



Veterans' Affairs and Other Legislation Amendment (Pension Reform) Act 2009

No. 81, 2009

**An Act to amend the law relating to veterans'
affairs, social security, military rehabilitation and
compensation and aged care, and for related
purposes**

Note: An electronic version of this Act is available in ComLaw (<http://www.comlaw.gov.au/>)

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**An Act to amend the law relating to veterans'
affairs, social security, military rehabilitation and
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purposes**

[Assented to 10 September 2009]

The Parliament of Australia enacts:

1 Short title

This Act may be cited as the *Veterans' Affairs and Other
Legislation Amendment (Pension Reform) Act 2009*.

2 Commencement

- (1) Each provision of this Act specified in column 1 of the table commences, or is taken to have commenced, in accordance with column 2 of the table. Any other statement in column 2 has effect according to its terms.

Commencement information		
Column 1	Column 2	Column 3
Provision(s)	Commencement	Date/Details
1. Sections 1 to 3 and anything in this Act not elsewhere covered by this table	The day this Act receives the Royal Assent.	10 September 2009
2. Schedule 1, Parts 1 and 2	20 September 2009.	20 September 2009
3. Schedule 1, Part 3, Division 1	20 September 2009.	20 September 2009
4. Schedule 1, Part 3, Division 2	Immediately after the commencement of Schedule 4 to the <i>Social Security and Other Legislation Amendment (Pension Reform and Other 2009 Budget Measures) Act 2009</i> .	20 September 2009
5. Schedule 1, Part 4	20 September 2009.	20 September 2009
6. Schedule 2	The day this Act receives the Royal Assent.	10 September 2009
7. Schedule 3	1 January 2010.	1 January 2010
8. Schedule 4, Parts 1, 2, 3 and 4	20 September 2009.	20 September 2009
9. Schedule 4, items 54 to 111	Immediately after the commencement of Schedule 4 to the <i>Social Security and Other Legislation Amendment (Pension Reform and Other 2009 Budget Measures) Act 2009</i> .	20 September 2009

Commencement information		
Column 1	Column 2	Column 3
Provision(s)	Commencement	Date/Details
10. Schedule 4, item 112	Immediately after the commencement of Schedule 5 to the <i>Social Security and Other Legislation Amendment (Pension Reform and Other 2009 Budget Measures) Act 2009</i> . However, if that Schedule does not commence, the provision(s) do not commence at all.	
11. Schedule 4, items 113 to 206	Immediately after the commencement of Schedule 4 to the <i>Social Security and Other Legislation Amendment (Pension Reform and Other 2009 Budget Measures) Act 2009</i> .	20 September 2009
12. Schedule 4, Part 6	20 September 2009.	20 September 2009
13. Schedule 5	Immediately after the commencement of Part 1 of Schedule 3 to the <i>Carbon Pollution Reduction Scheme Amendment (Household Assistance) Act 2009</i> . However, if that Part does not commence, the provision(s) do not commence at all.	
14. Schedules 6 and 7	20 September 2009.	20 September 2009
15. Schedule 8	The day this Act receives the Royal Assent.	10 September 2009
16. Schedule 9, Part 1	20 September 2009.	20 September 2009
17. Schedule 9, Part 2, Division 1	20 September 2009.	20 September 2009
18. Schedule 9, Part 2, Division 2	21 September 2009.	21 September 2009
19. Schedule 9, Part 3	Immediately after the commencement of Part 1 of Schedule 10 to the <i>Social Security and Other Legislation Amendment (Pension Reform and Other 2009 Budget Measures) Act 2009</i> .	20 September 2009
20. Schedule 10	The day this Act receives the Royal Assent.	10 September 2009

Commencement information		
Column 1	Column 2	Column 3
Provision(s)	Commencement	Date/Details
21. Schedule 11	1 July 2010.	1 July 2010
22. Schedule 12	20 September 2009.	20 September 2009

Note: This table relates only to the provisions of this Act as originally passed by both Houses of the Parliament and assented to. It will not be expanded to deal with provisions inserted in this Act after assent.

- (2) Column 3 of the table contains additional information that is not part of this Act. Information in this column may be added to or edited in any published version of this Act.

3 Schedule(s)

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—Increased pension and income support supplement

Part 1—Main amendments

Veterans' Entitlements Act 1986

1 Subsection 30(1)

After “sum of”, insert “the following amounts per fortnight”.

2 Paragraph 30(1)(a)

Repeal the paragraph, substitute:

- (a) $\frac{1}{26}$ of the amount specified in column 3 of item 1 of the table in point SCH6-B1 of Schedule 6;

3 Paragraph 30(1)(b)

Omit “per fortnight; and”, substitute “;”.

4 Paragraph 30(1)(c)

Repeal the paragraph, substitute:

- (c) \$25.60.

5 At the end of subsection 30(1)

Add:

Note: Each of the amounts referred to in paragraphs (1)(a), (b) and (c) is subject to indexation (see Division 18 of Part IIIB for indexation of the amount referred to in paragraph (1)(a), and section 198 for indexation of the amounts in paragraphs (1)(b) and (c)).

6 Subsection 30(1A)

Repeal the subsection.

7 After section 198FA

Insert:

198FB Rates for service pension and income support supplement increased on 20 September 2009

Maximum basic rate for single person

- (1) This Act has effect as if, on 20 September 2009, the indexed amount substituted under section 59C for the amount specified in column 3 of item 1 of the table in point SCH6-B1 of Schedule 6 on that day were in turn replaced with an amount equal to the indexed amount plus \$1,560.00.

Ceiling rate

- (2) This Act has effect as if, on 20 September 2009, the amount substituted under section 59LA for the amount specified in point SCH6-A4 of Schedule 6 on that day were in turn replaced with an amount worked out as follows:

Method statement

- Step 1. Work out the amount substituted under section 59LA for the amount specified in point SCH6-A4 of Schedule 6 on 20 September 2009 (apart from this subsection).
- Step 2. Work out what would have been the indexed rate substituted under section 198E for the rate of utilities allowance under column 3 of item 1 of the table in section 118OC on 20 September 2009 had those sections not been repealed.
- Step 3. Work out, on the assumption that section 198F and subsection 118SA(1) had not been repealed:
- (a) what would have been the rate substituted under that section for the rate payable under that subsection on 20 September 2009; or
 - (b) if there would not have been such a substitution, the rate that would have been payable under that subsection on that day.

Note: Subsection 118SA(1) dealt with telephone allowance for certain persons with internet connections at home.

Step 4. Add up:

(a) the results of steps 1, 2 and 3; and

(b) \$130.

Step 5. If the result of step 4 is not a multiple of \$2.60, round that result up to the nearest multiple of \$2.60.

Part 2—Related amendments

Veterans' Entitlements Act 1986

8 Subsection 198(1) (paragraph (e) of the definition of *relevant rate*)

Repeal the paragraph, substitute:

(e) the amount specified in paragraph 30(1)(c).

9 Subsection 198(4) (note 1)

Omit “Note 1:”, substitute “Note:”.

10 Subsection 198(4) (note 2)

Repeal the note.

11 Subsections 198(5A), (5D), (6), (7) and (8)

Repeal the subsections.

Part 3—Other amendments

Division 1—Veterans’ Entitlements Act 1986

12 Section 45UF (cell at table item 1, column headed “The person’s annual pension rate is:”)

Repeal the cell, substitute:

the rate that would be the person’s provisional payment rate under method statement 1 in subpoint SCH6-A1(2), ascertained as at the date of the grant, if it were assumed that the person’s maximum payment rate were the sum of:

- (a) the person’s maximum basic rate under Module B of the Rate Calculator; and
- (b) the person’s pension supplement basic amount

13 Section 45UF (cell at table item 2, column headed “The person’s annual pension rate is:”)

Repeal the cell, substitute:

the sum of:

- (a) the person’s maximum basic rate under Module B of the Rate Calculator; and
- (b) the person’s pension supplement basic amount;

ascertained as at the date of the grant

14 Section 45UF (cell at table item 3, column headed “The person’s annual pension rate is:”)

Repeal the cell, substitute:

the lesser of the following rates (or, if the rates are the same, the first rate):

- (a) the person's ceiling rate under point SCH6-A4, ascertained as at the date of the grant;
- (b) the rate that would be the person's provisional payment rate under method statement 1 in subpoint SCH6-A1(2), ascertained as at the date of the grant, if it were assumed that the method statement applied and the person's maximum payment rate were the sum of:
 - (i) the person's maximum basic rate under Module B of the Rate Calculator; and
 - (ii) the person's pension supplement basic amount

15 Section 45UF (cell at table item 5, column headed "The person's annual pension rate is:")

Repeal the cell, substitute:

the rate that would be the person's provisional payment rate under method statement 5 in subpoint SCH6-A1(6), ascertained as at the date of the grant, if it were assumed that the person's maximum payment rate were the sum of:

- (a) the person's maximum basic rate under Module B of the Rate Calculator; and
- (b) the person's pension supplement basic amount

16 Subsection 45UH(1) (table item 1, column headed "The person's annual notional single pension rate is:")

Omit "pension supplement under Module BA", substitute "pension supplement basic amount".

17 Subsection 45UH(1) (table item 2, column headed “The person’s annual notional single pension rate is:”)

Omit “amounts worked out under steps 2 and 2A of method statement 2 in subpoint SCH6-A1(3)”, substitute “person’s maximum basic rate under point SCH6-B1 and the person’s pension supplement basic amount”.

18 Subsection 45UH(2) (paragraph (a) of the definition of *provisional payment rate*)

Omit “pension supplement under Module BA”, substitute “pension supplement basic amount”.

19 Subsection 45UH(2) (paragraph (b) of the definition of *provisional payment rate*)

Omit “amounts under steps 2 and 2A of method statement 2 in subpoint SCH6-A1(3)”, substitute “person’s maximum basic rate under point SCH6-B1 and the person’s pension supplement basic amount”.

20 Subsection 45UH(2) (subparagraph (c)(iv) of the definition of *provisional payment rate*)

Omit “pension supplement under point 1064-BA2 of that Act”, substitute “pension supplement basic amount”.

21 Subsection 45UH(2) (subparagraph (d)(iv) of the definition of *provisional payment rate*)

Omit “pension supplement under point 1065-BA2 of that Act”, substitute “pension supplement basic amount”.

22 Subsection 45UH(3) (definition of *maximum basic rate*)

Omit “amounts worked out under steps 2 and 2A of method statement 2 in subpoint SCH6-A1(3)”, substitute “person’s maximum basic rate under point SCH6-B1 and the person’s pension supplement basic amount”.

23 Subsection 45UI(1) (table item 1, column headed “The person’s annual notional partnered pension rate is:”)

Omit “pension supplement under Module BA”, substitute “pension supplement basic amount”.

24 Subsection 45UI(1) (table item 2, column headed “The person’s annual notional partnered pension rate is:”)

Omit “amounts worked out under steps 2 and 2A of method statement 2 in subpoint SCH6-A1(3)”, substitute “person’s maximum basic rate under point SCH6-B1 and the person’s pension supplement basic amount”.

25 Subsection 45UI(2) (paragraph (a) of the definition of *provisional payment rate*)

Omit “pension supplement under Module BA”, substitute “pension supplement basic amount”.

26 Subsection 45UI(2) (paragraph (b) of the definition of *provisional payment rate*)

Omit “amounts under steps 2 and 2A of method statement 2 in subpoint SCH6-A1(3)”, substitute “person’s maximum basic rate under point SCH6-B1 and the person’s pension supplement basic amount”.

27 Subsection 45UI(2) (subparagraph (c)(iv) of the definition of *provisional payment rate*)

Omit “pension supplement under point 1064-BA2 of that Act”, substitute “pension supplement basic amount”.

28 Subsection 45UI(2) (subparagraph (d)(iv) of the definition of *provisional payment rate*)

Omit “pension supplement under point 1065-BA2 of that Act”, substitute “pension supplement basic amount”.

29 Subsection 45UI(3) (definition of *maximum basic rate*)

Omit “amounts worked out under steps 2 and 2A of method statement 2 in subpoint SCH6-A1(3)”, substitute “person’s maximum basic rate under point SCH6-B1 and the person’s pension supplement basic amount”.

30 Section 45UIA (paragraph (a) of the definition of *provisional payment rate*)

Omit “steps 2 and 3 were omitted from the method statement”, substitute “the person’s maximum payment rate were the sum of the person’s maximum basic rate under point SCH6-B1 and the person’s pension supplement basic amount”.

31 Section 45UIA (paragraph (b) of the definition of provisional payment rate)

Omit “amounts under steps 2 and 2A of method statement 2 in subpoint SCH6-A1(3)”, substitute “person’s maximum basic rate under point SCH6-B1 and the person’s pension supplement basic amount”.

32 Section 45UIA (paragraph (c) of the definition of provisional payment rate)

Omit “steps 2 and 3 were omitted from the method statement”, substitute “the person’s maximum payment rate were the sum of the person’s maximum basic rate under Table B in point 1064-B1 of the *Social Security Act 1991* and the person’s pension supplement basic amount”.

33 Section 45UIA (paragraph (d) of the definition of provisional payment rate)

Omit “pension supplement under point 1065-BA2”, substitute “pension supplement basic amount”.

Division 2—Social Security Act 1991

34 Subparagraphs 93J(3)(a)(ii) and (b)(ii) and (4)(a)(ii) and (b)(ii)

Repeal the subparagraphs, substitute:

- (ii) the amount worked out for the person using the table in subsection 93H(4);

35 Subsection 93J(5) (definition of maximum basic rate)

Omit “amounts worked out under steps 1 and 1A of the method statement in point 1064-A1”, substitute “person’s maximum basic rate worked out using Module B of Pension Rate Calculator A in section 1064 and the amount worked out for the person using the table in subsection 93H(4)”.

Part 4—Application

36 Amendments of the *Veterans' Entitlements Act 1986*

- (1) The amendments of the *Veterans' Entitlements Act 1986* made by this Schedule (except Division 1 of Part 3) apply for the purposes of working out the rates of payments under that Act for days on or after 20 September 2009.
- (2) To avoid doubt, section 198FB of the *Veterans' Entitlements Act 1986* applies in working out the amount specified in paragraph 30(1)(a) of that Act (as amended by this Schedule) for 20 September 2009.
- (3) Subitem (2) does not limit the application of section 198FB of the *Veterans' Entitlements Act 1986*.
- (4) The amendments of the *Veterans' Entitlements Act 1986* made by Division 1 of Part 3 of this Schedule apply for the purposes of working out the amount of pension bonus for a person who starts to receive a designated pension on or after 20 September 2009.
- (5) Despite subitem (1), the amount specified in paragraph 30(1)(c) of the *Veterans' Entitlements Act 1986* is not to be indexed under section 198 of that Act before 20 March 2010.

Note: Subitem (5) affects the application of the amendment by this Schedule of subsection 198(1) of the *Veterans' Entitlements Act 1986* only so far as the amendment relates to the indexation of the amount specified in paragraph 30(1)(c) of that Act, and not so far as the amendment prevents the indexation under section 198 of that Act on and after 20 September 2009 of the rate specified in paragraph 30(1)(a) of that Act.

37 Amendments of the *Social Security Act 1991*

The amendments of the *Social Security Act 1991* made by Division 2 of Part 3 of this Schedule apply for the purposes of working out the amount of pension bonus for a person whose start day for the age pension is on or after 20 September 2009.

Schedule 2—Indexation using the Pensioner and Beneficiary Living Cost Index

Veterans' Entitlements Act 1986

1 After paragraph 59(a)

Insert:

- (aa) the indexation of the maximum basic rates for service pension and income support supplement using the Pensioner and Beneficiary Living Cost Index; and

2 Subsection 59C(2) (method statement, step 5)

After “amount:”, insert “subject to section 59EAA,”.

3 Subsection 59C(2) (method statement, step 5)

After “The indexed amount”, insert “(including one replaced under section 59EAA)”.

4 After section 59E

Insert:

59EAA Indexation using Pensioner and Beneficiary Living Cost Index

- (1) This section applies to the pension MBR amount (see item 1 of the table in section 59A).
- (2) If the indexed amount for the pension MBR amount, worked out under section 59C on an indexation day and disregarding section 59EA and this section, is less than the living cost amount worked out on that indexation day using the following method statement, then that indexed amount is taken to be an amount equal to that living cost amount:

Method statement

Step 1. Use section 59EAB to work out the living cost indexation factor on that indexation day.

Step 2. Work out the current figure for the pension MBR amount immediately before that indexation day.

Note: For *current figure* see subsection 5NA(1).

Step 3. Multiply the current figure by the living cost indexation factor: the result is the *provisional living cost amount*.

Step 4. Use section 59EAC to round off the provisional living cost amount: the result is the *living cost amount*.

Note: If the indexed amount for the pension MBR amount, worked out under section 59C, is taken to be an amount equal to that living cost amount, there may be a further increase of that replaced indexed amount under section 59EA.

59EAB Living cost indexation factor

- (1) Subject to subsections (5) and (6), the living cost indexation factor on an indexation day is:

$$\frac{\text{Living cost index number for reference quarter}}{\text{Living cost index number for base quarter}}$$

worked out to 3 decimal places.

Definitions

- (2) For the purposes of this section, the *living cost index number*, in relation to a quarter, is the All Groups Pensioner and Beneficiary Living Cost Index number that is the weighted average of the 8 capital cities and is published by the Australian Statistician in respect of that quarter.
- (3) For the purposes of this section, the *reference quarter* is:
- (a) if the indexation day is a 20 March—the most recent December quarter before the indexation day; and

- (b) if the indexation day is a 20 September—the most recent June quarter before the indexation day.
- (4) For the purposes of this section, the *base quarter* is the June or December quarter that:
 - (a) is a quarter before the reference quarter; and
 - (b) has the highest living cost index number.

Rounding

- (5) If a living cost indexation factor worked out under subsection (1) would, if it were worked out to 4 decimal places, end in a number that is greater than 4, that indexation factor is to be increased by 0.001.
- (6) If a living cost indexation factor worked out under subsections (1) and (5) would be less than 1, that indexation factor is to be increased to 1.

Publication of substituted living cost index numbers

- (7) Subject to subsection (8), if at any time (whether before or after the commencement of this section) the Australian Statistician publishes a living cost index number for a quarter in substitution for a living cost index number previously published by the Australian Statistician for that quarter, the publication of the later living cost index number is to be disregarded for the purposes of this section.

Change to reference base

- (8) If at any time (whether before or after the commencement of this section) the Australian Statistician changes the reference base for the Pensioner and Beneficiary Living Cost Index, regard is to be had, for the purposes of applying this section after the change takes place, only to living cost index numbers published in terms of the new reference base.

59EAC Rounding off amounts

- (1) If a provisional living cost amount is a multiple of \$2.60, the provisional living cost amount becomes the living cost amount.

- (2) Subject to subsection (3), if a provisional living cost amount is not a multiple of \$2.60, the living cost amount is the provisional living cost amount rounded up or down to the nearest multiple of \$2.60.
- (3) If a provisional living cost amount is not a multiple of \$2.60 but is a multiple of \$1.30, the living cost amount is the provisional living cost amount rounded up to the nearest multiple of \$2.60.

5 Point SCH6-B1 of Schedule 6 (at the end of note 2)

Add “See also sections 59EAA to 59EAC (about Pensioner and Beneficiary Living Cost Index indexation).”.

6 Application

The amendments made by items 2 to 4 apply in relation to the indexation day that is 20 September 2009 and all later indexation days.

7 Transitional—adjustment of ceiling rate on 20 September 2009

Section 59LA of the *Veterans’ Entitlements Act 1986* applies in relation to the adjustment day that is 20 September 2009 as if the current single pension MBR amount on that day were the amount that would have been the current single pension MBR amount on that day if the amendments made by Part 1 of Schedule 1 to this Act had not been made.

Schedule 3—Indexation using combined couple benchmark

Veterans' Entitlements Act 1986

1 Section 59A (table item 1, column 2)

After “income support supplement”, insert “for a person who is partnered”.

2 Section 59A (table item 1, column 4)

Omit:

*Rate Calculator—point SCH6-B1—Table B—column 3—**all amounts**
substitute:

*Rate Calculator—point SCH6-B1—Table B—column 3—**item 2**

3 Section 59A (after table item 1)

Insert:

- | | | | |
|-----|--|-------------------------|--|
| 1A. | Maximum basic rates for service pension or income support supplement for a person who is not partnered | single pension rate MBR | *Rate Calculator—point SCH6-B1—Table B—column 3— item 1 |
|-----|--|-------------------------|--|

4 Subsection 59EA(1) (definition of *category A amount*)

Repeal the definition.

5 Subsection 59EA(2)

Repeal the subsection, substitute:

- (2) If:
- (a) a category B amount is to be indexed under this Subdivision on an indexation day; and
 - (b) 50% of the combined couple benchmark for that indexation day exceeds the indexed amount for the category B amount;
-

then:

- (c) the indexed amount for the category B amount is to be increased by an amount equal to the excess; and
 - (d) if the indexed amount for the category B amount (as increased under paragraph (c)) is not a multiple of \$2.60, the indexed amount (as increased under paragraph (c)) is to be further increased by rounding up to the next highest multiple of \$2.60.
- (2A) For the purposes of this section, the *combined couple benchmark*, for an indexation day, is 41.76% of the annualised MTAWWE figure for whichever of the following quarters is applicable:
- (a) if the indexation day is a 20 March—the most recent December quarter;
 - (b) if the indexation day is a 20 September—the most recent June quarter.

