



**Families, Housing, Community Services
and Indigenous Affairs and Other
Legislation Amendment (Election
Commitments and Other Measures) Act
2011**

No. 50, 2011

**An Act to amend the law relating to family
assistance, social security, taxation and veterans'
entitlements, and for related purposes**

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

Contents

1	Short title	2
2	Commencement	2
3	Schedule(s)	4
Schedule 1—Work bonus		5
	<i>Social Security Act 1991</i>	5
	<i>Veterans' Entitlements Act 1986</i>	9
Schedule 2—Increasing FTB child rates for certain teenagers in secondary study		15
Part 1—Amendments		15
	<i>A New Tax System (Family Assistance) Act 1999</i>	15
	<i>A New Tax System (Family Assistance) (Administration) Act 1999</i>	19
	<i>Social Security Act 1991</i>	20
Part 2—Application and transitional provisions		22
Schedule 3—Baby bonus		23
	<i>A New Tax System (Family Assistance) (Administration) Act 1999</i>	23
Schedule 4—Thalidomide payments		25
Part 1—Main amendments		25
	<i>Income Tax Assessment Act 1997</i>	25
	<i>Social Security Act 1991</i>	26
	<i>Veterans' Entitlements Act 1986</i>	27
Part 2—Amendments commencing on 1 July 2014		29
	<i>Income Tax Assessment Act 1997</i>	29
Schedule 5—Income management		30
Part 1—General amendments		30
	<i>A New Tax System (Family Assistance) (Administration) Act 1999</i>	30
	<i>Social Security Act 1991</i>	30
	<i>Social Security (Administration) Act 1999</i>	30
Part 2—Part 3B payment nominee amendments		37



Families, Housing, Community Services and Indigenous Affairs and Other Legislation Amendment (Election Commitments and Other Measures) Act 2011

No. 50, 2011

**An Act to amend the law relating to family
assistance, social security, taxation and veterans'
entitlements, and for related purposes**

[Assented to 27 June 2011]

The Parliament of Australia enacts:

1 Short title

This Act may be cited as the *Families, Housing, Community Services and Indigenous Affairs and Other Legislation Amendment (Election Commitments and Other Measures) Act 2011*.

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.	27 June 2011
2. Schedule 1, items 1 and 2	1 July 2011.	1 July 2011
3. Schedule 1, item 3	The later of: (a) immediately after the commencement of the provision(s) covered by table item 2; and (b) immediately after the commencement of Schedule 6 to the <i>Families, Housing, Community Services and Indigenous Affairs and Other Legislation Amendment (Budget and Other Measures) Act 2011</i> . However, the provision(s) do not commence at all if the event mentioned in paragraph (b) does not occur.	1 July 2011 (paragraph (a) applies)
4. Schedule 1, items 4 to 7	1 July 2011.	1 July 2011
5. Schedule 1, item 8	The later of: (a) immediately after the commencement of	1 July 2011 (paragraph (a)

Commencement information		
Column 1	Column 2	Column 3
Provision(s)	Commencement	Date/Details
	the provision(s) covered by table item 4; and (b) immediately after the commencement of Schedule 6 to the <i>Families, Housing, Community Services and Indigenous Affairs and Other Legislation Amendment (Budget and Other Measures) Act 2011</i> . However, the provision(s) do not commence at all if the event mentioned in paragraph (b) does not occur.	applies)
6. Schedule 1, items 9 to 12	1 July 2011.	1 July 2011
7. Schedule 2, items 1 to 3	1 January 2012.	1 January 2012
8. Schedule 2, item 4	The later of: (a) immediately after the commencement of the provision(s) covered by table item 7; and (b) the start of the day that Schedule 5 to the <i>Families, Housing, Community Services and Indigenous Affairs and Other Legislation Amendment (Budget and Other Measures) Act 2011</i> commences. However, the provision(s) do not commence at all if the event mentioned in paragraph (b) does not occur.	1 January 2012 (paragraph (a) applies)
9. Schedule 2, items 5 to 17	1 January 2012.	1 January 2012
10. Schedule 3	1 July 2011.	1 July 2011
11. Schedule 4, items 1 to 9	The day this Act receives the Royal Assent.	27 June 2011
12. Schedule 4, items 10 and 11	1 July 2014.	1 July 2014
13. Schedule 5	The day after this Act receives the Royal Assent.	28 June 2011

Note: This table relates only to the provisions of this Act as originally enacted. It will not be amended to deal with any later amendments of this Act.

- (2) Any information in column 3 of the table is not part of this Act. Information may be inserted in this column, or information in it may be 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—Work bonus

Social Security Act 1991

1 Subsections 1073AA(2) to (4)

Repeal the subsections, substitute:

Employment income greater than or equal to income concession amount

- (2) If the person's employment income for an instalment period is greater than or equal to the income concession amount for that period, then, for the purposes of Module E of that Rate Calculator, the amount of the person's employment income for that period is reduced by an amount equal to the income concession amount.

Example 1: David earns \$2,250 of employment income in an instalment period of 14 days. David's rate of social security pension for that period is greater than nil.

David's employment income for that period is reduced by \$250, leaving David \$2,000 of employment income for that period.

Example 2: Amy earns \$1,000 of employment income in an instalment period of 14 days. Amy's rate of social security pension for that period is greater than nil.

Amy's employment income for that period is reduced by \$250, leaving Amy \$750 of employment income for that period.

