



Social Services and Other Legislation Amendment (Supporting Retirement Incomes) Act 2019

No. 5, 2019

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

Note: An electronic version of this Act is available on the Federal Register of Legislation
(<https://www.legislation.gov.au/>)

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[Assented to 1 March 2019]

The Parliament of Australia enacts:

No. 5, 2019

*Social Services and Other Legislation Amendment (Supporting
Retirement Incomes) Act 2019*

1

1 Short title

This Act is the *Social Services and Other Legislation Amendment (Supporting Retirement Incomes) Act 2019*.

2 Commencement

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

Commencement information		
Column 1	Column 2	Column 3
Provisions	Commencement	Date/Details
1. Sections 1 to 3 and anything in this Act not elsewhere covered by this table	The day this Act receives the Royal Assent.	1 March 2019
2. Schedules 1 and 2	1 July 2019.	1 July 2019
3. Schedule 3, Part 1	1 July 2019.	1 July 2019
4. Schedule 3, Part 2	Immediately after the commencement of Schedule 4 to the <i>Social Services Legislation Amendment (Welfare Reform) Act 2018</i> .	20 March 2020
5. Schedule 4	The day after this Act receives the Royal Assent.	2 March 2019

Note: This table relates only to the provisions of this Act as originally enacted.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

- (2) Any information in column 3 of the table is not part of this Act. Information may be inserted in this column, or information in it may be edited, in any published version of this Act.

3 Schedules

Legislation that is specified in a Schedule to this Act is amended or repealed as set out in the applicable items in the Schedule concerned, and any other item in a Schedule to this Act has effect according to its terms.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—Lifetime income streams

Social Security Act 1991

1 Subparagraph 8(8)(b)(iii)

Repeal the subparagraph.

2 Subsection 9(1)

Insert:

asset-tested income stream (lifetime) has the meaning given by section 9E.

3 Subsection 9(1) (subparagraphs (b)(i) and (ii) of the definition of *asset-tested income stream (long term)*)

Omit “a term”, substitute “a specified term”.

4 Subsection 9(1) (at the end of the definition of *asset-tested income stream (long term)*)

Add:

Note: Since the income stream must be for a specified term, an asset-tested income stream (long term) cannot be an asset-tested income stream (lifetime).

5 Subsection 9(1) (definition of *asset-tested income stream (short term)*)

Omit “neither”, substitute “none of the following”.

6 Subsection 9(1) (paragraph (a) of the definition of *asset-tested income stream (short term)*)

Omit “nor;”.

7 Subsection 9(1) (at the end of the definition of *asset-tested income stream (short term)*)

Add:

; (c) an asset-tested income stream (lifetime).

8 Subsection 9(1) (definition of *deferred annuity*)

Repeal the definition.

9 Subsection 9(1) (at the end of the definition of *income stream*)

Add:

- ; (n) a payment of compensation to a person, or a payment to a person under an insurance scheme, in relation to:
 - (i) the person's inability to earn, derive or receive income from remunerative work; or
 - (ii) the person's total and permanent disability or incapacity.

10 Subsection 9(1) (paragraph (a) of the definition of *investment*)

Omit “, approved deposit fund or deferred annuity”, substitute “or approved deposit fund”.

11 Paragraph 9(1B)(f)

Repeal the paragraph.

12 After paragraph 9(1B)(g)

Insert:

- ; (h) an asset-tested income stream (lifetime) that does not arise under arrangements that are regulated by the *Superannuation Industry (Supervision) Act 1993*.

13 Subsection 9(1B) (note 3)

Repeal the note.

14 At the end of subsection 9(1B)

Add:

- Note 5: For paragraph (h), see paragraph (1C)(j) for a person's asset-tested income stream (lifetime) that does not arise under arrangements that are regulated by the *Superannuation Industry (Supervision) Act 1993* if the person's assessment day (within the meaning of section 1120AB) for the income stream has occurred.

15 Paragraph 9(1C)(c)

Repeal the paragraph.

16 After paragraph 9(1C)(h)

Insert:

- ; (i) a person's asset-tested income stream (lifetime) that arises under arrangements that are regulated by the *Superannuation Industry (Supervision) Act 1993*;
- (j) a person's asset-tested income stream (lifetime) that does not arise under arrangements that are regulated by the *Superannuation Industry (Supervision) Act 1993* if the person's assessment day (within the meaning of section 1120AB) for the income stream has occurred.

17 Subsection 9(9)

Omit “, approved deposit fund or deferred annuity”, substitute “or approved deposit fund”.

18 Subsection 9(9)

Omit “or under the annuity”.

19 After paragraph 9D(1)(b)

Insert:

or (c) an asset-tested income stream (lifetime);

20 Paragraph 9D(2)(b)

Omit “either an asset-tested income stream (long term) or an asset-tested income stream (short term)”, substitute “an asset-tested income stream (long term), an asset-tested income stream (short term) or an asset-tested income stream (lifetime)”.

21 After section 9D

Insert:

9E Asset-tested income stream (lifetime)

- (1) Subject to subsection (2), an income stream is an *asset-tested income stream (lifetime)* if:

-
- (a) the contract, or governing rules, for the provision of the income stream ensure that, once payments of the income stream start, the income stream is to continue for the remainder of the life of one or more individuals; and
 - (b) the contract, or governing rules, for the provision of the income stream ensure that the amounts of those payments are determined by having regard to the age, life expectancy or other factors relevant to the mortality of those individuals; and
 - (c) the income stream is not an asset-test exempt income stream; and
 - (d) the income stream is not a defined benefit income stream.
- (2) If:
- (a) paragraphs (1)(a) to (d) are satisfied in relation to an income stream; and
 - (b) the income stream is of a kind determined in an instrument under subsection (3);
- the income stream is an *asset-tested income stream (lifetime)* only to the extent determined in the instrument.
- (3) The Secretary may make a legislative instrument for the purposes of subsection (2).
- (4) An income stream is an *asset-tested income stream (lifetime)* if:
- (a) the income stream satisfies the conditions determined in an instrument under subsection (5); and
 - (b) the income stream is not an asset-test exempt income stream; and
 - (c) the income stream is not a defined benefit income stream.
- (5) The Secretary may, by legislative instrument, determine conditions for the purposes of paragraph (4)(a).

22 Subsection 23(1) (definition of *deferred annuity*)

Repeal the definition.

23 Subsection 23(1) (paragraph (a) of the definition of investment)

Omit “, approved deposit fund or deferred annuity”, substitute “or approved deposit fund”.

24 Section 1099C (heading)

Repeal the heading, substitute:

1099C Income—asset-tested income stream (long term) that is not a defined benefit income stream

25 Section 1099D (heading)

Repeal the heading, substitute:

1099D Income—asset-tested income stream (long term) that is a defined benefit income stream

26 At the end of Subdivision B of Division 1C of Part 3.10

Add:

1099DAB Income—asset-tested income stream (lifetime)

If the income stream is an asset-tested income stream (lifetime), the amount that the person is taken to receive from the income stream each year is worked out as follows:

Annual payment \times 0.6

where:

annual payment means the amount payable to the person for the year under the income stream.

27 After section 1099DC

Insert:

1099DCA Income from asset-tested income stream (lifetime)

- (1) For the purpose of working out the annual rate of ordinary income of a person from an asset-tested income stream (lifetime) to which
-

this Subdivision applies, the person is taken to receive from that income stream each year the amount determined by the Secretary under this subsection.

- (2) In making a determination under subsection (1), the Secretary must comply with any relevant decision-making principles in force under section 1099DD.

28 At the end of section 1099DD

Add:

; or (e) subsection 1099DCA(1).

29 Subparagraph 1118(1)(f)(iii)

Repeal the subparagraph.

30 Subsection 1118A(1)

Omit “, a deferred annuity”.

31 Paragraphs 1118A(2)(a) and (b)

Omit “, a deferred annuity”.

32 Section 1119 (heading)

Repeal the heading, substitute:

1119 Value of asset-tested income streams that are not defined benefit income streams, asset-tested income streams (lifetime) or family law affected income streams

33 Subsection 1119(1)

After “defined benefit income stream”, insert “, it is not an asset-tested income stream (lifetime)”.

34 Subsection 1119(1) (note)

Repeal the note, substitute:

Note: For *defined benefit income streams*, see section 1120. For *asset-tested income streams (lifetime)*, see sections 1120AA and 1120AB. For *family law affected income streams*, see section 1120A.

35 At the end of subsection 1120(1)

Add:

Note: For *family law affected income streams*, see section 1120A.

36 After section 1120

Insert:

1120AA Value of asset-tested income streams (lifetime) that are managed investments

- (1) This section applies to a person's asset-tested income stream (lifetime), that does not arise under arrangements that are regulated by the *Superannuation Industry (Supervision) Act 1993*, in relation to a day that is before the person's assessment day (within the meaning of section 1120AB) for the income stream.

Note: For *asset-tested income stream (lifetime)*, see subsection 9(1).

- (2) However, this section does not apply to a family law affected income stream.

Note: For *family law affected income streams*, see section 1120A.

Value of income stream

- (3) Subject to this section, the value of the person's income stream is, for the purposes of the assets test, the purchase amount for the income stream.

Purchase amount

- (4) For the purposes of this section, the ***purchase amount*** for the income stream is:
- (a) subject to paragraph (b)—if one or more amounts have been paid for the income stream, the sum of each compounded amount in relation to an amount paid for the income stream, as worked out under subsection (5), less any commuted amounts; or
 - (b) if the circumstances determined in an instrument under subsection (7) apply in relation to the income stream—the amount worked out in accordance with that instrument.

- (5) A **compounded amount** in relation to an amount paid for the income stream is worked out by applying the following formula for each relevant adjustment day (from the earliest to the latest):

$$\text{Compounded amount for the relevant adjustment day} \times \left(1 + \frac{\text{Relevant above threshold rate for the relevant adjustment day}}{\text{the relevant adjustment day}} \right)$$

where:

compounded amount for the relevant adjustment day means:

- (a) for the earliest relevant adjustment day—the amount that was paid for the income stream; or
- (b) for each later relevant adjustment day—the result of applying the formula for the most recent earlier relevant adjustment day.

relevant above threshold rate for the relevant adjustment day means the following:

- (a) if the relevant adjustment day is the relevant payment day—zero;
- (b) if the relevant adjustment day is a 12-month anniversary of the relevant payment day—the rate applicable under subsection 1082(2) for that relevant adjustment day, expressed as a decimal fraction.

relevant adjustment day means each of the following:

- (a) the relevant payment day;
- (b) each 12-month anniversary of the relevant payment day.

relevant payment day means the day that the amount was paid for the income stream.

