THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

SOCIAL SECURITY AND VETERANS' AFFIARS LEGISLATION AMENDMENT (ENHANCED ALLOWANCES) BILL 2008

EXPLANATORY MEMORANDUM

(Circulated by the authority of the Minister for Families, Housing, Community Services and Indigenous Affairs, the Hon Jenny Macklin MP)
OUTLINE

Utilities allowance

This bill extends qualification for utilities allowance to people who are under pension age and receiving a disability support pension, carer payment, wife pension, widow B pension or bereavement allowance, and people who are under qualifying age and receiving a service pension or income support supplement. The bill also increases the annual rate of utilities allowance to $500 single rate and $250 for each member of a couple, and provides for the allowance to be paid quarterly rather than biannually.

Seniors concession allowance

The bill increases the annual rate of seniors concession allowance from $218 to $500. It also provides that seniors concession allowance will be paid quarterly, with the same timing as for utilities allowance.

Telephone allowance

Lastly, the bill increases the rate of telephone allowance for certain income support recipients who have an internet connection at home. The increase will be available to pension age income support recipients, disability support pension and carer payment recipients, and holders of a seniors health card. The bill also increases the rate of telephone allowance for all people who have an internet connection at home and who are eligible for a telephone allowance under the Military Rehabilitation or Compensation Act and the Veterans’ Entitlements Act.

Financial impact statement

Utilities allowance

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Seniors concession allowance

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## Telephone allowance

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NOTES ON CLAUSES

Clause 1 sets out how the Act is to be cited, that is, the Social Security and Veterans’ Affairs Legislation Amendment (Enhanced Allowances) Act 2008.

Clause 2 provides a table that sets out the commencement dates of the various sections in, and Schedules to, the Act.

Clause 3 provides that each Act that is specified in a Schedule is amended or repealed as set out in that Schedule.

This explanatory memorandum uses the following abbreviations:

- ‘Military Rehabilitation and Compensation Act’ means the Military Rehabilitation and Compensation Act 2004;

- ‘Social Security Act’ means the Social Security Act 1991;

- ‘Social Security Administration Act’ means the Social Security (Administration) Act 1999; and

Schedule 1 – Utilities allowance

Summary

This Schedule extends qualification for utilities allowance to people who are under pension age and receiving a disability support pension, carer payment, wife pension, widow B pension or bereavement allowance, and people who are under qualifying age and receiving a service pension or income support supplement. The Schedule also increases the annual rate of utilities allowance to $500 single rate and $250 for each member of a couple, and provides for the allowance to be paid quarterly rather than biannually.

Background

During the 2007 election campaign, the government made a commitment to provide increased financial support to older Australians, people with disabilities and carers to help them make ends meet financially.

Currently, under the Social Security Act, a person must be of pension age and receiving an income support payment or receiving a widow allowance, mature age allowance or partner allowance to qualify for utilities allowance. To assist people with disabilities and their carers to meet the costs of regular bills, such as for gas, electricity and water, utilities allowance is being extended to all recipients of disability support pension and carer payment. Utilities allowance is also being extended to all recipients of wife pension, widow B pension and bereavement allowance as these people are in similar circumstances to recipients of widow allowance and partner allowance.

Currently, under the Veterans’ Entitlements Act, a person must be of qualifying age and receiving a service pension or income support supplement in order to be eligible for utilities allowance. Eligibility for utilities allowance is being extended to all people in receipt of a service pension (including partner service pension, invalidity service pension and carer service pension) and income support supplement, the majority of whom are people with disabilities and their carers.

These amendments also increase the annual rate of utilities allowance for single people who are qualified for the allowance, and for qualified members of an illness separated, respite care or temporarily separated couple, from $107.20 to $500. The annual rate for a person who is a member of a couple (other than an illness separated, respite care or temporarily separated couple) will increase, in line with the single rate, from $53.60 to $250.

To make utilities allowance as regular as utility bills, this increased rate will be paid in four instalments, on the person’s income support payday following the ‘test days’ of 20 March, 20 June, 20 September and 20 December. The first indexation of the new rate will occur on 20 September 2008 and indexation will then occur on each subsequent 20 March and 20 September.
Explanation of the changes

Part 1 – Amendments

Amendments of the social security law

Section 1061T of the Social Security Act deals with qualification for utilities allowance. In part, it provides that a person must have reached pension age and be receiving an income support payment, or be receiving a mature age allowance, widow allowance or partner allowance.

Item 1 extends qualification for utilities allowance to people who are receiving a disability support pension, carer payment, wife pension, widow B pension or bereavement allowance. It does so by inserting reference to these payments into subparagraph 1061T(a)(ii) of the Social Security Act.

