



Veterans' Affairs Legislation Amendment (Budget and Simplification Measures) Act 1997

No. 87, 1997



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**An Act to amend the law relating to veterans'
affairs, and for related purposes**

Contents

1	Short title.....	1
2	Commencement.....	2
3	Schedule(s).....	2
Schedule 1—Amendment of the Veterans’ Entitlements Act 1986		3
Schedule 2—Amendment of the Aged Care Act 1997		64
Schedule 3—Amendment of the Aged Care Income Testing Act 1997		65



Veterans' Affairs Legislation Amendment (Budget and Simplification Measures) Act 1997

No. 87, 1997

An Act to amend the law relating to veterans' affairs, and for related purposes

[Assented to 27 June 1997]

The Parliament of Australia enacts:

1 Short title

This Act may be cited as the *Veterans' Affairs Legislation
Amendment (Budget and Simplification Measures) Act 1997*.

Veterans' Affairs Legislation Amendment (Budget and Simplification Measures) Act 1997 No.
87, 1997 1

2 Commencement

- (1) Subject to this section, this Act commences on the day on which it receives the Royal Assent.
- (2) Schedules 1, 2 and 3 commence on 1 January 1998.

3 Schedule(s)

Subject to section 2, each Act that is specified in a Schedule to this Act is amended or repealed as set out in the applicable items in the Schedule concerned, and any other item in a Schedule to this Act has effect according to its terms.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—Amendment of the Veterans' Entitlements Act 1986

1 Section 5 (Index)

Insert in their appropriate alphabetical positions, determined on a letter-by-letter basis:

dependent child	5F(1)
FP child	5F(1)
Rate Calculator	5Q(1)
war widow/war widower—pensioner	5Q(1)

2 Section 5 (Index)

Repeal:

additional amounts for dependent children	5Q(1)
compensation affected component	5NB(1)
dependent child	5F(2), (3), (4) and (5)
dependent child add-on	5Q(1)
dependent child component	5NB(1)
guardian allowance	5Q(1)
pension increase child	5F(1)
prescribed educational scheme	5F(1)
prescribed student child	5F(1)
student child	5F(1)

3 Subsection 5F(1) (definition of *dependent child*)

Repeal the definition, substitute:

dependent child has the same meaning as in the Social Security Act.

4 Subsection 5F(1)

Insert:

FP child has the same meaning as in the Social Security Act.

5 Subsection 5F(1) (definition of *pension increase child*)

Repeal the definition.

6 Subsection 5F(1) (definition of *prescribed educational scheme*)

Repeal the definition.

7 Subsection 5F(1) (definition of *prescribed student child*)

Repeal the definition.

8 Subsection 5F(1) (definition of *student child*)

Repeal the definition.

9 Subsection 5F(1) (note)

Repeal the note.

10 Subsections 5F(2) to (4)

Repeal the subsections, substitute:

When a person becomes a dependent child

- (2) A person becomes a dependent child at the time when the person would become a dependent child for the purposes of the Social Security Act if that Act applied in respect of the person.

When a person becomes an FP child

- (3) A person becomes an FP child at the time when the person becomes an FP child for the purposes of the Social Security Act.

11 Subsection 5F(6)

Repeal the subsection.

12 Subsection 5NB(1) (definition of *compensation affected component*)

Repeal the definition.

13 Subsection 5NB(1) (definition of *dependent child component*)

Repeal the definition.

14 Subsection 5Q(1) (definition of *additional amounts for dependent children*)

Repeal the definition.

15 Subsection 5Q(1) (definition of *dependent child add-on*)

Repeal the definition.

16 Subsection 5Q(1) (definition of *guardian allowance*)

Repeal the definition.

17 Subsection 5Q(1) (definition of *pension*)

After "IIC", insert "and Schedule 6,".

18 Subsection 5Q(1)

Insert:

Rate Calculator means the Rate Calculator in Part 2 of Schedule 6.

19 Subsection 5Q(1)

Insert:

war widow/war widower—pensioner means a person who is receiving a pension under Part II or IV at a rate determined under or by reference to subsection 30(1).

20 Subsections 5R(9) and (10)

Repeal the subsections.

21 Paragraph 5R(11)(b)

Repeal the paragraph, substitute:

(b) the person's remote area allowance includes an amount for an FP child; and

22 Subsection 5R(11) (note 1)

Repeal the note, substitute:

Note 1: For an *FP child* see subsection 5F(1).

23 Paragraph 5R(12)(d)

Repeal the paragraph, substitute:

- (d) immediately before the person's rate ceases to include remote area allowance, the remote area allowance includes an amount for an FP child; and

24 Subsection 5R(12)

Omit "a pensioner add-on child or an income support supplement add-on child (as the case may be)", substitute "an FP child".

25 Subsection 5R(12) (note 1)

Repeal the note, substitute:

Note 1: For an *FP child* see subsection 5F(1).

26 Paragraph 35(1)(b)

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

27 Paragraph 35(1)(c)

Repeal the paragraph.

28 Paragraphs 35(2)(c) and (d)

Repeal the paragraphs, substitute:

- (c) rates provisions (how much the payment will be).

29 Subsection 36A(2) (note)

Omit "relevant Pension".

30 Section 36N

Repeal the section, substitute:

36N How to work out the rate of a veteran's age service pension

A veteran's age service pension rate is worked out in accordance with section 41.

31 Subsection 37A(2) (note)

Omit "relevant Pension".

32 Section 37N

Repeal the section, substitute:

37N How to work out the rate of a veteran's invalidity service pension

A veteran's invalidity service pension rate is worked out in accordance with section 41.

33 Subsection 38A(2) (note)

Omit "relevant Pension".

34 Section 38N

Repeal the section, substitute:

38N How to work out the rate of a person's partner service pension

A person's partner service pension rate is worked out in accordance with section 41.

35 Division 7 of Part III

Repeal the Division, substitute:

Division 7—Calculation of service pension rate

41 Rate of age, invalidity and partner service pension

(1) The rate of:

- (a) age service pension; or
- (b) invalidity service pension; or
- (c) partner service pension;

is, subject to subsection (2), to be calculated in accordance with the Rate Calculator.

Note 1: Module A of the Rate Calculator establishes the overall rate calculation process and the remaining Modules provide for the calculation of the component amounts used in the overall rate calculation.

Note 2: The rate obtained by applying the Rate Calculator may be reduced because of the receipt of payments under the New Enterprise Incentive Scheme (see Division 9 of Part IIIB).

Reduced rate if social security pension was payable to person in the previous week

(2) If:

(a) a service pension becomes payable to a person on a pension payday (the *service pension payday*); and

(b) a social security pension was payable to the person on the pension payday (within the meaning of the Social Security Act) immediately before the service pension payday;

the rate at which the service pension is payable to the person on the service pension payday is to be worked out by using the following formula:

$$\frac{\text{Reduced annual rate}}{2} + \text{Pharmaceutical allowance}$$

(3) In this section:

pharmaceutical allowance means the amount of pharmaceutical allowance taken into account in working out the rate of the person's service pension under the relevant Method statement in Module A of the Rate Calculator.

reduced annual rate means the rate that would be the rate of the person's service pension if:

(a) it were worked out by using the Rate Calculator; and

(b) the pharmaceutical allowance were nil.

36 Subdivision A of Division 5 of Part IIIA (heading)

Repeal the heading.

37 Section 45S

Repeal the section, substitute:

45S How to work out the rate of income support supplement

(1) The rate of income support supplement is, subject to subsections (2) and (3), to be calculated in accordance with the Rate Calculator.

Limit if partner not receiving pension or benefit

(2) If:

- (a) the person is a member of a couple; and
- (b) the person's partner is not receiving a service pension, an income support supplement or a social security pension or benefit;

the rate of the person's income support supplement is not to exceed twice the rate at which income support supplement would be payable to the person if the person's partner were receiving a service pension, an income support supplement, a social security pension or a social security benefit.

Reduced rate if social security pension was payable to person in the previous week

(3) If:

- (a) income support supplement becomes payable to a person on a pension payday (the **income support supplement payday**); and
- (b) a social security pension was payable to the person on the pension payday (within the meaning of the Social Security Act) immediately before the income support supplement payday;

the rate at which income support supplement is payable to the person on the income support supplement payday is to be worked out by using the formula:

$$\frac{\text{Reduced annual rate}}{2} + \text{Pharmaceutical allowance}$$

(4) In this section:

pharmaceutical allowance means the amount of pharmaceutical allowance taken into account in working out the rate of the person's income support supplement under the relevant Method statement in Module A of the Rate Calculator.

reduced annual rate means the rate that would be the rate of the person's income support supplement if:

- (a) it were worked out by using the Rate Calculator; and

(b) the pharmaceutical allowance were nil.

38 Sections 45T, 45U, 45V and 45W

Repeal the sections.

39 Subdivisions B and C of Division 5 of Part IIIA

Repeal the Subdivisions.

40 Subsection 47(3)

Repeal the subsection, substitute:

(3) This Division applies for the purposes of the Rate Calculator.

41 Division 10 of Part IIIB (heading)

Repeal the heading, substitute:

Division 10—General provisions relating to maintenance income

42 Paragraph 52Z(6)(b)

Repeal the paragraph, substitute:

(b) despite section 41 (calculation of rate of service pension) and section 45S (calculation of rate of income support supplement).

43 Subsection 52ZAAA(1) (definition of *adjusted income reduced rate*)

Repeal the definition, substitute:

adjusted income reduced rate, in relation to an income support supplement, means the rate worked out in relation to that supplement at Step 6 of Method statement 5 in Module A of the Rate Calculator.

