HOUSE OF REPRESENTATIVES

Main Committee

1998 BUDGET MEASURES LEGISLATION AMENDMENT (SOCIAL SECURITY AND VETERANS' ENTITLEMENTS) BILL 1998

Second Reading

SPEECH

Wednesday, 25 November 1998

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES
Mr SWAN (Lilley) (10.34 am)—The 1998 Budget Measures Legislation Amendment (Social Security and Veterans’ Entitlements) Bill 1998 seeks to give effect to some of the social security measures announced in the 1998 budget. All of the measures contained in this bill are essentially beneficial, and we do welcome them. But if members of the government were to be candid they would acknowledge that these positive measures are cast in a very deep lake of shame, especially to elderly Australians.

The government will need to do a good deal more to undo the mess which it has created in the delivery of welfare services, before the Australian people will accept that the government’s attitude has changed one bit. It must also be said that the opposition is concerned by what the government has left out of this bill. There were several other social security measures announced in the last budget which are not included in the bill, some of which are far from beneficial.

This government’s track record speaks for itself. Whether it is the betrayal of retirees or families, young people and the unemployed, or the systematic attack upon agencies like Centrelink, the government’s form card tells a very perverse tale. They have demonstrated nothing but arrogant indifference to the plight of ordinary Australians and their actions leave nothing but a legacy of shame.

During the government’s last term, they ripped $500 million out from aged care, introduced nursing home entry fees and extra daily fees and forced many elderly Australians to unwillingly sell their homes. The government cut $800 million from public hospitals; abolished the Commonwealth dental program for seniors; cut $87 million from Home and Community Care, causing an increase in user charges; increased the cost of lifesaving medicines—some by almost $5 per script—and de-listed a number of vital medicines, which now cost the full price of up to $195 per script; withdrew hearing aids for Commonwealth seniors health care card holders; cut $12 per week in rent assistance to older people in shared accommodation; and abolished 50 financial information services. That is the government’s track record when it comes to the commitment to ordinary Australians—the battlers whom the government so faithfully promised to help. This betrayal is a perfect reflection of the government’s mean approach to social security.

For this reason, it is not surprising that the opposition views this bill, and the government’s intentions for the future, with some suspicion. This bill has three schedules, each dealing with different subject matter. Schedule 1 of the bill changes the way in which income is assessed and increases the income test limit for the purposes of determining the eligibility for a seniors health care card. First of all, I do support the extension of seniors health cards to a larger cross-section of independent retirees. But the extension of this measure should also be set against so much that has been done to elderly Australians, particularly self-funded retirees, with the nursing home entrance fees and higher daily fees. Self-funded retirees know that this government has not been acting in their interest when it has come to changes in nursing home policy in particular. Nevertheless, I do support this measure. Both before and during my time in the paddock, I was able to listen to the concerns and hopes of various independent retiree organisations, including people like Bill Turner from the Northern Suburbs Independent Retirees, Al Fielding of Burnie Brae, John Bailey of the Sandgate Senior Citizens and many others. They, like most other self-funded retirees, are very supportive of this measure.

I know how important the extension of the seniors health care card will be to independent retirees. Holders of the seniors health care card are entitled to eligible pharmaceutical prescriptions for $3.20, with any prescriptions above the 52 per year available free of charge. Under the current provisions, the card is available to people of pension age who are not entitled to the pension because of the operation of the assets test and who, therefore, are not entitled to the pensioner concession card.

Qualification is subject to an income test, employing the notion of ordinary income as defined in the Social Security Act. Ordinary income is generally gross income, with a very limited range of deductions set out in the act. Under current provisions, singles earning more than $21,320 and couples earning more than $35,620 do not...
qualify for the card. This bill proposes to increase these amounts to $40,000 for singles and $67,000 for couples. Our concerns about the effects upon Centrelink notwithstanding, Labor regards this as a very positive measure, and we support it.