6 Before section 59GA

Insert:

59G Adjustment of single pension rate MBR amount

- (1) This Act has effect as if, on 20 March (an *indexation day*) and 20 September (an *indexation day*) each year, the adjusted single pension amount were substituted for the single pension rate MBR amount (see item 1A of the table in section 59A).
- (2) For the purposes of this section, the adjusted single pension amount is worked out as follows:

Method statement

- Step 1. Work out the amount substituted for the pension MBR amount (see item 1 of the table in section 59A) on that indexation day under section 59C.
- Step 2. Multiply the amount worked out at step 1 by 2.
- Step 3. Work out 66.33% of the amount worked out at step 2.

Step 4. Round the amount worked out at step 3 to the nearest multiple of \$2.60 (rounding up if necessary): the result is the *adjusted single pension amount*.

7 Subsections 59LA(1) and (2)

Repeal the subsections, substitute:

- (1) This Act has effect as if, on each adjustment day, the amount worked out in accordance with the following formula, and rounded up to the nearest multiple of \$2.60, were substituted for the ceiling rate:

Previous ceiling rate \times Pension MBR factor

where:

pension MBR factor is:

$$\frac{\text{Current single pension rate MBR amount}}{\text{Previous single pension rate MBR amount}}$$

previous ceiling rate is the ceiling rate applicable on the day before the adjustment day.

- (2) In subsection (1):

current single pension rate MBR amount means the single pension rate MBR amount (see item 1A of the table in section 59A) applicable on the adjustment day.

previous single pension rate MBR amount means the single pension rate MBR amount (see item 1A of the table in section 59A) applicable on the day before the adjustment day.

8 Point SCH6-B1 of Schedule 6 (note 2)

Repeal the note, substitute:

Note 2: The maximum basic rates are adjusted 6 monthly: see sections 59B to 59G.

Schedule 4—Supplements

Part 1—Pension supplement

Veterans' Entitlements Act 1986

1 After section 5G

Insert:

5GA Pension supplement rate definitions

- (1) In this Act, the *combined couple rate of pension supplement* is \$2,199.60.

Note 1: This rate is indexed 6 monthly in line with CPI increases (see sections 59B to 59E).

Note 2: This rate is an annual rate.

- (2) In this Act, the *combined couple rate of minimum pension supplement* is \$1,185.60.

Note 1: This rate is indexed 6 monthly in line with CPI increases (see sections 59B to 59E).

Note 2: This rate is an annual rate.

- (3) In this Act, a person's *minimum pension supplement amount* is the amount worked out by:

(a) applying the applicable percentage in the following table to the combined couple rate of minimum pension supplement; and

(b) if:

(i) the person is not partnered; and

(ii) the amount resulting from paragraph (a) is not a multiple of \$2.60;

rounding the amount up or down to the nearest multiple of \$2.60 (rounding up if the amount is not a multiple of \$2.60 but is a multiple of \$1.30).

Item	Person's family situation	Use this %
1	Not member of couple	66.33%
2	Partnered	50%
3	Member of illness separated couple	66.33%
4	Member of respite care couple	66.33%

Note: A person's minimum pension supplement amount is an annual rate.

- (4) In this Act, a person's *pension supplement basic amount* depends on which family situation in the following table applies to the person. The person's *pension supplement basic amount* is the corresponding amount set out in the table.

Item	Person's family situation	Amount
1	Not member of couple	\$509.60
2	Partnered	\$426.40
3	Member of illness separated couple	\$509.60
4	Member of respite care couple	\$509.60

Note 1: Each amount in the table will be indexed 6 monthly in line with CPI increases (see sections 59B to 59E).

Note 2: A person's pension supplement basic amount is an annual rate.

- (5) In this Act, the daily rate of *tax-exempt pension supplement*, for a person who is receiving a service pension or income support supplement is the amount a day worked out using the table.

Tax-exempt pension supplement		
Item	Payment received	Amount a day of tax-exempt pension supplement
1	Service pension	The amount worked out by: (a) subtracting the person's pension supplement basic amount from the person's pension supplement amount; and (b) dividing the result of paragraph (a) by 364
2	Income support supplement	The person's minimum pension supplement amount divided by 364

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Part 1 Pension supplement

Note: The portion of the person's service pension or income support supplement equal to the tax-exempt pension supplement is exempt from income tax (see sections 52-65 and 52-70 of the *Income Tax Assessment Act 1997*).

- (6) If a person is receiving a service pension at a rate that:
- (a) is worked out under subpoint SCH6-A1(4) of Schedule 6 and is the revised rate; or
 - (b) is worked out under subpoint SCH6-A1(5) of Schedule 6; subsection (5) applies in relation to the person and the pension as if the person had a pension supplement amount equal to what would be the person's pension supplement amount if the person were receiving the service pension at the rate worked out under subpoint SCH6-A1(4) of Schedule 6 and equal to the provisional rate.

2 Paragraph 1(1)(aa) of Schedule 6

Repeal the paragraph.

3 Subclause 1(1) of Schedule 6 (note 1)

Omit "rent assistance and pharmaceutical allowance", substitute "pension supplement and rent assistance".

4 Clause 4 of Schedule 6

Repeal the clause, substitute:

4 Application for income tax purposes of reductions in respect of service pension or income support supplement

Service pension

- (1) If a person's rate of service pension is affected by a reduction under any or all of the following:
- (a) Module E (ordinary/adjusted income test) of the Rate Calculator;
 - (b) Module F (assets test) of the Rate Calculator;
 - (c) section 59T (compensation recovery);
- the reduction is to be applied as follows (in descending order):

Item	Component of the rate
1	all of the rate apart from the person's pension supplement amount and any increase under Module C (rent assistance) of the Rate Calculator
2	the portion of the person's pension supplement amount equal to the person's pension supplement basic amount
3	(a) if an election by the person under subsection 60A(1) is in force—any remaining portion of the person's pension supplement amount; or (b) otherwise—any remaining portion of the person's pension supplement amount to the extent to which it exceeds the person's minimum pension supplement amount
4	the amount of any increase under Module C
5	the person's minimum pension supplement amount

Note: Table item 5 will not apply if an election by the person under subsection 60A(1) is in force, as the rate would have already been reduced to nil.

- (2) If a person's rate of service pension:
- (a) is worked out under subpoint SCH6-A1(4) of Schedule 6 and is the revised rate; or
 - (b) is worked out under subpoint SCH6-A1(5) of Schedule 6;
- subclause (1) applies in relation to the person and the pension as if:
- (c) paragraphs (1)(a) and (b) were omitted; and
 - (d) the person had a pension supplement amount equal to what would be the person's pension supplement amount if the person were receiving the service pension at the rate worked out under subpoint SCH6-A1(4) of Schedule 6 and equal to the provisional rate.

Income support supplement

- (3) If a person's rate of income support supplement is affected by a reduction under any or all of the following:
- (a) Module E (ordinary/adjusted income test) of the Rate Calculator;
 - (b) Module F (assets test) of the Rate Calculator;
 - (c) section 59T (compensation recovery);

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the reduction is to be applied as follows (in descending order):

Item	Component of the rate
1	all of the rate apart from any increase under Module C (rent assistance) of the Rate Calculator and the person's minimum pension supplement amount
2	the amount of any increase under Module C
3	the person's minimum pension supplement amount

Quarterly pension supplement

(4) If:

- (a) the rate (the *main rate*) of a person's service pension or income support supplement is to be reduced as described in subclause (1) (applying of its own force or as affected by subclause (2)) or subclause (3); and

(b) an election by the person under subsection 60A(1) is in force; the person's quarterly pension supplement is reduced to the same extent (if any) that the component of the main rate that would correspond to the person's minimum pension supplement amount would be reduced under subclause (1) or (3) were the election not in force.

Note: The reduction will be disregarded unless the person's quarterly pension supplement is reduced to nil (see subsection 60C(4)).

5 Subpoint SCH6-A1(4) of Schedule 6 (method statement 3, step 5)

Repeal the step, substitute:

Step 5. Add:

- (a) the ceiling rate; and
- (b) any amount obtained under step 2A; and
- (c) any amount obtained under step 4;

and, if an election by the person under subsection 60A(1) (about quarterly pension supplement) is in force, subtract

the person's minimum pension supplement amount. The result is the *revised rate*.

6 Subpoint SCH6-A1(5) of Schedule 6 (method statement 4, step 4)

Repeal the step, substitute:

Step 4. Add:

- (a) the ceiling rate; and
- (b) any amount obtained under step 1A; and
- (c) any amount obtained under step 3;

and, if an election by the person under subsection 60A(1) (about quarterly pension supplement) is in force, subtract the person's minimum pension supplement amount. The result is the person's *rate of service pension*.

Note: The amount of a fortnightly instalment of service pension may be reduced by an advance payment deduction (see Division 6 of Part IVA).

7 Subpoint SCH6-A1(6) of Schedule 6 (method statement 5, step 9A)

Repeal the step, substitute:

Step 9A. Add:

- (a) the ceiling rate; and
- (b) any amount obtained under step 2;

and, if an election by the person under subsection 60A(1) (about quarterly pension supplement) is in force, subtract the person's minimum pension supplement amount. The result is the *increased rate*.

8 Subpoint SCH6-A1(7) of Schedule 6 (method statement 6, step 4)

Repeal the step, substitute:

Step 4. Add:

- (a) the ceiling rate; and
- (b) any amount obtained under step 1A; and
- (c) any amount obtained under step 3;

and, if an election by the person under subsection 60A(1) (about quarterly pension supplement) is in force, subtract the person's minimum pension supplement amount. The result is the person's *rate of income support supplement*.

Note: The amount of a fortnightly instalment of income support supplement may be reduced by an advance payment deduction (see Division 6 of Part IVA).

9 Part 2 of Schedule 6 (Module BA)

Repeal the Module, substitute:

Module BA—Pension supplement

Pension supplement

SCH6-BA1 A pension supplement amount is to be added to the person's maximum basic rate.

Residents in Australia etc.

SCH6-BA2 If the person is residing in Australia and:

- (a) is in Australia; or
- (b) is temporarily absent from Australia and has been so for a continuous period not exceeding 13 weeks;

the person's pension supplement amount is:

- (c) if an election by the person under subsection 60A(1) is in force—the amount worked out under point SCH6-BA4; and

(d) otherwise—the amount worked out under point SCH6-BA3.

Residents in Australia etc.—no election in force

SCH6-BA3 The person's pension supplement amount is the amount worked out by:

(a) applying the applicable percentage in the following table to the combined couple rate of pension supplement; and

(b) if:

(i) the person is not partnered; and

(ii) the amount resulting from paragraph (a) is not a multiple of \$2.60;

rounding the amount up or down to the nearest multiple of \$2.60 (rounding up if the amount is not a multiple of \$2.60 but is a multiple of \$1.30).

Item	Person's family situation	Use this %
1	Not member of couple	66.33%
2	Partnered	50%
3	Member of illness separated couple	66.33%
4	Member of respite care couple	66.33%

Note: For *combined couple rate of pension supplement*, see subsection 5GA(1).

Residents in Australia etc.—election in force

SCH6-BA4 The person's pension supplement amount is the amount worked out as follows:

(a) work out the amount for the person under point SCH6-BA3 as if the election were not in force;

(b) from that amount, subtract the person's minimum pension supplement amount.

Persons absent from Australia for more than 13 weeks

SCH6-BA5 If the person is not covered by point SCH6-BA2, the person's pension supplement amount is the person's pension supplement basic amount.

Part 2—Quarterly pension supplement and seniors supplement

Veterans' Entitlements Act 1986

10 After Part IIIC

Insert:

Part IIID—Quarterly pension supplement

60 When this Part applies

- (1) This Part applies to a person if:
 - (a) the person is receiving a service pension or income support supplement (the *main payment*); and
 - (b) the person is residing in Australia and:
 - (i) is in Australia; or
 - (ii) is temporarily absent from Australia and has been so for a continuous period not exceeding 13 weeks.
- (2) For the purposes of subsection (1), it does not matter if the rate of the person's main payment would become nil were an election by the person under subsection 60A(1) to come into force.

60A Quarterly pension supplement

- (1) The person may, in a manner or way approved by the Commission, make an election to receive the person's minimum pension supplement amount on a quarterly basis as a separate payment.
- (2) An election comes into force as soon as practicable after it is made.
- (3) An election ceases to be in force if the main payment ceases to be payable to the person.

- (4) The person may, in a manner or way approved by the Commission, revoke an election. A revocation takes effect as soon as practicable after it happens.
- (5) Quarterly pension supplement is payable to the person in relation to each day on which an election is in force.

60B Rate of quarterly pension supplement

- (1) The person's annual rate of quarterly pension supplement is the person's minimum pension supplement amount.
- (2) The person's daily rate of quarterly pension supplement is worked out by dividing the person's annual rate by 364.
- (3) This section has effect subject to subclause 4(4) of Schedule 6.

60C Payment of quarterly pension supplement

- (1) Quarterly pension supplement is to be paid by instalments.
 - (2) An instalment of quarterly pension supplement is to be paid to a person as soon as is reasonably practicable on or after the first supplement test day (the *current test day*) that follows a day on which an election by the person under subsection 60A(1) is in force.
 - (3) The amount of the instalment is worked out by multiplying the person's daily rate of quarterly pension supplement by the number of days during the test period for which an election by the person under subsection 60A(1) is in force.
 - (4) If:
 - (a) an election by the person under subsection 60A(1) is in force on a particular day; and
 - (b) apart from this subsection, the portion of the instalment of the person's quarterly pension supplement that corresponds to that day would be reduced under subclause 4(4) of Schedule 6, but not reduced to a nil amount;the amount of that portion of the instalment is not to be reduced under subclause 4(4) of Schedule 6.
 - (5) In this section:
-

supplement test day means:

- (a) 20 March; or
- (b) 20 June; or
- (c) 20 September; or
- (d) 20 December.

test period means the period:

- (a) starting on the most recent supplement test day before the current test day; and
- (b) ending on the day immediately before the current test day.

11 Part VIIAD

Repeal the Part, substitute:

Part VIIAD—Seniors supplement

Division 1—Eligibility

118P Eligibility for seniors supplement

Person holds a seniors health card

- (1) A person is eligible for seniors supplement if:
 - (a) the person is the holder of a seniors health card; and
 - (b) the person is not receiving any of the following:
 - (i) a service pension;
 - (ii) income support supplement;
 - (iii) a social security pension or social security benefit;
 - (iv) seniors supplement under the Social Security Act.

Person holds a gold card

- (2) A person is eligible for seniors supplement if:
 - (a) the person is the holder of a gold card; and
 - (b) the person has reached qualifying age; and
 - (c) the person:
 - (i) is in Australia; or

- (ii) is temporarily absent from Australia and has been so for a continuous period not exceeding 13 weeks; and
- (d) the person is not receiving any of the following:
 - (i) a service pension;
 - (ii) income support supplement;
 - (iii) a social security pension or social security benefit;
 - (iv) seniors supplement under the Social Security Act.
- (3) In this section:

gold card means a card known as the Repatriation Health Card—For All Conditions, that evidences a person’s eligibility, under this Act or the *Military Rehabilitation and Compensation Act 2004*, to be provided with treatment for all injuries or diseases.

118PA When seniors supplement is payable

- (1) Seniors supplement is payable to a person in relation to each day on which the person is eligible for the supplement.
- (2) However, seniors supplement is not payable to the person in relation to a day if:
 - (a) before that day:
 - (i) the person had elected not to be covered by this Part; and
 - (ii) that election had not been withdrawn; or
 - (b) subsection 122A(1C) (failing to nominate a bank account) applies to the person.

Division 2—Rate of seniors supplement

118PB Rate of seniors supplement

- (1) The person’s annual rate of seniors supplement is the amount worked out by:
 - (a) applying the applicable percentage in the following table to the combined couple rate of minimum pension supplement; and
 - (b) if:
 - (i) the person is not partnered; and

Schedule 4 Supplements

Part 2 Quarterly pension supplement and seniors supplement

- (ii) the amount resulting from paragraph (a) is not a multiple of \$2.60;
rounding the amount up or down to the nearest multiple of \$2.60 (rounding up if the amount is not a multiple of \$2.60 but is a multiple of \$1.30).

Item	Person's family situation	Use this %
1	Not member of couple	66.33%
2	Partnered	50%
3	Member of illness separated couple	66.33%
4	Member of respite care couple	66.33%

Note: For *combined couple rate of minimum pension supplement*, see subsection 5GA(2).

- (2) The person's daily rate of seniors supplement is worked out by dividing the person's annual rate by 364.

Division 3—Payment of seniors supplement

118PC Payment of seniors supplement

- (1) Seniors supplement is to be paid by instalments.
- (2) An instalment of seniors supplement is to be paid to a person as soon as is reasonably practicable on or after the first seniors supplement test day (the *current test day*) that follows a day on which the person is eligible for seniors supplement.
- (3) The amount of the instalment is worked out by multiplying the person's daily rate of seniors supplement by the number of days during the test period for which the person was eligible for seniors supplement.
- (4) In this section:

seniors supplement test day means:

- (a) 20 March; or
(b) 20 June; or
(c) 20 September; or
(d) 20 December.
-

test period means the period:

- (a) starting on the most recent supplement test day before the current test day; and
- (b) ending on the day immediately before the current test day.

Part 3—Veterans supplement

Veterans' Entitlements Act 1986

12 Part VIIA

Repeal the Part, substitute:

Part VIIA—Veterans supplement

Division 1—Eligibility for veterans supplement

118A Veterans supplement for dependants of deceased veterans or for persons eligible for pharmaceutical benefits

- (1) Subject to this section, a person is eligible for veterans supplement under this section if:
 - (a) the person is receiving a pension whose rate is specified under subsection 30(2); or
 - (b) but for subsection 13(7), a pension would have been payable to the person at a rate specified under subsection 30(2); or
 - (c) the person is eligible for pharmaceutical benefits under the scheme known as the Repatriation Pharmaceutical Benefits Scheme.
- (2) A person is not eligible for veterans supplement under this section if:
 - (a) the person is receiving a social security payment; or
 - (b) the person is receiving service pension; or
 - (c) the person is a war widow/war widower—pensioner.

Note: For *war widow/war widower—pensioner* see section 5Q.
- (3) A person who leaves Australia otherwise than temporarily is not eligible for veterans supplement under this section after the day on which he or she left Australia.
- (4) A person who is temporarily absent from Australia and has been so absent for more than 26 weeks is not eligible for veterans

supplement under this section after the first 26 weeks of the absence.

118B Veterans supplement for certain Part II and Part IV pensioners or for World War 1 veterans

- (1) Subject to this section, a person is eligible for veterans supplement under this section if:
- (a) the person is eligible for a pension at a rate specified in subsection 22(4); or
 - (b) the person is eligible for a pension at a rate specified in section 24; or
 - (c) the person is eligible for a pension, the rate of which is increased under subsection 27(2) by an amount specified in any of items 1 to 8 of the table in subsection 27(1); or
 - (d) the person is eligible for a pension at the rate specified in subsection 30(1) and the person is under qualifying age.

Note: For *qualifying age* see section 5Q.

- (2) Subject to this section, a person is eligible for veterans supplement under this section if the person is:
- (a) a veteran who rendered eligible war service during World War 1; or
 - (b) a Commonwealth veteran who rendered continuous full-time service during World War 1; or
 - (c) an allied veteran who rendered continuous full-time service during World War 1.

Note: For *World War 1* see subsections 5B(1) and (3).

- (3) A person is not eligible for veterans supplement under this section if:
- (a) the person is receiving a social security payment; or
 - (b) the person is receiving service pension or income support supplement; or
 - (c) the person is receiving seniors supplement under this Act or the Social Security Act; or
 - (d) the person is receiving MRCA supplement under Division 4 of Part 7 of Chapter 4, or Division 5 of Part 2 of Chapter 5, of the MRCA.

- (4) A person who leaves Australia otherwise than temporarily is not eligible for veterans supplement under this section after the day on which he or she left Australia.
- (5) A person who is temporarily absent from Australia and has been so absent for more than 26 weeks is not eligible for veterans supplement under this section after the first 26 weeks of the absence.

Division 2—Rate of veterans supplement

118C Rate of veterans supplement—section 118A

The rate of veterans supplement under section 118A is \$6.00 per fortnight.

Note: The amount specified in this section is adjusted annually in line with CPI increases under section 198F.

118D Rate of veterans supplement—section 118B

The rate of veterans supplement under section 118B is \$6.00 per fortnight.

Note: The amount specified in this section is adjusted annually in line with CPI increases under section 198F.

13 Part VIIB

Repeal the Part.

14 Subsection 121(7) (definition of *pension*)

After “includes”, insert “veterans supplement under Part VIIA or”.

15 Section 198F

Repeal the section, substitute:

198F Indexation of veterans supplement

- (1) This section applies to the dollar amount mentioned in the following provisions:
 - (a) section 118C;
 - (b) section 118D.
-

- (2) The dollar amount mentioned in that provision, for an indexation day on which the indexation factor is greater than one, is replaced by the amount that is worked out using the following formula:

$$\text{Dollar amount for that provision on the day before the indexation day} \times \frac{\text{Indexation factor for the indexation day}}{\text{the indexation day}}$$

- (3) The ***indexation factor*** for an indexation day is the number worked out using the following formula:

$$\frac{\text{Index number for the most recent June quarter before the indexation day}}{\text{Highest index number for an earlier June quarter (but not earlier than June quarter 2008)}}$$

- (4) The indexation factor is to be calculated to 3 decimal places, but increased by 0.001 if the 4th decimal place is more than 4.
- (5) If an amount worked out under subsection (2) is not a multiple of 20 cents, the amount is to be rounded down to the nearest multiple of 20 cents.
- (6) In this section:

indexation day means 1 January 2010 and each later 1 January.