- (6) If the income stream is a joint income stream, then, for the purposes of applying subsections (4) and (5) to the person and to a day covered by subsection (1), an amount paid for the income stream is taken to be that amount multiplied by the proportion of the income stream attributable to the person on that day.
- (7) The Secretary may make a legislative instrument for the purposes of paragraph (4)(b).

1120AB Value of asset-tested income streams (lifetime) that are not managed investments

- (1) This section applies to a person's asset-tested income stream (lifetime) in relation to a day that is on or after the person's assessment day for the income stream.

Note 1: For *asset-tested income stream (lifetime)*, see subsection 9(1). For *assessment day*, see subsections (6) and (7) of this section.

Note 2: This section applies separately in relation to each asset-tested income stream (lifetime) of a person.

- (2) However, this section does not apply to a family law affected income stream.

Note: For *family law affected income streams*, see section 1120A.

Value of income stream

- (3) Subject to this section, the value of the person's income stream is, for the purposes of the assets test, worked out as follows:

- (a) for a day in the period beginning on the person's assessment day for the income stream and ending at the end of the person's threshold day for the income stream:

Purchase amount \times 0.6

- (b) for a day after the person's threshold day for the income stream:

Purchase amount \times 0.3

Note: For *threshold day*, see subsections (9) and (10). For *purchase amount*, see subsection (12).

- (4) The Secretary may, by legislative instrument, determine one or more methods for working out the value of an asset-tested income stream (lifetime) for persons to whom this section applies.
- (5) If one or more amounts worked out in accordance with the instrument are higher than the amount under subsection (3), then the value of the person's income stream is, for the purposes of the assets test, the highest of those amounts.

Assessment day

- (6) Subject to subsection (7), for the purposes of this section, a person's **assessment day** for an asset-tested income stream (lifetime) is:
- (a) if the income stream arises under arrangements that are regulated by the *Superannuation Industry (Supervision) Act 1993*—the latest of the following:
 - (i) the day the person first satisfies a condition of release that is mentioned in regulations under the *Superannuation Industry (Supervision) Act 1993* and is of a kind determined in an instrument under subsection (8);
 - (ii) the day the first amount was paid for the income stream;
 - (iii) the day the person acquired the income stream (if no amount is identifiable as having been paid for the income stream); or
 - (b) otherwise:
 - (i) if the commencement day in relation to the income stream is before the day the person reaches pension age—the commencement day in relation to the income stream; or
 - (ii) in any other case—the latest of the day the first amount was paid for the income stream, the day the person reaches pension age and the day the person acquired the income stream (if no amount is identifiable as having been paid for the income stream).

Note: For **commencement day**, see subsection 9(1).

- (7) For the purposes of this section, a person's **assessment day** for an asset-tested income stream (lifetime) that reverted to the person as a reversionary beneficiary is:
- (a) if the income stream reverted to the person on or after the commencement day in relation to the income stream—the day of the reversion; or
 - (b) if the income stream reverted to the person before the commencement day in relation to the income stream and the income stream arises under arrangements that are regulated by the *Superannuation Industry (Supervision) Act 1993*:
-

- (i) if the commencement day in relation to the income stream is before the day the person first satisfies a condition of release that is mentioned in regulations under the *Superannuation Industry (Supervision) Act 1993* and is of a kind determined in an instrument under subsection (8)—the commencement day in relation to the income stream; or
- (ii) in any other case—the later of the day of the reversion and the day the person first satisfies a condition of release that is mentioned in regulations under the *Superannuation Industry (Supervision) Act 1993* and is of a kind determined in an instrument under subsection (8); or
- (c) if the income stream reverted to the person before the commencement day in relation to the income stream and the income stream does not arise under arrangements that are regulated by the *Superannuation Industry (Supervision) Act 1993*:
 - (i) if the commencement day in relation to the income stream is before the day the person reaches pension age—the commencement day in relation to the income stream; or
 - (ii) in any other case—the later of the day of the reversion and the day the person reaches pension age.

Note: For **commencement day**, see subsection 9(1).

- (8) The Secretary may, by notifiable instrument, determine a kind of condition of release for the purposes of subparagraphs (6)(a)(i) and (7)(b)(i) and (ii).

Threshold day

- (9) Subject to subsection (10), for the purposes of this section, a person's **threshold day** for an asset-tested income stream (lifetime) is worked out using the following method statement:

Method statement

- Step 1. Work out, in relation to a man aged 65 on the person's assessment day for the income stream, the number of

expected years remaining in the man's life, by reference to the instrument in force under subsection (11) on that assessment day, rounded down to the nearest whole number of years.

Note: The number of expected years remaining in a 65-year old man's life is used no matter how old the person is and whether the person is a man or a woman.

Step 2. Increase the number of years at step 1 by 65.

Step 3. Subject to step 4, the person's **threshold day** for the income stream is the later of the following days:

- (a) the day before the person reaches the age in years worked out at step 2;
- (b) the last day of the 5-year period beginning on the person's assessment day for the income stream.

Step 4. If the income stream is a joint income stream, the person's **threshold day** for the income stream is the later of the following days:

- (a) the day before the oldest of the persons, to whom a proportion of the income stream is attributable on the person's assessment day for the income stream, reaches the age in years worked out at step 2;
- (b) the last day of the 5-year period beginning on the person's assessment day for the income stream.

(10) If:

- (a) an asset-tested income stream (lifetime) reverts to a person as a reversionary beneficiary on the death of another person; and
- (b) before the death of the other person, the other person's assessment day for the income stream had occurred;

then:

- (c) if, before the death of the other person, the other person's threshold day for the income stream had not occurred—the

- reversionary beneficiary's **threshold day** for the income stream is taken to be the day that would have been the other person's threshold day if the other person had not died; and
- (d) if, before the death of the other person, the other person's threshold day for the income stream had occurred—the reversionary beneficiary's **threshold day** for the income stream is taken to be the other person's threshold day; and
- (e) if the reversionary beneficiary's assessment day for the income stream worked out under subsection (7) is on or after the reversionary beneficiary's threshold day for the income stream worked out under paragraph (c) or (d) of this subsection:
- (i) paragraph (3)(a) is taken not to apply to the reversionary beneficiary and the income stream; and
 - (ii) paragraph (3)(b) is taken to apply to the reversionary beneficiary and the income stream for a day that is on or after the reversionary beneficiary's assessment day for the income stream.
- (11) The Secretary may make a notifiable instrument for the purposes of step 1 of the method statement in subsection (9). If there are Life Tables published by the Australian Government Actuary, the Secretary must be satisfied that the instrument is consistent with the latest of those Life Tables.

Purchase amount

- (12) For the purposes of this section, the **purchase amount** for the income stream is:
- (a) subject to paragraph (b)—if one or more amounts have been paid for the income stream—the sum of:
 - (i) each compounded amount in relation to an amount paid for the income stream before the person's assessment day for the income stream, as worked out under subsection (13); and
 - (ii) each amount paid for the income stream on or after that assessment day;
- less any commuted amounts; or

- (b) if the circumstances determined in an instrument under subsection (15) apply in relation to the income stream—the amount worked out in accordance with that instrument.
- (13) A **compounded amount** in relation to an amount paid for the income stream before the person's assessment day for the income stream is worked out by applying the following formula for each relevant adjustment day (from the earliest to the latest):

$$\text{Compounded amount for the relevant adjustment day} \times \left(1 + \frac{\text{Relevant above threshold rate for the relevant adjustment day}}{\text{the relevant adjustment day}} \right)$$

where:

compounded amount for the relevant adjustment day means:

- (a) for the earliest relevant adjustment day—the amount that was paid for the income stream; or
- (b) for each later relevant adjustment day—the result of applying the formula for the most recent earlier relevant adjustment day.

relevant above threshold rate for the relevant adjustment day means:

- (a) if the relevant adjustment day is a 12-month anniversary of the relevant payment day—the rate applicable under subsection 1082(2) for that relevant adjustment day, expressed as a decimal fraction; or
- (b) if the relevant adjustment day is the assessment day—the amount worked out in accordance with the following formula:

$$\frac{\text{The rate applicable under subsection 1082(2) for that day, expressed as a decimal fraction}}{\text{expressed as a decimal fraction}} \times \frac{\text{Relevant number of days}}{365}$$

relevant adjustment day means each of the following:

- (a) each 12-month anniversary of the relevant payment day that happens before the person's assessment day;
- (b) the person's assessment day.

Note: For **assessment day**, see subsections (6) and (7).

relevant number of days means the number of days in the period:

- (a) beginning on the day after:
 - (i) if the assessment day is at least 12 months after the relevant payment day—the most recent 12-month anniversary of the relevant payment day; or
 - (ii) otherwise—the relevant payment day; and
- (b) ending at the end of the assessment day.

relevant payment day means the day that the amount was paid for the income stream.

- (14) If the income stream is a joint income stream, then, for the purposes of applying subsections (12) and (13) to the person and to a day covered by subsection (1), an amount paid for the income stream is taken to be that amount multiplied by the proportion of the income stream attributable to the person on that day.
- (15) The Secretary may make a legislative instrument for the purposes of paragraph (12)(b).

37 After subsection 1121(3B)

Insert:

- (3C) Subsection (1) does not apply to an asset that is an asset-tested income stream (lifetime).

38 After section 1121A

Insert:

1121B Value of life policy

- (1) This section applies in relation to a person and a day (the *assessment day*) if:
 - (a) the person has reached pension age; and
 - (b) the person is the owner (within the meaning of subsection 10(2) of the *Life Insurance Act 1995*) of a life policy covered by paragraph 9(1)(a) or (b) of that Act; and
 - (c) the person became the owner of the policy after the person reached pension age; and
 - (d) the sum of each amount paid for the policy (regardless of who paid the amount) in any period of 12 months exceeds

15% of the maximum death benefit that would be payable in the event of the death of the person whose life is insured on the assessment day.

- (2) The value of the life policy on the assessment day is, for the purposes of the assets test, the higher of the following:
- (a) the amount that would be payable to the person covered by paragraph (1)(b) if the policy were surrendered on that day;
 - (b) the sum of each amount paid for the policy by the person covered by paragraph (1)(b), less any commuted amounts.