44 Subsection 52ZAAA(1) (definition of *assets reduced rate*)

Repeal the definition, substitute:

assets reduced rate, in relation to a service pension or an income support supplement, means the rate worked out in relation to that

pension or supplement at Step 8 of Method statement 1 or Step 8 of Method statement 5, as the case may be, in Module A of the Rate Calculator.

45 Subsection 52ZAAA(1) (definition of *income reduced rate*)

Repeal the definition, substitute:

income reduced rate, in relation to a service pension, means the rate worked out in relation to that pension at Step 6 of Method statement 1 in Module A of the Rate Calculator.

46 Subsection 52ZAAA(1) (definition of *maximum payment rate*)

Repeal the definition, substitute:

maximum payment rate, in relation to a service pension or an income support supplement, means the rate worked out in relation to that pension or supplement at Step 4 of Method statement 1, Step 4 of Method statement 2 or Step 4 of Method statement 5, as the case may be, in Module A of the Rate Calculator.

47 Point 53F-2 (note)

Repeal the note, substitute:

Note: For a person's *annual rate of ordinary income* see Module E of the Rate Calculator as it applies in calculating the rate of service pension.

48 Point 53F-4 (note 2)

Repeal the note, substitute:

Note 2: For a person's *annual rate of ordinary income* see Module E of the Rate Calculator as it applies in calculating the rate of service pension.

49 Subsection 53M(3)

Omit "if section 41, 42 or 43 (whichever is appropriate) had applied in working out the rate of the pension and section 45 had not applied", substitute "if Method statement 1 or Method statement 2 (whichever is appropriate) in Module A of the Rate Calculator had applied in working out the rate of the pension and Method statement 3 or Method statement 4, as the case may be, in that Module had not applied".

50 Paragraph 53M(4)(a)

Omit “, or adjusted ceiling rate, as the case may be,”.

51 Paragraph 53M(4)(b)

Repeal the paragraph, substitute:

- (b) in respect of a partner who was permanently blind—the maximum basic rate.

52 Paragraphs 53R(b) and (c)

Repeal the paragraphs, substitute:

- (b) a dependent child dies.

53 Subsection 55B(2) (including the note)

Repeal the subsection (including the note), substitute:

- (2) While a person to whom this Subdivision applies is an inmate of the benevolent home, the person's pension is to be dealt with under section 55D.

54 Section 55C

Repeal the section.

55 Subsection 55D(1)

Omit all the words before paragraph (a), substitute “While a person is an inmate of a benevolent home:”.

Note: The heading to section 55D is altered by omitting “—other cases”

56 Subsection 56G(2) (note)

Omit “the maintenance income test”, substitute “maintenance income”.

57 Section 56GA

Repeal the section, substitute:

56GA Date of effect of determination under section 56C—dependent child

If a determination under section 56C is made after a person tells the Department that the person has a child, or an additional child, that is a dependent child, the determination takes effect on the first

pension payday after the day on which the child is taken to have become a dependent child.

Note: The day is determined by reference to the Social Security Act (see subsection 5F(2)).

58 Paragraph 56H(7)(a)

Omit “point 41-D2B or 42-E2B”, substitute “point SCH6-E4”.

59 Paragraph 56H(8)(a)

Omit “point 41-D2B or 42-E2B”, substitute “point SCH6-E4”.

60 Subsection 58K(1) (note)

Omit “points 41-CA1A, 42-DA1A, 43-DA1A, 44-CA1A”, substitute “point SCH6-D2”.

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

Omit everything in the column, substitute “*Rate Calculator—point SCH6-B1—Table B—column 3—**all amounts**”.

62 Section 59A (table items 2, 3, 4 and 5)

Repeal the items.

63 Section 59A (table item 6, column 4)

Omit everything in the column, substitute “*Rate Calculator—point SCH6-C8—Table C-2—column 4—**all amounts**”.

64 Section 59A (table item 6A, column 4)

Omit everything in the column, substitute “*Rate Calculator—point SCH6-C6—Table C-1—column 3—**all amounts**”.

65 Section 59A (table items 7 and 7AAA, column 4)

Repeal the items, substitute:

- | | | | |
|----|---------------------------------------|----------------------|---|
| 7. | Ordinary/adjusted
income free area | Pension
free area | *Rate Calculator—point SCH6-E6—
Table E-1—column 3— all amounts |
|----|---------------------------------------|----------------------|---|

66 Section 59A (table item 7AA, column 4)

Omit everything in the column, substitute “*Rate Calculator—point SCH6-C15—Table C-3—column 3—**all amounts**”.

67 Section 59A (table items 7A and 7B)

Repeal the items.

68 Section 59A (table item 9, column 4)

Omit everything in the column, substitute “*Rate Calculator—point SCH6-F3—Table F-1—column 3A—**item 1**”.

69 Section 59A (table item 10, column 4)

Omit everything in the column, substitute “*Rate Calculator—point SCH6-F3—Table F-1—column 3B—**item 1**”.

70 Section 59A (table item 11, column 4)

Omit everything in the column, substitute “*Rate Calculator—point SCH6-F3—Table F-1—column 3A—**item 2**”.

71 Section 59A (table item 12, column 4)

Omit everything in the column, substitute “*Rate Calculator—point SCH6-F3—Table F-1—column 3B—**item 2**”.

72 Section 59A (table item 18, column 4)

Omit everything in the column, substitute “*Rate Calculator—point SCH6-D7—Table D—column 3—**all amounts**”.

73 Section 59B (CPI Indexation Table items 4A and 4B)

Repeal the items.

74 Subsection 59EA(1)

Repeal the subsection, substitute:

(1) In this section:

category A amount means an amount set out in column 3 of item 1 of Table B in point SCH6-B1.

category B amount means an amount set out in column 3 of item 2 of Table B in point SCH6-B1.

75 Sections 59F and 59G

Repeal the sections.

76 Subsection 59L(1)

Omit "*Social Security Act 1991*", substitute "Social Security Act".

77 Subsection 59L(2)

Omit "Part VII", substitute "Part VIIA".

78 Subsection 59L(2)

Omit "*Social Security Act 1991*", substitute "Social Security Act".

79 Subsection 59M(2)

Omit "or (if the pension has a dependent child component) the compensation affected component of the pension".

80 Subsection 59M(3)

Omit "or (if the pension has a dependent child component) the compensation affected component of the pension".

81 Subsection 59M(4)

Omit "or (if the pension has a dependent child component) the compensation affected component of the pension".

82 Subsection 59P(6)

Omit "or (if the pension has a dependent child component) the compensation affected component of the pension".

83 Subsection 59P(6) (note)

Repeal the note.

84 Subsection 59P(7)

Omit "or (if the pension has a dependent child component) the compensation affected component of the pension".

85 Subsection 59P(7) (note)

Repeal the note.

86 Subsection 59Q(1)

Omit "or (if the pension has a dependent child component) the compensation affected component of the pension".

87 Subsection 59Q(1) (note 1)

Omit “, *dependent child component* and *compensation affected component*”.

88 Paragraph 59Q(2)(d)

Omit “or (if the pension has a dependent child component) the compensation affected component of the pension”.

89 Paragraph 59Q(2)(e)

Omit “or (if that pension has a dependent child component) the compensation affected component of that pension”.

90 Subsection 59Q(2) (note 1)

Omit “, *dependent child component* and *compensation affected component*”.

91 Subsection 59Q(2A)

Omit “, or (if the pension has a dependent child component) the compensation affected component of the pension,”.

92 Subsection 59Q(2A) (note 1)

Omit “, *dependent child component* and *compensation affected component*”.

93 Subsection 59Q(7) (definition of *OIFA (ordinary income free area)*)

Omit “Table D-1 in point 41-D4”, substitute “Table E-1 in point SCH6-E6”.

94 Subsection 59Q(7) (definition of *MBR (maximum basic rate)*)

Omit “41-B1”, substitute “SCH6-B1”.

95 Subsection 59Q(7) (definition of *RPA (rate of pharmaceutical allowance)*)

Omit “calculated as set out in point 41-CA7”, substitute “set out in column 3 of item 1 in Table D in point SC6-D7”.

96 Paragraph 59R(3)(d)

Omit “, or (if the person’s pension has a dependent child component) of the compensation affected components of the pension payments,”.

97 Paragraph 59R(4)(d)

Omit “, or (if the person’s pension has a dependent child component) the compensation affected component of the pension payments,”.

98 Subparagraph 59R(4)(d)(i)

Omit “, or (if the partner’s pension has a dependent child component) the compensation affected components of the pension payments,”.

99 Paragraph 59R(5)(b)

Omit “, or (if the person’s pension has a dependent child component) of the compensation affected components of the pension payments,”.

100 Subsection 59T(1)

Omit “or (if the person’s pension has a dependent child component) the compensation affected component of the pension”.

101 Subsection 59T(1) (note 1)

Repeal the note, substitute:

Note 1: For *periodic payments period* and *compensation affected pension* see subsection 5NB(1).

102 Subsection 59T(5) (note)

Repeal the note, substitute:

Note: If a person’s pension is reduced under this section, the order in which the reduction is to be made against the components of the maximum payment rate is provided by clause 4 of Part 1 of Schedule 6.

103 Section 59T (example 3)

Repeal the example.

104 Subsection 59U(1)

Omit “or (if the person’s pension has a dependent child component) the compensation affected component of the person’s pension”.

105 Subsection 59U(2)

Omit “or (if the person’s pension has a dependent child component) the compensation affected component of the person’s pension”.

106 Paragraph 59V(b)

Repeal the paragraph, substitute:

- (b) the rate of the person’s pension is reduced under the ordinary/adjusted income test Module or the assets test Module of the Rate Calculator;

107 Section 59V

Omit “ordinary income” (last occurring), substitute “ordinary/adjusted income”.

108 Paragraph 59W(3)(d)

Omit “, or if the person’s pension has a dependent child component) of the compensation affected components of the pension payments,”.

