Social Services and Other Legislation Amendment
(Seniors Health Card and Other Measures) Bill 2014

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Social Policy Section

Contents

Purpose of the Bill ................................................................. 3
Background and key issues .................................................... 3
  Overview of the Commonwealth Seniors Health Card (CSHC) .......... 3
  Eligibility ............................................................................. 3
  Services/discounts .............................................................. 4
  Payments ............................................................................. 4
  Holders .............................................................................. 4
  History ................................................................................ 5
  Summary of changes to the income test ..................................... 6
  Historical CSHC income limits ............................................... 7
Issues around different definitions of income ............................. 7
National Commission of Audit ................................................ 8
  2014–15 Budget .................................................................. 8
Indexation .............................................................................. 8
Cost of the CSHC ................................................................. 9
Comment .............................................................................. 10
Committee consideration ....................................................... 11
  Senate Selection of Bills Committee ....................................... 11
Policy position of non-government parties/independents ......... 11
Position of major interest groups .......................................... 11
Financial implications ........................................................ 11
Statement of Compatibility with Human Rights .................... 11
Key provisions ...................................................................... 12

Date introduced: 27 March 2014
House: House of Representatives
Portfolio: Social Services
Commencement: The formal provisions commence on the day of Royal Assent and Schedules 1, 2 and 3 commence the day after. The remaining Schedules commence according to complex arrangements which are outlined in clause 2 of the Bill.

Links: The links to the Bill, its Explanatory Memorandum and second reading speech can be found on the Bill’s home page, or through http://www.aph.gov.au/Parliamentary_Business/Bills_Legislation
When Bills have been passed and have received Royal Assent, they become Acts, which can be found at the ComLaw website at http://www.comlaw.gov.au/.
<table>
<thead>
<tr>
<th>Schedule</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Indexation of seniors health card income limit</td>
<td>12</td>
</tr>
<tr>
<td>Other provisions</td>
<td></td>
<td>12</td>
</tr>
<tr>
<td>2</td>
<td>Review of decisions</td>
<td>12</td>
</tr>
<tr>
<td>3</td>
<td>Machinery of government changes</td>
<td>12</td>
</tr>
<tr>
<td>4</td>
<td>Aged care amendments</td>
<td>12</td>
</tr>
<tr>
<td>5</td>
<td>Definitions and technical corrections</td>
<td>13</td>
</tr>
</tbody>
</table>
Purpose of the Bill

The purpose of the Social Services and Other Legislation Amendment (Seniors Health Card and Other Measures) Bill 2014 (the Bill) is to:

- amend the *Social Security Act 1991* (the SS Act)\(^1\) and the *Veterans’ Entitlements Act 1986* (the VEA)\(^2\) to annually index the income test thresholds for the Commonwealth Seniors Health Card (CSHC) to movements in the Consumer Price Index (CPI)
- align provisions in the *Student Assistance Act 1973*\(^3\) in relation to the operation of the Social Security Appeals Tribunal (SSAT) with those in the SS Act and related legislation
- amend the *Student Assistance Act*, the *A New Tax System (Family Assistance) (Administration) Act 1999* (the FA Admin Act)\(^4\) and the *Social Security (Administration) Act 1999* (the SS Admin Act)\(^5\) to ensure that a statement of reasons for an SSAT decision is provided to the Administrative Appeals Tribunal (AAT) if there is to be a review of that decision
- make amendments to a range of Acts relevant to the social services portfolio area to reflect machinery of government changes, particularly the creation of the new Department of Social Services and
- make technical amendments and minor corrections, particularly a restructuring of Part 1.2 of the SS Act which contains definitions of terms used in social security law.

The indexation of the income test thresholds for the CSHC is the main policy measure contained in the Bill and is the focus of this digest. The other proposed amendments are mainly technical and are only briefly examined (in the ‘Other provisions’ section).

