sent to the person.
- (2) Subject to subsection (3), for the purposes of paragraph (1)(d), the period is 21 days after the day on which the person made the telephone call to the Department (the *21 day period*).
- (3) The Secretary may, at the request of the person, determine, by written notice given to the person:
 - (a) within the 21 day period; or
 - (b) within the period of any extension under this subsection; that the period for the purposes of paragraph (1)(d) is extended to a period that is not longer than 3 months after the day on which the person made the telephone call to the Department.
- (4) If this section applies to a person, the person is taken to have lodged a claim in accordance with section 127 on the day on which the person made the telephone call referred to in paragraph (1)(a).

Schedule 10—Abolition of the earnings credit scheme

Social Security Act 1991

1 Repeal of provisions relating to the earnings credit scheme

Each of the following provisions is repealed:

Sections 75, 143, 179, 228AA, 292, 349, 397, 408MB, 458, 660XJH, 660YJI, 728HAA, 771NJ and 951H, points 1064-E2A, 1066-E2A, 1066A-F2AA, 1067-H3, 1067E-G4, 1068-G3 and 1068A-D3, Divisions 4 and 5 of Part 3.10, items 23C and 23D of section 1190, items 17C and 17D of section 1191, and clause 85 of Schedule 1A.

2 Paragraph 71(2)(a)

Omit “73A, 74 or 75”, substitute “73A or 74”.

3 Section 77 (note 1)

Omit “or 75”.

4 Paragraph 135(2)(a)

Omit “141, 142 or 143”, substitute “141 or 142”.

5 Section 145 (note 1)

Omit “or 143”.

6 Paragraph 175(2)(a)

Omit “or 179”.

7 Section 181 (note 1)

Omit “or 179”.

8 Paragraph 225(2)(a)

Omit “227A, 228 or 228AA”, substitute “227A or 228”.

9 Paragraph 287(2)(a)

Omit “290A, 291 or 292”, substitute “290A or 291”.

10 Section 294 (note 1)

Omit “or 292”.

11 Paragraph 344(2)(a)

Omit "or 349".

12 Section 351 (note 1)

Omit "or 349".

13 Paragraph 392(2)(a)

Omit "or 397".

14 Section 399 (note 1)

Omit "or 397".

15 Paragraph 408KA(2)(a)

Omit "or 408MB".

16 Paragraph 449(2)(a)

Omit "456, 457 or 458", substitute "456 or 457".

17 Section 461 (note 1)

Omit "or 458".

18 Paragraph 660XJA(2)(a)

Omit "660XJF, 660XJG or 660XJH", substitute "660XJF or 660XJG".

19 Section 660XJK (note 1)

Omit "or 660XJH".

20 Paragraph 660YJA(2)(a)

Omit "660YJG, 660YJH or 660YJI", substitute "660YJG or 660YJH".

21 Section 660YJL (note 1)

Omit "660YJG, 660YJH or 660YJI", substitute "660YJG or 660YJH".

22 Paragraph 728B(2)(a)

Omit "728G, 728H or 728HAA", substitute "728G or 728H".

23 Paragraph 771NA(2)(a)

Omit "771NH, 771NI or 771NJ", substitute "771NH or 771NI".

24 Paragraph 951A(2)(a)

Omit “, 951H”.

25 Section 951N (note 1)

Omit “, 951H”.

26 Point 1064-E1 (note 2, last 3 dot points)

Omit the dot points.

27 Point 1066-E1 (note 2, last 3 dot points)

Omit the dot points.

28 Point 1066A-F1 (note 2, last 3 dot points)

Omit the dot points.

29 Point 1067-H1 (step 1, note 1)

Omit “points 1067-H2 and 1067-H3”, substitute “point 1067-H2”.

30 Point 1067-H1 (note 3, last 3 dot points)

Omit the dot points.

31 Point 1067E-G1 (step 1, note 1)

Omit “points 1067E-G2 and 1067E-G4”, substitute “point 1067E-G2”.

32 Point 1067E-G1 (note 2, last 2 dot points)

Omit the dot points.

33 Point 1068-G1 (step 1, note 1)

Omit “points 1068-G2 and 1068-G3”, substitute “point 1068-G2”.

34 Point 1068-G1 (note 3, last 3 dot points)

Omit the dot points.

35 Point 1068A-D1 (note 3, last 3 dot points)

Omit the dot points.

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36 Subdivision K of Division 11

Repeal the Subdivision.

37 Point G1 of Schedule 1 (step 1, note 1)

Omit "points G2, G3 and G4", substitute 'points G2 and G3'

38 Point G1 of Schedule 1 (note 2, last 2 dot points)

Omit the dot points.

39 Point G4 of Schedule 1

Repeal the point.

40 Schedule 4

Repeal the Schedule.

Schedule 11—Amendments relating to widows and partners

Part 1—Extension of qualification for widow allowance

Social Security Act 1991

1 Subsection 408BA(1)

Repeal the subsection.

2 Paragraph 408BA(2)(b)

Omit “50”, substitute “40”.

Part 2—Measures to achieve consistency between certain widow allowance and partner allowance provisions

Social Security Act 1991

3 Section 408AA

After “was born”, insert “on or”.

4 Subsection 408GD(4) (paragraph (c) of the definition of M)

Repeal the paragraph, substitute:

- (c) if the instalment is for a period that consists of a number of whole fortnights and a period of less than a fortnight—equal to:

$$\text{Number of whole fortnights} + \frac{\text{Week days in short period}}{10}$$

5 Paragraph 771HA(1)(g)

Repeal the paragraph.

6 Subsection 771HA(1C)

Repeal the subsection, substitute:

- (1C) For the purposes of paragraph (1)(h), *recent workforce experience* is employment of 20 hours or more a week for a total of 13 weeks or more at any time during the 12 months immediately before the day the person lodged the claim for the allowance.

7 Section 771HK

Omit “is receiving”, substitute “has received, or may receive,”.

8 Subsection 771HN(1)

After “(3)”, insert “, (3A)”.

9 After subsection 771HN(3)

Insert:

Early claim

(3A) If a person:

- (a) lodges a claim for partner allowance; and
- (b) is not, on the day on which the claim is lodged, qualified for partner allowance; and
- (c) becomes qualified for partner allowance during the 3 months that starts immediately after the day on which the claim is lodged;

the person's provisional commencement day is the first day on which the person is qualified for the allowance.

10 Subsection 771IA(2)

Omit "is taken", substitute "is, subject to subsection 771HN(3A), taken".

11 Section 771KA

Repeal the section, substitute:

771KA Rate of partner allowance if partner is not receiving special benefit

If section 771KE does not apply to a person, the person's rate of partner allowance is worked out using the Benefit Rate Calculator B at the end of section 1068.

12 Section 771KB

Repeal the section.

13 Point 1068-B1 (item 4A, column 2, paragraph (a))

After "newstart allowance", insert "or widow allowance".

14 Point 1068-B1 (item 4B, column 2, paragraph (a))

After "newstart allowance", insert "or widow allowance".

15 Point 1068-D1 (subparagraph (c)(ii))

Repeal the subparagraph, substitute:

- (ii) the person is receiving widow allowance, newstart allowance or partner allowance and point 1068-D2 (incapacity for work—newstart allowance recipients), point 1068-D2A (incapacity for work—widow allowance and partner allowance recipients) or point 1068-D3 long term recipients over 60) applies to the person.

16 Point 1068-D2A

Repeal the point, substitute:

Incapacity for work—widow allowance and partner allowance recipients

1068-D2A This point applies to a person who is receiving widow allowance or partner allowance if the person is incapacitated for work.

Part 3—Extension of qualification for partner allowance

Social Security Act 1991

17 Paragraph 771HA(1)(c)

Repeal the paragraph, substitute:

- (c) the person's partner is receiving:
 - (i) newstart allowance, sickness allowance, special benefit, rehabilitation allowance, age pension, disability support pension, disability wage supplement, mature age allowance or service pension; or
 - (ii) AUSTUDY allowance, assistance under the Student Financial Supplement Scheme or an income tested living allowance under an Aboriginal study assistance scheme; and

Part 4—Amendments to phase out widow B pensions and special needs widow B pensions earlier by excluding claims on or after 20 March 1997

Social Security Act 1991

18 Before section 362

Insert:

362A Widow B pension not to be granted in certain cases

- (1) In spite of anything else in this Part, a widow B pension must not be granted to a woman unless:
 - (a) the woman's claim for the pension is lodged before 20 March 1997; and
 - (b) the woman is qualified for the pension before that day.
- (2) If subsection 366(2) applies to a woman, the woman is taken, for the purposes of subsection (1) of this section, to have lodged a claim on the day on which the initial claim was made.
- (3) This section does not apply in relation to a determination by the Secretary under section 401.
- (4) In this section:
initial claim has the same meaning as in subsection 366(2).

19 Before section 778

Insert:

778A Special needs widow B pension not to be granted in certain cases

- (1) In spite of anything else in this Part, a special needs widow B pension must not be granted to a woman unless:
 - (a) the woman's claim for the pension is lodged before 20 March 1997; and
 - (b) the woman is qualified for the pension before that day.

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- (2) If subsection 784(2) applies to a woman, the woman is taken, for the purposes of subsection (1) of this section, to have lodged a claim on the day on which the initial claim was made.
- (3) This section does not apply in relation to a determination by the Secretary under section 819.
- (4) In this section:
initial claim has the same meaning as in subsection 784(2).

20 Before paragraph 778(a)

Insert:

- (aa) the woman has not reached pension age; and

Part 5—Amendments to automatically transfer certain widow B pensioners and others to the age pension

Social Security Act 1991

21 Subsection 43(1)

Repeal the subsection, substitute:

- (1) A person is qualified for an age pension if the person has reached pension age and any of the following applies:
- (a) the person has 10 years qualifying Australian residence;
 - (b) the person has a qualifying residence exemption for an age pension;
 - (c) the person was receiving a widow B pension, a widow allowance, a mature age allowance or a partner allowance, immediately before reaching that age;
 - (d) if the person reached pension age before 20 March 1997—the person was receiving a widow B pension, a widow allowance or a partner allowance, immediately before 20 March 1997.

Note 1: For *qualifying Australian residence* see section 7.

Note 2: For *pension age* see subsections 23(5A), (5B) (5C) and (5D).

- (1A) A woman is qualified for an age pension if:
- (a) the woman has reached pension age; and
 - (b) the woman's partner has died; and
 - (c) both the woman and her partner were Australian residents when her partner died; and
 - (d) the woman was an Australian resident for a continuous period of at least 104 weeks immediately before the day she lodged the claim for the age pension.

22 Subsection 43(2)

Omit "Subsection (1) has", substitute "Subsections (1) and (1A) have".

23 Subsection 48(3)

Repeal the subsection, substitute:

(3) If:

- (a) a person is receiving a disability support pension, a wife pension, a carer pension, a sole parent pension, a bereavement allowance, a widow B pension, a widow allowance, a disability wage supplement, a mature age allowance, a mature age partner allowance, a partner allowance or a special needs pension; and
 - (b) the person becomes qualified for an age pension; and
 - (c) the Secretary determines that the person is to be automatically transferred to the age pension;
- the person need not make a claim for the age pension.

24 After section 48

Insert:

48A Automatic transfer to age pension by computer

If:

- (a) a person is automatically transferred to the age pension because of the operation of a computer program approved by the Secretary; and
- (b) the transfer is one that the Secretary could have determined should occur;

there is taken to be a determination by the Secretary that the person is to be transferred to the age pension.

Note: The determination that is taken to have been made is a decision of an officer for the purposes of review by the Secretary (see sections 1239 and 1240) and the Social Security Appeals Tribunal (see section 1247).

Schedule 12—Amendments relating to compensation

Part 1—Extension of compensation recovery provisions to age pensioners

Social Security Act 1991

1 Subsection 17(1) (before paragraph (a) of the definition of *compensation affected payment*)

Insert:

(aa) an age pension; or

2 After paragraph 44(1)(b)

Insert:

(ba) the person is subject to a compensation preclusion period (see Part 3.14); or

3 After section 81

Insert:

81A Payment of arrears of periodic compensation payments—suspension or cancellation

If:

- (a) an adverse determination is made in relation to a person because of point 1064-E3 (payment of arrears of periodic compensation payments); and
- (b) the pension has been paid to the person or the person's partner when, because of the payment of arrears of periodic compensation, the pension should have been cancelled or suspended;

the day specified under paragraph 81(2)(b) may be earlier than the day on which the determination is made.

81B Payment of arrears of periodic compensation payments—rate reduction

If:

Schedule 12 Amendments relating to compensation

- (a) an adverse determination is made in relation to a person because of point 1064-E3 (payment of arrears of periodic compensation payments); and
 - (b) the rate at which the pension was paid to the person or the person's partner was, because of the payment of arrears of periodic compensation, more than the rate at which the pension should have been paid;
- the day specified under paragraph 81(2)(b) may be earlier than the day on which the determination is made.

4 Point 1064-E3 (paragraph (a))

After "the person is receiving", insert "age pension,"

5 Subsection 1163(5)

Omit "subsection (6)", substitute "subsections (5A), (6), (7), (8), (8A), (10) and (11)".

