2008-2009

The Parliament of the
Commonwealth of Australia

THE SENATE

Received from the House of Representatives and read a first time, 17 November 2009

Carbon Pollution Reduction Scheme Amendment (Household Assistance) Bill 2009

No. , 2009

(Families, Housing, Community Services and Indigenous Affairs)

A Bill for an Act to amend the law relating to social security, family assistance, veterans’ affairs, military rehabilitation and compensation and taxation, and for related purposes
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Income Tax Assessment Act 1936
Medicare Levy Act 1986
A Bill for an Act to amend the law relating to social security, family assistance, veterans’ affairs, military rehabilitation and compensation and taxation, and for related purposes

The Parliament of Australia enacts:

1 Short title

This Act may be cited as the Carbon Pollution Reduction Scheme Amendment (Household Assistance) Act 2009.

2 Commencement

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

<table>
<thead>
<tr>
<th>Column 1</th>
<th>Column 2</th>
<th>Column 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provision(s)</td>
<td>Commencement</td>
<td>Date/Details</td>
</tr>
<tr>
<td>1. Sections 1 to 3 and anything in this Act not elsewhere covered by this table</td>
<td>The day on which this Act receives the Royal Assent.</td>
<td></td>
</tr>
<tr>
<td>2. Schedules 1 and 2</td>
<td>1 July 2011. However, if section 3 of the <em>Carbon Pollution Reduction Scheme Act 2009</em> does not commence before or on 1 July 2011, the provision(s) do not commence at all.</td>
<td></td>
</tr>
<tr>
<td>3. Schedule 3, Part 1</td>
<td>1 July 2011. However, if section 3 of the <em>Carbon Pollution Reduction Scheme Act 2009</em> does not commence before or on 1 July 2011, the provision(s) do not commence at all.</td>
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<td>4. Schedule 3, Part 2, Division 1</td>
<td>1 July 2011. However, if section 3 of the <em>Carbon Pollution Reduction Scheme Act 2009</em> does not commence before or on 1 July 2011, the provision(s) do not commence at all.</td>
<td></td>
</tr>
<tr>
<td>5. Schedule 3, Part 2, Division 2</td>
<td>1 July 2011. However, if section 3 of the <em>Carbon Pollution Reduction Scheme Act 2009</em> and the <em>Veterans' Affairs Legislation Amendment (Budget Measures) Act 2009</em> do not both commence before or on 1 July 2011, the provision(s) do not commence at all.</td>
<td></td>
</tr>
<tr>
<td>6. Schedule 4</td>
<td>1 July 2011. However, if section 3 of the <em>Carbon Pollution Reduction Scheme Act 2009</em> does not commence before or on 1 July 2011, the provision(s) do not commence at all.</td>
<td></td>
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<td>7. Schedule 5, Part 1</td>
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</tr>
</tbody>
</table>

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

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

3. **Schedule(s)**

4. 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—Assistance under the Social Security Act

Part 1—Main amendments

Social Security Act 1991

1 At the end of subsection 1192(2)

Add:

Note 3: On the indexation days following 1 July 2012, the indexation of certain amounts may be affected by Subdivisions C and D of Division 8.

2 At the end of Part 3.16

Add:

Division 8—Increases related to Carbon Pollution Reduction Scheme

Subdivision A—Introduction

1206GF Objects of this Division

(1) The main object of this Division is to increase certain amounts that affect the rate at which social security payments are made to certain recipients of payments of the following kinds, on account of the Carbon Pollution Reduction Scheme’s estimated cost of living increase:

(a) age pension;
(b) austudy payment;
(c) bereavement allowance;
(d) carer payment;
(e) disability support pension;
(f) newstart allowance;
(g) parenting payment;
(h) partner allowance;
(i) sickness allowance;
(j) widow allowance;

Carbon Pollution Reduction Scheme Amendment (Household Assistance) Bill 2009 No. , 2009
(k) widow B pension;
(l) wife pension;
(m) youth allowance;
(n) payments of kinds specified under section 1206GM.

(2) Another object of this Division is to adjust indexation of those amounts after they are increased, to reflect the inclusion in the increases of elements brought forward from the Carbon Pollution Reduction Scheme’s estimated cost of living increase.

Subdivision B—Increases

1206GG What this Subdivision applies to

This Subdivision applies to the following amounts (each of which is a base amount):

(a) amounts provided for in a provision that is listed in column 1 of the following table and sets a rate;
(b) amounts specified under section 1206GN as amounts to which this Subdivision applies.

<table>
<thead>
<tr>
<th>Amounts that are increased</th>
<th>Column 1 Provision for base amount</th>
<th>Column 2 Description of amount</th>
<th>Column 3 Rounding base for base amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>[Austudy Payment Rate Calculator—point 1067L-B2—Table BA—column 3—all amounts]</td>
<td>AP MBR</td>
<td>$0.10</td>
</tr>
<tr>
<td></td>
<td>[Austudy Payment Rate Calculator—point 1067L-B3]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>[Benefit Rate Calculator B—point 1068-B1—Table B—column 3—all amounts]</td>
<td>Maximum basic rates for newstart allowance, sickness allowance, partner allowance and widow allowance</td>
<td>$0.10</td>
</tr>
<tr>
<td>3</td>
<td>[Benefit PP (Partnered) Rate]</td>
<td>Maximum basic rate for parenting payment—benefit PP (partnered)</td>
<td>$0.10</td>
</tr>
</tbody>
</table>
Schedule 1 Assistance under the Social Security Act

Part 1 Main amendments

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<td>Provision for base amount</td>
</tr>
<tr>
<td>Calculator—point 1068B-C2—Table C—column 3—all amounts</td>
</tr>
<tr>
<td>4</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

Note: Amounts provided for in provisions listed in the table are amounts as altered from time to time under Division 2 of this Part (CPI indexation).