The bill also proposes to change the income used to assess entitlement to the card to include taxable income plus the value of any fringe benefits and to target foreign income and net rental property loss. The assessment will be based on such amounts received, firstly, in the most recently completed tax year if the applicant has received a tax assessment notice from the tax office for that year or, secondly, in the tax year before the last completed tax year if they are yet to receive a tax assessment notice for the last completed tax year or, thirdly, in the current tax year if the applicant requests this option and provides an estimate of current income which is accepted. This represents a significant departure from the way in which income is currently treated in this context.

In the memorandum to the bill, the government says customers complain that the current method of assessing entitlement is too cumbersome and intrusive and that, consequently, many customers do not apply for the card. The financial impact of this change is quite significant, with the estimated outlays being $13 million in 1998-99, $28 million in 1999-2000, $30 million in 2000-01 and $31 million in 2001-02.

While the opposition accepts there may be some advantages in the new way of assessing entitlement, we are not convinced that the government has fully considered the immediate impact of these changes in the way in which it is costing this proposal. I accept that we are moving in some instances into the unknown here and it will be interesting to see what the costings turn out to be in the years ahead.

So, in the long run, change to assessment based on taxable income may simplify the procedure but it may also have unintended consequences. In the short term, the changes would result in considerable extra work for Centrelink, as it is likely to cause some confusion and certainly, from recent experience, very many inquiries from the public, also from people who may not be eligible but who respond to the general advertising of the measure. This will come at a time, as everybody is aware, when Centrelink—and particularly their staff—are already unable to meet customer demand and are currently facing absolutely massive staff cuts. This is a very important area of concern. It is a very bad environment to be introducing such a worthwhile change into. I will return to that in a moment.

It may also raise issues regarding the ability of some people to minimise their taxable income to qualify for the card. That is also a considerable problem for the future, and the opposition will be watching that closely. Schedule 2 of this bill proposes to exempt people living in certain kinds of accommodation from rules under which single people without dependent children who share accommodation can only receive up to two-thirds of the maximum amount of rent assistance available to people who are not sharing accommodation.

This is a very pernicious measure which goes back to a previous coalition budget. This two-thirds sharers rule was introduced by the coalition in the Social Security Legislation Amendment (Further Budget and Other Measures) Act 1996 and that was certainly a budget in which very many Australians were punished by this government. The act came into effect on 1 July 1997. We strenuously opposed that measure at the time. We opposed it because we felt that it ignored the actual situation of those renters in shared accommodation. At the time, the government's justification for the rule was that people who share accommodation derive economies of scale from that arrangement—a very, very shallow assessment and subsequently proved to be so.

As we pointed out during the Senate debate, the amount of rent assistance paid is determined in accordance with the amount of rent paid. If people pay less rent because they are sharing accommodation, they are likely to receive less rent assistance. People in high rent areas such as Sydney might well pay more for shared accommodation than people in other areas pay for separate accommodation. Many people on low incomes who live in high rent areas have no realistic option but to share accommodation and therefore originally this was a very pernicious and mean measure. The government's argument that shared renters can derive economies of scale in respect of other costs relies upon questionable assumptions about the ways in which shared renters live: for example, that they share food bills rather than buying food individually.

While the current provisions exempt from the rule boarders and lodgers, that is, people who are provided with meals on a regular basis in connection with the provision of lodging, they do not exempt other residents of boarding houses, guest houses, hostels, private hotels, rooming houses, lodging houses or similar accommodation. People residing in such accommodation do not generally derive any financial advantages from doing so and have suffered very significant hardship as a result of this government's sharers rule.
Fortunately, and thankfully for those people, this bill proposes to exempt accommodation from the sharers rule if, in the opinion of the secretary, it is a boarding house, guest house, hostel, hotel, private hotel, rooming house, lodging house or similar accommodation. The secretary's opinion is to be formed taking into account a number of matters such as: whether the premises are known as a boarding house or hostel; whether a manager is retained to administer the accommodation on a frequent basis; whether staff are employed to work in the premises; the existence of house rules limiting the rights of tenants; the number of bedrooms and bathrooms; whether accommodation was offered on a leasehold basis and whether it is available only on a short-term basis.

The application of the sharers rule to people in these forms of accommodation is no doubt the most unfair aspect of the rule and has created an enormous amount of hardship. I am very pleased the government has finally seen its error in applying this rule to these people and has seen fit to finally correct one of so many very, very bad changes in social security.