Part 4—MRCA supplement

Military Rehabilitation and Compensation Act 2004

16 Division 4 of Part 7 of Chapter 4 (heading)

Repeal the heading, substitute:

Division 4—MRCA supplement for members and former members

17 Section 220A

Repeal the section.

18 Subsection 221(1)

Omit “a telephone allowance”, substitute “MRCA supplement under this section”.

Note: The heading to section 221 is altered by omitting “**telephone allowance**” and substituting “**MRCA supplement**”.

19 Paragraph 221(1)(b)

Omit “1986); and”, substitute “1986).”.

20 Paragraph 221(1)(c)

Repeal the paragraph.

21 Subsection 221(1) (note)

Omit “telephone allowance”, substitute “MRCA supplement”.

22 Subsection 221(2)

Omit “a telephone allowance”, substitute “MRCA supplement under this section”.

23 Paragraph 221(2)(b)

Omit “1986); and”, substitute “1986).”.

24 Paragraph 221(2)(c)

Repeal the paragraph.

25 Subsection 221(2) (note)

Omit “telephone allowance”, substitute “MRCA supplement”.

26 Subsection 222(1)

Omit “a telephone allowance on or after the next telephone allowance payday”, substitute “MRCA supplement under section 221 after the day on which he or she left Australia”.

Note: The heading to section 222 is altered by omitting “**Telephone allowance**” and substituting “**MRCA supplement**”.

27 Subsection 222(2)

Omit “a telephone allowance”, substitute “MRCA supplement under section 221”.

28 Subsection 222(3)

Omit “the telephone allowance”, substitute “MRCA supplement under section 221”.

Note: The heading to subsection 222(3) is altered by omitting “*telephone allowance*” and substituting “*MRCA supplement*”.

29 Subsections 222(4) and (5)

Repeal the subsections, substitute:

Persons receiving other payments

- (4) Even though a person is eligible for MRCA supplement under subsection 221(2), the supplement is not payable to the person if he or she is receiving MRCA supplement under subsection 221(1).
- (5) Even though a person is eligible for MRCA supplement under section 221, the supplement is not payable to the person if he or she is receiving:
 - (a) veterans supplement under section 118B of the *Veterans’ Entitlements Act 1986*; or
 - (b) a telephone allowance under the *Social Security Act 1991*; or
 - (c) MRCA supplement under Division 5 of Part 2 of Chapter 5.

30 Sections 223 to 225

Repeal the sections, substitute:

223 Rate of MRCA supplement

The rate of MRCA supplement that is payable under section 221 is the rate of veterans supplement that is payable from time to time under section 118D of the *Veterans' Entitlements Act 1986*.

224 Payment of MRCA supplement

A person's MRCA supplement under section 221 is payable on each pension payday (within the meaning of subsection 5Q(1) of the *Veterans' Entitlements Act 1986*) on which:

- (a) the person is eligible for the MRCA supplement; and
- (b) the MRCA supplement is payable to the person.

Note: If a trustee is appointed under section 432, then the MRCA supplement would be payable to the trustee.

31 Division 5 of Part 2 of Chapter 5 (heading)

Repeal the heading, substitute:

Division 5—MRCA supplement for wholly dependent partners

32 Section 244A

Repeal the section.

33 Section 245

Omit "a telephone allowance", substitute "MRCA supplement under this section".

Note: The heading to section 245 is altered by omitting "telephone allowance" and substituting "MRCA supplement".

34 Paragraph 245(b)

Omit "1986); and", substitute "1986).".

35 Paragraph 245(c)

Repeal the paragraph.

36 Section 245 (note)

Omit “telephone allowance”, substitute “MRCA supplement”.

37 Subsection 246(1)

Omit “a telephone allowance on or after the next telephone allowance payday”, substitute “MRCA supplement under section 245 after the day on which he or she left Australia”.

Note: The heading to section 246 is altered by omitting “**Telephone allowance**” and substituting “**MRCA supplement**”.

38 Subsection 246(2)

Omit “a telephone allowance”, substitute “MRCA supplement under section 245”.

39 Subsection 246(3)

Omit “the telephone allowance”, substitute “MRCA supplement under section 245”.

Note: The heading to subsection 246(3) is altered by omitting “*telephone allowance*” and substituting “*MRCA supplement*”.

40 Subsections 246(4) and (5)

Repeal the subsections, substitute:

Persons receiving other payments

- (4) Even though a wholly dependent partner is eligible for MRCA supplement under section 245, the supplement is not payable to the partner if he or she is receiving:
- (a) veterans supplement under section 118B of the *Veterans’ Entitlements Act 1986*; or
 - (b) a telephone allowance under the *Social Security Act 1991*; or
 - (c) MRCA supplement under Division 4 of Part 7 of Chapter 4.

41 Sections 247 to 249

Repeal the sections, substitute:

247 Rate of MRCA supplement

The rate of MRCA supplement that is payable under section 245 is the rate of veterans supplement that is payable from time to time under section 118D of the *Veterans' Entitlements Act 1986*.

248 Payment of MRCA supplement

A wholly dependent partner's MRCA supplement under section 245 is payable on each pension payday (within the meaning of subsection 5Q(1) of the *Veterans' Entitlements Act 1986*) on which:

- (a) the partner is eligible for the MRCA supplement; and
- (b) the MRCA supplement is payable to the partner.

Note: If a trustee is appointed under section 432, then the MRCA supplement would be payable to the trustee.

42 Division 4 of Part 4 of Chapter 6 (heading)

Repeal the heading, substitute:

Division 4—MRCA supplement for members, former members and dependants

43 Section 300

Omit "a pharmaceutical allowance", substitute "MRCA supplement under this section".

Note: The heading to section 300 is altered by omitting "**pharmaceutical allowance**" and substituting "**MRCA supplement**".

44 Section 300 (note)

Omit "pharmaceutical allowance", substitute "MRCA supplement".

45 Subsection 301(1)

Omit "a pharmaceutical allowance", substitute "MRCA supplement under section 300".

Note: The heading to section 301 is altered by omitting "**Pharmaceutical allowance**" and substituting "**MRCA supplement**".

46 Subsection 301(2)

Omit “a pharmaceutical allowance”, substitute “MRCA supplement under section 300”.

47 Subsection 301(3)

Omit “the pharmaceutical allowance”, substitute “MRCA supplement under section 300”.

Note: The heading to subsection 301(3) is altered by omitting “*pharmaceutical allowance*” and substituting “*MRCA supplement*”.

48 Subsections 301(4) and (5)

Repeal the subsections, substitute:

When MRCA supplement is not payable

- (4) Even though a person is eligible for MRCA supplement under section 300, the supplement is not payable to the person if:
- (a) he or she is receiving veterans supplement under section 118A of the *Veterans’ Entitlements Act 1986*; or
 - (b) he or she is receiving a pharmaceutical allowance under the *Social Security Act 1991*; or
 - (c) he or she is a wholly dependent partner of a deceased member.

49 Section 302

Omit “pharmaceutical allowance”, substitute “MRCA supplement”.

Note: The heading to section 302 is altered by omitting “**pharmaceutical allowance**” and substituting “**MRCA supplement**”.

50 Section 302

After “is the rate”, insert “of veterans supplement”.

51 Section 303

Omit “pharmaceutical allowance”, substitute “MRCA supplement under section 300”.

Note: The heading to section 303 is altered by omitting “**pharmaceutical allowance**” and substituting “**MRCA supplement**”.

52 Paragraphs 303(a) and (b)

Omit “allowance”, substitute “MRCA supplement”.

53 Section 303 (note)

Omit “allowance”, substitute “MRCA supplement”.

Part 5—Other amendments

Income Tax Assessment Act 1997

54 Section 52-65 (table item 12.1)

Repeal the item, substitute:

12.1	Quarterly pension supplement	Exempt	Not applicable
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55 Section 52-65 (table item 16A.1)

Repeal the item, substitute:

16A.1	Seniors supplement	Exempt	Not applicable
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56 Section 52-65 (table item 18.1)

Repeal the item.

57 Section 52-65 (table item 20A.1)

Repeal the item.

58 Section 52-65 (after table item 21.1)

Insert:

21A.1	Veterans supplement	Exempt	Not applicable
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59 At the end of section 52-70

Add:

; and (d) so much of the payment as is equal to the tax-exempt pension supplement for the payment.

60 Section 52-75 (table item 12)

Repeal the item, substitute:

12	Quarterly pension supplement	Part IIID	Not applicable
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61 Section 52-75 (table item 16A)

Repeal the item, substitute:

16A Seniors Part VIIAD Not applicable
supplement

62 Section 52-75 (table item 18)

Repeal the item.

63 Section 52-75 (table item 20A)

Repeal the item.

64 Section 52-75 (after table item 21)

Insert:

21A Veterans supplement Part VIIA Not applicable

65 Section 52-114 (table item 10)

Omit “Telephone allowance”, substitute “MRCA supplement”.

66 Section 52-114 (table item 10)

Omit “and 245”, substitute “, 245 and 300”.

67 Section 52-114 (table item 20)

Repeal the item.

Military Rehabilitation and Compensation Act 2004

68 Section 3

Omit “an allowance such as a telephone allowance, a pharmaceutical allowance,”, substitute “veterans supplement,”.

69 Subsection 5(1) (paragraph (c) of the definition of *compensation*)

Repeal the paragraph, substitute:

(c) MRCA supplement under section 221, 245 or 300;

70 Subsection 5(1) (paragraph (e) of the definition of *compensation*)

Omit “Chapter 6;”, substitute “Chapter 6.”.

71 Subsection 5(1) (paragraph (f) of the definition of compensation)

Repeal the paragraph.

72 Section 269

Omit “a pharmaceutical allowance”, substitute “MRCA supplement”.

73 Section 278

Omit “a pharmaceutical allowance”, substitute “MRCA supplement”.

74 Paragraph 388(5)(a)

Omit “telephone allowance”, substitute “MRCA supplement”.

75 Paragraph 398(2)(a)

Omit “telephone allowance”, substitute “MRCA supplement”.

76 Paragraph 401(2)(a)

Omit “telephone allowance”, substitute “MRCA supplement”.

77 Subsection 402(2)

Omit “telephone allowance”, substitute “MRCA supplement”.

78 Paragraph 403(3)(b)

Omit “telephone allowance”, substitute “MRCA supplement”.

Social Security Act 1991

79 Subparagraph 8(8)(y)(viiia)

Repeal the subparagraph, substitute:

(viiia) veterans supplement under Part VIIA of that Act; or

80 Subparagraph 8(8)(y)(viib)

Omit “seniors concession allowance”, substitute “seniors supplement”.

81 Subsection 44(2)

Repeal the subsection, substitute:

- (2) Subsection (1) does not apply to a person if the person's rate would be nil merely because an election by the person under subsection 1061VA(1) is in force.

82 Subsection 98(2)

Repeal the subsection, substitute:

- (2) Subsection (1) does not apply to a person if the person's rate would be nil merely because an election by the person under subsection 1061VA(1) is in force.

83 Subsection 148(2)

Repeal the subsection, substitute:

- (2) Subsection (1) does not apply to a person if the person's rate would be nil merely because an election by the person under subsection 1061VA(1) is in force.

84 Subsection 199(2)

Repeal the subsection, substitute:

- (2) Subsection (1) does not apply to a person if the person's rate would be nil merely because an election by the person under subsection 1061VA(1) is in force.

85 Subsection 316(2)

Repeal the subsection, substitute:

- (2) Subsection (1) does not apply to a person if the person's rate would be nil merely because an election by the person under subsection 1061VA(1) is in force.

86 Subsection 364(2)

Repeal the subsection, substitute:

- (2) Subsection (1) does not apply to a person if the person's rate would be nil merely because an election by the person under subsection 1061VA(1) is in force.

87 Paragraph 408CA(2)(b)

Omit "or Division 2 of Part VIIA of the Veterans' Entitlements Act".

88 Paragraph 500I(2)(b)

Omit “or Division 2 of Part VIIA of the Veterans’ Entitlements Act”.

89 Subsection 547(2)

Repeal the subsection, substitute:

- (2) Subsection (1) does not apply to a person if the person’s rate would be nil merely because an advance pharmaceutical allowance has been paid to the person under the social security law.

90 Paragraph 572(2)(b)

Omit “or Division 2 of Part VIIA of the Veterans’ Entitlements Act”.

91 Paragraph 608(2)(b)

Omit “or Division 2 of Part VIIA of the Veterans’ Entitlements Act”.

92 Paragraph 677(2)(b)

Omit “or Division 2 of Part VIIA of the Veterans’ Entitlements Act”.

93 Paragraph 732(2)(b)

Omit “or Division 2 of Part VIIA of the Veterans’ Entitlements Act”.

94 Paragraph 771HC(2)(b)

Omit “or Division 2 of Part VIIA of the Veterans’ Entitlements Act”.

95 Subsection 1061G(2)

Repeal the subsection.

96 Section 1061JC (paragraphs (a) to (c) of the note)

Repeal the paragraphs.

97 Subsection 1061JD(1)

Omit “(1)”.

98 Subsection 1061JD(2)

Repeal the subsection.

99 Section 1061R

Repeal the section, substitute:

1061R Telephone allowance not payable in some circumstances

Even though a person is qualified for a telephone allowance, the allowance is not payable to the person if:

- (a) the person is receiving a social security payment for which a pension supplement amount is used to work out the rate of the payment, with a pension supplement amount that is more than the person's pension supplement basic amount; or
- (b) the following subparagraphs apply to the person:
 - (i) the person is qualified for the telephone allowance because of the application of subsection 1061Q(3C), (3F) or (3G) to the person in relation to a social security payment the person has ceased to receive;
 - (ii) immediately before the cessation of the payment, a pension supplement amount was used to work out the rate of the payment;
 - (iii) that pension supplement amount was more than the person's pension supplement basic amount; or
- (c) an election by the person under subsection 1061VA(1) is in force; or
- (d) the person is receiving seniors supplement under this Act or the Veterans' Entitlements Act; or
- (e) the person is receiving MRCA supplement under section 221 or 245 of the Military Rehabilitation and Compensation Act; or
- (f) the person is receiving veterans supplement under section 118B of the Veterans' Entitlements Act; or
- (g) both:
 - (i) the person is a member of a couple (other than an illness separated, temporarily separated or respite care couple); and
 - (ii) the person's partner is receiving veterans supplement under either subsection 118B(2) of the Veterans' Entitlements Act or a determination under subsection 5R(1) of that Act.

- Note 1: For the purposes of subparagraph (b)(i), subsections 1061Q(3C) and (3G) have an extended application (see subsections 1061Q(3D), (3E) and (3H)).
- Note 2: For *member of a couple, illness separated couple, temporarily separated couple* and *respite care couple*, see section 4.
- Note 3: Subsection 118B(2) of the Veterans' Entitlements Act covers certain categories of World War I veterans.
- Note 4: The relevant determination under subsection 5R(1) of the Veterans' Entitlements Act provides eligibility for veterans supplement to certain categories of World War I Australian mariners.

100 Subsection 1061S(1) (cell at table item 4, column 2)

Repeal the cell, substitute:

Partnered, and:

- (a) partner getting pension or benefit; or
 - (b) partner is a holder of a seniors health card;
- and:
- (c) partner is not getting telephone allowance; and
 - (d) if the partner were taken to be qualified for telephone allowance, section 1061R would not prevent telephone allowance from being payable to the partner

101 Subsection 1061S(1) (cell at table item 5, column 2)

Repeal the cell, substitute:

Partnered, and:

- (a) partner getting pension or benefit; or
 - (b) partner is a holder of a seniors health card;
- and:
- (c) partner is getting telephone allowance; or
 - (d) if the partner were taken to be qualified for telephone allowance, section 1061R would prevent telephone allowance from being payable to the partner

102 Subsection 1061S(1) (cell at table item 7, column 2)

Repeal the cell, substitute:

Partnered, and:

- (a) partner not getting veterans supplement under section 118B of the Veterans' Entitlements Act; and
- (b) partner not getting MRCA supplement under section 221

or 245 of the Military Rehabilitation and Compensation Act

103 Subsection 1061S(1) (cell at table item 8, column 2)

Repeal the cell, substitute:

Partnered, and:

- (a) partner getting veterans supplement under section 118B of the Veterans' Entitlements Act; or
- (b) partner getting MRCA supplement under section 221 or 245 of the Military Rehabilitation and Compensation Act

104 Subsection 1061SA(1) (cell at table item 4, column 2)

Repeal the cell, substitute:

Partnered, and:

- (a) partner getting pension or benefit; or
 - (b) partner is a holder of a seniors health card;
- and:
- (c) partner is not getting telephone allowance; and
 - (d) if the partner were taken to be qualified for telephone allowance, section 1061R would not prevent telephone allowance from being payable to the partner

105 Subsection 1061SA(1) (cell at table item 5, column 2)

Repeal the cell, substitute:

Partnered, and:

- (a) partner getting pension or benefit; or
 - (b) partner is a holder of a seniors health card;
- and:
- (c) partner is getting telephone allowance at the increased rate; or
 - (d) if the partner were taken to be qualified for telephone allowance, section 1061R would prevent telephone allowance from being payable to the partner

106 Subsection 1061SA(1) (cell at table item 7, column 2)

Repeal the cell, substitute:

Partnered, and:

- (a) partner not getting veterans supplement under
-

section 118B of the Veterans' Entitlements Act; and
(b) partner not getting MRCA supplement under section 221
or 245 of the Military Rehabilitation and Compensation
Act

107 Subsection 1061SA(1) (cell at table item 8, column 2)

Repeal the cell, substitute:

Partnered, and:

- (a) partner getting veterans supplement under section 118B
of the Veterans' Entitlements Act; or
- (b) partner getting MRCA supplement under section 221 or
245 of the Military Rehabilitation and Compensation Act

108 Subsection 1061SA(1) (table item 11)

Repeal the item.

109 Subsection 1061SA(3)

Omit "or 11".

110 Paragraph 1061TA(2)(b)

Omit "seniors concession allowance", substitute "seniors supplement".

111 After subsection 1061VA(2)

Insert:

- (2A) An election ceases to be in force if the main payment ceases to be
payable to the person.

112 Paragraph 1061ZAAZA(2)(ea)

Omit "seniors concession allowance", substitute "seniors supplement".

113 Point 1064-A1 (note 5)

Omit "1168", substitute "1173".

Note: This item fixes an incorrect cross-reference.

114 Subparagraph 1064-H1(aa)(ii)

Repeal the subparagraph, substitute:

- (ii) apart from this point, the person's rate of pension would be nil merely because an election by the person under subsection 1061VA(1) is in force; and

115 Subparagraph 1065-E1(aa)(ii)

Repeal the subparagraph, substitute:

- (ii) apart from this point, the person's rate of pension would be nil merely because an election by the person under subsection 1061VA(1) is in force; and

116 Subparagraph 1066-H1(aa)(ii)

Repeal the subparagraph, substitute:

- (ii) apart from this point, the person's rate of pension would be nil merely because an election by the person under subsection 1061VA(1) is in force; and

117 Points 1066A-D2 and 1066A-D3

Repeal the points, substitute:

No pharmaceutical allowance if person receiving veterans supplement or MRCA supplement

1066A-D2 Pharmaceutical allowance is not to be added to a person's maximum basic rate if the person is receiving:

- (a) veterans supplement under section 118A of the Veterans' Entitlements Act; or
- (b) MRCA supplement under section 300 of the Military Rehabilitation and Compensation Act.

No pharmaceutical allowance if partner receiving veterans supplement or MRCA supplement and not a service pensioner

1066A-D3 Pharmaceutical allowance is not to be added to a person's maximum basic rate if:

- (a) the person is a member of a couple; and
 - (b) the person's partner is receiving:
 - (i) veterans supplement under section 118A of the Veterans' Entitlements Act; or
 - (ii) MRCA supplement under section 300 of the Military Rehabilitation and Compensation Act; and
-

(c) the person's partner is not receiving a service pension.

118 Paragraph 1066A-D4(a)

Repeal the paragraph, substitute:

(a) the person has received an advance pharmaceutical allowance under Part 2.23 of this Act; and

119 Point 1066A-D7

Repeal the point.

120 Subparagraph 1066A-I1(aa)(ii)

Repeal the subparagraph, substitute:

(ii) apart from this point, the person's rate of pension would be nil merely because an advance pharmaceutical allowance has been paid to the person under Part 2.23 of this Act; and

121 Points 1066B-D2 and 1066B-D3

Repeal the points, substitute:

No pharmaceutical allowance if person receiving veterans supplement or MRCA supplement

1066B-D2 Pharmaceutical allowance is not to be added to a person's maximum basic rate if the person is receiving:

- (a) veterans supplement under section 118A of the Veterans' Entitlements Act; or
- (b) MRCA supplement under section 300 of the Military Rehabilitation and Compensation Act.

No pharmaceutical allowance if partner receiving veterans supplement or MRCA supplement and not a service pensioner

1066B-D3 Pharmaceutical allowance is not to be added to a person's maximum basic rate if:

- (a) the person is a member of a couple; and
- (b) the person's partner is receiving:
 - (i) veterans supplement under section 118A of the Veterans' Entitlements Act; or

- (ii) MRCA supplement under section 300 of the Military Rehabilitation and Compensation Act; and
- (c) the person's partner is not receiving a service pension.

122 Paragraph 1066B-D4(a)

Repeal the paragraph, substitute:

- (a) the person has received an advance pharmaceutical allowance under Part 2.23 of this Act; and

123 Point 1066B-D7

Repeal the point.