1206GH Increase of 1% on 1 July 2011

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

(a) calculating the amount (the provisional replacement amount) that is 1% greater than the base amount; and

(b) if the provisional replacement amount is not a multiple of the rounding base for the base amount, rounding up or down to the nearest multiple of the rounding base (rounding up if the provisional replacement amount is not a multiple of the rounding base but is a multiple of half the rounding base).

Note: The 1% increase includes the Carbon Pollution Reduction Scheme’s estimated cost of living increase of 0.4% for the 2011-2012 financial year, which has been brought forward. The change to the indexation...

Carbon Pollution Reduction Scheme Amendment (Household Assistance) Bill 2009

No.  , 2009
factor on or after 20 March 2012 under section 1206GJ takes account of this brought forward increase.

1206GI Increase of 1.8% on 1 July 2012

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

(a) calculating the amount (the provisional replacement amount) that is 1.8% greater than the base amount; and

(b) if the provisional replacement amount is not a multiple of the rounding base for the base amount, rounding up or down to the nearest multiple of the rounding base (rounding up if the provisional replacement amount is not a multiple of the rounding base but is a multiple of half the rounding base).

Note: The 1.8% increase includes the Carbon Pollution Reduction Scheme’s estimated cost of living increase of 0.8% for the 2012-2013 financial year, which has also been brought forward. The change to the indexation factor on or after 20 March 2013 under section 1206GK takes account of this second brought forward increase.

Subdivision C—Adjustment of indexation

1206GJ Special rules for indexation of some amounts on or after 20 March 2012

(1) An indexation factor worked out under section 1193 for each indexation day that is:

(a) for AP MBR and YA MBR—on or after 1 January 2013; or

(b) for any other base amount to which Subdivision B applies—on or after 20 March 2012;

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

(2) In this section:

brought forward indexation amount, in relation to a day, means 0.004 less any reduction made under this section for a previous day.

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

Example: Assume that the indexation factor worked out under section 1193 on 20 March 2012 is 1.003. The brought forward indexation amount in
(3) This section affects the rate of a social security payment for a person if, and only if, section 1206GH affected that rate for the person.

1206GK Special rules for indexation of some amounts on or after 20 March 2013

(1) An indexation factor worked out under section 1193 for each indexation day that is:
   (a) for AP MBR and YA MBR—on or after 1 January 2014; or
   (b) for any other base amount to which Subdivision B applies—on or after 20 March 2013;
   is to be reduced by the brought forward indexation amount, but not below 1.

(2) In this section:

brought forward indexation amount, in relation to a day, means
0.008 less any reduction made under this section for a previous day.

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

Example: Assume that the indexation factor worked out under section 1193 on 20 March 2013 is 1.005. The brought forward indexation amount in relation to 20 March 2013 is 0.008 (as there has been no previous reduction). That indexation factor is reduced to 1 on 20 March 2013.

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

The brought forward indexation amount in relation to later indexation days is now zero so there is no further reduction of the indexation factor.
(3) This section affects the rate of a social security payment for a
person if, and only if, section 1206GI affected that rate for the
person.

Subdivision D—Other provision for increases and adjustments
of indexation

1206GL  Minister may provide for increases and adjustments

(1) The Minister may, by legislative instrument, provide for:
   (a) increasing on 1 July 2011 and 1 July 2012 amounts that
       affect the rates at which any of the following social security
       payments are paid to recipients:
           (i) age pension;
           (ii) bereavement allowance;
           (iii) carer payment;
           (iv) disability support pension;
           (v) parenting payment;
           (vi) widow B pension;
           (vii) wife pension;
           (viii) payments of kinds specified under section 1206GM;
               on account of the Carbon Pollution Reduction Scheme’s
               estimated cost of living increase; and
   (b) changing the indexation under this Act after either or both of
       those days of amounts that affect the rates at which any of the
       payments described in paragraph (a) are paid to recipients of
       payments increased as a result of that paragraph, to reflect
       any inclusion in the increases of elements brought forward
       from the Carbon Pollution Reduction Scheme’s estimated
       cost of living increase.

(2) The instrument has effect according to its terms, despite any other
provision of this Act.

(3) To avoid doubt, the instrument may provide for increasing an
amount affecting the rate of a payment described in
paragraph (1)(a) by an amount or percentage worked out by
reference to either or both of the following:
   (a) the amount to be increased;
Schedule 1 Assistance under the Social Security Act

Part 1 Main amendments

(b) another amount affecting the rate at which the same or a
different kind of payment is made.

(4) To avoid doubt, the instrument may provide for changing the
indexation of an amount that affects the rate of a payment (the
affected payment) described in paragraph (1)(a), whether or not
that amount, or an amount affecting that payment, was increased as
a result of that paragraph, as long as the recipient of the affected
payment received a payment that was increased as a result of that
paragraph.