6 At the end of section 1163

Add:

- (11) An age pension will only be affected under this Part if:
 - (a) the compensation is received on or after 20 March 1997; and
 - (b) the person's provisional commencement day for the age pension is on or after 20 March 1997.

Part 2—Amendments relating to the treatment of lump sum compensation payments

Social Security Act 1991

7 Section 3

Omit:

lump sum preclusion period 1165(3)-(5)

8 Section 3

Insert:

lump sum preclusion period 17(1)
 new lump sum preclusion period 1165(5)-(8)
 old lump sum preclusion period 1165(3)-(4)

9 Subsection 17(1) (definition of *average weekly earnings*)

Repeal the definition and the note, substitute:

average weekly earnings, in relation to an old lump sum preclusion period, means the amount:

- (a) estimated as the average total weekly earnings, during a particular month, of all employees (all persons) in Australia; and
- (b) last published by the Australian Statistician before the lump sum compensation payment became payable.

10 Subsection 17(1)

Insert:

income cut-out amount means the amount worked out using the following formula:

$$2 \left(\frac{\text{Maximum basic rate} + \text{Pharmaceutical amount for a single person}}{\text{}} \right) + \text{Ordinary free area limit}$$

52

where:

Schedule 12 Amendments relating to compensation

maximum basic rate means the amount specified in column 3 of item 1 in Table B in point 1064-B1.

pharmaceutical amount for a single person means the amount specified in column 3 of item 1 in the Pharmaceutical Allowance Amount Table in point 1064-C8.

ordinary free area limit means the amount specified in column 3 of item 1 in Table E-1 in point 1064-E4.

11 Subsection 17(1)

Insert:

lump sum preclusion period means either an old lump sum preclusion period within the meaning given by subsections 1165(3) to (4) (inclusive) or a new lump sum preclusion period within the meaning given by subsections 1165(5) to (8) (inclusive), as the case requires.

12 Paragraph 1165(1)(c)

After “affected payment”, insert “before 20 March 1997”.

13 Subsection 1165(1)

After “for the”, insert “old”.

14 Subsection 1165(1) (note 1)

Repeal the note, substitute:

Note 1: For *old lump sum preclusion period* see subsections (3) to (4).

Note: The heading to subsection 1165(1) is replaced by the heading “*Person not member of a couple—payment received before 20 March 1997*”.

15 After subsection 1165(1)

Insert:

Person not member of a couple—payment received on or after 20 March 1997

(1A) If:

- (a) a person receives or claims a compensation affected payment; and
- (b) the person is not a member of a couple; and

(c) the person receives a lump sum compensation payment (whether before or after the person receives or claims the compensation affected payment) on or after 20 March 1997; no compensation affected payment is payable to the person for the new lump sum preclusion period.

Note 1: For *new lump sum preclusion period* see subsections (5) to (8).

Note 2: A series of lump sum payments can be taken to be one lump sum compensation payment under subsection 17(2B).

16 Paragraph 1165(2)(c)

After “affected payment)”, insert “before 20 March 1997”.

17 Paragraphs 1165(2)(d) and (e)

After “for the”, insert “old”.

18 Subsection 1165(2) (note 1)

Repeal the note, substitute:

Note 1: For *old lump sum preclusion period* see subsections (3) to (4).

19 After subsection 1165(2)

Insert:

Person member of a couple—payment received on or after 20 March 1997

(2AA) If:

- (a) a person receives or claims a compensation affected payment (other than a parenting allowance); and
- (b) the person is a member of a couple; and
- (c) the person receives a lump sum compensation payment (whether before or after the person receives or claims the compensation affected payment) on or after 20 March 1997; no compensation affected payment is payable to the person for the new lump sum preclusion period.

Note: The heading to subsection 1165(2) is replaced by the heading “*Person member of a couple—payment received before 20 March 1997*”.

20 Paragraph 1165(2A)(b)

After “the allowance)”, insert “before 20 March 1997”.

21 Subsection 1165(2A)

After “for the”, insert “old”.

22 After subsection 1165(2A)

Insert:

(2AAA) If:

- (a) a person receives or claims a parenting allowance; and
- (b) the person receives a lump sum compensation payment (whether before or after the person receives or claims the allowance) on or after 20 March 1997;

parenting allowance is not payable to the person for the new lump sum preclusion period.

23 Paragraph 1165(2B)(b)

After “the allowance)”, insert “before 20 March 1997”.

24 Paragraphs 1165(2B)(c) and (d)

After “for the”, insert “old”.

25 Subsections 1165(3), (3A) and (3C)

Omit “*lump sum preclusion period*”, insert “*old lump sum preclusion period*”.

Note: The heading to subsection 1165(3) is replaced by the heading “*Old lump sum preclusion period*”.

26 Subsection 1165(4)

After “in the”, insert “old”.

27 Subsection 1165(5)

Repeal the subsection, substitute:

New lump sum preclusion period

- (5) If periodic compensation payments are made in respect of the lost earnings or lost earning capacity, the *new lump sum preclusion period* is the period that:
 - (a) begins on the day after the last day of the periodic payment period; and

- (b) ends after the number of weeks worked out under subsections (8) and (9).

Note: For *periodic payments period* see section 17.

- (6) If a person chooses to receive part of an entitlement to periodic compensation payments in the form of a lump sum, the *new lump sum preclusion period* is the period that:
 - (a) begins on the first day on which the person's periodic compensation payment is a reduced payment because of that choice; and
 - (b) ends after the number of weeks worked out under subsections (8) and (9).
- (7) If neither subsection (5) nor (6) applies, the *new lump sum preclusion period* is the period that:
 - (a) begins on the day on which the loss of earnings or loss of earning capacity began; and
 - (b) ends after the number of weeks worked out under subsections (8) and (9).
- (8) If a compensation lump sum is received on or after 20 March 1997, the number of weeks in the preclusion period is the number worked out under the following formula:

$$\frac{\text{Compensation part of lump sum}}{\text{Income cut - out amount}}$$

Note 1: For *compensation part of lump sum*, see section 17.

Note 2: For *income cut-out amount*, see section 17.

- (9) If the number worked out under subsection (4) or (8) is not a whole number, the number is to be rounded down to the nearest whole number.

28 Section 1165 (Lump sum preclusion period examples)

Repeal the examples and the heading to the examples.

29 Subsection 1166(1) (note 1)

Repeal the note.

30 Subsections 1166(2), (3), (4), (4A) and (4B)

Repeal the subsections, substitute:

Schedule 12 Amendments relating to compensation

- (2) Subject to subsection (5), the amount specified in the notice is the **recoverable amount** and is worked out under subsections 5(3), (4), (4A), (4B) and (4C).
- (3) If the person is not a member of a couple, the **recoverable amount** is equal to the smaller of the following amounts:
- (a) the compensation part of the lump sum compensation payment;
 - (b) the sum of the payments of the compensation affected payment made to the person:
 - (i) if the lump sum compensation payment is received before 20 March 1997—for the old lump sum preclusion period; or
 - (ii) if the lump sum compensation payment is received on or after 20 March 1997—for the new lump sum preclusion period.
- (4) If:
- (a) the person is a member of a couple; and
 - (b) the person's partner does not receive a compensation affected payment, a youth training allowance, or a compensation affected pension under the Veterans' Entitlements Act, for the old lump sum preclusion period;
- the **recoverable amount** is equal to the smaller of the following amounts:
- (c) the compensation part of the lump sum compensation payment;
 - (d) the sum of the payments of the compensation affected payment made to the person for:
 - (i) if the lump sum compensation payment is received before 20 March 1997—the old lump sum preclusion period; or
 - (ii) if the lump sum compensation payment is received on or after 20 March 1997—the new lump sum preclusion period.
- (4A) If:
- (a) the person is a member of a couple; and
 - (b) the person receives a lump sum compensation payment before 20 March 1997; and
 - (c) the person's partner receives a compensation affected payment (other than a parenting allowance), a youth training allowance, or a compensation affected pension under the

Veterans' Entitlements Act, for the old lump sum preclusion period;

the *recoverable amount* is equal to the smaller of the following amounts:

- (d) the compensation part of the lump sum compensation payment;
- (e) the sum of:
 - (i) the payments of the compensation affected payment made to the person for the old lump sum preclusion period; and
 - (ii) the payments of the compensation affected payment and (if applicable) the payments of youth training allowance or a compensation affected pension under the Veterans' Entitlements Act made to the person's partner for the old lump sum preclusion period.

(4B) If:

- (a) the person is a member of a couple; and
- (b) the person receives a lump sum compensation payment before 20 March 1997; and
- (c) the person's partner receives a parenting allowance for some or all of the old lump sum preclusion period;

the *recoverable amount* is equal to the smaller of the following amounts:

- (d) the compensation part of the lump sum compensation payment;
- (e) the sum of:
 - (i) the payments of the compensation affected payment made to the person for the old lump sum preclusion period; and
 - (ii) the payments of any compensation affected payment (excluding any payments of parenting allowance) and any payments of youth training allowance made to the person's partner for the old lump sum preclusion period; and
 - (iii) any payments of parenting allowance in excess of the maximum basic component of parenting allowance made to the person's partner during the old lump sum preclusion period.

(4C) If:

- (a) the person is a member of a couple; and

- (b) the person receives a lump sum compensation payment on or after 20 March 1997;
- the *recoverable amount* is equal to the smaller of the following amounts:
- (c) the compensation part of the lump sum compensation payment;
 - (d) the sum of the payments of the compensation affected payment made to the person for the new lump sum preclusion period.

31 Section 1166 (lump sum recoverable amount and preclusion period examples)

Repeal the examples and the heading to the examples.

32 Paragraph 1174(4)(a)

Repeal the paragraph, substitute:

- (a) the sum of the payments of the compensation affected payment payable to the person for:
 - (i) the periodic payments period; or
 - (ii) if a lump sum compensation payment is received before 20 March 1997—the old lump sum preclusion period; or
 - (iii) if a lump sum compensation payment is received on or after 20 March 1997—the new lump sum preclusion period;

33 Paragraph 1174(5)(c)

Repeal the paragraph, substitute:

- (c) the sum of the payments of the compensation affected payment payable to the person for:
 - (i) the periodic payments period; or
 - (ii) if a lump sum compensation payment is received before 20 March 1997—the old lump sum preclusion period; or
 - (iii) if a lump sum compensation payment is received on or after 20 March 1997—the new lump sum preclusion period;

34 Paragraph 1174(6)(b)

Repeal the paragraph, substitute:

- (b) the person's partner receives or claims a compensation affected payment or a youth training allowance for either:
 - (i) the periodic payments period; or
 - (ii) if a lump sum compensation payment is received by the person before 20 March 1997—the old lump sum preclusion period;

35 Paragraph 1174(6)(c)

After “periodic payments period or the”, insert “old”.

36 Paragraph 1179(4)(a)

Repeal the paragraph, substitute:

- (a) the sum of the payments of the compensation affected payments payable to the person for:
 - (i) the periodic payments period; or
 - (ii) if a lump sum compensation payment is received before 20 March 1997—the old lump sum preclusion period; or
 - (iii) if a lump sum compensation affected payment is received before 20 March 1997—the new lump sum preclusion period;

37 Paragraph 1179(5)(c)

Repeal the paragraph, substitute:

- (c) the sum of the payments of the compensation affected payment payable to the person for:
 - (i) the periodic payments period; or
 - (ii) if a lump sum compensation payment is received before 20 March 1997—the old lump sum preclusion period; or
 - (iii) if a lump sum compensation affected payment is received before 20 March 1997—the new lump sum preclusion period;

38 Paragraph 1179(6)(b)

Repeal the paragraph, substitute:

- (b) the person's partner receives or claims a compensation affected payment or a youth training allowance for:
 - (i) the periodic payments period; or

- (ii) if a lump sum compensation payment is received by the person before 20 March 1997;

39 Paragraph 1179(6)(c)

After “periodic payments period or the”, insert “old”.

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40 Subsection 58(1)

Insert:

lump sum preclusion period means either an old lump sum preclusion period within the meaning given by subsections 228(3) to (7) (inclusive) or a new lump sum preclusion period within the meaning given by subsections 228(7A) to (7D) (inclusive), as the case requires.

41 Paragraph 228(1)(c)

After “the allowance”, insert “before 20 March 1997”.

42 Subsection 228(1)

After “for the”, insert “old”.

43 Subsection 228(1) (note 1)

Repeal the note, substitute:

Note 1: For *old lump sum preclusion period* see subsections (3) to (7).

Note: The heading to subsection 228(1) is replaced by the heading “*Person not member of couple—payment received before 20 March 1997*”.

44 After subsection 228(1)

Insert:

Person not member of a couple—payment received on or after 20 March 1997

(1A) If:

- (a) a person receives or claims a youth training allowance; and
- (b) the person is not a member of a couple; and
- (c) the person receives a lump sum compensation payment (whether before or after the person receives or claims the youth training allowance) on or after 20 March 1997;

no youth training allowance is payable to the person for the new lump sum preclusion period.

Note 1: For *new lump sum preclusion period* see subsections (7A) to (7D).

Note 2: A series of lump sum payments can be taken to be one lump sum compensation payment under subsection 17(2B).

45 Paragraph 228(2)(c)

After “the allowance”, insert “before 20 March 1997”.