124 Subparagraph 1066B-F1(aa)(ii)

Repeal the subparagraph, substitute:

- (ii) apart from this point, the person's rate of pension would be nil merely because an advance pharmaceutical allowance has been paid to the person under Part 2.23 of this Act; and

125 Point 1067G-C2

Repeal the point, substitute:

No pharmaceutical allowance if partner receiving veterans supplement or MRCA supplement and not a service pensioner

1067G-C2 Pharmaceutical allowance is not to be added to a person's maximum basic rate if:

- (a) the person is a member of a couple; and
- (b) the person's partner is receiving:
 - (i) veterans supplement under section 118A of the Veterans' Entitlements Act; or
 - (ii) MRCA supplement under section 300 of the Military Rehabilitation and Compensation Act; and
- (c) the person's partner is not receiving a service pension.

126 Point 1067L-C2

Repeal the point, substitute:

No pharmaceutical allowance if partner receiving veterans supplement or MRCA supplement and not a service pensioner

- 1067L-C2 Pharmaceutical allowance is not to be added to a person's maximum basic rate if:
- (a) the person is a member of a couple; and
 - (b) the person's partner is receiving:
 - (i) veterans supplement under section 118A of the Veterans' Entitlements Act; or
 - (ii) MRCA supplement under section 300 of the Military Rehabilitation and Compensation Act; and
 - (c) the person's partner is not receiving a service pension.

127 Points 1068-D4 and 1068-D5

Repeal the points, substitute:

No pharmaceutical allowance if person receiving veterans supplement or MRCA supplement

- 1068-D4 Pharmaceutical allowance is not to be added to a person's maximum basic rate if the person is receiving:
- (a) veterans supplement under section 118A of the Veterans' Entitlements Act; or
 - (b) MRCA supplement under section 300 of the Military Rehabilitation and Compensation Act.

No pharmaceutical allowance if partner receiving veterans supplement or MRCA supplement and not a service pensioner

- 1068-D5 Pharmaceutical allowance is not to be added to a person's maximum basic rate if:
- (a) the person is a member of a couple; and
 - (b) the person's partner is receiving:
 - (i) veterans supplement under section 118A of the Veterans' Entitlements Act; or
 - (ii) MRCA supplement under section 300 of the Military Rehabilitation and Compensation Act; and
 - (c) the person's partner is not receiving a service pension.

128 Paragraph 1068-D6(a)

Repeal the paragraph, substitute:

- (a) the person has received an advance pharmaceutical allowance under Part 2.23 of this Act; and

129 Point 1068-D9

Repeal the point.

130 Paragraph 1068-J1(aa)

Repeal the paragraph, substitute:

- (aa) any of the following subparagraphs applies:
 - (i) apart from this point, the person's rate would be greater than nil;
 - (ii) apart from this point, the person's rate would be nil merely because an advance pharmaceutical allowance has been paid to the person under Part 2.23 of this Act;
 - (iii) apart from this point, the person's rate would be nil merely because an election by the person under subsection 1061VA(1) is in force;
 - (iv) apart from this point, the person's rate would be nil merely because of both of the matters mentioned in subparagraphs (ii) and (iii); and

131 Point 1068A-C2

Repeal the point, substitute:

No pharmaceutical allowance if person receiving veterans supplement or MRCA supplement

1068A-C2 Pharmaceutical allowance is not to be added to a person's maximum basic rate if the person is receiving:

- (a) veterans supplement under section 118A of the Veterans' Entitlements Act; or
- (b) MRCA supplement under section 300 of the Military Rehabilitation and Compensation Act.

132 Paragraph 1068A-C3(a)

Repeal the paragraph, substitute:

- (a) the person has received an advance pharmaceutical allowance under Part 2.23 of this Act; and
-

133 Point 1068A-C6

Repeal the point.

134 Paragraph 1068A-F1(a)

Repeal the paragraph, substitute:

- (a) any of the following subparagraphs applies:
 - (i) apart from this point, the person's rate would be greater than nil;
 - (ii) apart from this point, the person's rate would be nil merely because an advance pharmaceutical allowance has been paid to the person under Part 2.23 of this Act;
 - (iii) apart from this point, the person's rate would be nil merely because an election by the person under subsection 1061VA(1) is in force;
 - (iv) apart from this point, the person's rate would be nil merely because of both of the matters mentioned in subparagraphs (ii) and (iii); and

135 Points 1068B-E2 and 1068B-E3

Repeal the points, substitute:

No pharmaceutical allowance if person receiving veterans supplement or MRCA supplement

1068B-E2 Pharmaceutical allowance is not to be included in a person's maximum basic rate if the person is receiving:

- (a) veterans supplement under section 118A of the Veterans' Entitlements Act; or
- (b) MRCA supplement under section 300 of the Military Rehabilitation and Compensation Act.

No pharmaceutical allowance if partner receiving veterans supplement or MRCA supplement and not a service pensioner

1068B-E3 Pharmaceutical allowance is not to be included in a person's maximum basic rate if:

- (a) the person is a member of a couple; and
- (b) the person's partner is receiving:

- (i) veterans supplement under section 118A of the Veterans' Entitlements Act; or
- (ii) MRCA supplement under section 300 of the Military Rehabilitation and Compensation Act; and
- (c) the person's partner is not receiving a service pension.

136 Paragraph 1068B-E4(a)

Repeal the paragraph, substitute:

- (a) the person has received an advance pharmaceutical allowance under Part 2.23 of this Act; and

137 Point 1068B-E7

Repeal the point.

138 Paragraph 1068B-G1(b)

Repeal the paragraph, substitute:

- (b) any of the following subparagraphs applies:
 - (i) apart from this point, the person's rate of benefit PP (partnered) would be greater than nil;
 - (ii) apart from this point, the person's rate of benefit PP (partnered) would be nil merely because an advance pharmaceutical allowance has been paid to the person under Part 2.23 of this Act;
 - (iii) apart from this point, the person's rate of benefit PP (partnered) would be nil merely because an election by the person under subsection 1061VA(1) is in force;
 - (iv) apart from this point, the person's rate of benefit PP (partnered) would be nil merely because of both of the matters mentioned in subparagraphs (ii) and (iii); and

139 Section 1190 (table items 55 and 56)

Repeal the items, substitute:

55	Rate of telephone allowance for a person with a partner where the partner is not getting veterans supplement or	TA "partnered" (item 7) rate	section 1061S—Table—column 3—item 7
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MRCA supplement

56	Rate of telephone allowance for a person with a partner where the partner is getting veterans supplement or MRCA supplement	TA “partnered” (item 8) rate	section 1061S—Table—column 3—item 8
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140 Section 1190 (table items 56AG and 56AH)

Repeal the items, substitute:

56AG	Increased rate of telephone allowance for a person with a partner where the partner is not getting veterans supplement or MRCA supplement and the person has home internet	TA (Internet) “partnered” (item 7) rate	section 1061SA—Table—column 3—item 7
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56AH	Increased rate of telephone allowance for a person with a partner where the partner is getting veterans supplement or MRCA supplement and the person has home internet	TA (Internet) “partnered” (item 8) rate	section 1061SA—Table—column 3—item 8
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141 Section 1190 (table item 56AK)

Repeal the item.

142 Subsection 1191(1) (table item 33AAC)

Repeal the item.

143 Subparagraph 1210(1)(b)(ii)

Omit “1168”, substitute “1173”.

Note: This item fixes an incorrect cross-reference.

Social Security (Administration) Act 1999

144 Subsection 48C(3)

Repeal the subsection, substitute:

- (3) The amount of the instalment is worked out by multiplying the person’s daily rate of quarterly pension supplement by the number of days during the test period for which an election by the person under subsection 1061VA(1) is in force.

145 Section 123TC (paragraph (k) of the definition of *category I welfare payment*)

Repeal the paragraph, substitute:

- (k) veterans supplement under section 118B of the Veterans’ Entitlements Act; or

146 Section 123TC (paragraph (m) of the definition of *category I welfare payment*)

Repeal the paragraph.

147 Section 123TC (paragraph (v) of the definition of *category I welfare payment*)

Omit “or VIIA”.

148 Section 123TC (paragraph (k) of the definition of *category Q welfare payment*)

Omit “(other than an advance pharmaceutical allowance in relation to an age pension or a carer payment)”.

Veterans’ Entitlements Act 1986

149 Section 5 (index of definitions)

Insert the following entry in its appropriate alphabetical position, as determined on a letter-by-letter basis:

combined couple rate of minimum pension supplement 5GA(2)

150 Section 5 (index of definitions)

Insert the following entry in its appropriate alphabetical position, as determined on a letter-by-letter basis:

combined couple rate of pension supplement 5GA(1)

151 Section 5 (index of definitions)

Insert the following entry in its appropriate alphabetical position, as determined on a letter-by-letter basis:

minimum pension supplement amount 5GA(3)

152 Section 5 (index of definitions)

Insert the following entry in its appropriate alphabetical position, as determined on a letter-by-letter basis:

pension supplement amount 5Q(1)

153 Section 5 (index of definitions)

Insert the following entry in its appropriate alphabetical position, as determined on a letter-by-letter basis:

pension supplement basic amount 5GA(4)

154 Section 5 (index of definitions)

Insert the following entry in its appropriate alphabetical position, as determined on a letter-by-letter basis:

quarterly pension supplement 5Q(1)

155 Section 5 (index of definitions)

Insert the following entry in its appropriate alphabetical position, as determined on a letter-by-letter basis:

seniors supplement 5Q(1)

156 Section 5 (index of definitions)

Insert the following entry in its appropriate alphabetical position, as determined on a letter-by-letter basis:

tax-exempt pension supplement 5GA(5)

157 Paragraph 5H(8)(ba)

Repeal the paragraph, substitute:

- (ba) a payment of an instalment of a supplement under Part VIIA (veterans supplement);

158 Paragraph 5H(8)(ga)

Repeal the paragraph.

159 Paragraph 5H(8)(gb)

Omit “seniors concession allowance”, substitute “seniors supplement”.

160 Paragraph 5H(8)(zt)

Repeal the paragraph, substitute:

- (zt) a payment of MRCA supplement under section 221, 245 or 300 of the MRCA;

161 Subsection 5NB(1) (paragraphs (d) and (e) of the definition of *compensation affected pension*)

Repeal the paragraphs.

162 Subsection 5Q(1) (definition of *Australia*)

Repeal the definition, substitute:

Australia, when used in a geographical sense, includes the external Territories for the purposes of section 5PAA, Parts III, IIIA and IIIAB, Division 8A of Part IIIB, Subdivision E of Division 11 of Part IIIB, sections 52ZO and 58A, Parts IIID, VIIA, VIIAD and VIIC, section 132 and Schedule 6.

163 Subsection 5Q(1)

Insert:

pension supplement amount, for a person:

- (a) whose rate of service pension is worked out under subpoint SCH6-A1(2) or (3) of Schedule 6; or
- (b) whose rate of service pension is worked out under subpoint SCH6-A1(4) of Schedule 6 and is the provisional rate worked out under that subpoint;

means the amount worked out and added under the pension supplement Module of the Rate Calculator.

164 Subsection 5Q(1)

Insert:

quarterly pension supplement means the separate payment described in subsection 60A(1).

165 Subsection 5Q(1) (definition of *seniors concession allowance*)

Repeal the definition.

166 Subsection 5Q(1)

Insert:

seniors supplement means seniors supplement under Part VIIAD.

167 Subsection 5Q(1) (definition of *utilities allowance*)

Repeal the definition.

168 Subsection 36A(3)

Repeal the subsection, substitute:

- (3) Subsection (2) does not apply to a veteran if the veteran's rate would be nil merely because:
 - (a) an election by the veteran under subsection 60A(1) is in force; or
 - (b) the veteran has been paid an advance pharmaceutical allowance under Part 2.23 of the Social Security Act.

169 Subsection 37A(3)

Repeal the subsection, substitute:

- (3) Subsection (2) does not apply to a veteran if the veteran's rate would be nil merely because:
 - (a) an election by the veteran under subsection 60A(1) is in force; or
 - (b) the veteran has been paid an advance pharmaceutical allowance under Part 2.23 of the Social Security Act.

170 Subsection 38A(3)

Repeal the subsection, substitute:

- (3) Subsection (2) does not apply to a person if the person's rate would be nil merely because:
- (a) an election by the person under subsection 60A(1) is in force; or
 - (b) the person has been paid an advance pharmaceutical allowance under Part 2.23 of the Social Security Act.

171 Subparagraph 53M(4)(b)(ii)

Omit "pension supplement under Module BA in Schedule 6", substitute "partner's pension supplement amount (worked out as if the partner was receiving a service pension worked out under subpoint SCH6-A1(2) of Schedule 6)".

172 Subsections 58A(7) and (8)

Repeal the subsections, substitute:

- (7) If:
- (a) an amount of an instalment of service pension or income support supplement is payable to a person in relation to a particular day; and
 - (b) on that day, the person is residing in Australia and:
 - (i) is in Australia; or
 - (ii) is temporarily absent from Australia and has been so for a continuous period not exceeding 13 weeks; and
 - (c) there is no election by the person under subsection 60A(1) in force on that day; and
 - (d) apart from this subsection, the portion of the instalment corresponding to that day would be less than the person's minimum daily rate, but more than a nil amount;
- the amount of that portion of the instalment is to be increased to the person's minimum daily rate.

- (8) In this section:

minimum daily rate, for a person, means $\frac{1}{364}$ of the person's minimum pension supplement amount.

173 Subsection 58K(1) (note 1)

Omit “Note 1”, substitute “Note”.

174 Subsection 58K(1) (note 2)

Repeal the note.

175 Section 59A (table item 2)

Repeal the item, substitute:

2	Combined couple rate of pension supplement	PS rate	subsection 5GA(1)
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2A	Combined couple rate of minimum pension supplement	PS minimum rate	subsection 5GA(2)
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2B	Pension supplement basic amount	PS basic rate	subsection 5GA(4)
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176 Section 59A (table items 18 and 19)

Repeal the items.

177 At the end of section 59A

Add:

Note: Indexing the PS minimum rate will also result in the indexation of the rate of quarterly pension supplement (see section 60B) and the rate of seniors supplement (see section 118PB).

178 Subsection 59B(1) (table item 1A)

Repeal the item, substitute:

1A	PS rate	(a) 20 March (b) 20 September	(a) December (b) June	highest June or December quarter before reference quarter (but not earlier than June quarter 2009)	\$5.20
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Schedule 4 Supplements
Part 5 Other amendments

1B	PS minimum rate	(a) 20 March (b) 20 September	(a) December (b) June	highest June or December quarter before reference quarter (but not earlier than June quarter 2009)	\$5.20
1C	PS basic rate	(a) 20 March (b) 20 September	(a) December (b) June	highest June or December quarter before reference quarter (but not earlier than December quarter 2008)	\$2.60

179 Before subsection 59C(2A)

Insert:

(2AB) The first indexation of amounts under items 1A, 1B and 1C of the CPI Indexation Table in subsection 59B(1) is to take place on 20 March 2010.

180 Section 59L

Repeal the section.

181 Subsection 59M(1)

Omit “, allowances”.

182 Paragraphs 59M(1)(g) and (h)

Repeal the paragraphs.

183 Subsections 59M(2), (3) and (4)

Omit “, allowance”.

184 Paragraph 59Q(7)(b)

Repeal the paragraph, substitute:

- (b) if the person receives the lump sum compensation payment on or after 20 March 1997—the number worked out by using the formula:

$$\frac{52 \times \text{Compensation part of lump sum}}{2 \times \left(\begin{array}{c} \text{Maximum basic} \\ \text{rate} \end{array} + \begin{array}{c} \text{Point SCH6-BA3} \\ \text{amount} \end{array} \right) + \text{Ordinary free} \\ \text{area limit}}$$

where:

maximum basic rate means the amount specified in column 3 of item 1 in Table B in point SCH6-B1 of Schedule 6.

ordinary free area limit means the amount specified in column 3 of item 1 in Table E-1 in point SCH6-E6 of Schedule 6.

point SCH6-BA3 amount means the pension supplement amount worked out under point SCH6-BA3 of Schedule 6 for a person who is not a member of a couple (whether or not the person for whom the lump sum preclusion period is being worked out is a member of a couple and whether or not that point applies to the person for whom the lump sum preclusion period is being worked out).

185 Paragraphs 59U(2)(b) and (c)

Omit “1168”, substitute “1173”.

Note: This item fixes an incorrect cross-reference.

186 Paragraph 59U(3)(b)

Omit “1168”, substitute “1173”.

Note: This item fixes an incorrect cross-reference.

187 Part VIIAC

Repeal the Part.

188 Subsection 121(7) (definition of *pension*)

Omit “, loss of earnings allowance under section 108, utilities allowance under Part VIIAC or seniors concession allowance under Part VIIAD”, substitute “or loss of earnings allowance under section 108”.

189 Subsections 122A(1A) and (1C)

Omit “seniors concession allowance”, substitute “seniors supplement”.

Note: The heading to section 122A is altered by omitting “**allowance**” and substituting “**supplement**”.

190 Subsection 122A(1C)

Omit “the allowance”, substitute “the supplement”.

191 Subsection 122A(2) (definition of *pension*)

Omit “pension or”, substitute “pension, supplement or”.

192 Subsection 128A(1) (paragraph (d) of the definition of *income payment*)

Omit “(other than utilities allowance or seniors concession allowance)”.

193 Section 198E

Repeal the section.

194 Subpoint SCH6-A1(2) of Schedule 6 (method statement 1, step 3)

Repeal the step.

195 Subpoint SCH6-A1(2) of Schedule 6 (method statement 1, step 4)

Omit “, 2 and 3”, substitute “and 2”.

196 Subpoint SCH6-A1(2) of Schedule 6 (method statement 1, step 11, note 4)

Omit “(maximum basic rate first, then rent assistance and finally pharmaceutical allowance)”.

197 Subpoint SCH6-A1(3) of Schedule 6 (method statement 2, step 3)

Repeal the step.

198 Subpoint SCH6-A1(3) of Schedule 6 (method statement 2, step 4)

Omit “3”, substitute “2A”.

199 Subpoint SCH6-A1(4) of Schedule 6 (method statement 3, step 3)

Repeal the step.

200 Subpoint SCH6-A1(5) of Schedule 6 (method statement 4, step 2)

Repeal the step.

201 Subpoint SCH6-A1(6) of Schedule 6 (method statement 5, step 3)

Repeal the step.

202 Subpoint SCH6-A1(6) of Schedule 6 (method statement 5, step 4)

Omit “, 2 and 3”, substitute “and 2”.

203 Subpoint SCH6-A1(6) of Schedule 6 (method statement 5, step 12, note 4)

Omit “(maximum basic rate first, then rent assistance and finally pharmaceutical allowance)”.

204 Subpoint SCH6-A1(7) of Schedule 6 (method statement 6, step 2)

Repeal the step.

205 Part 2 of Schedule 6 (Module D)

Repeal the Module.

206 Subparagraph SCH6-G1(1)(a)(ii)

Omit “under Division 2 of Part VIIA of this Act or”.

Part 6—Application, saving and transitional

Division 1—Veterans payments

207 Modifying pension supplement amounts for temporary singles' rate

- (1) For the period:
 - (a) starting on 20 September 2009; and
 - (b) ending on 19 March 2010;the *Veterans' Entitlements Act 1986* (as amended by this Schedule) applies with the modifications set out in subitems (2) and (3).
- (2) At the end of section 5GA of that Act, add:
 - (7) The *temporary singles' amount* is \$1,458.60.
- (3) Omit point SCH6-BA3 of that Act, substitute:

Residents in Australia etc.—no election in force

SCH6-BA3 The person's pension supplement amount is:

- (a) if the person is partnered—50% of the combined couple rate of pension supplement; and
- (b) otherwise—the temporary singles' amount.

Note: For *combined couple rate of pension supplement*, see subsection 5GA(1).

208 Quarterly pension supplement

Part VIIAD of the *Veterans' Entitlements Act 1986* (as inserted by this Schedule) applies in relation to elections made under subsection 60A(1) of that Act (as inserted by this Schedule) on or after 1 July 2010.

209 Seniors concession allowance

- (1) Despite the amendment made by item 11, Part VIIAD of the *Veterans' Entitlements Act 1986*, as in force immediately before the commencement of that item, continues to apply on and after that

commencement in relation to the seniors concession allowance test day on 20 September 2009.

- (2) For the purposes of subitem (1), section 198E of the *Veterans' Entitlements Act 1986*, as in force immediately before the commencement of this item, applies in relation to 20 September 2009.
- (3) Despite the amendment made by item 55, table item 16A.1 in section 52-65 of the *Income Tax Assessment Act 1997* (as in force immediately before the commencement of this item) continues to apply on and after that commencement in relation to payments of seniors concession allowance made before, on or after that commencement.
- (4) Despite the amendment made by item 80, subparagraph 8(8)(y)(viib) of the *Social Security Act 1991* (as in force immediately before the commencement of that item) continues to apply on and after that commencement in relation to payments of seniors concession allowance made before, on or after that commencement.
- (5) Despite the amendment made by item 159, paragraph 5H(8)(gb) of the *Veterans' Entitlements Act 1986* (as in force immediately before the commencement of that item) continues to apply on and after that commencement in relation to payments of seniors concession allowance made before, on or after that commencement.
- (6) Despite the amendments made by items 189 and 190, subsection 122A(1C) of the *Veterans' Entitlements Act 1986* (as in force immediately before the commencement of this item) continues to apply on and after that commencement in relation to payments of seniors concession allowance made before, on or after that commencement.

