

# Changes to Department of Social Security Compensation provisions

Gary Kane, Compensation Liaison Officer, Department of Social Security, Newcastle

## Changes effective from 20 March 1997

### 1. Extend the compensation provisions to Age Pension

This amendment takes effect from 20 March 1997 and only affects Age Pension, if compensation is received on or after 20 March 1997 and the provisional commencement date of payment of Age Pension is on or after 20 March 1997.

This will mean that people claiming Age Pension on or after 20 March 1997 will:

- be subjected to a preclusion period if they receive a lump sum payment of compensation on or after 20 March 1997, and;
- Age Pension payments could also be subjected to DSS recovery from compensation settlements.

Any periodic payments of compensation that they received may be treated as a dollar for dollar direct deduction from the entitlement to Age Pension, even if the commencement date of payments of periodic compensation was prior to 20 March 1997. The effect of the 20 March 1997 changes could mean that people may not be paid Age Pension because the amount of Weekly Workers Compensation (WWC) they receive exceeds the amount of Age Pension normally payable. In NSW, injured workers can be paid WWC for one year after reaching "retiring age". The definition of "retiring age" is the age at which a person qualifies for a DSS Age Pension. For males the "retiring age" is 65. The retiring age for women is being brought into line with the male retiring age and the transition is set as follows:

#### Pension age for women:

	Period in which woman was born	Pension age
1	1 July 1935 - 31 December 1936	60 years and 6 months
2	1 January 1937 - 30 June 1938	61 years
3	1 July 1938 - 31 December 1939	61 years and 6 months
4	1 January 1940 - 30 June 1941	62 years
5	1 July 1941 - 31 December 1942	62 years and 6 months
6	1 January 1943 - 30 June 1944	63 years
7	1 July 1944 - 31 December 1945	63 years and 6 months
8	1 January 1946 - 30 June 1947	64 years
9	1 July 1947 - 31 December 1948	64 years and 6 months

In NSW, this will mean that women can be paid WWC for longer periods (dependent on their "retirement age").

### 2. Changes to the treatment of lump sum compensation payments

Note: Preclusion period will not affect Partners. For lump sum compensation settlements received on or after 20 March 1997, the lump sum preclusion period will only apply to the compensation recipient, not to the partner. In these cases, the partner of the compensation recipient can, if qualified, be paid DSS income support at the half married rate during the lump sum preclusion period.

Note: During the preclusion period, the compensation payment will not be treated as an asset, however, any income derived from the investment of the compensation payment will be assessed under the income test and may reduce the amount of DSS income support.

### Changes to the divisor for calculating lump sum preclusion periods

For compensation settlements received on or after 20 March 1997, the divisor used to calculate lump sum will change from the Average Weekly Earnings

(AWE) figure (previously \$572.10 a week) to the single pension "cut-off" income limit - that is the amount of income when reached means a single person is not entitled to payment of a pension. Currently the figure \$403.20.

This new divisor will be reviewed each March and September in line with the Consumer Price Index.

### DSS estimates

Estimates issued prior to 20 March 1997 for cases where settlement still has not been reached will be inaccurate because the DSS estimate of charge will not be based on the new provisions. For these cases, a new estimate should be obtained. ■

**Gary Kane** is the Compensation Liaison Officer for the Department of Social Security in New South Wales (Newcastle) **phone** 02 4921 7740.

Compensation Liaison Officers operate Australia wide and can be contacted to give advice on the operation of the compensation provisions of the *Social Security Act*.

NSW (Sydney) Ms Diane Colman, 02 9232 8269  
 Vic & Tas Mr Mark Meager, 03 9932 7099  
 Qld Ms Christine Allen, 07 3405 8864  
 SA Mr Trevor Fay, 08 8203 2367  
 WA Mr Doug Meikle, 08 9429 2656