109 Paragraph 59W(4)(d)

Omit “, or (if the person’s pension has a dependent child component) the compensation affected components of the pension payments,”.

110 Subparagraph 59W(4)(d)(i)

Omit “, or (if the partner’s pension has a dependent child component) the compensation affected components of the pension payments,”.

111 Section 59W (example 3)

Repeal the example.

112 Paragraph 59ZA(4)(c)

Omit “, or (if the person’s pension has a dependent child component) of the compensation affected components of the pension payments,”.

113 Paragraph 59ZA(5)(c)

Omit “, or (if the person’s pension has a dependent child component) the compensation affected components of the pension payments,”.

114 Subparagraph 59ZA(5)(c)(i)

Omit “, or (if the partner’s pension has a dependent child component) the compensation affected components of the pension payments,”.

115 Paragraph 59ZG(4)(c)

Omit “, or (if the person’s pension has a dependent child component) of the compensation affected components of the pension payments,”.

116 Paragraph 59ZG(5)(c)

Omit “, or (if the person’s pension has a dependent child component) the compensation affected components of the pension payments,”.

117 Subparagraph 59ZG(5)(c)(i)

Omit “, or (if the partner’s pension has a dependent child component) the compensation affected components of the pension payments,”.

118 Subsection 67C(3) (definition of *annual payment rate*)

Omit “payable under the relevant Pension Rate Calculator to the person on the last pension payday”, substitute “last determined by the Commission to be the rate of pension payable to the person”.

119 Subsection 67C(5)

Repeal the subsection, substitute:

Amount of advance—Service pensioners who are war widows/war widowers—pensioners

- (5) If service pension calculated in accordance with Method statement 3 or 4 in Module A of the Rate Calculator is payable to a person, the maximum amount of the advance payment to the person is \$500.

120 Section 67J

Repeal the section, substitute:

67J Payment rate (apart from remote area allowance) insufficient to cover advance payment deduction

- (1) If the rate of pension (excluding any amount payable by way of remote area allowance) is less than the amount that would be the

advance payment deduction apart from this section, the advance payment deduction is taken to be equal to that rate of pension.

(2) This section has effect subject to sections 67JA and 67JB.

121 Subsection 67JA(1)

Repeal the subsection, substitute:

(1) This section applies to a person whose rate of service pension is calculated in accordance with Method statement 3 or 4 in Module A of the Rate Calculator.

122 Subsection 67JA(2)

Omit "provisional rate referred to in the Rate Calculator", substitute "person's rate of pension".

123 Subsection 67JB(2)

Omit "person's conditional payment rate (if any) referred to in the relevant Rate Calculator in Part IIIA", substitute "rate of the person's pension that is payable (excluding any amount payable by way of remote area allowance)".

124 Subsection 67JB(2) (note)

Repeal the note.

125 Section 67JC (example)

Omit "the Service Pension Rate Calculator for 'Frozen Rate' Widows and Widowers", substitute "Method statement 3 in Module A of the Rate Calculator".

126 After subparagraph 118A(1)(a)(i)

Insert:

(ia) an income support supplement; or

127 Subsection 118A(1)(note)

Omit "118B(2)", substitute "118B(1A)".

128 Subsection 118B(1A)

After "Part III", insert " , or an income support supplement under Part IIIA,".

129 Section 118L (note)

Repeal the note, substitute:

Note: Pharmaceutical allowance rates are to be found at:

- (a) point SCH6-D7 of the Rate Calculator; and
- (b) section 118C.

130 Subsection 118ZAD(1) (definition of *pensioner unpartnered maximum basic rate*)

Repeal the definition, substitute:

pensioner unpartnered maximum basic rate means the current figure, as at that 1 January, 20 March, 1 July or 20 September, for the amount applicable, under item 1 in column 3 of Table B in point SCH6-B1 of the Rate Calculator.

131 Subsection 118ZAD(1) (definition of *pensioner unpartnered income free area*)

Repeal the definition, substitute:

pensioner unpartnered income free area means the current figure, as at that 1 January, 20 March, 1 July or 20 September, for the amount applicable, under item 1 in column 3 of Table E-1 in point SCH6-E6 of the Rate Calculator.

132 Subsection 118ZAD(2) (definition of *pensioner partnered maximum basic rate*)

Repeal the definition, substitute:

pensioner partnered maximum basic rate means the current figure, as at that 1 January, 20 March, 1 July or 20 September, for the amount applicable, under item 2 in column 3 of Table B in point SCH6-B1 of the Rate Calculator.

133 Subsection 118ZAD(2) (definition of *pensioner partnered income free area*)

Repeal the definition, substitute:

pensioner partnered income free area means the current figure, as at that 1 January, 20 March, 1 July or 20 September, for the amount applicable, under item 2 in column 3 of Table E-1 in point SCH6-E6 of the Rate Calculator.

134 Subsection 118ZAD(3) (definition of *pensioner illness separated couple maximum basic rate*)

Repeal the definition, substitute:

pensioner illness separated couple maximum basic rate means the current figure, as at that 1 January, 20 March, 1 July or 20 September, for the amount applicable, under item 1 in column 3 of Table B in point SCH6-B1 of the Rate Calculator.

135 Subsection 118ZAD(3) (definition of *pensioner illness separated couple income free area*)

Repeal the definition, substitute:

pensioner illness separated couple income free area means the current figure, as at that 1 January, 20 March, 1 July or 20 September, for the amount applicable, under item 2 in column 3 of Table E-1 in point SCH6-E6 of the Rate Calculator.

136 Subsection 118ZAD(4) (definition of *pensioner respite care couple maximum basic rate*)

Repeal the definition, substitute:

pensioner respite care couple maximum basic rate means the current figure, as at that 1 January, 20 March, 1 July or 20 September, for the amount applicable, under item 1 in column 3 of Table B in point SCH6-B1 of the Rate Calculator.

137 Subsection 118ZAD(4) (definition of *pensioner respite care couple income free area*)

Repeal the definition, substitute:

pensioner respite care couple income free area means the current figure, as at that 1 January, 20 March, 1 July or 20 September, for the amount applicable, under item 2 in column 3 of Table E-1 in point SCH6-E6 of the Rate Calculator.

138 Section 198E

Repeal the section.

139 Subclause 1(1) of Schedule 5

Omit "sections 41, 42 and 43", substitute "section 41".

140 At the end of Schedule 5

Add:

9 Transitional provisions applicable to the amendments relating to amounts in respect of children

(1) If:

- (a) a determination is made on or after 1 January 1998 that a claim for a service pension or income support supplement is to be granted; and
- (b) because of section 36M or 45R, the determination takes effect before that date; and
- (c) had the amendments made by Schedule 1 to the *Veterans' Affairs Legislation Amendment (Budget and Simplification Measures) Act 1997* not been made, an instalment of the pension or supplement that was payable on a pension pay-day that occurred before that date would have included a child-related amount;

the instalment is to include that amount.

(2) If the amount of an instalment of a service pension or income support supplement that was payable on a pension pay-day before 1 January 1998 would, had the amendments made by Schedule 1 to the *Veterans' Affairs Legislation Amendment (Budget and Simplification Measures) Act 1997* not been made, be taken to have been increased so as to include a child-related amount, the instalment is taken to have been so increased.

(3) In this clause:

child-related amount, at any relevant time, means an amount that was required at that time to be included in a service pension under Module C or Module D (as Module C or Module D was affected by Module DAA) of the Service Pension Rate Calculator at the end

of section 42, or in an income support supplement under Module F or Module G (as Module F or Module G was affected by Module H) of the Income Support Supplement Rate Calculator at the end of section 45Y, of the *Veterans' Entitlements Act 1986* as in force at that time.

10 Saving provisions applicable to the amendments relating to amounts in respect of children

- (1) This clause applies to a person if:
 - (a) immediately before 1 January 1998 a service pension or income support supplement was payable to the person at a rate that included one or more pension/supplement child-related amounts in respect of a child or children; and
 - (b) the Commission determines on or before 31 March 1998, or after that date as a result of an application made by the person to the Commission on or before that date, that, on 1 January 1998, the person's notional pension/supplement child-related amount was or will be greater than the notional family payment child-related amount in relation to the person or the person's partner.
- (2) The rate of service pension or income support supplement payable to the person includes the person's notional pension/supplement child-related amount until the time (the *cessation time*) when that amount ceases to be greater than the notional family payment child-related amount in relation to the person or the person's partner.
- (3) The rate of service pension or income support supplement payable to the person at any time after the cessation time does not include the person's notional pension/supplement child-related amount even though that amount may again become greater than the notional family payment child-related amount in relation to the person or the person's partner.

- (4) In this clause:

notional family payment child-related amount, in relation to a person or a person's partner at any time, means the amount by which the rate of family payment that would be payable to the person or the person's partner at that time under the Social Security

Act except for point 1069-B8 of that Act would be more than the minimum family payment rate.

notional pension/supplement child-related amount, in relation to a person at any time, means the total of the pension/supplement child-related amounts that would have been included at that time in the rate of the service pension or income support supplement payable to the person in respect of any child or children referred to in paragraph (1)(a) if the amendments made by Schedule 1 to the *Veteran's Affairs Legislation Amendment (Budget and Simplification Measures) Act 1997* had not been made.

pension/supplement child-related amount, at any relevant time, means an amount that was or would be required at that time to be included in a service pension under Module C or Module D (as Module C or Module D was affected by Module DAA) of the Service Pension Rate Calculator at the end of section 42, or in an income support supplement under Module F or Module G (as Module F or Module G was affected by Module H) of the Income Support Supplement Rate Calculator at the end of section 45Y, of the *Veterans' Entitlements Act 1986* as in force immediately before 1 January 1998.

