

## **Treasury Laws Amendment (Cost of Living Support and Other Measures) Bill 2022**

### **SECOND READING SPEECH**

Last night the Treasurer told Australia that we had a plan for a strong economy and a stronger future. That this Government had a plan that delivers cost of living relief now. Today I introduce legislation that delivers on that.

This Bill demonstrates the Morrison Government's continued commitment to addressing cost of living pressures faced by Australians in a responsible, temporary and targeted manner.

Schedule 1 to the Bill increases the Medicare levy low-income thresholds for singles, families, and seniors and pensioners, consistent with increases in the consumer price index.

These changes will ensure that low-income households who did not pay the Medicare levy in the 2020-21 income year will generally continue to be exempt in the 2021-22 income year where their incomes have risen in line with, or by less than, the consumer price index.

The Medicare levy low-income thresholds ensure that people who pay no personal income tax due to their eligibility for structural offsets — such as the low-income tax offset — generally do not incur the Medicare levy.

The increase in thresholds will apply to the 2021-22 income year and future income years.

Schedule 2 to the Bill provides an income tax deduction for individual taxpayers who incur costs for COVID-19 testing expenses required to attend a place of work.

The Government recognises that COVID-19 tests help to mitigate transmission risks and absences from the workplace.

In making these expenses tax deductible, employers will also not incur fringe benefits tax where COVID-19 tests are provided to employees for this purpose.

Schedule 3 to the Bill amends the *Income Tax Assessment Act 1997* to include the Royal Humane Society of New South Wales Incorporated, Perth Korean War Memorial Committee Incorporated, Greek Orthodox Archdiocese of Australia Consolidated Trust Cathedral of the Annunciation of our Lady Restoration Fund, The Australian Future Leaders Foundation Limited, Lord Mayor's Charitable Foundation, and The Ramsay Centre for Western Civilisation Limited on the list of deductible gift recipients.

Deductible gift recipient status allows members of the public to receive income tax deductions for donations of \$2 or more that they make to these six organisations.

Schedule 4 to the Bill makes it easier for businesses to create employee share schemes by reducing red tape. It reduces the regulatory requirements that apply to employee share schemes and the associated compliance burden.

These reforms also expand access to the regime to cover a broader range of employee share schemes so that more participants can benefit. This includes covering employee share schemes in unlisted companies of unlimited value, provided that participants do not contribute more than \$30,000 each year.

These changes make it easier for businesses to attract and reward talent to compete globally. It will also give Australians more opportunities to share in the economic value they create through their hard work.

The Legislative and Governance Forum on Corporations have been notified of the amendments in Schedule 4 to the Bill as required under the *Corporations Agreement 2002*.

Schedule 5 to the Bill will reduce the Global Domestic Product uplift factor for pay as you go and GST instalments for the 2022-23 income year from the rate calculated by application of the statutory formula to 2 per cent.

This year's statutory instalment rate is not likely to reflect current economic conditions for many small and medium enterprises, particularly those still affected by the disruptions of the COVID-19 pandemic and other natural disasters. The substituted rate will minimise adverse cash flow consequences for small to medium enterprises.

Schedule 6 to the Bill delivers a one-off Cost Of Living Tax Offset to support low and middle income earners facing rising cost of living pressures. The Government is delivering this cost of living tax offset through the tax system by increasing the low and middle income tax offset by \$420 for the 2021-22 income year.

The low and middle income tax offset is available to individuals with taxable incomes of less than \$126,000, and currently provides a reduction in tax of up to \$1,080.

This one-off cost of living tax offset increases the maximum low and middle income tax offset benefit to \$1,500 for a single income household and \$3,000 for a dual income household.

This benefit will be paid when taxpayers lodge their tax return for the 2021-22 income year.

Over 10 million taxpayers are expected to benefit from the one-off cost of living tax offset for 2021-22.

Overall, the one-off cost of living tax offset will provide \$4.1 billion in tax relief to low- and middle-income earners. This is on top of the \$7.8 billion in tax relief that the Government delivered through the LMITO for the 2021-22 income year.

Schedule 7 to the Bill ensures all Australians continue to have the best access to the PBS, and that medicines continue to be affordable for all Australians. The amendment will reduce the Pharmaceutical Benefits Scheme general patient charge by \$10.00, from the current amount of \$42.50 to the new amount of \$32.50, commencing on 1 May 2022.

The Australian Government is committed to ensuring that all Australians are able to access high quality health care. The PBS provides significant direct assistance to

make medicines affordable. This includes the provision of access to subsidised medicines through the PBS.