Section 1061TA provides for the payability of utilities allowance. Subsection 1061TA(1) provides the general rule that the allowance is payable to a person for each utilities allowance test day (defined in subsection 1061TA(3) as 20 March and 20 September) on which the person is qualified for the allowance.

Item 2 repeals and substitutes paragraph 1061TA(2)(b), which currently provides that utilities allowance is not payable if two instalments of any combination of utilities allowance and seniors concession allowance (whether under the Social Security Act or the Veterans’ Entitlements Act) have already been payable in the same financial year as the test day. New paragraph 1061TA(2)(b) prevents utilities allowance from being payable for a test day if seniors concession allowance is payable for that day. With the test days of utilities allowance and seniors concession allowance aligned (achieved by items 2 and 7 of Schedule 2), this amendment recognises that utilities allowance and seniors concession allowance are closely related and that a person is not entitled to both payments on the same test day.

Item 3 repeals and substitutes the definition of utilities allowance test day in subsection 1061TA(3) of the Social Security Act to include 20 June and 20 December, thus creating four test days.

Section 1061TB provides for a person's annual rate of utilities allowance. The person's annual rate is currently $107.20 if the person is single or a member of an illness separated, respite care or temporarily separated couple. The person's annual rate is half of the single rate, that is, $53.60, if the person is a member of a couple (other than an illness separated, respite care or temporarily separated couple).
Item 4 amends column 3 of items 1, 2, 3 and 4 in the table in section 1061TB by substituting $100 with $500 ($100 was the rate of utilities allowance prior to indexation). This amendment increases the rate of utilities allowance to $500 for a person who is not a member of a couple or for a person who is a member of an illness separated, respite care or temporarily separated couple and to $250 for a person who is a member of a couple.

Section 48A of the Social Security Administration Act provides for the payment of utilities allowance. Subsection 48A(1) provides that the allowance is to be paid by instalments. Subsection 48(2) provides that an instalment of the allowance is to be paid on the person’s payday on or after the utilities allowance test day (which is defined in subsection 48(4) as 20 March and 20 September).

Item 5 amends subsection 48A(3) of the Social Security Administration Act to substitute ‘2’ with ‘4’. This amendment results in each instalment of utilities allowance being a quarter of the annual rate, rather than half, and is consistent with changing the payments from biannual to quarterly.

Item 6 repeals and substitutes the definition of utilities allowance test day in subsection 48A(4) of the Social Security Administration Act to include 20 June and 20 December. This item, in conjunction with item 3, results in four test days for utilities allowance: 20 March, 20 June, 20 September and 20 December.

Amendments of the Veterans’ Entitlements Act

Item 7 repeals and substitutes the definition of utilities allowance test day in section 118O of the Veterans’ Entitlements Act to provide that the four test days will comprise the ‘20 March’, ‘20 June’, ‘20 September’ and ‘20 December’ of each year.

Section 118OA of the Veterans’ Entitlements Act refers to the eligibility of a person for utilities allowance. In part, it provides that a person must have reached qualifying age and be receiving a service pension or an income support supplement.

Items 8 to 10 extend eligibility for utilities allowance to people under qualifying age who are receiving a service pension or an income support supplement by removing the reference to the requirement that a person has reached qualifying age (paragraph 118OA(1)(a)).

A consequential amendment repeals the definition of qualifying age located in subsection 118OA(2) with a formatting amendment to remove the reference to subsection (1) in the amended section 118OA.

The effect of the amendment is to make all people in receipt of an invalidity service pension, partner service pension, ‘saved’ carer service pension and income support supplement eligible for utilities allowance irrespective of the age of the person.
Section 118OB provides for the payability of utilities allowance. Subsection 118OB(1) provides the general rule that the allowance is payable to a person for each utilities allowance test day (defined in section 118O as 20 March, 20 June, 20 September and 20 December of each year) on which the person is eligible for the allowance.

**Item 11** repeals and substitutes paragraph 118OB(2)(a), which provides that utilities allowance is not payable if two instalments of any combination of the utilities allowance and seniors concession allowance (whether under the Social Security Act or the Veterans’ Entitlements Act) have already been payable in the same financial year as the test day.

New paragraph 118OB(2)(a) prevents utilities allowance being payable for a test day if seniors concession allowance is payable for that day under either the Social Security Act or the Veterans’ Entitlements Act. With the test days of utilities allowance and seniors concession allowance aligned by the amendments made by **item 10 of Schedule 2**, this amendment recognises that utilities allowance and seniors concession allowance are closely related and that a person is not entitled to both payments on the same test day.

Section 118OC provides for a person’s annual rate of the utilities allowance. The person’s annual rate is currently $107.20 if the person is single or a member of an illness separated or respite care couple. The person’s annual rate is half of the single rate, that is, $53.60, if the person is a member of a couple (other than an illness separated or respite care couple).

