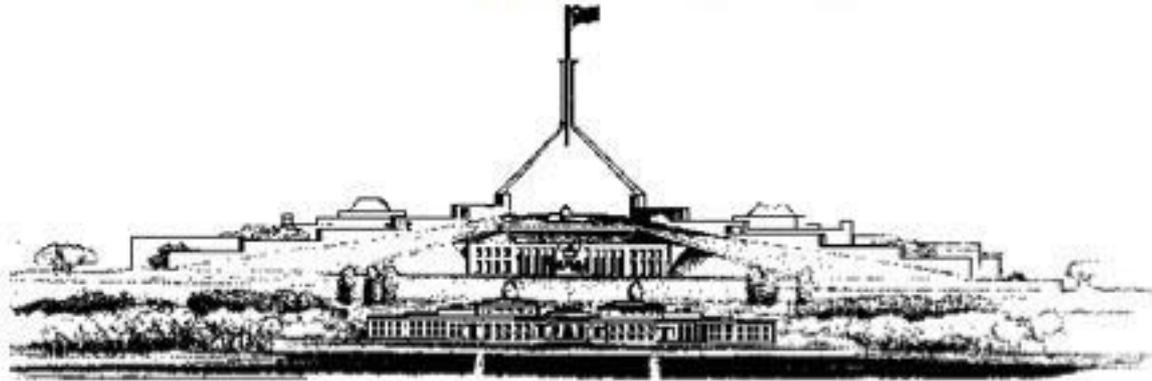




COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



THE SENATE

PROOF

BILLS

**Social Security and Other Legislation
Amendment (2012 Budget and
Other Measures) Bill 2012**

Second Reading

SPEECH

Tuesday, 26 June 2012

BY AUTHORITY OF THE SENATE

SPEECH

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Questioner
Speaker McKenzie, Sen Bridget

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Senator McKENZIE (Victoria) (20:36): I rise to speak to the Social Security and Other Legislation Amendment (2012 Budget and Other Measures) Bill 2012. I acknowledge Senator Siewert's work throughout the inquiry conducted by the Senate Community Affairs Committee on this bill and I note her absence. This bill contains seven schedules amending different aspects of social security eligibility and payments. The shadow spokesman for disability, Senator Fifield, very articulately outlined the wide impacts of this variety of amendments, commenting on the National Disability Insurance Scheme and the importance of social inclusion within our community to ensure that those who need our assistance are able to receive it. As previous speakers have noted, this bill addresses an array of measures, and I will make sure my comments relate specifically to them. The Department of Families, Housing, Community Services and Indigenous Affairs said of this bill in their submission to the Senate committee inquiry:

The amendments contained within the Bill will contribute to the ongoing sustainability of the Australian social security system and better reflect the expectations of most Australian taxpayers about how social security expenditure should be targeted.

As I said earlier, I am a member of the Senate Community Affairs Legislation Committee, which conducted the inquiry into this bill, and much of the commentary I make tonight will reflect information we garnered through that process.

Schedule 1 goes to excluded income. There are currently around 50,000 Western Australians—and I am sure my committee colleague Senator Smith will expand on the details—who benefit from the government's country age pension fuel card, which provides eligible pensioners with up to \$500 a year towards the cost of fuel and/or taxi travel from participating providers. The country age pension fuel card helps to ease some of the financial burden of those living in regional areas who do not have ready access to public transport. Having to rely on their own means of transport to get to providers can be costly and can restrict access to central medical services. The WA government also has a cost-of-living rebate scheme which is designed to help eligible senior card holders with rising living expenses. Around 260,000 Western Australians applied to the Cost of Living Rebate

Scheme in 2011. Federal government backing for these schemes makes sense, as to do otherwise would leave pensioners in the absurd situation of receiving support from one government only to have it reduced or removed by another level of government treating these benefits as income. Collectively, these people will now breathe a sigh of relief that they can continue to receive the full value of the assistance provided by the Western Australian government without incurring a reduction in their pension.