11 Saving provisions applicable to certain people who cease to be service pensioners on 1 January 1998

- (1) Subject to subclause (2), this clause applies to a person at a particular time (the ***relevant time***) if:
- (a) a service pension is not payable to the person; and
 - (b) a service pension was payable to the person immediately before 1 January 1998 at a rate that included one or more pension child-related amounts in respect of a child or children; and
 - (c) a service pension would have been payable to the person at the relevant time at a rate that included one or more pension child-related amounts in respect of that child or those children if the amendments made by Schedule 1 to the *Veterans' Affairs Legislation Amendment (Budget and Simplification Measures) Act 1997* had not been made.

- (2) This clause ceases to apply to a person, and does not afterwards again apply to the person, if:
 - (a) the service pension referred to in paragraph (1)(c) would have ceased to be payable to the person; or
 - (b) family payment under the Social Security Act is no longer payable to the person or the person's partner or is no longer payable to the person or the person's partner at a rate higher than the minimum family payment rate; or
 - (c) service pension becomes payable to the person.
- (3) A person to whom this clause applies is taken for the purposes of subsection 85(7) to be in receipt of a service pension under Part III.
- (4) In this clause:

pension child-related amount, at any relevant time, means an amount that would be required at that time to be included in a service pension under Module C or Module D (as Module C or Module D was affected by Module DAA) of the Service Pension Rate Calculator at the end of section 42 of the *Veterans' Entitlements Act 1986* as in force immediately before 1 January 1998.

141 At the end of the Act

Add:

Schedule 6—Calculation of rates of service pension and income support supplement

Part 1—Preliminary

1 Steps in rate calculation

- (1) The following are the usual steps in the rate calculation process:
 - (a) start with a maximum basic rate;
 - (b) add any additional amounts that are subject to income or assets testing;
 - (c) apply the income and assets tests;
-

- (d) add any additional amounts that are not subject to income or assets testing.

Note 1: The additional amounts referred to in paragraph (b) are amounts for rent assistance and pharmaceutical allowance.

Note 2: The only additional amount for the purposes of paragraph (d) at this time is remote area allowance.

- (2) The overall rate calculation process is described in the relevant Method statement in Module A of the Rate calculator.

2 Standard categories of family situations

- (1) The Rate Calculator uses the following standard categories of family situations:
 - (a) not member of a couple;
 - (b) member of a couple *or* partnered;
 - (c) member of an illness separated couple;
 - (d) member of a respite care couple;
 - (e) partnered (partner getting neither pension nor benefit);
 - (f) partnered (partner getting pension);
 - (g) partnered (partner getting benefit).

Note: See sections 5E and 5R for definitions of those terms.

- (2) If it is necessary to distinguish between the members of sub-categories of these standard categories, further words of description are added to the standard category label.

3 Explanation of Rate Calculator

- (1) The Rate Calculator is divided into Modules (for example, Module A).
- (2) A Module of the Rate Calculator is divided into points.
- (3) The points in a Module are identified by:
 - (a) the letters and number SCH6 (followed by a dash), which indicate that the Module is in the Rate Calculator in this Schedule; and
 - (b) a letter that is the letter allocated to the Module in which the point occurs; and

- (c) a number that identifies the order of the point within the Module.

Example: Point SCH6-E8 is the eighth point in Module E of the Rate Calculator in this Schedule.

- (4) A point in a Module may be divided into subpoints.

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

- (1) If:

- (a) the rate of a service pension or income support supplement applicable to a person is increased under Module C (rent assistance) or Module D (pharmaceutical allowance) of the Rate Calculator; and
- (b) the rate of the pension is to be reduced under Module E (ordinary/adjusted income test) or Module F (assets test) of the Rate Calculator;

the reduction is to be applied:

- (c) first, to the rate of the pension apart from any increase under Module C (rent assistance) or Module D (pharmaceutical allowance); and
- (d) then, to the amount of any increase under Module C (rent assistance); and
- (e) finally, to the amount of any increase under Module D (pharmaceutical allowance).

- (2) If:

- (a) the rate of a service pension or income support supplement applicable to a person is increased under Module C (rent assistance) or Module D (pharmaceutical allowance) of the Rate Calculator; and
- (b) an amount of the pension is to be reduced under section 59T (compensation recovery);

the reduction is to be applied:

- (c) first, to that part of the amount that does not include any increase under Module C (rent assistance) or Module D (pharmaceutical allowance); and

- (d) then, to the amount of any increase under Module C (rent assistance); and
 - (e) finally, to the amount of any increase under Module D (pharmaceutical allowance).
- (3) If the following circumstances apply to a person:
- (a) the person is permanently blind;
 - (b) a service pension is payable to the person;
 - (c) the rate of the person's pension is calculated using Method statement 4 in Module A of the Rate Calculator;
 - (d) if the person were not permanently blind and the rate of the person's pension were calculated using Method statement 1 in Module A of the Rate Calculator, the person would be eligible to have an amount of rent assistance added to his or her maximum basic rate under that Method statement;
- the person's ceiling rate for the purposes of Method statement 4 in Module A of the Rate Calculator is taken to include an amount for rent assistance worked out under Module C of the Rate Calculator.
- (4) If the following circumstances apply to a person:
- (a) the person is permanently blind;
 - (b) income support supplement is payable to the person;
 - (c) if the person were not permanently blind (i.e. if the rate of income support supplement were calculated using Method statement 5, instead of Method statement 6, in Module A of the Rate Calculator), the person would be eligible to have an amount of rent assistance added to his or her maximum basic rate under Method statement 5;
- the person's ceiling rate for the purposes of Method statement 6 in Module A of the Rate Calculator is taken to include an amount for rent assistance worked out under Module C of the Rate Calculator.

5 Commencing rates

- (1) The amounts and rates set out in the Rate Calculator at the time of commencement of this Schedule (the *commencing time*) are the same as the corresponding amounts and rates that applied under this Act as in force on 1 January 1997.

- (2) However, each amount or rate so set out that is subject to indexation or adjustment under Division 18 of Part IIIB is taken to be replaced immediately after the commencing time by the amount or rate that would have been in force at that time as a result of the application of that Division if this Schedule had commenced on 1 January 1997.

Part 2—Rate Calculator

Module A—Overall rate calculation process

Rate to be an annual rate

SCH6-A1(1) The rate of pension is an annual rate (fortnightly amounts are provided for information only).

Method statement 1 (service pension, not blind, not war widow/war widower—pensioner)

- (2) The rate of service pension for a person who:
- (a) is not permanently blind; and
 - (b) is not a war widow/war widower—pensioner;
- is worked out in accordance with Method statement 1.

Note: For *war widow/war widower—pensioner* see subsection 5Q(1).

Method statement 1

- Step 1.* Work out the person's *maximum basic rate* using MODULE B below.
- Step 2.* Work out the amount per year (if any) by way of rent assistance using MODULE C below.
- Step 3.* Work out the amount per year (if any) of pharmaceutical allowance using MODULE D below.
- Step 4.* Add up the amounts obtained in Steps 1, 2 and 3: the result is called the *maximum payment rate*.

Step 5. Apply the ordinary/adjusted income test using MODULE E below to work out the reduction for ordinary/adjusted income.

Step 6. Take the reduction for ordinary/adjusted income away from the maximum payment rate: the result is called the ***income reduced rate***.

Step 7. Apply the assets test using MODULE F below to work out the reduction for assets.

Step 8. Take the reduction for assets away from the maximum payment rate: the result is called the ***assets reduced rate***.

Step 9. Compare the income reduced rate and the assets reduced rate: the lower of the 2 rates, or the income reduced rate if the rates are equal, is the ***provisional payment rate***.

Step 10. Work out the amount per year (if any) payable by way of remote area allowance using MODULE G below.

Step 11. Add any amount obtained in Step 10 to the person's provisional payment rate (see Step 9). The result is the person's ***rate of service pension***.

Note 1: For ***ordinary/adjusted income*** see point SCH6-E1.

Note 2: If a person's assets reduced rate is less than the person's ordinary/adjusted income reduced rate, the person may be able to take advantage of provisions dealing with financial hardship (sections 52Y and 52Z).

Note 3: If a person's rate is, or is to be, an income reduced rate or an assets reduced rate, and at least one of those reduced rates is not a nil rate, the person may be able to take advantage of provisions dealing with the pension loans scheme (sections 52ZAAA to 52ZM).

Note 4: If a person's rate is reduced under step 9, the order in which the reduction is to be made against the components of the maximum payment rate is laid down by clause 4 of Part 1 (maximum basic rate first, then rent assistance and finally pharmaceutical allowance).

Note 5: The rate calculation for a member of a couple is affected by the operation of point SCH6-A2.

Note 6.	The amount of a fortnightly instalment of service pension will be rounded off to the nearest multiple of 10 cents (see subsections 58A(2) and (3)).
Note 7:	For the minimum amount of a fortnightly instalment of service pension, see subsection 58A(4).
Note 8:	An amount of remote area allowance is to be added under Step 11 only if the person's rate of service pension is greater than nil or, apart from section 36A, 37A or 38A, the person's rate of service pension would be nil.
Note 9:	The amount of a fortnightly instalment of service pension may be reduced by an advance payment deduction (see Division 6 of Part IIID).

Method statement 2 (service pension, blind, not war widow/war widower—pensioner)

(3) The rate of service pension for a person who:

- (a) is permanently blind; and
- (b) is not a war widow/war widower—pensioner;

is worked out in accordance with Method statement 2.

Note: For *war widow/war widower—pensioner* see subsection 5Q(1).

Method statement 2

Step 1. Work out what would be the person's rate of service pension if Method statement 1 applied to the person: the result is called the ***notional income/assets tested rate***.

Note: This is the only situation in which a blind person's pension can be made subject to an income test or assets test (see point SCH6-A3).