**Item 12** amends column 3 of items 1, 2, and 3 in the table in section 118OC by substituting ‘$100’ with ‘$500’ ($100 was the amount of utilities allowance prior to indexation). This amendment increases the rate of utilities allowance to $500 for a person who is not a member of a couple or for a person that is a member of an illness separated or respite care couple and to $250 for a person who is a member of a couple.

Section 118OD of the Veterans’ Entitlements Act provides for the payment of utilities allowance. Subsection 118OD(1) provides that the allowance is to be paid by instalments. Subsection 118OD(2) provides that an instalment of the allowance is to be paid on the person’s payday on or after the utilities allowance test day (which is defined in section 118O as 20 March, 20 June, 20 September and 20 December).

**Item 13** makes an amendment to subsection 118OD(3) of the Veterans’ Entitlements Act that substitutes ‘2’ with ‘4’. This amendment results in each instalment of utilities allowance being a quarter of the annual rate, rather than half, and is consistent with changing the payments from biannual to quarterly.
Part 2 – Transitional provisions

Item 14 is a transitional provision to the effect that, despite the usual relevant indexation provisions in the Social Security Act and the Veterans’ Entitlements Act, there is to be no indexation of utilities allowance on 20 March 2008. Indexation of the new rate will occur on 20 September 2008 and each subsequent 20 March and 20 September.
Schedule 2 – Seniors concession allowance

Summary

This Schedule increases the annual rate of seniors concession allowance from $218 to $500. It also provides that seniors concession allowance will be paid quarterly, with the same timing as for utilities allowance.

Background

Seniors concession allowance is a payment for self-funded retirees. It is currently payable to a person who is the holder of a seniors health card, or who has reached qualifying age and is the holder of a gold card under the Veterans’ Entitlements Act on a seniors concession allowance test day of 1 December or 1 June.

The amendments in this Schedule increase the rate of the allowance as described above and provide that seniors concession allowance will be paid quarterly, following the test days of 20 March, 20 June, 20 September and 20 December, which will align the test days of seniors concession allowance with those of utilities allowance.

Explanation of the changes

Part 1 – Amendments

Amendments of the social security law

Subsection 1061UA(1) of the Social Security Act provides the general rule that seniors concession allowance is payable to a person for each seniors concession allowance test day (defined in subsection 1061UA(3) as 1 June and 1 December) on which the person is qualified for the allowance. Subsection 1061UA(2) provides for certain instances where seniors concession allowance is not payable. Paragraph 1061UA(2)(a) provides that seniors concession allowance is not payable if two instalments of utilities allowance or seniors concession allowance under the Social Security Act or the Veterans’ Entitlements Act were payable to the person in that financial year.
Item 1 repeals paragraph 1061UA(2)(a), which is now redundant. With the alignment of the test days for utilities allowance and seniors concession allowance, it may have been possible for a person to be paid double the amount on one test day and then not receive any payment on the final test day of the financial year. To avoid this situation, item 2 of Schedule 1 amends paragraph 1061TA(2)(b) to provide that utilities allowance is not payable if seniors concession allowance is payable under the Social Security Act or if utilities allowance or seniors concession allowance is payable under the Veterans’ Entitlements Act. A similar provision is not required for seniors concession allowance because, under the Social Security Act, it is not possible for a person to be paid utilities allowance and for seniors concession allowance to become payable subsequently.

Item 2 repeals subsection 1061UA(3) and substitutes a new definition of *seniors concession allowance test day* as meaning 20 March, 20 June, 20 September and 20 December. This item, in conjunction with item 7, results in there being four test days for seniors concession allowance, those test days being the same as the utilities allowance test days.

Section 1061UB of the Social Security Act currently provides that a person’s annual rate of seniors concession allowance is $200. Item 3 amends section 1061UB by substituting ‘$200’ with ‘$500’, thus increasing the annual rate of seniors concession allowance to $500.

Item 4 amends item 33AE of the table in subsection 1191(1) of the Social Security Act to align the indexation rules for seniors concession allowance with those for utilities allowance.

Item 5 is consequential to item 4 and repeals current table item 33AE in subsection 1191(1).

Section 48B of the Social Security Administration Act provides for the payment of seniors concession allowance. Subsection 48B(2) provides that an instalment of the allowance is to be paid as soon as is reasonably practicable on or after the relevant seniors concession allowance test day (defined in subsection 48B(4) as 1 June and 1 December). Subsection 48B(3) provides that an instalment of seniors concession allowance is the annual rate of the allowance divided by two.

Item 7 repeals the definition of *seniors concession allowance test day* found in subsection 48B(4) and substitutes a new definition meaning 20 March, 20 June, 20 September and 20 December. This item, in conjunction with item 2, results in there being four test days for seniors concession allowance, those test days being the same as the utilities allowance test days.