- (3) If the person's unused concession balance (see section 1073AB) is greater than or equal to the amount (the *current amount*) of the person's employment income that remains after applying subsection (2) of this section in relation to an instalment period:
- (a) for the purposes of Module E of that Rate Calculator, the person's employment income for that period is further reduced to nil; and
 - (b) if the person's rate of social security pension for that period is greater than nil—the person's unused concession balance is reduced by an amount equal to the current amount.

Example 1: To continue example 1 in subsection (2), assume David's unused concession balance is \$2,000. The current amount is \$2,000.

David's employment income for that period is further reduced to nil.

David's unused concession balance is now nil.

Example 2: To continue example 2 in subsection (2), assume Amy's unused concession balance is \$1,600. The current amount is \$750.

Amy's employment income for that period is further reduced to nil.

Amy's unused concession balance is now \$850.

- (4) If the person's unused concession balance (see section 1073AB) is greater than nil but less than the amount of the person's employment income that remains after applying subsection (2) of this section in relation to an instalment period:
- (a) for the purposes of Module E of that Rate Calculator, the person's employment income for that period is further reduced by an amount equal to that unused concession balance; and
 - (b) if the person's rate of social security pension for that period is greater than nil—the person's unused concession balance is reduced to nil.

Example: Bill earns \$1,250 of employment income in an instalment period of 14 days. Bill's rate of social security pension for that period is greater than nil.

Under subsection (2), Bill's employment income for that period is reduced by \$250, leaving Bill \$1,000 of employment income for that period.

Assume Bill's unused concession balance is \$800.

Under subsection (4), Bill's employment income for that period is further reduced by \$800 leaving Bill \$200 of employment income for that period.

Bill's unused concession balance is now nil.

Employment income less than income concession amount

- (4A) If the person has employment income for an instalment period but that income is less than the income concession amount for that period:
- (a) for the purposes of Module E of that Rate Calculator, the person's employment income for that period is reduced to nil; and
 - (b) if the person's rate of social security pension for that period is greater than nil—the person's unused concession balance (see section 1073AB) is increased, subject to subsection 1073AB(2), by an amount equal to the difference between

that income concession amount and that employment income (before it was reduced).

Example: Emma earns \$100 of employment income in an instalment period of 14 days. Emma's rate of social security pension for that period is greater than nil.

Emma's employment income for that period is reduced to nil.

Emma's unused concession balance is increased by \$150.

No employment income

(4B) If:

- (a) the person has no employment income for an instalment period; and
- (b) the person's rate of social security pension for that period is greater than nil;

the person's unused concession balance (see section 1073AB) is increased, subject to subsection 1073AB(2), by an amount equal to the income concession amount for that period.

Definition

(4C) The **income concession amount** is:

- (a) for an instalment period of 14 days—\$250; and
- (b) for an instalment period of less than 14 days—the amount worked out using the following formula:

$$\$250 \times \frac{\text{Number of days in the instalment period}}{14}$$

2 Subsection 1073AA(6) (examples 1 and 2)

Repeal the examples.

3 Subsection 1073AA(8)

Repeal the subsection, substitute:

(8) If:

- (a) the person is a member of a couple; and
- (b) the person's partner's employment income (within the meaning of section 46AB of the *Veterans' Entitlements Act*

1986) is reduced by one or more amounts (each of which is a *reduction amount*) under section 46AA of that Act;
then, in applying point 1064-E2 or point 1066-E2 (whichever is relevant), the ordinary income of the person's partner is to be reduced by an amount equal to the total of the reduction amounts.

4 At the end of Division 1AAA of Part 3.10

Add:

1073AB Unused concession balance

Initial unused concession balance of nil

- (1) A person has an unused concession balance of nil on the first day that is after 30 June 2011 and is a day on which section 1073AA applies to the person.

Maximum unused concession balance

- (2) If, apart from this subsection, the person's unused concession balance would exceed \$6,500, that balance is instead taken to be \$6,500.

Example: John has an unused concession balance of \$6,400. John earns \$50 of employment income in an instalment period of 14 days.

Instead of John's unused concession balance increasing to \$6,600 under subsection 1073AA(4A), John's unused concession balance increases to \$6,500.

Effect of ceasing to receive social security pension

- (3) If the person ceases to receive the social security pension referred to in paragraph 1073AA(1)(a), the person retains the person's unused concession balance immediately before that cessation.

Note: If section 1073AA applies to the person again, the person's unused concession balance will be that retained balance.

5 Application

The amendments made by items 1, 2 and 4 apply in relation to the instalment period that includes 1 July 2011 and later instalment periods.

Veterans' Entitlements Act 1986

6 Subsections 46AA(2) to (4)

Repeal the subsections, substitute:

Employment income greater than or equal to income concession amount

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

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

Example 1: David earns \$2,250 of employment income in a pension period. David's rate of service pension or income support supplement for that period is greater than nil.

David's employment income for that period is reduced by \$250, leaving David \$2,000 of employment income for that period.

Example 2: Amy earns \$1,000 of employment income in a pension period. Amy's rate of service pension or income support supplement for that period is greater than nil.

Amy's employment income for that period is reduced by \$250, leaving Amy \$750 of employment income for that period.

