# Social Security (Disaster Recovery Allowance) (Rate calculator) Determination 2015[1]

## Social Security Act 1991

I, Michael Keenan, make this Determination under subsection 1061KC(2) of the *Social Security Act 1991*.

Dated 7 January 2015

Michael Keenan

Minister for Justice

## 1 Name of Determination

This Determination is the *Social Security (Disaster Recovery Allowance) (Rate calculator) Determination 201*.

## 2 Commencement

This Determination commences on the day after it is signed.

## 3 Definitions

(1) In this Determination, unless the contrary intention appears:
*Act* means the *Social Security Act 1991*.

*adjusted disability pension* has the meaning given to it by section 118NA of the *Veterans' Entitlements Act 1986*.

*projected income*, in relation to a person, means the average fortnightly income that the person, prior to the person's income loss date, reasonably expected to earn, receive or derive in the 13 week period after the person's income loss date, had the person not suffered a loss of income as a direct result of the Part 2.23B major disaster.

*compensation payment* means any payment to a person for personal injury, disease, illness or loss which compensates that person ,at least in part, for a loss of earnings or capacity to earn but does not include:

>(a) any landlord protection insurance or similar which compensates for rental income on rental property;

>(b) a payment to the person under an income protection insurance scheme, in relation to the person's inability to earn, derive or receive income from remunerative work.

*disaster affected income*, in relation to a person, means the fortnightly income that the person has earned, received or derived, or will earn, receive or derive, in the 13 week period after the person's income loss date.

*earned, derived or received* has the meaning given by subsection (4).

*income*, in relation to a person, means:

(a) an income amount earned, derived or received by the person for the person's own use or benefit; or

(b) a periodical payment by way of gift or allowance; or

(c) a periodical benefit by way of gift or allowance;

but does not include an amount that is excluded under subsections 8(4), (5) or (8) of the Act or subsection 3(2) of this Determination.

Note   The term *income* is used in a different sense to that used in the Act.

*income amount* means:

(a) valuable consideration; or

(b) personal earnings; or

(c) moneys; or

(d) profits;

(whether of a capital nature or not).

*income loss date*, in relation to a person, means the date at which the person suffered a loss of income as a direct result of the Part 2.23B disaster.


*Excluded amounts – income*

(2) The following amounts are not income for the purposes of this Determination:

(a) interest or investment returns on an amount held in a bank account on trust for a person (the trustee), where the trustee does not, at the time the trustee's income is being assessed under this Determination, have access to the interest or investment returns earned; or

(b) compensation payments; or

(c) an amount paid by a company registered as a proprietary company under the *Corporations Act 2001* to a person who is a director of or shareholder in the company other than an amount that is earned, derived or received by the person from remunerative work undertaken by the person as an employee of the company; or

(d) adjusted disability pension payments.

*Excluded amounts – compensation payments*

(3) For the purposes of subsection 3(2)(b), **compensation payments** do not include:

(a) any landlord protection insurance or similar which compensates for rental income on rental property;

(b) a payment to the person under an income protection insurance scheme, in relation to the person's inability to earn, derive or receive income from remunerative work.

*Earned, derived or received*

(4) A reference in this Determination to an income amount **earned, derived or received** is a reference to:

(a) an income amount earned, derived or received by any means; and

(b) an income amount earned, derived or received from any source (whether within or outside Australia).

## 4     Disaster Recovery Allowance Rate Calculator

(1) The rate of Disaster Recovery Allowance is to be calculated in accordance with this Rate Calculator.

(2) The rate of Disaster Recovery Allowance which is payable to the person is the **rate of payment**, which is a fortnightly rate.

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*Method Statement*

Step 1.     Work out the person's **maximum rate** of Disaster Recovery Allowance under subsection 1061KC(4) of the Act if the person is under 22 years of age, or under subsection 1061KC(5) of the Act is the person is at least 22 years of age.

Step 2.     If the person is not already in receipt of Disaster Recovery Allowance, apply Module A to determine if the **income cut-off** applies to the person.

Step 3.     If the **income cut-off** applies then the person's **rate of payment** is nil.