Step 2. Work out the person's ***maximum basic rate*** using MODULE B below.

Step 3. Work out the amount per year (if any) for pharmaceutical allowance using MODULE D below.

Step 4. Add up the amounts obtained in Steps 2 and 3: the result is called the ***maximum payment rate***.

Step 5. Work out the amount per year (if any) payable by way of remote area allowance using MODULE G below.

Step 6. Add:

- (a) the maximum payment rate; and
- (b) any amount obtained under Step 5.

The result is called the ***non-income/assets tested rate***.

Step 7. Compare the notional income/assets tested rate and the non-income/assets tested rate: whichever is the greater is the person's ***rate of service pension***.

Note 1: The amount of a fortnightly instalment of service pension will be rounded off to the nearest multiple of 10 cents (see subsections 58A(2) and (3)).

Note 2: For the minimum amount of a fortnightly instalment of service pension, see subsection 58A(4).

Note 3: The amount of a fortnightly instalment of service pension may be reduced by an advance payment deduction (see Division 6 of Part IIID).

Method statement 3 (service pension, not blind, war widow/war widower—pensioner)

- (4) The rate of service pension for a person who:
- (a) is not permanently blind; and
 - (b) is a war widow/war widower—pensioner;
- is worked out in accordance with Method statement 3.

Note: For *war widow/war widower—pensioner* see subsection 5Q(1).

Method statement 3

Step 1. Work out what would be the person's rate of service pension if Method statement 1 applied to the person: the result is called the **provisional rate**.

Step 2. Work out the person's **ceiling rate** in accordance with points SCH6-A4 and SCH6-A5.

Step 3. Work out the amount per year (if any) of pharmaceutical allowance using MODULE D below.

Step 4. Work out the amount per year (if any) payable by way of remote area allowance using MODULE G below.

Step 5. Add:

- (a) the ceiling rate; and
- (b) any amount obtained under Step 3; and
- (c) any amount obtained under Step 4.

The result is the **revised ceiling rate**.

Step 6. Compare the provisional rate and the revised ceiling rate: the person's **rate of service pension** is:

- (a) the provisional rate if it is lower than the revised ceiling rate; or
- (b) the revised ceiling rate if it is lower than or equal to the provisional rate.

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

Method statement 4 (service pension, blind, war widow/war widower—pensioner)

- (5) The rate of service pension for a person who:
- (a) is permanently blind; and
 - (b) is a war widow/war widower—pensioner;
- is worked out in accordance with Method statement 4.

Note: For *war widow/war widower—pensioner* see subsection 5Q(1).

Method statement 4

- Step 1.* Work out the person's **ceiling rate** in accordance with points SCH6-A4 and SCH6-A5.
- Step 2.* Work out the amount per year (if any) of pharmaceutical allowance using MODULE D below.
- Step 3.* Work out the amount per year (if any) payable by way of remote area allowance using MODULE G below.
- Step 4.* Add:
- (a) the ceiling rate; and
 - (b) any amount obtained under Step 2; and
 - (c) any amount obtained under Step 3.
- 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 IIID).

Method statement 5 (income support supplement, not blind)

- (6) The rate of income support supplement for a person who is not permanently blind is worked out in accordance with Method statement 5.

Method statement 5

- Step 1.* Work out the amount of the person's **maximum basic rate** using MODULE B below.
- Step 2.* Work out the amount per year (if any) for rent assistance using MODULE C below.
- Step 3.* Work out the amount per year (if any) of the pharmaceutical allowance using MODULE D below.
- Step 4.* Add up the amounts obtained in Steps 1, 2 and 3: the result is called the **maximum payment rate**.
- Step 5.* Apply the ordinary/adjusted income test using MODULE E below to work out the reduction for ordinary/adjusted income.
- Step 6.* Take the reduction for ordinary/adjusted income away from the maximum payment rate: the result is called the **income reduced rate**.
- Step 7.* Apply the assets test using MODULE F below to work out the reduction for assets.
- Step 8.* Take the reduction for assets away from the maximum payment rate: the result is called the **assets reduced rate**.
- Step 9.* Work out the person's ceiling rate in accordance with points SCH6-A4 to SCH6-A9, and add any amount per

year of pharmaceutical allowance (see Step 3); the result is called the *increased ceiling rate*.

Step 10. Compare the income reduced rate (see Step 6), the assets reduced rate (see Step 8) and the increased ceiling rate (see Step 9): the person's *provisional payment rate* is equal to:

- (a) whichever is the lowest of those rates; or
- (b) if 2 of those rates are the same and the third one is higher—the lower rate; or
- (c) if the 3 rates are the same—the income reduced rate.

Step 11. Work out the amount per year (if any) payable by way of remote area allowance using MODULE G below.

Step 12. Add any amount obtained in Step 11 to the person's provisional payment rate (see Step 10): the result is the person's *rate of income support supplement*.

Note 1: For *ordinary/adjusted income* see point SCH6-E1.

Note 2: If a person's assets reduced rate is less than the person's adjusted income reduced rate, the person may be able to take advantage of provisions dealing with financial hardship (sections 52Y and 52Z).

Note 3: If a person's rate is, or is to be, an adjusted income reduced rate or an assets reduced rate, and at least one of those reduced rates is not a nil rate, the person may be able to take advantage of provisions dealing with the pension loans scheme (sections 52ZAAA to 52ZM).

Note 4: If a person's rate is reduced under Step 10, the order in which the reduction is to be made against the components of the maximum payment rate is laid down by clause 4 of Part 1 (maximum basic rate first, then rent assistance and finally pharmaceutical allowance).

Note 5: The rate calculation for a member of a couple is affected by the operation of point SCH6-A2.

Note 6: The amount of a fortnightly instalment of income support supplement will be rounded off to the nearest multiple of 10 cents (see subsections 58A(2) and (3)).

- | | |
|---------|---|
| Note 7: | For the minimum amount of a fortnightly instalment of income support supplement, see subsection 58A(4). |
| Note 8: | The amount of a fortnightly instalment of income support supplement may be reduced by an advance payment deduction (see Division 6 of Part IIID). |

Method statement 6 (income support supplement, blind)

- (7) The rate of income support supplement for a permanently blind person is worked out in accordance with Method statement 6.

Method statement 6

- Step 1.* Work out the person's **ceiling rate** in accordance with points SCH6-A4 and SCH6-A5.
- Step 2.* Work out the amount per year (if any) of the pharmaceutical allowance using MODULE D below.
- Step 3.* Work out the amount per year (if any) payable by way of remote area allowance using MODULE G below.
- Step 4.* Add:
- (a) the ceiling rate; and
 - (b) any amount obtained under Step 2; and
 - (c) any amount obtained under Step 3.

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 IIID).

Members of couple

SCH6-A2 If 2 people are members of a couple, they will be treated as pooling their resources (income and assets) and sharing those resources on a 50/50 basis (see points SCH6-E3 and SCH6-F2 below). They

will also be treated as sharing expenses (eg for rent) on a 50/50 basis (see points SCH6-C10 and SCH6-C11 below).

Ordinary/adjusted income test and assets test generally not to apply to permanently blind people

SCH6-A3 Except for the purposes of Step 1 in Method statement 2 (applicable in respect of permanently blind service pensioners who are not war widows/war widowers—pensioners), a permanently blind person's pension is not subject to an ordinary/adjusted income test (compare Module E) or an assets test (compare Module F).

Ceiling rate

SCH6-A4 The ceiling rate for a war widow/war widower—pensioner is \$3,122.60 unless point SCH6-A5 applies to him or her.

SCH6-A5 If:

- (a) a person became a war widow/war widower—pensioner before 1 November 1986; and
 - (b) immediately before that day the person was receiving a social security pension at a rate (the *pre-November 1986 rate*) equal to or more than \$3,122.60; and
 - (c) since that day the person has been continuously receiving the social security pension or income support supplement;
- his or her ceiling rate is equal to the pre-November 1986 rate.

SCH6-A6 However, if:

- (a) a war widow/war widower—pensioner is a person:
 - (i) to whom income support supplement is payable; and
 - (ii) who is not permanently blind; and
- (b) the person's pension under Part II or IV is compensation reduced;

the ceiling rate for the war widow/war widower—pensioner is the sum of:

- (c) the rate applying under point SCH6-A4 or SCH6-A5, as the case may be; and
- (d) the amount of the reduction in the pension under Part II or IV worked out under points SCH6-A7 to SCH6-A9.

Compensation reduced pension under Part II or IV

SCH6-A7 A pension under Part II payable to a war widow/war widower—pensioner is **compensation reduced** if that pension has been reduced:

- (a) by taking into account (under subsection 30(3)) the rate, or amount, of any payment that he or she is entitled to receive under the law of a State or of a foreign country; or
- (b) by taking into account (under Division 5A of that Part) the rate at which any compensation is payable to him or her.

SCH6-A8 A pension under Part IV payable to a war widow/war widower—pensioner is **compensation reduced** if that pension has been reduced by taking into account (under Division 4 of that Part) the rate at which any compensation is payable to him or her.

SCH6-A9 The **amount of the reduction in the pension under Part II or IV** is worked out by using the formula:

Full pension rate – Compensation reduced rate

where:

full pension rate means the amount per annum that would have been the annual rate of the pension under Part II or IV if it had not been reduced.

compensation reduced rate means the annual rate of pension under Part II or IV payable after that pension has been reduced.

Note: For *war widow/war widower—pensioner* see subsection 5Q(1).

Module B—Maximum basic rate

Maximum basic rate

SCH6-B1 A person's maximum basic rate depends on the person's family situation. Work out which family situation in Table B applies to the person. The maximum basic rate is the corresponding amount in column 3.