Schedule 3 of the bill improves the qualification criteria for the parenting payment in respect of single foster carers and extends eligibility for a health care card for children in foster care. Once again, that is quite a beneficial measure. Under the current provisions a child must be wholly or substantially in the care of a single foster carer for 12 months, and likely to remain in their care permanently or indefinitely, before the carer can become qualified for the parenting payment in respect of that child. This requirement does not apply to foster parents who are members of a couple. The bill seeks to remove this requirement in respect of a single foster carer.

Under the current provisions of the National Health Act 1953, families who are receiving less than the full rate of family allowance in respect of a foster child do not qualify for a concession card for that child. The bill seeks to extend ongoing qualification for a health care card to a fostered child in respect of whom family allowance is being paid at less than the full amount, provided that the child is a holder of a health care card. It should be noted that the explanatory memorandum to the bill states that, under the measure, fostered children in respect of whom family allowance is being paid at less than the maximum rate will now be issued with a health care card if they were included on a health care card or pensioner concession card held by their original family. This intention is not fully reflected by the requirement in the bill that the fostered child must be the holder of a health care card. I urge the government to amend the relevant provisions of the bill to ensure that the intention expressed in the memorandum is put into effect. That is something we will be watching closely.

I said at the outset that this bill contains essentially beneficial measures from the 1998 budget and does not include other measures, some of which are far from beneficial. For example, one particularly harsh proposal included in the budget, but absent from this bill, would treat lump sum compensation payments for pain and suffering exceeding $10,000 as ordinary income spread over 26 fortnights. That is a very, very vicious piece of flagged legislation. In that sense I am pleased that the government has not seen fit to include it in this bill. This would mean that many people receiving such compensation would have a reduced social security entitlement, or no entitlement at all for 12 months. This is very similar to what the government has done to unemployed people aged 55 and over, forcing them to use their superannuation before they qualify for benefits—another very vicious act of social vandalism. Thankfully, as I said before, we are not considering this proposal here and it would be a pleasant surprise if we could hold out some hope that the government would reconsider it. I am sure that the member opposite will take up that cause. Unfortunately, judging from the government's previous record, I regard that as being highly unlikely.

I might now return to the opposition's principal concern with proposals contained in this bill, specifically the government's failure to acknowledge the problems of Centrelink and what effect those problems will have on the implementation of these changes. At least in the short term, the proposed changes to the way in which eligibility for the seniors health card is calculated will cause, as a matter of commonsense, considerable extra work for Centrelink. No doubt the proposed change will make it easier for Centrelink to calculate a person's eligibility for the card—that is probably true—but the change will prompt a large number of inquiries from among the large pool of current and potential cardholders. There is no doubt about that.

The government has failed to acknowledge this fact publicly and in discussions with the sector, and I suspect probably in any discussions it chooses to have with Centrelink. That is not surprising given the government's complete indifference to the problems of Centrelink and, indeed, its cutbacks to Centrelink of recent times. Centrelink has around seven million people who rely upon its services.

I would urge members of the government to follow the opposition's example to get out and take some time to meet with Centrelink clients and the dedicated staff who are very committed to delivering invaluable services to
our community. Perhaps then, instead of the rhetoric we get from the minister—who claims she is not responsible—and from her junior minister, we might actually get some realistic assessment of this problem. There is in Centrelink a crisis, almost a gridlock, and you cannot throw a measure like this into the middle of a crisis and expect that it is going to be administered in a competent, efficient and fair way.

Centrelink is in crisis, and it is a crisis which is a direct result of this government's obsession with slashing services, cutting budgets and reducing staff. How on earth can you cut $150 million from a budget of an agency such as Centrelink, cut staff by 5,000, and then turn around and say that service is going to increase and that the objective of that organisation is to provide one-to-one service? One-to-one service with 5,000 fewer staff is a nonsense.

