

EXPLANATORY STATEMENT

Military Rehabilitation and Compensation Act Education and Training Scheme (Clean Energy Payments) Determination 2012

EMPOWERING PROVISION

Subsection 258(4) of the *Military Rehabilitation and Compensation Act 2004* (the Act).

PURPOSE

The main purpose of the attached instrument (M6/2012) is to establish a clean energy advance and related payments for children eligible for education allowances under the *Military Rehabilitation and Compensation Act Education and Training Scheme 2004* (eligible children).

Clean energy advances have been established under a number of Acts and Schemes in respect of payments covered by the Government's Clean Energy Household Assistance Package.

A clean energy advance under the *Military Rehabilitation and Compensation Act Education and Training Scheme 2004* (MRCAETS) will assist with meeting the increases in the cost of living for eligible children arising from the introduction of a carbon price on 1 July 2012.

The attached instrument makes provision for:

- clean energy advance (paragraphs 3A.1.1-3A.1.3)
- top up of clean energy advance (paragraph 3A.5.1)
- multiple entitlement exclusion (paragraph 3A.10.1)
- clean energy supplement (paragraph 3A.11.1)
- quarterly payment of clean energy supplement (paragraph 3A.12.1)
- indexing of clean energy supplement (paragraph 3A.18.1)
- adjustment of education allowances (paragraph 3A.19.1-3A.19.3)

The Clean Energy Advance

The clean energy advance is a lump sum payment that is payable for the first 18 months of the carbon pricing scheme. At the end of that period, the clean energy advance will be replaced by ongoing clean energy supplements.

The clean energy advance will start being paid from 14 May 2012 as a tax free payment to eligible children and will include:

- the expected CPI impact of carbon pricing (0.7%), and
- the additional increase amount above CPI (1%).

The clean energy advance will be paid in respect of the period (clean energy advance period) from 1 July 2012 until the normal payment indexation arrangements begin to deliver CPI increases related to carbon pricing from 1 January 2014.

The Top Up of the Clean Energy Advance

An eligible child's clean energy advance may need to be increased because of a change in their circumstances. If their clean energy advance is not topped-up as a result of those changed circumstances, the child would not be appropriately compensated for the anticipated increased living costs.

The changes in circumstances that would entitle an eligible child to a top-up of their clean energy advance are where:

- the child moves to a higher rate of the same education allowance under the MRCAETS.
- the child moves from an education allowance under the MRCAETS to a new payment, at a higher rate, under some other Scheme, or under an Act, that makes provision for a clean energy advance.
- the child moves to a different education allowance under the MRCAETS at a higher rate.

The top-up an eligible child will receive will be an additional amount of clean energy advance equivalent to the difference between the higher and lower clean energy advance amounts for the number of days remaining in the clean energy advance period (the period for which a child is eligible for a clean energy advance).

Multiple Entitlement Exclusion

The aim of the provision in the attached instrument (paragraph 3A.10.1) that deals with multiple entitlement exclusion is to prevent inappropriate double payments of clean energy advances.

Paragraph 3A.10.1 and 3A.14.1 set out circumstances in which a person is not entitled to, respectively, a clean energy bonus (advance) or clean energy bonus (supplement) under the MRCAETS. The circumstances relate to (and must relate to) a child's entitlement to, or receipt of, one or more of the following:

- another clean energy bonus under the MRCAETS; or
- a clean energy bonus under the *Military Rehabilitation and Compensation Act 2004* or the *Veterans' Entitlements Act 1986*; or
- a clean energy bonus under the *Social Security Act 1991*; or
- a clean energy bonus under a scheme (however described) whether or not the scheme is provided for by or under an Act.

The Clean Energy Supplement

Once normal indexation begins to deliver CPI increases in respect of carbon pricing from 1 January 2014, the additional increase will be paid as clean energy supplements.