Schedule 2 deals with portability. 'Portability' refers to the ability of recipients of welfare payments to continue to receive those payments whilst travelling overseas. At present, those on many payments can be absent from Australia for up to 13 weeks, with no impact on their payments. Whilst there are also some payments, such as Newstart, that are not portable, there have been a number of recent changes to the portability arrangements for those with no capacity to work. For example, a disability support pension recipient with a severe and permanent impairment will, as of 1 July, have indefinite portability. Age pension recipients; disability support pension recipients assessed as having a severe and permanent disability, and no future work capacity; and students studying overseas as part of an approved Australian course will not be affected. New measures in this bill will limit the period of travel for those on many payments to six weeks or less. We believe that that is an appropriate length of time for Australians who are in receipt of some of these payments to travel overseas to deal with family emergencies—funerals, illnesses and the like—and provide support to family members overseas. The estimated savings from the reduction of the portability period are \$127.2 million over two years. Obviously, in light of our current budgetary situation, that is a positive thing.

The National Welfare Rights Network, in their submission to the inquiry, highlighted the special circumstances some people face that mean they be disadvantaged and singled out two groups as those who will be most affected, one being refugees:

Refugees/former refugees with family spread all over the globe (accepted in differing third countries). These people often ask Centrelink for permission to go overseas to visit a relative who is dying and are refused or granted approval for just one week's payment (on

Newstart Allowance). A reduction of the portability period to six weeks is a very short time to travel, visit someone who may pass away and then attend a funeral.

However, I believe that six weeks is more than enough time for somebody to deal with those types of family matters, and there is a capacity in the legislation to seek an exemption. The other group singled out by the National Welfare Rights Network are people with medical conditions who benefit from overseas trips through either cheaper treatment or a change in climate. They also say:

Again 6 weeks is a short time for these people to have to pay to go overseas for such a brief period of time.

But the department, FaHCSIA, said in their submission:

Six weeks is seen as a reasonable period of time for an Australian resident to manage family or personal matters that may arise from time to time overseas.

And we would concur.

During the inquiry, the committee questioned the department about how they could ensure that people would be made aware of the changes to this rule, given that some people have unwittingly travelled overseas for longer than the current portability provisions allow and have been quite disadvantaged by the cutting-off of their pension while they were overseas. So the communication from the department to pension recipients about these changes was something we sought to emphasise. The department suggested that Centrelink staff would work with pension recipients who notify them of an overseas trip to help them understand the new rules and any special exemptions that apply. Schedule 3 deals with age or study rules for children for family assistance payments. Additionally, family tax benefit part A will no longer be available for young people aged 18 or over unless they are in full-time special study from 1 January next year. Family tax benefit part A is designed to help with the cost of raising children. Once those children are legally adults, they can reasonably be expected to access any government payments they may be eligible for in their own right such as youth allowance. This amendment is subsequent to earlier steps taken to reduce the previous eligible age from 24 to 21 and is in line with recommendations from the Henry review.

Schedule 4 assesses family tax benefit and reasonable maintenance action. The changes to the family tax benefit part A rate provisions proposed in schedule 4 are designed to produce better outcomes for parents receiving child support payments. Those considered to be taking reasonable steps to ensure they receive the

appropriate child support payments have their rate of family tax benefit A as calculated—the child support payable that is calculated—taken into consideration when calculating the family tax benefit part A. However, when you are privately collecting that child support you may or may not be receiving the actual child support as calculated, hence a reduction in family tax benefit part A despite not getting the full child support. The parent in this circumstance is effectively penalised twice—once by not receiving their child-support payment and again when their actual lower income level is not considered in their allocation of family tax benefit part A.