This measure will provide a significant benefit to the affordability of the PBS listed medicines for general patients by reducing the general PBS co-payment.

General patients will pay no more than \$32.50 of out-of-pocket costs (excluding optional charges imposed by manufacturers).

This means that over 3 million Australians will pay less for their medicines each year, with close to 17 million scripts costing patients less.

The indexation arrangements for the general patient co-payment will continue according to the existing indexation arrangements. However, the indexation calculation will now work off a significantly reduced baseline of \$32.50, meaning that patients will continue to save for many years into the future.

The Government's commitment to ensuring that Australians can access affordable medicines, when they need them, remains a priority.

Schedule 8 to the Bill will assist Australian households with a one-off Cost of Living Payment of \$250, expected to flow to approximately 6 million eligible Australians. This payment will assist eligible recipients with higher cost of living pressures.

Recipients of social security and veterans' payments and holders of certain concession cards will be eligible if they are residing in Australia on the test date of 29 March 2022.

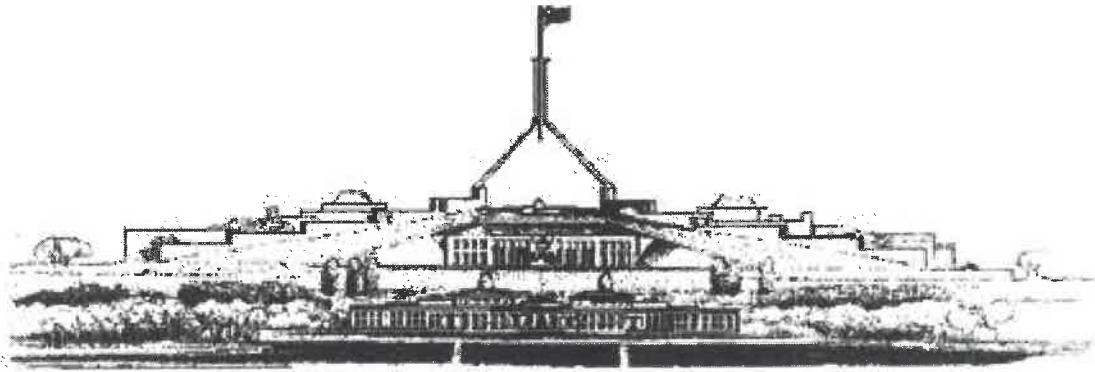
Schedule 9 makes consequential changes to the *Product Stewardship (Oil) Regulations 2000* to implement the amendments in the measure contained in the Excise Tariff Amendment (Cost of Living Support) Bill 2022 and the Customs Tariff Amendment (Cost of Living Support) Bill 2022, which I will be introducing shortly.

Full details of the measures are contained in the Explanatory Memorandum.



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



**THE SENATE**

**PROOF**

**BILLS**

**Treasury Laws Amendment (Cost of Living  
Support and Other Measures) Bill 2022**

**Second Reading**

**SPEECH**

**Wednesday, 30 March 2022**

BY AUTHORITY OF THE SENATE

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## SPEECH

<b>Date</b> Wednesday, 30 March 2022	<b>Source</b> Senate
<b>Page</b> 109	<b>Proof</b> Yes
<b>Questioner</b>	<b>Responder</b>
<b>Speaker</b> Hume, Sen Jane	<b>Question No.</b>

**Senator HUME** (Victoria—Minister for Superannuation, Financial Services and the Digital Economy and Minister for Women's Economic Security) (18:14): I move:

That this bill be now read a second time.

I seek leave to have the second reading speech incorporated in *Hansard*.

Leave granted.

*The speech read as follows—*

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This Bill demonstrates the Morrison Government's continued commitment to addressing cost of living pressures faced by Australians in a responsible, temporary and targeted manner.

Schedule 1 to the Bill increases the Medicare levy low-income thresholds for singles, families, and seniors and pensioners, consistent with increases in the consumer price index.

These changes will ensure that low-income households who did not pay the Medicare levy in the 2020-21 income year will generally continue to be exempt in the 2021-22 income year where their incomes have risen in line with, or by less than, the consumer price index.

The Medicare levy low-income thresholds ensure that people who pay no personal income tax due to their eligibility for structural offsets — such as the low-income tax offset — generally do not incur the Medicare levy.

The increase in thresholds will apply to the 2021-22 income year and future income years.

Schedule 2 to the Bill provides an income tax deduction for individual taxpayers who incur costs for COVID-19 testing expenses required to attend a place of work.

The Government recognises that COVID-19 tests help to mitigate transmission risks and absences from the workplace.