Indexing the CSHC income test thresholds to the CPI was one of the Coalition’s 2013 election commitments.\(^6\)

Background and key issues

**Overview of the Commonwealth Seniors Health Card (CSHC)**

The CSHC assists certain seniors with the cost of prescription medicines and other health services. The card is targeted at self-funded retirees of age pension age who do not qualify for the Age Pension because of their level of income or assets. It also provides access for card holders to the Seniors Supplement and Clean Energy Supplement payments. Age Pension recipients receive the Pensioner Concession Card which provides holders with different entitlements to those of CSHC holders.

**Eligibility**

To be eligible for a CSHC an individual must:

- be permanently living in Australia and be an Australian citizen, a holder of a permanent visa or a holder of a special category visa (and not subject to a newly arrived resident’s waiting period—usually 104 weeks for new migrants)
- have reached age pension age (currently 65) but not qualify for Age Pension (or other income support payments or Veterans’ Affairs pensions)
- have an adjusted taxable income of less than:
  - $50,000 for singles
  - $80,000 for couples (combined income)
  - $100,000 combined for couples separated by illness, respite care or prison.\(^7\)

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An amount of $639.60 per year is added to the allowable income amount for each dependent child. There is no assets test for the CSHC.\(^8\)

Adjusted taxable income includes taxable income, foreign income, total net investment losses, employer provided benefits and reportable superannuation contributions (concessional or before-tax contributions).\(^9\)

An individual must be in Australia to retain eligibility for the card, or temporarily absent for not more than six weeks.\(^10\)

**Services/discounts**

CSHC holders are able to access discounts on prescription medicines through the Pharmaceutical Benefits Scheme (PBS).

CSHC holders may also be able to access:

- bulk-billed GP appointments (at the discretion of the GP—doctors are provided with financial incentives to bulk-bill concession card holders)
- a reduction in out-of-hospital medical expenses above the concessional threshold of the Medicare Safety Net
- discounted rail travel on Great Southern Railway services: the Ghan, Overland and Indian Pacific\(^11\) and
- additional health, transport, education and recreation concessions may be offered by state and territories, local governments and private providers to CSHC holders. The availability of additional concessions varies between states and territories and they are offered at the discretion of the provider.\(^12\)

**Payments**

Holders of the CSHC are entitled to receive a Seniors Supplement of $876.20 a year for singles or $660.40 a year for a member of a couple. The payment is paid in quarterly instalments in December, March, June and September.\(^13\)

From 20 March 2013, a Clean Energy Supplement has been added to CSHC holders’ Seniors Supplement payment. This supplement is worth $361.40 a year for singles and $273.00 a year for a member of a couple (paid in quarterly instalments with the Seniors Supplement).\(^14\)

**Holders**

As at June 2013, there was a total of 283,591 CSHC holders, a very slight decrease on the previous year (283,631).\(^15\) Table 1 below shows trends in the number of recipients over time.

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8. Ibid.


11. The 2014–15 Budget announced the Commonwealth will no longer provide funding for concessional tickets to Great Southern Rail services from 1 July 2016. It is not clear if discounted tickets for CSHC holders will continue after this date. See Australian Government, Portfolio budget statements 2014–15: budget related paper no. 1.15A: Social Services Portfolio, p. 66, accessed 22 May 2014.