(5) Subsections (3) and (4) do not limit subsection (1).

Subdivision E—Extending scope of this Division

1206GM Other kinds of payments affected by this Division

(1) The Minister may, by legislative instrument, specify kinds of social
security payments in relation to which this Division applies.

Note: For specification by class, see subsection 13(3) of the Legislative

(2) Kinds of payments may be specified by reference to either or both
of the following:
   (a) the persons to whom the payments are to be made;
   (b) the circumstances in which the payments are to be made.

(3) Subsection (2) does not limit subsection (1).

1206GN Other amounts to which Subdivision B applies

(1) The Minister may, by legislative instrument, specify that
Subdivision B applies to a specified amount that affects the rate at
which a specified kind of social security payment is made.

Note 1: For specification by class, see subsection 13(3) of the Legislative

Note 2: A specified kind of payment could be a kind of payment specified
under section 1206GM.

(2) If the Minister does so, the instrument must also specify a rounding
base for the amount for the purposes of sections 1206GH and
1206GI.

Carbon Pollution Reduction Scheme Amendment (Household Assistance) Bill 2009
No. , 2009
(3) An amount may be specified by reference to the fact that it affects the rate at which a specified kind of social security payment is made to specified persons or in specified circumstances.

(4) An instrument made under subsection (1) may specify that Subdivision B applies to an amount so far as it affects the rate at which a specified kind of social security payment is made to specified persons or in specified circumstances.

(5) Subsections (3) and (4) do not limit subsection (1).

(6) An instrument made under subsection (1) has effect according to its terms.
Part 2—Transitional payment

Division 1—Amendment of the social security law

Social Security Act 1991

3 Subsection 23(1)

Insert:

\[\text{carbon pollution reduction transitional payment} \]
means a carbon pollution reduction transitional payment under Part 2.28.

4 At the end of Chapter 2

Add:

Part 2.28—Carbon pollution reduction transitional payment

1061ZAAX Availability of payments

(1) A carbon pollution reduction transitional payment is available to qualified persons for each of the 2011-12 and 2012-13 income years.

(2) A person cannot receive more than one carbon pollution reduction transitional payment for an income year.

1061ZAAY When qualified for a payment

A person is qualified for a carbon pollution reduction transitional payment for an income year if:

(a) the person satisfies each of the following for the year:

(i) the income requirement in section 1061ZAAZ;

(ii) the excluded payment requirement in section 1061ZAAZA;

(iii) the remaining requirements in section 1061ZAAZB; and

(b) the person lodges a claim for the payment; and

(c) when the person lodges a claim for the payment, the person:
(i) is an Australian resident or a special category visa holder residing in Australia; and
(ii) is in Australia; and
(iii) is not in gaol or a psychiatric institution.

1061ZAAZ Income requirement

(1) The person (the claimant) satisfies the income requirement for an income year if the claimant’s adjusted taxable income for the year is less than:
   (a) $30,000 if the claimant was not a member of a couple, and did not have a dependent child, at the end of the year; or
   (b) $45,000 if:
      (i) the claimant was a member of a couple at the end of the year; and
      (ii) neither the claimant, nor the claimant’s partner at that time, had a dependent child at that time; or
   (c) $60,000 if the claimant had a dependent child at the end of the year; or
   (d) $60,000 if the claimant was a member of a couple at the end of the year, and the claimant’s partner at that time had a dependent child at that time.

(2) In this section:

adjusted taxable income, for a person for an income year, is the sum of:
   (a) the person’s adjusted taxable income (within the meaning of the Family Assistance Act) for the year; and
   (b) the superannuation benefits (within the meaning of the Income Tax Assessment Act 1997) (if any) received by the person in relation to the income year to the extent to which those benefits are non-assessable non-exempt income (within the meaning of that Act).

1061ZAAZA Excluded payment requirement

(1) The claimant satisfies the excluded payment requirement for an income year if:
   (a) there were at least 13 weeks during the year for which the claimant:
Schedule 1 Assistance under the Social Security Act

Part 2 Transitional payment

(i) was not entitled to family tax benefit; and
(ii) did not receive any of the payments set out in subsection (2); and
(b) for the claimant’s partner (if any) at the end of the year—there were at least 13 weeks during the year for which the partner:
(i) was not entitled to family tax benefit; and
(ii) did not receive any of the payments set out in subsection (2).
For the purposes of paragraph (b), it does not matter whether the partner was the claimant’s partner for a particular week.

(2) The payments are the following:
(a) an income support payment (other than income support supplement);
(b) a social security payment;
(c) a payment under the ABSTUDY Scheme that included an amount identified as living allowance;
(d) a payment under Part 5 or 6 of the Farm Household Support Act 1992;
(e) a pension under Part II or IV of the Veterans’ Entitlements Act 1986;
(f) a weekly amount of compensation under Part 2 of Chapter 4, or section 233, of the Military Rehabilitation and Compensation Act;
(g) a Special Rate Disability Pension (within the meaning of section 198 of the Military Rehabilitation and Compensation Act);
(h) a payment under the Military Rehabilitation and Compensation Act Education and Training Scheme worked out by reference to the maximum basic rate of youth allowance;
(i) a payment under the Veterans’ Children Education Scheme worked out by reference to the maximum basic rate of youth allowance.