It is proposed that ongoing clean energy supplements will start to be paid to eligible children from the end of the clean energy advance period. The clean energy supplements would be fortnightly payments indexed by the CPI that will form part of an eligible child's education allowance. Indexation by the CPI would mean that these payments would maintain their value in real terms over time.

Quarterly payment of clean energy supplement

Eligible children have the option of receiving their clean energy supplement as a quarterly payment in arrears rather than a fortnightly payment.

Indexing of the Clean Energy Supplement

The clean energy supplement under the MRCAETS will be indexed as if it is the clean energy supplement under the *Social Security Act 1991* (SSA) for the Youth Allowance under the SSA.

Adjustment of Education Allowances

Once the carbon price impact starts to flow through to indexation of education allowances under the MRCAETS, the normal indexation will

need to be adjusted to remove the expected CPI impact of carbon pricing (the 0.7% which will then be paid through the clean energy supplement).

The carbon price impacts will start to flow through to education allowance indexation at the 1 January 2014 indexation point.

The education allowances under the MRCAETS are indexed by reference to Youth Allowance under the SSA. The rate of Youth Allowance has been adjusted to remove the CPI impact of carbon pricing. In turn this adjustment will be reflected in an education allowance.

Apart from the “clean energy amendments” made by the attached instrument, the instrument amends certain provisions in relation to the education allowances so that:

- the actual amounts of the allowances are stated in the MRCAETS (previously they were not); and
- the allowance of “secondary students who are under sixteen years and living away from home” is indexed by reference to the Youth Allowance under the SSA rather than the allowance under the Commonwealth Assistance for Isolated Children Scheme, because it is more appropriate.

CONSULTATION

In relation to the carbon price proposal generally:

The Government established a working group of community sector leaders to help advise the Government on an assistance package for Australian households, under a carbon pricing mechanism. This Household Assistance Working Group, a sub-group advising the Multi Party Climate Change Committee, helped to inform the Government's policy-making process. Members of the working group came from non-government organisations that represent those people the Government wanted to ensure received adequate assistance, especially people in low-income households. The Government also consulted with State and Territory Governments on aspects of household assistance to ensure it connects with and complements programs and activities already in place across the country.

The Department of Veterans' Affairs ensured that key ex-service organisations were kept informed of policy developments in relation to the carbon price proposal through the ESO Round Table. The ESO Round Table (Ex Service Organisation Round Table) is the main forum for dialogue between the Military Rehabilitation Compensation Commission, the Repatriation Commission, the Department of Veterans' Affairs and the leadership of the ESO and Defence communities.

In relation to the attached legislative instrument:

The Department of Veterans' Affairs consulted the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA). FaHCSIA is the leader among Commonwealth Government agencies in relation to household assistance measures under the carbon price proposal. Consultation was by way of e-mail, phone and meetings.

The Department of Veterans' Affairs also consulted the ESO Round Table. Consultation was by way of a meeting.

Human rights implications

The attached legislative Instrument does engage an applicable right or freedom. It relates to the right to social security. The right to social security requires, among other things, the right to a minimum essential level of benefits for all individuals and families that will enable them to acquire at least essential health care, basic shelter and housing, water and sanitation, foodstuffs, and the most basic forms of education.

The price on carbon is expected to increase the costs of living. In particular, the costs of electricity and food. The Government has taken steps to ensure that financially vulnerable members of the community are reasonably financially compensated for increased living costs due to the price on carbon.

This compensation is intended to enable people with limited means to continue to have adequate access to essential services and would be in accordance with Australia's social security obligations under the International Covenant on Economic, Social and Cultural Rights.

The attached legislative instrument seeks to ensure that education allowances are appropriately increased in order to meet increased living costs thereby reducing a potential disincentive to a student pursuing an education.

The UN Committee on Economic Social and Cultural Rights has stated that qualifying conditions for benefits must be reasonable, proportionate and transparent.