Table 1: CSHC holders by sex, June 2001 to June 2013

<table>
<thead>
<tr>
<th>As at June</th>
<th>Male</th>
<th></th>
<th>Female</th>
<th></th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
<td>%</td>
<td>No.</td>
<td>%</td>
<td>No.</td>
</tr>
<tr>
<td>2001</td>
<td>97,848</td>
<td>43.3</td>
<td>128,292</td>
<td>56.7</td>
<td>226,140</td>
</tr>
<tr>
<td>2002</td>
<td>122,613</td>
<td>44.2</td>
<td>155,068</td>
<td>55.8</td>
<td>277,681</td>
</tr>
<tr>
<td>2003</td>
<td>125,261</td>
<td>44.3</td>
<td>157,430</td>
<td>55.7</td>
<td>282,691</td>
</tr>
<tr>
<td>2004</td>
<td>129,241</td>
<td>45.0</td>
<td>158,085</td>
<td>55.0</td>
<td>287,326</td>
</tr>
<tr>
<td>2005</td>
<td>136,012</td>
<td>45.3</td>
<td>164,153</td>
<td>54.7</td>
<td>300,165</td>
</tr>
<tr>
<td>2006</td>
<td>143,476</td>
<td>46.2</td>
<td>167,157</td>
<td>53.8</td>
<td>310,633</td>
</tr>
<tr>
<td>2007</td>
<td>148,233</td>
<td>46.6</td>
<td>170,045</td>
<td>53.4</td>
<td>318,278</td>
</tr>
<tr>
<td>2008</td>
<td>132,336</td>
<td>47.5</td>
<td>146,042</td>
<td>52.5</td>
<td>278,378</td>
</tr>
<tr>
<td>2009</td>
<td>134,774</td>
<td>48.2</td>
<td>144,790</td>
<td>51.8</td>
<td>279,564</td>
</tr>
<tr>
<td>2010</td>
<td>134,689</td>
<td>49.0</td>
<td>140,091</td>
<td>51.0</td>
<td>274,780</td>
</tr>
<tr>
<td>2011</td>
<td>137,641</td>
<td>48.8</td>
<td>144,545</td>
<td>51.2</td>
<td>282,186</td>
</tr>
<tr>
<td>2012</td>
<td>139,537</td>
<td>49.2</td>
<td>144,094</td>
<td>50.8</td>
<td>283,631</td>
</tr>
<tr>
<td>2013</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>283,591</td>
</tr>
</tbody>
</table>


History

The CSHC was introduced in July 1994. The card provided access to concessional prescription medicines under the Pharmaceutical Benefits Scheme (PBS), free hearing aids and certain free basic dental services. The card was available to people of age pension age who were not eligible for the Age Pension for reasons other than the income test; for example, insufficient length of residence or high asset holdings.

The original purpose of the CSHC was to provide assistance to retired persons who were on low-income. When introduced, the income limits for the CSHC were the same as for the Age Pension, so the vast majority of retired persons issued with a CSHC were those who were asset rich but income poor, such as farmers. In 1996–97 there were 35,244 cardholders and by 1997–98 there were 42,461 cardholders.

In the 1996 election the Coalition promised to extend the income test thresholds and use taxable income rather than income as assessed for the age pension to assess eligibility for the CSHC. The Minister, Senator Newman said in her 1998 Budget press release that this recognised ‘the important contribution made by people who save for their own retirement’. These changes were implemented from January 1999 and by August of that year an additional 163,000 people had become cardholders.

These changes, and further increases to the threshold in 2001, changed the target group for the CSHC from very low income self-funded retirees to middle income retirees.

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In 2001, CSHC holders became entitled to receive the telephone allowance (worth around $17.20 per quarter). In 2004, an additional payment for CSHC holders, the Seniors Concession Allowance worth $200 per annum was introduced. In 2006 and 2007, the Howard Government made one-off payments to those eligible for the Seniors Concession Allowance. In 2008 the Rudd Government increased the rate of the Seniors Concession Allowance to $500 per annum and also made a one-off payment of $500 to recipients of the Allowance. In December of 2008, recipients of the Seniors Concession Allowance also received a $1,400 lump sum as part of the Rudd Government’s stimulus response to the Global Financial Crisis. In the 2008–09 Budget, the Labor Government announced that it would make adjustments to the income test to include reportable superannuation contributions, including income that is salary sacrificed to superannuation, as well as gross tax-free superannuation income. The budget papers stated that:

... the measure will increase fairness by ensuring that, in applying the existing income test, all income received by seniors—whether from superannuation or another source such as a managed fund or interest from a bank account, is treated in the same way.