39 Application provisions

- (1) The amendment made by item 9 applies in relation to a payment made on or after the commencement of this item.
- (2) Sections 1099DAB, 1120AA and 1120AB of the *Social Security Act 1991*, as added or inserted by this Schedule, apply in relation to an asset-tested income stream (lifetime), where:
- (a) the first payment for the income stream is made on or after the commencement of this item (whether the payment represents the whole payment for the income stream or part only); or
 - (b) the income stream is acquired on or after the commencement of this item (if no amount is identifiable as having been paid for the income stream).
- (3) Section 1099DCA of the *Social Security Act 1991*, as inserted by this Schedule, applies in relation to an asset-tested income stream (lifetime) that is a family law affected income stream, where:
- (a) the first payment for the income stream covered by paragraph 9C(a) of that Act (that resulted in the family law affected income stream) is made on or after the commencement of this item (whether the payment represents the whole payment for the income stream covered by paragraph 9C(a) of that Act or part only); or
 - (b) the income stream covered by paragraph 9C(a) of that Act (that resulted in the family law affected income stream) is acquired on or after the commencement of this item (if no amount is identifiable as having been paid for the income stream covered by paragraph 9C(a) of that Act).

- (4) Section 1121B of the *Social Security Act 1991*, as inserted by this Schedule, applies in relation to a person who became the owner of the policy concerned on or after the commencement of this item (whether the person reached pension age before, on or after that commencement).

Veterans' Entitlements Act 1986

40 Subparagraph 5H(8)(i)(iii)

Repeal the subparagraph.

41 Paragraph 5H(8)(i) (note 2)

Omit “, *deferred annuity*”.

42 Subsection 5J(1)

Insert:

asset-tested income stream (lifetime) has the meaning given by section 5JE.

43 Subsection 5J(1) (subparagraphs (b)(i) and (ii) of the definition of *asset-tested income stream (long term)*)

Omit “a term”, substitute “a specified term”.

44 Subsection 5J(1) (at the end of the definition of *asset-tested income stream (long term)*)

Add:

Note: Since the income stream must be for a specified term, an asset-tested income stream (long term) cannot be an asset-tested income stream (lifetime).

45 Subsection 5J(1) (definition of *asset-tested income stream (short term)*)

Omit “neither”, substitute “none of the following”.

46 Subsection 5J(1) (paragraph (a) of the definition of *asset-tested income stream (short term)*)

Omit “nor”.

47 Subsection 5J(1) (at the end of the definition of *asset-tested income stream (short term)*)

Add:

; (c) an asset-tested income stream (lifetime).

48 Subsection 5J(1) (definition of *deferred annuity*)

Repeal the definition.

49 Subsection 5J(1) (at the end of the definition of *income stream*)

Add:

- ; (n) a payment of compensation to a person, or a payment to a person under an insurance scheme, in relation to:
 - (i) the person's inability to earn, derive or receive income from remunerative work; or
 - (ii) the person's total and permanent disability or incapacity.

50 Subsection 5J(1) (paragraph (a) of the definition of *investment*)

Omit “, approved deposit fund or deferred annuity”, substitute “or approved deposit fund”.

51 Paragraph 5J(1B)(f)

Repeal the paragraph.

52 After paragraph 5J(1B)(g)

Insert:

- ; (h) an asset-tested income stream (lifetime) that does not arise under arrangements that are regulated by the *Superannuation Industry (Supervision) Act 1993*.

53 Subsection 5J(1B) (note 3)

Repeal the note.

54 At the end of subsection 5J(1B)

Add:

Note 5: For paragraph (h), see paragraph (1C)(j) for a person's asset-tested income stream (lifetime) that does not arise under arrangements that are regulated by the *Superannuation Industry (Supervision) Act 1993* if the person's assessment day (within the meaning of section 52BAB) for the income stream has occurred.

55 Paragraph 5J(1C)(c)

Repeal the paragraph.

56 After paragraph 5J(1C)(h)

Insert:

- ; (i) a person's asset-tested income stream (lifetime) that arises under arrangements that are regulated by the *Superannuation Industry (Supervision) Act 1993*;
- (j) a person's asset-tested income stream (lifetime) that does not arise under arrangements that are regulated by the *Superannuation Industry (Supervision) Act 1993* if the person's assessment day (within the meaning of section 52BAB) for the income stream has occurred.

57 Subsection 5J(6)

Omit “, approved deposit fund or deferred annuity”, substitute “or approved deposit fund”.

58 Subsection 5J(6)

Omit “or under the annuity”.

59 After paragraph 5JD(1)(b)

Insert:

or (c) an asset-tested income stream (lifetime);

60 Paragraph 5JD(2)(b)

Omit “either an asset-tested income stream (long term) or an asset-tested income stream (short term)”, substitute “an asset-tested income stream (long term), an asset-tested income stream (short term) or an asset-tested income stream (lifetime)”.

61 After section 5JD

Insert:

5JE Asset-tested income stream (lifetime)

- (1) Subject to subsection (2), an income stream is an *asset-tested income stream (lifetime)* if:
 - (a) the contract, or governing rules, for the provision of the income stream ensure that, once payments of the income stream start, the income stream is to continue for the remainder of the life of one or more individuals; and
 - (b) the contract, or governing rules, for the provision of the income stream ensure that the amounts of those payments are determined by having regard to the age, life expectancy or other factors relevant to the mortality of those individuals; and
 - (c) the income stream is not an asset-test exempt income stream; and
 - (d) the income stream is not a defined benefit income stream.
- (2) If:
 - (a) paragraphs (1)(a) to (d) are satisfied in relation to an income stream; and
 - (b) the income stream is of a kind determined in an instrument under subsection (3);the income stream is an *asset-tested income stream (lifetime)* only to the extent determined in the instrument.
- (3) The Commission may make a legislative instrument for the purposes of subsection (2).
- (4) An income stream is an *asset-tested income stream (lifetime)* if:
 - (a) the income stream satisfies the conditions determined in an instrument under subsection (5); and
 - (b) the income stream is not an asset-test exempt income stream; and
 - (c) the income stream is not a defined benefit income stream.
- (5) The Commission may, by legislative instrument, determine conditions for the purposes of paragraph (4)(a).

62 Subsection 5Q(1) (definition of deferred annuity)

Repeal the definition.

63 Subsection 5Q(1) (paragraph (a) of the definition of investment)

Omit “, approved deposit fund or deferred annuity”, substitute “or approved deposit fund”.

64 Section 46X (heading)

Repeal the heading, substitute:

46X Income—asset-tested income stream (long term) that is not a defined benefit income stream

65 Section 46Y (heading)

Repeal the heading, substitute:

46Y Income—asset-tested income stream (long term) that is a defined benefit income stream

66 At the end of Subdivision B of Division 4 of Part IIIB

Add:

46YB Income—asset-tested income stream (lifetime)

If the income stream is an asset-tested income stream (lifetime), the amount that the person is taken to receive from the income stream each year is worked out as follows:

$$\text{Annual payment} \times 0.6$$

where:

annual payment means the amount payable to the person for the year under the income stream.

67 After section 46ZB

Insert:

46ZBA Income from asset-tested income stream (lifetime)

- (1) For the purpose of working out the annual rate of ordinary income of a person from an asset-tested income stream (lifetime) to which
-

this Subdivision applies, the person is taken to receive from that income stream each year the amount determined by the Commission under this subsection.

- (2) In making a determination under subsection (1), the Commission must comply with any relevant decision-making principles in force under section 46ZC.

68 At the end of section 46ZC

Add:

; or (e) subsection 46ZBA(1).

69 Subparagraph 52(1)(f)(iii)

Repeal the subparagraph.

70 Paragraph 52(1)(f) (note)

Omit “, deferred annuities”.

71 Subsection 52AA(1)

Omit “, a deferred annuity”.

72 Paragraphs 52AA(2)(a) and (b)

Omit “, a deferred annuity”.

73 Section 52A (heading)

Repeal the heading, substitute:

52A Value of asset-tested income streams that are not defined benefit income streams, asset-tested income streams (lifetime) or family law affected income streams

74 Subsection 52A(1)

After “defined benefit income stream”, insert “, it is not an asset-tested income stream (lifetime)”.

75 Subsection 52A(1) (note)

Repeal the note, substitute:

Note: For *defined benefit income streams*, see section 52B. For *asset-tested income streams (lifetime)*, see sections 52BAA and 52BAB. For *family law affected income streams*, see section 52BA.

76 At the end of subsection 52B(1)

Add:

Note: For *family law affected income streams*, see section 52BA.

77 After section 52B

Insert:

52BAA Value of asset-tested income streams (lifetime) that are managed investments

- (1) This section applies to a person's asset-tested income stream (lifetime), that does not arise under arrangements that are regulated by the *Superannuation Industry (Supervision) Act 1993*, in relation to a day that is before the person's assessment day (within the meaning of section 52BAB) for the income stream.

Note: For *asset-tested income stream (lifetime)*, see subsection 5J(1).

- (2) However, this section does not apply to a family law affected income stream.

Note: For *family law affected income streams*, see section 52BA.

Value of income stream

- (3) Subject to this section, the value of the person's income stream is, for the purposes of the assets test, the purchase amount for the income stream.

Purchase amount

- (4) For the purposes of this section, the ***purchase amount*** for the income stream is:
- (a) subject to paragraph (b)—if one or more amounts have been paid for the income stream, the sum of each compounded amount in relation to an amount paid for the income stream, as worked out under subsection (5), less any commuted amounts; or

- (b) if the circumstances determined in an instrument under subsection (7) apply in relation to the income stream—the amount worked out in accordance with that instrument.
- (5) A **compounded amount** in relation to an amount paid for the income stream is worked out by applying the following formula for each relevant adjustment day (from the earliest to the latest):

$$\text{Compounded amount for the relevant adjustment day} \times \left(1 + \frac{\text{Relevant above threshold rate for the relevant adjustment day}}{\text{the relevant adjustment day}} \right)$$

where:

compounded amount for the relevant adjustment day means:

- (a) for the earliest relevant adjustment day—the amount that was paid for the income stream; or
- (b) for each later relevant adjustment day—the result of applying the formula for the most recent earlier relevant adjustment day.

relevant above threshold rate for the relevant adjustment day means the following:

- (a) if the relevant adjustment day is the relevant payment day—zero;
- (b) if the relevant adjustment day is a 12-month anniversary of the relevant payment day—the rate applicable under subsection 46J(2) for that relevant adjustment day, expressed as a decimal fraction.

relevant adjustment day means each of the following:

- (a) the relevant payment day;
- (b) each 12-month anniversary of the relevant payment day.

relevant payment day means the day that the amount was paid for the income stream.