The attached legislative instrument appears to satisfy these criteria. There are few qualifying conditions for a payment under the instrument and what conditions there are, are prescriptive, not discretionary. One condition (multiple entitlement exclusion) on receiving a payment is aimed at preventing double-payments where it is inappropriate in the relevant policy context.

Conclusion

The attached legislative instrument is compatible with human rights because it maintains the right to social security and education and the qualifying conditions it imposes on the grant of the relevant benefit are considered appropriate in the circumstances.

Warren Snowdon
Minister for Veterans' Affairs
Rule-Maker

DOCUMENTS INCORPORATED-BY-REFERENCE

No.

FURTHER EXPLANATION

Attachment A.

Attachment A

Items	Explanation
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| 1. | sets out the name of the instrument. |
| 2. | provides that the instrument commences on 14 May 2012. |

Schedule

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| 3. | is a definition section. |
| 4. | <p>revised the former provision (paragraph 3.8.1) which described the various education allowances payable under the MRCAETS, by adding the actual amounts of the allowances. New paragraph 3.8.1 now sets out the following education allowances and the amounts of the allowances:</p> <ul style="list-style-type: none"> • primary student allowance - \$242.50 (paid annually) • secondary student who is under sixteen years and living at home allowance - \$49.80 (paid fortnightly) • secondary student who is under sixteen years and living away from home allowance - \$338.03 (paid fortnightly). |

New paragraph 3.8.1 also provides that the education allowances are to be indexed in accordance with paragraph 3.8.2 of the MRCAETS.

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| 5. | varies existing paragraph 3.8.2 (indexing provision) so that the allowance for the category of secondary student who is under sixteen years and living away from home allowance is indexed under paragraph 3.8.2 and not the (repealed) paragraph 3.8.3. The effect of this is that the allowance will be indexed under the <i>Social Security Act 1991</i> (as if it was Youth Allowance) instead of under the Commonwealth Assistance for Isolated Children Scheme. |
| 5A. | omits paragraph 3.8.3 including the Note. Formerly paragraph 3.8.3 provided for indexing of the “secondary student who is under sixteen years and living away from home allowance” by reference to the amount of a payment under the Commonwealth Assistance for Isolated Children Scheme. The allowance in question will now be indexed under the <i>Social Security Act 1991</i> , because it is more |

appropriate, and therefore paragraph 3.8.3 was redundant and could be omitted.

6. inserts a new PART 3A in the MRCAETS. The new Part covers clean energy payments.

3A.1.1 enables the Military Rehabilitation and Compensation Commission, on a day during the period starting on 14 May 2012 and ending on 30 June 2012, to determine that a person is eligible for a clean energy advance if, on that day:

- the person receives a clean energy underlying payment (education allowance) under the MRCAETS; and
- the person's rate of payment is greater than nil; and
- the person is in Australia.

3A.1.2 enables the Military Rehabilitation and Compensation Commission to determine that a person is eligible for a clean energy advance if, on a day during the period starting on 1 July 2012 and ending on 30 June 2013:

- the person receives an education allowance under the MRCAETS; and
- the person's rate of payment is greater than nil; and
- the person is in Australia.

3A.1.3 enables the Military Rehabilitation and Compensation Commission to determine that a person is eligible for a clean energy advance if, on a day during the period starting on 1 July 2013 and ending on 31 December 2013:

- the person receives an education allowance under the MRCAETS; and
- the person's rate of payment is greater than nil; and
- the person is in Australia.

3A.1.4 provides that a determination under paragraph 3A.1.2 or 3A.1.3 must specify the first day during the period set out in that paragraph for which the person:

- receives an education allowance greater than nil; and

- is in Australia, disregarding any temporary absence from Australia for a continuous period not exceeding 13 weeks.

3A.1.5 specifies that a person is eligible for, at most, two clean energy advances under paragraphs 3A.1.1, 3A.1.2 and 3A.1.3:

- one under either subsection 3A.1.1 or 3A.1.2; and
- one under paragraph 3A.1.3.