In the 2009–10 Budget, the Government announced that it would not go ahead with the measure to include gross tax-free superannuation income in the income test but would still include reportable contributions in income assessments from July 2009.

In September 2009, as part of the Rudd Government’s pension reforms, the Senior Concession Allowance and Telephone Allowance were combined to form the Seniors Supplement, paid at the annual rate of $785.20 for single people and $692.80 for partnered people.

**Summary of changes to the income test**

The income test for the CSHC has only been amended a limited number of times:

- January 1994: CSHC introduced with income limits the same as for the age pension and indexed to changes in the Consumer Price Index (CPI)
- January 1999: the basis of the income test was changed from income assessed under the SS Act to income assessed under the *Income Tax Assessment Act 1936* (ITA Act). Income limits were substantially increased but indexation was removed
- July 2000: the income limits were increased by 2.5 per cent in response to the introduction of the GST. The additional amount for each child was also increased by 2.5 per cent
- September 2001: a further extension of the income limits for the CSHC was announced in the 2001–02 Budget and took effect from 1 September 2001.

From 2001 the income limits have not been indexed or increased.

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21. Ibid.
22. Ibid.
23. Ibid.
26. D Daniels, op. cit.
## Historical CSHC income limits

<table>
<thead>
<tr>
<th>Date</th>
<th>Single</th>
<th>Partnered</th>
<th>Couples (Combined incomes)</th>
<th>Each member of an illness separated couple and from 1 July 2001, respite care couples and partner in gaol couples</th>
</tr>
</thead>
<tbody>
<tr>
<td>01/07/1994</td>
<td>19,151.60</td>
<td>31,917.60</td>
<td>18,839.60</td>
<td></td>
</tr>
<tr>
<td>20/09/1994</td>
<td>19,333.60</td>
<td>32,219.20</td>
<td>19,021.60</td>
<td></td>
</tr>
<tr>
<td>01/01/1995</td>
<td>No change - CPI too low</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20/03/1995</td>
<td>19,567.60</td>
<td>32,614.40</td>
<td>19,255.60</td>
<td></td>
</tr>
<tr>
<td>01/07/1995</td>
<td>19,671.60</td>
<td>32,822.40</td>
<td>19,359.60</td>
<td></td>
</tr>
<tr>
<td>20/09/1995</td>
<td>20,181.20</td>
<td>33,675.20</td>
<td>19,869.20</td>
<td></td>
</tr>
<tr>
<td>01/01/1996</td>
<td>20,191.60</td>
<td>33,685.60</td>
<td>19,879.60</td>
<td></td>
</tr>
<tr>
<td>01/03/1996</td>
<td>20,540.00</td>
<td>34,268.00</td>
<td>20,228.00</td>
<td></td>
</tr>
<tr>
<td>01/01/1997</td>
<td>20,841.60</td>
<td>34,798.40</td>
<td>20,529.60</td>
<td></td>
</tr>
<tr>
<td>01/07/1999</td>
<td>40,000.00</td>
<td>67,000.00</td>
<td>36,698.00</td>
<td></td>
</tr>
<tr>
<td>01/07/2000</td>
<td>41,000.00</td>
<td>68,676.00</td>
<td>37,615.00</td>
<td></td>
</tr>
<tr>
<td>01/07/2001</td>
<td>50,000.00</td>
<td>80,000.00</td>
<td>50,000.00</td>
<td></td>
</tr>
</tbody>
</table>

The additional amount added to the annual limit for each dependent child was $624 until July 2000 when it was increased to $639.60.


### Issues around different definitions of income

Since July 2007, persons aged 60 or more with income from private taxed superannuation sources (lump sums or periodic payments) have had their superannuation income treated as being tax free. The CSHC income test uses adjusted taxable income and therefore does not include non-taxed private superannuation as income.

