

1987

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

HEALTH LEGISLATION AMENDMENT BILL (No 2) 1987

EXPLANATORY MEMORANDUM

(Circulated by authority of the Honourable Dr Neal Blewett MP,
Minister for Community Services and Health).

HEALTH LEGISLATION AMENDMENT BILL (No 2) 1987

GENERAL OUTLINE

The purpose of the Bill is to make amendments to the definition of "pensioner", "concessional beneficiary" and certain categories of "disadvantaged persons" in the National Health Act 1953 and the Health Insurance Act 1973.

These amendments will give effect to the Government's decisions on eligibility to free or concessional pharmaceutical benefits of -

- (a) persons who since 1 September 1987 are no longer eligible for class A widow's or supporting parent's pension but who nevertheless satisfy certain conditions laid down for eligibility for free pharmaceutical benefits for the period 1 September 1987 to 31 December 1988;
- (b) persons who are 16 and 17 years of age who, with effect from 1 January 1988, will be receiving job search allowance in lieu of unemployment benefit;
- (c) persons who are affected by the introduction on 13 December 1987 of the Family Allowance Supplement.

FINANCIAL IMPACT STATEMENT

The amendment to reinstate until the end of 1988 the eligibility for a Pensioner Health Benefits card and thus free prescription pharmaceuticals for those supporting parent beneficiaries and class A widows with full time dependent students aged 16-24 years will, it is estimated, cost \$200,000 in total.

There will be no additional costs involved with the amendments relating to the Job Search Allowance, or relating to the Family Allowance Supplement.

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PART 1 - PRELIMINARY

Clause 1 : Short Title

This clause provides that the amendment Act may be cited as the Health Legislation Amendment Act (No 2) 1987.

Clause 2 : Commencement

This clause provides for the coming into operation of various provisions of the amendment Act.

Clause 2(1) provides that section 4 shall come into operation on 13 December 1987.

Clause 2(2) provides that sections 5, 6 and 9 and paragraph 8(a) shall come into operation on 1 January 1988.

Clause 2(3) provides that the remaining provisions of the Act, i.e. sections 1, 2, 3 and 7 and paragraph 8(b), shall come into operation on the day on which the Act receives the Royal Assent.

PART II - AMENDMENTS OF THE HEALTH INSURANCE ACT 1973Clause 3 : Principal Act

This clause defines the "Principal Act" in this Part to mean the Health Insurance Act 1973.

Clause 4 : Disadvantaged persons being persons on low income

Section 5B of the Principal Act provides that a married person or sole parent whose income during a prescribed period is less than the "allowable income" as defined in this section may be declared to be a disadvantaged person. Such a person is entitled to concessional pharmaceutical benefits.

Sub-section 5B(12) describes "allowable income" as -

- (i) the weekly income "cut-out" point for unemployment benefit for a married couple, plus
- (ii) \$20, plus
- (iii) for each child, twice the amount of the weekly rate of additional benefit for a dependent child of a person qualified to receive unemployment benefit as set out in subsection 112(5) of the Social Security Act.

(The limit for a single person is 60 per cent of the married couple limit).

The Government is introducing the Family Allowance Supplement (FAS) on 13 December 1987. The FAS provides different rates of benefit for children under 13 (\$22 a week) and higher rates for children aged 13-15.

Notwithstanding the different rates of FAS for various categories of children, it has been decided that for the purposes of calculating the amount based on twice the weekly rate of additional benefit for a child, the rate for the time being should be fixed at \$34, the current level, with the power to set a different amount by regulation.

The amendment therefore replaces existing sub-subparagraph (a)(iii)(B) of the definition of "allowable income" in subsection (12) with a provision that \$34, or such other amount as is prescribed, is to be taken into account in the calculating of this income.

Clause 5 . Disadvantaged persons, being persons in receipt of unemployment or job search allowance

With effect from 1 January 1988, a Job Search Allowance will be paid, in lieu of unemployment benefits, to 16 and 17 year olds.

Section 5D of the Principal Act provides that persons in receipt of unemployment benefits are to be eligible to be declared as disadvantaged persons, thereby making them eligible for concessional pharmaceutical benefits.

The amendments to section 5D are to ensure that persons in receipt of job search allowance will be treated for the purposes of this section, on the same footing as those who are in receipt of unemployment benefits.

Clause 6 : Other amendments

This clause provides that the Principal Act is amended in accordance with the Schedule. These amendments up-date references to various sections of the Social Security Act, following the recent re-numbering exercise carried out in relation to that Act.

PART III - AMENDMENTS OF THE NATIONAL HEALTH ACT 1953Clause 7 : Principal Act

This clause defines the Principal Act in this Part to mean the National Health Act 1953.

Clause 8 : Interpretation

This clause makes two amendments to section 4 of the Principal Act which is the interpretation provision of that Act.

The first amendment provides that "pensioner" should include a person who is being paid job search allowance under subsection 117A(2) of the Social Security Act 1947. That section provides that persons who are in receipt of job search allowance, will not transfer to sickness benefit when they become temporarily unfit for work but will remain on job search allowance. This amendment will ensure that such persons will be eligible for free pharmaceutical benefits and that they are not disadvantaged in this respect compared with sickness beneficiaries.

The second amendment implements the Government's decision that class A widows and sole parents with full-time dependent students aged 16-24 years who, because of the change in their eligibility to pension introduced in the May Economic Statement, were no longer entitled to a pension, should nevertheless have their eligibility to free pharmaceutical benefits preserved for the period 1 September 1987 to 31 December 1988.

Clause 9 : Interpretation

This clause provides that the definition of "concessional beneficiary" in section 84 of the Principal Act should be amended to cover persons in receipt of job search allowance.

Persons who fall within the definition of "concessional beneficiary" are entitled to concessional pharmaceutical benefits. This amendment will ensure that persons in receipt of job search allowance (who are not temporarily unfit for work) will also have this entitlement. Those who are temporarily unfit will, by virtue of the amendment to the definition of "pensioner" outlined under clause 8 above, be entitled to free pharmaceutical benefits for the period they are sick.