46 Paragraphs 228(2)(d) and (e)

After “for the”, insert “old”.

47 Subsection 228(2) (note 1)

Repeal the note, substitute:

Note 1: For *old lump sum preclusion period* see subsections (3) to (7).

48 After subsection 228(2)

*Person member of a couple—payment received on or after
20 March 1997*

(2A) If:

- (a) a person receives or claims a youth training allowance; and
 - (b) the person is a member of a couple; and
 - (c) the person receives a lump sum compensation payment (whether before or after the person receives or claims the youth training allowance) on or after 20 March 1997;
- no youth training allowance is payable to the person for the new lump sum preclusion period.

Note: The heading to subsection 228(2) is replaced by the heading “*Person member of a couple—payment received before 20 March 1997*”.

49 Subsections 228(3), (4) and (6)

Omit “*lump sum preclusion period*”, insert “*old lump sum preclusion period*”.

Note: The heading to subsection 228(3) is replaced by the heading “*Old lump sum preclusion period*”.

50 Subsection 228(7)

After “in the”, insert “old”.

51 After subsection 228(7)

Insert:

New lump sum preclusion period

- (7A) If periodic compensation payments are made in respect of the lost earnings or lost earning capacity, the ***new lump sum preclusion period*** is the period that:
- (a) begins on the day after the last day of the periodic payment period; and
 - (b) ends after the number of weeks worked out under subsections (7D) and (8).
- Note: For ***periodic payments period*** see section 17 of the Social Security Act.
- (7B) If a person chooses to receive part of an entitlement to periodic compensation payments in the form of a lump sum, the ***new lump sum preclusion period*** is the period that:
- (a) begins on the first day on which the person's periodic compensation payment is a reduced payment because of that choice; and
 - (b) ends the number of weeks worked out under subsections (7D) and (8).
- (7C) If neither subsection (8A) nor (8B) applies, the ***new lump sum preclusion period*** is the period that:
- (a) begins on the day on which the loss of earnings or loss of earning capacity began; and
 - (b) ends after the number of weeks worked out under subsections (7D) and (8).
- (7D) If a compensation lump sum is received on or after 20 March 1997, the number of weeks in the preclusion period is the number worked out under the following formula:

$$\frac{\text{Compensation part of lump sum}}{\text{Income cut - out amount}}$$

Note 1: For ***compensation part of lump sum***, see section 17 of the Social Security Act.

Note 2: For ***income cut-out amount***, see section 17 of the Social Security Act.

52 Subsection 228(8)

After “subsection (7)”, insert “or (7D)”.

53 Subsection 229(1) (note 1)

Repeal the note.

54 Subsections 229(2), (3), (4), (4A) and (4B)

Repeal the subsections, substitute:

- (2) Subject to subsection (5), the amount specified in the notice is the *recoverable amount* and is worked out under subsections (3), (4), (4A), (4B) and (4C).
- (3) If the person is not a member of a couple, the *recoverable amount* is equal to the smaller of the following amounts:
 - (a) the compensation part of the lump sum compensation payment;
 - (b) the sum of the payments of youth training allowance made to the person:
 - (i) if the lump sum compensation payment is received before 20 March 1997—for the old lump sum preclusion period; or
 - (ii) if the lump sum compensation payment is received on or after 20 March 1997—for the new lump sum preclusion period.
- (4) If:
 - (a) the person is a member of a couple; and
 - (b) the person’s partner does not receive a compensation affected payment or youth training allowance for the old lump sum preclusion period;the *recoverable amount* is equal to the smaller of the following amounts:
 - (c) the compensation part of the lump sum compensation payment;
 - (d) the sum of the payments of the compensation affected payment made to the person for:
 - (i) if the lump sum compensation payment is received before 20 March 1997—the old lump sum preclusion period; or

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- (ii) if the lump sum compensation payment is received on or after 20 March 1997—the new lump sum preclusion period.

(4A) If:

- (a) the person is a member of a couple; and
- (b) the person receives a lump sum compensation payment before 20 March 1997; and
- (c) the person's partner receives a compensation affected payment (other than a parenting allowance) or youth training allowance, for the old lump sum preclusion period;

the *recoverable amount* is equal to the smaller of the following amounts:

- (d) the compensation part of the lump sum compensation payment;
- (e) the sum of:
 - (i) the payments of youth training allowance made to the person for the old lump sum preclusion period; and
 - (ii) the payments of the compensation affected payment (excluding any payments of parenting allowance) made to the person's partner under the Social Security Act for the old lump sum preclusion period and that would not have been recovered under the provision of that Act that corresponds to this section.

(4B) If:

- (a) the person is a member of a couple; and
- (b) the person receives a lump sum compensation payment before 20 March 1997; and
- (c) the person's partner receives a parenting allowance for some or all of the old lump sum preclusion period;

the *recoverable amount* is equal to the smaller of the following amounts:

- (d) the compensation part of the lump sum compensation payment;
- (e) the sum of:
 - (i) the payments of youth training allowance made to the person for the old lump sum preclusion period; and
 - (ii) the payments of any compensation affected payment (excluding any payments of parenting allowance) made to the person's partner under the Social Security Act for the old lump sum preclusion period and that have not

been recovered under the provision of that Act that corresponds to this section; and

- (iii) any payments of parenting allowance in excess of the maximum basic component of parenting allowance made to the person's partner under the Social Security Act during the old lump sum preclusion period and that have not been recovered under the provision of that Act that corresponds to this section.

(4C) If:

- (a) the person is a member of a couple; and
- (b) the person receives a lump sum compensation payment on or after 20 March 1997;

the *recoverable amount* is equal to the smaller of the following amounts:

- (c) the compensation part of the lump sum compensation payment;
- (d) the sum of the payments of the compensation affected payment made to the person for the new lump sum preclusion period.

55 Paragraph 237(4)(a)

Repeal the paragraph, substitute:

- (a) the sum of the youth training allowance payments payable to the person for:
 - (i) the periodic payments period; or
 - (ii) if a lump sum compensation payment is received before 20 March 1997—the old lump sum preclusion period; or
 - (iii) if a lump sum compensation affected payment is received before 20 March 1997—the new lump sum preclusion period;

56 Paragraph 237(5)(c)

Repeal the paragraph, substitute:

- (c) the sum of the youth training allowance payments payable to the person for:
 - (i) the periodic payments period; or
 - (ii) if a lump sum compensation payment is received before 20 March 1997—the old lump sum preclusion period; or

- (iii) if a lump sum compensation affected payment is received before 20 March 1997—the new lump sum preclusion period;

57 Paragraph 237(6)(b)

Repeal the paragraph, substitute:

- (b) the person's partner receives or claims a compensation affected payment or a youth training allowance for:
 - (i) the periodic payments period; or
 - (ii) if a lump sum compensation payment is received by the person before 20 March 1997;

58 Subparagraph 237(6)(c)(i)

Repeal the subparagraph, substitute:

- (i) the youth training allowance payable to the person for the periodic payments period or the lump sum preclusion period; and
- (iia) if a periodic payments period applies to the person's partner—the youth training allowance payments payable to the person's partner for that period; and
- (iib) if a lump sum compensation payment is received by the person's partner before 20 March 1997—the youth training allowance payments payable to the person's partner for the old lump sum preclusion period; and

59 Subparagraph 237(6)(c)(ii)

After "periodic payments period or the", insert "old".

60 Paragraph 243(4)(a)

Repeal the paragraph, substitute:

- (a) the sum of the youth training allowance payments payable to the person for:
 - (i) the periodic payments period; or
 - (ii) if a lump sum compensation payment is received before 20 March 1997—the old lump sum preclusion period;
or
 - (iii) if a lump sum compensation affected payment is received before 20 March 1997—the new lump sum preclusion period;

61 Paragraph 243(5)(c)

Repeal the paragraph, substitute:

- (c) the sum of the youth training allowance payments payable to the person for:
 - (i) the periodic payments period; or
 - (ii) if a lump sum compensation payment is received before 20 March 1997—the old lump sum preclusion period; or
 - (iii) if a lump sum compensation affected payment is received before 20 March 1997—the new lump sum preclusion period;

62 Paragraph 243(6)(b)

Repeal the paragraph, substitute:

- (b) the person's partner receives or claims a compensation affected payment or a youth training allowance for:
 - (i) the periodic payments period; or
 - (ii) if a lump sum compensation payment is received by the person before 20 March 1997—the old lump sum preclusion period;

63 Subparagraph 243(6)(c)(i)

Repeal the subparagraph, substitute:

- (i) the youth training allowance payable to the person for the periodic payments period or the lump sum preclusion period; and
- (iia) if a periodic payments period applies to the person's partner—the youth training allowance payments payable to the person's partner for that period; and
- (iib) if a lump sum compensation payment is received by the person's partner before 20 March 1997—the youth training allowance payments payable to the person's partner for the old lump sum preclusion period; and

64 Subparagraph 243(6)(ii)

After “periodic payments period or the”, insert “old”.

Schedule 13—Amendments to the compensation provisions of the Student and Youth Assistance Act 1973

Part 1—Amendment relating to receipt of periodic compensation payments

1 Section 231

Repeal the section, substitute:

231 Rate reduction if periodic compensation payments received

Person qualified for youth training allowance

(1) If:

- (a) a person, or the person's partner, receives a periodic compensation payment for the whole or part of a period (the *period*) in respect of which the person claims or is receiving youth training allowance; and
- (b) the person was not receiving youth training allowance or a compensation affected payment at the time of the event that gave rise to the entitlement of the person, or the person's partner, to the compensation;

the rate of the person's youth training allowance for the period is to be reduced in accordance with this section.

Note 1: For *compensation affected payment*, see subsection 17(1) of the Social Security Act.

Note 2: If the person, or the person's partner, was receiving youth training allowance or a compensation affected payment at the time of the event that gave rise to the entitlement of the person, or the partner, to compensation, the compensation is treated as ordinary income.

Note 3: Arrears of periodic compensation payments are dealt with under section 233.

Method of working out reduced rate

- (2) If the rate of the person's youth training allowance is to be reduced under subsection (1), subsections (3), (4), (5) and (6) are to be used to work out the person's reduced rate.

Note 1: If the fortnightly rate of periodic compensation is higher than the fortnightly rate of the youth training allowance, the youth training allowance will be reduced to nil for the period.

Note 2: If a person's rate is reduced under subsection (1), the order in which the reduction is to be made against the components of the maximum payment rate is set out in section 257 (maximum basic rate first, then rent assistance).

Person not member of couple

- (3) If the person is not a member of a couple, the person's fortnightly rate of youth training allowance is reduced by the fortnightly rate of periodic compensation.

Person member of couple

- (4) If:
- (a) the person is a member of a couple; and
 - (b) the person's partner does not claim or receive youth training allowance or a compensation affected payment for the period;

the person's fortnightly rate of youth training allowance is reduced by the fortnightly rate of periodic compensation.

Person's partner claims or receives compensation affected payment other than social security benefit or parenting allowance

- (5) If:
- (a) the person is a member of a couple; and
 - (b) the person's partner claims or is receiving a compensation affected payment (other than a social security benefit or a parenting allowance) for the period;

the person's fortnightly rate of youth training allowance is reduced by half the fortnightly rate of the periodic compensation.

Person's partner claims or receives social security benefit, parenting allowance or youth training allowance

- (6) If:
- (a) the person is a member of a couple; and
 - (b) the person's partner claims or is receiving a social security benefit, a parenting allowance or youth training allowance, for the period;

the rate of the person's youth training allowance for the period is to be reduced in accordance with subsection (7).

Schedule 13 Amendments to the compensation provisions of the Student and Youth Assistance Act 1973

Method of working out reduced rate under subsection (6)

- (7) If the rate of a person's youth training allowance is to be reduced under subsection (6), the person's reduced rate is worked out as follows:

$$\text{Youth training allowance payment rate} - \left[\text{Partner's excess compensation rate} + \text{Person's compensation rate} \right]$$

where:

youth training allowance payment rate is the fortnightly rate of youth training allowance that would (apart from subsection (6)) be payable to the person during the period.

partner's excess compensation rate is the amount (if any) by which the fortnightly rate of any periodic compensation payable to the person's partner for the period exceeds the fortnightly rate of:

- (a) the social security benefit or parenting allowance that would (apart from subsection 1168(4) of the Social Security Act) be payable to the partner during that period; or
- (b) youth training allowance that would (apart from subsection (6) of this section) be payable to the partner during that period.

person's compensation rate is the fortnightly rate of any periodic compensation paid or payable to the person for the period.

Note: If the person's compensation rate or the partner's excess compensation rate, or the 2 rates taken together, are higher than the fortnightly rate of youth training allowance, the allowance will be reduced to nil for the period.

Part 2—Amendments relating to lump sum compensation

2 Subsection 224(3)

Repeal the subsection (but not the notes), substitute:

- (3) If the compensation is a lump sum compensation payment, the allowance might cease to be payable for a period (based on the amount of the lump sum) and some or all of the allowance payments might be repayable.

3 Paragraph 228(1)(c)

Repeal the paragraph, substitute:

- (c) the person receives a lump sum compensation payment (whether before or after the person claims or receives the allowance);

4 At the end of subsection 228(1)

Add:

- Note 2: A series of lump sum payments can be taken to be one lump sum compensation payment under subsection 17(2B) of the Social Security Act.