- (3) If the person's unused concession balance (see section 46AC) is greater than or equal to the amount (the ***current amount***) of the person's employment income that remains after applying subsection (2) of this section in relation to a pension period:
- (a) for the purposes of Module E of that Rate Calculator, the person's employment income for that period is further reduced to nil; and
 - (b) if the person's rate of service pension or income support supplement for that period is greater than nil—the person's unused concession balance is reduced by an amount equal to the current amount.

Example 1: To continue example 1 in subsection (2), assume David's unused concession balance is \$2,000. The current amount is \$2,000.

David's employment income for that period is further reduced to nil.

David's unused concession balance is now nil.

Example 2: To continue example 2 in subsection (2), assume Amy's unused concession balance is \$1,600. The current amount is \$750.

Amy's employment income for that period is further reduced to nil.

Amy's unused concession balance is now \$850.

- (4) If the person's unused concession balance (see section 46AC) is greater than nil but less than the amount of the person's employment income that remains after applying subsection (2) of this section in relation to a pension period:
- (a) for the purposes of Module E of that Rate Calculator, the person's employment income for that period is further reduced by an amount equal to that unused concession balance; and
 - (b) if the person's rate of service pension or income support supplement for that period is greater than nil—the person's unused concession balance is reduced to nil.

Example: Bill earns \$1,250 of employment income in a pension period. Bill's rate of service pension or income support supplement for that period is greater than nil.

Under subsection (2), Bill's employment income for that period is reduced by \$250, leaving Bill \$1,000 of employment income for that period.

Assume Bill's unused concession balance is \$800.

Under subsection (4), Bill's employment income for that period is further reduced by \$800 leaving Bill \$200 of employment income for that period.

Bill's unused concession balance is now nil.

Employment income less than income concession amount

- (4A) If the person has employment income for a pension period but that income is less than the income concession amount for that period:
- (a) for the purposes of Module E of that Rate Calculator, the person's employment income for that period is reduced to nil; and
 - (b) if the person's rate of service pension or income support supplement for that period is greater than nil—the person's unused concession balance (see section 46AC) is increased, subject to subsection 46AC(2), by an amount equal to the difference between that income concession amount and that employment income (before it was reduced).

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

Example: Emma earns \$100 of employment income in a pension period.
Emma's rate of service pension or income support supplement for that period is greater than nil.

Emma's employment income for that period is reduced to nil.

Emma's unused concession balance is increased by \$150.

No employment income

(4B) If:

(a) the person has no employment income for a pension period;
and

(b) the person's rate of service pension or income support
supplement for that period is greater than nil;

the person's unused concession balance (see section 46AC) is
increased, subject to subsection 46AC(2), by an amount equal to
the income concession amount for that period.

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

Definition

(4C) The *income concession amount* for a pension period is \$250.

7 Subsection 46AA(5) (examples 1 and 2)

Repeal the examples.

8 Subsection 46AA(5A)

Repeal the subsection, substitute:

(5A) If:

(a) the person is a member of a couple; and

(b) the person's partner's employment income (within the
meaning of the *Social Security Act 1991*) is reduced by one
or more amounts (each of which is a *reduction amount*)
under section 1073AA of that Act;

then, in applying point SCH6-E3 of Schedule 6, the
ordinary/adjusted income of the person's partner is to be reduced
by an amount equal to the total of the reduction amounts.

9 Subsection 46AA(6)

Repeal the subsection, substitute:

- (6) This section is subject to section 46AD (about no double income reductions under this section and section 115G).

10 At the end of Division 1A of Part IIIB

Add:

46AC Unused concession balance

Initial unused concession balance of nil

- (1) A person has an unused concession balance of nil on the first day that is after 30 June 2011 and is a day on which section 46AA applies to the person.

Maximum unused concession balance

- (2) If, apart from this subsection, the person's unused concession balance would exceed \$6,500, that balance is instead taken to be \$6,500.

Example: John has an unused concession balance of \$6,400. John earns \$50 of employment income in a pension period.

Instead of John's unused concession balance increasing to \$6,600 under subsection 46AA(4A), John's unused concession balance increases to \$6,500.

Effect of ceasing to receive service pension or income support supplement

- (3) If the person ceases to receive service pension or income support supplement, the person retains the person's unused concession balance immediately before that cessation.

Note: If section 46AA applies to the person again, the person's unused concession balance will be that retained balance.

46AD No double income reductions under sections 46AA and 115G

Scope

- (1) This section applies if, apart from this section:
-

- (a) an amount (the *initial amount*) would be an excluded amount under subsection 115G(1) or (2) in respect of a veteran and a pension period; and
- (b) the veteran's employment income would be reduced by one or more amounts (each of which is a *reduction amount*) under section 46AA in relation to that period.

Income reduction under section 46AA

- (2) If the total of the reduction amounts is more than the initial amount:
 - (a) subsection 115G(1) or (2), as the case may be, does not apply in relation to that veteran and that period; and
 - (b) subsections 46AA(2) to (4A) do apply in relation to that veteran and that period.

Income reduction under section 115G

- (3) If the total of the reduction amounts is less than or equal to the initial amount:
 - (a) subsections 46AA(2) to (4A) do not apply to reduce the veteran's employment income in relation to that period, but they do apply for the purposes of working out any adjustment to the veteran's unused concession balance in relation to that period (as if those reductions had occurred); and
 - (b) subsection 115G(1) or (2), as the case may be, does apply in relation to that veteran and that period.