The government would do very well to remember the debacle and disaster of the implementation of the Youth Allowance in June last year, chronicled in the Ombudsman's report. Do not take the opposition's word for it. Do not take the word of the staff. Do not take the word of the people who were left hanging on the end of phones getting busy signals for weeks on end. Do not consider all the complaints and the letters to the editors of the newspapers. Do not listen to any of that. It is obvious that you have not listened to that. Listen, look and learn from the Ombudsman's report.

At the height of the debacle with the common youth allowance, of the 900,000 calls in a single day to Centrelink—900,000 of them—only 90,000 were answered. That is from the Ombudsman. That is where that evidence comes from: 15 million calls in one month, when Centrelink had assigned resources for 18 million calls in an entire year—15 million calls in a month. Two-thirds of all calls to Centrelink currently go unanswered. So, when the opposition moves around the community—even if the government does not—every second or third person that you meet can tell you a story about not getting through on the phone to Centrelink.

What do Centrelink say? When they had a press conference a couple of weeks ago to announce the slashing of staff numbers by 5,000, they said that they want people to use technology. They do not want people to see someone behind a counter. They want them to use the telephone. They want them to use the equivalent of an ATM in a kiosk in a shopping centre. But the technology is not working now, and the technology they are forecasting is years away; the crisis is now.

The changes in this bill take effect almost immediately. The changes outlined in this bill will mean another massive number of phone calls to Centrelink at a time when there are fewer staff to answer their questions. It is not too difficult to work out what will happen: more delays, more mistakes, more problems, more pain, more chaos and, at the end of the day, more disrespect for government.

Ultimately there can only be one outcome of the government's mean strategy. It is just plain mean and indifferent towards the delivery of services to pensioners, families and the disabled. It is mean and indifferent to the sick; mean and indifferent to all the people named, affected and reported upon in this report. Its case studies are real, but any member of parliament who is doing their job does not need the Ombudsman's report: their office is flooded with these sorts of case studies day in, day out. The government is simply mean and indifferent.

Of course, the government does have a solution, doesn't it? It says that the business sector and community organisations will have to fill the void, as government cannot do it all and government will not pay for it all. Who is going to bridge the gap? It is going to be business, we are told by the Prime Minister, and we were told this by Minister Newman yesterday.

It is completely illogical and irresponsible for the government to propose to financially jeopardise many voluntary and charitable organisations by the application of a GST on the one hand, and then turn around and expect them to pick up the pieces after the disaster of its numerous policy changes and the cuts to Centrelink. When people cannot get through to Centrelink and they cannot get their money or their pay, where do they end up? They end up at St Vincent de Paul. The charitable organisations are facing a growing demand for their services. A report from ACOSS a few weeks ago chronicled that in detail. The victims of this process are increasingly being forced to turn to the charitable organisations and they, in turn, are increasingly turning to commercial operations to raise more money to bridge the gap that the government says they should bridge.

There has been a great deal said in recent days of the effect of the GST on charitable organisations—
Mr Billson—I raise a point of order, Mr Deputy Speaker. The honourable member is having a great deal of difficulty sticking vaguely to the content of the bill before the House. Could he bring his attention back to it, please?

Mr DEPUTY SPEAKER (Mr Hollis)—I have been listening to what the honourable member has been saying. It is a budget measure, and it is a wide ranging piece of legislation which I am sure those on that side of the House will take advantage of when it is their opportunity to speak.

Mr SWAN—Thank you, Mr Deputy Speaker. Groups like ACOSS, and charitable organisations like St Vincent de Paul, have been calling for assurances that community welfare services will not be eroded by budget measures. Allow me to quote some of the comments that have been raised. They say:

We will be forced to reduce the level and quality of care, and cut staff caring for older Australians if the Government does not recognise the consequences of some of its tax proposals.

That is from Aged Care Australia. They continue:

The proposal to tax the commercial and fundraising activities of the not-for-profit aged care providers ignores the fact that their ‘profits’ provide services and care not available from the government or private sources, particularly in rural areas. An extra tax will reduce this care.

The Australian Council of Social Service says:

The most critical issue about a GST has always been its impact on low income and vulnerable people. Its effect on the community and welfare services they need is a big part of this.