Step 4.     Subject to Step 3, the person's **rate of payment** is the amount produced by applying Module B.

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**Module A — Income Cut-Off Test**

> *Method Statement*
>
> Step 1.    Calculate the person's **disaster affected income**.
>
> Step 2.    If the person is at least 22 years of age, apply **A1** to **A9** to produce the person's **income cut-off rate**.
>
> Step 3.    If the person is under 22 years of age, apply **A10** to **A17** to produce the person's **income cut-off rate**.
>
> Step 4.    If the person's **disaster affected income** is greater than or equal to the person's **income cut-off rate** then the **income cut-off** applies to the person.

**A1** — Section 1068-G12 of the Act provides the ordinary income free area for newstart allowance. This amount is **A**.

**A2** — Section 1068-G15 of the Act provides the lower range reduction. The percentage used in the calculation of the lower range reduction, expressed as a fraction, is **Z.**

**A3** — Section 1068-G15 of the Act provides the dollar amount of the boundary between the lower and upper range reduction for ordinary income reduction. This amount is **B**.

**A4** — Section 1068-G16 of the Act provides the upper range reduction. The percentage used in the calculation of the upper range reduction, expressed as a fraction, is **Y**.

**A5** – If the person is not a member of a couple and the person is the principal carer of a child, the **A2** and **A4** do not apply.  Section 1068-G17 provides the ordinary income reduction.  The percentage used in the calculation of the ordinary income reduction, expressed as fraction is both **Y** and **Z**.

**A6** — Take the person's **maximum rate** and reduce it by the amount that is **B** multiplied by **Z**.

**A7** — Divide the amount that is produced by **A6** by **Y**.

**A8** — Take the amount produced by **A7** and add **A** and **B**.

**A9** — The amount produced by **A8** is the **income cut-off rate** for the person.

> Note:    The formula incorporated into steps A1 to A8 is as follows:
>
> $$\textit{income cut-off rate} = \frac{\textit{maximum rate} - \mathbf{B} \times \mathbf{Z}}{\mathbf{Y}} + \mathbf{A} + \mathbf{B}$$

**A10** — Section 1067G-H29(b) of the Act provides the ordinary income free area for youth allowance for job-seekers. That amount is **C**.

**A11** — Section 1067G-H32 of the Act provides the lower range reduction. The percentage used in the calculation of the lower range reduction, expressed as a fraction, is **X**.

**A12** — Section 1067G-H32(c) of the Act provides the dollar amount of the boundary between the lower and upper range reduction for ordinary income reduction for job-seekers. That amount is **D**.

**A13** —Section 1067G-H33 of the Act provides the upper range reduction. The percentage used in the calculation of the upper range reduction, expressed as a fraction, is **W**.

**A14** — Take the person's *maximum rate* and reduce it by the amount is **D** multiplied by **X**.

**A15** — Divide the amount that is produced by **A14** by **W**.

**A16** — Take the amount that is produced by **A15** and add **C** and **D**.

**A17** — The amount produced by **A16** is the *income cut-off rate* for the person.

Note:     The formula incorporated into steps A9 to A16 is as follows:

$$income \; cut\text{-}off \; rate = \frac{maximum \; rate - \mathbf{D} \times \mathbf{X}}{\mathbf{W}} + \mathbf{C} + \mathbf{D}$$

## Module B — Rate of Payment

*Method Statement*

Step 1.     Calculate the person's *projected income*.

Step 2.     Calculate the person's *disaster affected income*.

Step 3.     Unless the difference between the person's *projected income* and *disaster affected income* is more than the person's *maximum rate*, the person's *rate of payment* is an amount equal to the difference between the person's *projected income* and *disaster affected income*.

If the difference between the person's *projected income* and *disaster affected income* is more than the person's *maximum rate*, then the person's *rate of payment* is an amount equal to the person's *maximum rate*.

## Note

1.     All legislative instruments and compilations are registered on the Federal Register of Legislative Instruments kept under the *Legislative Instruments Act 2003*. See http://www.frli.gov.au.