Note: Subsections 115G(1) and (2) are about excluding income amounts for certain veterans.

Example: Jim earns \$100 of employment income in a pension period. Jim's rate of service pension or income support supplement for that period is greater than nil. Assume Jim also has an amount of \$100 worked out under subsection 115G(1) in relation to that period.

There is no reduction in Jim's employment income under section 46AA for that period, but \$100 is excluded under subsection 115G(1).

Under subsection 46AA(4A), Jim's unused concession balance is increased by \$150.

11 Subsection 115G(4)

Repeal the subsection, substitute:

- (4) This section is subject to section 46AD (about no double income reductions under this section and section 46AA).

12 Application

The amendments made by items 6, 7, 9, 10 and 11 apply in relation to the pension period that includes 1 July 2011 and later pension periods.

Schedule 2—Increasing FTB child rates for certain teenagers in secondary study

Part 1—Amendments

A New Tax System (Family Assistance) Act 1999

1 Subsection 3(1)

Insert:

senior secondary school child has the meaning given by
section 22B.

2 Subsection 22A(1) (paragraph (a) of the cell at table item 2, column headed “then the individual cannot be an FTB child of the adult if:”)

Before “the individual”, insert “if the individual is not a senior
secondary school child—”.

3 After section 22A

Insert:

22B Meaning of *senior secondary school child*

(1) An individual is a *senior secondary school child* if:

(a) the following requirement is satisfied:

- (i) for the purposes of subclause 29(3) or 36(2) of
Schedule 1—the individual is aged 16 or 17 or is aged
18 and the calendar year in which the individual turned
18 has not ended;
- (ii) for the purposes of any other provision of this Act—the
individual is aged 16, 17 or 18 or is aged 19 and the
calendar year in which the individual turned 19 has not
ended; and

(b) one of the following applies:

- (i) the individual is undertaking full-time study in an
approved course of education or study that would, in the
Secretary’s opinion, assist or allow the individual to

Schedule 2 Increasing FTB child rates for certain teenagers in secondary study
Part 1 Amendments

- complete the final year of secondary school or an equivalent level of education;
- (ii) except for the purposes of subsection 22A(1) or 35(1) of this Act or paragraph 32L(1)(aa) of the Family Assistance Administration Act—the individual is exempt from the FTB activity test.
- (2) Subsection 17B(3) applies in relation to subsection (1) of this section in the same way as it applies in relation to subsection 17B(1).
- (3) If, apart from this subsection, an individual would cease to be a senior secondary school child because the individual completes the final year of secondary school or an equivalent level of education, then the individual is taken to be a senior secondary school child until the end of:
- (a) if the day the individual completes that final year of secondary school or equivalent level of education is in December in a calendar year—31 December of that year; or
- (b) if the day the individual completes that final year of secondary school or equivalent level of education is before December—the period of 28 days beginning on the day after that day.
- (4) An individual *completes* the final year of secondary school or an equivalent level of education on the day worked out in accordance with the following table:

Completion day		
Item	In this situation:	The day is:
1	The individual was not required to sit an examination in relation to that final year or that equivalent level of education	The day determined by the secondary school to be the last day of classes for that year or by the provider of that education to be the last day of classes for that level of education (as the case may be)

Completion day

Item	In this situation:	The day is:
2	The individual was required to sit an examination in relation to that final year or that equivalent level of education	The later of: (a) the day determined by the secondary school to be the last day of the period of examinations for that final year or by the provider of that education to be the last day of the period of examinations for that level of education (as the case may be); and (b) the day determined by the secondary school to be the last day of classes for that final year or by the provider of that education to be the last day of classes for that level of education (as the case may be)

- (5) To avoid doubt, if an individual ceases to be a senior secondary school child, nothing in this section prevents the individual again becoming a senior secondary school child.

4 After subparagraph 22B(1)(b)(i)

Insert:

- (ia) the individual is studying overseas full-time in a way that would, in the Secretary's opinion, assist or allow the individual to complete the final year of secondary school or an equivalent level of education;

5 Subsection 35(1) (paragraph (a) of the cell at table item 2, column headed "then the approved care organisation is not eligible for family tax benefit in respect of the individual if:")

Before "the individual", insert "if the individual is not a senior secondary school child—".

6 Clause 7 of Schedule 1 (table)

Repeal the table, substitute:

Schedule 2 Increasing FTB child rates for certain teenagers in secondary study
Part 1 Amendments

FTB child rates		
(Part A—Method 1)		
	Column 1	Column 2
	Category of FTB child	FTB child rate
1	FTB child who is under 13 years of age	\$4,292.40
2	FTB child who has reached 13, but is under 16, years of age	\$5,580.85
3	FTB child who has reached 16 years of age and who is a senior secondary school child	\$5,580.85
4	FTB child who has reached 16, but is under 18, years of age and who is not a senior secondary school child	\$1,372.40
5	FTB child who has reached 18, but is under 25, years of age and who is not a senior secondary school child	\$1,839.60

7 Subclause 26(2) of Schedule 1

Repeal the subclause, substitute:

(2) The *FTB child rate* for the purpose of subclause (1) is:

- (a) for an FTB child who has not turned 18, or who has turned 18 and who is a senior secondary school child—\$1,372.40; or
- (b) for an FTB child who has turned 18 and who is not a senior secondary school child—\$1,839.60.