1061ZAAZB Remaining requirements

(1) The claimant satisfies the remaining requirements for an income year if:

Carbon Pollution Reduction Scheme Amendment (Household Assistance) Bill 2009
No. . 2009
(a) the claimant was, at all times during the year, an Australian resident or a special category visa holder residing in Australia; and
(b) the claimant was in Australia for at least 39 weeks of the year; and
(c) the claimant was not subject to a newly arrived resident’s waiting period at any time during the year; and
(d) the claimant was not a dependent child of another person for more than 25 weeks of the year; and
(e) the claimant was not in gaol and/or psychiatric institutions for more than 25 weeks of the year; and
(f) no person was eligible for family tax benefit in respect of the claimant in relation to more than 25 weeks of the year; and
(g) if the claimant did not have a partner at the end of the year, and the claimant received a rebate of tax for the year under one or more of the following provisions of the Tax Act:
   (i) section 159J in respect of a dependant included in class 1, 2, 5 or 6 of the table in subsection (2) of that section;
   (ii) section 159L (housekeeper rebate);
   (iii) section 159N (low income rebate);
   the sum of the CPRS components for those rebates is less than:
   (iv) for the 2011-12 income year—$150; or
   (v) for the 2012-13 income year—$280; and
   (h) if:
      (i) the claimant had a partner at the end of the year; and
      (ii) the claimant, and/or the claimant’s partner, received a rebate of tax for the year under one or more of the provisions mentioned in paragraph (g);
      the sum of the CPRS components for those rebates is less than:
      (iii) for the 2011-12 income year—$210; or
      (iv) for the 2012-13 income year—$385.

(2) In this section:

   CPRS component, for a rebate under a provision of the Tax Act, means the part of the maximum amount of rebate allowable under that provision that corresponds to the increases in that rebate.
Schedule 1  Assistance under the Social Security Act
Part 2  Transitional payment

arising under Schedule 5 to the *Carbon Pollution Reduction Scheme Amendment (Household Assistance) Act 2009*.  


1061ZAAZC  Amount of payment

The amount of a carbon pollution reduction transitional payment is:

(a) for the 2011-12 income year—$200; and

(b) for the 2012-13 income year—$550.

5  After section 1223ABAAB

Insert:

1223ABAAC  Debts arising in respect of carbon pollution reduction transitional payments

(1) If:

(a) an individual has been paid a carbon pollution reduction transitional payment because of a determination made under Part 3 of the Administration Act; and

(b) after the payment was made to the individual, the determination is or was (however described) changed, revoked, set aside, or superseded by another determination; and

(c) the decision to change, revoke, set aside or supersede the determination is or was made for the reason, or for reasons including the reason, that the individual knowingly made a false or misleading statement, or knowingly provided false information; and

(d) apart from that statement or information, the payment would not have been paid to the individual;

the amount of the payment is a debt due to the Commonwealth by the individual.

(2) Apart from section 1224AA, the other provisions of this Part under which debts arise do not apply in relation to payments to which this section applies.

6  Paragraph 1231(1AA)(b)
After “economic security strategy payment,”, insert “carbon pollution reduction transitional payment.”.

Social Security (Administration) Act 1999

7 After section 18

Insert:

19 A couple’s claims for carbon pollution reduction transitional payment may be made together

If both a person and the person’s partner claim for a carbon pollution reduction transitional payment for an income year, the 2 claims may be made together in accordance with a form approved by the Secretary for the purposes of this section.

8 After Subdivision FA of Division 1 of Part 3

Insert:

Subdivision FB—Time limit for claims for carbon pollution reduction transitional payment

27B Time limit for claim

(1) A claim for a carbon pollution reduction transitional payment for the 2011-12 income year must be lodged during the 2 year period starting on 1 July 2012.

(2) A claim for a carbon pollution reduction transitional payment for the 2012-13 income year must be lodged during the 2 year period starting on 1 July 2013.

9 Subsection 47(1) (at the end of the definition of lump sum benefit)

Add:

; or (k) carbon pollution reduction transitional payment.

10 After section 47C

Insert:
Schedule 1  Assistance under the Social Security Act
Part 2  Transitional payment

47D  Payment of carbon pollution reduction transitional payment

If an individual is qualified for a carbon pollution reduction transitional payment, the Secretary must pay the payment to the individual in a single lump sum in such manner as the Secretary considers appropriate.

11  Subdivision DB of Division 5 of Part 3B (heading)

Repeal the heading, substitute:

Subdivision DB—Other payments

12  At the end of Subdivision DB of Division 5 of Part 3B

Add:

123XPE  Deductions from carbon pollution reduction transitional payment

Scope

(1) This section applies if:

(a) a person is subject to the income management regime; and
(b) a carbon pollution reduction transitional payment is payable to the person.

Deductions from carbon pollution reduction transitional payment

(2) The following provisions have effect:

(a) the Secretary must deduct from the carbon pollution reduction transitional payment the deductible portion of the payment;
(b) an amount equal to the deductible portion of the payment is credited to the Special Account;
(c) an amount equal to the deductible portion of the payment is credited to the person’s income management account.