In making these expenses tax deductible, employers will also not incur fringe benefits tax where COVID-19 tests are provided to employees for this purpose.

Schedule 3 to the Bill amends the *Income Tax Assessment Act 1997* to include the Royal Humane Society of New South Wales Incorporated, Perth Korean War Memorial Committee Incorporated, Greek Orthodox Archdiocese of Australia Consolidated Trust Cathedral of the Annunciation of our Lady Restoration Fund, The Australian Future Leaders Foundation Limited, Lord Mayor's Charitable Foundation, and The Ramsay Centre for Western Civilisation Limited on the list of deductible gift recipients.

Deductible gift recipient status allows members of the public to receive income tax deductions for donations of \$2 or more that they make to these six organisations.

Schedule 4 to the Bill makes it easier for businesses to create employee share schemes by reducing red tape. It reduces the regulatory requirements that apply to employee share schemes and the associated compliance burden.

These reforms also expand access to the regime to cover a broader range of employee share schemes so that more participants can benefit. This includes covering employee share schemes in unlisted companies of unlimited value, provided that participants do not contribute more than \$30,000 each year.

These changes make it easier for businesses to attract and reward talent to compete globally. It will also give Australians more opportunities to share in the economic value they create through their hard work.

The Legislative and Governance Forum on Corporations have been notified of the amendments in Schedule 4 to the Bill as required under the *Corporations Agreement 2002*.

Schedule 5 to the Bill will reduce the Global Domestic Product uplift factor for pay as you go and GST instalments for the 2022-23 income year from the rate calculated by application of the statutory formula to 2 per cent.

This year's statutory instalment rate is not likely to reflect current economic conditions for many small and medium enterprises, particularly those still affected by the disruptions of the COVID-19 pandemic and other natural disasters. The substituted rate will minimise adverse cash flow consequences for small to medium enterprises.

Schedule 6 to the Bill delivers a one-off Cost Of Living Tax Offset to support low and middle income earners facing rising cost of living pressures. The Government is delivering this cost of living tax offset through the tax system by increasing the low and middle income tax offset by \$420 for the 2021-22 income year.

The low and middle income tax offset is available to individuals with taxable incomes of less than \$126,000, and currently provides a reduction in tax of up to \$1,080.

This one-off cost of living tax offset increases the maximum low and middle income tax offset benefit to \$1,500 for a single income household and \$3,000 for a dual income household.

This benefit will be paid when taxpayers lodge their tax return for the 2021-22 income year.

Over 10 million taxpayers are expected to benefit from the one-off cost of living tax offset for 2021-22.

Overall, the one-off cost of living tax offset will provide \$4.1 billion in tax relief to low- and middle-income earners. This is on top of the \$7.8 billion in tax relief that the Government delivered through the LMITO for the 2021-22 income year.

Schedule 7 to the Bill ensures all Australians continue to have the best access to the PBS, and that medicines continue to be affordable for all Australians. The amendment will reduce the Pharmaceutical Benefits Scheme general patient safety nets by \$85.00, from the current amount of \$1,542.10 to the new amount of \$1,457.10, commencing on 1 July 2022.

The Australian Government is committed to ensuring that all Australians are able to access high quality health care. The PBS provides significant direct assistance to make medicines affordable. This includes the provision of access to subsidised medicines through the PBS.

This measure will provide a significant benefit to the affordability of the PBS listed medicines for general patients by reducing the general PBS safety net thresholds.

General patients will pay no more than \$6.80 of out-of-pocket costs (excluding optional charges imposed by manufacturers) upon reaching the reduced safety net.

This means that around 3 million Australians will pay less for their medicines each year, with close to 2.5 million patients paying less.

The indexation arrangements for the general patient co-payment will continue according to the existing indexation arrangements. However, the indexation calculation will now work off a significantly reduced baseline of \$1,457.10, meaning that patients will continue to save for many years into the future.

The Government's commitment to ensuring that Australians can access affordable medicines, when they need them, remains a priority.

Schedule 8 to the Bill will assist Australian households with a one-off Cost of Living Payment of \$250, expected to flow to approximately 6 million eligible Australians. This payment will assist eligible recipients with higher cost of living pressures.

Recipients of social security and veterans' payments and holders of certain concession cards will be eligible if they are residing in Australia on the test date of 29 March 2022.

Schedule 9 makes consequential changes to the *Product Stewardship (Oil) Regulations 2000* to implement the amendments in the measure contained in the Excise Tariff Amendment (Cost of Living Support) Bill 2022 and the Customs Tariff Amendment (Cost of Living Support) Bill 2022, which I will be introducing shortly.

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