What is the significance of this? The significance of this is that these are the organisations that Centrelink works with. If Centrelink is not working, and if Centrelink is implementing measures like this contained in the budget proposals, the whole system falls apart. I am pleased to say that the government has finally decided, in some sense, to come out of hiding on the issues of Centrelink and the GST. Last week in Tasmania Senator Newman came out and said that she was not responsible for the operations of Centrelink. I have got news for her. That is not what the organisational arrangements of the government say. She is directly responsible for a cut of $150 million to its budget and a subsequent cut of 5,000 staff. These measures are producing chaos and gridlock in that organisation and they will make it very hard for the self-funded independent retirees that are supposed to benefit from this bill to actually get through to the organisation which has to deliver those services.

Mr Hardgrave—Rubbish!

Mr SWAN—That is very good from the member for Moreton. I will be very pleased to come out and talk to people in his electorate affected by the cuts to Centrelink.

We have the problem of the impact on the charities that have to pick up the difference of the GST. This is what the Treasurer had to say on this matter in the House yesterday. He said that charities are actually going to do better. He went on:

The argument which is occurring at the moment is in relation to charities which run commercial operations. Where commercial operations are competing with the private sector, we have said that the GST free status extends to non-commercial activity—that is, charitable activity—and not to commercial activity because, by definition, a charity is actually selling a service at a commercial rate in competition with the private sector.

That is what the Treasurer said about the delivery of welfare services to the people affected by this bill. Clearly the Treasurer and the government have very little grasp of the reality of community organisations in Australia and the support that they provide to retirees and other welfare beneficiaries. I suppose we should not be surprised.

I am completely amazed, however, that the Treasurer and the government should be so ignorant of the situation faced by Australian charities. If you tax the operation of charities, you will impair their ability to deliver vital services and assistance to ordinary Australians. It is as simple as that. Subject charities to any new taxes and, by definition, all you will do is hurt the people who rely on their services. And that is exactly what the government is proposing to do, and not proposing to walk away from.

I understand that very few, if any, members of the government will know someone who relies absolutely on the invaluable assistance of charitable organisations. But, on our side of the House, we do. To many of our...
nation's families and individuals, local charities are nothing short of an absolute lifeline. Make no mistake; if you diminish the ability of these groups to deliver services, you will be attacking those who are in most need.

It is the worst kind of hypocrisy for this government to cut Centrelink's funding and staff, announce that it expects charities and community groups to fill the void, and then slap those charities with a tax which will undermine their ability to help those failed by the government. What the opposition understands, and the government has chosen to ignore, is that the difference which needs addressing is not the difference between commercial and non-commercial activities. It is the difference between profit-making and charitable organisations—a completely different concept.

The simple fact is that profit-making and charitable organisations engage in commercial activities, but they do so for diametrically opposed reasons. By definition, charities are dedicated to supporting those members of our community who do not enjoy the benefits from profit-making organisations. Their activities have nothing to do with market share, shareholder profits or rationalisation, and everything to do with helping those in need. Despite the Treasurer's obvious confusion, the truth should be fairly self-evident. Hurting charitable organisations will hurt first and foremost those in need. To justify such an attack with platitudes about competition is disgusting, nonsensical and damaging.

The government's ignorance, or perhaps indifference, to these issues speaks volumes to all of us who await the next round of GST debate. Let us face it: this government's community and welfare blind spot is exactly why there has been such an impassioned plea for a decent investigation into the GST. Those charitable organisations need it and they need it absolutely and desperately. If the government has failed to grasp such an obvious and serious point, why should the people of Australia trust the rest of its vague assurances? The short answer is that they should not.

The cost of applying a GST to the operation of charities is clear. I will once again quote Aged Care Australia:

Time after time the Government has demonstrated its complete lack of interest in the situation faced by ordinary Australians. The Government goes into hiding every time it is asked a question which has anything to do with the plight of families, pensioners and other welfare recipients.

We saw it yesterday when the Prime Minister refused to say one meaningful word about runaway bank fees. We saw it again when the Treasurer missed the point about the effect of the GST on charities. While we support the measures contained in this bill, we condemn those opposite for their repeated betrayal of Australians and those who assist the most vulnerable in the community.