3A.1.6 states that a person's eligibility for a clean energy advance is subject to paragraph 3A.10.1.

The note to this paragraph advises that top-up payments of clean energy advance may be payable under paragraph 3A.5.1 of the MRCAETS if the person's circumstances change during the person's clean energy advance period (1 July 2012 – 1 January 2014).

3A.1.7 provides that a claim is not required for a clean energy advance.

3A.2.1 requires that, on the day (the decision day) that the Military Rehabilitation and Compensation Commission determines that a person is eligible for a clean energy advance for an education allowance, the Commission must work out the amount of the advance.

The note to paragraph 3A.2.1 advises that under paragraph 3A.6.1 of the MRCAETS the advance will be paid in a lump sum as soon as is reasonably practicable.

3A.2.2 sets out the method for working out the amount of the clean energy advance. The amount of the advance is the result of the following formula rounded up to the nearest multiple of \$10:

$$\text{Clean energy advance daily rate} \times \text{Number of advance days}$$

where:

clean energy advance daily rate is worked out under paragraph 3A.3.1 of the MRCAETS.

number of advance days is worked out under paragraph 3A.4.1 of the MRCAETS.

3A.3.1 describes how the clean energy advance daily rate for a person's education allowance is worked out, namely:

- (a) working out 1.7% of the rate for the education allowance, worked out:
 - (i) for the first day of the person's clean energy advance period; and
 - (ii) for someone in circumstances the same as the person's on the advance eligibility day; and
- (b) rounding the result of paragraph 3A.3.1(a) up or down to the nearest multiple of 10 cents (rounding up if that result is not a multiple of 10 cents but is a multiple of 5 cents); and
- (c) adding 20 cents to the result of paragraph 3A.3.1(b); and
- (d) dividing the result of paragraph 3A.3.1(c) by 14.

3A.4.1 sets out how a person's number of advance days is calculated for the purposes of paragraph 3A.2.2. The person's number of advance days is the number of days in the person's clean energy advance period (defined in paragraph 1.2.2 of the MRCAETS) that are on or after:

- if the person is eligible for the clean energy advance before 1 July 2012 —1 July 2012; or
- otherwise—the advance eligibility day (defined in paragraph 1.2.2 of the MRCAETS).

3A.5.1 enables the Military Rehabilitation and Compensation Commission (the Commission) to determine that persons:

- who have been paid the amount (the original payment) of a clean energy advance for an education allowance (the original underlying payment) worked out under PART 3A of the MRCAETS; and
- whose circumstances change within a period, and in a way, specified in paragraph 3A.5.2 of the MRCAETS; and
- either:
 - (i) the change of circumstances means that a higher clean energy advance daily rate would be used to calculate the original payment if the person's clean energy advance eligibility day were the change day (day person's circumstances changed);

- (ii) except for any multiple entitlement exclusion the person would be eligible for a clean energy bonus under the Act, another Act or a Commonwealth scheme;

are eligible for a further payment of the clean energy advance worked out in accordance with paragraphs 3A.5.4-3A.5.7 of the MRCAETS.

3A.5.2 covers a person's circumstances changing, for the purposes of paragraph 3A.5.1 of the MRCAETS, in a way such that:

- the person was paid an original payment (clean energy advance) and as a result of the change in circumstances the person receives an education allowance at a higher rate in relation to the change day and the change of circumstances occurs before 1 January 2014; or
- the person was paid an original payment (clean energy advance) and as a result of the change in circumstances the person commences to receive , before 20 March 2013:
 - (i) service pension under the *Veterans' Entitlements Act 1986* (VEA); or
 - (ii) war widow(er) pension under the VEA; or
 - (iii) a payment listed in subsection 914(4) of the *Social Security Act 1991*; or
 - (iv) MRCA wholly dependent partner payment under the *Military Rehabilitation and Compensation Act 2004* (MRCA); or
 - (v) a payment under the ABSTUDY scheme.
- the person was paid an *original payment* (clean energy advance) and as a result of the change in circumstances the person no longer receives an education allowance under the MRCAETS but receives, before 1 January 2014:
 - (i) a payment listed in subsection 914A(5) of the *Social Security Act 1991*; or

(ii) a payment under the *Veterans' Children Education Scheme* (VCES);

(iii) a payment under the ABSTUDY scheme.