5 Paragraph 228(2)(c)

Repeal the paragraph, substitute:

- (c) the person, or the person's partner, receives a lump sum compensation payment (whether before or after the person claims or receives the allowance);

6 At the end of subsection 228(2)

Add:

- Note 2: A series of lump sum payments can be taken to be one lump sum compensation payment under subsection 17(2B) of the Social Security Act.

7 Subsection 228(5)

Repeal the subsection.

8 Subsection 228(6)

Omit “none of subsections (3), (4) and (5)”, substitute “neither subsection (3) nor subsection (4)”.

9 Paragraph 229(1)(a)

Omit “compensation in the form of a lump sum”, substitute “a lump sum compensation payment”.

10 At the end of subsection 229(1)

Add:

Note 2: A series of lump sum payments can be taken to be one lump sum compensation payment under subsection 17(2B) of the Social Security Act.

11 Section 230

Repeal the section, substitute:

230 Lump sum compensation not counted as ordinary income

If an amount per fortnight of youth training allowance is not payable to a person under section 228 because of a lump sum compensation payment, that lump sum compensation payment is not to be regarded as ordinary income of either the person or the person’s partner for the purposes of this Part.

Note: For *ordinary income*, see section 8 of the Social Security Act.

12 Paragraph 235(1)(a)

After “compensation”, insert “wholly or partly”.

13 Paragraph 241(1)(a)

After “compensation” (second occurring), insert “wholly or partly”.

Part 3—Amendments relating to compensation recovery

14 Paragraph 227(1)(a)

After “a person”, insert “claims or”.

Note: The heading to subsection 227(1) is altered by inserting “*claiming or*” after “*Person*”.

15 Subsection 227(2)

Repeal the subsection.

16 Subsections 227(6), (7), (8), (9) and (10)

Repeal the subsections, substitute:

Allowance not payable or not to be granted if claimant etc. fails to comply

- (6) If, under subsection (1), the Secretary requires a person who claims or is receiving youth training allowance to take action to claim or obtain compensation, the allowance is not to be granted, or is not payable, to the person unless the person complies with the requirement.

Allowance not payable or not to be granted if partner fails to comply

- (7) If, under subsection (1), the Secretary requires the partner of a person who claims or is receiving youth training allowance to take action to claim or obtain compensation, the allowance is not to be granted, or is not payable, to the person unless the partner complies with the requirement.

17 Paragraph 228(1)(a)

Omit “is qualified for”, substitute “claims or receives”.

18 Paragraph 228(2)(a)

Omit “is qualified for”, substitute “claims or receives”.

19 Subsections 229(2), (3) and (4)

Repeal the subsections, substitute:

Schedule 13 Amendments to the compensation provisions of the Student and Youth Assistance Act 1973

Method of working out recoverable amount

- (2) Subject to subsection (5), the amount specified in the notice is the **recoverable amount** and is worked out under subsection (3), (4), (4A) or (4B).

Person not member of couple

- (3) If the person is not a member of a couple, the **recoverable amount** is equal to the smaller of the following amounts:
- (a) the compensation part of the lump sum compensation payment;
 - (b) the sum of the payments of youth training allowance made to the person for the lump sum preclusion period.

Person member of couple

- (4) If:
- (a) the person is a member of a couple; and
 - (b) the person's partner does not receive a compensation affected payment or youth training allowance for the lump sum preclusion period;
- the **recoverable amount** is equal to the smaller of the following amounts:
- (c) the compensation part of the lump sum compensation payment;
 - (d) the sum of the payments of youth training allowance made to the person for the lump sum preclusion period.

Note: For **compensation affected payment**, see subsection 17(1) of the Social Security Act.

Person's partner receiving youth training allowance or compensation affected payment other than parenting allowance

- (4A) If:
- (a) the person is a member of a couple; and
 - (b) the person's partner receives a compensation affected payment (other than parenting allowance) or youth training allowance for the lump sum preclusion period;
- the **recoverable amount** is equal to the smaller of the following amounts:
- (c) the compensation part of the lump sum compensation payment;

- (d) the sum of:
- (i) the payments of youth training allowance made to the person and to the person's partner for the lump sum preclusion period; and
 - (ii) the payments of the compensation affected payment (excluding any payments of parenting allowance) made to the person's partner under the Social Security Act for the lump sum preclusion period and that have not been recovered under the provision of that Act that corresponds to this section.

Person's partner receiving parenting allowance

(4B) If:

- (a) the person is a member of a couple; and
 - (b) the person's partner receives a parenting allowance for the whole or a part of the lump sum preclusion period;
- the **recoverable amount** is equal to the smaller of the following amounts:
- (c) the compensation part of the lump sum compensation payment;
 - (d) the sum of:
 - (i) the payments of youth training allowance made to the person and to the person's partner for the lump sum preclusion period; and
 - (ii) the payments of any compensation affected payment (excluding payments of parenting allowance) made to the person's partner under the Social Security Act for the lump sum preclusion period and that have not been recovered under the provision of that Act that corresponds to this section; and
 - (iii) any payments of parenting allowance in excess of the maximum basic component of parenting allowance made to the person's partner under the Social Security Act for the lump sum preclusion period and that have not been recovered under the provision of that Act that corresponds to this section.

Note 1: For **maximum basic component of parenting allowance**, see point 1068A-B6 of the Parenting Allowance Rate Calculator at the end of section 1068A of the Social Security Act.

Note 2: If the partner of a compensation recipient claims or is receiving parenting allowance, the allowance may be reduced during the lump

sum preclusion period under subsection 1165(2B) of the Social Security Act.

20 Subsections 233(2), (3) and (4)

Repeal the subsections, substitute:

Method of working out recoverable amount

- (2) The amount specified in the notice is the **recoverable amount** and is worked out under subsection (3), (4), (5) or (6).

Person not member of couple

- (3) If the person is not a member of a couple, the **recoverable amount** is equal to the smaller of the following amounts:
- (a) the sum of the periodic compensation payments;
 - (b) the sum of the payments of youth training allowance made to the person for the periodic payments period.

Person member of couple

- (4) If:
- (a) the person is a member of a couple; and
 - (b) the person's partner does not receive a compensation affected payment or youth training allowance for the periodic payments period;

the **recoverable amount** is equal to the smaller of the following amounts:

- (c) the sum of the periodic compensation payments;
- (d) the sum of the payments of youth training allowance made to the person for the periodic payments period.

Person's partner receiving youth training allowance or compensation affected payment other than parenting allowance

- (5) If:
- (a) the person is a member of a couple; and
 - (b) the person's partner receives a compensation affected payment (other than parenting allowance) or youth training allowance for the periodic payments period;

the **recoverable amount** is equal to the smaller of the following amounts:

- (c) the sum of the periodic compensation payments;
- (d) the sum of:

- (i) the payments of youth training allowance made to the person and to the person's partner for the periodic payments period; and
- (ii) the payments of the compensation affected payment (excluding any payments of parenting allowance) made to the person's partner under the Social Security Act for the periodic payments period and that have not been recovered under the provision of that Act that corresponds to this section.

Person's partner receiving parenting allowance

(6) If:

- (a) the person is a member of a couple; and
- (b) the person's partner receives a parenting allowance for the whole or part of the periodic payments period;

the **recoverable amount** is equal to the smaller of the following amounts:

- (c) the sum of the periodic compensation payments;
- (d) the sum of:
 - (i) the payments of youth training allowance made to the person and to the person's partner for the periodic payments period; and
 - (ii) the payments of any compensation affected payment (excluding any payments of parenting allowance) made to the person's partner under the Social Security Act for the periodic payments period and that have not been recovered under the provision of that Act that corresponds to this section; and
 - (iii) any payments of parenting allowance in excess of the maximum basic component of parenting allowance made to the person's partner under the Social Security Act for the periodic payments period and that have not been recovered under the provision of that Act that corresponds to this section.

Note 1: For **maximum basic component of parenting allowance**, see point 1068A-B6 of the Parenting Allowance Rate Calculator at the end of section 1068A of the Social Security Act.

Note 2: If the partner of a compensation recipient claims or is receiving parenting allowance, the allowance may be reduced during the periodic payments period under subsection 1168(6) of the Social Security Act.

21 At the end of section 234

Add:

Note: For *ordinary income*, see section 8 of the Social Security Act.

22 Paragraph 237(6)(c)

Before “the sum of”, insert “subject to subsection (6A),”.

23 Subparagraph 237(6)(c)(ii)

Omit “pension, benefit or allowance”, substitute “compensation affected payment”.

24 After subsection 237(6)

Insert:

(6A) For the purposes of paragraph (6)(c), any payment of parenting allowance payable to the person's partner for the periodic payments period or the lump sum preclusion period is to be disregarded so far as it does not exceed the maximum basic component of parenting allowance.

Note: For *maximum basic component of parenting allowance*, see point 1068A-B6 of the Parenting Allowance Rate Calculator at the end of section 1068A of the Social Security Act.

25 Paragraph 243(1)(a)

After “claim for compensation”, insert “wholly or partly”.

26 Paragraph 243(6)(c)

Before “the sum of”, insert “subject to subsection (6A),”.

27 Subparagraph 243(6)(c)(ii)

Omit “pension, benefit or allowance”, substitute “compensation affected payment”.

28 After subsection 243(6)

Insert:

(6A) For the purposes of paragraph (6)(c), any payment of parenting allowance payable to the person's partner for the periodic payments period or the lump sum preclusion period is to be disregarded so far as it does not exceed the maximum basic component of parenting allowance.

Note: For *maximum basic component of parenting allowance*, see point 1068A-B6 of the Parenting Allowance Rate Calculator at the end of section 1068A of the Social Security Act.

29 Paragraph 248(2)(a)

Omit “is qualified for”, substitute “claims or receives”.

30 Paragraph 248(2)(c)

Omit “qualification for”, substitute “claim for or receipt of”.

Schedule 14—Amendments to abolish the health benefits card and allow the issuing of a health care card to sickness allowees

Health Insurance Act 1973

1 Subsection 3(1)

Omit “4D or 5DA”, substitute “4D, 5DA or 5DB”.

2 After paragraph 4D(1)(c)

Insert:

(ca) sickness allowance; or

3 After section 5DA

Insert:

5DB Persons in receipt of sickness allowance to be declared disadvantaged persons

- (1) If, at any time on or after 1 July 1997, a person receives sickness allowance, the Secretary must declare the person to be a disadvantaged person within the meaning of this section.
- (2) A declaration under subsection (1) remains in force in respect of the period for which sickness allowance is payable.
- (3) A declaration under subsection (1) must be in writing and notice of it must be given to the person concerned.
- (4) In this section:

Secretary means Secretary to the Department of Social Security.
sickness allowance means sickness allowance under the *Social Security Act 1991*.

National Health Act 1953

4 Section 4 (subparagraph (aa)(i) of the definition of *pensioner*)

Repeal the subparagraph.

5 Section 4 (subparagraph (aa)(iib) of the definition of pensioner)

Repeal the subparagraph.

Hearing Services Act 1991

6 Subsection 5(1)

Omit “a Health Benefit Card”, substitute “a Health Care Card issued to a recipient of sickness allowance under the *Social Security Act 1991*”.

Schedule 15 Repeal of provisions relating to health care cards for persons receiving family allowance supplement on 1 January 1992

Schedule 15—Repeal of provisions relating to health care cards for persons receiving family allowance supplement on 1 January 1992

Health Insurance Act 1973

1 Subsections 5EA(1) to (3) (inclusive)

Repeal the subsections.

Schedule 16—Abolition of modified income test

Social Security Act 1991

1 Subparagraph 1061Q(4)(a)(i)

Repeal the subparagraph.

2 Clause 32 of Schedule 1A

Repeal the clause.

National Health Act 1953

3 Subsection 84(1) (paragraphs (aaa) and (aab) of the definition of *concessional beneficiary*)

Repeal the paragraphs.

Schedule 17—Amendments relating to the application of the below threshold deeming rate

Social Security Act 1991

1 Subsection 1076(3)

Repeal the subsection and the example, substitute:

- (3) If the total value of the person's financial assets is equal to or less than the person's deeming threshold, the ordinary income the person is taken to receive per year on the financial assets is the amount worked out by multiplying the value of those assets by the below threshold rate.
- (3A) If the total value of the person's financial assets exceeds the person's deeming threshold, the ordinary income that the person is taken to receive is worked out as follows:

Method statement

Step 1. Multiply the person's deeming threshold by the below threshold rate.

Note 1: For *deeming threshold* see subsection 1081(1).

Note 2: For *below threshold rate* see subsection 1082(1).

Step 2. Subtract the deeming threshold from the total value of the person's financial assets.

Note: For *deeming threshold* see subsection 1081(1).

Step 3. Multiply the remainder worked out at Step 2 by the above threshold rate.

Note: For *above threshold rate* see subsection 1082(2).

Step 4. The total of the amounts worked out at Steps 1 and 3 represents the ordinary income the person is taken to receive per year on the financial assets.

2 Subsection 1076(4)

After "(3)", insert "or (3A)".