8 Subclause 29(3) of Schedule 1

Repeal the subclause, substitute:

(3) In applying this Part to an individual, disregard an FTB child who has turned 16 years of age unless the FTB child is a senior secondary school child. If disregarding the FTB child means that neither item 1 nor item 2 in the table in clause 30 applies to the individual, the individual's Part B rate is nil.

9 Paragraph 36(2)(b) of Schedule 1

Repeal the paragraph, substitute:

- (b) the child has turned 16 and is a senior secondary school child.

10 Paragraph 38B(3)(a) of Schedule 1

Repeal the paragraph, substitute:

(a) either:

- (i) the regular care child is under 16 years of age; or
- (ii) the regular care child has turned 16 and is a senior secondary school child; and

11 Clause 2 of Schedule 4 (table items 1, 2 and 3)

Repeal the items, substitute:

1	FTB child rate (Part A— Method 1)	FTB child rate (A1)	[Schedule 1— clause 7—table— column 2—all amounts]
---	--------------------------------------	---------------------	---

12 Subclause 3(1) of Schedule 4 (table items 1, 2 and 3)

Repeal the items, substitute:

1	FTB child rate (A1)	1 July	December	highest December quarter before reference quarter (but not earlier than December quarter 1999)	\$3.65
---	---------------------------	--------	----------	--	--------

***A New Tax System (Family Assistance) (Administration) Act
1999***

13 After paragraph 32L(1)(a)

Insert:

- (aa) the other individual is not a senior secondary school child;

Social Security Act 1991

14 Subsection 543A(2)

After “subsections”, insert “(2AA),”.

15 After subsection 543A(2)

Insert:

- (2AA) Paragraph (2)(b) does not apply to a person who is aged 16 or 17 and who is undertaking full-time study in respect of a secondary course at a secondary school (within the meaning of the *Student Assistance Act 1973*) or at a TAFE institution unless:
- (a) the person is independent (see section 1067A); or
 - (b) the person is taken by section 1067D to be required to live away from home; or
 - (c) the person was receiving youth allowance immediately before starting that course.
- (2AB) For the purposes of subsection (2AA), a ***secondary course*** is a course that is determined, under section 5D of the *Student Assistance Act 1973*, to be a secondary course for the purposes of that Act.

16 Section 1067G (at the end of Module F of the Youth Allowance Rate Calculator)

Add:

Extension to senior secondary school FTB children

- 1067G-F31 This Submodule applies in relation to a person who is an FTB child aged 16 or more and who is a senior secondary school child as if:
- (a) the parental income test under this Module applied to the person; and
 - (b) the following amount were the maximum payment rate for the person for the purposes of this Submodule:
 - (i) if the person is aged less than 18—the amount specified in column 3 of item 1 of the table in point 1067G-B2 (as indexed);

- (ii) if the person is aged 18 or more—the amount specified in column 3 of item 2 of the table in point 1067G-B2 (as indexed).

1067G-F32 For the purposes of point 1067G-F31, *senior secondary school child* has the meaning given by section 22B of the Family Assistance Act (disregarding subparagraph 22B(1)(a)(i) of that Act).

Part 2—Application and transitional provisions

17 Application and transitional provisions

- (1) The amendment made by item 2 applies in relation to working out if an individual is an FTB child for days on or after 1 January 2012.
- (2) The amendment made by item 5 applies in relation to working out if an approved care organisation is eligible for family tax benefit for days on or after 1 January 2012.
- (3) The amendments made by items 6 to 10 apply in relation to working out the rate of family tax benefit for days on or after 1 January 2012.
- (4) If:
 - (a) on or after 1 January 2012, it is necessary to work out an individual's standard rate under Division 2 of Part 3 of Schedule 1 to the *A New Tax System (Family Assistance) Act 1999* in relation to an FTB child who turned 18 before 1 January 2012; and
 - (b) apart from this subitem, paragraph 26(2)(a) of that Schedule would apply to the FTB child;then paragraph 26(2)(a) of that Schedule does not apply to the FTB child and paragraph 26(2)(b) of that Schedule applies to the FTB child instead.
- (5) The amendment made by item 13 applies in relation to same-rate benefit periods beginning on or after 1 January 2012.
- (6) The amendments made by items 14 and 15 do not apply in relation to:
 - (a) a person who was receiving youth allowance immediately before the commencement of those items; or
 - (b) a person who would have been receiving youth allowance immediately before the commencement of those items except for the application of a compliance penalty period.

Schedule 3—Baby bonus

A New Tax System (Family Assistance) (Administration) Act 1999

1 Subsections 47(1) and (2)

Repeal the subsections, substitute:

Payment over 13 fortnightly instalment periods

(1) The Secretary must:

- (a) after the first fortnightly instalment period ending after he or she determines the claimant is entitled to be paid baby bonus, pay the claimant the upfront part of the amount of baby bonus the claimant is entitled to; and
- (b) after each of the next 12 fortnightly instalment periods, pay the claimant $\frac{1}{12}$ of the amount of baby bonus remaining after the application of paragraph (a).

Note: Section 47AB provides for rounding of the amounts of payments.