3A.5.3 provides that despite any other provision of the MRCAETS, if a person received an original payment (clean energy advance) under 3A.1.3 of the MRCAETS (eligibility period 1 July 2013-31 December 2013) and as a result of a change in circumstances the person starts to receive one of the payments listed in subsection 914(4) of the *Social Security Act 1991*, a war widow(er) pension under the VEA or service pension under the VEA or a MRCA wholly dependent partner payment under the MRCA, in relation to the change day for the person, the person will not be eligible for a top-up payment of the clean energy advance.

3A.5.4 states that if a person has not previously been eligible for a top-up payment in relation to the clean energy advance period for the clean energy advance, the amount of top-up payment is to be calculated in accordance with the Method Statement 1 at the end of paragraph 3A.5.5.

3A.5.5 contains Method Statement 1 for the purposes of paragraph 3A.5.4 of the MRCAETS.

3A.5.6 sets out the procedure where a person has previously been paid a top-up payment calculated in accordance with paragraph 3A.5.4 of the MRCAETS and the person has a further change in circumstances. In this situation any additional top-up payment is to be calculated in accordance with paragraph 3A.5.7 of the MRCAETS.

3A.5.7 provides that for the purposes of paragraph 3A.5.6 of the MRCAETS (top-up payment for subsequent change of circumstances) the method of calculating any further top-up payment is in accordance with Method Statement 2 in paragraph 3A.5.7 of the MRCAETS.

3A.6.1 provides that an amount of clean energy advance for which a person is eligible is payable in a single lump sum on the day that the Military Rehabilitation and Compensation Commission considers to be the earliest day on which it is reasonably practicable for the amount to be paid.

3A.6.2 states that the clean energy advance is not payable if the Military Rehabilitation and Compensation Commission is aware that the person has died.

3A.7.1 is about debt recovery and provides that the paragraph applies if:

- a person has been paid a clean energy advance for a clean energy underlying payment (education allowance); and
- after the advance was paid, one of the following events happens to a determination that directly or indirectly affected the payability or amount of the clean energy advance paid to the person:
 - (i) the determination is changed, revoked or set aside;
 - (ii) the determination is superseded by another determination; and
- the event happened wholly or partly because the person knowingly made a false or misleading statement or knowingly provided false information; and
- had the event happened on or before the day the advance was paid:
 - (i) the advance would not have been paid; or
 - (ii) the advance would have been reduced.

Note 1 to paragraph 3A.7.1 advises that examples of determinations directly affecting the payability or amount of the clean energy advance include:

- a determination relating to the person's eligibility for the clean energy underlying payment (education allowance) to which the advance related; and
- the determination of the person's eligibility for the clean energy advance.

Note 2 to paragraph 3A.7.1 advises that an example of a determination indirectly affecting the amount of the advance is a determination relating to a change in circumstances that results in the person becoming eligible for a further payment of the advance under paragraph 3A.5.1 of the MRCAETS (top up of clean energy advance).

3A.8.1 provides that the clean energy advance is a debt due to the Commonwealth by the person who is paid a clean energy advance if paragraph 3A.7.1(d)(i) of the MRCAETS applies.

3A.8.2 states that the amount by which the clean energy advance would have been reduced is a debt due to the Commonwealth by the person if paragraph 3A.7.1(d)(ii) applies.

3A.9.1 provides that the provisions of the *Military Rehabilitation and Compensation Act 2004* under which debts arise do not apply in relation to clean energy advances to which paragraph 3A.7.1 of the MRCAETS applies.