3 Subsection 1077(3)

Repeal the subsection and the example, substitute:

- (3) If the total value of the couple's financial assets is equal to or less than the couple's deeming threshold, the ordinary income the couple is taken to receive per year on the financial assets is the amount worked out by multiplying the value of those assets by the below threshold rate.
- (3A) If the total value of the couple's financial assets exceeds the couple's deeming threshold, the ordinary income that the couple is taken to receive is worked out as follows:

Method statement

Step 1. Multiply the couple's deeming threshold by the below threshold rate.

Note 1: For *deeming threshold* see subsection 1081(2).

Note 2: For *below threshold rate* see subsection 1082(1).

Step 2. Subtract the deeming threshold from the total value of the couple's financial assets.

Note: For *deeming threshold* see subsection 1081(2).

Step 3. Multiply the remainder worked out at Step 2 by the above threshold rate.

Note: For *above threshold rate* see subsection 1082(2).

Step 4. The total of the amounts worked out at Steps 1 and 3 represents the ordinary income the couple is taken to receive per year on the financial assets.

4 Subsection 1077(4)

Repeal the subsection, substitute:

- (4) Each member of the couple is taken, for the purposes of this Act, to receive, as ordinary income during each week, an amount worked out under the following formula:

$$\frac{\text{Amount calculated under subsection (3) or (3A)}}{52} \times 0.5$$

5 Subsection 1078(3)

Repeal the subsection and the example, substitute:

- (3) If the total value of the person's financial assets is equal to or less than the person's deeming threshold, the ordinary income the person is taken to receive per year on the financial assets is the

Schedule 17 Amendments relating to the application of the below threshold deeming rate

amount worked out by multiplying the value of those assets by the below threshold rate.

- (3A) If the total value of the person's financial assets exceeds the person's deeming threshold, the ordinary income that the person is taken to receive is worked out as follows:

Method statement

Step 1. Multiply the person's deeming threshold by the below threshold rate.

Note 1: For *deeming threshold* see subsection 1081(3).

Note 2: For *below threshold rate* see subsection 1082(1).

Step 2. Subtract the deeming threshold from the total value of the person's financial assets.

Note: For *deeming threshold* see subsection 1081(3).

Step 3. Multiply the remainder worked out at Step 2 by the above threshold rate.

Note: For *above threshold rate* see subsection 1082(2).

Step 4. The total of the amounts worked out at Steps 1 and 3 represents the ordinary income the person is taken to receive per year on the financial assets.

6 Subsection 1078(4)

After "(3)", insert "or (3A)".

7 Sections 1079 and 1080

Repeal the sections.

8 Subsection 1084(2)

Repeal the subsection.

Student and Youth Assistance Act 1973

9 Subsection 178(3)

Repeal the subsection and the example, substitute:

- (3) If the total value of the person's financial assets is equal to or less than the person's deeming threshold, the ordinary income the person is taken to receive per year on the financial assets is the amount worked out by multiplying the value of those assets by the below threshold rate.

- (3A) If the total value of the person's financial assets exceeds the person's deeming threshold, the ordinary income that the person is taken to receive is worked out as follows:

Method statement

Step 1. Multiply the person's deeming threshold by the below threshold rate.

Note 1: For *deeming threshold* see subsection 182(1).

Note 2: For *below threshold rate* see subsection 183(1).

Step 2. Subtract the deeming threshold from the total value of the person's financial assets.

Note: For *deeming threshold* see subsection 182(1).

Step 3. Multiply the remainder worked out at Step 2 by the above threshold rate.

Note: For *above threshold rate* see subsection 183(2).

Step 4. The total of the amounts worked out at Steps 1 and 3 represents the ordinary income the person is taken to receive per year on the financial assets.

10 Subsection 178(4)

After "(3)", insert "or (3A)".

11 Subsection 179(3)

Repeal the subsection and the example, substitute:

- (3) If the total value of the person's financial assets is equal to or less than the person's deeming threshold, the ordinary income the person is taken to receive per year on the financial assets is the amount worked out by multiplying the value of those assets by the below threshold rate.
- (3A) If the total value of the person's financial assets exceeds the person's deeming threshold, the ordinary income that the person is taken to receive is worked out as follows:

Method statement

Step 1. Multiply the person's deeming threshold by the below threshold rate.

Note 1: For *deeming threshold* see subsection 182(2).

Note 2: For *below threshold rate* see subsection 183(1).

Schedule 17 Amendments relating to the application of the below threshold deeming rate

Step 2. Subtract the deeming threshold from the total value of the person's financial assets.

Note: For *deeming threshold* see subsection 182(2).

Step 3. Multiply the remainder worked out at Step 2 by the above threshold rate.

Note: For *above threshold rate* see subsection 183(2).

Step 4. The total of the amounts worked out at Steps 1 and 3 represents the ordinary income the person is taken to receive per year on the financial assets.

12 Subsection 179(4)

After "(3)", insert "or (3A)".

13 Sections 180 and 181

Repeal the sections.

14 Subsection 185(2)

Repeal the subsection.

Schedule 18—Amendments relating to debt recovery

Part 1—Automatic rate reductions for persons complying with notification obligations

Social Security Act 1991

1 Paragraph 71(2)(a)

After “73A,” insert “73B,”.

2 After section 73A

Insert:

73B Automatic rate reduction—recipient complying with section 68 notification obligations

If:

- (a) a person who is receiving an age pension is given a notice under section 68, whether before, on or after 1 October 1997; and
- (b) the notice requires the person to inform the Department of the occurrence of an event or change in circumstances within a specified period (in this section called the *notification period*); and
- (c) the event or change in circumstances occurs on or after 1 October 1997; and
- (d) the person informs the Department of the occurrence of the event or change in circumstances within the notification period in accordance with the notice; and
- (e) because of the occurrence of the event or change in circumstances, the person’s rate of pension is to be reduced; and
- (f) the person’s rate of pension is not reduced before the end of the notification period;

the pension becomes payable to the person at the reduced rate immediately after the end of the notification period.

3 Paragraph 135(2)(a)

After “141”, insert “141A,”.

4 After section 141

Insert:

141A Automatic rate reduction—recipient complying with section 132 notification obligations

If:

- (a) a person who is receiving disability support pension is given a notice under section 132, whether before, on or after 1 October 1997 ; and
 - (b) the notice requires the person to inform the Department of the occurrence of an event or change in circumstances within a specified period (the *notification period*); and
 - (c) the event or change in circumstances occurs on or after 1 October 1997; and
 - (d) the person informs the Department of the occurrence of the event or change in circumstances within the notification period in accordance with the notice; and
 - (e) because of the occurrence of the event or change in circumstances, the person's rate of pension is to be reduced; and
 - (f) the person's rate of pension is not reduced before the end of the notification period;
- the pension becomes payable to the person at the reduced rate immediately after the end of the notification period.

5 Paragraph 175(2)(a)

After "section", insert "177A,".

6 Before section 178

Insert:

177A Automatic rate reduction—recipient complying with section 172 notification obligations

If:

- (a) a woman who is receiving a wife pension is given a notice under section 172, whether before, on or after 1 October 1997; and
- (b) the notice requires the woman to inform the Department of the occurrence of an event or change in circumstances within a specified period (the *notification period*); and

- (c) the event or change in circumstances occurs on or after 1 October 1997; and
 - (d) the woman informs the Department of the occurrence of the event or change in circumstances within the notification period in accordance with the notice; and
 - (e) because of the occurrence of the event or change in circumstances, the woman's rate of pension is to be reduced; and
 - (f) the woman's rate of pension is not reduced before the end of the notification period;
- the pension becomes payable to the woman at the reduced rate immediately after the end of the notification period.

7 Paragraph 225(2)(a)

After "227A," insert "227B,".

8 After section 227A

Insert:

227B Automatic rate reduction—recipient complying with section 222 notification obligations

If:

- (a) a person who is receiving a carer payment is given a notice under section 222, whether before, on or after 1 October 1997; and
- (b) the notice requires the person to inform the Department of the occurrence of an event or change in circumstances within a specified period (the *notification period*); and
- (c) the event or change in circumstances occurs on or after 1 October 1997; and
- (d) the person informs the Department of the occurrence of the event or change in circumstances within the notification period in accordance with the notice; and
- (e) because of the occurrence of the event or change in circumstances, the person's rate of payment is to be reduced; and
- (f) the person's rate of payment is not reduced before the end of the notification period;

the payment becomes payable to the person at the reduced rate immediately after the end of the notification period.

9 Paragraph 287(2)(a)

After “290A,” insert “290B.”

10 After section 290A

Insert:

290B Automatic rate reduction—recipient complying with section 284 notification obligations

If:

- (a) a person who is receiving a sole parent pension is given a notice under section 284, whether before, on or after 1 October 1997 and
- (b) the notice requires the person to inform the Department of the occurrence of an event or change in circumstances within a specified period (the *notification period*); and
- (c) the event or change in circumstances occurs on or after 1 October 1997; and
- (d) the person informs the Department of the occurrence of the event or change in circumstances within the notification period in accordance with the notice; and
- (e) because of the occurrence of the event or change in circumstances, the person’s rate of pension is to be reduced; and
- (f) the person’s rate of pension is not reduced before the end of the notification period;

the pension becomes payable to the person at the reduced rate immediately after the end of the notification period.

11 Paragraph 344(2)(a)

After “section”, insert “347A.”

12 Before section 348

Insert:

347A Automatic rate reduction—recipient complying with section 341 notification obligations

If:

- (a) a person who is receiving a bereavement allowance is given a notice under section 341, whether before, on or after 1 October 1997; and

- (b) the notice requires the person to inform the Department of the occurrence of an event or change in circumstances within a specified period (the *notification period*); and
 - (c) the event or change in circumstances occurs on or after 1 October 1997; and
 - (d) the person informs the Department of the occurrence of the event or change in circumstances within the notification period in accordance with the notice; and
 - (e) because of the occurrence of the event or change in circumstances, the person's rate of allowance is to be reduced; and
 - (f) the person's rate of allowance is not reduced before the end of the notification period;
- the allowance becomes payable to the person at the reduced rate immediately after the end of the notification period.

13 Paragraph 392(2)(a)

After "section", insert "395A,".

14 Before section 396

Insert:

395A Automatic rate reduction—recipient complying with section 389 notification obligations

If:

- (a) a woman who is receiving a widow B pension is given a notice under section 389, whether before, on or after 1 October 1997 and
- (b) the notice requires the woman to inform the Department of the occurrence of an event or change in circumstances within a specified period (the *notification period*); and
- (c) the event or change in circumstances occurs on or after 1 October 1997; and
- (d) the woman informs the Department of the occurrence of the event or change in circumstances within the notification period in accordance with the notice; and
- (e) because of the occurrence of the event or change in circumstances, the woman's rate of pension is to be reduced; and
- (f) the woman's rate of pension is not reduced before the end of the notification period;

the pension becomes payable to the woman at the reduced rate immediately after the end of the notification period.

15 Paragraph 408KA(2)(a)

After “section”, insert “408MAA,”.

16 Before section 408MA

Insert:

408MAA Automatic rate reduction—recipient complying with section 408JB notification obligations

If:

- (a) a woman who is receiving widow allowance is given a notice under section 408JB, whether before, on or after 1 October 1997; and
- (b) the notice requires the woman to inform the Department of the occurrence of an event or change in circumstances within a specified period (the *notification period*); and
- (c) the event or change in circumstances occurs on or after 1 October 1997; and
- (d) the woman informs the Department of the occurrence of the event or change in circumstances within the notification period in accordance with the notice; and
- (e) because of the occurrence of the event or change in circumstances, the woman’s rate of allowance is to be reduced; and
- (f) the woman’s rate of allowance is not reduced before the end of the notification period;

the allowance becomes payable to the woman at the reduced rate immediately after the end of the notification period.

17 Paragraph 449(2)(a)

After “456,”, insert “456A,”.

18 After section 456

Insert:

456A Automatic rate reduction—recipient complying with section 446 notification obligations

If:

- (a) a person who is receiving disability wage supplement is given a notice under section 446, whether before, on or after 1 October 1997; and
 - (b) the notice requires the person to inform the Department of the occurrence of an event or change in circumstances within a specified period (the *notification period*); and
 - (c) the event or change in circumstances occurs on or after 1 October 1997; and
 - (d) the person informs the Department of the occurrence of the event or change in circumstances within the notification period in accordance with the notice; and
 - (e) because of the occurrence of the event or change in circumstances, the person's rate of disability wage supplement is to be reduced; and
 - (f) the person's rate of disability wage supplement is not reduced before the end of the notification period;
- the disability wage supplement becomes payable to the person at the reduced rate immediately after the end of the notification period.

19 Paragraph 660(2)(a)

After "660E", insert ", 660EA".

20 After section 660E

Insert:

660EA Automatic rate reduction—recipient complying with section 657 notification obligations

If:

- (a) a person who is receiving a newstart allowance is given a notice under section 657, whether before, on or after 1 October 1997; and
- (b) the notice requires the person to inform the Department of the occurrence of an event or change in circumstances within a specified period (the *notification period*); and
- (c) the event or change in circumstances occurs on or after 1 October 1997; and
- (d) the person informs the Department of the occurrence of the event or change in circumstances within the notification period in accordance with the notice; and

- (e) because of the occurrence of the event or change in circumstances, the person's rate of allowance is to be reduced; and
- (f) the person's rate of allowance is not reduced before the end of the notification period;

the allowance becomes payable to the person at the reduced rate immediately after the end of the notification period.