Adjusted taxable income is used by the government in several forums to determine access to assistance and also to determine a level of income for a claimant. The test is used for the three main family assistance payments, being Family Tax Benefits Part A and Part B and also for the Child Care Benefit. The test is also used for the measurement of payer and payee parents’ incomes for the Child Support Scheme maintenance formula calculations. The reason taxable income is adjusted for the purposes of means testing—adding back in negatively geared property losses, foreign income and employer provided fringe benefits—is that it recognises that allowable tax deductions may not result in an appropriate indicator of real income or means.

There are advantages both to government and to claimants in using adjusted taxable income as an income measure. Firstly, the most recent tax assessment can be used and this removes the need for a separate income measurement and assessment. This is cumbersome and administratively expensive for government to do. Secondly, claimants do not have to provide documents and evidence for a separate income test.

The disadvantage to using this measure falls on the government in the form of less effective targeting of benefits and increased expenditure. The main alternative to using adjusted taxable income as a measure of means is the assessment of income under the SS Act. The SS Act uses a much broader definition of income and does not

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exclude as many types of income as the ITA Act. However, the testing of income under the SS Act is more administratively expensive.

With superannuation received from private taxed superannuation sources (that is, private, non-government superannuation), not being counted as taxable income for those aged 60 or more, it means there is the potential for individuals with substantial income from superannuation to qualify for the CSHC. While the CSHC is intended to assist self-funded retirees, the fact that there are income limits signals an intent to target the card and its benefits to those with less means to support themselves.

There was considerable backlash towards the 2008–09 proposal to include tax-free income from superannuation sources in the income test for the CSHC, particularly from self-funded retirees.  

National Commission of Audit

The National Commission of Audit took issue with the exclusion of tax-free superannuation from the income test:

This can result in inequities as retirees with very large superannuation balances can access government support, leading to differential treatment for people with the same means.

For example, a senior has $2 million in term deposits and as a result is not eligible for an Age Pension. They earn a return of 4 per cent each year, meaning their Adjusted Taxable Income is $80,000 and [they] are not eligible for a Commonwealth Seniors Health Card. Alternatively, a person earning the same return but with $2 million invested in superannuation and $1 million in term deposits would have an Adjusted Taxable Income of $40,000 and would therefore be eligible for a Commonwealth Seniors Health Card.

The Commission recommended that CSHC be retained but that deemed income from tax-free superannuation be added to the definition of adjusted taxable income used for determining eligibility for the card.

2014–15 Budget

Following the Commission of Audit’s recommendation, the 2014–15 Budget proposes to include tax-free superannuation income in the income test for the CSHC from 1 January 2015 using the deemed income rules. The Budget also proposes to abolish the Seniors Supplement from 20 September 2014, but will continue to pay the Clean Energy Supplement component to CSHC holders.

The changed treatment of superannuation income will include grandfathering provisions so that superannuation income streams currently held by retirees will be exempt and only new applicants and those who change their superannuation arrangements after 1 January 2015 will be affected. Grandfathering the measures will minimise the backlash from the proposed measure. However, the cessation of the Seniors Supplement is likely to cause concern amongst CSHC holders.

The measure is at odds with pre-Budget reports that the Prime Minister had ruled out implementing the recommendations of the Commission of Audit to change eligibility for the CSHC.

Indexation

Separate from the issues of where the income thresholds for the CSHC should be and what income should be included in the income test is the issue the Bill addresses: whether to maintain the thresholds over time by indexing them to cost of living changes.

32. Ibid., recommendation 15.
Most income test thresholds for social security benefits are indexed, as are the rates of payment for most income support and supplementary payments. As the income test thresholds for the CSHC have not been indexed, their real value has decreased over time.

It is not clear why the Coalition did not include indexation in setting the new thresholds back in 1999. It is possible that they wanted to reserve the capacity to give ad hoc increases at beneficial times in the electoral cycle in much the same way that income tax cuts are given to make up for the lack of indexation of income tax thresholds. Not indexing or temporarily halting the indexation of income test thresholds is also a simple means of reducing expenditure on a particular benefit. Increases in income over time gradually push people beyond the level at which they will be entitled to the benefit. Thus, for example, freezes on the indexation of some family assistance payment income test thresholds have produced significant budget savings over recent years.  