- (6) If the income stream is a joint income stream, then, for the purposes of applying subsections (4) and (5) to the person and to a day covered by subsection (1), an amount paid for the income stream is taken to be that amount multiplied by the proportion of the income stream attributable to the person on that day.

- (7) The Commission may make a legislative instrument for the purposes of paragraph (4)(b).

52BAB Value of asset-tested income streams (lifetime) that are not managed investments

- (1) This section applies to a person's asset-tested income stream (lifetime) in relation to a day that is on or after the person's assessment day for the income stream.

Note 1: For *asset-tested income stream (lifetime)*, see subsection 5J(1). For *assessment day*, see subsections (6) and (7) of this section.

Note 2: This section applies separately in relation to each asset-tested income stream (lifetime) of a person.

- (2) However, this section does not apply to a family law affected income stream.

Note: For *family law affected income streams*, see section 52BA.

Value of income stream

- (3) Subject to this section, the value of the person's income stream is, for the purposes of the assets test, worked out as follows:

- (a) for a day in the period beginning on the person's assessment day for the income stream and ending at the end of the person's threshold day for the income stream:

Purchase amount \times 0.6

- (b) for a day after the person's threshold day for the income stream:

Purchase amount \times 0.3

Note: For *threshold day*, see subsections (10) and (11). For *purchase amount*, see subsection (13).

- (4) The Commission may, by legislative instrument, determine one or more methods for working out the value of an asset-tested income stream (lifetime) for persons to whom this section applies.

- (5) If one or more amounts worked out in accordance with the instrument are higher than the amount under subsection (3), then

the value of the person's income stream is, for the purposes of the assets test, the highest of those amounts.

Assessment day

- (6) Subject to subsection (7), for the purposes of this section, a person's **assessment day** for an asset-tested income stream (lifetime) is:
- (a) if the income stream arises under arrangements that are regulated by the *Superannuation Industry (Supervision) Act 1993*—the latest of the following:
 - (i) the day the person first satisfies a condition of release that is mentioned in regulations under the *Superannuation Industry (Supervision) Act 1993* and is of a kind determined in an instrument under subsection (9);
 - (ii) the day the first amount was paid for the income stream;
 - (iii) the day the person acquired the income stream (if no amount is identifiable as having been paid for the income stream); or
 - (b) otherwise:
 - (i) if the commencement day in relation to the income stream is before the day the person reaches pension age—the commencement day in relation to the income stream; or
 - (ii) in any other case—the latest of the day the first amount was paid for the income stream, the day the person reaches pension age and the day the person acquired the income stream (if no amount is identifiable as having been paid for the income stream).
- Note: For **commencement day**, see subsection 5J(1). For **pension age**, see section 5Q.
- (7) For the purposes of this section, a person's **assessment day** for an asset-tested income stream (lifetime) that reverted to the person as a reversionary beneficiary is:
- (a) if the income stream reverted to the person on or after the commencement day in relation to the income stream—the day of the reversion; or

- (b) if the income stream reverted to the person before the commencement day in relation to the income stream and the income stream arises under arrangements that are regulated by the *Superannuation Industry (Supervision) Act 1993*:
 - (i) if the commencement day in relation to the income stream is before the day the person first satisfies a condition of release that is mentioned in regulations under the *Superannuation Industry (Supervision) Act 1993* and is of a kind determined in an instrument under subsection (9)—the commencement day in relation to the income stream; or
 - (ii) in any other case—the later of the day of the reversion and the day the person first satisfies a condition of release that is mentioned in regulations under the *Superannuation Industry (Supervision) Act 1993* and is of a kind determined in an instrument under subsection (9); or
- (c) if the income stream reverted to the person before the commencement day in relation to the income stream and the income stream does not arise under arrangements that are regulated by the *Superannuation Industry (Supervision) Act 1993*:
 - (i) if the commencement day in relation to the income stream is before the day the person reaches pension age—the commencement day in relation to the income stream; or
 - (ii) in any other case—the later of the day of the reversion and the day the person reaches pension age.

Note: For **commencement day**, see subsection 5J(1). For **pension age**, see section 5Q.

- (8) For the purposes of the application of subsection (6) or (7) in relation to income support supplement, the references in that subsection to pension age are taken to be references to qualifying age.

Note: For **qualifying age**, see section 5Q.

- (9) The Commission may, by notifiable instrument, determine a kind of condition of release for the purposes of subparagraphs (6)(a)(i) and (7)(b)(i) and (ii).

Threshold day

- (10) Subject to subsection (11), for the purposes of this section, a person's **threshold day** for an asset-tested income stream (lifetime) is worked out using the following method statement:

Method statement

Step 1. Work out, in relation to a man aged 65 on the person's assessment day for the income stream, the number of expected years remaining in the man's life, by reference to the instrument in force under subsection (12) on that assessment day, rounded down to the nearest whole number of years.

Note: The number of expected years remaining in a 65-year old man's life is used no matter how old the person is and whether the person is a man or a woman.

Step 2. Increase the number of years at step 1 by 65.

Step 3. Subject to step 4, the person's **threshold day** for the income stream is the later of the following days:

- (a) the day before the person reaches the age in years worked out at step 2;
- (b) the last day of the 5-year period beginning on the person's assessment day for the income stream.

Step 4. If the income stream is a joint income stream, the person's **threshold day** for the income stream is the later of the following days:

- (a) the day before the oldest of the persons, to whom a proportion of the income stream is attributable on the person's assessment day for the income stream, reaches the age in years worked out at step 2;
- (b) the last day of the 5-year period beginning on the person's assessment day for the income stream.

- (11) If:
- (a) an asset-tested income stream (lifetime) reverts to a person as a reversionary beneficiary on the death of another person; and
 - (b) before the death of the other person, the other person's assessment day for the income stream had occurred;
- then:
- (c) if, before the death of the other person, the other person's threshold day for the income stream had not occurred—the reversionary beneficiary's **threshold day** for the income stream is taken to be the day that would have been the other person's threshold day if the other person had not died; and
 - (d) if, before the death of the other person, the other person's threshold day for the income stream had occurred—the reversionary beneficiary's **threshold day** for the income stream is taken to be the other person's threshold day; and
 - (e) if the reversionary beneficiary's assessment day for the income stream worked out under subsection (7) is on or after the reversionary beneficiary's threshold day for the income stream worked out under paragraph (c) or (d) of this subsection:
 - (i) paragraph (3)(a) is taken not to apply to the reversionary beneficiary and the income stream; and
 - (ii) paragraph (3)(b) is taken to apply to the reversionary beneficiary and the income stream for a day that is on or after the reversionary beneficiary's assessment day for the income stream.
- (12) The Commission may make a notifiable instrument for the purposes of step 1 of the method statement in subsection (10). If there are Life Tables published by the Australian Government Actuary, the Commission must be satisfied that the instrument is consistent with the latest of those Life Tables.

Purchase amount

- (13) For the purposes of this section, the **purchase amount** for the income stream is:
- (a) subject to paragraph (b)—if one or more amounts have been paid for the income stream—the sum of:
-

-
- (i) each compounded amount in relation to an amount paid for the income stream before the person's assessment day for the income stream, as worked out under subsection (14); and
 - (ii) each amount paid for the income stream on or after that assessment day;
less any commuted amounts; or
 - (b) if the circumstances determined in an instrument under subsection (16) apply in relation to the income stream—the amount worked out in accordance with that instrument.
- (14) A **compounded amount** in relation to an amount paid for the income stream before the person's assessment day for the income stream is worked out by applying the following formula for each relevant adjustment day (from the earliest to the latest):

$$\text{Compounded amount for the relevant adjustment day} \times \left(1 + \frac{\text{Relevant above threshold rate for the relevant adjustment day}}{\text{the relevant adjustment day}} \right)$$

where:

compounded amount for the relevant adjustment day means:

- (a) for the earliest relevant adjustment day—the amount that was paid for the income stream; or
- (b) for each later relevant adjustment day—the result of applying the formula for the most recent earlier relevant adjustment day.

relevant above threshold rate for the relevant adjustment day means:

- (a) if the relevant adjustment day is a 12-month anniversary of the relevant payment day—the rate applicable under subsection 46J(2) for that relevant adjustment day, expressed as a decimal fraction; or
- (b) if the relevant adjustment day is the assessment day—the amount worked out in accordance with the following formula:

$$\frac{\text{The rate applicable under subsection 46J(2) for that day, expressed as a decimal fraction}}{\text{expressed as a decimal fraction}} \times \frac{\text{Relevant number of days}}{365}$$

relevant adjustment day means each of the following:

- (a) each 12-month anniversary of the relevant payment day that happens before the person's assessment day;
- (b) the person's assessment day.

Note: For **assessment day**, see subsections (6) and (7).

relevant number of days means the number of days in the period:

- (a) beginning on the day after:
 - (i) if the assessment day is at least 12 months after the relevant payment day—the most recent 12-month anniversary of the relevant payment day; or
 - (ii) otherwise—the relevant payment day; and
- (b) ending at the end of the assessment day.

relevant payment day means the day that the amount was paid for the income stream.

- (15) If the income stream is a joint income stream, then, for the purposes of applying subsections (13) and (14) to the person and to a day covered by subsection (1), an amount paid for the income stream is taken to be that amount multiplied by the proportion of the income stream attributable to the person on that day.
- (16) The Commission may make a legislative instrument for the purposes of paragraph (13)(b).

78 After subsection 52C(3B)

Insert:

- (3C) Subsection (1) does not apply to an asset that is an asset-tested income stream (lifetime).

79 After section 52CA

Insert:

52CB Value of life policy

- (1) This section applies in relation to a person and a day (the **assessment day**) if:
 - (a) the person has reached:
-

-
- (i) pension age; or
 - (ii) in relation to income support supplement—qualifying age; and
- (b) the person is the owner (within the meaning of subsection 10(2) of the *Life Insurance Act 1995*) of a life policy covered by paragraph 9(1)(a) or (b) of that Act; and
 - (c) the person became the owner of the policy after the person reached that age; and
 - (d) the sum of each amount paid for the policy (regardless of who paid the amount) in any period of 12 months exceeds 15% of the maximum death benefit that would be payable in the event of the death of the person whose life is insured on the assessment day.

Note: For *pension age* and *qualifying age*, see section 5Q.

