



## Veterans' Entitlements Amendment (2005 Budget Measure) Bill 2005

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## **Veterans' Entitlements Amendment (2005 Budget Measure) Bill 2005**

**Date Introduced:** 1 June 2005

**House:** House of Representatives

**Portfolio:** Veterans' Affairs

**Commencement:** From the date the Bill gains Royal Assent.

### **Purpose**

To amend the *Veterans' Entitlements Act 1986* (VEA) to provide for a 2005–06 Budget measure, being the extension of the seniors concession allowance to certain Gold Card holders. The Gold Card holders intended to be provided with the seniors concession allowance in this Bill are those who are over veterans' service pension age and are not already qualified for either the seniors concession allowance or the utilities allowance (UA).

### **Background**

Seniors concession allowance for Gold Card holders announced in the 2005–06 Budget

The government announced in the 2005–06 Budget a proposal to extend the seniors concession allowance to Gold Card holders aged over veterans' service pension age.<sup>1</sup> The Minister stated that the rationale for the proposal was:

“This initiative recognises the special needs of Gold Card holders and ensures they receive support in meeting their utilities bills.”<sup>2</sup>

#### **Anticipated numbers to receive the seniors concession allowance**

The Budget announcement stated that an anticipated 44 000 Gold Card holders, who do not already receive the seniors concession allowance, will benefit from this initiative.<sup>3</sup>

#### **Anticipated cost of extending the seniors concession allowance to Gold Card holders**

The Explanatory Memorandum attached to the Bill anticipates this proposal will cost an extra \$0.2 million in 2004–05, \$9.8 million in 2005–06, \$ 8.9 million in 2006–07 and \$8.9 million in 2007–08. This is a total of \$27.8 million over four years.

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## Seniors concession allowance

The seniors concession allowance was originally announced in the government's 2004 Election policy platform, *Recognising senior Australians – their needs and their carers*.<sup>4</sup>

The seniors concession allowance was then provided for with the passage of the *Family and Community Services and Veterans' Affairs Legislation Amendment (2004 Election Commitments) Act 2004*. Bills Digest No. 66 of 2004–05 refers.<sup>5</sup>

The government's 2004 election policy platform claimed that the justification for the new seniors concession allowance was:

The Coalition has sought to provide self-funded retirees with further concessions, offering state and territory governments \$75 million. Unfortunately, no state or territory government has taken up this offer that would provide concessions for energy, rates, water and sewerage and motor vehicle registration costs. A re-elected Coalition Government will not wait for state and territory governments to provide self-funded retirees holding a Commonwealth Seniors Health Card with the concessions they deserve.<sup>6</sup>

## How much is the seniors concession allowance and who gets it?

The seniors concession allowance is \$200 a year paid in two instalments on 1 June and 1 December of each year and is targeted at retired aged persons not on an age or service pension. Retired aged persons not on a pension are commonly referred to as self-funded retirees but not all self-funded retirees are paid the allowance, only those entitled to a Commonwealth Seniors Health Care Card (CSHC). Holders of the CSHC are those who are over age pension age, not receiving an age or service pension due to income or assets and have annual taxable income below \$50 000 for a single or \$80 000 (combined) for a couple.<sup>7</sup>

The seniors concession allowance was not therefore made available to all self-funded retirees over age pension age not on a pension, only to those with a CSHC. So it therefore is restricted to self-funded retirees with incomes below certain limits.

It is not proposed that the seniors concession allowance for Gold Card holders be paid where the Gold Card holder is already qualified to receive a seniors concession allowance.

## Veterans' Gold Card – who gets one?

Only a select group of veterans and dependants qualify for the Gold Card and these are:

- a veteran or nurse of World War One,
- all prisoners of war,

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- a female World War Two (WW2) veteran,
- a veteran receiving 100 per cent disability pension,
- Intermediate Rate disability pensioners,
- Extreme Disablement Adjustment rate disability pensioners,
- Special Rate disability pensioners (that is Totally and Permanently Incapacitated and blinded pensioners),
- a veteran receiving 50 per cent or more disability pension and any amount of service pension,
- a veteran receiving a service pension and who qualifies for treatment under the income and assets test,
- all war widows/ers and dependent children,
- all Australian veterans of WW2 with qualifying war service and aged 70 or more, and
- as of 1 July 2002, all Australian veterans aged 70 or more and have qualifying service from post WW2 conflicts.

As at March 2005 there were 262 899 Gold Card holders.<sup>8</sup>

### Utilities allowance (UA)

As for the seniors concession allowance, the UA was originally announced in the government's 2004 Election policy platform, *Recognising senior Australians – their needs and their carers*.<sup>9</sup>

The passage of the *Family and Community Services and Veterans' Affairs Legislation Amendment (2004 Election Commitments) Act 2004* also saw the introduction of the new UA for recipients of the age pension and the veterans' age service pension.<sup>10</sup> The UA is \$100 a year for a single pensioner and \$50 a year each for a partnered pensioner.

It is not proposed that the seniors concession allowance for Gold Card holders be paid where the Gold Card holder is already qualified to receive the UA.

### Seniors concession allowance and UA – equity implications

The seniors concession allowance and the UA have been subject to some comment recently in terms of the targeting of assistance and equity.<sup>11</sup> The Jeromey Temple article commented that the provision of the CSHC to self-funded retirees not on pension but with incomes below \$50 000 for a single or \$80 000 (combined) for a couple, is providing assistance to a group that can hardly be recognised as cash poor.