210 Utilities allowance

- (1) Despite the amendment made by item 187, Part VIIAC of the *Veterans' Entitlements Act 1986*, as in force immediately before the commencement of that item, continues to apply on and after that commencement in relation to the utilities allowance test day on 20 September 2009.
- (2) For the purposes of subitem (1), section 198E of the *Veterans' Entitlements Act 1986*, as in force immediately before the commencement of this item, applies in relation to 20 September 2009.

- (3) Despite the amendment made by item 57, table item 20A.1 in section 52-65 of the *Income Tax Assessment Act 1997* (as in force immediately before the commencement of this item) continues to apply on and after that commencement in relation to payments of utilities allowance made before, on or after that commencement.
- (4) Despite the amendment made by item 79, subparagraph 8(8)(y)(viii) of the *Social Security Act 1991* (as in force immediately before the commencement of that item) continues to apply on and after that commencement in relation to payments of utilities allowance made before, on or after that commencement.
- (5) Despite the amendment made by item 146, paragraph (m) of the definition of **category I welfare payment** in section 123TC of the *Social Security (Administration) Act 1999* (as in force immediately before the commencement of that item) continues to apply on and after that commencement in relation to payments of utilities allowance made before, on or after that commencement.
- (6) Despite the amendment made by item 158, paragraph 5H(8)(ga) of the *Veterans' Entitlements Act 1986* (as in force immediately before the commencement of that item) continues to apply on and after that commencement in relation to payments of utilities allowance made before, on or after that commencement.

211 Telephone allowance

- (1) Despite the amendment made by item 13, Part VIIB of the *Veterans' Entitlements Act 1986*, as in force immediately before the commencement of that item, continues to apply on and after that commencement in relation to the first telephone allowance payday that falls after 20 September 2009.
- (2) For the purposes of subitem (1), section 198F of the *Veterans' Entitlements Act 1986*, as in force immediately before the commencement of this item, applies in relation to 20 September 2009.
- (3) Despite the amendment made by item 56, table item 18.1 in section 52-65 of the *Income Tax Assessment Act 1997* (as in force immediately before the commencement of this item) continues to apply on and after that commencement in relation to payments of telephone allowance made before, on or after that commencement.

- (4) Despite the amendment made by item 145, paragraph (k) of the definition of *category I welfare payment* in section 123TC of the *Social Security (Administration) Act 1999* (as in force immediately before the commencement of that item) continues to apply on and after that commencement in relation to payments of telephone allowance made before, on or after that commencement.
- (5) Despite the amendment made by item 157, paragraph 5H(8)(ba) of the *Veterans' Entitlements Act 1986* (as in force immediately before the commencement of that item) continues to apply on and after that commencement in relation to payments of telephone allowance made before, on or after that commencement.

212 Pharmaceutical allowance

- (1) Despite the amendment made by item 12, Part VIIA of the *Veterans' Entitlements Act 1986*, as in force immediately before the commencement of that item, continues to apply on and after that commencement in relation to days occurring before 20 September 2009.
- (2) Despite the amendment made by item 54, table item 12.1 in section 52-65 of the *Income Tax Assessment Act 1997* (as in force immediately before the commencement of this item) continues to apply on and after that commencement in relation to payments of pharmaceutical allowance made before, on or after that commencement.
- (3) Despite the amendment made by item 98, subsection 1061JD(2) of the *Social Security Act 1991* (as in force immediately before the commencement of that item) continues to apply on and after that commencement in relation to payments of pharmaceutical allowance made under the *Veterans' Entitlements Act 1986* before, on or after that commencement.
- (4) Despite the amendment made by item 157, paragraph 5H(8)(ba) of the *Veterans' Entitlements Act 1986* (as in force immediately before the commencement of that item) continues to apply on and after that commencement in relation to payments of pharmaceutical allowance made before, on or after that commencement.

213 Minimum amount of service pension

- (1) This item applies to a person if the person receives an instalment of a service pension for the pension period that includes 20 September 2009.
-

- (2) If:
- (a) for a day in that period before 20 September 2009, an amount of pharmaceutical allowance is added to the person's maximum basic rate in working out the amount of the instalment; and
 - (b) apart from this item, the portion of the instalment corresponding to that day would be less than the person's minimum daily rate, but more than a nil amount;

the amount of that portion of the instalment is to be increased to the person's minimum daily rate.

- (3) In this item:
- minimum daily rate*, for a person, means $\frac{1}{364}$ of the yearly amount of pharmaceutical allowance added to the person's maximum basic rate in working out that portion of the instalment.

Division 2—MRCA payments

214 Pharmaceutical allowance and telephone allowance under the Military Rehabilitation and Compensation Act

- (1) Despite the amendments of Division 4 of Part 7 of Chapter 4, and of Division 5 of Part 2 of Chapter 5, of the *Military Rehabilitation and Compensation Act 2004* made by this Schedule, those Divisions, as in force immediately before the commencement of this item, continue to apply on and after that commencement in relation to the first telephone allowance payday that falls after 20 September 2009.
- (2) For the purposes of subitem (1), section 198F of the *Veterans' Entitlements Act 1986*, as in force immediately before the commencement of this item, applies in relation to 20 September 2009.
- (3) Despite the amendments of Division 4 of Part 4 of Chapter 6 of the *Military Rehabilitation and Compensation Act 2004* made by this Schedule, that Division, as in force immediately before the commencement of this item, continues to apply on and after that commencement in relation to days occurring before 20 September 2009.
- (4) Despite the amendments made by items 65, 66 and 67, table items 10 and 20 in section 52-114 of the *Income Tax Assessment Act 1997* (as in force immediately before the commencement of this item) continue to

apply on and after that commencement in relation to payments of telephone allowance or pharmaceutical allowance made before, on or after that commencement.

- (5) Sections 388, 398, 401, 402 and 403 of the *Military Rehabilitation and Compensation Act 2004* apply on and after the commencement of this item as if a reference in those sections to MRCA supplement included a reference to telephone allowance.
- (6) Despite the amendment made by item 98, subsection 1061JD(2) of the *Social Security Act 1991* (as in force immediately before the commencement of that item) continues to apply on and after that commencement in relation to payments of pharmaceutical allowance made under the *Military Rehabilitation and Compensation Act 2004* before, on or after that commencement.
- (7) Despite the amendment made by item 160, paragraph 5H(8)(zt) of the *Veterans' Entitlements Act 1986* (as in force immediately before the commencement of that item) continues to apply on and after that commencement in relation to a payment mentioned in that paragraph made before, on or after that commencement.

Division 3—Social security payments

215 Seniors concession allowance under the Social Security Act

- (1) Despite the amendment made by item 35 of Schedule 4 to the *Social Security and Other Legislation Amendment (Pension Reform and Other 2009 Budget Measures) Act 2009*, table item 22B.1 in section 52-10 of the *Income Tax Assessment Act 1997* (as in force immediately before the commencement of that amending item) continues to apply on and after that commencement in relation to payments of seniors concession allowance made before, on or after that commencement.
- (2) For the purposes of item 104 of Schedule 4 to the *Social Security and Other Legislation Amendment (Pension Reform and Other 2009 Budget Measures) Act 2009*, each of the following provisions of the *Social Security Act 1991* (as in force immediately before the commencement of that item) applies in relation to 20 September 2009:
 - (a) item 56E of the table in section 1190;
 - (b) item 33AE of the table in subsection 1191(1).

- (3) Despite the amendment made by item 101 of Schedule 4 to the *Social Security and Other Legislation Amendment (Pension Reform and Other 2009 Budget Measures) Act 2009*, paragraph (e) of the definition of **relevant payment** in section 123A of the *Social Security (Administration) Act 1999* (as in force immediately before the commencement of that item) continues to apply on and after that commencement in relation to payments of seniors concession allowance made before, on or after that commencement.

216 Utilities allowance under the Social Security Act

- (1) This item applies to a person if, apart from paragraph 1061T(2)(a) of the *Social Security Act 1991*, utilities allowance under that Act would be payable to the person in relation to the utilities allowance test day on 20 September 2009.
- (2) That Act has effect in relation to the person and that test day as if paragraph 1061T(2)(a) of that Act had not been enacted.

217 Telephone allowance under the Social Security Act

- (1) This item applies to a person if, apart from:
- (a) paragraph 1061R(a) of the *Social Security Act 1991* (as inserted by this Schedule); and
 - (b) paragraph 1061R(aa) of the *Social Security Act 1991* (as inserted by item 70 of Schedule 4 to the *Social Security and Other Legislation Amendment (Pension Reform and Other 2009 Budget Measures) Act 2009*);
- telephone allowance under the *Social Security Act 1991* would be payable to the person on the first telephone allowance payday on or after 20 September 2009.
- (2) The *Social Security Act 1991* has effect in relation to the person and that payday as if:
- (a) paragraph 1061R(a) of that Act (as inserted by this Schedule); and
 - (b) item 70 of Schedule 4 to the *Social Security and Other Legislation Amendment (Pension Reform and Other 2009 Budget Measures) Act 2009*;
- had not been enacted.
-

218 Advance pharmaceutical allowance under the Social Security Act

Despite the amendments made by items 81 to 86 and 114 to 116, each of the following provisions of the *Social Security Act 1991* (as in force immediately before the commencement of this item):

- (a) subsections 44(2), 98(2), 148(2), 199(2), 316(2) and 364(2);
- (b) subparagraphs 1064-H1(aa)(ii), 1065-E1(aa)(ii) and 1066-H1(aa)(ii);

continue to apply on and after that commencement in relation to a payment of advance pharmaceutical allowance made under that Act before, on or after that commencement.

219 Minimum amount of social security payment

- (1) This item applies to a person if the person receives an instalment of a social security payment for the pension period that includes 20 September 2009.

- (2) If:

- (a) for a day in that period before 20 September 2009, an amount of pharmaceutical allowance is added to the person's maximum basic rate in working out the amount of the instalment; and
- (b) apart from this item, the portion of the instalment corresponding to that day would be less than the person's minimum daily rate, but more than a nil amount;

the amount of that portion of the instalment is to be increased to the person's minimum daily rate.

- (3) In this item:

minimum daily rate, for a person, means:

- (a) if the Rate Calculator for the social security payment produces a fortnightly rate— $^{1/14}$ of the amount of pharmaceutical allowance added to the person's maximum basic rate in working out that portion of the instalment; or
- (b) if the Rate Calculator for the social security payment produces an annual rate— $^{1/364}$ of the amount of pharmaceutical allowance added to the person's maximum basic rate in working out that portion of the instalment.

Schedule 5—Adjustments because of Carbon Pollution Reduction Scheme

Part 1—Main amendments

Veterans' Entitlements Act 1986

1 Division 5 of Part XII

Repeal the Division, substitute:

Division 5—Increases related to Carbon Pollution Reduction Scheme

Subdivision A—Introduction

198P Objects of this Division

- (1) The main object of this Division is to increase certain amounts that affect the rate at which payments of the following kinds are made under this Act to certain persons, on account of the Carbon Pollution Reduction Scheme's estimated cost of living increase:
 - (a) disability pensions (as defined in subsection 5Q(1));
 - (b) service pensions;
 - (c) pensions payable to war widow/war widower-pensioners.
- (2) Another object of this Division is to adjust indexation of those amounts after they are increased, to reflect the inclusion in the increases of elements brought forward from the Carbon Pollution Reduction Scheme's estimated cost of living increase.

Subdivision B—Increases in disability pension

198Q What this Subdivision applies to

This Subdivision applies to each amount (the *base amount*) provided for in an item of the table.

Amounts that are increased

Column 1	Column 2
Provision for base amount	Description of amount
1	Subsection 22(3) General rate of disability pension
2	Subsection 22(4) Extreme disablement adjustment rate of disability pension
3	Subsection 23(4) Intermediate rate of disability pension
4	Subsection 24(4) Special rate of disability pension
5	Subsection 27(1), table items 1 to 15 Increased rate of disability pension for certain war-caused injuries and diseases

Note: Amounts provided for in the table are amounts as affected from time to time by sections 198 and 198D (as affected by Subdivision C, if relevant).

198R Increase of 1% on 1 July 2011

This Act has effect as if, on 1 July 2011, each base amount were replaced by an amount worked out by:

- (a) calculating the amount (the *provisional replacement amount*) that is 1% greater than the base amount; and
- (b) if the provisional replacement amount is not a multiple of \$0.10, rounding up or down to the nearest multiple of \$0.10 (rounding up if the provisional replacement amount is a multiple of \$0.05).

Note: The 1% increase includes the Carbon Pollution Reduction Scheme's estimated cost of living increase of 0.4% for the 2011-2012 financial year, which has been brought forward. The changes to the indexation factors on or after 20 March 2012 under section 198T or 198U take account of this brought forward increase.

198S Increase of 1.8% on 1 July 2012

This Act has effect as if, on 1 July 2012, each base amount were replaced by an amount worked out by:

- (a) calculating the amount (the *provisional replacement amount*) that is 1.8% greater than the base amount; and
- (b) if the provisional replacement amount is not a multiple of \$0.10, rounding up or down to the nearest multiple of \$0.10

(rounding up if the provisional replacement amount is a multiple of \$0.05).

Note: The 1.8% increase includes the Carbon Pollution Reduction Scheme's estimated cost of living increase of 0.8% for the 2012-2013 financial year, which has also been brought forward. The changes to the indexation factors on or after 20 March 2013 under section 198V or 198W take account of this 2nd brought forward increase.

Subdivision C—Adjustment of indexation of disability pension

198T Special rules for indexation of certain rates of disability pension on or after 20 March 2012

- (1) An indexation factor that:
- (a) is worked out under section 59D for indexation on a day that is on or after 20 March 2012; and
 - (b) is (indirectly) relevant to the indexation of an amount provided for by subsection 22(3) or (4) or 23(4) or 24(4);
- is, for the purposes of the indexation of such an amount on that day, to be reduced by the brought forward CPI indexation amount, but not below 1.

Note 1: An indexation factor worked out under section 59D is (indirectly) relevant to the indexation of an amount provided for by subsection 22(3) or (4) or 23(4) or 24(4). This is because:

- (a) section 198 provides for indexation of such an amount by reference to the pension MBR factor worked out under section 59LA; and
- (b) the pension MBR factor depends on the increase in the single pension rate MBR amount, which in turn depends (under section 59G) on indexation of the pension MBR amount under section 59C, which involves the indexation factor worked out under section 59D.

Note 2: The indexation of an amount provided for by subsection 22(3) or (4) or 23(4) or 24(4) on that day depends on a pension MBR factor that is worked out on the basis of the indexation factor worked out under section 59D and reduced under this section.

Note 3: Once the brought forward CPI indexation amount becomes 0, there will be no further reduction of the indexation factor.

Example: Assume that the indexation factor worked out under section 59D on 20 March 2012 is 1.003. The brought forward CPI indexation amount in relation to 20 March 2012 is 0.004 (as there has been no previous reduction). That indexation factor is reduced to 1 on 20 March 2012.

Further assume that on 20 September 2012 the indexation factor worked out under section 59D is 1.010. The brought forward CPI indexation amount in relation to 20 September 2012 is 0.001. That indexation factor is reduced to 1.009 on 20 September 2012.

The brought forward CPI indexation amount in relation to later indexation days is now 0 so there is no further reduction of the indexation factor.

- (2) A living cost indexation factor that:
- (a) is worked out under section 59EAB for indexation on a day that is on or after 20 March 2012; and
 - (b) is (indirectly) relevant to the indexation of an amount provided for by subsection 22(3) or (4) or 23(4) or 24(4);
- is, for the purposes of the indexation of such an amount on that day, to be reduced by the brought forward PBLCI indexation amount, but not below 1.

Note 1: A living cost indexation factor worked out under section 59EAB is (indirectly) relevant to the indexation of an amount provided for by subsection 22(3) or (4) or 23(4) or 24(4). This is because:

- (a) section 198 provides for indexation of such an amount by reference to the pension MBR factor worked out under section 59LA; and
- (b) the pension MBR factor depends on the increase in the single pension rate MBR amount, which in turn depends (under section 59G) on indexation of the pension MBR amount under section 59C, which involves the living cost indexation factor worked out under section 59EAB.

Note 2: The indexation of an amount provided for by subsection 22(3) or (4) or 23(4) or 24(4) on that day depends on a pension MBR factor that is worked out on the basis of the living cost indexation factor worked out under section 59EAB and reduced under this section.

Note 3: Once the brought forward PBLCI indexation amount becomes 0, there will be no further reduction of the living cost indexation factor.

Example: Assume that the living cost indexation factor worked out under section 59EAB on 20 March 2012 is 1.003. The brought forward PBLCI indexation amount in relation to 20 March 2012 is 0.004 (as there has been no previous reduction). That living cost indexation factor is reduced to 1 on 20 March 2012.

Further assume that on 20 September 2012 the living cost indexation factor is 1.010. The brought forward PBLCI indexation amount in relation to 20 September 2012 is 0.001. That living cost indexation factor is reduced to 1.009 on 20 September 2012.

The brought forward PBLCI indexation amount in relation to later indexation days is now 0 so there is no further reduction of the living cost indexation factor.

(3) In this section:

brought forward CPI indexation amount, in relation to a day, means:

- (a) if the brought forward PBLCI indexation amount in relation to the day is 0—0; and
- (b) otherwise—0.004 less any reduction made under subsection (1) for a previous day.

brought forward PBLCI indexation amount, in relation to a day, means:

- (a) if the brought forward CPI indexation amount in relation to the day is 0—0; and
- (b) otherwise—0.004 less any reduction made under subsection (2) for a previous day.

(4) This section affects the rate of a payment under this Act for a person if, and only if, section 198R affected that rate for the person.

198U Special rules for indexation of increased rate of disability pension on or after 20 March 2012

(1) A factor worked out under subsection 198(5) or 198D(5) for indexation of an amount provided for by an item of the table in subsection 27(1) on a day that is on or after 20 March 2012 is, for the purposes of that indexation, to be reduced by the brought forward CPI indexation amount, but not below 1.

Note: Once the brought forward CPI indexation amount becomes 0, there will be no further reduction of the factor.

Example: Assume that the factor worked out under subsection 198(5) on 20 March 2012 is 1.003. The brought forward CPI indexation amount in relation to 20 March 2012 is 0.004 (as there has been no previous reduction). That factor is reduced to 1 on 20 March 2012.

Further assume that on 20 September 2012 the factor worked out under subsection 198(5) is 1.010. The brought forward CPI indexation amount in relation to 20 September 2012 is 0.001. That factor is reduced to 1.009 on 20 September 2012.

The brought forward CPI indexation amount in relation to later indexation days is now 0 so there is no further reduction of the factor.

(2) In this section:

brought forward CPI indexation amount, in relation to a day, means 0.004 less any reduction made under subsection (1) for a previous day.

- (3) This section affects the rate of a payment under this Act for a person if, and only if, section 198R affected that rate for the person.

198V Special rules for indexation of certain rates of disability pension on or after 20 March 2013

- (1) An indexation factor that:
- (a) is worked out under section 59D for indexation on a day that is on or after 20 March 2013; and
 - (b) is (indirectly) relevant to the indexation of an amount provided for by subsection 22(3) or (4) or 23(4) or 24(4);
- is, for the purposes of the indexation of such an amount on that day, to be reduced by the brought forward CPI indexation amount, but not below 1.

Note 1: An indexation factor worked out under section 59D is (indirectly) relevant to the indexation of an amount provided for by subsection 22(3) or (4) or 23(4) or 24(4). This is because:

- (a) section 198 provides for indexation of such an amount by reference to the pension MBR factor worked out under section 59LA; and
- (b) the pension MBR factor depends on the increase in the single pension rate MBR amount, which in turn depends (under section 59G) on indexation of the pension MBR amount under section 59C, which involves the indexation factor worked out under section 59D.

Note 2: The indexation of an amount provided for by subsection 22(3) or (4) or 23(4) or 24(4) on that day depends on a pension MBR factor that is worked out on the basis of the indexation factor worked out under section 59D and reduced under this section.

Note 3: Once the brought forward CPI indexation amount becomes 0, there will be no further reduction of the indexation factor.

Example: Assume that the indexation factor worked out under section 59D on 20 March 2013 is 1.005. The brought forward CPI indexation amount in relation to 20 March 2013 is 0.008 (as there has been no previous reduction). That indexation factor is reduced to 1 on 20 March 2013.

Further assume that on 20 September 2013 the indexation factor is 1.010. The brought forward CPI indexation amount in relation to

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20 September 2013 is 0.003. That indexation factor is reduced to 1.007 on 20 September 2013.

The brought forward CPI indexation amount in relation to later indexation days is now 0 so there is no further reduction of the indexation factor.

- (2) A living cost indexation factor that:
- (a) is worked out under section 59EAB for indexation on a day that is on or after 20 March 2013; and
 - (b) is (indirectly) relevant to the indexation of an amount provided for by subsection 22(3) or (4) or 23(4) or 24(4);
- is, for the purposes of the indexation of such an amount on that day, to be reduced by the brought forward PBLCI indexation amount, but not below 1.

Note 1: A living cost indexation factor worked out under section 59EAB is (indirectly) relevant to the indexation of an amount provided for by subsection 22(3) or (4) or 23(4) or 24(4). This is because:

- (a) section 198 provides for indexation of such an amount by reference to the pension MBR factor worked out under section 59LA; and
- (b) the pension MBR factor depends on the increase in the single pension rate MBR amount, which in turn depends (under section 59G) on indexation of the pension MBR amount under section 59C, which involves the living cost indexation factor worked out under section 59EAB.