3A.10.1 is a “multiple entitlement exclusion” for the clean energy advance under the MRCAETS and sets out the circumstances when a person otherwise eligible for a clean energy advance will not be eligible for one. Those circumstances are where the person has previously been paid, or is eligible or qualified for, a clean energy advance under:

- the *ABSTUDY* scheme; or
- the *MRCA*, in relation to a *MRCA wholly dependent partner payment*; or
- the *Social Security Act 1991*; or
- the *VCES* (in relation to the same period); or
- the *VEA*, except for a clean energy advance in relation to *disability pension*; or

where the person has previously been paid a clean energy advance under the *MRCAETS* (in relation to the same period).

3A.10.2 provides that a person who is ineligible for an advance under 3A.10.1 of the MRCAETS may still be eligible for a top-up payment for their clean energy advance.

3A.11.1 in conjunction with paragraph 3A.12.1 of the MRCAETS sets out the criteria a person must satisfy in order to receive a clean energy supplement. For the purposes of paragraph 3A.12.1, paragraph 3A.11.1 applies to a person for a day if:

- the person receives for the day an education allowance (payment on day condition); and
- the person's rate of the payment is greater than nil (payment greater than nil condition); and
- the person is residing in Australia on the day; and
- on the day the person either:
 - (i) is in Australia; or
 - (ii) is temporarily absent from Australia and has been so for a continuous period not exceeding 13 weeks.

The note to paragraph 3A.11.1 advises that an election by the person to take a clean energy supplement quarterly (see paragraph 3A.15.2 of the MRCAETS) may affect whether a person meets the payment on day condition and the payment greater than nil condition.

3A.12.1 provides that subject to paragraph 3A.14.1 (multiple entitlement exclusion) of the MRCAETS, if paragraph 3A.11.1 of the MRCAETS applies to a person, the Commonwealth is liable to pay the person for the day mentioned in paragraph 3A.11.1, clean energy supplement for the person's education allowance.

The notes to paragraph 3A.12.1 advise that the clean energy supplement is a payment separate from the education allowance and that paragraph 3A.14.1 (multiple entitlement exclusion) of the MRCAETS may affect the person's entitlement to the clean energy supplement.

3A.13.1 states that, subject to paragraph 3A.18.1 of the MRCAETS (indexing provision for clean energy supplement) the rate of clean energy supplement for an education allowance is worked out by:

- (a) working out 1.7% of the clean energy underlying payment on 1 January 2014 (taking account of any indexation on that day); and

- (b) rounding the result of paragraph (a) up or down to the nearest multiple of 10 cents (rounding up if that result is not a multiple of 10 cents but is a multiple of 5 cents).

The note to paragraph 3A.13.1 advises that the rate in paragraph 3A.13.1 is indexed 12 monthly in line with CPI increases and advises of paragraph 3A.18.1 of the MRCAETS. Paragraph 3A.18.1 covers the indexing of the clean energy supplement.

3A.13.2 requires a clean energy supplement to be added to the rate of an education allowance of the person mentioned in paragraph 3A.11.1 of the MRCAETS.

3A.13.3 provides that paragraph 3A.13.2 of the MRCAETS does not apply if quarterly clean energy supplement is payable to a person to whom paragraph 3A.12.1 of the MRCAETS applies.

3A.14.1 is a multiple entitlement exclusion provision and sets out the circumstances in which a person is not eligible for a clean energy supplement for an education allowance on a day. Those circumstances are where the person, on the day, is also in receipt of a payment:

- under the VEA – being a war widow(er) pension;
or
- under the MRCA – being a MRCA wholly dependent partner payment;

where the pension or payment under the VEA or MRCA respectively, includes a component of clean energy supplement covering the same instalment period for the person's education allowance.

3A.15.1 states that a quarterly clean energy supplement is payable to a person for each day for which an election by the person under paragraph 3A.15.2 of the MRCAETS is in force in relation to an education allowance the person is receiving.