Table B
Maximum Basic Rates

Table B
Maximum Basic Rates

column 1 item	column 2 person's family situation	column 3 rate per year \$	column 4 rate per fortnight \$
1.	Not a member of a couple A member of an illness separated couple A member of a respite care couple	9,006.40	346.40
2.	Partnered	7,511.40	288.90

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

Note 2: The maximum basic rates are indexed 6 monthly in line with CPI increases (see sections 59B to 59E).

Income support supplement recipient who is partnered (partner getting neither pension nor benefit)

SCH6-B2 An income support supplement recipient who is partnered (partner getting neither pension nor benefit) is taken not to be a member of a couple for the purposes of Table B.

Note: For *partnered (partner getting neither pension or benefit)* see subsection 5E(5).

Module C—Rent assistance

Application

SCH6-C1 Points SCH6-C2 to SCH6-C11 apply to a person who is in receipt of a service pension or an income support supplement. Points SCH6-C13 to SCH6-C15 apply only to a person who is in receipt of a service pension.

Rent assistance

SCH6-C2 Rent assistance is an amount that may be added to the maximum basic rate to help cover the cost of rent. Subject to points SCH6-C13 to SCH6-C15 (which apply only to a person who is in receipt of a service pension) a person who is eligible for rent assistance under point SCH6-C3 can have added to his or her maximum basic rate the amount applying to that person under Table C-2.

Eligibility for rent assistance

SCH6-C3 Rent assistance is to be added to a person's maximum basic rate if:

- (a) the person is not someone (other than someone in approved respite care) in respect of whom, under the *Aged Care Act 1997*, residential care subsidy is paid to an approved provider; and
- (b) the person is not an ineligible property owner; and
- (c) the person pays, or is liable to pay, rent (other than Government rent); and
- (d) the rent is payable at a rate of more than the rent threshold rate; and
- (e) the person is in Australia; and
- (f) either of the following subparagraphs applies:
 - (i) neither the person nor the person's partner has an FP child;
 - (ii) the person is a member of an illness separated couple or a respite care couple and is the partner of a person who is receiving family payment in respect of an FP child.

Note 1: For *approved respite care* see subsection 5Q(1).

Note 2: For *rent*, *Government rent* and *ineligible property owner* see section 5N.

Note 3: For *rent threshold rate* see point SCH6-C6.

Note 4: For *illness separated couple* and *respite care couple* see subsections 5R(5) and (6).

No rent assistance if partner getting incentive allowance under the Social Security Act

SCH6-C4 If a person is a member of a couple and the person's partner is living with the person in their home, an additional amount is not to be added to the person's maximum basic rate under point SCH6-C3 if an amount by way of incentive allowance is being added to the maximum basic rate of the person's partner.

Note: For *incentive allowance* see subsection 5Q(1); the provisions of the Social Security Act relating to incentive allowance were repealed with effect from 12 November 1991 but the allowance continues to be paid to certain existing recipients under clause 36 of Schedule 1A to that Act.

Partner with rent increased pension

SCH6-C5 A person has a **partner with a rent increased pension**, for the purposes of this Module, if:

- (a) the partner is living with the person in their home; and
- (b) the partner is receiving a service pension or social security pension; and
- (c) either of the following applies:
 - (i) the partner is receiving a service pension the rate of which is increased to take account of rent paid or payable by the partner;
 - (ii) the partner is receiving a social security pension and is also receiving family payment at a rate which is more than the minimum family payment rate and which includes an amount to take account of rent paid or payable by the partner.

Note 1: *Social security pension* includes a rehabilitation allowance.

Note 2: For *minimum family payment rate* see subsection 6(1) of the Social Security Act.

Note 3: For the treatment of rent paid by a member of a couple see points SCH6-C10 and SCH6-C11.

Rent threshold rate

SCH6-C6 A person's rent threshold rate depends on the person's family situation. Work out which family situation in Table C-1 applies to

the person. The rent threshold rate is the corresponding amount in column 3.

Table C-1
Rent Threshold Rates

column 1 item	column 2 person's family situation	column 3 rate per year \$	column 4 rate per fortnight \$
1.	Not a member of a couple A member of an illness separated couple A member of a respite care couple Partnered—partner without a rent increased pension	1,856.40	71.40
2.	Partnered—partner with a rent increased pension	1,510.60	58.10

Note 1: For *member of a couple* and *partnered* see section 5E.

Note 2: For *partner with a rent increased pension* see point C5.

Note 3: The column 3 amounts are indexed 6 monthly in line with CPI increases (see sections 59B to 59E).

Factors affecting rate of rent assistance

SCH6-C7 The rate of rent assistance depends on:

- (a) the annual rent paid or payable by the person; and
- (b) whether or not the person has a partner with a rent increased pension; and
- (c) whether or not the person, or the person's partner, receives a disability pension.

Rate of rent assistance

SCH6-C8(1) The rate of rent assistance is whichever is the lesser of rate A and rate B applicable to the person in accordance with Table C-2.

Table C-2			
Rate of rent assistance			
column 1	column 2	column 3	column 4
item	person's family situation	rate A	rate B
		\$	\$
1.	Not a member of a couple A member of an illness separated couple A member of a respite care couple Partnered—partner without a rent increased pension	$3 \times \frac{(AR-RTR)}{4}$	1,939.60
2.	Partnered—partner with a rent increased pension	$3 \times \frac{(AR-2RTR)}{8}$	915.20

Note 1: For *member of a couple* and *partnered* see section 5E.

Note 2: For *partner with a rent increased pension* see point C5.

Note 3: The column 4 amounts are indexed 6 monthly in line with CPI increases (see sections 59B to 59E).

(2) In Table C-2:

AR means annual rent as provided by points SCH6-C9 to SCH6-C11.

RTR means the rent threshold rate applicable under column 3 of Table C-1 in point SCH6-C6.

Annual rent

SCH6-C9 Annual rent is the annual rent paid or payable by the person whose service pension rate or income support supplement rate is being calculated.

Rent paid by a member of a couple

SCH6-C10 If a person is a member of a couple and the person's partner is living with the person in their home, any rent that the person's partner pays or is liable to pay in respect of the home is to be treated as paid or payable by the person.

Note: For *member of a couple* see section 5E.

Rent paid by a member of an illness separated or respite care couple

SCH6-C11 If a person is a member of an illness separated couple or a respite care couple, any rent that the person's partner pays or is liable to pay in respect of the premises occupied by the person is to be treated as paid or payable by the person.

Note: For *illness separated couple* and *respite care couple* see subsections 5R(5) and (6).

Application

SCH6-C12 Points SCH6-C13 to SCH6-C15 apply only to a person who is in receipt of a service pension. If such a person or the partner of such a person receives disability pension, the amount of rent assistance worked out under Table C-2 may be reduced under point SCH6-C13.

Note: For *disability pension* see section 5Q.

Effect of disability pension on rate of rent assistance

SCH6-C13 This is how to work out the effect of a person's disability pension on the person's rate of rent assistance:

Method statement

Step 1. Work out the annual rate of the person's disability pension: the result is the person's ***disability pension income***.

Note 1: For *disability pension* see section 5Q.

Note 2: For the treatment of the amount of disability pension of members of a couple see point SCH6-C14.

- Step 2.* Work out the person's rent assistance free area (see point SCH6-C15 below).
- Step 3.* Work out whether the person's disability pension income exceeds the person's rent assistance free area.
- Step 4.* If the person's disability pension income does not exceed the person's rent assistance free area, the person's rate of rent assistance worked out under Table C-2 is not affected.
- Step 5.* If the person's disability pension income exceeds the person's rent assistance free area, take the person's rent assistance free area away from the person's disability pension income: the result is the person's **disability pension income excess**.
- Step 6.* Halve the person's disability pension income excess: the result is the **rent assistance reduction amount**.
- Step 7.* Take the person's rent assistance reduction amount away from the rate of rent assistance worked out under Table C-2: the result is the person's **rate of rent assistance**.

Members of couples receiving disability pension

SCH6-C14 If a person is a member of a couple and the person's partner also receives disability pension, add the couple's annual rates of disability pension and divide by 2 to work out the amount of the disability pension income of each of them for the purposes of this Module.

Note: For **disability pension** see section 5Q.

How to calculate a person's rent free area

SCH6-C15 A person's rent assistance free area is worked out using Table C-3. Work out which family situation in Table C-3 applies to the person.

Table C-3
Rent Assistance Free Area

Table C-3
Rent Assistance Free Area

column 1 item	column 2 category of person	column 3 free area per year \$	column 4 free area per fortnight \$
1.	Not a member of a couple	2,548	98
2.	Partnered	2,236	86

Note 1: For *member of a couple* and *partnered* see section 5E.

Note 2: Item 2 of Table C-3 applies to members of illness separated and respite care couples.

Note 3: The free areas are adjusted annually (see section 59GA).

Rent assistance examples

Note: The following examples are based on the amounts and rates set out in this Module at the commencement of this Schedule (see clause 5 of Part 1 of this Schedule).

Example 1:

Facts: Ross is a single service pensioner without children. Ross does not receive any disability pension and pays \$120 per week rent.

Result: Item 1 in Table C-2 applies to Ross.

Rate A for Ross is \$3,287.70 calculated as follows:

$$\frac{3 \times (\text{Annual rent} - \text{Rent threshold rate})}{4} = \frac{3 \times [(\$120 \times 52) - \$1,856.40]}{4}$$

$$= \$3,287.70$$

Rate B for Ross is \$1,939.60.

As the maximum rate of rent assistance is the lesser of Rates A and B, Ross's rate of rent assistance is 1,939.60 per year. Ross will receive \$74.60 per fortnight.

Example 2:

Facts: Ted and Pam are members of a pensioner couple without children. They rent a house for \$160 per week. Ted receives 100% disability pension (\$6,255.60 per year). Pam receives the wife's component of disability pension (\$210.60 per year).