- (2) The value of the life policy on the assessment day is, for the purposes of the assets test, the higher of the following:
 - (a) the amount that would be payable to the person covered by paragraph (1)(b) if the policy were surrendered on that day;
 - (b) the sum of each amount paid for the policy by the person covered by paragraph (1)(b), less any commuted amounts.

80 Application provisions

- (1) The amendment made by item 49 applies in relation to a payment made on or after the commencement of this item.
- (2) Sections 46YB, 52BAA and 52BAB of the *Veterans' Entitlements Act 1986*, as added or inserted by this Schedule, apply in relation to an asset-tested income stream (lifetime), where:
 - (a) the first payment for the income stream is made on or after the commencement of this item (whether the payment represents the whole payment for the income stream or part only); or
 - (b) the income stream is acquired on or after the commencement of this item (if no amount is identifiable as having been paid for the income stream).

- (3) Section 46ZBA of the *Veterans' Entitlements Act 1986*, as inserted by this Schedule, applies in relation to an asset-tested income stream (lifetime) that is a family law affected income stream, where:
- (a) the first payment for the income stream covered by paragraph 5JC(a) of that Act (that resulted in the family law affected income stream) is made on or after the commencement of this item (whether the payment represents the whole payment for the income stream covered by paragraph 5JC(a) of that Act or part only); or
 - (b) the income stream covered by paragraph 5JC(a) of that Act (that resulted in the family law affected income stream) is acquired on or after the commencement of this item (if no amount is identifiable as having been paid for the income stream covered by paragraph 5JC(a) of that Act).
- (4) Section 52CB of the *Veterans' Entitlements Act 1986*, as inserted by this Schedule, applies in relation to a person who became the owner of the policy concerned on or after the commencement of this item (whether the person reached pension age or qualifying age before, on or after that commencement).

Schedule 2—Work bonus

Social Security Act 1991

1 Subsection 1073AA(2) (heading)

Omit “*Employment income*”, substitute “*Work bonus income*”.

2 Subsection 1073AA(2)

Omit “employment income” (wherever occurring), substitute “work bonus income”.

3 At the end of subsection 1073AA(2) (before the examples)

Add:

Note: For *work bonus income*, see subsection (4BA).

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

Repeal the examples, substitute:

Example 1: David earns \$2,300 of work bonus income in an instalment period of 14 days. David’s rate of social security pension for that period is greater than nil.

David’s work bonus income for that period is reduced by \$300, leaving David \$2,000 of work bonus income for that period.

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

Amy’s work bonus income for that period is reduced by \$300, leaving Amy \$700 of work bonus income for that period.

5 Subsection 1073AA(3)

Omit “employment income” (wherever occurring), substitute “work bonus income”.

6 Subsection 1073AA(3) (examples 1 and 2)

Repeal the examples, substitute:

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

David’s work bonus income for that period is further reduced to nil.

David's unused concession balance is now nil.

Example 2: To continue example 2 in subsection (2), assume Amy's unused concession balance is \$1,600. The current amount is \$700.

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

Amy's unused concession balance is now \$900.

7 Subsection 1073AA(4)

Omit "employment income" (wherever occurring), substitute "work bonus income".

8 Subsection 1073AA(4) (example)

Repeal the example, substitute:

Example: Bill earns \$1,300 of work bonus income in an instalment period of 14 days. Bill's rate of social security pension for that period is greater than nil.

Under subsection (2), Bill's work bonus income for that period is reduced by \$300, leaving Bill \$1,000 of work bonus income for that period.

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

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

Bill's unused concession balance is now nil.

9 Subsection 1073AA(4A) (heading)

Omit "*Employment income*", substitute "*Work bonus income*".

10 Subsection 1073AA(4A)

Omit "employment income" (wherever occurring), substitute "work bonus income".

11 At the end of subsection 1073AA(4A) (before the example)

Add:

Note: For *work bonus income*, see subsection (4BA).

12 Subsection 1073AA(4A) (example)

Repeal the example, substitute:

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

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

Emma's unused concession balance is increased by \$200.

13 Subsection 1073AA(4B) (heading)

Omit "*employment income*", substitute "*work bonus income*".

14 Paragraph 1073AA(4B)(a)

Omit "employment income", substitute "work bonus income".

15 At the end of subsection 1073AA(4B)

Add:

Note: For *work bonus income*, see subsection (4BA).

16 Subsection 1073AA(4C) (heading)

Repeal the heading, substitute:

Definitions

17 Before subsection 1073AA(4C) (after the heading)

Insert:

(4BA) For the purposes of this section, a person's *work bonus income* for an instalment period is the sum of the following:

- (a) the person's employment income for that period;
- (b) the sum of the person's gainful work income for each day in that period.

Note: For *employment income*, see section 8.

(4BB) For the purposes of this section, a person's *gainful work income* for a day in an instalment period is the amount worked out using the following formula:

$$\frac{\text{Annual amount}}{364}$$

where:

annual amount means the annual amount of ordinary income of the person that is earned, derived or received by the person from gainful work (within the meaning of section 1073AAA) undertaken by the person, being the annual amount as last determined by the Secretary.

(4BC) The amount at paragraph (4BA)(b) is to be rounded to the nearest cent (rounding 0.5 cents downwards).

18 Paragraph 1073AA(4C)(a)

Omit “\$250”, substitute “\$300”.

19 Paragraph 1073AA(4C)(b) (formula)

Omit “\$250”, substitute “\$300”.

20 After subsection 1073AA(5)

Insert:

(5A) If a person has gainful work income for an instalment period, the rate of the person’s gainful work income on a yearly basis for each day in that period may be worked out using the following formula:

$$\frac{\text{Total amount of gainful work income for that period}}{\text{Number of days in that period}} \times 364$$

Note: This subsection will be relevant to working out the person’s rate of social security pension in accordance with Pension Rate Calculator A at the end of section 1064 or Pension Rate Calculator C at the end of section 1066.

(5B) An amount worked out under subsection (5A) is to be rounded to the nearest cent (rounding 0.5 cents downwards).

21 Paragraph 1073AA(8)(b)

Omit “employment income (within the meaning of section 46AB”, substitute “work bonus income (within the meaning of section 46AA”.

22 After section 1073AA

Insert:

1073AAA Meaning of *gainful work**General rule*

- (1) For the purposes of this Division, ***gainful work*** is work for financial gain or reward (other than as an employee), where:
- (a) the work involves personal exertion on the part of the person concerned; and
 - (b) the work is carried on within or outside Australia.

Disregard managing or administering family financial investments and real property

- (2) Work undertaken by a person is taken not to be ***gainful work*** for the purposes of this Division to the extent to which the work consists of the management or administration of any financial investment, or any real property, in which any of the following has a legal or equitable interest:
- (a) a member of the person's family group;
 - (b) a company that is a family company in relation to the person;
 - (c) the trustee or trustees of a trust that is a family trust in relation to the person.

Note: For ***financial investment***, see section 9.

Disregard domestic duties

- (3) Work undertaken by a person is taken not to be ***gainful work*** for the purposes of this Division if the work consists of carrying out:
- (a) domestic tasks; or
 - (b) household maintenance tasks; or
 - (c) gardening tasks; or
 - (d) similar tasks;
- in relation to:
- (e) the person's place of residence; or
 - (f) if the person has 2 or more places of residence—any of those places of residence.

Definitions

- (4) For the purposes of this section, a ***place of residence*** includes:
-

- (a) if the place is a dwelling-house—any land or building that is adjacent to the dwelling-house and that is used primarily for private or domestic purposes in association with that dwelling-house; or
 - (b) if the place is a flat or home unit—a garage or storeroom that is used for private or domestic purposes in association with the flat or home unit.
- (5) In this section:

family company, in relation to a person, means a company where:

- (a) the company is, or its directors are, accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of any or all of the members of the person’s family group; or
- (b) any or all of the members of the person’s family group are in a position to cast, or control the casting of, more than 50% of the maximum number of votes that may be cast at a general meeting of the company; or
- (c) both:
 - (i) the company has one or more shareholders; and
 - (ii) each shareholder is a member of the person’s family group.

family group, in relation to a person, means the group consisting of the person and the family members of the person. If the person has no family members, the person is taken to be a family group in the person’s own right.

Note: For **family member**, see subsection 23(1).

family trust, in relation to a person, means a trust where a member of the person’s family group benefits, or is capable (whether by the exercise of a power of appointment or otherwise) of benefiting, under the trust.

23 Subsection 1073AB(2)

Omit “\$6,500” (wherever occurring), substitute “\$7,800”.

24 Subsection 1073AB(2) (example)

Repeal the example, substitute:

Example: John has an unused concession balance of \$7,700. John earns \$100 of work bonus income in an instalment period of 14 days.

Instead of John's unused concession balance increasing to \$7,900 under subsection 1073AA(4A), John's unused concession balance increases to \$7,800.

25 Application provision

The amendments of the *Social Security Act 1991* made by this Schedule apply in relation to the instalment period that includes 1 July 2019 and later instalment periods.

Veterans' Entitlements Act 1986

26 Subsection 46AA(2) (heading)

Omit "*Employment income*", substitute "*Work bonus income*".

27 Subsection 46AA(2)

Omit "employment income" (wherever occurring), substitute "work bonus income".

28 Subsection 46AA(2) (note)

Repeal the note, substitute:

Note: For *work bonus income*, see subsection (4BA).

29 Subsection 46AA(2) (examples 1 and 2)

Repeal the examples, substitute:

Example 1: David earns \$2,300 of work bonus income in a pension period. David's rate of service pension or income support supplement for that period is greater than nil.

David's work bonus income for that period is reduced by \$300, leaving David \$2,000 of work bonus income for that period.

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

Amy's work bonus income for that period is reduced by \$300, leaving Amy \$700 of work bonus income for that period.

30 Subsection 46AA(3)

Omit “employment income” (wherever occurring), substitute “work bonus income”.

31 Subsection 46AA(3) (examples 1 and 2)

Repeal the examples, substitute:

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

David’s work bonus income for that period is further reduced to nil.

David’s unused concession balance is now nil.

Example 2: To continue example 2 in subsection (2), assume Amy’s unused concession balance is \$1,600. The current amount is \$700.

Amy’s work bonus income for that period is further reduced to nil.

Amy’s unused concession balance is now \$900.

32 Subsection 46AA(4)

Omit “employment income” (wherever occurring), substitute “work bonus income”.

33 Subsection 46AA(4) (example)

Repeal the example, substitute:

Example: Bill earns \$1,300 of work bonus income in a pension period. Bill’s rate of service pension or income support supplement for that period is greater than nil.

