



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

Main Committee

DATA-MATCHING PROGRAM (ASSISTANCE AND TAX) AMENDMENT BILL 1998

Second Reading

SPEECH

Thursday, 28 May 1998

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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Questioner
Speaker Macklin, Jenny, MP

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Ms MACKLIN (Jagajaga) (10.49 am)—I am pleased to have the opportunity to say a few words about the data matching program and the Data-matching Program (Assistance and Tax) Amendment Bill 1998, which will now make it a permanent feature of the social security system. It is, of course, the case that the data matching program was a Labor initiative. The Data-Matching Program (Assistance and Tax) Act of 1990 gave effect to the data matching measures that were announced in the 1990-91 budget.

The act created a mechanism for the detection of inconsistent payments being made to a person by two or more agencies and the detection of possible tax evasion. The act defined the method of data matching and placed a limit on the number of data matching cycles. It gave force to data matching guidelines that had been issued by the Privacy Commissioner. The act permitted the use of tax file numbers to assist with the verification with the tax office of income information provided by social security recipients. It also increased data matching between a number of government departments, including Social Security, Veterans' Affairs, Health, Housing and Community Services, Employment, Education and Training, and the tax office.

The date in the original sunset clause in the act was January 1993. The act was then amended in 1992 to extend the period of that sunset clause and it was further extended subsequently two more times. This bill before us today completely removes the sunset clause.

There is a recognition now that the data matching program is a very effective part of maintaining the integrity of the social security system. Labor in government was running between five and seven data matching cycles a year for each of the years 1991 through to 1996. Savings in 1993 were \$80 million, in 1994 savings were \$84 million and in 1995 they were \$92 million from this measure alone. Awareness of data matching and the use of tax file numbers by the public has also increased voluntary compliance with the social security system, so the effective savings resulting from data matching are greater than the figures that I have just quoted. When the Australian National Audit Office reviewed the program in 1993, it found that it was 'a valuable compliance and control technique'.

It is important for us to have on the record the history of the program, as it was an important part of Labor's overall effort to put in place a social security system which is effective at identifying and preventing incorrect payments. In 1990-91, when the data matching program was put in place, the annual report of the Department of Social Security said:

An effective social security system makes it as difficult as possible for incorrect payments and fraud to occur, has systems in place that minimise the risk of such occurrence, detects it at the earliest possible stage, deals decisively with the cases which are detected, and creates a public recognition of the risk involved in attempting to defraud.

This is the system that Labor put in place, and the one that the current government is so keen to score political mileage out of. But it is not the system that Labor inherited in 1983.

In 1983 our social security system did not have a systematic method of identifying and collecting incorrect payments. When Labor came to power, the only method of monitoring the system which was reported on concerned the negotiation of fraudulent cheques. That is the way that most social security payments were made then, by cheque.

In the last full year of the Fraser government, there were just under 11,000 reported fraudulent negotiations of cheques, with a value of \$1.35 million. I am pleased to say that it did not take Labor long to begin the reform of the system. By 1984 Labor had embarked on a major project to convert most payments to the direct deposit method—payment straight into bank accounts—with the goal of reducing the incidence of fraudulent negotiation of cheques.

It was also Labor who put in place the range of review mechanisms, including mobile review teams, the use of employment declaration forms, the extended use of duration reviews and the data matching program. By the end of Labor's term in government, in just one year 237,176 overpayments were identified, saving \$42 million a fortnight or just over \$1 billion a year—a far cry from the \$1.35 million in 1982.

This government has not been interested in the facts when it comes to this issue. It does believe that there is political mileage to be gained out of focusing exclusively on fraud and compliance. But the main challenge in social security reform is to make sure that there are incentives in the social security system for people who are seeking employment to take a job. In other words, the social security system has to be about providing opportunities for people to move forward. This Howard government has failed to do that. There are now 13,000 more Australians on unemployment and related benefits than there were in March 1996.

Not only are there more people on benefits, but they are staying on these benefits longer. Long-term unemployment continues to rise under this government. The Minister for Social Security (Senator Newman) never actually comments on that. She always comments on fraud and abuse and welfare cheats rather than actually talking about and putting in place opportunities to move people forward, to move people off welfare and into work.

Of course, good governments have to do both: they have to look at how to maintain the integrity of the social security system, but just as importantly they have to provide opportunities for people to move ahead and to get off welfare and into work. What Australia actually needs is a government that will do both of those things, that will protect our social security system from fraud and abuse but will also move people off unemployment benefit and back to work.

Labor intends to do this both positively and constructively. That is what our tax credit scheme, which the Leader of the Opposition (Mr Beazley) announced last Sunday, is aimed to do. It will provide incentives for people to get back to work to improve the situation of their families. Labor also supports the extension of the data matching program. It is a Labor initiative, one that has contributed to the overall effectiveness of our social security system.

But Labor will do more than just make sure that the system is not open to abuse. We will make sure that the system does not trap people in a cycle of poverty and dependence. Labor intends to make sure that the social security system does provide security: the security of knowing that if you lose your job there will be an unemployment benefit to make sure that you do not fall into poverty. Our system will also offer opportunity to make sure that when you do get a job it will be worth while, that more of what you earn you will be able to keep, so that families can get ahead.

We are pleased to support this bill today, but we call on the government to recognise that social security has to do so much more than prevent fraud and abuse. It has to provide the opportunity for those who are looking for work to find those jobs and, when they do, to be able to hold on to more of what they earn.