HOUSE OF REPRESENTATIVES

VETERANS' ENTITLEMENTS AMENDMENT (DIRECT DEDUCTIONS AND OTHER MEASURES) BILL 2004

Second Reading

SPEECH

Monday, 21 June 2004

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES
Mr CIOBO (Moncrieff) (7.24 pm)—I am pleased to rise this evening to speak on this omnibus bill, the Veterans' Entitlements Amendment (Direct Deductions and Other Measures) Bill 2004. The member for Cowan has provided a very detailed overview of the various elements and provisions contained within this bill. It is not my intention in the debate this evening to deal with each of the issues, other than to say that this bill sees an amalgam of some 16 different and separate proposals incorporated into the one bill.

The proposed amendments give effect to several minor policy initiatives and improvements that apply with respect to the application and administration of the Veterans' Entitlements Act. Probably the principal parts within the bill are designed to ensure that there is an update to the provisions of the VEA so that they mirror or are similar to provisions in the Social Security Act. Many provisions for income support payments in both acts mirror each other, and parity is certainly desirable to ensure consistency, at the very least, and—more importantly—equity. All of the income support pensions and allowances provided under the SSA, with the exception of the blind pension, are income and asset tested. The like income support payments provided under the VEA that are also income and asset tested are the service pension, the income support supplement and the invalidity service pension.

The reason I speak on this bill is that in my electorate of Moncrieff I have some 4½ thousand veterans. It was an absolute pleasure for me to attend, only last Friday, the opening of a new relocated Veterans' Affairs Network office in the very street, in fact, where I have my electorate office—Short Street in Southport. The staff in this office are among the most committed and hardworking Veterans' Affairs staff that I know. It was indeed a pleasure for me to be there on behalf of the Minister for Veterans' Affairs, the Hon. Danna Vale, to officially open their new premises and to speak with many of the veterans who live on the Gold Coast. That particular VAN office services over 10½ thousand veterans who reside in the immediate Gold Coast City. When you consider the size of that veteran population—it is in fact the fourth largest veteran population in the country—you start to appreciate the importance of this particular legislation and the impact that it has on their day-to-day lives. That is the reason I am very pleased to associate myself with this bill which, although an omnibus bill, is an important piece of legislation.

As I mentioned, I intend not to touch on every aspect of this bill but merely to address several of the key components and key provisions that are contained within it. One in particular is part 2 of schedule 1, which deals with the Victoria Cross allowance. The current Victoria Cross allowance is some $2,800 that is paid annually in advance to veterans who have been awarded the decoration of the Victoria Cross. They are of course among our bravest veterans, and they obviously deserve the recognition that goes with having been a recipient of that award. In this regard, it has been past practice for the VCA to be increased on an ad hoc basis as various governments have deemed necessary. This bill seeks to increase the annual rate of the Victoria Cross allowance to $3,230, effective from 1 July 2004, and to ensure that the VCA is indexed to the CPI on an annual basis from 1 July 2004, thereby providing greater certainty for those Australian veterans—and there are very few veterans who have a Victoria Cross. This is a small but nonetheless significant change, and one that I know people are certainly supportive of.

Part 3 of schedule 1 deals with the automatic grant of income support supplement to age pensioners and to wife pensioners. The question is: what is the income support supplement? It refers to income tested support supplement that is paid to some recipients of the veterans disability pension or to recipients of the war widows pension. Neither the veterans disability pension nor indeed the war widows pension is means tested on income or assets, and that is largely as a consequence of the fact that it is paid as compensation for war related illness, injury or indeed death.

Some recipients of these veterans' compensation payments may also be eligible to qualify for other income support payments provided under the Social Security Act. These may include, for example, the age pension or the wife pension. If they are entitled to that, the amount of the age or wife income support supplement is paid at a reduced rate, recognising that they are also in receipt of a means test free veterans' war compensation payment.
In this regard, some disability pension or war widows pension recipients do not qualify for the income support supplement as a consequence of their income and/or assets precluding payment of an age or wife pension because of the threshold tests that apply under the application of the means test.

Prior to March 1985, any additional age or wife pension was provided by the then Department of Social Security as a frozen rate age or wife pension under the Social Security Act. With the passage of the Veterans' Affairs Legislation Amendment Act 1994, the income support supplement was introduced and was effectively a replacement payment that was to be provided by DVA. It is paid at a rate that is similar and under the same conditions as any age pension or wife pension that is otherwise payable under the Social Security Act. In fact, in March 1985, there was opportunity for people to be streamlined. As such, the DVA automatically transferred all recipients of this income support supplement under the SSA across to the DVA. This was a choice that people had, but it is important to recognise that virtually all recipients were transferred across to DVA as a consequence of the fact that they needed to object if they did not seek to be transferred across to the Department of Veterans' Affairs.

