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PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

BILLS

**Social Services and Other
Legislation Amendment Bill 2013**

Second Reading

SPEECH

Wednesday, 4 December 2013

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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Questioner
Speaker Macklin, Jenny, MP

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Ms MACKLIN (Jagajaga) (10:15): I am pleased to speak on the Social Services and Other Legislation Amendment Bill 2013. This legislation contains a large number of provisions in areas as diverse as gambling reform, income management in Cape York and changes to our social security system. It is a complex bill and one that I think is best dealt with measure by measure, so I will go through each of them.

The first measure in the bill relates to gambling reform. It is the case that problem gambling is a very real and very serious issue in this country. For too many Australians, gambling can be incredibly destructive. It affects around five million Australians, including friends, family and employers of people with a gambling problem. The social cost of problem gambling in this country is estimated to be around \$5 billion, and that social cost comes in addition to the almost \$19 billion which is lost annually by gamblers around Australia—and those figures are quite old now, being from 2008-09, and I am sure would be higher now.

This is a huge financial burden for Australian families. As the Productivity Commission said in its 2010 report:

The significant social costs associated with problem gambling mean that even policy measures with modest efficacy will often be worthwhile.

In 2012, Labor introduced measures to help protect people whose problem gambling is hurting them and their loved ones. These were meaningful reforms aimed at tackling problem gambling. The bill before us removes all of the measures contained within the National Gambling Reform Act that would help problem gamblers. Despite this, Labor continue to support meaningful measures to tackle problem gambling in our communities, so as a party we will need to revisit this issue and determine the best way forward, together with stakeholders across the community, and that is what we intend to do.

The legislation also extends income management in Cape York. The Labor Party have always been strong supporters of the Cape York welfare reform trials. After coming to government in 2007, we committed more than \$100 million towards the trials, including \$24½ million in this year's budget. We have always been strong advocates for the work being done in Cape York, and I am particularly proud of our government's support for that work.

In 2012, a landmark evaluation of the Cape York welfare reforms was finalised. It found that there had been significant and measurable gains in school attendance, parental responsibility and restoring local authority and leadership, as a result of these reforms. Because of the people in Cape York working with state and federal governments, and local organisations coming together, we have seen real change beginning to happen across the cape.

I want to pay special tribute today to the work of the Family Responsibilities Commission, because the FRC really is at the centre of the welfare reform process. Its objectives are to rebuild Indigenous authority and to restore social norms by reforming incentives to support socially responsible standards of behaviour at the individual, family and community levels. In the first three years of the trial, half of the adult population in the four Cape York welfare reform communities had direct contact with the Family Responsibilities Commission. Over that time, the FRC has become a very significant part of each community, with a majority of people in Cape York supporting its role in their towns.

The progress we have seen as a result of these reforms is still what you would have to call subtle, but it involves fundamental shifts in behaviour that can be expected to yield significant longer-term results. Improvements in school attendance and educational attainment will have life-changing implications for a new generation of children. Improved money-management offers immediate hope for incremental improvements to adults' quality of life. The challenge, of course, is to consolidate these gains and provide genuine economic opportunities for individuals and families to continue the journey from welfare dependence to prosperous and fulfilling lifestyles.

It is also important to note that the lessons community and government have learnt from the reforms that have taken place in Cape York are being shared with other communities across the nation—communities that want to take what is being done in the cape and adapt it to their circumstances. I have been very pleased to see this happening on Groote Eylandt and in Halls Creek, and this year a delegation from the NPY Women's Council visited Cape York to see what measures from Cape York might assist them in the Central Desert. The extension of income management in Cape York will make sure that this progress continues for the people of Hope Vale, Aurukun, Mossman Gorge and Coen, and for Indigenous people around Australia who might themselves benefit from the work being done in the cape. As the former Indigenous affairs minister I am a very strong supporter of these reforms. It is why I was pleased to announce further funding for them in this year's budget and why I am supporting them here today.