21 Paragraph 660XJA(2)(a)

After "660XJF,", insert "660XJFA,".

22 After section 660XJF

Insert:

660XJFA Automatic rate reduction—recipient complying with section 660XIC notification obligations

If:

- (a) a person who is receiving a mature age allowance or mature age partner allowance is given a notice under section 660XIC, whether before, on or after 1 October 1997; and
- (b) the notice requires the person to inform the Department of the occurrence of an event or change in circumstances within a specified period (the *notification period*); and
- (c) the event or change in circumstances occurs on or after 1 October 1997; and
- (d) the person informs the Department of the occurrence of the event or change in circumstances within the notification period in accordance with the notice; and
- (e) because of the occurrence of the event or change in circumstances, the person's rate of allowance is to be reduced; and
- (f) the person's rate of allowance is not reduced before the end of the notification period;

the allowance becomes payable to the person at the reduced rate immediately after the end of the notification period.

23 Paragraph 728B(2)(a)

After "728G,", insert "728GA,".

24 After section 728G

Insert:

728GA Automatic rate reduction—recipient complying with section 727 notification obligations

If:

- (a) a person who is receiving sickness allowance is given a notice under section 727, whether before, on or after 1 October 1997; and
 - (b) the notice requires the person to inform the Department of the occurrence of an event or change in circumstances within a specified period (the *notification period*); and
 - (c) the event or change in circumstances occurs on or after 1 October 1997; and
 - (d) the person informs the Department of the occurrence of the event or change in circumstances within the notification period in accordance with the notice; and
 - (e) because of the occurrence of the event or change in circumstances, the person's rate of allowance is to be reduced; and
 - (f) the person's rate of allowance is not reduced before the end of the notification period;
- the allowance becomes payable to the person at the reduced rate immediately after the end of the notification period.

25 Paragraph 771NA(2)(a)

After "771NH," insert "771NHA,".

26 After section 771NH

Insert:

771NHA Automatic rate reduction—recipient complying with section 771MC notification obligations

If:

- (a) a person who is receiving partner allowance is given a notice under section 771MC, whether before, on or after 1 October 1997; and
- (b) the notice requires the person to inform the Department of the occurrence of an event or change in circumstances within a specified period (the *notification period*); and
- (c) the event or change in circumstances occurs on or after 1 October 1997; and

- (d) the person informs the Department of the occurrence of the event or change in circumstances within the notification period in accordance with the notice; and
 - (e) because of the occurrence of the event or change in circumstances, the person's rate of allowance is to be reduced; and
 - (f) the person's rate of allowance is not reduced before the end of the notification period;
- the allowance becomes payable to the person at the reduced rate immediately after the end of the notification period.

27 Paragraph 811 (2)(a)

After "section", insert "814A or".

28 Before section 815

Insert:

814A Automatic rate reduction—recipient complying with section 808 notification obligations

If:

- (a) a person who is receiving a special needs pension is given a notice under section 808, whether before, on or after 1 October 1997; and
- (b) the notice requires the person to inform the Department of the occurrence of an event or change in circumstances within a specified period (the *notification period*); and
- (c) the event or change in circumstances occurs on or after 1 October 1997; and
- (d) the person informs the Department of the occurrence of the event or change in circumstances within the notification period in accordance with the notice; and
- (e) because of the occurrence of the event or change in circumstances, the person's rate of pension is to be reduced; and
- (f) the person's rate of pension is not reduced before the end of the notification period;

the pension becomes payable to the person at the reduced rate immediately after the end of the notification period.

29 Paragraph 874(2)(e)

After "section", insert "876A or".

30 Before section 877

Insert:

876A Automatic rate reduction—recipient complying with section 872 notification obligations

If:

- (a) a recipient is given a notice under section 872, whether before, on or after 1 October 1997 ; and
 - (b) the notice requires the recipient to inform the Department of the occurrence of an event or change in circumstances within a specified period (the *notification period*); and
 - (c) the event or change in circumstances occurs on or after 1 October 1997; and
 - (d) the recipient informs the Department of the occurrence of the event or change in circumstances within the notification period in accordance with the notice; and
 - (e) because of the occurrence of the event or change in circumstances, the recipient's rate of family payment is to be reduced; and
 - (f) the recipient's rate of family payment is not reduced before the end of the notification period;
- the family payment becomes payable to the recipient at the reduced rate immediately after the end of the notification period.

31 Paragraph 951A(2)(a)

Omit "sections", substitute "section 951FA,".

32 Before section 951G

Insert:

951FA Automatic rate reduction—recipient complying with section 950 notification obligations

If:

- (a) a person who is receiving parenting allowance is given a notice under section 950, whether before, on or after 1 October 1997; and
- (b) the notice requires the person to inform the Department of the occurrence of an event or change in circumstances within a specified period (the *notification period*) and

- (c) the event or change in circumstances occurs on or after 1 October 1997; and
 - (d) the person informs the Department of the occurrence of the event or change in circumstances within the notification period in accordance with the notice; and
 - (e) because of the occurrence of the event or change in circumstances, the person's rate of allowance is to be reduced; and
 - (f) the person's rate of allowance is not reduced before the end of the notification period;
- the allowance becomes payable to the person at the reduced rate immediately after the end of the notification period.

33 Paragraph 981(2)(a)

After "section", insert "983A or".

34 Before section 984

Insert:

983A Automatic rate reduction—recipient complying with section 978 notification obligations

If:

- (a) a person who is receiving a child disability allowance is given a notice under section 978, whether before, on or after 1 October 1997; and
- (b) the notice requires the person to inform the Department of the occurrence of an event or change in circumstances within a specified period (the *notification period*); and
- (c) the event or change in circumstances occurs on or after 1 October 1997; and
- (d) the person informs the Department of the occurrence of the event or change in circumstances within the notification period in accordance with the notice; and
- (e) because of the occurrence of the event or change in circumstances, the person's rate of allowance is to be reduced; and
- (f) the person's rate of allowance is not reduced before the end of the notification period;

the allowance becomes payable to the person at the reduced rate immediately after the end of the notification period.

35 Repeal of notes

The note at the end of each of the following sections is repealed:
sections 72, 137, 176, 226, 288, 345, 393, 408LB, 451, 660B, 660XJD,
728E, 771ND, 812, 875, 951C and 982.

Student and Youth Assistance Act 1973

36 Paragraph 151(2)(a)

After "156,", insert "156A,".

37 Section 153 (note)

Repeal the note.

38 After section 156

Insert:

156A Automatic rate reduction—recipient complying with section 149 notification obligations

If:

- (a) a person who is receiving a youth training allowance is given a notice under section 149, whether before, on or after 1 October 1997; and
- (b) the notice requires the person to tell the Department of the occurrence of an event or change in circumstances within a stated period (the *notification period*) and
- (c) the event or change in circumstances occurs on or after 1 October 1997; and
- (d) the person tells the Department of the occurrence of the event or change in circumstances within the notification period in accordance with the notice; and
- (e) because of the occurrence of the event or change in circumstances, the person's rate of allowance is to be reduced; and
- (f) the person's rate of allowance is not reduced before the end of the notification period;

the allowance becomes payable to the person at the reduced rate immediately after the end of the notification period.

Part 2—Amendment of debt creation provisions

Social Security Act 1991

39 Subsection 1223(1)

Repeal the subsection substitute:

Recipient not qualified for payment or amount not payable

- (1) Subject to subsections (1A) and (1B), if an amount has been paid to a person by way of social security payment on or after 1 October 1997 and:
 - (a) the recipient was not qualified for the social security payment when it was granted; or
 - (b) the amount was not payable to the recipient;the amount so paid is a debt due to the Commonwealth.

40 Subsection 1223(2)

Repeal the subsection and the note.

41 Subsections 1223(5) and (6)

Repeal the subsections and the notes, substitute:

Incorrectly paid amount

- (5) If:
 - (a) an amount (the *received amount*) has been paid to a person by way of social security payment on or after 1 October 1997; and
 - (b) because the received amount had not been correctly calculated using the relevant rate calculator, or for any other reason, the received amount is greater than the amount (the *correct amount*) of social security payment that should have been paid to the person under this Act;the difference between the received amount and the correct amount is a debt due to the Commonwealth.

42 Subsection 1223(12)

Repeal the subsection.

43 Sections 1223A and 1223B

Repeal the sections.

Student and Youth Assistance Act 1973

44 Subsection 261(1)

Repeal the subsection, substitute:

Recipient not qualified for payment or amount not payable

- (1) Subject to subsection (2), if an amount has been paid to a person by way of youth training allowance on or after 1 October 1997 and:
 - (a) the person was not qualified for the payment; or
 - (b) the amount was not payable to the person;the amount so paid is a debt due to the Commonwealth.

45 Subsection 261(2)

Repeal the subsection.

46 Subsections 261(4) and (5)

Repeal the subsections and the notes, substitute:

Incorrectly paid amount

- (4) If:
 - (a) an amount (the *received amount*) has been paid to a person by way of youth training allowance on or after 1 October 1997; and
 - (b) because the received amount had not been correctly calculated, or for any other reason, the received amount is more than the amount (the *correct amount*) of the youth training allowance that should have been paid to the person;the difference between the received amount and the correct amount is a debt due to the Commonwealth.

47 Sections 264 and 265

Repeal the sections.

Part 3—Amendments relating to methods of debt recovery and overseas application of provisions

Social Security Act 1991

48 Subsection 1223(9)

Repeal the subsection and the notes.

49 Subsection 1223(10)

Repeal the subsection.

50 Subsection 1223AA(1C)

Repeal the subsection and the notes.

51 Section 1223AB

Omit all the words after “due to the Commonwealth”.

52 Section 1223AB (notes 2, 3 and 4)

Repeal the notes.

53 Subsection 1224(2)

Repeal the subsection and the notes.

54 Subsection 1224(3)

Repeal the subsection.

55 Subsection 1224AA(2)

Repeal the subsection and the notes.

56 Subsection 1224AA(3)

Repeal the subsection.

57 Subsection 1224AB(2)

Repeal the subsection and the notes.

58 Subsection 1224AB(3)

Repeal the subsection.

59 Section 1224A

Repeal the section and the notes.

60 Subsection 1224B(1)

Omit all the words after “due to the Commonwealth”.

61 Subsection 1224B(1) (notes 1, 2 and 3)

Repeal the notes.

62 Section 1224C

Omit all the words after “by the Commonwealth”.

63 Section 1224C (notes 1, 2 and 3)

Repeal the notes.

64 Subsection 1224D(1)

Omit all the words after “due to the Commonwealth”.

65 Subsection 1224D(1) (notes 2, 3 and 4)

Repeal the notes.

66 Subsection 1224D(3)

Repeal the subsection.

67 Subsection 1224E(2)

Repeal the subsection and the notes.

68 Subsection 1225(1)

Omit all the words after “due to the Commonwealth”.

69 Subsection 1225(1) (notes 2, 3 and 4)

Repeal the notes.

70 Subsection 1225(2)

Repeal the subsection.

71 Subsection 1226A(1)

Omit all the words after “due to the Commonwealth”.

72 Subsection 1226A(1) (notes 2, 3 and 4)

Repeal the notes.

73 Subsection 1226A(2)

Repeal the subsection.

74 Section 1227

Repeal the section, substitute:

1227 Assurance of support debt

If a person is liable to pay an assurance of support debt, the debt is a debt due to the Commonwealth.

Note: For *assurance of support debt* see section 23.

75 Subsection 1228(3)

Repeal the subsection.

76 Subsection 1229(7)

Repeal the subsection and the notes, substitute:

Interest payable is a debt due to the Commonwealth

(7) The interest payable on the debt is a debt due to the Commonwealth.

77 Subsection 1229A(6)

Repeal the subsection and the notes, substitute:

Interest payable is a debt due to the Commonwealth

(6) The interest payable on the debt is a debt due to the Commonwealth.

78 At the end of Part 5.2

Add:

1230B Overseas application of provisions

Sections 1223, 1224, 1224AA, 1224AB, 1224D, 1225, 1226A, 1227 and 1228 extend to:

- (a) acts, omissions, matters and things outside Australia, whether in a foreign country or not; and
- (b) all persons irrespective of nationality or citizenship.

1230C Recoverable debts

- (1) A debt is recoverable by the Commonwealth by means of:
 - (a) if the person is receiving a social security payment under this Act—deduction from that person's pension, benefit or allowance; or
 - (b) if section 1234A applies to another person who is receiving a social security payment under this Act—deductions from that other person's pension, benefit or allowance; or
 - (c) legal proceedings; or
 - (d) garnishee notice.
- (2) In this section:
debt means:
 - (a) a debt due to the Commonwealth under section 1135, 1223, 1223AA, 1223AB, 1224, 1224AA, 1224B, 1224C, 1224D, 1224E, 1225, 1226A, 1227, 1229 or 1229A; or
 - (b) a debt due to the Commonwealth for which a person is liable because of section 1224AB.