The Coalition made a commitment to index the income thresholds for the CSHC at the 2010 election, stating: ‘indexing these thresholds to inflation will allow recipients of the CSHC who maintain their incomes in real terms to continue to be eligible to receive the CSHC’. The Coalition then estimated the cost at $25 million for the period 2011–12 to 2013–14 (based on ABS and Budget information but not submitted to the Department of Finance and Deregulation for costing).  

The Coalition’s 2013 election policy stated that indexing the thresholds was a means of expanding the CSHC to more retirees:

The Coalition recognise[s] that by looking after their own retirement needs, self-funded retirees save the Commonwealth Budget considerable pension costs.

That’s why we will provide Australian seniors with further peace of mind regarding their health care costs by indexing eligibility for the Commonweal[th] Seniors Health Card (CSHC).

The Coalition knows that many self-funded retirees are not wealthy and are under financial pressure.

Having done the right thing and saved for their retirement, many seniors live in fear of unexpected medical bills and of losing their entitlement because of modest changes in retirement income.

Indexing the current income thresholds so that they do not erode in real terms will allow more self-funded retirees to access the Commonwealth Seniors Health Card.  

The Coalition’s 2013 policy costed the proposal at $100 million over the forward estimates with an additional 20,000 people expected to access the card in 2016–17 as a result of the measure.  The Explanatory Memorandum (EM) to the Bill states that the measure will cost $95.9 million over the forward estimates period.  

Cost of the CSHC

Expenditure related to the CSHC is not identified in the Budget papers though the major cost of the card to government is likely to come from the Pharmaceutical Benefits Scheme (PBS) and concessional Medicare benefits. Expenditure on the Seniors Supplement was estimated at $290 million in 2013–14, and was expected to rise to $363 million in 2016–17. The 2014–15 Budget has proposed abolishing the payment from 20 September 2014 but keeping the Clean Energy Supplement component of the payment. This means that

38. Ibid., p. 8.
40. Ibid.
estimated expenditure on the Seniors Supplement (Clean Energy Supplement) will be only $113 million in 2016–17.43

The Parliamentary Budget Office’s (PBO) costing of the Coalition’s 2013 election commitment used data provided by the Department of Health and Ageing on the average annual utilisation of the PBS by current concession card holders aged 65 and over and average utilisation of concessional Medicare benefits by current CSHC holders.44 However, this data has not been made publicly available. The PBO did note that its costing, which was very similar to the financial impact statement provided in the EM, was considered to be ‘of low reliability, as it is based on a small sample of survey data’. The PBO noted that the measure would have an ongoing and compounding impact beyond the 2013–14 Budget.

The 2014–15 Budget has proposed abolishing the Seniors Supplement and changing the treatment of superannuation income in the income for the CSHC.45 Abolishing the Seniors Supplement is expected to save $1.1 billion over five years.46 The Budget’s estimated financial impact of the indexation measures was identical to that provided in the Explanatory Memorandum, however, the other CSHC budget measures are likely to reduce the ongoing cost of the measures in the Bill: less people are likely to be eligible for the card as a result of the changed income test from 1 January 2015 and the cessation of the Seniors Supplement from 20 September 2014 will significantly reduce expenditure related to the CSHC.47 That there was not a reduction in the estimated expenditure on the indexation measure in the Bill, as reported in the budget papers, indicates that more people will become eligible for the card despite the other budget measures and that increased PBS and Medicare costs will be the main impact of the CSHC on the Budget.

Comment

Introducing indexation of the income limits for the CSHC will mean an expansion in the number of those who will qualify for the card and its benefits. This expansion in entitlements comes at a time when the Government is focused on cutting expenditure and restricting access to benefits, and when the Treasurer has expressed concern at the growing cost of benefits provided to retirees and the PBS.48 In a speech to a Spectator magazine function, the Treasurer specifically referred to the CSHC in his remarks on the level of government support provided to retirees:

... living longer is a good thing if we have the health to enjoy it and the wealth to support it.