Result: Item 2 in Table C-2 applies to Ted and Pam.

Rate A for Ted is \$2,553.50 calculated as follows:

$$\frac{3 \times [(\$160 \times 52) - \$1,510.60]}{8} = \$2,553.50$$

Rate B for Ted is \$915.20.

As the lesser rate is \$915.20, this is the maximum rent assistance that Ted can receive. However, as both Ted and Pam receive disability pension, the Rent Assistance Income Test in point SCH6-C13 applies.

Ted's disability pension income is:

$$\frac{\$6,255.60 + \$210.60}{2} = \$3,233.10$$

Item 2 of Table C-3 applies. Ted's disability pension income excess is the disability pension income less the rent assistance free area:

$$\$3,233.10 - \$2,236.00 = \$997.10$$

The reduction in rent assistance is:

$$\frac{\$997.10}{2} = \$498.55$$

The rent assistance Ted will receive per year is Rate B less amount of rent reduction:

$$\$915.20 - \$498.55 = \$416.65$$

Ted will receive \$16.03 per fortnight.

The same calculation applies to Pam's rate of rent assistance.

Module D—Pharmaceutical allowance

Eligibility for pharmaceutical allowance

SCH6-D1 Subject to this Module, an additional amount by way of pharmaceutical allowance is to be added to a person's maximum basic rate.

No pharmaceutical allowance during certain periods of absence

SCH6-D2(1) If a person:

- (a) has told the Department that he or she will be absent from Australia for a period of 12 months or more; or

- (b) has been absent from Australia for a period of 12 months or more;
- the person is not eligible to receive pharmaceutical allowance for the period:
- (c) beginning on the 1 January that first occurs after the person has left Australia; and
 - (d) ending on the day before:
 - (i) the day on which the person returns to Australia; or
 - (ii) the day on which the person tells the Department of his or her return to Australia;whichever is the later.
- (2) Subpoint (1) does not apply to a person who:
- (a) after telling the Department that he or she will be absent from Australia for a period of 12 months or more, returns to Australia before the 1 January that first occurs after the person has left Australia; and
 - (b) has told the Department of his or her return to Australia before that 1 January.

No pharmaceutical allowance if person receiving pharmaceutical allowance under the Social Security Act.

SCH6-D3 Pharmaceutical allowance is not to be added to a person's maximum basic rate if the person is receiving pharmaceutical allowance under the Social Security Act.

No pharmaceutical allowance before advance payment period ends

SCH6-D4 Pharmaceutical allowance is not to be added to a person's maximum basic rate if:

- (a) the person has received an advance pharmaceutical allowance under:
 - (i) Division 2 of Part VIIA of this Act; or
 - (ii) Part 2.23 of the Social Security Act; and
- (b) the person's advance payment period has not ended.

Note: For *advance payment period* see point SCH6-D5.

Advance payment period

SCH6-D5(1) A person's advance payment period:

- (a) starts on the day on which the advance pharmaceutical allowance is paid to the person; and
- (b) ends after the number of advance paydays have passed.

(2) In this point:

advance pharmaceutical allowance includes advance pharmaceutical allowance under the Social Security Act;

amount of advance means the amount of the advance paid to the person.

number of advance paydays means the number of paydays worked out using the following formula:

$$\frac{\text{Amount of advance} \times 26}{\text{Pharmaceutical allowance rate}}$$

pharmaceutical allowance includes pharmaceutical allowance under the Social Security Act.

pharmaceutical allowance rate means the yearly amount of pharmaceutical allowance which would be added to the person's maximum basic rate in working out the instalment for the day on which the advance is paid if pharmaceutical allowance were to be added to the person's maximum basic rate on that day.

No pharmaceutical allowance if annual limit reached

SCH6-D6 Pharmaceutical allowance is not to be added to a person's maximum basic rate if the addition of the amount would contravene section 118M.

Amount of pharmaceutical allowance

SCH6-D7 The amount of pharmaceutical allowance depends on the person's family situation. Work out which family situation in Table D applies to the person. The amount of pharmaceutical allowance per year is the corresponding amount in column 3.

Table D			
Amount of pharmaceutical allowance			
column 1	column 2	column 3	column 4
item	person's family situation	rate per year	rate per fortnight
		\$	\$
1.	Not a member of a couple A member of an illness separated couple A member of a respite care couple Partnered—partner not eligible for pharmaceutical allowance A war widow/war widower—pensioner	140.40	5.40
2.	Partnered—partner eligible for pharmaceutical allowance	70.20	2.70

Note 1: For *member of a couple* and *partnered* see section 5E.

Note 2: For *illness separated couple* and *respite care couple* see subsections 5R(5) and (6).

Note 3: For *war widow/war widower—pensioner* see subsection 5Q(1).

Note 4: The column 3 amounts are adjusted annually (see section 59L).

Module E—Ordinary/adjusted income test

Definition

SCH6-E1 In this Module:

ordinary/adjusted income means:

- (a) for the purpose of the calculation of the rate of service pension—ordinary income; or
- (b) for the purpose of the calculation of the rate of income support supplement—adjusted income.

Note: For **ordinary income** and **adjusted income** see section 5H.

Effect of income on maximum payment rate

SCH6-E2 This is how to work out the effect of a person's ordinary/adjusted income on the person's maximum payment rate:

Method statement

Step 1. Work out the annual rate of the person's ordinary/adjusted income.

Note: For the treatment of the ordinary/adjusted income of members of a couple see point SCH6-E3.

Step 2. Work out the person's ordinary/adjusted income free area (see points SCH6-E6 to SCH6-E10 below).

Note: A person's ordinary/adjusted income free area is the maximum amount of ordinary/adjusted income the person can have without affecting the person's pension rate.

Step 3. Work out whether the person's ordinary/adjusted income exceeds the person's ordinary/adjusted income free area.

Step 4. If the person's ordinary/adjusted income does not exceed the person's ordinary/adjusted income free area, the person's ordinary/adjusted income excess is nil.

Step 5. If the person's ordinary/adjusted income exceeds the person's ordinary/adjusted income free area, the person's

ordinary/adjusted income excess is the person's ordinary/adjusted income less the person's ordinary/adjusted income free area.

Step 6. Use the person's ordinary/adjusted income excess to work out the person's reduction for ordinary/adjusted income using point SCH6-E11 below.

Note 1: See the Method statements in point SCH6-A1 for the significance of the person's reduction for ordinary/adjusted income.

Note 2: The application of the ordinary/adjusted income test is affected by provisions about the following:

- (a) the general concept of ordinary income (sections 46 and 46A);
- (b) business income (sections 46B and 46C);
- (c) deemed income from financial assets (sections 46D to 46M);
- (d) income from retirement funds and annuities (sections 46Q to 46U);
- (e) disposal of income (sections 48-48E).

Ordinary/adjusted incomes of members of couples

SCH6-E3 If a person is a member of a couple, add the annual rates of the couple's ordinary/adjusted incomes and divide by 2 to work out the amount of the person's ordinary/adjusted income for the purposes of this Module.

Payment of arrears of periodic compensation payments

SCH6-E4 If:

- (a) at the time of an event that gives rise to an entitlement of a person to compensation, the person is receiving a compensation affected pension; and
 - (b) in relation to the entitlement, the person receives a payment (an *arrears payment*) of arrears of periodic compensation;
- the person is taken to receive on each day in the periodic payments period an amount calculated by dividing the amount of the arrears payment by the number of days in the periodic payments period.

Note: For *event that gives rise to an entitlement to compensation, compensation affected pension* and *periodic payments period* see section 5NB.

Ordinary/adjusted income free area

SCH6-E5 A person's ordinary/adjusted income free area is the amount of ordinary/adjusted income the person can have without any deduction being made from the person's maximum payment rate.

How to calculate a person's ordinary/adjusted free area

SCH6-E6 A person's ordinary/adjusted income free area is worked out using Table E-1. Work out which family situation in Table E-1 applies to the person. The ordinary/adjusted income free area is the corresponding amount in column 3 plus an additional corresponding amount in column 5 for each dependent child of the person.

Table E-1
Ordinary/adjusted income free area

column 1	column 2	column 3	column 4	column 5	column 6
item	category of person	basic free area per year	basic free area per fortnight	additional free area per year	additional free area per fortnight
		\$	\$	\$	\$
1.	Not member of a couple	2,548	98	624	24
2.	Partnered (partner getting neither pension nor benefit) Partnered (partner getting benefit)	2,236	86	624	24

Table E-1
Ordinary/adjusted income free area

column 1	column 2	column 3	column 4	column 5	column 6
item	category of person	basic free area per year \$	basic free area per fortnight \$	additional free area per year \$	additional free area per fortnight \$
3.	Partnered (partner getting pension)	2,236	86	312	12

Note 1: For *member of a couple, partnered (partner getting neither pension nor benefit), partnered (partner getting benefit)* and *partnered (partner getting pension)* see section 5E.

Note 2: For *dependent child* see section 5F.

Note 3: Items 2 and 3 of Table E-1 apply to members of illness separated and respite care couples.

Note 4: The basic free area is indexed annually in line with CPI increases (see sections 59B to 59E).

No additional free area for certain prescribed student children

SCH6-E7 No additional free area is to be added for a dependent child who:

- (a) has reached the age of 18 years; and
- (b) is a prescribed student child within the meaning of the Social Security Act;

unless the person whose rate is being calculated, or the person's partner, receives child disability allowance under the Social Security Act for the child.

Reduction of additional free area for dependent children

SCH6-E8 The additional free area for a dependent child of a person to whom items 1 and 2 of Table E-1 apply is reduced by the annual amount of any payment received by the person or the person's partner for or in respect of that particular child. The payments referred to in point SCH6-E10 do not result in a reduction.

