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
Dr NELSON (Bradfield) (11.02 am)—I apologise in advance that my address is actually going to relate to the 1998 Budget Measures Legislation Amendment (Social Security and Veterans' Entitlements) Bill 1998. In that sense it is probably going to seem a little out of place here. In responding to the member for Lilley, I make the point that, in terms of charitable organisations, the best thing we can all do as a society, and governments included, is to reduce the potential demand that is placed upon charitable organisations. I suppose we all dream of the day when there will be no need for the Smith Family, the Salvos or St Vincent de Paul. Even Jesus Christ prophesied that there would always be poor people. Like most of his prophesies, it was fairly accurate.

In terms of reducing demand on charitable organisations, there are things that governments need to do. The member for Lilley was a member of a government that governed at a time when over a million Australians were unemployed and 60 businesses a day were going broke. I worked in an area where houses were being repossessed. They are things that none of us wants to revisit. In terms of minimising the future risk to our nation and the economic welfare of people whose lives were literally destroyed by the recession that we were told we had to have, what we need to do is to reduce, as much as we can, the problems that Australia has in trying to compete with the rest of the world. We also need to set up a tax system which effectively finances social infrastructure in a country that has got rapidly collapsing age dependency ratios.

However, the 1998 Budget Measures Legislation Amendment (Social Security and Veterans' Entitlements) Bill does a number of things. First, it changes the income test for the seniors health card to one that is based on taxable income and introduces more generous income limits for it. This was one of the issues that we considered in some detail in the previous parliament in the House of Representatives Standing Committee on Family and Community Affairs.

The second thing the bill does is to exempt people who live in hostels, rooming houses, boarding houses and other similar types of accommodation from the operation of the sharers rule for rent assistance. On that point, if any honourable members really want to see poverty, just visit some of the boarding houses that are throughout this country. I think it remains an indictment of our society, and of governments of all political persuasions, that people still continue to live in these circumstances, paying the price of deinstitutionalisation from mental institutions, apart from anything else.

The third thing the bill does is to align the treatment of single and partnered people by removing the restriction that requires that a single person needs to care for a foster child for at least a year before they qualify for parenting payment. Finally, it will enable a health care card to be issued to foster carers who receive family allowance but who do not currently qualify for a health care card, provided, of course, that the foster child was eligible for a health card or a pension concession card when they were with their original family. Again, this is certainly another group of unsung heroes in Australia. Over the years, I have never ceased to be amazed by them. At times when you feel despondent about the way our society is going, you see the selflessness of people who frequently have a lot of problems of their own and who take foster children into their homes.

Changing the income test for the seniors health card to one that is based on taxable income, and introducing more generous income limits, is something that is long overdue. One of the thematic representations that I receive, particularly from self-funded retirees, is not that they resent people who are on age pensions, but that they worked very hard, they worked at a time when they believed that it was important not to rely on the government—many come from a period when they would have felt some sense of shame at going on an age pension—they saved, they went without holidays, they went without the luxuries that they saw others having, which often in those days was having a car or getting a television set or things like that, and then they finally reached retirement.

In my electorate they are living in homes where they have been for 40 or 50 years and they have had relatively modest incomes throughout their lives. But now property values have escalated enormously and they find themselves living in half-a-million dollar houses but on incomes of $25,000, $27,000 or $28,000 a year and
they are finding it extremely difficult to survive. They continually approach me and say, ‘If only we could get a concession card of some sort.’ So this is an extremely welcome measure.

The current uptake rate for the seniors card is only 15 per cent of the estimated 240,000 people that are potentially eligible. It is estimated that about 70 per cent of those eligible will now access the seniors card, assuming the legislation is passed. Feedback has suggested to us that the low uptake is because the application process is too complicated. It is also quite intrusive for the benefits that are received—on average, the card is worth about $216. The people who currently apply for the card have to have their assets examined. The process was originally inserted in legislation to determine eligibility for pensions and concessions; it was not originally intended for approval for the seniors card.

The measure means that, from 1 January next year, the income test for the card will be based on taxable income for nearly all claimants. I take on board the comments made by the member for Lilley in relation to lump sum payments and I presume the minister will also examine *Hansard* in relation to this. It will only be adjusted for those people with foreign income and certain employer provided fringe benefits. A person will just have to show their previous tax assessment notice supplied by the Australian Taxation Office, which I think is perfectly reasonable. The income limits for the card—and this is a significant thing—are going to increase from $21,232 to $40,000 for a single person and from $35,620 to $67,000 for a couple.

One of the groups that I think we all have some concern about are those who retire early, who retire before pension age—at 55 or up to the age of 65. Some of my constituents have said, ‘I have retired and I am 59 and I want to get the seniors card.’ One way to put it to them is that the pension age is the benchmark for income support and that, while all governments would obviously like to give as much as they can to everybody, unfortunately there is a limit to what we can actually do.

By the years 2000 and 2001, the budget estimates on this measure are $31 million. You would love to extend it to people in younger age groups who have retired but, unless we are living in a country that is growing at six or seven per cent or unless we cut services in other areas, if we want to finance social infrastructure on something other than debt and asset sales, we have to limit the extent to which we provide these sorts of supports. The measure will greatly assist self-funded retirees, especially in relation to pharmaceuticals, which I know will be welcomed in the electorates of all of us whatever our political persuasion.

I think there are many things upon which the major political parties ought to agree. We ought to be constantly looking for common ground, not just trying to fight one another and engage in ideological posturing. But every now and again someone says something in the Main Committee, in the chamber or in the committee process which really stops you dead in your tracks and reminds you that there is an enormous difference between the Liberal and National parties and the Australian Labor Party.

In the process of writing our report for the House of Representatives Standing Committee on Family and Community Affairs in the last parliament, we were debating the need to provide a seniors card for self-funded retirees and how high up the income scale we ought to go. One of the Labor members, whom I will not name, because I think he is one of the good people, said—to the acclamation of his Labor colleagues, I might add—‘Of all the people in my electorate that I worry about, self-funded retirees are at the bottom of the list.’ He went on to say, ‘When I have families who are earning $25,000, $30,000 or $35,000 a year, with two kids, why should I worry about someone that has $400,000 in the bank and already owns their car?’

In one sense I can understand people having that view or attitude but I think it brings into stark contrast some of the different philosophical attitudes of the two major political parties. I asked him if he minded being quoted on that, and he said he did not, but sometimes people need to be protected from themselves, particularly when they are otherwise good human beings.

Finally, I can tell you that, of all the groups that I worry about in my electorate, self-funded retirees are either at the top or very close to the top, particularly when 30 per cent of my electorate are self-funded and not working. We also need to recognise that there need to be rewards in life for people who make sacrifices and strive very hard to care for themselves and their families. I know $31 million is a lot of money but it is not a lot really when you think of the savings that these people have given to government and future taxpayers by providing for themselves.