With respect to this particular bill, it is proposed that an automatic grant of income support supplement to the surviving partner of a deceased veteran be applied. Normally, to be granted a pension under either the Veterans' Entitlements Act or the Social Security Act, a person is required to formally lodge a claim. However, part three of schedule 1 provides for the automatic grant of income support supplements to eligible wife and age pensioners where their veteran partner has died. This will eliminate the necessity for the surviving partner to lodge a formal claim on the death of their veteran partner, when DVA already knows the person is entitled to the income support supplement. This is in line with other automatic grant arrangements for the income support supplement that already exist under the Veterans' Entitlements Act. I know that my veterans would consider this to be a beneficial proposal.

Part 4 of schedule 1 deals with the calculation of disability pension arrears. It is a technical aspect that deals with the period between when a claim is lodged and when a claim may subsequently be granted. It recognises the fact that there may be arrears that arise as a consequence of the time lag that is involved between the application being lodged and the subsequent granting of a particular claim. Part 6 of schedule 1 details amendments to the VEA to clarify the impact of the disability pension on the rate of rent assistance where the person or their partner is receiving a disability pension. Part 7 details a reduction in pensioner arrears that results from a partner's receipt of a service pension. This refers to the same issue in the Veterans' Entitlements Act, as part 6 does—that is, the impact of a disability pensioner's income for the purposes of the calculation of the rate of any rent assistance paid, in addition to the veterans service pension.

Part 9 deals with deemed income and actual income from accrued returns. Under the income test that is applied under the Veterans' Entitlements Act and under the Social Security Act, any income realised from financial investments is assessed under one simple set of rules. These are the deeming principles. The deeming rules were introduced to both the SSA and the VEA, with the social security and veterans' affairs amendment act that was passed in 1995. Deeming assumes the financial investment is earning a prescribed rate of income, no matter what income is in fact being earned. Financial investments include, for example, bank and building society accounts, cash, term deposits, cheque accounts, friendly society bonds and the like. Financial investments, however, do not include a residential home or its contents, cars, boats or caravans. Nor do they include antique or stamp collections; assets held in superannuation and rollover funds, if the person is under age pension age; home insurance policies; holiday homes; farms; and those types of things. The reason this is important is that, under the deeming rules, many veterans may in fact be better off.

It is worth highlighting, as well, that whilst some people do have concerns that they express from time to time about the application of deeming rules, most major banks do provide a deeming account which is linked to providing a return that is equal to the deeming rate. It is an important consideration because people ought not fear, if they do not feel that they are particularly financially savvy, that they need to ensure that they are earning an income that equates to the deeming rate, because that is relatively straightforward to achieve through most major banks, credit unions and the like. For those who perhaps do have a greater degree of financial savvy, they have the opportunity to earn above the deeming rate and therefore, over a period of time, be in a more beneficial position.

This omnibus bill does make a number of minor amendments to the Veterans' Entitlements Act and other associated legislation, but it sees a continuation of benefits that apply to veterans under the Howard government. I am very pleased that I am able to associate myself with not only this bill but a number of very positive measures that this government has taken to ensure that the veterans' lot in life is appropriately recognised and
that all Australians appreciate the fact that many of our freedoms were hard fought and won and hard fought and defended by veterans who now look towards not only this government but previous governments and subsequent governments to provide them with some reassurance and an appropriate level of respect, recognising the contribution that these veterans have made to the Australia that we know and enjoy today.

This particular bill does contain many amendments, but it continues to build on the strong platform we as a government have made to recognise and care for our veterans. I am very pleased to enjoy a very good relationship with all of the ex-service organisations in my electorate. I am very pleased that I have a significant number of ex-service organisations that, in fact, send along representatives to veterans kitchen cabinet meetings, as I call them, that meet from time to time in my office. It is an opportunity for all those members of those ESOs who attend my veterans kitchen cabinet to sit down and discuss with me issues that they believe are important. Some of those issues are incorporated into this bill and some of them have been incorporated into other bills. But, in all, I certainly believe it fundamentally to be my role to ensure that I continue to listen to my veteran community and that my veteran community knows that I will be a strong advocate for them in recognition of the significant sacrifice and contribution that they have made as veterans in Australia's past. I am pleased that the Labor Party is supporting this bill and I commend it to the House.