Under subsection (2), Bill’s work bonus income for that period is reduced by \$300, leaving Bill \$1,000 of work bonus income for that period.

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

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

Bill’s unused concession balance is now nil.

34 Subsection 46AA(4A) (heading)

Omit “*Employment income*”, substitute “*Work bonus income*”.

35 Subsection 46AA(4A)

Omit “employment income” (wherever occurring), substitute “work bonus income”.

36 Subsection 46AA(4A) (note)

Repeal the note, substitute:

Note: For *work bonus income*, see subsection (4BA).

37 Subsection 46AA(4A) (example)

Repeal the example, substitute:

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

Emma’s work bonus income for that period is reduced to nil.

Emma’s unused concession balance is increased by \$200.

38 Subsection 46AA(4B) (heading)

Omit “*employment income*”, substitute “*work bonus income*”.

39 Paragraph 46AA(4B)(a)

Omit “employment income”, substitute “work bonus income”.

40 Subsection 46AA(4B) (note)

Repeal the note, substitute:

Note: For *work bonus income*, see subsection (4BA).

41 Subsection 46AA(4C) (heading)

Repeal the heading, substitute:

Definitions

42 Before subsection 46AA(4C) (after the heading)

Insert:

(4BA) For the purposes of this section, a person’s *work bonus income* for a pension period is the sum of the following:

(a) the person’s employment income for that period;

(b) the person's gainful work income for that period.

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

(4BB) For the purposes of this section, a person's *gainful work income* for a pension period is the amount worked out using the following formula:

$$\frac{\text{Annual amount}}{26}$$

where:

annual amount means the annual amount of ordinary income of the person that is earned, derived or received by the person from gainful work (within the meaning of section 46ABA) undertaken by the person, being the annual amount as last determined by the Commission.

43 Subsection 46AA(4C)

Omit "\$250", substitute "\$300".

44 Paragraph 46AA(5A)(b)

Omit "employment income", substitute "work bonus income".

45 Paragraph 46AA(5A)(b)

After "meaning of", insert "section 1073AA of".

46 After section 46AB

Insert:

46ABA Meaning of *gainful work*

- (1) For the purposes of this Division, *gainful work* is work for financial gain or reward (other than as an employee), where:
 - (a) the work involves personal exertion on the part of the person concerned; and
 - (b) the work is carried on within or outside Australia.

Disregard managing or administering family financial investments and real property

- (2) Work undertaken by a person is taken not to be **gainful work** for the purposes of this Division to the extent to which the work consists of the management or administration of any financial investment, or any real property, in which any of the following has a legal or equitable interest:
- (a) a member of the person's family group;
 - (b) a company that is a family company in relation to the person;
 - (c) the trustee or trustees of a trust that is a family trust in relation to the person.

Note: For **financial investment**, see subsection 5J(1).

Disregard domestic duties

- (3) Work undertaken by a person is taken not to be **gainful work** for the purposes of this Division if the work consists of carrying out:
- (a) domestic tasks; or
 - (b) household maintenance tasks; or
 - (c) gardening tasks; or
 - (d) similar tasks;
- in relation to:
- (e) the person's place of residence; or
 - (f) if the person has 2 or more places of residence—any of those places of residence.

Definitions

- (4) For the purposes of this section, a **place of residence** includes:
- (a) if the place is a dwelling-house—any land or building that is adjacent to the dwelling-house and that is used primarily for private or domestic purposes in association with that dwelling-house; or
 - (b) if the place is a flat or home unit—a garage or storeroom that is used for private or domestic purposes in association with the flat or home unit.
- (5) In this section:

family company, in relation to a person, means a company where:

- (a) the company is, or its directors are, accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of any or all of the members of the person's family group; or
- (b) any or all of the members of the person's family group are in a position to cast, or control the casting of, more than 50% of the maximum number of votes that may be cast at a general meeting of the company; or
- (c) both:
 - (i) the company has one or more shareholders; and
 - (ii) each shareholder is a member of the person's family group.

family group, in relation to a person, means the group consisting of the person and the family members of the person. If the person has no family members, the person is taken to be a family group in the person's own right.

Note: For **family member**, see subsection 5L(1).

family trust, in relation to a person, means a trust where a member of the person's family group benefits, or is capable (whether by the exercise of a power of appointment or otherwise) of benefiting, under the trust.

47 Subsection 46AC(2)

Omit "\$6,500" (wherever occurring), substitute "\$7,800".

48 Subsection 46AC(2) (example)

Repeal the example, substitute:

Example: John has an unused concession balance of \$7,700. John earns \$100 of work bonus income in a pension period.

Instead of John's unused concession balance increasing to \$7,900 under subsection 46AA(4A), John's unused concession balance increases to \$7,800.

49 Paragraph 46AD(1)(b)

Omit "employment income", substitute "work bonus income (within the meaning of section 46AA)".

50 Paragraph 46AD(3)(a)

Omit “employment income”, substitute “work bonus income”.

51 Subsection 46AD(3) (example)

Repeal the example, substitute:

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

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

Under subsection 46AA(4A), Jim’s unused concession balance is increased by \$200.

52 Application provision

The amendments of the *Veterans’ Entitlements Act 1986* made by this Schedule apply in relation to the pension period that includes 1 July 2019 and later pension periods.

Schedule 3—Pension loans scheme

Part 1—Main amendments

Social Security Act 1991

1 Paragraph 23(11)(b)

Repeal the paragraph, substitute:

- (b) because of the request, the rate of the pension or allowance payable to the person is the rate covered by paragraph 1134(1)(e); and

2 Subsection 23(11) (note)

Repeal the note.

3 Point 1064-A1 (note 1A)

Repeal the note.

4 Point 1064-G1 (note 2)

Repeal the note, substitute:

- Note 2: The application of the assets test is affected by provisions concerning disposal of assets (sections 1123 to 1128), retirement villages (sections 1145 to 1157) and financial hardship (sections 1129 and 1130).

5 Point 1066-A1 (note 1A)

Repeal the note.

6 Point 1066-G1 (note 2)

Repeal the note, substitute:

- Note 2: The application of the assets test is affected by provisions concerning disposal of assets (sections 1123 to 1128), retirement villages (sections 1145 to 1157) and financial hardship (sections 1129 and 1130).

7 Point 1066A-H1 (note 2)

Repeal the note, substitute:

Note 2: The application of the assets test is affected by provisions concerning disposal of assets (sections 1123 to 1128), retirement villages (sections 1145 to 1157) and financial hardship (sections 1129 and 1130).

8 After subsection 1121(1)

Insert:

(1A) Subsection (1) does not apply to a charge that arises under section 1138.

Note: See subsection (5) for a charge that arises under section 1138.

9 After subsection 1121(4)

Insert:

(5) If:

(a) a person is or was participating in the pension loans scheme; and

(b) either:

(i) the person's real assets are subject to a charge under section 1138; or

(ii) if the person is a member of a couple—the couple's real assets are subject to a charge under section 1138;

then the value of those real assets, for the purposes of calculating the value of the person's assets for the purposes of this Act (other than Division 1B of Part 3.10), is to be reduced by the amount of the debt owed by the person under section 1135 because of that participation.

Note: If there are other charges or encumbrances over any of those real assets, there may be a further reduction under subsection (1) in the value of those assets.

10 Subsection 1133AA(1)

Repeal the following definitions:

(a) definition of *assets reduced rate*;

(b) definition of *guaranteed amount*;

(c) definition of *income reduced rate*.

11 Subsection 1133AA(1)

Insert:

nominated amount means the amount (if any) specified to be the nominated amount under paragraph 1136(1A)(b) or subsection 1137(1) (as the case may be).

12 Paragraph 1133(1)(b)

Repeal the paragraph.

13 After paragraph 1133(1)(c)

Insert:

- (ca) the person is not bankrupt; and
- (cb) the person is not subject to a personal insolvency agreement under Part X of the *Bankruptcy Act 1966*; and
- (cc) the Secretary is satisfied that there is adequate and appropriate insurance in relation to the person's real assets; and

14 Subparagraph 1133(1)(d)(i)

Before "the value of", insert "the Secretary is satisfied that".

15 Subparagraph 1133(1)(d)(i)

Omit "guaranteed amount", substitute "nominated amount".

16 Subsection 1133(1) (note 1)

Repeal the note.

17 Subsection 1133(1) (note 3)

Repeal the note, substitute:

Note 3: For *nominated amount*, see subsection 1133AA(1).

18 Paragraph 1133(2)(b)

Repeal the paragraph.

19 After paragraph 1133(2)(c)

Insert:

- (ca) the person is not bankrupt; and
- (cb) the person is not subject to a personal insolvency agreement under Part X of the *Bankruptcy Act 1966*; and
- (cc) the Secretary is satisfied that there is adequate and appropriate insurance in relation to the couple's real assets; and

20 Subparagraph 1133(2)(d)(i)

Before “the value of”, insert “the Secretary is satisfied that”.

21 Subparagraph 1133(2)(d)(i)

Omit “guaranteed amount”, substitute “nominated amount”.

22 Subsection 1133(2) (note 1)

Repeal the note.

23 Subsection 1133(2) (note 3)

Repeal the note, substitute:

Note 3: For *nominated amount*, see subsection 1133AA(1).

24 At the end of section 1133

Add:

Value of real property

- (4) In working out the value of real property for the purposes of subparagraph (1)(d)(i) or (2)(d)(i) or paragraph (3)(d):
 - (a) disregard section 1121; and
 - (b) the Secretary may take into account any charge or encumbrance over the property.

25 Subparagraphs 1134(1)(e)(i) and (ia)

Before “the maximum payment rate”, insert “1.5 multiplied by”.

26 Subsection 1135A(1) (definition of *age component amount*)

Omit “the amount specified in column 2 of the Table in subsection (3), in relation to”, substitute “the amount that is specified in a determination under subsection (3) and that relates to”.

27 Subsection 1135A(1) (paragraph (a) of the definition of *value of real assets*)

Omit “guaranteed amount”, substitute “nominated amount”.

28 Subsection 1135A(1) (note 2 to the definition of *value of real assets*)

Omit “*guaranteed amount*”, substitute “*nominated amount*”.

29 Subsection 1135A(3)

Repeal the subsection, substitute:

- (3) The Minister may, by legislative instrument, make a determination for the purposes of the following:
- (a) the definition of *age component amount* in subsection (1) of this section;
 - (b) the definition of *age component amount* in subsection 52ZCA(1) of the *Veterans’ Entitlements Act 1986*.