Payment over 26 weekly instalment periods

(2) However, if the Secretary:

- (a) determines that the claimant has a weekly instalment period; and
- (b) makes that determination before the end of what would, apart from that determination, be the end of the claimant's first fortnightly instalment period ending after the making of the determination that the claimant is entitled to be paid baby bonus;

the Secretary must:

- (c) after each of the first 2 weekly instalment periods ending after the determination of entitlement is made, pay the claimant $\frac{1}{2}$ of the upfront part of the amount of baby bonus the claimant is entitled to; and
- (d) after each of the next 24 weekly instalment periods, pay the claimant $\frac{1}{24}$ of the amount of baby bonus remaining after the application of paragraph (c).

Schedule 3 Baby bonus

Note: Section 47AB provides for rounding of the amounts of payments.

Upfront part

(2A) The ***upfront part*** is the following amount:

- (a) if the claimant becomes eligible for baby bonus in the 2011-2012 financial year—\$879.77;
- (b) if the claimant becomes eligible for baby bonus in the 2012-2013 financial year or a later financial year—the amount worked out as follows:

$$16.18\% \times \begin{array}{l} \text{The amount of baby bonus} \\ \text{the claimant is entitled to} \end{array}$$

2 Application

The amendment made by item 1 applies in relation to individuals who become eligible for baby bonus on or after 1 July 2011.

Schedule 4—Thalidomide payments

Part 1—Main amendments

Income Tax Assessment Act 1997

1 Section 11-15 (table item headed “welfare”)

After:

maintenance payment 51-30 and 51-50

insert:

thalidomide payment—ex-gratia payment..... 51-30

thalidomide payment—payment by the Thalidomide
Australia Fixed Trust 51-30

2 Section 51-30 (at the end of the table)

Add:

5.5	an individual in receipt of an ex-gratia thalidomide payment from the Commonwealth	the payment	none
-----	--	-------------	------

5.6	an individual in receipt of a payment from the Thalidomide Australia Fixed Trust	the payment	the payment must be: (a) made to you, or applied for your benefit, as a beneficiary of the Trust; or (b) made to you in respect of a beneficiary of the Trust
-----	--	-------------	---

3 Application of amendments

- (1) The amendments made by items 1 and 2 of this Schedule in relation to ex-gratia thalidomide payments apply to assessments for the 2010-11 and 2011-12 income years.

- (2) The amendments made by items 1 and 2 of this Schedule in relation to payments from the Thalidomide Australia Fixed Trust apply to assessments for the 2010-11 income year and later income years.

Social Security Act 1991

4 After paragraph 8(8)(vb)

Insert:

- (vc) a payment by the Thalidomide Australia Fixed Trust:
- (i) made to, or applied for the benefit of, a beneficiary of the Trust; or
 - (ii) made to a person in respect of a beneficiary of the Trust;

5 Paragraph 146(1)(b) of Schedule 1A

Repeal the paragraph, substitute:

- (b) either:
- (i) 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); or
 - (ii) subclause (1A) applies to the person.

6 After subclause 146(1) of Schedule 1A

Insert:

- (1A) This subclause applies to a person if:
- (a) a payment by the Thalidomide Australia Fixed Trust:
 - (i) is made to, or applied for the benefit of, the person as a beneficiary of the Trust; or
 - (ii) is made to, or applied for the benefit of, the person's partner as a beneficiary of the Trust; or
 - (iii) is made to the person or the person's partner in respect of a beneficiary of the Trust; and
 - (b) subparagraph (1)(b)(i) applies to the person immediately before the payment is made; and
 - (c) the person receives any of the payments mentioned in paragraph (1)(a) at the commencement of item 4 of Schedule 4 to the *Families, Housing, Community Services and Indigenous Affairs and Other Legislation Amendment (Election Commitments and Other Measures) Act 2011*; and
-

- (d) after that commencement, the person continues (without a break) to receive that payment, or any of the other payments referred to in paragraph (1)(a).

Veterans' Entitlements Act 1986

7 After paragraph 5H(8)(xa)

Insert:

- (xb) a payment by the Thalidomide Australia Fixed Trust:
- (i) made to, or applied for the benefit of, a beneficiary of the Trust; or
 - (ii) made to a person in respect of a beneficiary of the Trust;

8 Paragraph 30(1)(b) of Schedule 5

Repeal the paragraph, substitute:

- (b) either:
- (i) 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); or
 - (ii) subclause (1A) applies to the person.

9 After subclause 30(1) of Schedule 5

Insert:

- (1A) This subclause applies to a person if:
- (a) a payment by the Thalidomide Australia Fixed Trust:
 - (i) is made to, or applied for the benefit of, the person as a beneficiary of the Trust; or
 - (ii) is made to, or applied for the benefit of, the person's partner as a beneficiary of the Trust; or
 - (iii) is made to the person or the person's partner in respect of a beneficiary of the Trust; and
 - (b) subparagraph (1)(b)(i) applies to the person immediately before the payment is made; and
 - (c) any of the payments mentioned in paragraph (1)(a) is payable to the person at the commencement of item 7 of Schedule 4 to the *Families, Housing, Community Services and Indigenous Affairs and Other Legislation Amendment (Election Commitments and Other Measures) Act 2011*; and

Schedule 4 Thalidomide payments
Part 1 Main amendments

- (d) after that commencement, that payment, or any of the other payments referred to in paragraph (1)(a), continues (without a break) to be payable to the person.

Part 2—Amendments commencing on 1 July 2014

Income Tax Assessment Act 1997

10 Section 11-15 (table item headed “welfare”)

Omit:

thalidomide payment—ex-gratia payment..... 51-30

11 Section 51-30 (table item 5.5)

Repeal the item.