79 Subsection 1233(1)

Omit "1223, 1223AA, 1223AB, 1223A, 1223B, 1224, 1224AA, 1224AB, 1224A, 1224B, 1224C, 1224D, 1224E, 1225, 1226A, 1227 or 1230", substitute "1230C".

Student and Youth Assistance Act 1973

80 Subsection 261(8)

Repeal the subsection and the notes.

81 Subsection 262(4)

Repeal the subsection and the notes.

82 Section 263

Omit all the words after “due to the Commonwealth”.

83 Section 263 (notes 2, 3 and 4)

Repeal the notes.

84 Subsection 266(2)

Repeal the subsection and the notes.

85 Subsection 267(2)

Repeal the subsection and the notes.

86 Subsection 268(2)

Repeal the subsection and the notes.

87 Section 269

Repeal the section.

88 Section 270

Omit all the words after “due to the Commonwealth”.

89 Section 270 (notes 2, 3 and 4)

Repeal the notes.

90 Section 272

Omit all the words after “due to the Commonwealth”.

91 Section 272 (notes 2, 3 and 4)

Repeal the notes.

92 Section 273

Repeal the section, substitute:

273 Assurance of support debt

If a person is liable to pay an assurance of support debt, the debt is a debt due to the Commonwealth.

Note 1: For *assurance of support debt* see section 58.

Note 2: If the person does not pay the debt or enter into an agreement to pay it within a certain time, interest may become payable on the debt (see section 275). If the person enters into an agreement to pay the debt and breaches the agreement, interest may become payable on the debt (see section 276).

93 Subsection 275(9)

Omit all the words after “due to the Commonwealth”.

94 Subsection 275(9) (notes 1, 2 and 3)

Repeal the notes.

95 At the end of Subdivision B of Division 15 of Part 8

Add:

279A Recoverable debts

- (1) A debt is recoverable by the Commonwealth by means of:
 - (a) if the person is receiving a youth training allowance—deductions from the person’s youth training allowance; or
 - (b) if section 285 applies to another person who is receiving a youth training allowance—deductions from the other person’s youth training allowance; or
 - (c) legal proceedings; or
 - (d) garnishee notice.
- (2) In this section:

debt means:

 - (a) a debt due to the Commonwealth under section 261, 262, 263, 266, 267, 270, 272, 273, 275, 276 or 279; or
 - (b) a debt due to the Commonwealth for which a person is liable because of section 268; or
 - (c) an amount paid to a person by way of a youth training allowance that is a debt due to the Commonwealth under subsection 11(6) of the *Data-matching Program (Assistance and Tax) Act 1990*.

96 Subsection 283(1)

Omit “261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273 or 279”, substitute “279A”.

Part 4—Measures relating to waiver of debts

Social Security Act 1991

97 Subsection 1237A(1)

Omit “The Secretary”, insert “Subject to subsection (1A), the Secretary”.

98 After subsection 1237A(1)

Insert:

(1A) Subsection (1) only applies if:

- (a) the debt is not raised within a period of 6 weeks from the first payment that caused the debt; or
- (b) if the debt arose because a person has complied with a notification obligation, the debt is not raised within a period of 6 weeks from the end of the notification period;

whichever is the later.

Student and Youth Assistance Act 1973

99 Subsection 289(1)

Omit “The Secretary”, insert “Subject to subsection (1A), the Secretary”.

100 After subsection 289(1)

Insert:

(1A) Subsection (1) only applies if:

- (a) the debt is not raised within a period of 6 weeks from the first payment that caused the debt; or
- (b) if the debt arose because a person has complied with a notification obligation, the debt is not raised within a period of 6 weeks from the end of the notification period;

whichever is the later.

Part 5—Amendments relating to writing off debts

Social Security Act 1991

101 Subsections 1236(1)

Repeal the subsection, substitute:

- (1) Subject to subsection (1A), the Secretary may, on behalf of the Commonwealth, decide to write off a debt, for a stated period or otherwise.

102 Subsection 1236(1A)

Repeal the subsection, substitute:

- (1A) The Secretary may decide to write off a debt under subsection (1) if, and only if:
 - (a) the debt is irrecoverable at law; or
 - (b) the debtor has no capacity to repay the debt; or
 - (c) the debtor's whereabouts are unknown after all reasonable efforts have been made to locate the debtor; or
 - (d) the debtor is not receiving a social security payment under this Act and it is not cost effective for the Commonwealth to take action to recover the debt.
- (1B) For the purposes of paragraph (1A)(a), a debt is taken to be irrecoverable at law if, and only if:
 - (a) the debt cannot be recovered by means of deductions from a person's youth training allowance, or legal proceedings, or garnishee notice, because the relevant 6 year period mentioned in section 1231, 1232 or 1233 has elapsed; or
 - (b) there is no proof of the debt capable of sustaining legal proceedings for its recovery; or
 - (c) the debtor is discharged from bankruptcy and the debt was incurred before the discharge and was not incurred by fraud; or
 - (d) the debtor has died leaving no estate or insufficient funds in the debtor's estate to repay the debt.
- (1C) For the purposes of paragraph (1A)(b), if a debt is recoverable by means of deductions from a person's social security payment, the person is taken to have a capacity to repay the debt unless recovery by those means would cause the person severe financial hardship.

103 Subsection 1236(2)

Omit "or (1A)".

104 Section 1236 (note)

Repeal the note.

105 At the end of section 1236

Add:

- (3) Nothing in this section prevents anything being done at any time to recover a debt that has been written off under this section.

Student and Youth Assistance Act 1973

106 Subsections 287(1) and (2)

Repeal the subsections, substitute:

Writing off debts

- (1) Subject to subsection (2), the Secretary may, on behalf of the Commonwealth, decide to write off a debt, for a stated period or otherwise.

Limits on Secretary's power to write off debts

- (2) The Secretary may decide to write off a debt under subsection (1) if, and only if:
- (a) the debt is irrecoverable at law; or
 - (b) the debtor has no capacity to repay the debt; or
 - (c) the debtor's whereabouts are unknown after all reasonable efforts have been made to locate the debtor; or
 - (d) the debtor is not receiving a youth training allowance under this Act and it is not cost effective for the Commonwealth to take action to recover the debt.

Debts irrecoverable at law

- (2A) For the purposes of paragraph (2)(a), a debt is taken to be irrecoverable at law if, and only if:
- (a) the debt cannot be recovered by means of deductions from a person's youth training allowance, or legal proceedings, or garnishee notice, because the relevant 6 year period mentioned in section 281, 282 or 283 has elapsed; or

- (b) there is no proof of the debt capable of sustaining legal proceedings for its recovery; or
- (c) the debtor is discharged from bankruptcy and the debt was incurred before the discharge and was not incurred by fraud; or
- (d) the debtor has died leaving no estate or insufficient funds in the debtor's estate to repay the debt.

Capacity to repay a debt

- (2B) For the purposes of paragraph (2)(b), if a debt is recoverable by means of deductions from a person's youth training allowance, the person is taken to have a capacity to repay the debt unless recovery by those means would cause the person severe financial hardship.

107 Subsection 287(2)

Omit "or (2)".

108 Section 287 (note)

Repeal the note.

109 At the end of section 287

Add:

- (4) Nothing in this section prevents anything being done at any time to recover a debt that has been written off under this section.

Schedule 19—Amendments of the Social Security Act 1991 to alter the social security entitlements advance payment scheme

1 Paragraphs 1061A(1)(b) and (c)

Repeal the paragraphs, substitute:

- (b) the person has been receiving an income support payment for a continuous period of 3 months immediately before the day on which the person's application for the advance payment is made; and

2 Subsection 1061A(1) (note 2)

Repeal the note, substitute:

- Note 2: For *income support payment* and *social security entitlement* see subsection 23(1).
- Note 3: For the determination of the continuous period in respect of which a person received an income support payment see section 38B.

3 Subsections 1061A(2) and (3)

Repeal the subsections and the note to subsection (3).

4 Paragraph 1061A(4)(c)

Repeal the paragraph, substitute:

- (c) the person has received the amount of an advance payment in a single lump sum, or has received the first instalment of such an amount, on or after 1 January 1997, and the period of 12 months from the day the lump sum or instalment was paid has not elapsed; or
- (d) the person owes a debt to the Commonwealth (whether arising under this Act or not) that is recoverable under Part 5.2 by means of deductions from the person's social security payment.

5 Subsection 1061C(2)

Repeal the subsection, substitute:

- (2) The application must specify the amount of advance payment sought.

6 Paragraph 1061EB(3)(b)

After “paid in the”, insert “two”.

7 Section 1061EC

Repeal the section.

8 Sections 1061EE, 1061EF and 1061EG

Repeal the sections, substitute:

1061EE Amount of advance payment—widow allowance, mature age allowance under Part 2.12B or newstart allowance

Application

- (1) The amount of an advance payment of widow allowance, mature age allowance under Part 2.12B or newstart allowance is worked out according to this section.

Amount of advance

- (2) Subject to section 1061EH, the amount of the advance payment is the smallest of the following amounts:
 - (a) the amount of advance payment sought;
 - (b) the maximum amount of advance payment payable to the person as worked out under subsection (3) or (4), as the case requires;
 - (c) \$500.

Formula for maximum amount of advance: widow allowance and mature age allowance

- (3) For the purpose of paragraph (2)(b), the maximum amount of advance payment of widow allowance or mature age allowance under Part 2.12B payable to the person is the amount worked out under the following formula:

$$6\% \times \text{Fortnightly payment rate} \times 26$$

Formula for maximum amount of advance: newstart allowance

- (4) For the purpose of paragraph (2)(b), the maximum amount of advance payment of newstart allowance payable to the person is the amount worked out under the following formula:

Schedule 19 Amendments of the Social Security Act 1991 to alter the social security entitlements advance payment scheme

$$7\% \times \text{Fortnightly payment rate} \times 26$$

Rounding

- (5) Amounts worked out under subsection (3) or (4) must be rounded to the nearest cent (rounding 0.5 cents upwards).

Meaning of fortnightly payment rate

- (6) For the purposes of the formulae in subsections (3) and (4):
fortnightly payment rate means the fortnightly rate of widow allowance, mature age allowance under Part 2.12B or newstart allowance (as the case requires) payable under the relevant Benefit Rate Calculator to the person on the last payday before the application for the advance payment was made, excluding any amount payable by way of remote area allowance.

Example:

Facts: Veronique has, at all times in the past 4 months, been receiving widow allowance. Her fortnightly payment rate is \$200. She applies for an advance payment of \$300.

Result: The maximum amount of advance payment payable to Veronique is worked out under subsection (3) as follows:

$$6\% \times \$200 \times 26 = \$312.00$$

The smallest of the 3 amounts referred to in subsection (2) is \$300. Veronique can therefore be paid an advance payment of \$300.

9 Section 1206J

Omit all the words after “worked out”, substitute “by dividing the full amount of the advance payment by 13”.

10 Section 1206J (example)

Repeal the example.

Schedule 20—Other technical amendments

Social Security Legislation Amendment (Carer Pension and Other Measures) Act 1995

1 Item 46 of Schedule 12

Omit “Part 3.12B”, substitute “Part 3.16A”.

2 Item 47 of Schedule 12

Omit “Part 3.12B”, substitute “Part 3.16A”.

3 Item 48 of Schedule 12

Omit “Part 3.12B”, substitute “Part 3.16A”.

4 Item 49 of Schedule 12

Omit “Part 3.12B”, substitute “Part 3.16A”.

5 Item 50 of Schedule 12

Omit “Part 3.12B”, substitute “Part 3.16A”.

6 Item 51 of Schedule 12

Omit “Part 3.12B”, substitute “Part 3.16A”.

7 Item 53 of Schedule 12

Omit “Part 3.12B”, substitute “Part 3.16A”.

8 Item 55 of Schedule 12

Omit “After Part 3.12A”, substitute “After Part 3.16”.

9 Item 55 of Schedule 12

Omit “PART 3.12B—ADVANCE PAYMENT DEDUCTIONS”, substitute “Part 3.16A—Advance payment deductions”.

10 Item 61 of Schedule 12 (subclause 90(3) to be added at the end of Schedule 1A to the *Social Security Act 1991*)

Omit “Part 3.12B”, substitute “Part 3.16A”.

11 Item 61 of Schedule 12 (paragraph 90(4)(a) to be added at the end of Schedule 1A to the *Social Security Act 1991*)

Omit “Part 3.12B”, substitute “Part 3.16A”.

Schedule 21—Application, transitional and saving provisions

Part 1—Amendments that commence on 1 January 1997

Social Security Act 1991

1 At the end of Schedule 1A

Add:

96 Application and saving provisions: advance payment provisions

- (1) Subject to subclauses (2), (3) and (4), Parts 2.22 and 3.16A of this Act, as amended by the amending Act, apply in relation to:
 - (a) all applications for an advance payment of a social security entitlement made on or after 1 January 1997; and
 - (b) all advance payments of social security entitlements made on or after that day.
- (2) If:
 - (a) a person made an application for an advance payment of a social security entitlement under Part 2.22 of this Act before 1 January 1997; and
 - (b) the application was not determined before that day; and
 - (c) the person was not qualified for the advance payment under this Act, as in force immediately before that day;Parts 2.22 and 3.16A of this Act, as amended by the amending Act, apply in relation to the application, and to any advance payment of a social security entitlement made pursuant to the application.
- (3) If:
 - (a) a person made an application for an advance payment of a social security entitlement under Part 2.22 of this Act before 1 January 1997; and
 - (b) the application was not determined before that day; and
 - (c) the person was qualified for the advance payment under this Act, as in force immediately before that day;Parts 2.22 and 3.16A of this Act, as so in force, continue to apply in relation to the application, and to any advance payment of a social security entitlement made pursuant to the application.