Item 6 is consequential to item 7 and amends subsection 48B(3) of the Social Security Administration Act by omitting ‘2’ and substituting ‘4’. This amendment results in each instalment of seniors concession allowance being a quarter of the annual rate, rather than half.
Amendments of the Veterans’ Entitlements Act

Item 8 inserts a listing of the subsection 5Q(1) location of the definition of the term ‘qualifying age’ in section 5 – index of definitions.

Item 9 is a consequential amendment to insert a new definition of the term qualifying age into subsection 5Q(1). The amendments to eligibility for utilities allowance under section 118OA made by items 8 to 10 of Schedule 1 remove references to the term and the definition that had been located in subsection (2) of that section. The term remains relevant to the eligibility of a person for seniors concession allowance in subsection 118PA(2) and a new location in subsection 5Q(1) for the definition is required.

Item 10 repeals the section 118P definition of seniors concession allowance test day and inserts a new definition of seniors concession allowance test day as being one of the ‘20 March’, ‘20 June’, ‘20 September’ and ‘20 December’. This item results in there being four test days for seniors concession allowance, those test days being the same as the utilities allowance test days.

Section 118PA sets out the eligibility criteria for a person to be eligible for seniors concession allowance.

Paragraph 118PA(2)(b) refers to the person having ‘reached qualifying age (within the meaning of section 118OA)’. The definition of qualifying age in section 118OA has been removed in the amendments made by item 10 of Schedule 1 and the term has been defined in subsection 5Q(1) (in the amendment made by item 9 of this Schedule) along with other general definitions that are used throughout the Veterans’ Entitlements Act.

Item 11 removes the reference to ‘(within the meaning of section 118OA)’ from paragraph 118PA(2)(b).

Item 12 inserts new subsection 118PA(2A). New subsection 118PA(2A) is applicable in circumstances where a subsequent determination is made under either of the Veterans’ Entitlements and Social Security Administration Acts that a person was not eligible for a seniors concession allowance or utilities allowance that was paid to the person under either of the Veterans’ Entitlements and Social Security Acts even though the person had satisfied all of the conditions specified in paragraph 118PA(2)(c) on the seniors concession allowance test day.

The new subsection provides in those circumstances that, for the purposes of subsection 118PA(2), the person will be taken to have satisfied all of the conditions set out in paragraph 118PA(2)(c) . This amendment recognises that utilities allowance and seniors concession allowance are closely related and that a person is not entitled to both payments on the same test day.
Subsection 118PB(1) of the Veterans’ Entitlements Act provides the general rule that seniors concession allowance is payable to a person for each seniors concession allowance test day (now defined following the amendments made by item 10 of this Schedule) in section 118P as ‘20 March’, ‘20 June’, ‘20 September’ and ‘20 December’) on which the person is eligible for the allowance.

Subsection 118PB(2) provides for certain instances where seniors concession allowance is not payable. Paragraph 118PB(2)(a) provides that seniors concession allowance is not payable if two instalments of utilities allowance or seniors concession allowance under the Social Security Act or the Veterans’ Entitlements Act were payable to the person in that financial year.

Item 13 repeals paragraph 118PB(2)(a), which prevents seniors concession allowance from being payable if two instalments of any combination of the utilities allowance and seniors concession allowance (whether under the Social Security Act or the Veterans’ Entitlements Act) have already been payable in the same financial year as the test day. With the alignment of the test days for utilities allowance and seniors concession allowance, it may have been possible for a person to be paid both utilities allowance and seniors concession allowance on one test day. To avoid this situation, item 11 of Schedule 1 amends paragraph 118OB(2)(a) to provide that utilities allowance is not payable if seniors concession allowance is payable under the Social Security Act or if seniors concession allowance is payable under the Veterans’ Entitlements Act. A similar provision is not required for seniors concession allowance because, under the Veterans’ Entitlements Act, it is not possible for a person to be paid utilities allowance and for seniors concession allowance to become payable subsequently, except in the case of gold card holders.

Section 118PC of the Veterans’ Entitlements Act currently provides that a person’s annual rate of seniors concession allowance is $200.

Item 14 amends section 118PC by substituting ‘$200’ with ‘$500’, thus increasing the annual rate of seniors concession allowance to $500.

Section 118PD of the Veterans’ Entitlements Act provides for the payment of seniors concession allowance. Subsection 118PD(2) provides that an instalment of the allowance is to be paid as soon as is reasonably practicable on or after the relevant seniors concession allowance test day (defined in section 118P as ‘20 March’, ‘20 June’, ‘20 September’ and ‘20 December’).

Subsection 118PD(3) provides that an instalment of seniors concession allowance is the annual rate of the allowance divided by two.