Note 2: The indexation of an amount provided for by subsection 22(3) or (4) or 23(4) or 24(4) on that day depends on a pension MBR factor that is worked out on the basis of the living cost indexation factor worked out under section 59EAB and reduced under this section.

Note 3: Once the brought forward PBLCI indexation amount becomes 0, there will be no further reduction of the living cost indexation factor.

Example: Assume that the living cost indexation factor worked out under section 59EAB on 20 March 2013 is 1.005. The brought forward PBLCI indexation amount in relation to 20 March 2013 is 0.008 (as there has been no previous reduction). That living cost indexation factor is reduced to 1 on 20 March 2013.

Further assume that on 20 September 2013 the living cost indexation factor is 1.010. The brought forward PBLCI indexation amount in relation to 20 September 2013 is 0.003. That living cost indexation factor is reduced to 1.007 on 20 September 2013.

The brought forward PBLCI indexation amount in relation to later indexation days is now 0 so there is no further reduction of the living cost indexation factor.

- (3) In this section:
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brought forward CPI indexation amount, in relation to a day, means:

- (a) if the brought forward PBLCI indexation amount in relation to the day is 0—0; and
- (b) otherwise—0.008 less any reduction made under subsection (1) for a previous day.

brought forward PBLCI indexation amount, in relation to a day, means:

- (a) if the brought forward CPI indexation amount in relation to the day is 0—0; and
- (b) otherwise—0.008 less any reduction made under subsection (2) for a previous day.

- (4) This section affects the rate of a payment under this Act for a person if, and only if, section 198S affected that rate for the person.

198W Special rules for indexation of increased rate of disability pension on or after 20 March 2013

- (1) A factor worked out under subsection 198(5) or 198D(5) for indexation of an amount provided for by an item of the table in subsection 27(1) on a day that is on or after 20 March 2013 is, for the purposes of that indexation, to be reduced by the brought forward CPI indexation amount, but not below 1.

Note: Once the brought forward CPI indexation amount becomes 0, there will be no further reduction of the factor.

Example: Assume that the factor worked out under subsection 198(5) on 20 March 2013 is 1.005. The brought forward CPI indexation amount in relation to 20 March 2013 is 0.008 (as there has been no previous reduction). That factor is reduced to 1 on 20 March 2013.

Further assume that on 20 September 2013 the factor worked out under subsection 198(5) is 1.010. The brought forward CPI indexation amount in relation to 20 September 2013 is 0.003. That factor is reduced to 1.007 on 20 September 2013.

The brought forward CPI indexation amount in relation to later indexation days is now 0 so there is no further reduction of the factor.

- (2) In this section:

brought forward CPI indexation amount, in relation to a day, means 0.008 less any reduction made under subsection (1) for a previous day.

- (3) This section affects the rate of a payment under this Act for a person if, and only if, section 198S affected that rate for the person.

Subdivision D—Increases in certain persons' service pension relating to 1 July 2011

198X Application of this Subdivision

- (1) This Subdivision applies to a person if, on or after 1 July 2011:
- (a) the person is receiving service pension; and
 - (b) the person is not a war widow/war widower-pensioner; and
 - (c) the person's pension supplement amount is more than the person's pension supplement basic amount.
- (2) This Subdivision applies for purposes connected with the person's service pension on and after 1 July 2011 while he or she is not a war widow/war widower-pensioner.

Note: This Subdivision does not affect (directly or indirectly) on or after 1 July 2011:

- (a) the rate of service pension of a war widow/war widower-pensioner; or
- (b) the rate of anyone's income support supplement; or
- (c) the minimum pension supplement amount of a person who is a war widow/war widower-pensioner.

198Y Increase of 1% on 1 July 2011

- (1) This Act has effect as if, on 1 July 2011, the PS rate (within the meaning of section 59A) used to work out the person's pension supplement amount on and after that day were replaced by the PS rate needed for the person's pension supplement amount to be equal to the amount worked out by:
- (a) adding the person's CPRS amount to what, apart from this section, would be the person's pension supplement amount on that day; and
 - (b) if the amount resulting from paragraph (a) is not a multiple of \$2.60, rounding the amount up or down to the nearest

multiple of \$2.60 (rounding up if the amount is a multiple of \$1.30).

- (2) This Act has effect as if, on 1 July 2011, the PS minimum rate (within the meaning of section 59A) used to work out the person's minimum pension supplement amount on and after that day were replaced by the PS minimum rate needed for the person's minimum pension supplement amount to be equal to the amount worked out by:
- (a) adding the person's CPRS amount to what, apart from this section, would be the person's minimum pension supplement amount on that day; and
 - (b) if the amount resulting from paragraph (a) is not a multiple of \$2.60, rounding the amount up or down to the nearest multiple of \$2.60 (rounding up if the amount is a multiple of \$1.30).
- (3) In this section:

CPRS amount, for a person, means the sum of the following amounts:

- (a) 1% of the person's maximum basic rate worked out under point SCH6-B1 of Schedule 6;
- (b) 1% of the person's pension supplement basic amount.

Note: The 1% increase includes the Carbon Pollution Reduction Scheme's estimated cost of living increase of 0.4% for the 2011-2012 financial year, which has been brought forward. Subsection 198Z(2), and the change to the indexation factor, and living cost indexation factor, on or after 20 March 2012 under section 198Z, take account of this brought forward increase.

198Z Special rules for indexation of some amounts on or after 20 March 2012

- (1) An indexation factor worked out under section 59D for each indexation day on or after 20 March 2012 for each of the following:
- (a) the person's maximum basic rate worked out under point SCH6-B1 of Schedule 6;
 - (b) the person's PS minimum rate (within the meaning of section 59A);

is to be reduced by the brought forward CPI indexation amount, but not below 1.

Note 1: The person's PS minimum rate is that rate as increased under subsection 198Y(2).

Note 2: Once the brought forward CPI indexation amount becomes 0, there will be no further reduction of the factor.

Example: Assume that the indexation factor worked out under section 59D on 20 March 2012 is 1.003. The brought forward CPI indexation amount in relation to 20 March 2012 is 0.004 (as there has been no previous reduction). That indexation factor is reduced to 1 on 20 March 2012.

Further assume that on 20 September 2012 the indexation factor is 1.010. The brought forward CPI indexation amount in relation to 20 September 2012 is 0.001. That indexation factor is reduced to 1.009 on 20 September 2012.

The brought forward CPI indexation amount in relation to later indexation days is now 0 so there is no further reduction of the indexation factor.

- (2) If the indexation factor worked out under section 59D for an indexation day is reduced under subsection (1), this Act has effect as if, on that day, the PS rate (within the meaning of section 59A) used to work out the person's pension supplement amount on and after that day were replaced by the PS rate needed for the person's pension supplement amount to be equal to the amount worked out as follows:

Method statement

- Step 1. Work out the person's minimum pension supplement amount on that day.
- Step 2. Work out what would, apart from subsection (1), be the person's minimum pension supplement amount on that day.
- Step 3. Subtract the result of step 1 from the result of step 2.
- Step 4. Subtract the result of step 3 from what would, apart from this subsection, be the person's pension supplement amount on that day.

Step 5. If the result of step 4 is not a multiple of \$2.60, round the result up or down to the nearest multiple of \$2.60 (rounding up if the result is a multiple of \$1.30).

Note 1: The amount in step 1 is the amount worked out from the PS minimum rate (within the meaning of section 59A) as adjusted under subsection (1).

Note 2: The amount in step 2 is the amount worked out from the PS minimum rate as increased under subsection 198Y(2), and as indexed under section 59C, but without the adjustment under subsection (1) of this section.

Note 3: For step 4, the amount that would, apart from this subsection, be the person's pension supplement amount is the amount worked out from the PS rate (within the meaning of section 59A) as increased under subsection 198Y(1) and as indexed under section 59C.

- (3) A living cost indexation factor, worked out under section 59EAB for each indexation day on or after 20 March 2012 for the person's maximum basic rate worked out under point SCH6-B1 of Schedule 6, is to be reduced by the brought forward PBLCI indexation amount, but not below 1.

Note: Once the brought forward PBLCI indexation amount becomes 0, there will be no further reduction of the factor.

Example: Assume that the living cost indexation factor worked out under section 59EAB on 20 March 2012 is 1.003. The brought forward PBLCI indexation amount in relation to 20 March 2012 is 0.004 (as there has been no previous reduction). That indexation factor is reduced to 1 on 20 March 2012.

Further assume that on 20 September 2012 the living cost indexation factor is 1.010. The brought forward PBLCI indexation amount in relation to 20 September 2012 is 0.001. That indexation factor is reduced to 1.009 on 20 September 2012.

The brought forward PBLCI indexation amount in relation to later indexation days is now 0 so there is no further reduction of the living cost indexation factor.

- (4) In this section:

brought forward CPI indexation amount, in relation to a day, means:

- (a) if the brought forward PBLCI indexation amount in relation to the day is 0—0; and
(b) otherwise—0.004 less any reduction made under subsection (1) for a previous day.
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brought forward PBLCI indexation amount, in relation to a day, means:

- (a) if the brought forward CPI indexation amount in relation to the day is 0—0; and
- (b) otherwise—0.004 less any reduction made under subsection (3) for a previous day.

Subdivision E—Increases in certain persons’ service pension relating to 1 July 2012

198ZA Application of this Subdivision

- (1) This Subdivision applies to a person if, on or after 1 July 2012:
 - (a) the person is receiving service pension; and
 - (b) the person is not a war widow/war widower-pensioner; and
 - (c) the person’s pension supplement amount is more than the person’s pension supplement basic amount.
- (2) This Subdivision applies for purposes connected with the person’s service pension on and after 1 July 2012 while he or she is not a war widow/war widower-pensioner.

Note: This Subdivision does not affect (directly or indirectly) on or after 1 July 2012:

- (a) the rate of service pension of a war widow/war widower-pensioner; or
- (b) the rate of anyone’s income support supplement; or
- (c) the minimum pension supplement amount of a person who is a war widow/war widower-pensioner.

198ZB Increase of 1.8% on 1 July 2012

- (1) This Act has effect as if, on 1 July 2012, the PS rate (within the meaning of section 59A) used to work out the person’s pension supplement amount on and after that day were replaced by the PS rate needed for the person’s pension supplement amount to be equal to the amount worked out by:
 - (a) adding the person’s CPRS amount to what, apart from this section, would be the person’s pension supplement amount on that day; and
 - (b) if the amount resulting from paragraph (a) is not a multiple of \$2.60, rounding the amount up or down to the nearest
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multiple of \$2.60 (rounding up if the amount is a multiple of \$1.30).

- (2) This Act has effect as if, on 1 July 2012, the PS minimum rate (within the meaning of section 59A) used to work out the person's minimum pension supplement amount on and after that day were replaced by the PS minimum rate needed for the person's minimum pension supplement amount to be equal to the amount worked out by:
- (a) adding the person's CPRS amount to what, apart from this section, would be the person's minimum pension supplement amount on that day; and
 - (b) if the amount resulting from paragraph (a) is not a multiple of \$2.60, rounding the amount up or down to the nearest multiple of \$2.60 (rounding up if the amount is a multiple of \$1.30).
- (3) In this section:

CPRS amount, for a person, means the sum of the following amounts:

- (a) 1.8% of the person's maximum basic rate worked out under point SCH6-B1 of Schedule 6;
- (b) 1.8% of the person's pension supplement basic amount.

Note: The 1.8% increase includes the Carbon Pollution Reduction Scheme's estimated cost of living increase of 0.8% for the 2012-2013 financial year, which has also been brought forward. Subsection 198ZC(2), and the changes to the indexation factor and living cost indexation factor on or after 20 March 2013 under section 198ZC, take account of this 2nd brought forward increase.

198ZC Special rules for indexation of some amounts on or after 20 March 2013

- (1) An indexation factor worked out under section 59D for each indexation day on or after 20 March 2013 for each of the following:
- (a) the person's maximum basic rate worked out under point SCH6-B1 of Schedule 6;
 - (b) the person's PS minimum rate (within the meaning of section 59A);

is to be reduced by the brought forward CPI indexation amount, but not below 1.

Note 1: The person's PS minimum rate is that rate as increased under subsection 198ZB(2).

Note 2: Once the brought forward CPI indexation amount becomes 0, there will be no further reduction of the factor.

Example: Assume that the indexation factor worked out under section 59D on 20 March 2013 is 1.005. The brought forward CPI indexation amount in relation to 20 March 2013 is 0.008 (as there has been no previous reduction). That indexation factor is reduced to 1 on 20 March 2013.

Further assume that on 20 September 2013 the indexation factor is 1.010. The brought forward CPI indexation amount in relation to 20 September 2013 is 0.003. That indexation factor is reduced to 1.007 on 20 September 2013.

The brought forward CPI indexation amount in relation to later indexation days is now 0 so there is no further reduction of the indexation factor.

- (2) If the indexation factor worked out under section 59D for an indexation day is reduced under subsection (1), this Act has effect as if, on that day, the PS rate (within the meaning of section 59A) used to work out the person's pension supplement amount on and after that day were replaced by the PS rate needed for the person's pension supplement amount to be equal to the amount worked out as follows:

Method statement

- Step 1. Work out the person's minimum pension supplement amount on that day.
- Step 2. Work out what would, apart from subsection (1), be the person's minimum pension supplement amount on that day.
- Step 3. Subtract the result of step 1 from the result of step 2.
- Step 4. Subtract the result of step 3 from what would, apart from this subsection, be the person's pension supplement amount on that day.

Step 5. If the result of step 4 is not a multiple of \$2.60, round the result up or down to the nearest multiple of \$2.60 (rounding up if the result is a multiple of \$1.30).

Note 1: The amount in step 1 is the amount worked out from the PS minimum rate as adjusted under subsection (1).

Note 2: The amount in step 2 is the amount worked out from the PS minimum rate as increased under subsection 198ZB(2), and as indexed under section 59C, but without the adjustment under subsection (1) of this section.

Note 3: For step 4, the amount that would, apart from this subsection, be the person's pension supplement amount is the amount worked out from the PS rate as increased under subsection 198ZB(1) and as indexed under section 59C.

- (3) A living cost indexation factor, worked out under section 59EAB for each indexation day on or after 20 March 2013 for the person's maximum basic rate worked out under point SCH6-B1 of Schedule 6, is to be reduced by the brought forward PBLCI indexation amount, but not below 1.

Note: Once the brought forward PBLCI indexation amount becomes 0, there will be no further reduction of the factor.

Example: Assume that the living cost indexation factor worked out under section 59EAB on 20 March 2013 is 1.005. The brought forward PBLCI indexation amount in relation to 20 March 2013 is 0.008 (as there has been no previous reduction). That indexation factor is reduced to 1 on 20 March 2013.

Further assume that on 20 September 2013 the living cost indexation factor is 1.010. The brought forward PBLCI indexation amount in relation to 20 September 2013 is 0.003. That indexation factor is reduced to 1.007 on 20 September 2013.

The brought forward PBLCI indexation amount in relation to later indexation days is now 0 so there is no further reduction of the living cost indexation factor.

- (4) In this section:

brought forward CPI indexation amount, in relation to a day, means:

- (a) if the brought forward PBLCI indexation amount in relation to the day is 0—0; and
- (b) otherwise—0.008 less any reduction made under subsection (1) for a previous day.

brought forward PBLCI indexation amount, in relation to a day, means:

- (a) if the brought forward CPI indexation amount in relation to the day is 0—0; and
- (b) otherwise—0.008 less any reduction made under subsection (3) for a previous day.

Subdivision F—Increases in pension payable to war widow/war widower-pensioners

198ZD Increase of 1% on 1 July 2011

This Act has effect as if, on 1 July 2011:

- (a) the amount specified in paragraph 30(1)(b) were increased by 1% of the sum of:
 - (i) the amount worked out under paragraph 30(1)(a) on that day; and
 - (ii) the amount specified in paragraph 30(1)(b) on that day apart from this section; and
 - (iii) the amount specified in paragraph 30(1)(c) on that day; and
- (b) if the amount resulting from paragraph (a) is not a multiple of \$0.10, rounding the amount up or down to the nearest multiple of \$0.10 (rounding up if the amount is a multiple of \$0.05).

Note: The 1% increase includes the Carbon Pollution Reduction Scheme's estimated cost of living increase of 0.4% for the 2011-2012 financial year, which has been brought forward. The changes to the indexation factors on or after 20 March 2012 under section 198ZE take account of this brought forward increase.

198ZE Adjustment of indexation on and after 20 March 2012

- (1) An indexation factor that:
 - (a) is worked out under section 59D for indexation on a day that is on or after 20 March 2012; and
 - (b) is (indirectly) relevant to the indexation of the amount specified in paragraph 30(1)(b);

is, for the purposes of the indexation of the amount on that day, to be reduced by the brought forward CPI indexation amount, but not below 1.

Note 1: An indexation factor worked out under section 59D is (indirectly) relevant to the indexation of an amount specified in paragraph 30(1)(b). This is because:

- (a) section 198 provides for indexation of the amount by reference to the pension MBR factor worked out under section 59LA; and
- (b) the pension MBR factor depends on the increase in the single pension rate MBR amount, which in turn depends (under section 59G) on indexation of the pension MBR amount under section 59C, which involves the indexation factor worked out under section 59D.

Note 2: The indexation of an amount specified in paragraph 30(1)(b) on that day depends on a pension MBR factor that is worked out on the basis of the indexation factor worked out under section 59D and reduced under this section.

Note 3: Once the brought forward CPI indexation amount becomes 0, there will be no further reduction of the indexation factor.

Example: Assume that the indexation factor worked out under section 59D on 20 March 2012 is 1.003. The brought forward CPI indexation amount in relation to 20 March 2012 is 0.004 (as there has been no previous reduction). That indexation factor is reduced to 1 on 20 March 2012.

Further assume that on 20 September 2012 the indexation factor worked out under section 59D is 1.010. The brought forward CPI indexation amount in relation to 20 September 2012 is 0.001. That indexation factor is reduced to 1.009 on 20 September 2012.

The brought forward CPI indexation amount in relation to later indexation days is now 0 so there is no further reduction of the indexation factor.

(2) A living cost indexation factor that:

- (a) is worked out under section 59EAB for indexation on a day that is on or after 20 March 2012; and
- (b) is (indirectly) relevant to the indexation of the amount specified in paragraph 30(1)(b);

is, for the purposes of the indexation of the amount on that day, to be reduced by the brought forward PBLCI indexation amount, but not below 1.

Note 1: A factor worked out under section 59EAB is (indirectly) relevant to the indexation of an amount specified in paragraph 30(1)(b). This is because:

- (a) section 198 provides for indexation of the amount by reference to the pension MBR factor worked out under section 59LA; and

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- (b) the pension MBR factor depends on the increase in the single pension rate MBR amount, which in turn depends (under section 59G) on indexation of the pension MBR amount under section 59C, which involves the factor worked out under section 59EAB.

Note 2: The indexation of an amount specified in paragraph 30(1)(b) on that day depends on a pension MBR factor that is worked out on the basis of the factor worked out under section 59EAB and reduced under this section.

Note 3: Once the brought forward PBLCI indexation amount becomes 0, there will be no further reduction of the factor.

Example: Assume that the living cost indexation factor worked out under section 59EAB on 20 March 2012 is 1.003. The brought forward PBLCI indexation amount in relation to 20 March 2012 is 0.004 (as there has been no previous reduction). That living cost indexation factor is reduced to 1 on 20 March 2012.

Further assume that on 20 September 2012 the living cost indexation factor is 1.010. The brought forward PBLCI indexation amount in relation to 20 September 2012 is 0.001. That living cost indexation factor is reduced to 1.009 on 20 September 2012.

The brought forward PBLCI indexation amount in relation to later indexation days is now 0 so there is no further reduction of the living cost indexation factor.

(3) In this section:

brought forward CPI indexation amount, in relation to a day, means:

- (a) if the brought forward PBLCI indexation amount in relation to the day is 0—0; and
(b) otherwise—0.004 less any reduction made under subsection (1) for a previous day.

brought forward PBLCI indexation amount, in relation to a day, means:

- (a) if the brought forward CPI indexation amount in relation to the day is 0—0; and
(b) otherwise—0.004 less any reduction made under subsection (2) for a previous day.

(4) This section affects the rate of a payment under this Act for a person if, and only if, section 198ZD affected that rate for the person.

198ZF Increase of 1.8% on 1 July 2012

This Act has effect as if, on 1 July 2012:

- (a) the amount specified in paragraph 30(1)(b) were increased by 1.8% of the sum of:
 - (i) the amount worked out under paragraph 30(1)(a) on that day; and
 - (ii) the amount specified in paragraph 30(1)(b) on that day apart from this section; and
 - (iii) the amount specified in paragraph 30(1)(c) on that day; and
- (b) if the amount resulting from paragraph (a) is not a multiple of \$0.10, rounding the amount up or down to the nearest multiple of \$0.10 (rounding up if the amount is a multiple of \$0.05).

Note: The 1.8% increase includes the Carbon Pollution Reduction Scheme's estimated cost of living increase of 0.8% for the 2012-2013 financial year, which has also been brought forward. The changes to the indexation factors on or after 20 March 2013 under section 198ZG take account of this 2nd brought forward increase.

198ZG Adjustment of indexation on and after 20 March 2013

- (1) An indexation factor that:
 - (a) is worked out under section 59D for indexation on a day that is on or after 20 March 2013; and
 - (b) is (indirectly) relevant to the indexation of the amount specified in paragraph 30(1)(b);

is, for the purposes of the indexation of the amount on that day, to be reduced by the brought forward CPI indexation amount, but not below 1.