The committee heard from the National Council of Single Mothers and their Children Inc., an organisation dedicated to single mothers. In relation to the maintenance income test, they said in their submission to the inquiry:

The MIT produces an inequitable and disproportional impact for single parent households when compared to a two-parent family. Currently, when child support is received the Family Tax Benefit A is reduced by 50 cents in the dollar for low threshold amounts commencing at \$1,368.75 per year and continuing until the payment reaches the base rate of Family Tax Benefit A.

However, a two parent family may receive income of up to \$45,114 for the financial year which will then gradually reduce by 20 cents for each dollar above \$45,114 until the payment reaches the base rate of Family Tax Benefit Part A.

Clearly this is an issue we do not want to see continuing.

Schedule 5 looks at the percentage of care for children. The fifth change this bill brings about relates to the care of children when split between two or more carers. There are a number of complex calculations involved in the determination of government payments when care of a child is split between two carers. The amendment allows for changes in government payment through family tax benefit part A to be made more quickly in the case of special circumstances such as incidents of family violence. In relation to these issues the National Council of Single Mothers and their Children Inc. advocated through the inquiry process for a review of the whole child-support scheme. They said in their submission:

A more sophisticated child support system would align the cost of care provided with the actual time and not an artificially inflated discount.

They were referring to basically a 24 per cent discount in child-support once one carer has 50 days, or effectively one night a week, care of their child.

Schedule 6 of the bill refers to the low-income supplement which relates to compensation for the carbon tax. Again, as Senator Fifield outlined earlier, it would be great if it were not required. I could not support that notion more strongly. It would be great if we did not have to compensate low-income earners for the effects of the government's carbon tax; it would be great if we did not have to compensate the Latrobe Valley, as a whole region, for the effects of the government's carbon tax; it would be great if we did not have to compensate food and foundry producers for the effects of the carbon tax. In less than five days the carbon tax will be upon us and people's personal electricity bills will be rising—but the tax will be also be applied right through our economy and people will need to be compensated. Let us hope that the compensation does not actually stop people wanting to reduce their carbon footprint and that it will result in a behaviour change that will bring about action on climate change and not simply be fed into a financial churn. We have been spending a lot of time as a coalition reflecting on the particular model that the government has chosen to address climate change, as we watch the government refuse to take on board the will and the views of the Australian people on this issue.

I will return to the bill before us. I am conscious that many coalition senators want to speak to this bill, and we are having to constrain our remarks because of the government's guillotining of democracy and its guillotining of our contributions on this legislation. The low-income support payment is to be paid as an annual tax exempt lump sum of \$300 for people on low incomes who meet the eligibility criteria, including a low-taxation liability and not being in receipt of other forms of government compensation for the carbon tax. If they are a small business family who may not have returned a great profit this year, one wonders how that will all work out.

This seems designed to provide assistance to those not reached by any other form of carbon tax compensation, as promoted so widely and readily on TV. Those in receipt of the veteran's pension received letters last week outlining the cash that would be available to them. It was phrased in those sorts of terms. There was no mention of the burden of the carbon tax, nothing about addressing climate change and nothing about positive steps we can take for the environment. It was all about saying, 'Here is some cash for you.' I think that is treating the Australian people like mugs, but there is nothing new about this government pursuing that sort of tactic in introducing its carbon tax. All of that

means that the low-income supplement is another new payment, with more red tape, which would not have been necessary if there were not going to be a carbon tax.

Finally—I say that because I did mention there were seven schedules in this bill—I come to schedule 7. It covers other amendments, including the authority for the practice of automated decision making using computer programs. Like Senator Fifield, it is with bated breath that I await estimates so we can pursue that topic. I would hate to interrupt the minister and his conversation on the other side of the chamber to see what he thinks about that, so we will wait for estimates.

With the wide range of amendments proposed in this bill, the government is trying to achieve a variety of aims across different groups within our community. As mentioned by Senator Fifield, the coalition will not be opposing the bill. In the interests of allowing time for my colleagues to speak, I will cede to them.