Item 15 amends subsection 118PD(3) of the Veterans’ Entitlements Act by omitting ‘2’ and substituting ‘4’. This amendment results in each instalment of seniors concession allowance being a quarter of the annual rate, rather than half.
Item 16 repeals and substitutes item 4 of the table in subsection 198E(1) of the Veterans’ Entitlements Act to align the indexation rules for seniors concession allowance with utilities allowance.

Part 2 – Transitional provisions

Item 17 is a transitional provision to the effect that, despite the usual relevant indexation provisions in the Social Security Act and the Veterans’ Entitlements Act, there is to be no indexation of seniors concession allowance on 20 March 2008. Indexation of the new rate will occur on 20 September 2008 and each subsequent 20 March and 20 September.
Schedule 3 – Telephone allowance

Summary
This Schedule increases the rate of telephone allowance for certain income support recipients who have an internet connection at home. The increase will be available to pension age income support recipients, disability support pension and carer payment recipients, and holders of a seniors health card.

The Schedule also increases the rate of telephone allowance for all people who have an internet connection at home and who are eligible for a telephone allowance under the Military Rehabilitation or Compensation Act and the Veterans’ Entitlements Act.

Background
Telephone allowance is a quarterly allowance paid to people receiving social security pensions and some benefits, including recipients of age pension, disability support pension and carer payment, who are telephone subscribers.

In line with the government’s announcements during the 2007 election campaign, this Schedule increases the rate of telephone allowance for certain people who have an internet connection at home in their or their partner’s name. The increase will be available to people who have reached pension age and are receiving an income support payment, those who are receiving a disability support pension or carer payment under the Social Security Act, those who are holders of a seniors health card (or who were holders of a seniors health card before leaving Australia temporarily for a period not exceeding 13 weeks), and recipients of certain Veterans’ Affairs payments including service pension, income support supplement and certain compensation payments.

Explanation of the changes

Part 1 – Amendments

Amendments of the Military Rehabilitation and Compensation Act

Item 1 inserts a definition of the term telephone allowance payday into new section 220A of the Military Rehabilitation and Compensation Act. The term is defined to have ‘the same meaning as in section 118T of the Veterans’ Entitlements Act 1986’ and is required as a result of the amendments to section 222 being made by items 2 and 3 of this Schedule.

Section 222 of the Military Rehabilitation and Compensation Act provides for the circumstances in which a telephone allowance will not be payable to a person who would otherwise be eligible under the provisions of section 221 of the Military Rehabilitation and Compensation Act.
Subsection 222(4) provides that a person will not be eligible for telephone allowance where the person is receiving a payment of telephone allowance under any of the Veterans’ Entitlements, Social Security and Military Rehabilitation and Compensation Acts.

**Item 2** repeals subsection 222(4) and inserts a new subsection 222(4). New section 222(4) provides that a person will not be eligible for telephone allowance where the person is receiving a payment of telephone allowance under any of the Veterans' Entitlements, Social Security and Military Rehabilitation Acts or where the person has not, on or before the telephone allowance payday, notified the Military Rehabilitation and Compensation Commission about the telephone connection to which the telephone allowance relates.

**Item 3** repeals the definition of *telephone allowance payday* from subsection 222(6) of the Military Rehabilitation and Compensation Act, which has been replaced by the definition inserted by **item 1** of this Schedule.

Section 223 of the Military Rehabilitation and Compensation Act provides that the annual rate of telephone allowance that is payable under section 221 is the annual rate that is payable under subsection 118S(1) of the Veterans’ Entitlements Act.

**Item 4** repeals and substitutes a new section 223 and inserts new section 223A of the Military Rehabilitation and Compensation Act. New section 223 provides that the annual rate of telephone allowance that is payable under section 221 will depend on whether or not new section 223A of the Military Rehabilitation and Compensation Act (as inserted by this item) is applicable to the person.

If section 223A is not applicable and the person is therefore not eligible for a higher rate of telephone allowance for an internet connection, the rate of telephone allowance is set out in subsection 118S(1) of the Veterans’ Entitlements Act (refer to new subsection 118S(1) of the Veterans’ Entitlements Act, inserted by **item 22** of this Schedule).

If section 223A is applicable and the person is therefore eligible for a higher rate of telephone allowance for an internet connection, the rate of telephone allowance is set out in subsection 118SA(1) of the Veterans’ Entitlements Act (refer to new subsection 118SA(1) of the Veterans’ Entitlements Act, inserted by **item 22** of this Schedule).

New section 223A of the Military Rehabilitation and Compensation Act provides, subject to the person meeting the conditions set out in the section, for an increased rate of telephone allowance for people who are eligible for telephone allowance and who have the internet at home.