Note 1: An indexation factor worked out under section 59D is (indirectly) relevant to the indexation of an amount specified in paragraph 30(1)(b). This is because:

- (a) section 198 provides for indexation of the amount by reference to the pension MBR factor worked out under section 59LA; and
- (b) the pension MBR factor depends on the increase in the single pension rate MBR amount, which in turn depends (under section 59G) on indexation of the pension MBR amount under section 59C, which involves the indexation factor worked out under section 59D.

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Note 2: The indexation of an amount specified in paragraph 30(1)(b) on that day depends on a pension MBR factor that is worked out on the basis of the indexation factor worked out under section 59D and reduced under this section.

Note 3: Once the brought forward CPI indexation amount becomes 0, there will be no further reduction of the indexation factor.

Example: Assume that the indexation factor worked out under section 59D on 20 March 2013 is 1.005. The brought forward CPI indexation amount in relation to 20 March 2013 is 0.008 (as there has been no previous reduction). That indexation factor is reduced to 1 on 20 March 2013.

Further assume that on 20 September 2013 the indexation factor worked out under section 59D is 1.010. The brought forward CPI indexation amount in relation to 20 September 2013 is 0.003. That indexation factor is reduced to 1.007 on 20 September 2013.

The brought forward CPI indexation amount in relation to later indexation days is now 0 so there is no further reduction of the indexation factor.

(2) A living cost indexation factor that:

(a) is worked out under section 59EAB for indexation on a day that is on or after 20 March 2013; and

(b) is (indirectly) relevant to the indexation of the amount specified in paragraph 30(1)(b);

is, for the purposes of the indexation of the amount on that day, to be reduced by the brought forward PBLCI indexation amount, but not below 1.

Note 1: A living cost indexation factor worked out under section 59EAB is (indirectly) relevant to the indexation of an amount specified in paragraph 30(1)(b). This is because:

(a) section 198 provides for indexation of the amount by reference to the pension MBR factor worked out under section 59LA; and

(b) the pension MBR factor depends on the increase in the single pension rate MBR amount, which in turn depends (under section 59G) on indexation of the pension MBR amount under section 59C, which involves the living cost indexation factor worked out under section 59EAB.

Note 2: The indexation of an amount specified in paragraph 30(1)(b) on that day depends on a pension MBR factor that is worked out on the basis of the living cost indexation factor worked out under section 59EAB and reduced under this section.

Note 3: Once the brought forward PBLCI indexation amount becomes 0, there will be no further reduction of the living cost indexation factor.

Example: Assume that the living cost indexation factor worked out under section 59EAB on 20 March 2013 is 1.005. The brought forward

PBLCI indexation amount in relation to 20 March 2013 is 0.008 (as there has been no previous reduction). That living cost indexation factor is reduced to 1 on 20 March 2013.

Further assume that on 20 September 2013 the living cost indexation factor is 1.010. The brought forward PBLCI indexation amount in relation to 20 September 2013 is 0.003. That living cost indexation factor is reduced to 1.007 on 20 September 2013.

The brought forward PBLCI indexation amount in relation to later indexation days is now 0 so there is no further reduction of the living cost indexation factor.

(3) In this section:

brought forward CPI indexation amount, in relation to a day, means:

- (a) if the brought forward PBLCI indexation amount in relation to the day is 0—0; and
- (b) otherwise—0.008 less any reduction made under subsection (1) for a previous day.

brought forward PBLCI indexation amount, in relation to a day, means:

- (a) if the brought forward CPI indexation amount in relation to the day is 0—0; and
- (b) otherwise—0.008 less any reduction made under subsection (2) for a previous day.

(4) This section affects the rate of a payment under this Act for a person if, and only if, section 198ZF affected that rate for the person.

2 After clause 34 of Schedule 5

Insert:

34A Increases in rates payable under clause 30 related to Carbon Pollution Reduction Scheme

Application

- (1) This clause applies if:
 - (a) clause 30 affects the rate at which service pension is payable to a person for a day on or after 1 July 2011; and
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- (b) subclause 31(1) or (2) is relevant to the person; and
- (c) Subdivision D or E of Division 5 of Part XII applies to the person.

Purpose

- (2) The purpose of this clause is to ensure appropriate increases in the rate of the person's service pension (as affected by clause 30 and while the person is not a war widow/war widower-pensioner) on account of the Carbon Pollution Reduction Scheme's estimated cost of living increase, by:
 - (a) providing for increases in the amount described in subparagraph 30(4)(a)(i) of this Schedule; and
 - (b) modifying the operation of Subdivisions D and E of Division 5 of Part XII (which apply because of clause 34).

Increase on 1 July 2011

- (3) If Subdivision D of Division 5 of Part XII applies to the person, this Act has effect as if, on 1 July 2011, the amount described in subparagraph 30(4)(a)(i) of this Schedule (apart from this subclause) for the person were replaced by the amount worked out by:
 - (a) adding the CPRS amount defined in subsection 198Y(3) for the person (worked out disregarding clause 34) to the amount described in subparagraph 30(4)(a)(i) of this Schedule on that day (apart from this subclause); and
 - (b) if the amount resulting from paragraph (a) is not a multiple of \$2.60, rounding the amount up or down to the nearest multiple of \$2.60 (rounding up if the amount is a multiple of \$1.30).

Increase on 1 July 2012

- (4) If Subdivision E of Division 5 of Part XII applies to the person, this Act has effect as if, on 1 July 2012, the amount described in subparagraph 30(4)(a)(i) of this Schedule (apart from this subclause) for the person were replaced by the amount worked out by:
 - (a) adding the CPRS amount defined in subsection 198ZB(3) for the person (worked out disregarding clause 34) to the amount
-

described in subparagraph 30(4)(a)(i) of this Schedule on that day (apart from this subclause); and

- (b) if the amount resulting from paragraph (a) is not a multiple of \$2.60, rounding the amount up or down to the nearest multiple of \$2.60 (rounding up if the amount is a multiple of \$1.30).

Modification of Division 5 of Part XII

- (5) Subsections 198Z(1) and 198ZC(1), and the definition of ***brought forward CPI indexation amount*** (except paragraph (a) of that definition) in each of subsections 198Z(4) and 198ZC(4), apply in relation to the amount described in subparagraph 30(4)(a)(i) of this Schedule for the person in the same way as they apply in relation to the person's PS minimum rate.

- (6) Subsections 198Z(2) and 198ZC(2) apply as if each reference in those subsections to the PS rate were a reference to the amount described in subparagraph 30(4)(a)(i) of this Schedule for the person.

Note: The reference in step 4 of the method statement in each of subsections 198Z(2) and 198ZC(2), as they apply because of this clause, to what would, apart from that subsection, be the person's pension supplement amount is a reference to that amount worked out taking account of clause 34. Note 3 to each of those subsections is not relevant to the application of those subsections because of this clause.

- (7) The following provisions do not affect the rate of the person's service pension worked out under clause 30 or an amount worked out in relation to the person's pension because of clause 34:
- (a) subsection 198Y(1);
 - (b) paragraph 198Z(1)(a);
 - (c) subsection 198Z(3);
 - (d) subsection 198ZB(1);
 - (e) paragraph 198ZC(1)(a);
 - (f) subsection 198ZC(3).

Part 2—Related amendments

Veterans' Entitlements Act 1986

3 At the end of subsection 59D(3)

Add:

Note: On and after 20 March 2012, the factor may be reduced by section 198T, 198U, 198Z or 198ZE for some purposes. On and after 20 March 2013, the factor may be reduced by section 198V, 198W, 198ZC or 198ZG for some purposes.

4 At the end of subsection 59EAB(1)

Add:

Note: On and after 20 March 2012, the factor may be reduced by section 198T, 198Z or 198ZE for some purposes. On and after 20 March 2013, the factor may be reduced by section 198V, 198ZC or 198ZG for some purposes.

5 Subsection 198(5) (note)

Repeal the note, substitute:

Note: On and after 20 March 2012, the factor may be reduced by section 198U for some purposes. On and after 20 March 2013, the factor may be reduced by section 198W for some purposes.

6 Subsection 198D(5) (note)

Repeal the note, substitute:

Note: On and after 20 March 2012, the factor may be reduced by section 198U for some purposes. On and after 20 March 2013, the factor may be reduced by section 198W for some purposes.

Schedule 6—Income tests

Part 1—Taper rate

Veterans' Entitlements Act 1986

1 Point SCH6-C14B of Schedule 6 (method statement, step 6)

Omit “0.4”, substitute “0.5”.

2 Subpoint SCH6-E11(1) of Schedule 6 (formula)

Omit “0.4”, substitute “0.5”.

Part 2—Income free area

Division 1—Main amendments

Veterans' Entitlements Act 1986

3 Subsection 53E(2)

Omit “plus (if the veteran has a dependent child or dependent children) the amount in, or worked out in accordance with, column 5 of that item for each dependent child”.

4 Subsection 53E(2) (table 53E, columns 5 and 6)

Repeal the columns.

5 Subsection 53E(2) (note 2)

Repeal the note.

6 Subsection 53E(2A)

Repeal the subsection.

7 Point SCH6-E2 of Schedule 6 (method statement, step 2)

Omit “points SCH6-E6 to SCH6-E10”, substitute “point SCH6-E6”.

8 Point SCH6-E6 of Schedule 6

Omit “plus an additional corresponding amount in column 5 for each dependent child of the person”.

9 Point SCH6-E6 of Schedule 6 (table E-1, columns 5 and 6)

Repeal the columns.

10 Point SCH6-E6 of Schedule 6 (note 2)

Repeal the note.

11 Points SCH6-E7, SCH6-E8, SCH6-E9, SCH6-E10 and SCH6-E12 of Schedule 6

Repeal the points.

Division 2—Consequential amendments

Veterans' Entitlements Act 1986

12 Subsection 59B(1) (table item 10)

Repeal the item.

13 Subsection 59C(2) (method statement, step 3)

Omit “*initial indexed amount*”, substitute “*provisional indexed amount*”.

14 Subsection 59C(2) (method statement, step 4)

Repeal the step.

15 Subsection 59C(2AA)

Repeal the subsection.

16 Subsection 59E(1) (note 1)

Omit “step 4”, substitute “step 3”.

17 Subclause 3(3) of Schedule 6 (example)

Repeal the example, substitute:

Example: Point SCH6-E2 is the 2nd point in Module E of the Rate Calculator in this Schedule.

Part 3—Application of amendments

18 Amendments of the *Veterans' Entitlements Act 1986*

The amendments of the *Veterans' Entitlements Act 1986* made by this Schedule apply for the purposes of working out the rates of payments under that Act for days on or after 20 September 2009.

Schedule 7—Work bonus

Veterans' Entitlements Act 1986

1 Section 46 (note 2)

After “see”, insert “section 46AA (work bonus),”.

2 After Division 1 of Part IIIB

Insert:

Division 1A—Work bonus

46AA Income concession

- (1) This section applies to a person if:
- (a) the person's rate of service pension or income support supplement is calculated in accordance with the Rate Calculator; and
 - (b) the person has reached qualifying age.

Note: For *qualifying age* see section 5Q.

- (2) If the person's employment income for a pension period is greater than or equal to the income concession amount for that period, the amount of the person's employment income to be disregarded for that period for the purposes of Module E of that Rate Calculator is 50% of that income concession amount.

Note: For *employment income* see section 46AB.

- (3) If a person's employment income for a pension period is less than the income concession amount for that period, the amount of the person's employment income to be disregarded for that period for the purposes of Module E of that Rate Calculator is 50% of the person's employment income for that period.

Definition

- (4) The *income concession amount* is \$500.

Interpretation

- (5) To avoid doubt, apply this section before applying Point SCH6-E3 of Schedule 6.

Example 1: David and Amy are members of a couple. David earns \$50 of employment income in a pension period and Amy earns \$500 of employment income in that period.

For David, \$25 of the \$50 is disregarded for the purposes of the ordinary/adjusted income test.

For Amy, \$250 of the \$500 is disregarded for the purposes of the ordinary/adjusted income test.

Example 2: Ian and Simone are members of a couple. Ian earns no employment income in a pension period and Simone earns \$1,000 of employment income in that period.

For Simone, \$250 is disregarded for the purposes of the ordinary/adjusted income test (which is 50% of the income concession amount).

- (6) If:
- (a) apart from this subsection, an amount (the *initial amount*) would be disregarded under subsection (2) or (3) in relation to a person and a pension period; and
 - (b) an amount is worked out under subsection 115G(1) or (2) in relation to that person and that period, and that amount is greater than or equal to the initial amount;
- then subsection (2) or (3) of this section, as the case may be, does not apply in relation to that person and that period.

46AB Meaning of *employment income*

- (1) For the purposes of section 46AA, *employment income*, in relation to a person, is ordinary income of the person:
- (a) that is earned, derived or received, or that is taken to have been earned, derived or received, by the person from remunerative work undertaken by the person as an employee in an employer/employee relationship; and
 - (b) that includes, but is not limited to, salary, wages, commissions and employment-related fringe benefits that are so earned, derived or received or taken to have been so earned, derived or received;
- but does not include:
-

- (c) a superannuation payment to the person; or
 - (d) a payment of compensation, or a payment to the person under an insurance scheme, in relation to the person's inability to earn, derive or receive income from that remunerative work; or
 - (e) a leave payment to the person; or
 - (f) a payment to the person by a former employer of the person in relation to the termination of the person's employment; or
 - (g) a comparable foreign pension.
- (2) For the purposes of paragraph (1)(e), a leave payment:
- (a) includes a payment in respect of sick leave, annual leave, maternity leave or long service leave; and
 - (b) may be made as a lump sum payment, a payment that is one of a series of regular payments or otherwise; and
 - (c) is taken to be made to a person if it is made to another person:
 - (i) at the direction of the person or of a court; or
 - (ii) on behalf of the person; or
 - (iii) for the benefit of the person; or
 - (iv) if the person waives or assigns his or her right to the payment.

3 At the end of section 115G

Add:

- (4) If:
- (a) an amount (the *initial amount*) is worked out under subsection (1) or (2) in respect of a veteran and a pension period; and
 - (b) an amount is disregarded under subsection 46AA(2) or (3) in relation to that veteran and that period, and that amount is greater than or equal to the initial amount;
- then subsection (1) or (2) of this section, as the case may be, does not apply in relation to that veteran and that period.

4 Point SCH6-E2 of Schedule 6 (method statement, step 6, after paragraph (a) of note 2)

Insert:

(aa) the work bonus (section 46AA);

5 Application

The amendment made by item 2 applies in respect of a pension period that includes 20 September 2009 and later pension periods.

Schedule 8—Pension bonus scheme

Veterans' Entitlements Act 1986

1 After subsection 45TI(1)

Insert:

- (1A) However, the Commission must not register a person as a member of the pension bonus scheme if the person's special date of eligibility for a designated pension occurs on or after 20 September 2009.
- (1B) For the purposes of subsection (1A), if a person would otherwise have 2 or more special dates of eligibility for a designated pension, only the first date is to be counted.

2 Application

The amendment made by item 1 applies in relation to applications for registration that are made on or after the commencement of that item.

Schedule 9—Transitional arrangements

Part 1—Main amendment

Veterans' Entitlements Act 1986

1 At the end of Schedule 5

Add:

Part 5—Transitional provisions: changes on 20 September 2009

30 Transitional rates of service pension and income support supplement on and after 20 September 2009

Application

- (1) This clause applies if:
 - (a) on 19 September 2009 a person was receiving one of the following payments:
 - (i) service pension or income support supplement;
 - (ii) age pension, disability support pension, wife pension, carer payment, bereavement allowance, widow B pension or special needs pension under the Social Security Act; and
 - (b) the person continues (without a break) to receive one of those payments (whether or not of the same sort as the one the person received on that day).

Purpose

- (2) This clause has effect for the purposes of working out the rate of service pension or income support supplement under this Act for the person for a day (the *relevant day*) after 19 September 2009 under subpoint SCH6-A1(2), (3), (4) or (6).

Note: This clause does not make a person entitled to receive service pension or income support supplement if the person is not otherwise entitled to receive it.

Provisional payment rate for service pension

- (3) For working out the person's rate of service pension, the person's provisional payment rate is taken to be the amount worked out under subclause (4) if that amount is greater than the person's provisional payment rate (for that purpose) apart from this clause.

Note: The provisional payment rate is an amount worked out under the method statement in subpoint SCH6-A1(2). That subpoint may be relevant of its own force or because of subpoint SCH6-A1(3) or (4).

- (4) The amount is the one that would be the provisional payment rate under subpoint SCH6-A1(2) if:
- (a) the maximum payment rate under that subpoint for the person were the total of:
 - (i) the amount worked out under whichever of subclauses 31(1), (2), (3) and (4) is relevant to the person; and
 - (ii) the amount (if any) per year calculated for the person under Module C of the Rate Calculator (for rent assistance);reduced, if subclause 31(1) or (2) is relevant to the person and an election by the person under subsection 60A(1) (about quarterly pension supplement) is in force, by the person's minimum pension supplement amount; and
 - (b) the amendments made by Schedules 6 and 7 to the *Veterans' Affairs and Other Legislation Amendment (Pension Reform) Act 2009* had not been made.

Note 1: The maximum payment rate is an amount used in subpoint SCH6-A1(2).

Note 2: Subclause 31(1) deals with a person in Australia who is not a member of a couple or is a member of an illness separated couple or respite care couple.

Note 3: Subclause 31(2) deals with a person in Australia who is a member of a couple (but not a member of an illness separated couple or respite care couple).

Note 4: Subclause 31(3) deals with a person who has been outside Australia for more than 13 weeks and is not a member of a couple or is a member of an illness separated couple or respite care couple.

Schedule 9 Transitional arrangements
Part 1 Main amendment

Note 5: Subclause 31(4) deals with a person who has been outside Australia for more than 13 weeks and is a member of a couple (but not a member of an illness separated couple or respite care couple).

Note 6: The amount described in subparagraph (4)(a)(i) is indexed under Subdivision B (CPI indexation) of Division 18 of Part IIIB on and after 20 March 2010.

Provisional payment rate for income support supplement

- (5) For working out the person's rate of income support supplement, the person's provisional payment rate is taken to be the amount worked out under subclause (6) if that amount is greater than the person's provisional payment rate (for that purpose) apart from this clause.

Note: The provisional payment rate is an amount worked out under the method statement in subpoint SCH6-A1(6).

- (6) The amount is the one that would be the provisional payment rate under subpoint SCH6-A1(6) if:
- (a) the maximum payment rate under that subpoint for the person were the total of:
 - (i) the amount worked out under whichever of subclauses 32(1) and (2) is relevant to the person; and
 - (ii) the amount (if any) per year calculated for the person under Module C of the Rate Calculator (for rent assistance); andreduced, if an election by the person under subsection 60A(1) (about quarterly pension supplement) is in force, by the person's minimum pension supplement amount; and
 - (b) the amendments made by Schedules 6 and 7 to the *Veterans' Affairs and Other Legislation Amendment (Pension Reform) Act 2009* had not been made; and
 - (c) the increased rate were the amount worked out under subclause 32(3).

Note 1: The maximum payment rate and increased rate are amounts used in subpoint SCH6-A1(6).

Note 2: Subclause 32(1) deals with a person who is not a member of a couple or is a member of an illness separated couple or respite care couple.

Note 3: Subclause 32(2) deals with a person who is a member of a couple (but not a member of an illness separated couple or respite care couple).

Note 4: The amount described in subparagraph (6)(a)(i) is indexed under Subdivision B (CPI indexation) of Division 18 of Part IIIB on and after 20 March 2010.

Note 5: The amount described in paragraph (6)(c) is affected by indexation because the components of that amount are indexed.

Limit on application of subclauses (3) and (5)

- (7) Neither subclause (3) nor subclause (5) applies for working out the rate of service pension or income support supplement of the person for the relevant day if the relevant day is after a day for which one of the following conditions was met:
- (a) the amount worked out for the day under subclause (4) (in a previous application of this clause) was less than or equal to the person's provisional payment rate for service pension apart from this clause;
 - (b) the amount worked out for the day under subclause (6) (in a previous application of this clause) was less than or equal to the person's provisional payment rate for income support supplement apart from this clause;
 - (c) the amount worked out for the day under subclause 146(4) of Schedule 1A to the Social Security Act was less than or equal to the person's provisional annual payment rate, apart from clause 146 of that Schedule, for a social security pension described in that clause.
- (8) However, subclause (7) does not prevent subclause (3) or (5) from applying for working out the rate of service pension or income support supplement of the person for the relevant day if:
- (a) on the relevant day the person is a member of a couple, but not a member of an illness separated couple or respite care couple; and
 - (b) on each day for which a condition in paragraph (7)(a), (b) or (c) was met, the person was a member of a respite care couple; and
 - (c) on a day before all the days described in paragraph (b):
 - (i) the person was a member of a couple, but not a member of an illness separated couple or respite care couple, and not partnered (partner in gaol) within the meaning of the Social Security Act; and

- (ii) either this clause affected the rate at which service pension or income support supplement was payable to the person or clause 146 of Schedule 1A to the Social Security Act affected the rate at which a social security pension described in that clause was payable to the person.

Note: For *member of a couple*, *illness separated couple* and *respite care couple* see subsections 5E(1) and 5R(5) and (6) respectively.

31 Amounts affecting transitional rate of service pension

Single Australian resident in Australia

- (1) For the purposes of subparagraph 30(4)(a)(i), work out the amount as follows if, on the relevant day:
 - (a) the person's family situation is any of the following:
 - (i) not a member of a couple;
 - (ii) member of an illness separated couple;
 - (iii) member of a respite care couple; and
 - (b) the person is residing in Australia; and
 - (c) the person either:
 - (i) is in Australia; or
 - (ii) is temporarily absent from Australia and has been so for a continuous period not exceeding 13 weeks.