Schedule 5—Income management

Part 1—General amendments

A New Tax System (Family Assistance) (Administration) Act 1999

1 Subsection 219TE(1A)

Repeal the subsection.

Social Security Act 1991

2 Subparagraph 1061WG(1)(b)(i)

Omit “commenced”, substitute “is registered for”.

Social Security (Administration) Act 1999

3 Subsection 123E(1A)

Repeal the subsection.

4 Section 123TC (definition of *designated nominee*)

Repeal the definition.

5 Section 123TC

Insert:

excluded Part 3B payment nominee means:

- (a) the Public Trustee (however described) of a State or Territory; or
- (b) a Part 3B payment nominee who is not subject to the income management regime.

6 Section 123TC (definition of *excluded payment nominee*)

Repeal the definition.

7 Section 123TC

Insert:

Part 3B payment nominee means:

- (a) a person who is, by virtue of an appointment in force under section 123B of this Act or section 219TB of the Family Assistance Administration Act, the payment nominee of another person; or
- (b) a person to whom payment of another person's service pension is made by virtue of an approval in force under section 58D of the Veterans' Entitlements Act; or
- (c) a person to whom payment of another person's service pension is made by virtue of an appointment in force under section 202 of the Veterans' Entitlements Act; or
- (d) a person to whom another person's instalments of youth allowance are to be paid in accordance with subsection 45(1) of this Act.

8 Section 123TC (definition of *payment nominee*)

Repeal the definition.

9 Section 123UC

Before "For the purposes", insert "(1)".

10 At the end of section 123UC

Add:

- (2) For the purposes of this Part, a person is *subject to the income management regime* at a particular time (the *test time*) if:
 - (a) at the test time, the person is not subject to the income management regime under any other provision of this Subdivision; and
 - (b) at the test time, the person has a Part 3B payment nominee; and
 - (c) at the test time, the Part 3B payment nominee is subject to the income management regime under subsection (1).

11 Paragraph 123UM(3)(c)

Repeal the paragraph, substitute:

- (c) if the first person has a Part 3B payment nominee—the Part 3B payment nominee is not an excluded Part 3B payment nominee.

12 Paragraph 123UM(3)(d)

Repeal the paragraph.

13 Subparagraph 123UN(1)(a)(iv)

Repeal the subparagraph.

14 Subparagraph 123UO(3)(b)(iv)

Repeal the subparagraph.

15 Section 123UP

Repeal the section.

16 Paragraph 123YE(2)(b)

Repeal the paragraph.

17 Subparagraph 123YE(2)(c)(ii)

Omit “or”.

18 Paragraph 123YE(2)(d)

Repeal the paragraph.

19 Paragraph 123YE(2)(e)

Omit “or (b)”.

20 Paragraph 123YE(2)(f)

Omit “or (d)”.

21 Subsections 123YE(4) to (7)

Omit “or a third person”.

22 Paragraph 123YE(8)(a)

Omit “or a third person”.

23 Subsection 123YE(9)

Omit “or a third person”.

24 Subsection 123YE(9)

Omit “or the third person, as the case may be”.

25 Subsection 123YE(10)

Omit “or a third person”.

26 Subsection 123YE(10)

Omit “or the third person, as the case may be”.

27 Paragraph 123YF(2)(b)

Omit “a third person a stored value card that enables the third person”, substitute “the first person a stored value card that enables the first person”.

28 Paragraph 123YF(2)(d)

Omit “a third person”, substitute “the first person”.

29 Subparagraph 123YF(2)(d)(ii)

Omit “the third person”, substitute “the first person”.

30 Subsections 123YF(4) to (7)

Omit “a third person”, substitute “the first person”.

31 Paragraph 123YF(8)(a)

Omit “a third person”, substitute “the first person”.

32 Subsection 123YF(9)

Omit “a third person”, substitute “the first person”.

33 Subsection 123YF(9)

Omit “, the first person or the third person”, substitute “or the first person”.

34 Subsection 123YF(10)

Omit “a third person”, substitute “the first person”.

35 Subsection 123YF(10)

Omit “, the first person or the third person”, substitute “or the first person”.

36 Subparagraph 123YL(2)(b)(ii)

Omit “Minister”, substitute “Secretary”.

37 Paragraph 123YM(2)(h)

Omit “or”.

38 Paragraph 123YM(2)(i)

Repeal the paragraph.

39 Paragraph 123YM(2)(k)

Omit “or (i)”.

40 Subsections 123YM(4) and (6)

Omit “or (i), the Secretary gives the first person or a third person”, substitute “, the Secretary gives the first person”.

41 Subsection 123YM(8)

Omit “or a third person a stored value card under paragraph (2)(h) or (i)”, substitute “a stored value card under paragraph (2)(h)”.

42 Subsection 123YM(11)

Omit “or (i), the Secretary gives the first person or a third person”, substitute “, the Secretary gives the first person”.

43 Subsection 123YM(11)

Omit “or the third person, as the case may be”.

44 Paragraph 123YN(2)(i)

Omit “a third person a stored value card that enables the third person”, substitute “the first person a stored value card that enables the first person”.

45 Subsections 123YN(4) and (6)

Omit “a third person”, substitute “the first person”.

46 Subsection 123YN(8)

Omit “the designated nominee”, substitute “the Part 3B payment nominee or the first person”.