(3) For the purposes of subsection (2), the deductible portion of a carbon pollution reduction transitional payment is 100% of the amount of the payment.
Division 2—Other amendments

Income Tax Assessment Act 1997

13 Section 11-15 (table item headed “social security or like payments”)

After: ABSTUDY scheme, payment under ...................................... Subdivision 52-E
insert: carbon pollution reduction transitional payment under the Social Security Act 1991 ........................................ 52-10

14 At the end of subsection 52-10(1) (before the note)

Add: ; or (zb) carbon pollution reduction transitional payment under the Social Security Act 1991.

15 After subsection 52-10(1J)

Insert: (1K) Carbon pollution reduction transitional payment under the Social Security Act 1991 is exempt from income tax.
Schedule 2—Assistance to families

A New Tax System (Family Assistance) Act 1999

1 At the end of subclause 1(1) of Schedule 1  
Add:  
; and (c) the individual’s FTB combined supplement calculated under  
Part 6 (clauses 40 and 41).

2 At the end of Schedule 1  
Add:

Part 6—FTB combined supplement

40 Eligibility for FTB combined supplement  
An amount by way of FTB combined supplement is to be added in  
working out an individual’s annual rate of family tax benefit if:  
(a) the individual’s Part A rate is greater than nil; and  
(b) the individual’s Part B rate is greater than nil; and  
(c) the individual’s adjusted taxable income exceeds $60,000.  
Note: If the individual is a member of a couple, the individual’s adjusted  
taxable income is the higher of the individual’s adjusted taxable  
income and the adjusted taxable income of the individual’s partner:  
see clause 3 of Schedule 3.

41 Amount of FTB combined supplement  
The amount of an individual’s FTB combined supplement is  
worked out as follows:

Method statement

Step 1. Work out the individual’s adjusted taxable income  
(rounded down to the nearest dollar).

Step 2. Reduce the amount worked out at step 1 by $60,000.
Step 3. Multiply the amount worked out at step 2 by 0.04.

Step 4. For the 2011-12 income year, if the amount worked out at step 3 is less than or equal to $240, the amount of the individual’s FTB combined supplement is the amount worked out at step 3.

Step 5. For the 2011-12 income year, if the amount worked out at step 3 is more than $240, the amount of the individual’s FTB combined supplement is $240.

Step 6. For the 2012-13 income year or a later income year, if the amount worked out at step 3 is less than or equal to $680, the amount of the individual’s FTB combined supplement is the amount worked out at step 3.

Step 7. For the 2012-13 income year or a later income year, if the amount worked out at step 3 is more than $680, the amount of the individual’s FTB combined supplement is $680.

3 Subclause 3(1) of Schedule 3

Omit “Part 4”, substitute “Parts 4 and 6”.

4 At the end of clause 3 of Schedule 3

Add:

(3) For the purposes of Part 6 of Schedule 1, if an individual is a member of a couple, the individual’s adjusted taxable income for an income year is:

(a) the individual’s adjusted taxable income for that year; or

(b) the adjusted taxable income for that year of the individual’s partner if it is more than the individual’s adjusted taxable income for that year.

5 Subclause 5(1) of Schedule 4

After “subclauses (2) and (3)”, insert “and clauses 10 to 12”.

6 Part 4 of Schedule 4 (heading)

Repeal the heading, substitute:
Part 4—Transitional indexation provisions

7 At the end of Part 4 of Schedule 4

Add:

10 Increase in indexation factor for certain amounts on 1 July 2011

1% increase

(1) For the following amounts that are to be indexed under Part 2 of this Schedule on 1 July 2011, the indexation factor worked out under clause 5 for that day is to be increased by 0.01:

(a) FTB under 13 child rate (A1);  
(b) FTB 13-15 child rate (A1);  
(c) FTB gross supplement amount (A);  
(d) FTB standard rate (B);  
(e) FTB gross supplement amount (B).

Note: The 1% increase includes the Carbon Pollution Reduction Scheme’s estimated cost of living increase of 0.4% for the 2011-2012 financial year, which has been brought forward. The change to the indexation factor for 1 July 2012 under clause 11 takes account of this brought forward increase.

2.7% increase

(2) For the following amounts that are to be indexed under Part 2 of this Schedule on 1 July 2011, the indexation factor worked out under clause 5 for that day is to be increased by 0.027:

(a) FTB 16-24 child rate (A1), to the extent that it applies to item 3 of the table in clause 7 of Schedule 1;  
(b) FTB child rate (A2), to the extent that it applies to paragraph 26(2)(a) of Schedule 1;  
(c) FTB ACO rate.

Note: The 2.7% increase includes the Carbon Pollution Reduction Scheme’s estimated cost of living increase of 0.4% for the 2011-2012 financial year, which has been brought forward. The change to the indexation factor for 1 July 2012 under clause 11 takes account of this brought forward increase.
2.5% increase

(3) For the following amounts that are to be indexed under Part 2 of this Schedule on 1 July 2011, the indexation factor worked out under clause 5 for that day is to be increased by 0.025:

(a) FTB 16-24 child rate (A1), to the extent that it applies to item 4 of the table in clause 7 of Schedule 1;

(b) FTB child rate (A2), to the extent that it applies to paragraph 26(2)(b) of Schedule 1.

Note: The 2.5% increase includes the Carbon Pollution Reduction Scheme’s estimated cost of living increase of 0.4% for the 2011-2012 financial year, which has been brought forward. The change to the indexation factor for 1 July 2012 under clause 11 takes account of this brought forward increase.