30 Paragraph 1136(1A)(b)

Repeal the paragraph, substitute:

- (b) specify an amount (if any) to be the nominated amount for the purposes of this Division; and

31 Section 1137 (heading)

Omit “*guaranteed amount*”, substitute “*nominated amount*”.

32 Paragraph 1137(1)(a)

Repeal the paragraph, substitute:

- (a) nominate an amount to be the nominated amount for the purposes of this Division; or

33 Paragraph 1137(1)(c)

Repeal the paragraph, substitute:

- (c) change the nominated amount earlier specified; or

34 After section 1137

Insert:

1137A Non-receipt of social security pension or social security payment

- (1) This section applies for the purposes of a provision (the *relevant provision*) of this or another Act if:
 - (a) the relevant provision provides a benefit (whether the benefit is a pension, benefit, payment, supplement, subsidy, pensioner concession card, seniors health card or any other sort of benefit) to a person; and
 - (b) in relation to that benefit, it is necessary to work out whether:
 - (i) the person or another person is receiving or is not receiving a social security pension or social security payment or is receiving or is not receiving a particular kind of social security pension whose rate may be worked out under this Division; or
 - (ii) the person or another person is a recipient or is not a recipient of a social security pension or social security payment or is a recipient or is not a recipient of a particular kind of social security pension whose rate may be worked out under this Division; or
 - (iii) a social security pension or social security payment, or a particular kind of social security pension whose rate may be worked out under this Division, is payable to the person or another person.
 - (2) For the purposes of the relevant provision:
 - (a) a person is taken not to be receiving a social security pension or social security payment or the particular kind of social security pension; and
 - (b) a person is taken not to be a recipient of a social security pension or social security payment or the particular kind of social security pension; and
-

- (c) a social security pension or social security payment, or the particular kind of social security pension, is taken not to be payable to the person;
merely because:
 - (d) the person receives a social security pension, or the kind of social security pension, at a rate worked out under this Division; or
 - (e) a social security pension, or the kind of social security pension, is payable to the person at a rate worked out under this Division.
- (3) Subsection (2) does not apply in relation to a person and a day if on that day:
 - (a) the person is receiving a social security pension at a rate worked out under this Division; and
 - (b) but for the operation of this Division, the person would have been receiving that pension at a rate greater than nil.

35 Subsection 1138(1) (note)

Repeal the note.

36 Subsection 1138(2) (note)

Repeal the note.

37 Paragraph 1138(3)(a)

After “section 1141”, insert “, 1141A”.

38 Subsection 1138(3) (after note 1)

Insert:

Note 1A: Section 1141A provides that the scheme ceases to operate in relation to a person if the Secretary is satisfied that the person ceases to be qualified to participate in the scheme and the Secretary determines that the scheme ceases to operate in relation to the person.

39 Subsection 1138(3) (note 3)

Repeal the note.

40 Subsection 1139(2A) (note)

Repeal the note.

41 Subsection 1140(1)

Omit “but after deduction of any guaranteed amount”.

42 After subsection 1140(2)

Insert:

- (2A) For the purposes of paragraph (2)(b), it does not matter whether:
- (a) the disposal of the real assets is by way of sale, transfer, gift, will or otherwise; or
 - (b) the disposal is by the person referred to in paragraph (2)(a) or any other person.

43 After section 1141

Insert:

1141A Secretary may cease person’s participation in pension loans scheme

- (1) If:
- (a) a person is participating in the pension loans scheme; and
 - (b) the Secretary is satisfied that the person ceases to be qualified to participate in the scheme;

the Secretary may determine that the scheme ceases to operate in relation to the person. The scheme ceases to operate in relation to the person at the beginning of the first instalment period for the social security pension being paid to the person that begins after the determination is made.

Note: For repayment or recovery of the debt owed by the person, see sections 1139 and 1142A.

- (2) The Secretary must give the person notice of the determination.
- (3) A determination under subsection (1) is not a legislative instrument.

44 At the end of subsection 1142(1)

Add:

Note: For repayment or recovery of the debt owed by the person, see sections 1139 and 1142A.

45 Section 1142A (heading)

Omit “because debt exceeds maximum loan available or person withdraws”.

46 Subsection 1142A(1)

After “section 1141”, insert “, 1141A”.

47 Subsection 1142A(1) (after note 1)

Insert:

Note 1A: Section 1141A provides that the scheme ceases to operate in relation to a person if the Secretary is satisfied that the person ceases to be qualified to participate in the scheme and the Secretary determines that the scheme ceases to operate in relation to the person.

48 Subsection 1144(1)

Omit “(1)”.

49 Subsection 1144(1)

Omit “, subject to subsection (2),”.

50 Subsection 1144(2)

Repeal the subsection.

51 Application and transitional provisions

- (1) The amendments of section 1121 of the *Social Security Act 1991* made by this Schedule apply in relation to working out the value of a person’s assets for days occurring in an instalment period that begins on or after the commencement of this item (whether the person became a participant in the pension loans scheme before, on or after that commencement).
- (2) The amendments of section 1133 of the *Social Security Act 1991* made by this Schedule apply in relation to working out whether a person is qualified to participate in the pension loans scheme in relation to days occurring on or after the commencement of this item.
- (3) The amendments of section 1134 of the *Social Security Act 1991* made by this Schedule apply in relation to an instalment period that begins on or after the commencement of this item.

- (4) Subsection 1135A(1) of the *Social Security Act 1991*, as affected by subsection 1135A(3) of that Act (as substituted by this Schedule), applies in relation to the following:
- (a) a person who becomes a participant in the pension loans scheme on or after the commencement of this item;
 - (b) a person who was a participant in the pension loans scheme immediately before that commencement.
- (5) For the purposes of Division 4 of Part 3.12 of the *Social Security Act 1991*, an amount that is a guaranteed amount immediately before the commencement of this item is taken on and after that commencement to be a nominated amount.
- (6) Subitem (5) does not affect the operation of subsection 1137(1) of the *Social Security Act 1991* in relation to the nominated amount.
- Note: That subsection allows a person to change the nominated amount.
- (7) Section 1137A of the *Social Security Act 1991*, as inserted by this Schedule, applies in relation to working out whether a benefit is to be provided to a person in relation to days occurring on or after the commencement of this item.
- (8) The amendment of subsection 1140(1) of the *Social Security Act 1991* made by this Schedule applies in relation to real assets that cease to be real assets on or after the commencement of this item (whether the charge arose under section 1138 of that Act before, on or after that commencement).
- (9) Subsection 1140(2A) of the *Social Security Act 1991*, as inserted by this Schedule, applies in relation to the disposal of real assets on or after the commencement of this item (whether the charge arose under section 1138 of that Act before, on or after that commencement).
- (10) Section 1141A of the *Social Security Act 1991*, as inserted by this Schedule, applies in relation to a person's participation in the pension loans scheme that began before, on or after the commencement of this item.
- (11) The amendments of section 1144 of the *Social Security Act 1991* made by this Schedule apply in relation to the enforcement of a charge on or after the commencement of this item (whether the charge arose under section 1138 of that Act before, on or after that commencement).
-

Veterans' Entitlements Act 1986

52 After subsection 52C(1)

Insert:

- (1A) Subsection (1) does not apply to a charge that arises under section 52ZF.

Note: See subsection (5) for a charge that arises under section 52ZF.

53 After subsection 52C(4)

Insert:

- (5) If:
- (a) a person is or was participating in the pension loans scheme; and
 - (b) either:
 - (i) the person's real assets are subject to a charge under section 52ZF; or
 - (ii) if the person is a member of a couple—the couple's real assets are subject to a charge under section 52ZF;

then the value of those real assets, for the purposes of calculating the value of the person's assets for the purposes of this Act (other than Division 3 and sections 52G, 52H, 52JA, 52JB, 52JC and 52JD), is to be reduced by the amount of the debt owed by the person under section 52ZC because of that participation.

Note: If there are other charges or encumbrances over any of those real assets, there may be a further reduction under subsection (1) in the value of those assets.

54 Subsection 52ZAAA(1)

Repeal the following definitions:

- (a) definition of *adjusted income reduced rate*;
- (b) definition of *assets reduced rate*;
- (c) definition of *guaranteed amount*;
- (d) definition of *income reduced rate*.

55 Subsection 52ZAAA(1)

Insert:

nominated amount means the amount (if any) specified to be the nominated amount under paragraph 52ZD(1A)(b) or subsection 52ZE(1) (as the case may be).

56 Paragraph 52ZAAA(3)(b)

Repeal the paragraph, substitute:

- (b) because of the request, the rate of the pension payable to the person is the rate covered by paragraph 52ZB(1)(e); and

57 Paragraph 52ZA(1)(c)

Repeal the paragraph.

58 After paragraph 52ZA(1)(d)

Insert:

- (da) the person is not bankrupt; and
- (db) the person is not subject to a personal insolvency agreement under Part X of the *Bankruptcy Act 1966*; and
- (dc) the Commission is satisfied that there is adequate and appropriate insurance in relation to the person's real assets; and

59 Subparagraph 52ZA(1)(e)(i)

Before "the value of", insert "the Commission is satisfied that".

60 Subparagraph 52ZA(1)(e)(i)

Omit "guaranteed amount", substitute "nominated amount".

61 Subsection 52ZA(1) (note 1)

Repeal the note.

62 Subsection 52ZA(1) (note 3)

Repeal the note, substitute:

Note 3: For *nominated amount*, see subsection 52ZAAA(1).

63 Paragraph 52ZA(2)(c)

Repeal the paragraph.

64 After paragraph 52ZA(2)(d)

Insert:

- (da) the person is not bankrupt; and
- (db) the person is not subject to a personal insolvency agreement under Part X of the *Bankruptcy Act 1966*; and
- (dc) the Commission is satisfied that there is adequate and appropriate insurance in relation to the couple's real assets; and

65 Subparagraph 52ZA(2)(e)(i)

Before "the value of", insert "the Commission is satisfied that".

66 Subparagraph 52ZA(2)(e)(i)

Omit "guaranteed amount", substitute "nominated amount".

67 Subsection 52ZA(2) (note 1)

Repeal the note.

68 Subsection 52ZA(2) (note 3)

Repeal the note, substitute:

Note 3: For *nominated amount*, see subsection 52ZAAA(1).

69 At the end of section 52ZA

Add:

Value of real property

- (4) In working out the value of real property for the purposes of subparagraph (1)(e)(i) or (2)(e)(i) or paragraph (3)(d):
 - (a) disregard section 52C; and
 - (b) the Commission may take into account any charge or encumbrance over the property.