47 Subsection 123YN(10)

Omit “, the first person or the third person”, substitute “or the first person”.

48 Subsection 123YN(11)

Omit “a third person”, substitute “the first person”.

49 Subsection 123YN(11)

Omit “, the first person or the third person”, substitute “or the first person”.

50 Paragraph 123YO(2)(g)

Omit “or”.

51 Paragraph 123YO(2)(h)

Repeal the paragraph.

52 Paragraph 123YO(2)(j)

Omit “or (h)”.

53 Subsections 123YO(5), (7) and (10)

Omit “or (h), the Secretary gives the first person or a third person”, substitute “, the Secretary gives the first person”.

54 Subsection 123YO(10)

Omit “or the third person, as the case may be”.

55 Paragraph 123YP(2)(h)

Omit “a third person a stored value card that enables the third person”, substitute “the first person a stored value card that enables the first person”.

56 Subsections 123YP(5), (7) and (10)

Omit “a third person”, substitute “the first person”.

57 Subsection 123YP(10)

Omit “, the first person or the third person”, substitute “or the first person”.

58 Paragraph 123ZC(1)(b)

Omit “123UC(b)”, substitute “123UC(1)(b)”.

59 Subparagraph 123ZE(1)(a)(ii)

Omit “123UC(b)”, substitute “123UC(1)(b)”.

60 Subsections 123ZF(3) and (4)

Repeal the subsections, substitute:

Crediting of amounts

- (3) The Secretary may determine, in writing, that the first person’s income management account is to be credited by an amount equal to the amount of the cheque.
- (4) If the Secretary makes a determination under subsection (3), then an amount equal to the amount of the cheque is:
 - (a) credited to the Income Management Record; and
 - (b) credited to the first person’s income management account.

61 Application

The amendment made by item 60 applies in relation to:

- (a) an amount paid by cheque at or after the commencement of that item; and
- (b) an amount paid by cheque before that commencement, unless before that commencement an amount had been received by the Commonwealth under subsection 123ZF(2) of the *Social Security (Administration) Act 1999* in relation to that payment.

Part 2—Part 3B payment nominee amendments

Social Security (Administration) Act 1999

62 Multiple amendments

The provisions of the *Social Security (Administration) Act 1999* listed in this Part are amended by:

- (a) omitting “payment nominee” (wherever occurring) and substituting “Part 3B payment nominee”; and
- (b) omitting “designated nominee” (wherever occurring) and substituting “Part 3B payment nominee”.

63 Paragraph 123UC(f)

64 Paragraph 123UCA(d)

65 Paragraphs 123UCB(1)(e) and (2)(b) and (c)

66 Paragraphs 123UCC(1)(e) and (2)(b) and (c)

67 Paragraphs 123UD(1)(f) and (4)(b) and (c)

68 Paragraphs 123UE(1)(i) and (4)(b) and (c)

69 Paragraphs 123UF(1)(f), (2)(g) and (3)(b) and (c)

70 Subparagraph 123UN(1)(a)(iii)

71 Subparagraph 123UO(3)(b)(iii)

72 Paragraph 123YC(1)(c)

73 Paragraphs 123YD(1)(c) and (2)(a) and (b)

Note: The heading to section 123YD is altered by omitting “**designated nominee**” and substituting “**Part 3B payment nominee**”.

74 Subsections 123YD(4) to (7)

75 Paragraph 123YE(1)(c)

76 Paragraphs 123YF(1)(c) and (2)(a) to (d)

Note: The heading to section 123YF is altered by omitting “**designated nominee**” and substituting “**Part 3B payment nominee**”.

77 Subsections 123YF(4) to (7)

78 Paragraph 123YF(8)(a)

79 Subsections 123YF(9) and (10)

80 Paragraph 123YG(1)(c)

81 Paragraphs 123YH(1)(c) and (2)(a) and (b)

Note: The heading to section 123YH is altered by omitting “**designated nominee**” and substituting “**Part 3B payment nominee**”.

82 Subsection 123YH(6)

83 Paragraph 123YI(1)(c)

84 Paragraph 123YJ(1)(c)

Note: The heading to section 123YJ is altered by omitting “**designated nominee**” and substituting “**Part 3B payment nominee**”.

85 Subparagraphs 123YJ(2)(a)(i), (ii) and (iii)

86 Paragraph 123YJ(2)(b)

87 Subsection 123YJ(7)

88 Paragraph 123YK(1)(c)

89 Paragraphs 123YL(1)(c) and (2)(a) and (b)

Note: The heading to section 123YL is altered by omitting “**designated nominee**” and substituting “**Part 3B payment nominee**”.

90 Subsection 123YL(7)

91 Paragraph 123YM(1)(c)

92 Paragraphs 123YN(1)(c) and (2)(a), (b) and (d) to (i)

Note: The heading to section 123YN is altered by omitting “**designated nominee**” and substituting “**Part 3B payment nominee**”.

93 Subsections 123YN(4), (6), (9), (10) and (11)

94 Paragraph 123YO(1)(c)

95 Paragraphs 123YP(1)(c) and (2)(a) to (h)

Note: The heading to section 123YP is altered by omitting “**designated nominee**” and substituting “**Part 3B payment nominee**”.

96 Subsections 123YP(5) and (7) to (10)

*[Minister’s second reading speech made in—
House of Representatives on 10 February 2011
Senate on 23 March 2011]*