SCH6-E9 The additional free area for a dependent child of a person to whom item 3 of Table E-1 applies is reduced by 50% of the annual amount of any payment received by the person or the person's partner for or in respect of that particular child. The payments referred to in point SCH6-E10 do not result in a reduction.

SCH6-E10 No reduction is to be made under point SCH6-E8 or SCH6-E9 for a payment:

- (a) under this Act; or
- (b) of maintenance income; or
- (c) under the Social Security Act; or
- (d) under the AUSTUDY scheme; or
- (e) under an Aboriginal study assistance scheme; or
- (f) under the Assistance for Isolated Children Scheme.

Note: For *Aboriginal study assistance scheme* see section 5F.

Ordinary/adjusted income free area examples

Example 1:

Facts: Wayne and Mary are members of a couple. They both receive pensions. They have 2 dependent children—Max and Angela. Angela is being fostered by Wayne and Mary and they receive \$15 per week from the NSW Government by way of a foster care payment in respect of Angela.

Result: The annual rate of foster care payment is:

$$\$15 \times 52 = \$780$$

As point SCH6-E9 applies to Wayne and Mary (they are covered by item 3 of Table E-1 in point SCH6-E6), the reduction is at the 50% rate (i.e. \$390 per year). The possible additional amounts for Angela (\$312) are therefore reduced to nil.

The amount that Wayne gets for Max is not subject to reduction and is \$312 per year. Mary gets \$312 for Max as well.

Wayne's ordinary/adjusted income free area is:

$$\$2,236 + \$312 = \$2,548$$

Mary's ordinary income free area is the same.

Example 2:

If Wayne and Mary received only \$10 per week (\$520 per year) foster care payment for Angela, the amount each of them would be allowed for Angela would be:

$$\$312 - \frac{\$520}{2} = \$312 - \$260 = \$52$$

Then each would have an ordinary income/adjusted free area of:

$$\$2,236 + \$312 + \$52 = \$2,600$$

Pension reduction for ordinary/adjusted income in excess of ordinary/adjusted income free area

SCH6-E11(1) A person's reduction for ordinary/adjusted income is one-half of the person's ordinary/adjusted income excess.

(2) In this point:

ordinary/adjusted income excess, in relation to a person, means the person's ordinary/adjusted income less the person's ordinary/adjusted income free area.

Module F—Assets test

Effect of assets on maximum payment rate

SCH6-F1 This is how to work out the effect of a person's assets on the person's maximum payment rate:

Method statement

Step 1. Work out the value of the person's assets.

Note 1: For the treatment of the assets of members of a couple see point SCH6-F2.

Note 2: For the assets that are to be disregarded in valuing a person's assets see section 52.

Note 3: For the valuation of an asset that is subject to a charge or encumbrance see sections 52C and 52CA.

Step 2. Work out the person's assets value limit (see point SCH6-F3 below).

Note: A person's assets value limit is the maximum value of assets the person can have without affecting the person's pension rate.

- Step 3.* Work out whether the value of the person's assets exceeds the person's assets value limit.
- Step 4.* If the value of the person's assets does not exceed the person's assets value limit, the person's assets excess is nil.
- Step 5.* If the value of the person's assets exceeds the person's assets value limit, the person's assets excess is the value of the person's assets less the person's assets value limit.
- Step 6.* Use the person's assets excess to work out the person's reduction for assets using point SCH6-F4 below.
- Note 1: See the Method statements in point SCH6-A1 for the significance of the person's reduction for assets.
- Note 2: The application of the assets test is affected by provisions about the following:
- (a) disposal of assets (sections 52E - 52J);
 - (b) special residences (sections 52KA - 52X);
 - (c) financial hardship (sections 52Y and 52Z);
 - (d) the pensions loans scheme (sections 52ZAAA - 52ZM).

Value of assets of members of couples

SCH6-F2 For the purposes of this Module:

- (a) the value of the assets of a member of a couple is taken to be 50% of the sum of:
 - (i) the value of the person's assets; and
 - (ii) the value of the person's partner's assets; and
- (b) the value of the assets of a particular kind of a member of a couple is taken to be 50% of the sum of:
 - (i) the value of the person's assets of that kind; and
 - (ii) the value of the person's partner's assets of that kind.

Assets value limit

SCH6-F3 A person's assets value limit is worked out using Table F-1. Work out the person's family situation and property ownership situation. The assets value limit is the corresponding amount in column 3.

Table F-1
Assets value limit

column 1	column 2	column 3	
		column 3A	column 3B
item	person's family situation	assets value limit	assets value limit
		either person or partner property owner \$	neither person nor partner property owner \$
1.	Not member of a couple	124,000	212,500
2.	Partnered	88,000	132,250

Note 1: For *member of a couple* and *partnered* see section 5E.

Note 2: For *property owner* see section 5L.

Note 3: Item 2 applies to members of illness separated and respite care couples.

Note 4: The assets value limit in column 3B of item 1 is adjusted annually in line with CPI increases (see section 59H). The other assets value limits are indexed annually in line with CPI increases (see sections 59B to 59E).

Pension reduction for assets in excess of assets value limit

SCH6-F4(1) A person's reduction for assets is worked out by using the formula:

$$\frac{(\text{Assets excess}) \times 19.50}{250}$$

where:

assets excess means the value of the person's assets less the person's assets value limit.

- (2) In calculating a person's assets excess under subpoint (1), disregard any part of the excess that is not a multiple of \$250.

Module G—Remote area allowance

Remote area allowance

SCH6-G1 An amount by way of remote area allowance is to be included in a person's rate of pension if:

- (a) one of the following subparagraphs applies:
 - (i) the person's rate of pension apart from this point is greater than nil; or
 - (ii) the person's rate of pension apart from this point is nil merely because an advance pharmaceutical allowance has been paid to the person under Division 2 of Part VIIA of this Act or under Part 2.23 of the Social Security Act; or
 - (iii) the person's rate of pension apart from this point is nil merely because of the operation of Part IIID; and
- (b) the person's usual place of residence is situated in the remote area; and
- (c) the person is physically present in the remote area.

Note: For *remote area* and *physically present in the remote area* see section 5Q.

Rate of remote area allowance

SCH6-G2 The rate of remote area allowance payable to a person is worked out using Table G. Work out which family situation in the table applies to the person. The rate of remote area allowance is the corresponding amount in column 3 plus an additional corresponding amount in column 5 for each FP child of the person.

Table G

Remote area allowance

column 1 item	column 2 person's family situation	column 3 basic allowance per year \$	column 4 basic allowance per fortnight \$	column 5 additional allowance per year \$	column 6 additional allowance per fortnight \$
1.	Not member of a couple A member of an illness separated couple A member of a respite care couple Partnered—partner not receiving remote area allowance	455.00	17.50	182.00	7.00
2.	Partnered (partner receiving remote area allowance)	390.00	15.00	182.00	7.00

Note 1: For *FP child* see subsection 5F(1).

Note 2: For *member of a couple* and *partnered* see section 5E.

Note 3: For *illness separated couple* and *respite care couple* see subsections 5R(5) and (5A).

FP children must be physically present in Australia

SCH6-G3 Additional allowance is not payable for an FP child unless the child is physically present in Australia.

Special rule where partner has an FP child but is not receiving a pension, benefit or allowance

SCH6-G4 If:

- (a) a person who is a member of a couple is qualified for an amount by way of remote area allowance; and
- (b) the person's partner is not receiving a service pension, an income support supplement, a social security pension, a social security benefit or a youth training allowance; and
- (c) the person's partner has an FP child;

the child is taken, for the purposes of this Module, to be an FP child of the person.

Special rule where partner has an FP child but is not receiving additional allowance for the FP child

SCH6-G5 If:

- (a) a person who is a member of a couple is qualified for an amount by way of remote area allowance; and
- (b) the person's partner has an FP child; and
- (c) the person's partner is not receiving additional allowance for the FP child;

the child is taken, for the purposes of this Module, to be an FP child of the person.

Schedule 2—Amendment of the Aged Care Act 1997

1 Subsection 44-20(2)

Omit “Module D of the Rate Calculator at the end of section 41 of”, substitute “Module E of the Rate Calculator in Schedule 6 to”.

2 Subsection 44-20(3)

Omit “Module E of the Rate Calculator at the end of section 45X of”, substitute “Module E of the Rate Calculator in Schedule 6 to”.

3 Subsection 44-22(2)

Omit “points 41-D3 and 41-D4 of the Rate Calculator at the end of section 41 of”, substitute “points SCH6-E5 and SCH6-E6 of the Rate Calculator in Schedule 6 to”.

4 Subsection 44-22(3)

Omit “points 45X-E4 and 45X-E5 of the Rate Calculator at the end of section 45X of”, substitute “points SCH6-E5 and SCH6-E6 of the Rate Calculator in Schedule 6 to”.

Schedule 3—Amendment of the Aged Care Income Testing Act 1997

1 Subsection 7(2)

Omit “Module D of the Rate Calculator at the end of section 41 of”,
substitute “Module E of the Rate Calculator in Schedule 6 to”.

2 Subsection 7(3)

Omit “Module E of the Rate Calculator at the end of section 45X of”,
substitute “Module E of the Rate Calculator in Schedule 6 to”.

*[Minister’s second reading speech made in—
House of Representatives on 26 March 1997
Senate on 16 June 1997]*

(54/97)

I HEREBY CERTIFY that the above is a fair print of the Veterans' Affairs Legislation Amendment (Budget and Simplification Measures) Bill 1997 which originated in the House of Representatives and has been finally passed by the Senate and the House of Representatives.

Clerk of the House of Representatives

IN THE NAME OF HER MAJESTY, I assent to this Act.

Governor-General
1997

(54/97)