11 Increase in indexation factor for certain amounts on 1 July 2012

1.4% increase

(1) For the following amounts that are to be indexed under Part 2 of this Schedule on 1 July 2012, the indexation factor worked out under clause 5 for that day is to be increased by 0.014:

(a) FTB under 13 child rate (A1);

(b) FTB 13-15 child rate (A1);

(c) FTB gross supplement amount (A);

(d) FTB standard rate (B);

(e) FTB gross supplement amount (B).

Note: The 1.4% increase is equal to a 1.8% increase less the 0.4% brought forward increase under clause 10. The 1.4% increase includes the Carbon Pollution Reduction Scheme’s estimated cost of living increase of 0.8% for the 2012-2013 financial year, which has also been brought forward. Clause 12 deals with later reductions to the indexation factor because of this second brought forward increase.

4.8% increase

(2) For the following amounts that are to be indexed under Part 2 of this Schedule on 1 July 2012, the indexation factor worked out under clause 5 for that day is to be increased by 0.048:

(a) FTB 16-24 child rate (A1), to the extent that it applies to item 3 of the table in clause 7 of Schedule 1;

(b) FTB child rate (A2), to the extent that it applies to paragraph 26(2)(a) of Schedule 1.
(c) FTB ACO rate.

Note: The 4.8% increase is equal to a 5.2% increase less the 0.4% brought forward increase under clause 10. The 4.8% increase includes the Carbon Pollution Reduction Scheme’s estimated cost of living increase of 0.8% for the 2012-2013 financial year, which has also been brought forward. Clause 12 deals with later reductions to the indexation factor because of this second brought forward increase.

4.5% increase

(3) For the following amounts that are to be indexed under Part 2 of this Schedule on 1 July 2012, the indexation factor worked out under clause 5 for that day is to be increased by 0.045:
   (a) FTB 16-24 child rate (A1), to the extent that it applies to item 4 of the table in clause 7 of Schedule 1;
   (b) FTB child rate (A2), to the extent that it applies to paragraph 26(2)(b) of Schedule 1.

Note: The 4.5% increase is equal to a 4.9% increase less the 0.4% brought forward increase under clause 10. The 4.5% increase includes the Carbon Pollution Reduction Scheme’s estimated cost of living increase of 0.8% for the 2012-2013 financial year, which has also been brought forward. Clause 12 deals with later reductions to the indexation factor because of this second brought forward increase.

12 Reduction in indexation factor for certain amounts on and after 1 July 2013

(1) For each amount covered by subclauses 11(1), (2) and (3), the indexation factor, worked out under clause 5 for each indexation day that is on or after 1 July 2013, is to be reduced by the brought forward indexation amount, but not below 1.

(2) In this clause:

brought forward indexation amount, in relation to an indexation day, means 0.008 less any reduction made under this clause for a previous indexation day.

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

Example: Assume that the indexation factor worked out under clause 5 on 1 July 2013 is 1.005. The brought forward indexation amount in relation to 1 July 2013 is 0.008 (as there has been no previous reduction). That indexation factor is reduced to 1 on 1 July 2013.
Further assume that on 1 July 2014 the indexation factor is 1.010. The brought forward indexation amount in relation to 1 July 2014 is 0.003. That indexation factor is reduced to 1.007 on 1 July 2014. The brought forward indexation amount in relation to later indexation days is now zero so there is no further reduction of the indexation factor.

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

8 After paragraph 32A(2)(c)

Insert:

- (ca) clause 40 of Schedule 1 to the Family Assistance Act;

Note: The heading to section 32A is altered by omitting “and FTB Part B supplement” and substituting “, FTB Part B supplement and FTB combined supplement”.

9 Subparagraph 105A(2)(a)(iii)

Omit “and”.

Note: The heading to section 105A is altered by omitting “or FTB Part B supplement” and substituting “, FTB Part B supplement or FTB combined supplement”.

10 At the end of paragraph 105A(2)(a)

Add:

- (iv) clause 40 of Schedule 1 to the Family Assistance Act;

and
Schedule 3—Assistance under the Veterans’ Entitlements Act

Part 1—Main amendment

Veterans’ Entitlements Act 1986

1 Before section 199

Insert:

Division 5—Increases related to Carbon Pollution Reduction Scheme

Subdivision A—Introduction

198P Objects of this Division

(1) The main object of this Division is to increase certain amounts that affect the rate at which payments are made under this Act to certain recipients of payments of the following kinds, on account of the Carbon Pollution Reduction Scheme’s estimated cost of living increase:

(a) disability pensions;
(b) pensions payable to war widow/war widower-pensioners;
(c) service pensions;
(d) payments of kinds specified under section 198W.

(2) Another object of this Division is to adjust indexation of those amounts after they are increased, to reflect the inclusion in the increases of elements brought forward from the Carbon Pollution Reduction Scheme’s estimated cost of living increase.

Subdivision B—Increases in disability pension

198Q What this Subdivision applies to

This Subdivision applies to each amount (the base amount) provided for in an item of the table in subsection 27(1) (about rate of disability pension for war-caused injury or disease).
Note: Amounts provided for in the table are amounts as altered from time to time under sections 198 and 198D (CPI indexation).

198R Increase of 1% on 1 July 2011

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

(a) calculating the amount (the provisional replacement amount) that is 1% greater than the base amount; and

(b) if the provisional replacement amount is not a multiple of 10 cents, rounding up or down to the nearest multiple of 10 cents (rounding up if the provisional replacement amount is a multiple of 5 cents).

