

APPENDIX B: L.E.T.S & SOCIAL SECURITY; ARMADALE LETTER & OTHER MATTERS

47 Sixth Road
Armadale
6112 W.A.
21.8.90

Mr. R. Grant
Manager
Department of Social Security
Fremantle Branch, P.O. 363
Hamilton Hill 6163

Dear Ray,

Re: Confirmation of advice given to Mr. J. E. Green regarding the D.S.S. position has not inconvenienced you?

As discussed I understand your advice to me to be as follows:

That LETS participating members receiving some form of benefit from D.S.S. should disclose in writing to the D.S.S. at monthly intervals any goods and services received from LETS involvement. If a dispute arises between the local D.S.S. office and the LETS member regarding e.g. some form of pension reduction as a result of such a disclosure, then the member has the right to a review of that decision by the D.S.S. Review Section in Perth. In the event that the Review Section decision is felt to be unsatisfactory by the LETS member, a further appeal can be made to the Social Security Appeals Tribunal. There is no cost to the LETS member for either a review of or appeal against a D.S.S. decision.

Perhaps I could add something to the effect that it is highly unlikely that a benefit deduction will occur as a result of a disclosure of LETS goods and services received. I have not mentioned work undertaken or goods sold for LETS units but perhaps that should also be included in the monthly declaration as a matter of record. I would have thought that the LETS units have no value unless traded, however it is possible to argue that accumulated LETS units can be a combination of overheads and profits, in which case only the profits proportion of goods and services received be considered. (Normally Federal Dollars are charged for overheads: e.g. the petrol for a mower and for any form of insurance policy etc). That proportioning of earned to received value could be an administration problem for Tax as well, I think.

Enclosed is a copy of a letter I have recently received from Ms Jill Jordan (one of the founders of Australian LETS) that you may find of interest.

Thank you very much for all of your work so far. I will appreciate hearing from you soon!

Yours faithfully,
Jeffrey E. Green
Trustee Armadale LETS

MINUTE

TO: ASSISTANT SECRETARY, LABOUR FORCE PROGRAMS BRANCH

FROM:, BENEFITS ADMINISTRATION SOUTH (PERTH)

SUBJECT: LOCAL EMPLOYMENT TRADING SYSTEMS (LETS)

A recent inquiry from a local regional office, concerning the above organisation, has prompted the need to seek clarification from you on this matter.

It appears from the article in the magazine 'Futureshox' that the organisation is scattered over various states and is possibly growing. In WA alone there are 26 LETS. This organisation allows people to barter goods and services throughout the community.

While I recognise that value of goods and services received in exchange for work performed or services rendered falls within the meaning of sub-section 3(1) of the Act, it would be rather difficult to monitor this situation in relation to participants of the scheme, who are in receipt of a pension, benefit or allowance.

A copy of the article is enclosed. Could you please advise me as to what approach should this area take. Perhaps a national instruction may be warranted.

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Manager, Benefits Administration South
17th August, 1990 Department of Social Security
P.O. Box 1, Woden ACT 2600
Telephone 2844844

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Manager
Benefits Administration Unit
Area South
GPO Box P1187
Perth
Western Australia 6001

RE: LOCAL EMPLOYMENT TRADING SYSTEMS (LETS)

I refer to your minute of 17th August 1990 concerning the Local Employment Trading System.

I agree with you that the value of goods received in exchange for work or services rendered under this scheme do fall within the meaning of sub-section 3(1) of the Act.

As such it is considered that current policy as set out in instruction 7.2210 of the Benefits Policy Manual already adequately addresses these types of cases. Where a beneficiary declares that they

have received goods in return for services a reasonable estimate of the value of the goods should be made and that value maintained as income in the relevant benefit fortnight.

As current policy already covers LETS type cases, it is not considered necessary to issue a national instruction.

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Director
Unemployment Benefits Section
Labour Force Programs Branch

GUIDE TO THE ADMINISTRATION OF THE ACT
DETERMINING RATES OF PAYMENT
CHAPTER 4

PART E: DEFINITION AND ASSESSMENT OF INCOME TYPES
Valuable Consideration

- 4.8100 Income includes valuable consideration received by a client. Valuable consideration is defined as an act or promise offered by one party and accepted by another as the price of the other's act or promise. In lay terms this means the receipt of goods, services, or some other benefit in exchange for some item, action or promise.
- 4.8101 The value of consideration received by a client is income. Where goods or services are provided the amount to be maintained is the amount the client would have to pay to purchase the particular item or service.
- 4.8102 Where an item is given to a client in return for valuable consideration, the normal cost of purchasing that item is income. Where the use of an item by way of lease or hire is provided, the leasing or hiring costs are income. For example, if a television is given to a client the purchase price is to be assessed as income. If the television was leased or hired for the client, the lease or hire fee is to be assessed as income.
- 4.8103 Where an item is given to a client in return for valuable consideration its value is assessed as income throughout the 12 month period from the date of receipt of the item. Where an item is provided for a client's use, the lease or hire fee is to be assessed as income for the duration of the lease or hire agreement.
- 4.8104 The rate of pension, allowance or benefit payable under the Act is dependent upon the application of the income test unless a lower (pensions) or nil (allowance or benefits) rate is payable under the assets test. The Majority of clients have assets under the allowable limits and are therefore, only subject to the income test.