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The proposal in this Bill to provide the seniors concession allowance to a group of Gold Card holders with income in excess of the CSHC income limits again raises these equity issues. However, the government has said they consider the provision of the allowance to this group recognises their special needs.<sup>12</sup>

## Gold Card holders currently not paid the seniors concession allowance or the UA

This Bill proposes to provide the seniors concession allowance to Gold Card holders over service pension age who do not already qualify for the allowance or to the UA. Gold Card holders on an age pension or a veterans' service pension qualify for a UA. Gold Card holders over age pension or service pension age but not on an age or service pension due to income or assets and have a CSHC qualify for the seniors concession allowance.

However, there are some Gold Card holders aged over service pension age but not entitled to either the seniors concession allowance or the UA. It is these Gold Card holders that this Bill proposes to also provide the seniors concession allowance. These persons are:

- A person over service pension age (60 male or 57.5 female) who does not receive a service pension or otherwise qualify for a seniors concession allowance as they do not qualify for the CSHC. These will be Gold Card holders with incomes in excess of \$50 000 (single) or \$80 000 (partnered combined), or
- A person aged between service pension age (60 male or 57.5 female) and age pension age (65 male or 62.5 female) who is also on an income support payment provided under the *Social Security Act 1991*. This person does not qualify for a UA as they are not of age pension age and does not qualify for service pension as they do not have qualifying war service. Some of the SSA income support payments such a Gold Card holder could potentially receive are disability support pension or newstart allowance.

It is anticipated that 44 000 veterans and war widows/ers will be eligible to the seniors concession allowance under this Bill.<sup>13</sup> The number of persons in the second category above will probably be very small. The vast majority of the projected 44 000 will be those in the first category above, that is over service pension age, not on a service pension and with income in excess of \$50 000 (single) or \$80 000 (partnered combined).

## First payment of seniors concession allowance to eligible Gold Card holders

The first payment of the seniors concession allowance to Gold Card holders is proposed to be on 1 December 2005.

## Main Provisions

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## Schedule 1 – seniors concession allowance

**Item 3** inserts a new subsection 118PA(1) into the VEA to provide that the person is entitled to the seniors concession allowance if the person is present in Australia, or the person is temporarily absent from Australia for less than 13 weeks, and was entitled to the allowance before leaving Australia.

**Item 4** inserts a new section 119PA into the VEA to set out the basic qualification requirements that a Gold Card holder must meet to qualify for the seniors concession allowance. Essentially these conditions are the person:

- is qualified to a Gold Card,
- is over service pension qualifying age,
- is not qualified to the seniors concession allowance under another section of the VEA or under the SSA, and
- is not qualified to the UA under another section of the VEA or under the SSA.

## Concluding Comments

Generally this is beneficial legislation. It provides eligibility for the seniors concession allowance to a group of Gold Card holders who are not currently eligible for the allowance. The vast majority of Gold Card holders who will benefit from this proposed legislation will be those over service pension qualifying age and with incomes in excess of \$50 000 (single) or \$80 000 (partnered combined).

There are equity and targeting issues raised with this proposal that have been noted above. However, the government rejects this criticism and considers that group has special needs which justifies the extension of the seniors concession allowance to them.<sup>14</sup>

## Endnotes

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1 The Hon. De-Anne Kelly, MP (Minister for Veterans' Affairs and Minister Assisting the Minister for Defence), *Seniors Allowance to Benefit Gold Card Holders*, media release, Parliament House, Canberra, 10 May 2005.  
[http://minister.dva.gov.au/media\\_releases/2005/05\\_may/va039.htm](http://minister.dva.gov.au/media_releases/2005/05_may/va039.htm)

2 *ibid.*

3 *ibid.*

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- 4 The Hon. Mr John Howard, MP, *Recognising older Australians, their needs and their carers*, Liberal Party of Australia, 2004 Election Policy Platform, 1 October 2004.  
[http://www.liberal.org.au/2004\\_policy/Oct01\\_Recognising\\_Senior\\_Australians\\_-\\_Their\\_Needs\\_and\\_Their\\_Carers.pdf](http://www.liberal.org.au/2004_policy/Oct01_Recognising_Senior_Australians_-_Their_Needs_and_Their_Carers.pdf)
- 5 *Family and Community Services and Veterans' Affairs Legislation Amendment (2004 Election Commitments) Act 2004*, Bills Digest No. 66, 2004–05.  
<http://www.aph.gov.au/library/pubs/bd/2004-05/05bd066.htm>
- 6 The Hon. Mr John Howard, MP, op. cit. p. 5.
- 7 Commonwealth Seniors Health Care Card.  
[http://www.centrelink.gov.au/internet/internet.nsf/payments/conc\\_cards\\_cshc.htm](http://www.centrelink.gov.au/internet/internet.nsf/payments/conc_cards_cshc.htm)
- 8 Department of Veterans' Affairs, *Treatment Population Statistics*, Quarterly Report - March 2005, Department of Veterans' Affairs, Canberra, 2005, p. 1.
- 9 The Hon. Mr John Howard, MP, op. cit. p. 4.
- 10 *Family and Community Services and Veterans' Affairs Legislation Amendment (2004 Election Commitments) Act 2004*, Bills Digest No. 66, 2004–05, op. cit.
- 11 Jeromey Temple, The Seniors Concession Allowance and Utility Allowance: Equity Implications, *People and Place*, vol 13, no. 1, 2005, pp 23 – 29.  
[http://parlinfoweb.aph.gov.au/piweb/translatewipilink.ASPX?Folder=jmart&Criteria=CITATION\\_ID:BNVF6;](http://parlinfoweb.aph.gov.au/piweb/translatewipilink.ASPX?Folder=jmart&Criteria=CITATION_ID:BNVF6;)
- 12 The Hon. De-Anne Kelly, MP op. cit.
- 13 *ibid.*
- 14 The Hon. De-Anne Kelly, MP, op. cit.

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