And it would not be an issue if those entering their post-work years had the resources to support themselves.

But increasingly the burden of our ageing is being borne by other people.

Of Australians over the age of 65, four out of five receive a full or part pension. If we also take into account the concessional health card then only 14 per cent of older Australians receive no government payments.49 Implementing the Commission of Audit’s recommendations to include tax-free superannuation in the income test for the CSHC, as proposed by the Budget, will limit access to the card, reduce expenditure in terms of the PBS, and improve targeting to ensure benefits are being provided to those who need them most. Omitting one of the major sources of income for retirees from the means test for a benefit aimed at retirees makes little sense. There may be some retirees who will be severely disadvantaged by losing access to the card as a result of the change, particularly those with high pharmaceutical costs, but grandfathering provisions will ensure the immediate impact on recipients and Budget expenditure is minimal. The income test limits could be adjusted at later point if found to be excluding those in need of the benefits connected to the CSHC. Allowing the very

46. Ibid.
wealthy to access the CSHC is a major anomaly in the Australian social security system, one of the most targeted in the world.

**Committee consideration**

**Senate Selection of Bills Committee**

The Senate Selection of Bills Committee decided that the Bill would not be referred to a committee.50

**Policy position of non-government parties/independents**

The Opposition has not stated a position on the measures proposed by the Bill.

The Greens previously supported the proposals to include superannuation amounts from private taxed superannuation sources but proposed raising the current income limits (by $10,000 for singles and $5,000 for couples).51

Senator Xenophon previously proposed indexing the income limits but suggested that an ad hoc increase in the limits would make indexation unnecessary.52

**Position of major interest groups**

National Seniors supports the proposal to index the CSHC income limits and has expressed concern at media reports suggesting eligibility for the card might be limited: ‘Seniors expect the government to honour its CSHC indexation election commitment … Beyond that, any changes to the health care card recommended by the Commission of Audit must be debated and considered in the context of all changes across the board’.53

The Combined Pensioners and Superannuants Association of NSW has previously criticised the indexation measure and the CSHC income test for allowing well-off retirees to ‘rort’ the benefits system:

> The Commonwealth Seniors Health Card can be accessed by millionaires providing their income comes from superannuation. That’s because the card’s income-test applies to taxable income only. Superannuation is tax-free for the over 60s, so retirees drawing down superannuation streams of, say, $200,000 a year, can get cheap medication and $795 a year to cover utility bills.

> Indexing the thresholds for the card without closing this loophole gives licence to rort Government income support.54

**Financial implications**

The Explanatory Memorandum to the Bill states that the measure will cost $95.9 million over the forward estimates period (see the section on ‘Cost of the CSHC’ above for a discussion of expenditure on the CSHC).55

**Statement of Compatibility with Human Rights**

As required under Part 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011* (Cth), the Government has assessed the Bill’s compatibility with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of that Act. The Government considers that the Bill is compatible.56

The Parliamentary Joint Committee on Human Rights considers that the Bill does not appear to give rise to human rights concerns.57

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56. The Statement of Compatibility with Human Rights can be found at page 24 of the Explanatory Memorandum to the Bill.
Key provisions

**Schedule 1—Indexation of seniors health card income limit**

Items 1–4 of Schedule 1 of the Bill propose amendments to the SS Act to provide for indexation of the CSHC income limits according to movements in the CPI. The items amend the indexation tables at section 1190 and 1191 of the SS Act so that the CSHC income limit amounts set out in column 3 of the table at section 1071–12 are adjusted on 20 September of each year in line with CPI changes (beginning in 2014). The CPI movement used will be that between the June quarter immediately prior to the indexation date and the highest June quarter before that (typically the preceding year) but not earlier than the June 2013 quarter. This means that the September indexation of the income limits will reflect the change in prices over the preceding financial year.