The first condition is that an ‘internet carriage service’ within the meaning given by the *Broadcasting Services Act 1992* is connected in the person’s name, or jointly in the person’s name and someone else’s name.
The second condition is that the person is able to use the internet at the person’s principal home.

The third condition is that, on or before the applicable telephone allowance payday, the person notified the Military Rehabilitation and Compensation Commission about the connection of the internet carriage service at their principal home.

**Item 5** is a consequential amendment to section 224 to remove the reference to the location of the definition of the term *telephone allowance payday* being located in section 118T of the Veterans’ Entitlements Act. With the insertion of new section 220A (by **item 1** of this Schedule), that reference is no longer required.

**Item 6** inserts a definition of the term telephone allowance payday into new section 244A of the Military Rehabilitation and Compensation Act. The term is defined to have ‘the same meaning as in section 118T of the Veterans’ Entitlements Act 1986’ and is required as a result of the amendments to section 246 being made by **items 7 and 8** of this Schedule.

Section 246 of the Military Rehabilitation and Compensation Act provides for the circumstances in which a telephone allowance will not be payable to the wholly dependent partner of a deceased member who would otherwise be eligible under the provisions of section 245 of the Military Rehabilitation and Compensation Act.

Subsection 246(4) provides that the partner will not be eligible for telephone allowance where the partner is receiving a payment of telephone allowance under any of the Veterans’ Entitlements, Social Security and Military Rehabilitation Acts.

**Item 7** repeals subsection 246(4) and inserts a new subsection 246(4). New section 246(4) provides that the partner will not be eligible for telephone allowance where the partner is receiving a payment of telephone allowance under any of the Veterans’ Entitlements, Social Security and Military Rehabilitation and Compensation Acts or where the partner has not, on or before the telephone allowance payday, notified the Military Rehabilitation and Compensation Commission about the telephone connection to which the telephone allowance relates.

**Item 8** repeals the definition of telephone allowance payday from subsection 246(6) of the Military Rehabilitation and Compensation Act, which has been replaced by the definition inserted by **item 6** of this Schedule.

Section 247 of the Military Rehabilitation and Compensation Act provides that the annual rate of telephone allowance that is payable under section 245 is the annual rate that is payable under subsection 118S(1) of the Veterans’ Entitlements Act.
Item 9 repeals and substitutes a new section 247 and inserts new section 247A of the Military Rehabilitation and Compensation Act. New section 247 provides that the annual rate of telephone allowance that is payable to the partner under section 245 will depend on whether or not new section 247A of the Military Rehabilitation and Compensation Act (as inserted by this item) is applicable to the partner.

If section 247A is not applicable and the partner is therefore not eligible for a higher rate of telephone allowance for an internet connection, the rate of telephone allowance is set out in subsection 118S(1) of the Veterans’ Entitlements Act (refer to new subsection 118S(1) of the Veterans’ Entitlements Act, inserted by item 22 of this Schedule).

If section 247A is applicable and the partner is therefore eligible for a higher rate of telephone allowance for an internet connection, the rate of telephone allowance is set out in subsection 118SA(1) of the Veterans’ Entitlements Act (refer to new subsection 118SA(1) of the Veterans’ Entitlements Act, inserted by item 22 of this Schedule).

New section 247A of the Military Rehabilitation and Compensation Act provides, subject to the partner meeting the conditions set out in the section for an increased rate of telephone allowance for a partner who is eligible for telephone allowance and who has the internet at home.

The first condition is that an ‘internet carriage service’ within the meaning given by the Broadcasting Services Act 1992 is connected in the partner’s name, or jointly in the partner’s name and someone else’s name.

The second condition is that the partner is able to use the internet at the partner’s principal home.

The third condition is that, on or before the applicable telephone allowance payday, the partner has notified the Military Rehabilitation and Compensation Commission about the connection of the internet carriage service at their principal home.

Item 10 is a consequential amendment to section 248 to remove the reference to the location of the definition of the term telephone allowance payday being located in section 118T of the Veterans’ Entitlements Act. With the insertion of new section 244A (by item 6 of this Schedule), that reference is no longer required.
Amendments of the Social Security Act

Subsection 1061S(1) of the Social Security Act provides that a person’s rate of telephone allowance is to be worked out using the Table in that subsection. **Item 11** is consequential to **item 23** and amends subsection 1061S(1) to provide that a person’s rate of telephone allowance is worked out using the table in that subsection if new section 1061SB does not apply. **Item 12** is also consequential to **item 23** and amends the table heading in subsection 1061S(1) to provide that the table provides for the standard rate of telephone allowance.

**Items 13, 15, 17 and 18** amend items 1, 4, 6, and 7 in the table in subsection 1061S(1) by replacing ‘$51.80’ with ‘$88’. This updates the table with the current rate of telephone allowance for people who are not members of a couple or who meet the criteria in each of these table items.