The note to paragraph 3A.15.1 advises that paragraph 3A.14.1 (multiple entitlement exclusion) of the MRCAETS may affect the person's eligibility for quarterly clean energy supplement.

3A.15.2 provides that if paragraph 3A.12.1 (person eligible for clean energy supplement) of the MRCAETS applies to a person, the person may, in a manner or way approved by the Military Rehabilitation and Compensation Commission, make an election to receive the person's clean energy supplement as a separate payment.

3A.15.3 states that an election under paragraph 3A.15.2 of the MRCAETS, to receive a clean energy supplement as a quarterly clean energy supplement, ceases to be in force if the person ceases to receive an education allowance.

3A.15.4 enables a person who has made an election under paragraph 3A.15.2 of the MRCAETS to receive a clean energy supplement as a quarterly clean energy supplement to revoke the election in a manner or way approved by the Military Rehabilitation and Compensation Commission. A revocation takes effect as soon as practicable after it happens.

3A.16.1 sets out how a person's daily rate of quarterly clean energy supplement for a particular day is calculated, namely it is 1/14 of the amount that, apart from paragraph 3A.15.1 (election to receive clean energy supplement quarterly) of the MRCAETS, would be the person's clean energy supplement for that day.

3A.17.1 enables a quarterly clean energy supplement is to be paid by instalments.

3A.17.2 provides that an instalment of quarterly clean energy supplement is to be paid to a person as soon as is reasonably practicable on or after the first supplement test day (the current test day) that follows a day for which quarterly clean energy supplement is payable to the person.

3A.17.3 sets out the method of working out the amount of the instalment of a quarterly clean energy supplement, namely:

- work out the amount of the person's quarterly clean energy supplement for each day during the test period for which quarterly clean energy supplement is payable to the person; and
- add up the amounts.

3A.17.4 provides definitions for the purposes of working out an instalment of clean energy supplement under paragraphs 3A.17.2 and 3A.17.3 of the MRCAETS, namely:

supplement test day means:

- 20 March; or
- 20 June; or
- 20 September; or
- 20 December.

test period means the period:

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

3A.17.5 states that a claim is not required for quarterly clean energy supplement.

3A.18.1 describes how the clean energy supplement is to be indexed, namely as if it is the “Clean energy (under pension age) rate 3” mentioned in item 1AG of the table in section 1190 of the *Social Security Act 1991* (SSA) and indexed under Part 3.16 of Chapter 3 of the SSA.

The note to paragraph 3A.18.1 advises that deeming the rate of clean energy supplement to be the Clean energy (under pension age) rate 3 means it will be taken to be the rate in item 1G of the CPI Indexation Table in subsection 1191(1) of the SSA and will be covered by, in addition to section 1190 of the SSA, sections 1191-1194 of the SSA.

3A.19.1 sets out how an education allowance is to be indexed on or after 1 January 2014 in order to remove the CPI impact of carbon pricing which is now addressed by the clean energy supplement. The rate of an education allowance is to be adjusted in accordance with section 1206GG of the *Social Security Act 1991* as if, under section 1206GG, YA MBR is the maximum basic rate for the education allowance.

3A.19.2 states that in applying section 1206GG of the *Social Security Act 1991* for the purpose of paragraph 3A.19.1 of the MRCAETS (removing CPI carbon price impact from education allowance), sections 1191-1194 of the *Social Security Act 1991* are also to be applied as if the amount YA MBR in item 3A of the CPI Indexation Table in section 1191 is an education allowance

3A.19.3 provides definitions for the purposes of the application of section 1206GG of the *Social Security Act 1991* under paragraph 3A.19.2 of the MRCAETS, namely:

YA MBR means the maximum basic rate for the education allowance.

indexation factor means the factor worked out under section 1193 of the *Social Security Act 1991*.

indexation day means the indexation day(s) in item 3A of the CPI Indexation Table in section 1191 of the *Social Security Act 1991*.