Items 5 and 6 insert new provisions into the VEA to index the income limits of the CSHC provided by the Department of Veterans Affairs in the same way.

**Other provisions**

**Schedule 2—Review of decisions**

Schedule 2 of the Bill makes amendments to the Student Assistance Act 1973 to align provisions affecting the operation of the Social Security Appeal Tribunal (SSAT) with similar provisions in other social security and family assistance Acts. The Social Security and Other Legislation Amendment (Further Budget and Other Measures) Act 2012 amended the main social security and family assistance Acts to harmonise provisions relating to the SSAT. The amendments proposed in Schedule 2 will harmonise provisions relating to the SSAT in the Student Assistance Act with these other Acts.

Schedule 2 also makes some clarifying amendments to the SS Admin Act and the FA Admin Act to ensure that a statement of reasons for an SSAT decision is provided to the Administrative Appeals Tribunal (AAT) where a person has applied to the AAT for a review of that decision.

**Schedule 3—Machinery of government changes**

Schedule 3 makes minor technical amendments to various Acts to reflect machinery of government changes following the election of the Abbott Government. A variety of changes to ministries, departmental names and portfolio responsibilities were made in the Administrative Arrangements Orders issued on 18 September 2013 and on 12 December 2013—in particular, the Minister for Social Services now has responsibility for the majority of the SS Act and most payments made under social security and family assistance law. The amendments proposed by this Schedule adjust the references to ministers, secretaries or departments accordingly.

**Schedule 4—Aged care amendments**

Schedule 4 also makes amendments to reflect machinery of government changes, particularly those relating to the movement of aged care from the Health and Ageing Portfolio to the Social Services Portfolio. As the Aged Care Act 1997, the SS Act and the SS Admin Act were previously administered by separate ministers and departments, a number of issues have arisen from the merging of aged care into the Social Services portfolio that require amendments to ensure these Acts operate as intended. The changes are relatively minor and technical and relate primarily to the delegation functions and powers under the Aged Care Act 1997 and resolving issues caused by the Aged Care Secretary and the Social Security Secretary now being the same person: the Secretary of the Department of Social Services.

**Item 7** of Schedule 4 replaces section 96—2 of the Aged Care Act 1997 with a new section providing for the delegation of the Aged Care Secretary’s (the Department of Social Services Secretary) powers. The new section is intended to simplify the powers that can be delegated and to clearly set out the position to whom powers may be delegated, and whether the powers can be sub-delegated. The proposed amendments would allow the Secretary to delegate to the recently created Aged Care Pricing Commissioner any powers or functions considered necessary for the Commissioner to perform their functions under the Aged Care Act 1997.

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Schedule 5—Definitions and technical corrections

Schedule 5 of the Bill proposes a significant restructure of introductory sections of the SS Act; specifically those sections providing definitions for terms used throughout the SS Act. **Item 1 inserts new section 3B** which provides a simplified outline to sections 4 to 23, which are the main sections providing definitions of terms. **Item 2 replaces the current heading at section 23, ‘General definitions’, with the new heading: ‘Dictionary’.** **Item 3 inserts into subsection 23(1) a range of ‘signpost definitions’ for all the terms used in sections 4 to 22.** This will mean that **section 23 acts as both a dictionary of general terms, providing the relevant definition, as well as an index to more specific terms with definitions provided in the preceding sections. The amendments will make it much easier to locate relevant definitions within the SS Act by listing all terms used throughout the Act in one place. Terms which are defined only for the purposes of a specific area of the SS Act are not included in the new ‘Dictionary’ section. The exclusion of these terms slightly undermines the claim in the Explanatory Memorandum that the dictionary ‘will become a complete entry of all definitions defined under Part 1.2 of the Social Security Act’.** Nevertheless the rearrangement may be helpful to those who use the Act.

Other items in Schedule 5 of the Bill fix inconsistent formatting and correct minor technical errors.

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60. Explanatory Memorandum, p. 22.