70 Subparagraph 52ZB(1)(e)(i)

Before "the maximum payment rate", insert "1.5 multiplied by".

71 Subsection 52ZC(3) (step 3 of the method statement)

Omit “under subsection (4)”, substitute “by the legislative instrument made under subsection 1135(4) of the *Social Security Act 1991*”.

72 Subsection 52ZC(4)

Repeal the subsection.

73 Subsection 52ZCA(1) (definition of *age component amount*)

Omit “the amount specified in column 2 of the Table in subsection (3), in relation to”, substitute “the amount that is specified in a determination under subsection 1135A(3) of the *Social Security Act 1991* and that relates to”.

74 Subsection 52ZCA(1) (paragraph (a) of the definition of *value of real assets*)

Omit “guaranteed amount”, substitute “nominated amount”.

75 Subsection 52ZCA(1) (note 2 to the definition of *value of real assets*)

Omit “*guaranteed amount*”, substitute “*nominated amount*”.

76 Subsection 52ZCA(3)

Repeal the subsection.

77 Paragraph 52ZD(1A)(b)

Repeal the paragraph, substitute:

(b) specify an amount (if any) to be the nominated amount for the purposes of this Subdivision; and

78 Section 52ZE (heading)

Omit “*guaranteed amount*”, substitute “*nominated amount*”.

79 Paragraph 52ZE(1)(a)

Repeal the paragraph, substitute:

(a) nominate an amount to be the nominated amount for the purposes of this Subdivision; or

80 Paragraph 52ZE(1)(c)

Repeal the paragraph, substitute:

- (c) change the nominated amount earlier specified; or

81 After section 52ZE

Insert:

52ZEA Non-receipt of service pension or income support supplement

- (1) This section applies for the purposes of a provision (the *relevant provision*) of this or another Act if:
 - (a) the relevant provision provides a benefit (whether the benefit is a pension, benefit, payment, supplement, subsidy, seniors health card or any other sort of benefit) to a person; and
 - (b) in relation to that benefit, it is necessary to work out whether:
 - (i) the person or another person is receiving or is not receiving a service pension or income support supplement or a particular kind of service pension; or
 - (ii) the person or another person is a recipient or is not a recipient of a service pension or income support supplement or a particular kind of service pension; or
 - (iii) a service pension or income support supplement, or a particular kind of service pension, is payable to the person or another person.
- (2) For the purposes of the relevant provision:
 - (a) a person is taken not to be receiving a service pension or income support supplement or the particular kind of service pension; and
 - (b) a person is taken not to be a recipient of a service pension or income support supplement or the particular kind of service pension; and
 - (c) a service pension or income support supplement, or the particular kind of service pension, is taken not to be payable to the person;merely because:

- (d) the person receives a service pension or income support supplement, or the kind of service pension, at a rate worked out under this Subdivision; or
 - (e) a service pension or income support supplement, or the kind of service pension, is payable to the person at a rate worked out under this Subdivision.
- (3) Subsection (2) does not apply in relation to a person and a day if on that day:
- (a) the person is receiving a service pension or income support supplement at a rate worked out under this Subdivision; and
 - (b) but for the operation of this Subdivision, the person would have been receiving that service pension or income support supplement at a rate greater than nil.

82 Subsection 52ZF(1) (note)

Repeal the note.

83 Subsection 52ZF(2) (note)

Repeal the note.

84 Paragraph 52ZF(3)(a)

After “section 52ZJ”, insert “, 52ZJA”.

85 Subsection 52ZF(3) (after note 1)

Insert:

Note 1A: Section 52ZJA provides that the scheme ceases to operate in relation to a person if the Commission is satisfied that the person ceases to be eligible to participate in the scheme and the Commission determines that the scheme ceases to operate in relation to the person.

86 Subsection 52ZF(3) (note 3)

Repeal the note.

87 Subsection 52ZG(2A) (note)

Repeal the note.

88 Subsection 52ZH(1)

Omit “but after deduction of any guaranteed amount”.

89 After subsection 52ZH(2)

Insert:

- (2A) For the purposes of paragraph (2)(b), it does not matter whether:
- (a) the disposal of the real assets is by way of sale, transfer, gift, will or otherwise; or
 - (b) the disposal is by the person referred to in paragraph (2)(a) or any other person.

90 After section 52ZJ

Insert:

52ZJA Commission may cease person's participation in pension loans scheme

- (1) If:
- (a) a person is participating in the pension loans scheme; and
 - (b) the Commission is satisfied that the person ceases to be eligible to participate in the scheme;
- the Commission may, in writing, determine that the scheme ceases to operate in relation to the person. The scheme ceases to operate in relation to the person at the beginning of the first pension period for the service pension or income support supplement being paid to the person that begins after the determination is made.

Note: For repayment or recovery of the debt owed by the person, see sections 52ZG and 52ZKA.

- (2) The Commission must give the person notice of the determination.
- (3) A determination under subsection (1) is not a legislative instrument.

91 At the end of subsection 52ZK(1)

Add:

Note: For repayment or recovery of the debt owed by the person, see sections 52ZG and 52ZKA.

92 Section 52ZKA (heading)

Omit “because debt exceeds maximum loan available or person withdraws”.

93 Subsection 52ZKA(1)

After “section 52ZJ”, insert “, 52ZJA”.

94 Subsection 52ZKA(1) (after note 1)

Insert:

Note 1A: Section 52ZJA provides that the scheme ceases to operate in relation to a person if the Commission is satisfied that the person ceases to be eligible to participate in the scheme and the Commission determines that the scheme ceases to operate in relation to the person.

95 Subsection 52ZM(1)

Omit “(1)”.

96 Subsection 52ZM(1)

Omit “, subject to subsection (2),”.

97 Subsection 52ZM(2)

Repeal the subsection.

98 Subpoint SCH6-A1(2) of Schedule 6 (note 3)

Repeal the note.

99 Subpoint SCH6-A1(6) of Schedule 6 (note 3)

Repeal the note.

100 Application and transitional provisions

- (1) The amendments of section 52C of the *Veterans’ Entitlements Act 1986* made by this Schedule apply in relation to working out the value of a person’s assets for days occurring in a pension period that begins on or after the commencement of this item (whether the person became a participant in the pension loans scheme before, on or after that commencement).

Schedule 3 Pension loans scheme

Part 1 Main amendments

- (2) The amendments of section 52ZA of the *Veterans' Entitlements Act 1986* made by this Schedule apply in relation to working out whether a person is eligible to participate in the pension loans scheme in relation to days occurring on or after the commencement of this item.
- (3) The amendment of section 52ZB of the *Veterans' Entitlements Act 1986* made by this Schedule applies in relation to a pension period that begins on or after the commencement of this item.
- (4) Subsection 52ZCA(1) of the *Veterans' Entitlements Act 1986*, as affected by subsection 1135A(3) of the *Social Security Act 1991* (as substituted by this Schedule), applies in relation to the following:
- (a) a person who becomes a participant in the pension loans scheme on or after the commencement of this item;
 - (b) a person who was a participant in the pension loans scheme immediately before that commencement.
- (5) For the purposes of Subdivision E of Division 11 of Part IIIB of the *Veterans' Entitlements Act 1986*, an amount that is a guaranteed amount immediately before the commencement of this item is taken on and after that commencement to be a nominated amount.
- (6) Subitem (5) does not affect the operation of subsection 52ZE(1) of the *Veterans' Entitlements Act 1986* in relation to the nominated amount.
- Note: That subsection allows a person to change the nominated amount.
- (7) Section 52ZEA of the *Veterans' Entitlements Act 1986*, as inserted by this Schedule, applies in relation to working out whether a benefit is to be provided to a person in relation to days occurring on or after the commencement of this item.
- (8) The amendment of subsection 52ZH(1) of the *Veterans' Entitlements Act 1986* made by this Schedule applies in relation to real assets that cease to be real assets on or after the commencement of this item (whether the charge arose under section 52ZF of that Act before, on or after that commencement).
- (9) Subsection 52ZH(2A) of the *Veterans' Entitlements Act 1986*, as inserted by this Schedule, applies in relation to the disposal of real assets on or after the commencement of this item (whether the charge arose under section 52ZF of that Act before, on or after that commencement).
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- (10) Section 52ZJA of the *Veterans' Entitlements Act 1986*, as inserted by this Schedule, applies in relation to a person's participation in the pension loans scheme that began before, on or after the commencement of this item.
- (11) The amendments of section 52ZM of the *Veterans' Entitlements Act 1986* made by this Schedule apply in relation to the enforcement of a charge on or after the commencement of this item (whether the charge arose under section 52ZF of that Act before, on or after that commencement).

Part 2—Contingent amendments

Social Security Act 1991

101 Paragraph 23(11)(b)

Omit “or allowance”.

102 Section 1137 (heading)

Repeal the heading, substitute:

1137 Need for a request to later nominate or change nominated amount or rate of pension

Schedule 4—Other amendments

Social Security Act 1991

1 Paragraph 23(4A)(c)

Repeal the paragraph.

2 Subparagraph 23(4A)(e)(i)

Omit “(and after any working credit balance or student income bank balance of the person is reduced to nil)”.

3 Subparagraph 23(4A)(e)(ii)

Omit “(and after any working credit balance or student income bank balance of the partner is reduced to nil)”.

4 Paragraph 23(4A)(i)

Repeal the paragraph.

5 Paragraph 1061ZEA(2)(c)

Repeal the paragraph.

6 Subparagraph 1061ZEA(2)(f)(i)

Omit “(and after any working credit balance of the person is reduced to nil)”.

7 Subparagraph 1061ZEA(2)(f)(ii)

Omit “(and after any working credit balance or student income bank balance of the partner is reduced to nil)”.

8 Paragraph 1061ZEA(2)(i)

Repeal the paragraph.

9 Paragraph 1061ZMA(2)(c)

Repeal the paragraph.

10 Subparagraph 1061ZMA(2)(f)(i)

Omit “(and after any working credit balance of the person is reduced to nil)”.

11 Subparagraph 1061ZMA(2)(f)(ii)

Omit “(and after any working credit balance or student income bank balance of the partner is reduced to nil)”.

12 Paragraph 1061ZMA(2)(i)

Repeal the paragraph.

*[Minister’s second reading speech made in—
House of Representatives on 29 November 2018
Senate on 14 February 2019]*

(238/18)