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

198S Increase of 1.8% on 1 July 2012

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

(a) calculating the amount (the provisional replacement amount) that is 1.8% greater than the base amount; and

(b) if the provisional replacement amount is not a multiple of 10 cents, rounding up or down to the nearest multiple of 10 cents (rounding up if the provisional replacement amount is a multiple of 5 cents).

Note: The 1.8% increase includes the Carbon Pollution Reduction Scheme’s estimated cost of living increase of 0.8% for the 2012-2013 financial year, which has also been brought forward. The change to the indexation factor on or after 20 March 2013 under section 198U takes account of this second brought forward increase.

Subdivision C—Adjustment of indexation of disability pension

198T Special rules for indexation on or after 20 March 2012

(1) A factor worked out under subsection 198(5) or 198D(5), for indexation on a day that is on or after 20 March 2012 of an amount to which Subdivision B applies, is to be reduced by the brought forward indexation amount, but not below 1.
Schedule 3 Assistance under the Veterans’ Entitlements Act

Part 1 Main amendment

(2) In this section:

brought forward indexation amount, in relation to a day, means
0.004 less any reduction made under this section for a previous
day.

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

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

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

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

198U Special rules for indexation on or after 20 March 2013

(1) A factor worked out under subsection 198(5) or 198D(5), for
indexation on a day that is on or after 20 March 2013 of an amount
to which Subdivision B applies, is to be reduced by the brought
forward indexation amount, but not below 1.

(2) In this section:

brought forward indexation amount, in relation to a day, means
0.008 less any reduction made under this section for a previous
day.

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

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

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

The brought forward indexation amount in relation to later indexation
days is now zero so there is no further reduction of the factor.
Subdivision D—Other provision for increases and adjustments of indexation

198V Minister may provide for increases and adjustments

(1) The Minister may, by legislative instrument, provide for:

(a) increasing on 1 July 2011 and 1 July 2012 the following amounts on account of the Carbon Pollution Reduction Scheme’s estimated cost of living increase:

(i) amounts that affect rates at which disability pension is paid, except amounts to which Subdivision B applies;

(ii) amounts that affect rates at which pensions payable to war widow/war widower-pensioners or payments of kinds specified under section 198W are paid for a day to war widow/war widower-pensioners;

(iii) amounts that affect rates at which service pensions or payments of kinds specified under section 198W are paid for a day to recipients of service pensions; and

(b) changing the indexation under this Act, after either or both of 1 July 2011 and 1 July 2012, of amounts that affect rates at which any of the payments (including pensions) described in subparagraph (1)(a)(i), (ii) or (iii) are paid to recipients of payments increased as a result of that subparagraph, to reflect any inclusion in the increases of elements brought forward from the Carbon Pollution Reduction Scheme’s estimated cost of living increase.

(2) The instrument has effect according to its terms, despite any other provision of this Act.

(3) To avoid doubt, the instrument may provide for increasing an amount described in paragraph (1)(a) by an amount or percentage worked out by reference to either or both of the following:

(a) the amount to be increased;

(b) another amount affecting the rate at which the same or a different kind of payment is made.

(4) To avoid doubt, the instrument may provide for changing the indexation of an amount that affects the rate of a payment (the affected payment) described in subparagraph (1)(a)(i), (ii) or (iii) (including a pension), whether or not that amount, or an amount
affecting that payment, was increased as a result of that subparagraph, as long as the recipient of the affected payment received a payment that was increased as a result of that subparagraph.

(5) Subsections (3) and (4) do not limit subsection (1).

Subdivision E—Extending scope of this Division

198W Other kinds of payments affected by this Division

(1) The Minister may, by legislative instrument, specify kinds of payments under this Act in relation to which this Division applies.

Note: For specification by class, see subsection 13(3) of the Legislative Instruments Act 2003.

(2) Kinds of payments may be specified by reference to either or both of the following:
   (a) the persons to whom the payments are to be made;
   (b) the circumstances in which the payments are to be made.

(3) Subsection (2) does not limit subsection (1).

Division 6—Appropriation
Part 2—Related amendments

Division 1—Amendments whose commencement depends on another Act

Veterans’ Entitlements Act 1986

2 Before section 197A

Insert:

Division 1—Saving and transitional provisions

3 Before section 197

Insert:

Division 2—Limits on scope of this Act

4 Before section 198

Insert:

Division 3—Indexation and some one-off increases

5 At the end of subsection 198(5)

Add:

Note: On and after 20 March 2013, the factor may be affected by section 198U.

6 At the end of subsection 198D(5)

Add:

Note: On and after 20 March 2013, the factor may be affected by section 198U.

7 Before section 200

Insert:

Division 7—Provisions about the Commission

8 Before section 203
Schedule 3 Assistance under the Veterans’ Entitlements Act

Part 2 Related amendments

1 Insert:

Division 8—International arrangements

2 9 Before section 205

Insert:

Division 9—Overpayments and debts

3 10 Before section 208

Insert:

Division 10—Offences and evidence

4 11 Before section 212

Insert:

Division 11—Administration

5 12 Before section 216

Insert:

Division 12—Regulations

6 13 Before section 198N

Insert:

Division 2—Amendment whose commencement depends on 2 other Acts

Veterans’ Entitlements Act 1986

7 14

Insert:

Division 4—Termination of certain pension

8 15

32 Carbon Pollution Reduction Scheme Amendment (Household Assistance) Bill 2009 No. 1, 2009
Schedule 4—Assistance under the Military Rehabilitation and Compensation Act

Military Rehabilitation and Compensation Act 2004

1 Subsection 404(3)

Omit “The”, substitute “Subject to sections 404A to 404C, the”.