**Items 14, 16 and 19** amend items 3, 5, and 8 in the table in subsection 1061S(1) by replacing ‘$25.90’ with ‘$44’. This updates the table with the current rate of telephone allowance for people who are partnered and meet the criteria in each of these table items.

**Item 20** amends item 9 in the table in subsection 1061S(1) by replacing ‘$51.80’ with ‘$88’. This corrects an oversight from when table item 9 was inserted and allows the rate of telephone allowance for a person who has a partner in gaol to be paid at the same rate as a person who is not a member of a couple.

**Item 21** inserts new subsection 1061S(1A). This corrects an oversight and provides that item 7 does not apply to a person if any other item applies. This prevents people whose partners are receiving telephone allowance from receiving the single rate of telephone allowance. **Item 22** is consequential to **item 21** and amends subsection 1061S(2) to remove the reference to item 7.

**Item 23** is a substantive amendment to insert new section 1061SA into the Social Security Act, providing the rate of telephone allowance for a person to whom new section 1061SB applies. That is, it provides for a person’s increased rate of telephone allowance if the person has the internet at home. The rate calculator for a person’s increased rate of telephone allowance operates in the same way as the rate calculator for the standard rate of telephone allowance.

**Item 23** also inserts new subsection 1061SB, which sets out the conditions for the increased rate of telephone allowance for home internet to apply. The first condition is that the person must currently be the holder of a seniors health card (or, where a person is temporarily absent from Australia for a continuous period not exceeding 13 weeks, must have been the holder of a seniors health card immediately before leaving Australia); or that the person has reached pension age and is receiving an income support payment; or that the person is receiving a disability support pension or carer payment.
The second condition is that an ‘internet carriage service’ within the meaning of the Broadcasting Services Act 1991 is connected in the person’s name or, if the person is a member of a couple (other than an illness separated, temporarily separate or respite care couple), in the person’s partner’s name.

The third condition is that the person is able to use the internet at the person’s principal home.

The fourth condition is that, on or before the applicable telephone allowance payday, the person has notified the Secretary about the connection of the internet carriage service at their principal home.

**Item 24** amends section 1190, **item 25** amends section 1191 and **item 28** amends section 1206B. These amendments allow the new increased rates of telephone allowance to be indexed on the same basis as the existing rates of telephone allowance.

**Item 24** also inserts item 56AA into the table in section 1190. **Items 26 and 27** amend section 1206B. These amendments will correct an oversight when item 9 was inserted (item 9 sets out the partnered rate of telephone allowance when the person’s partner is in gaol) and allow item 9 to be indexed.

**Amendments of the Veterans’ Entitlements Act**

Section 118R of the Veterans’ Entitlements Act provides for the circumstances in which a telephone allowance will not be payable to a person who would otherwise be eligible for the allowance under the provisions of section 118Q of the Veterans’ Entitlements Act.

**Item 29** is a formatting amendment to section 118R to insert a reference to subsection (1) as a consequence of the amendment made by **item 31** inserting new subsection 118R(2).

**Item 30** inserts new paragraph 118R(aa). New paragraph 118R(aa) provides that a telephone allowance will not be payable where the eligible person has not provided the Secretary with information about the connection of the telephone service referred to in the subsection 118Q(4) definition of telephone subscriber.

**Item 31** inserts new subsection 118R(2), which provides that the written notification referred to in new paragraph 118R(aa) (inserted by **item 30** of this Schedule) must be by a document lodged at an office of the Department of Veterans’ Affairs in Australia in accordance with the provisions of section 5T of the Veterans’ Entitlements Act and will be taken to have been lodged on a date determined under that section.

Section 118S of the Veterans’ Entitlements Act sets out the rate of telephone allowance payable to the various categories of people eligible for the payment.
**Item 32** repeals and substitutes subsection 118S(1). New subsection 118S(1) provides that the annual rate of telephone allowance that is payable to the person under the subsection will depend on new section 118SB of the Veterans’ Entitlements Act (as inserted by **item 34** of this Schedule) not being applicable to the person.

Where new section 118SB is not applicable and the person is therefore not eligible for a higher rate of telephone allowance for an internet connection, the rate of telephone allowance set out in subsection 118S(1) is $88.00 per year.

**Item 33** makes consequential amendments to subsections 182S(2) and (4) to include references to new section 118SB (being inserted by **item 34** of this Schedule) not being applicable to a person because the person is not eligible for a telephone allowance payable at the higher rate due to the connection of an internet service.

**Item 34** inserts new sections 118SA and 118SB. New section 118SA provides that the annual rate of telephone allowance that is payable to the person under the section will depend on new section 118SB of the Veterans’ Entitlements Act (as inserted by this item) being applicable to the person.

