

1991

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

SENATE

VETERANS' AFFAIRS LEGISLATION AMENDMENT BILL (NO.2)
1991

SUPPLEMENTARY EXPLANATORY MEMORANDUM

Amendment to be Moved on Behalf of the Government

(Circulated by authority of the Minister for
Veterans' Affairs, the Honourable Ben Humphreys
M.P.)

OUTLINE AND FINANCIAL IMPACT STATEMENT

Amendment is required to this Bill to correct the provisions relating to eligibility for an advance pharmaceutical allowance under the *Veterans' Entitlements Act 1986*.

As drafted, this provision does not operate correctly in relation to the income test applicable to advance pharmaceutical allowance.

Two issues are involved:

- . who the income test applies to; and
- . the income level applicable to a person who is a member of a couple.

The Government's intention is that if a person is eligible for pharmaceutical allowance because he or she is eligible for pharmaceutical benefits under the Repatriation Pharmaceutical Benefits Scheme or because he or she is in receipt of a compensatory dependant's pension then the person's eligibility for an advance pharmaceutical allowance should not be subject to an income test. The income test was intended to apply only

to a service pensioner who does not satisfy any of the other eligibility criteria for pharmaceutical allowance.

The difficulty with the Bill stems from the fact that a person may satisfy more than one of the eligibility criteria for pharmaceutical allowance. For example, a service pensioner may also be in receipt of a war widow's pension. The intention is that such a person should not be subject to the income test. The income test on the advance pharmaceutical allowance will only apply where the sole reason the person is eligible for pharmaceutical allowance is because that person is a service pensioner. Redrafting of the provision has been undertaken to achieve this.

The second issue relates to the income level specified in the income test for a person who is a member of a couple. An individual may have \$20 per fortnight ordinary income. The provision as drafted allows a person who is a member of a couple to have ordinary income of \$40 per fortnight - this should be a total of \$40 between the members of the couple, not \$40 each. This intention is reflected in the explanatory memorandum to the Bill and continues the rules applying under the existing income test for the advance pharmaceutical allowance introduced last year.

The amendments would have negligible financial impact.

NOTES ON AMENDMENT

Clause 16 of the Bill would replace Part VIIA of the *Veterans' Entitlements Act 1986* with a new Part VIIA (Pharmaceutical allowance and advance pharmaceutical allowance). New section 118F of that Part would provide the eligibility criteria for advance pharmaceutical allowance.

This amendment would substitute a revised section 118F which would correct several drafting problems.

New section 118F would set out the eligibility criteria for an advance pharmaceutical allowance. To be eligible, a person must be eligible for pharmaceutical allowance. An income test will apply to the eligibility for the advance pharmaceutical allowance in certain situations.

The amended section 118F would make it clear that this income test would only apply to a service pensioner who did not satisfy any of the other eligibility criteria for pharmaceutical allowance. For example, if a service pensioner is also eligible for pharmaceutical benefits under the Repatriation Pharmaceutical Benefits Scheme that person would not be required to satisfy the income test to be eligible for an advance pharmaceutical allowance

The income test would provide that the person must not have ordinary income of more than \$20 per fortnight. A couple must not have ordinary income of more than \$40 per fortnight between them.

D

D

●



9 780644 238465