- (4) If:
- (a) a person receives the amount of an advance payment of a social security entitlement in a single lump sum, or the first instalment of such an amount, on or after 1 January 1997; and
 - (b) the relevant application for the advance payment was made before 1 January 1997; and
 - (c) subclause (3) applies in relation to the application; paragraph 1061A(4)(c) of this Act, as amended by the amending Act, does not apply in relation to any application made by the person for another advance within 12 months from the day the lump sum or instalment was paid.
- (5) In this clause:
amending Act means the *Social Security Legislation Amendment (Budget and Other Measures) Act 1996*.

97 Application of revised Schedule 1B

- (1) Subject to subclause (2), this Act, as amended by Schedule 13 of the amending Act, applies to claims lodged on or after 1 January 1997.
- (2) Despite section 8 of the *Acts Interpretation Act 1901*, the amendment made by Schedule 13 to the amending Act, applies in relation to:
- (a) all medical, psychiatric or psychological examinations attended, or reports required, under subsection 105(1) on or after 1 January 1997; and
 - (b) all legal proceedings, applications for review of decisions, or determinations to the extent that the proceedings, applications or determinations relate to, or involve, a medical, psychiatric or psychological examination referred to in paragraph (a).
- (3) In this clause:
amending Act means the *Social Security Legislation Amendment (Budget and Other Measures) Act 1996*.

98 Application and transitional provisions: amendments relating to tightening the activity test administration and simplifying the penalty periods that apply to newstart allowance

- (1) Subject to subclauses (2), (3) and (4), this Act, as amended by Parts 3 and 4 of Schedule 5 to the amending Act, applies to events occurring on or after 1 January 1997.
- (2) Subject to subclause (4), if, immediately before 1 January 1997, a person was subject to an activity test deferment period or an administrative breach deferment period that would end on or after 1 January 1997, then, despite the amendments made by Part 3 and 4 of Schedule 5 to the amending Act, this Act, as in force immediately before 1 January 1997 continues to apply to the person in relation to that period.

- (3) If:
 - (a) immediately before 1 January 1997, a person was subject to an administrative breach deferment period that would end on or after 1 January 1997; and
 - (b) an activity test deferment period or an administrative breach rate reduction period applies to the person on or after 1 January 1997;

then, despite the amendments made by Part 3 of Schedule 5 to the amending Act, the activity test deferment period or the administrative rate reduction period commences the day after the end of administrative breach deferment period.

- (4) If:
 - (a) an event occurs before 1 January 1997 that results in a person being subject to an activity test deferment period or an administrative breach deferment period; and
 - (b) the period referred to in paragraph (a) has not commenced before 1 January 1997;

then, this Act applies as if the amendments made by Parts 3 and 4 of Schedule 5 had commenced the day before the event referred to in paragraph (a) occurred.

- (5) In this clause:

amending Act means the *Social Security Legislation Amendment (Budget and Other Measures) Act 1996*.

99 Application provision: amendments relating to unemployment due to industrial action

This Act, as amended by Schedule 6 to the *Social Security Legislation Amendment (Budget and Other Measures) Act 1996*, applies to all persons who cease industrial action on or after 1 January 1997.

100 Application provision: amendments relating to the abolition of the minimum rate of payment to under 18 year old sickness allowance and newstart allowance recipients

This Act, as amended by Parts 1 and 2 of Schedule 3 to the *Social Security Legislation Amendment (Budget and Other Measures) Act 1996*, applies in respect of sickness allowance and newstart allowance for any payment fortnight starting on or after 1 January 1997.

Student and Youth Assistance Act 1973

2 At the end of the Act

Add:

Schedule 5—Application, saving and transitional provisions

1 Definitions

Expressions used in this Schedule have the same meanings as in Part 8.

2 Application and transitional provisions: amendments relating to tightening the activity test administration and simplifying the penalty periods that apply to youth training allowance

- (1) Subject to subclauses (2), (3) and (4), Part 8 of this Act, as amended by Parts 2 and 4 of Schedule 5 of the amending Act, applies to events occurring on or after 1 January 1997.
- (2) Subject to subclause (4), if, immediately before 1 January 1997, a person was subject to an activity test deferment period or an administrative breach deferment period that would end on or after 1 January 1997, then, despite the amendments made by Part 3 and 4 of Schedule 5 to the amending Act, this Act, as in force

immediately before 1 January 1997 continues to apply to the person in relation to that period.

(3) If:

- (a) immediately before 1 January 1997, a person was subject to an administrative breach deferment period that would end on or after 1 January 1997; and
- (b) an activity test deferment period or an administrative breach rate reduction period applies to the person on or after 1 January 1997;

then, despite the amendments made by Part 3 of Schedule 5 to the amending Act, the activity test deferment period or the administrative rate reduction period commences the day after the end of administrative breach deferment period.

(4) If:

- (a) an event occurs before 1 January 1997 that results in a person being subject to an activity test deferment period or an administrative breach deferment period; and
- (b) the period referred to in paragraph (a) has not commenced before 1 January 1997;

then, this Act applies as if the amendments made by Parts 3 and 4 of Schedule 5 had commenced the day before the event referred to in paragraph (a) occurred.

(5) In this clause:

amending Act means the *Social Security Legislation Amendment (Budget and Other Measures) Act 1996*.

3 Application provision: amendments relating to unemployment due to industrial action

Part 8 of this Act, as amended by Schedule 6 to the *Social Security Legislation Amendment (Budget and Other Measures) Act 1996*, applies to all persons who cease industrial action on or after 1 January 1997.

4 Application provision: amendments relating to the abolition of the minimum rate of payment to under 18 year old youth training allowance recipients

Part 8 of this Act, as amended by Part 3 of Schedule 3 to the *Social Security Legislation Amendment (Budget and Other Measures) Act 1996*, applies in respect of youth training allowance for any payment fortnight starting on or after 1 January 1997.

Part 2—Amendments that commence on 20 March 1997

Social Security Act 1991

3 At the end of Schedule 1A

Add:

101 Application provision: abolition of the earnings credit scheme

This Act, as amended by Schedule 10 to the *Social Security Legislation Amendment (Budget and Other Measures) Act 1996*, applies:

- (a) in respect of social security benefits (other than parenting allowance)—for any payment period (within the meaning of that term in section 42) starting on or after 20 March 1997; or
- (b) in respect of a payday-based payment (within the meaning of that term in section 42)—the first payday that occurs on or after 20 March 1997 and subsequent paydays.

102 Application provision: amendments relating to the application of the below threshold deeming rate

This Act, as amended by Schedule 17 to the *Social Security Legislation Amendment (Budget and Other Measures) Act 1996*, applies:

- (a) in respect of social security benefits (other than parenting allowance)—for any fortnight starting on or after 20 March 1997; or
- (b) in respect of a payday-based payment (within the meaning of that term in section 42)—the first payday that occurs on or after 20 March 1997 and subsequent paydays.

Student and Youth Assistance Act 1973

4 At the end of Schedule 5

Add:

5 Application provision: abolition of the earnings credit scheme

This Act, as amended by Schedule 10 to the *Social Security Legislation Amendment (Budget and Other Measures) Act 1996*, applies in respect of youth training allowance to any payment period (within the meaning of that term in section 63) starting on or after 20 March 1997.

6 Application provision: amendments relating to the application of the below threshold deeming rate

Part 8 of this Act, as amended by Schedule 17 to the *Social Security Legislation Amendment (Budget and Other Measures) Act 1996*, applies in respect of youth training allowance for any fortnight starting on or after 20 March 1997.

Part 3—Amendments that commence on 20 September 1997

Social Security Act 1991

5 At the end of Schedule 1A

Add:

103 Application provision: income maintenance periods

- (1) This Act, as amended by Part 1 of Schedule 7 to the amending Act, applies in relation to leave payments that are received on or after 20 September 1997.
- (2) For the purposes of this section, a person (the *first person*) is taken to receive a leave payment if the payment is made to another person:
 - (a) at the direction of the first person or a court; or
 - (b) on behalf of the first person; or
 - (c) for the benefit of the first person; orthe first person waives or assigns the first person's right to receive the payment.
- (3) In this section:
amending Act means the *Social Security Legislation Amendment (Budget and Other Measures) Act 1996*.
leave payment includes payments in respect of sick leave, annual leave, maternity leave, and long service leave.

104 Application provision: amendments relating to the liquid assets test waiting period

This Act, as amended by Part 2 of Schedule 7 to the *Social Security Legislation Amendment (Budget and Other Measures) Act 1996*, applies to all claims lodged on or after 20 September 1997.

Student and Youth Assistance Act 1973

6 At the end of Schedule 5

Add:

7 Application provision: income maintenance periods

- (1) Part 8 of this Act, as amended by Part 1 of Schedule 7 to the amending Act, applies in relation to leave payments that are received on or after 20 September 1997.
- (2) For the purposes of this section, a person (*the first person*) is taken to receive a leave payment if the payment is made to another person:
 - (a) at the direction of the first person or a court; or
 - (b) on behalf of the first person; or
 - (c) for the benefit of the first person; orthe first person waives or assigns the first person's right to receive the payment.

- (3) In this section:

amending Act means the *Social Security Legislation Amendment (Budget and Other Measures) Act 1996*.

leave payment includes payments in respect of sick leave, annual leave, maternity leave, and long service leave.

8 Application provision: amendments relating to the liquid assets test waiting period

Part 8 of this Act, as amended by Part 2 of Schedule 7 to the *Social Security Legislation Amendment (Budget and Other Measures) Act 1996*, applies to all claims lodged on or after 20 September 1997.

Part 4—Amendments that commence on 1 October 1997

Social Security Act 1991

7 At the end of Schedule 1A

Add:

105 Application and saving provisions: debts due to the Commonwealth and their recovery

- (1) For the avoidance of doubt, and without affecting the operation of section 8 of the *Acts Interpretation Act 1901*, Part 2 of Schedule 18 to the amending Act does not:
 - (a) affect the operation of Part 5.2 or 5.3 of this Act before 1 October 1997; or
 - (b) extinguish the amount of any debt due to the Commonwealth arising before 1 October 1997 that was outstanding at the start of that day; or
 - (c) prevent the recovery, on or after 1 October 1997, of any such outstanding amount.
- (2) Sections 1230C and 1236 of this Act, as amended by the amending Act, apply in relation to:
 - (a) debts arising on or after 1 October 1997; and
 - (b) the amounts of debts arising before that day that were outstanding at the start of that day.
- (3) Section 1237A of this Act, as amended by the amending Act, applies in relation to debts arising before, on or after 1 October 1997.
- (4) Despite section 8 of the *Acts Interpretation Act 1901*, if a legal proceeding or an application for review of a decision:
 - (a) relates to, or otherwise involves, a provision of Part 5.2, 5.3 or 5.4 of this Act; and
 - (b) is not finally determined before 1 October 1997;the proceeding or application must, if continued, be determined as if it had been instituted on that day, and this Act, as amended by Schedule 18 to the amending Act, applies to the proceeding or application accordingly.

(5) In this clause:

amending Act means the *Social Security Legislation Amendment (Budget and Other Measures) Act 1996*.

Student and Youth Assistance Act 1973

8 At the end of Schedule 5

Add:

9 Application and saving provisions: debts due to the Commonwealth and their recovery

- (1) For the avoidance of doubt, and without affecting the operation of section 8 of the *Acts Interpretation Act 1901*, Part 2 of Schedule 18 to the amending Act does not:
 - (a) affect the operation of Division 15 of Part 8 of this Act, before 1 October 1997; or
 - (b) extinguish the amount of any debt due to the Commonwealth arising before 1 October 1997 that was outstanding at the start of that day; or
 - (c) prevent the recovery, on or after 1 October 1997, of any such outstanding amount.
- (2) Sections 279A and 287 of this Act, as amended by the amending Act, apply in relation to:
 - (a) debts arising on or after 1 October 1997; and
 - (b) the amounts of debts arising before that day that were outstanding at the start of that day.
- (3) Section 289 of this Act, as amended by the amending Act, applies in relation to debts arising before, on or after 1 October 1997.
- (4) Despite section 8 of the *Acts Interpretation Act 1901*, if a legal proceeding or an application for review of a decision:
 - (a) relates to, or otherwise involves, a provision of Division 15 of Part 8 of this Act; and
 - (b) is not finally determined before 1 October 1997;

the proceeding or application must, if continued, be determined as if it had been instituted on that day, and this Act, as amended by Schedule 18 to the amending Act, applies to the proceeding or application accordingly.

(5) In this clause:

amending Act means the *Social Security Legislation Amendment (Budget and Other Measures) Act 1996*.

[*Minister's second reading speech made in—
House of Representatives on 12 September 1996
Senate on 16 October 1996*]