The bill also makes a number of changes to our social security system. The first such change is to family tax benefit part A eligibility rules. Currently family tax benefit part A can be paid to families with children aged 16 to 17 who are still undertaking or have completed secondary study, and to dependent full-time secondary students aged 18 until the end of the calendar year in which they turn 19. It was a Labor government that introduced significant increases in family payments for older teenagers to make sure that parents get the extra financial support needed to keep their children at school—another reform that I was very pleased to deliver. From 1 January 2014, family tax benefit part A will be paid to families with teenagers aged 16 to 19 who are in full-time study. We agree that, after a young person finishes school, youth allowance is a more appropriate payment for those who need assistance, so we will support the proposals in this legislation.

The legislation also makes changes to the rules for Australian working life residence. The Australian working life residence rules operate to determine how much of the aged pension a pensioner can receive if they travel overseas for more than 26 weeks. If a pensioner has spent less than the specified Australian working life residence period in Australia before going overseas, they receive only part of the pension and are still subject to means testing. Currently the required Australian working life residence to receive a full pension while living overseas is 25 years. This legislation amends this, extending it to 35 years. It brings our treatment of pensions more in line with the other OECD countries which typically require 35 to 45 years of contributions to receive a full pension overseas. The reform also reflects the principle of shared responsibility, that the retirement costs of a person should be shared fairly between the countries where a person has lived or worked during their working life. In such cases, there is also an expectation that a person, through periods of time living or working in another country, will be eligible to receive a pension from that country. Labor will support this measure.

The legislation also makes changes to the Pension Bonus Scheme. In 2009, the Labor government's pension review found that the Pension Bonus Scheme did not encourage older Australians to remain in work. The review also found that pensioners thought the scheme too complex and inflexible. So back in 2009, the Labor government closed the Pension Bonus Scheme. We replaced it with a more targeted and effective seniors work bonus to encourage older people to continue working. Thousands of age pensioners who are working part time or in seasonal jobs are better off because of Labor's work bonus for pensioners. Many senior Australians choose to undertake seasonal work and Labor's work bonus has enabled many aged pensioners to keep more of their fortnightly pension when they work in this way. The work bonus allows for age pensioners to earn up to \$250 a fortnight from employment without it being considered income under the pension income test, and this of course is on top of the income-free area. This work bonus has been a terrific incentive for aged pensioners to engage in periodic work without being financially penalised.

When we closed the Pension Bonus Scheme, however, we left it open for people who were qualified for the Pension Bonus Scheme before 20 September 2009 but who had not registered by that date. These people were able to backdate their registration if they had been working since then and had not received the age pension. This legislation brings to a close late registration for the Pension Bonus Scheme. From 1 March 2014, people will no longer be able to register for the Pension Bonus Scheme. Eligible people can still register for the scheme before that date. This is a sensible proposal and we support it.

I now turn to measures in the legislation which extend indexation clauses on higher income thresholds for family payments and family supplements. Labor believes in a strong family payments system that reflects the needs of modern Australian families. When we were in government, we made responsible decisions over a number of budgets to better target family payments. We did this by targeting assistance to low- and middle-income families who need the most support. In the 2009-10 budget we announced a number of indexation pauses on higher income thresholds. It was a sensible reform to limit the growth in family payments at the top end and make them

sustainable for the future. Today the government is seeking to extend those pauses on higher income thresholds and we support these measures.

The legislation also makes changes to the rules for receiving payments overseas. This legislation makes changes to limit the amount of time people can be overseas and retain access to Australian payments. Currently families living overseas can continue to receive family and parenting payments for up to three years. This legislation amends that to make it a maximum of 56 weeks and Labor will support this measure.

The legislation also extends deeming rules to account based income streams. This was a measure proposed by Labor in April this year and we will support it again today. The pension means test aims to determine someone's financial needs based on the level of income and assets. It is important to treat all investments in the same way so that people with similar levels of assets receive a similar pension payment rate. It is only fair, and it has long been accepted, that income people receive from financial assets should count towards the pension income test. But the current rules treat income from these account based income stream products differently from how they treat income from investments such as shares or term deposits. The rules are highly concessional for those who can afford to make minimum withdrawals, but penalise those who need to draw down more from their superannuation savings. This means that, under the current rules, people with similar levels of assets can receive different pension rates. This is unfair. It is why Labor introduced this sensible reform to extend to account based income streams the rules that apply to other income streams. We did propose this change and we will support it today.