Method statement

Step 1. Work out what each of the following amounts would have been on 20 September 2009, taking account of indexation (if any) under Division 18 of Part IIIB or Part XII on that day, if the *Veterans' Affairs and Other Legislation Amendment (Pension Reform) Act 2009* had not been enacted:

- (a) the amount that would be the pension MBR (within the meaning of Division 18 of Part IIIB) for a person who is not a member of a couple assuming that section 59EA did not apply on 20 September 2009;

- (b) pension supplement (within the meaning of Division 18 of Part IIIB) for a person who is not (and was not on 1 July 2000) a member of a couple;
- (c) PA (service pension) rate (within the meaning of Division 18 of Part IIIB);
- (d) the rate of telephone allowance in subsection 118SA(1);
- (e) the rate of utilities allowance in section 118OC for a person who is not a member of a couple.

- Step 2. Identify the greater of the amount described in paragraph (e) of step 1 and \$525.20 (or either of them if they are the same).
- Step 3. Add up all the amounts worked out under step 1 and the amount identified under step 2.
- Step 4. If the result of step 3 is not a multiple of \$2.60, round that result up to the next multiple of \$2.60.

Note 1: For *member of a couple*, *illness separated couple* and *respite care couple* see subsections 5E(1) and 5R(5) and (6) respectively.

Note 2: Subsection 5G(1A) is relevant to determining whether a person is residing in Australia.

Note 3: Section 59A explains the abbreviations used in Division 18 of Part IIIB.

Partnered Australian resident in Australia

- (2) For the purposes of subparagraph 30(4)(a)(i), work out the amount as follows if, on the relevant day:
- (a) the person is a member of a couple, but not a member of an illness separated couple or respite care couple; and
 - (b) the person is residing in Australia; and
 - (c) the person either:
 - (i) is in Australia; or

- (ii) is temporarily absent from Australia and has been so for a continuous period not exceeding 13 weeks.

Method statement

- Step 1. Work out what each of the following amounts would have been on 20 September 2009, taking account of indexation (if any) under Division 18 of Part IIIB or Part XII on that day, if the *Veterans' Affairs and Other Legislation Amendment (Pension Reform) Act 2009* had not been enacted:
- (a) the amount that would be the pension MBR (within the meaning of Division 18 of Part IIIB) for a member of a couple (other than an illness separated couple or a respite care couple) assuming that section 59EA did not apply on 20 September 2009;
 - (b) pension supplement (within the meaning of Division 18 of Part IIIB) for a person who is (and was on 1 July 2000) a member of a couple (other than an illness separated couple or a respite care couple);
 - (c) PA (service pension) rate (within the meaning of Division 18 of Part IIIB);
 - (d) the rate of telephone allowance in subsection 118SA(2);
 - (e) the rate of utilities allowance in section 118OC for a member of a couple (other than an illness separated couple or a respite care couple).
- Step 2. Identify the greater of the amount described in paragraph (e) of step 1 and \$262.60 (or either of them if they are the same).
- Step 3. Add up all the amounts worked out under step 1 and the amount identified under step 2.

Step 4. If the result of step 3 is not a multiple of \$2.60, round that result up to the next multiple of \$2.60.

Note 1: For *member of a couple*, *illness separated couple* and *respite care couple* see subsections 5E(1) and 5R(5) and (6) respectively.

Note 2: Subsection 5G(1A) is relevant to determining whether a person is residing in Australia.

Note 3: Section 59A explains the abbreviations used in Division 18 of Part IIIB.

Single person not covered by subclause (1)

- (3) For the purposes of subparagraph 30(4)(a)(i), work out the amount as follows if, on the relevant day:
- (a) the person's family situation is any of the following:
 - (i) not a member of a couple;
 - (ii) member of an illness separated couple;
 - (iii) member of a respite care couple; and
 - (b) the person either:
 - (i) is not residing in Australia; or
 - (ii) is absent from Australia and has been so for a continuous period exceeding 13 weeks.

Method statement

Step 1. Work out what each of the following amounts would have been on 20 September 2009, taking account of indexation under Division 18 of Part IIIB on that day, if the *Veterans' Affairs and Other Legislation Amendment (Pension Reform) Act 2009* had not been enacted:

- (a) the amount that would be the pension MBR (within the meaning of Division 18 of Part IIIB) for a person who is not a member of a couple assuming that section 59EA did not apply on 20 September 2009;
- (b) pension supplement (within the meaning of Division 18 of Part IIIB) for a person who is not

(and was not on 1 July 2000) a member of a couple.

Step 2. Add up the amounts worked out under step 1.

Note 1: For *member of a couple*, *illness separated couple* and *respite care couple* see subsections 5E(1) and 5R(5) and (6) respectively.

Note 2: Subsection 5G(1A) is relevant to determining whether a person is residing in Australia.

Note 3: Section 59A explains the abbreviations used in Division 18 of Part IIIB.

Partnered person not covered by subclause (2)

- (4) For the purposes of subparagraph 30(4)(a)(i), work out the amount as follows if, on the relevant day:
- (a) the person is a member of a couple, but not a member of an illness separated couple or respite care couple; and
 - (b) the person either:
 - (i) is not residing in Australia; or
 - (ii) is absent from Australia and has been so for a continuous period exceeding 13 weeks.

Method statement

- Step 1. Work out what each of the following amounts would have been on 20 September 2009, taking account of indexation under Division 18 of Part IIIB on that day, if the *Veterans' Affairs and Other Legislation Amendment (Pension Reform) Act 2009* had not been enacted:
- (a) the amount that would be the pension MBR (within the meaning of Division 18 of Part IIIB) for a member of a couple (other than an illness separated couple or a respite care couple) assuming that section 59EA did not apply on 20 September 2009;
 - (b) pension supplement (within the meaning of Division 18 of Part IIIB) for a person who is (and was on 1 July 2000) a member of a couple (other

than an illness separated couple or a respite care couple).

Step 2. Add up the amounts worked out under step 1.

Note 1: For *member of a couple, illness separated couple* and *respite care couple* see subsections 5E(1) and 5R(5) and (6) respectively.

Note 2: Subsection 5G(1A) is relevant to determining whether a person is residing in Australia.

Note 3: Section 59A explains the abbreviations used in Division 18 of Part IIIB.

32 Amounts affecting transitional rate of income support supplement

Single person's component of maximum basic rate

- (1) For the purposes of subparagraph 30(6)(a)(i), work out the amount as follows if, on the relevant day, the person's family situation is:
- (a) not a member of a couple; or
 - (b) member of an illness separated couple; or
 - (c) member of a respite care couple.

Method statement

Step 1. Work out what each of the following amounts (described using the abbreviation in section 59A for the amount) would have been on 20 September 2009, taking account of indexation (if any) under Division 18 of Part IIIB on that day, if the *Veterans' Affairs and Other Legislation Amendment (Pension Reform) Act 2009* had not been enacted:

- (a) the amount that would be the pension MBR for a person who is not a member of a couple assuming that section 59EA did not apply on 20 September 2009;
- (b) pension supplement for a person who is not (and was not on 1 July 2000) a member of a couple.

Step 2. Add up all the amounts worked out under step 1.

Note: For *member of a couple*, *illness separated couple* and *respite care couple* see subsections 5E(1) and 5R(5) and (6) respectively.

Partnered person's component of maximum basic rate

- (2) For the purposes of subparagraph 30(6)(a)(i), work out the amount as follows if, on the relevant day, the person is a member of a couple, but not a member of an illness separated couple or respite care couple:

Method statement

Step 1. Work out what each of the following amounts (described using the abbreviation in section 59A for the amount) would have been on 20 September 2009, taking account of indexation (if any) under Division 18 of Part IIIB on that day, if the *Veterans' Affairs and Other Legislation Amendment (Pension Reform) Act 2009* had not been enacted:

- (a) the amount that would be the pension MBR for a member of a couple (other than an illness separated couple or a respite care couple) assuming that section 59EA did not apply on 20 September 2009;
- (b) pension supplement for a person who is (and was on 1 July 2000) a member of a couple (other than an illness separated couple or a respite care couple).

Step 2. Add up all the amounts worked out under step 1.

Note: For *member of a couple*, *illness separated couple* and *respite care couple* see subsections 5E(1) and 5R(5) and (6) respectively.

Increased rate

- (3) For the purposes of paragraph 30(6)(c), work out the amount for the person as follows:
-

Method statement

- Step 1. Work out the ceiling rate for the person (see Module A of the Rate Calculator).
- Step 2. Work out the amount per year (if any) for rent assistance for the person (see Module C of the Rate Calculator).
- Step 3. Add up the results of steps 1 and 2 and, if an election by the person under subsection 60A(1) (about quarterly pension supplement) is in force, subtract the person's minimum pension supplement amount.

33 Rate of payments to partners of persons affected by clause 30

- (1) This clause applies if clause 30 applies to a person who is a member of a couple and that clause affects the rate at which service pension or income support supplement is payable to the person.
- (2) In working out the amount of a payment under this Act payable to a partner of the person, assume that the service pension or income support supplement payable to the person is payable at the rate at which it would be payable if clause 30 had not been enacted.

34 Payment and income tax consequences of receiving service pension or income support supplement at rate affected by clause 30

Application

- (1) This clause applies if clause 30 affects the rate at which service pension or income support supplement is payable to a person.

Purpose

- (2) The purpose of this clause is to ensure that the person is treated appropriately in relation to the payment, and income taxation, of the pension or supplement by modifying the operation of this Act (and thus affecting the related income tax law) in relation to the person and the pension or supplement.

Schedule 9 Transitional arrangements
Part 1 Main amendment

Note: This clause does not modify the operation of subsection 5GA(3), which provides for working out the person's minimum pension supplement amount.

Pension supplement amount

- (3) This Act applies in relation to the person's pension or supplement as if each of the following:
- (a) the amount described in subparagraph 30(4)(a)(i), as affected by any indexation and any relevant reduction described in paragraph 30(4)(a);
 - (b) the amount described in subparagraph 30(6)(a)(i), as affected by any indexation and any relevant reduction described in paragraph 30(6)(a);

were an amount worked out and added under the pension supplement Module of the Rate Calculator.

Note 1: One effect of subclause (3) is that whichever of the amounts described in paragraphs (3)(a) and (b) is relevant is the person's pension supplement amount (as defined in subsection 5Q(1) of this Act).

Note 2: If that amount exceeds the person's pension supplement basic amount (as affected by subclause (4)), another effect of subclause (3) is that the excess affects the tax-exempt pension supplement under subsection 5GA(5) of this Act in some cases.

Note 3: Yet another effect of subclause (3) is that clause 4 of Schedule 6 will affect the operation of reductions of the maximum payment rate because of the income test and assets test in some cases.

Pension supplement basic amount

- (4) This Act applies in relation to the person's service pension or income support supplement as if:
- (a) each reference in the table in subsection 5GA(4) to \$509.60 were a reference to \$14,903.20; and
 - (b) the reference in the table in subsection 5GA(4) to \$426.40 were a reference to \$12,448.80.

Note 1: This affects the person's pension supplement basic amount.

Note 2: The provisions for indexing amounts in the table in subsection 5GA(4) apply to the higher figures mentioned in this subclause.

Part 2—Related amendments

Division 1—Amendments commencing on 20 September 2009

Veterans' Entitlements Act 1986

2 Subpoint SCH6-A1(2) of Schedule 6 (after note 4)

Insert:

Note 4A: Clause 30 of Schedule 5 may affect the provisional payment rate in step 9.

3 Subpoint SCH6-A1(6) of Schedule 6 (after note 4)

Insert:

Note 4A: Clause 30 of Schedule 5 may affect the provisional payment rate in step 10.
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Division 2—Amendments commencing on 21 September 2009

Veterans' Entitlements Act 1986

4 Section 59A (at the end of the table)

Add:

	Maximum transitional service pension rates		
23.	Maximum transitional service pension rates	Maximum transitional service pension rates	Subparagraph 30(4)(a)(i) of Schedule 5
<hr/>			
	Maximum transitional		

Schedule 9 Transitional arrangements
Part 2 Related amendments

	income support supplement rates		
24.	Maximum transitional income support supplement rates	Maximum transitional income support supplement rates	Subparagraph 30(6)(a)(i) of Schedule 5

5 Subsection 59B(1) (at the end of the table)

Add:

	Maximum transitional service pension rates				
14.	Maximum transitional service pension rates	(a) 20 March (b) 20 September	(a) December (b) June	highest June or December quarter before reference quarter (but not earlier than June quarter 2008)	\$2.60

	Maximum transitional income support supplement rates				
15.	Maximum transitional income support supplement rates	(a) 20 March (b) 20 September	(a) December (b) June	highest June or December quarter before reference quarter (but not earlier than June quarter)	\$2.60

2008)

Part 3—Other amendments

Social Security Act 1991

6 Paragraph 146(1)(a) of Schedule 1A

Omit “social security pensions”, substitute “payments”.

7 Subparagraph 146(1)(a)(vii) of Schedule 1A

Omit “and”.

8 At the end of paragraph 146(1)(a) of Schedule 1A

Add:

- (viii) service pension (except carer service pension);
- (ix) income support supplement; and

9 Paragraph 146(1)(b) of Schedule 1A

Omit “social security pensions”, substitute “payments”.

10 Subclause 146(2) of Schedule 1A

Omit “those social security pensions”, substitute “the social security pensions described in paragraph (1)(a)”.

11 At the end of subclause 146(2) of Schedule 1A

Add:

Note: This clause does not make a person entitled to receive a social security pension if the person is not otherwise entitled to receive it.

12 Subclause 146(5) of Schedule 1A

Repeal the subclause, substitute:

Limit on application of subclause (3)

- (5) Subclause (3) does not apply for working out the rate of a social security pension of the person for the relevant day if the relevant day is after a day for which one of the following conditions was met:

- (a) the amount worked out for the day under subclause (4) (in a previous application of this clause) was less than or equal to the person's provisional annual payment rate, apart from this clause, for a social security pension described in paragraph (1)(a);
 - (b) the amount worked out for the day under subclause 30(4) of Schedule 5 to the Veterans' Entitlements Act was less than or equal to the person's provisional payment rate for service pension (except carer service pension) apart from clause 30 of that Schedule;
 - (c) the amount worked out for the day under subclause 30(6) of Schedule 5 to the Veterans' Entitlements Act was less than or equal to the person's provisional payment rate for income support supplement apart from clause 30 of that Schedule.
- (5A) However, subclause (5) does not prevent subclause (3) from applying for working out the rate of a social security pension of the person for the relevant day if:
- (a) on the relevant day the person is a member of a couple, but not a member of an illness separated couple or respite care couple and not partnered (partner in gaol); and
 - (b) on each day for which a condition in paragraph (5)(a), (b) or (c) was met, the person was a member of a respite care couple; and
 - (c) on a day before all the days described in paragraph (b):
 - (i) the person was a member of a couple, but not a member of an illness separated couple or respite care couple and not partnered (partner in gaol); and
 - (ii) either subclause (3) affected the rate at which a social security pension was payable to the person or clause 30 of Schedule 5 to the Veterans' Entitlements Act affected the rate at which service pension or income support supplement was payable to the person.

Note: For *member of a couple, illness separated couple, respite care couple* and *partnered (partner in gaol)* see section 4.

Schedule 10—Pension age for persons other than veterans

Veterans' Entitlements Act 1986

1 Subsection 5QB(2)

Repeal the subsection, substitute:

Men

- (2) A man born during the period specified in column 2 of an item in the following table reaches *pension age* when he turns the age specified in column 3 of that item.

Table—Pension age for men		
Column 1 Item	Column 2 Period during which man was born	Column 3 Pension age
1	On or before 30 June 1952	65 years
2	1 July 1952 to 31 December 1953	65 years and 6 months
3	1 January 1954 to 30 June 1955	66 years
4	1 July 1955 to 31 December 1956	66 years and 6 months
5	On or after 1 January 1957	67 years

2 Subsection 5QB(5)

Repeal the subsection, substitute:

- (5) A woman born during the period specified in column 2 of an item in the following table reaches *pension age* when she turns the age specified in column 3 of that item.

Table—Pension age for women		
Column 1 Item	Column 2 Period during which woman was born	Column 3 Pension age
1	1 January 1949 to 30 June 1952	65 years
2	1 July 1952 to 31 December 1953	65 years and 6 months

Table—Pension age for women

Column 1	Column 2	Column 3
Item	Period during which woman was born	Pension age
3	1 January 1954 to 30 June 1955	66 years
4	1 July 1955 to 31 December 1956	66 years and 6 months
5	On or after 1 January 1957	67 years

Schedule 11—Advance payments

Veterans' Entitlements Act 1986

1 Section 5 (index of definitions)

Insert the following entry in its appropriate alphabetical position, as determined on a letter-by-letter basis:

advance payment eligible amount 5Q(1)

2 Subsection 5Q(1)

Insert:

advance payment eligible amount, for a person, means:

- (a) if the person is receiving a service pension worked out under subpoint SCH6-A1(2) of Schedule 6—the sum of the following amounts:
 - (i) the person's maximum basic rate;
 - (ii) the amount (if any) by which the person's pension supplement amount exceeds the person's minimum pension supplement amount; or
- (b) otherwise—the result of paragraph (a) worked out as if the person were receiving a service pension worked out under subpoint SCH6-A1(2) of Schedule 6.

3 Paragraph 79B(1)(b)

After "advance payment", insert "is made".

4 Subsection 79B(2)

Repeal the subsection, substitute:

- (2) A person is not eligible for an advance payment if:
 - (a) the maximum amount of advance payment to which the person would be entitled under Division 5 is less than $\frac{1}{52}$ of the person's advance payment eligible amount; or
 - (b) the amount of an advance payment of:
 - (i) pension; or

- (ii) a social security entitlement under Part 2.22 of the Social Security Act;
that the person received in full (whether as a single lump sum or in instalments) more than 12 months ago has not been fully repaid; or
- (c) the person owes a debt to the Commonwealth under section 205 or 205A.

The amount worked out under paragraph (a) must be rounded to the nearest cent (rounding 0.5 cents upwards).

Note 1: Paragraph (a) does not prevent payment of an advance payment in instalments of less than the amount worked out under that paragraph.

Note 2: For *advance payment eligible amount*, see subsection 5Q(1).

5 Division 5 of Part IVA

Repeal the Division, substitute:

Division 5—Amount of advance payment

79K Amount of advance payment

- (1) The amount of an advance payment of pension is the smaller 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 as follows:

Method statement

Step 1. Work out $\frac{3}{52}$ of the person's advance payment eligible amount.

Step 2. Work out the annual rate at which pension was payable to the person on the last payday before the application for the advance payment was made, disregarding:

- (a) any amount payable by way of remote area allowance; and

- (b) so much of the person's pension supplement amount (if any) as is equal to the person's minimum pension supplement amount.
- Step 3. Work out the smaller of the result of step 1 and:
- (a) if the pension is a service pension or income support supplement—7.5% of the result of step 2; and
- (b) otherwise—13 times the fortnightly rate of pension payable to the person.
- Step 4. Subtract the following from the result of step 3:
- (a) each advance payment (if any) of pension paid to the person during any of the 13 fortnights immediately before the application for the current advance payment was made;
- (b) each other advance payment (if any) of pension paid to the person that has not been fully repaid.
- Step 5. The result of step 4 (rounded to the nearest cent (rounding 0.5 cents upwards)) is the maximum amount of advance payment payable to the person.

Note 1: The amount of the advance payment will be more than the minimum eligible amount for the person (see paragraph 79B(2)(a)).

Note 2: For *advance payment eligible amount*, see subsection 5Q(1).

6 Application

The amendments made by this Schedule apply in relation to applications for advance payment made on or after 1 July 2010.

Schedule 12—Amendments relating to aged care

Aged Care Act 1997

1 Paragraph 44-24(2)(a)

After “pension”, insert “reduced by the amount worked out under subsection 5GA(3) of the *Veterans’ Entitlements Act 1986* to be the care recipient’s minimum pension supplement amount”.

2 Paragraph 44-24(3)(a)

After “supplement”, insert “reduced by the amount worked out under subsection 5GA(3) of the *Veterans’ Entitlements Act 1986* to be the care recipient’s minimum pension supplement amount”.

3 Paragraph 44-24(4)(a)

After “payment”, insert “reduced by, if the payment is an income support payment within the meaning of subsection 23(1) of the *Social Security Act 1991*, the amount worked out under subsection 20A(4) of that Act to be the care recipient’s minimum pension supplement amount”.

4 After subsection 44-24(4)

Insert:

(4A) However, the reduction referred to in paragraph (4)(a) does not apply if:

- (a) the care recipient’s income support payment is special benefit or youth allowance under the *Social Security Act 1991*; or
- (b) the care recipient has not reached pension age (within the meaning of subsections 23(5A), (5B), (5C) and (5D) of that Act) and the rate of the care recipient’s income support payment is worked out in accordance with the Rate Calculator at the end of section 1066A, 1067L, 1068, 1068A or 1068B of that Act.

5 Application

Schedule 12 Amendments relating to aged care

The amendments made by this Schedule apply in relation to the calculation of the total assessable income for a care recipient under section 44-24 of the *Aged Care Act 1997* for the purposes of working out the daily income tested reduction in respect of the care recipient for a day that is on or after 20 September 2009.

*[Minister's second reading speech made in—
House of Representatives on 12 August 2009
Senate on 19 August 2009]*

(152/09)