Where new section 118SB is applicable and the person is therefore eligible for a higher rate of telephone allowance for an internet connection, the rate of telephone allowance set out in subsection 118SA(1) is $132.00 per year.

New subsections 118SA(2) and (3) replicate the provisions of subsections 118S(2) and (4) and provide the circumstances in which the rate of telephone allowance payable under section 118SA will be half the amount specified in subsection 118SA(1).

Those circumstances relate to the partner of that person receiving a telephone allowance under any provision of the Veterans’ Entitlements, Social Security or Military Rehabilitation and Compensation Acts.

New subsections 118SA(4) and (5) provide that, in certain circumstances, more than half the increased rate ($88) will be payable to a member of a couple. In the circumstances where the partner of the eligible person is receiving telephone allowance at the standard rate (as defined in new subsection 118SA(6)), more than half the increased rate of telephone allowance will be payable to the eligible person even though they are a member of a couple. This may occur if the partner of the eligible person is receiving telephone allowance under the Social Security Act and is under pension age, or is receiving the increased rate because the internet connection is in the name of their non-illness separated spouse.

New subsection 118SA(6) defines the terms telephone allowance at the increased rate and telephone allowance at the standard rate.
In relation to the partner of a person, telephone allowance at the increased rate is defined as being the rate of telephone allowance payable to the partner under new subsections 118SA(2) and (3) (as inserted by this item), the rate of telephone allowance payable to the partner under new paragraphs 223(b) and 247(b) (as inserted by items 4 and 9 of this Schedule) of the Military Rehabilitation and Compensation Act, or the rate of telephone allowance payable to the partner under the Social Security Act at the rate referred to in table item 3, 5 or 8 of the table in section 1061SA (as inserted by item 23 of this Schedule).

In relation to the partner of a person, telephone allowance at the standard rate is defined as being the rate of telephone allowance payable to the partner under sections 118S(2) and (4) (as amended by item 33 of this Schedule), the rate of telephone allowance payable to the partner under new paragraphs 223(a) and 247(a) (as inserted by items 4 and 9 of this Schedule) of the Military Rehabilitation and Compensation Act or the rate of telephone allowance payable to the partner under the Social Security Act at the rate referred to in table item 3, 5 or 8 of the table in section 1061S (as inserted by items 14, 16 and 19 of this Schedule).

New section 118SB of the Veterans’ Entitlements Act provides, subject to the person meeting the conditions set out in the section for an increased rate of telephone allowance for people who are eligible for telephone allowance and who have the internet at home.

The first condition is that an ‘internet carriage service’ within the meaning given by the Broadcasting Services Act 1992 is connected in the person’s name, or in the name of the person to whom the person is legally married or in the name of the person’s partner.

The second condition is that the person is able to use the internet at the person’s principal home.

The third condition is that, on or before the applicable telephone allowance payday, the person has provided the Secretary with information about the connection of the internet carriage service referred to in new subsection 118SB(2).

New subsection 118SB(5) provides that the written notification referred to in new subsection 118SB(4) must be by a document lodged at an office of the Department of Veterans’ Affairs in Australia in accordance with the provisions of section 5T of the Veterans’ Entitlements Act and will be taken to have been lodged on a date determined under that section.

New subsection 118SB(6) provides that references to telephone allowance payday in the new section will have the same meaning as in subsection 118T(2).

Section 198F of the Veterans’ Entitlements Act sets out the procedures for the annual indexation of the rate of telephone allowance payable.
**Item 35** repeals and substitutes the definition of *relevant rate* in subsection 198F(1) to reflect the change associated with the introduction of a higher rate of telephone allowance payable to eligible people with an internet connection. The amended definition refers to the different rates payable under subsections 118S(1), 118SA(1), 118SA(4) and 118SA(5).

**Part 2 – Transitional provisions**

**Item 36** is a transitional provision applicable in circumstances where telephone allowance was payable, immediately before the commencement of the item, to a person under either Division 4 of Part 7 of Chapter 4 or Division 5 of Part 2 of Chapter 5 of the Military Rehabilitation and Compensation Act.

The item provides that, for the purposes of amended subsections 222(4) and 246(4) respectively of the Military Rehabilitation and Compensation Act, the person will be taken to have notified the Military Rehabilitation and Compensation Commission of the telephone connection referred to in those subsections.

**Item 37** is a transitional provision applicable in circumstances where telephone allowance was payable, immediately before the commencement of the item, to a person under Part VIIB of the Veterans’ Entitlements Act.

The item provides that, for the purposes of amended section 118R of the Veterans’ Entitlements Act, the person will be taken to have notified the Secretary of the telephone connection referred to in that section.