2 At the end of Part 1 of Chapter 11

Add:

404A 1% increase in indexation factor for permanent impairment compensation on 1 July 2011

For the indexation year commencing on 1 July 2011 and for the dollar amount mentioned in subsection 74(1), the indexation factor worked out under section 404 for that year is to be increased by 0.01.

Note: The 1% increase includes the Carbon Pollution Reduction Scheme’s estimated cost of living increase of 0.4% for the 2011-2012 financial year, which has been brought forward. The change to the indexation factor for 1 July 2012 under section 404B takes account of this brought forward increase.

404B 1.4% increase in indexation factor for permanent impairment compensation on 1 July 2012

For the indexation year commencing on 1 July 2012 and for the dollar amount mentioned in subsection 74(1), the indexation factor worked out under section 404 for that year is to be increased by 0.014.

Note: The 1.4% increase is equal to a 1.8% increase less the 0.4% brought forward increase under section 404A. The 1.4% increase includes the Carbon Pollution Reduction Scheme’s estimated cost of living increase of 0.8% for the 2012-2013 financial year, which has also been brought forward. Section 404C deals with later reductions to the indexation factor because of this second brought forward increase.
404C Reduction in indexation factor for permanent impairment compensation on and after 1 July 2013

(1) For the dollar amount mentioned in subsection 74(1), the indexation factor, worked out under section 404 for each indexation year that commences on or after 1 July 2013, is to be reduced by the brought forward indexation amount, but not below 1.

(2) In this section:

*brought forward indexation amount*, in relation to an indexation year, means 0.008 less any reduction made under this section for a previous indexation year.

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

Example: Assume that the indexation factor worked out under section 404 on 1 July 2013 is 1.005. The brought forward indexation amount in relation to 1 July 2013 is 0.008 (as there has been no previous reduction). That indexation factor is reduced to 1 on 1 July 2013.

Further assume that on 1 July 2014 the indexation factor is 1.010. The brought forward indexation amount in relation to 1 July 2014 is 0.003. That indexation factor is reduced to 1.007 on 1 July 2014.

The brought forward indexation amount in relation to later indexation years is now zero so there is no further reduction of the indexation factor.
Schedule 5—Assistance under the tax law

Part 1—Amendments relating to the 2011-12 year of income

*Income Tax Assessment Act 1936*

1 Subsection 159HA(1)
   Omit “Sections”, substitute “Subject to subsection (1A), sections”.

2 After subsection 159HA(1)
   Insert:
   
   (1A) Increase the amount worked out under the formula by $60 if:
   
   (a) the indexing year of income is the 2011-12 year of income;
   
   and
   
   (b) the indexable amount being replaced is specified in
   
   paragraph (a) or (b) of the definition of *indexable amount* in
   
   subsection (7).

3 Subsection 159N(1)
   Omit “$67,500”, substitute “$71,250”.

4 Subsection 159N(2)
   Omit “$1,500”, substitute “$1,650”.

*Medicare Levy Act 1986*

5 Subsection 3(1) (paragraph (a) of the definition of *phase-in limit*)
   Omit “$36,100”, substitute “$37,028”.

6 Subsection 3(1) (paragraph (a) of the definition of *threshold amount*)
   Omit “$30,685”, substitute “$31,474”.

7 Subsection 8(7)
   Omit “$44,500”, substitute “$45,000”.

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*Carbon Pollution Reduction Scheme Amendment (Household Assistance) Bill 2009* No. 35, 2009
8 Application

The amendments made by this Part apply to assessments for:

(a) the 2011-12 year of income; and
(b) later years of income.
Part 2—Amendments relating to the 2012-13 and later years of income

Income Tax Assessment Act 1936

9 Subsection 159HA(1)
Omit “subsection (1A)”, substitute “subsections (1A) and (1B)”.

10 After subsection 159HA(1A)
Insert:

(1B) Increase the amount worked out under the formula by $105 if:
(a) the indexing year of income is the 2012-13 year of income; and
(b) the indexable amount being replaced is specified in paragraph (a) or (b) of the definition of indexable amount in subsection (7).

11 Subsection 159N(1)
Omit “$71,250”, substitute “$78,250”.

12 Subsection 159N(2)
Omit “$1,650”, substitute “$1,930”.

Medicare Levy Act 1986

13 Subsection 3(1) (paragraph (a) of the definition of phase-in limit)
Omit “$37,028”, substitute “$38,762”.

14 Subsection 3(1) (paragraph (a) of the definition of threshold amount)
Omit “$31,474”, substitute “$32,948”.

15 Subsection 8(7)
Omit “$45,000”, substitute “$46,500”.

16 Application
Schedule 5 Assistance under the tax law
Part 2 Amendments relating to the 2012-13 and later years of income

The amendments made by this Part apply to assessments for:

(a) the 2012-13 year of income; and

(b) later years of income.