I have indicated in my remarks so far that Labor will support a number of the measures in this legislation. But there are measures within the bill that we do not support. The first of these is a proposal to charge interest on certain welfare debts. This includes debts incurred by people on Austudy, youth allowance and Abstudy—students already on income support, students who are already doing it tough, students who do not need to be subjected to this government's cuts while trying to meet the costs of their education. It is a mean reform and we will oppose it. People on these welfare payments are already pretty vulnerable and they do not need further punishment. They need support.

The government claims that imposing interest charges will encourage debtors to repay their debts in a timely fashion, but in reality it will do just the opposite. By imposing interest charges on debts, the government is actually making it harder for people to repay their debts, making it harder for them to make ends meet. So we will not support these measures. We have seen this week how this government approaches students, particularly school students, and now we are seeing another measure that is designed to—and would—hurt low-income students. We will not support this change.

We will also not be supporting the student start-up loans that have been proposed in this legislation. This measure seeks to convert the current Student Start-up Scholarships program into an income contingent loan program to be offered to full-time higher education students in receipt of youth allowance, Austudy or Abstudy. It is the case that when we were in government we did propose a similar measure, but I want to emphasise that the measure we proposed had one purpose: to fund the Better Schools Plan, to make a significant contribution to increasing funding for our schools. As we have seen day after day this week, that plan now lies in tatters.

Despite the government going to the election on what they called a 'unity ticket' on schools funding, they are now walking away from Labor's Better Schools Plan. Yesterday in question time, the Prime Minister refused to commit to the \$14.65 billion in additional funding for schools that was promised by the Labor Party as part of our Better Schools Plan. The government are giving no assurance that states will not cut schools funding. Unfortunately, parents and teachers are finding already that this government cannot be trusted on education. There is no sign that they would use the funds from this measure for education. Right now, it is quite clear that this is a cut for the sake of cutting. The Labor Party cannot and will not support it.

Another measure in this legislation is the extension of the freeze on indexation of the upper limit of \$7,500 on the annual child care rebate. Labor will oppose this measure as well. We have been strong supporters of increased support for Australian families struggling to meet the costs of child care. When we were in government, we increased the childcare rebate from 30 per cent to 50 per cent and we increased the annual cap from \$4,354 to the current limit of \$7,500. When we proposed the savings measure that is in this legislation, it was to directly support the \$300 million Early Years Quality Fund, a fund established to support quality outcomes for children by assisting early childhood services to attract and retain early childhood educators. Just two weeks ago, the Abbott government put a freeze on this fund. As a result, they are left with absolutely no justification for pursuing

\$100 million in cuts by freezing indexation of the upper limit of the childcare rebate. So we will not support this change.

The final measure I want to discuss today is the proposed change to the administration of the Paid Parental Leave Scheme. This legislation seeks to remove the role of employers in administering paid parental leave for their employees and to give that function entirely to Centrelink. It was of course Labor that introduced this country's first ever national paid parental leave scheme—a major reform I was very pleased to deliver. Already we have seen around 300,000 parents, largely women, get access to paid parental leave since it was introduced in January 2011. We have also seen 37,000 dads and same-sex partners access dad and partner pay since January 2013.

Since its introduction, this scheme has been administered in part by employers. When we designed the Paid Parental Leave Scheme, the employer role was included in order to help employers retain their skilled staff. It was also a way of enabling people, especially women, to remain connected to work and their careers while they were taking time out of the workforce to have a baby or adopt a child. But as the scheme progressed we listened to business and understood that in tough economic environments small businesses needed to be able to devote their scarce time to adapting and thriving in a changing economy. That is why, for the 2013 election campaign, we adopted a position of allowing businesses with fewer than 20 employees to streamline administration and have Centrelink make paid parental leave payments to employees on parental leave. This was a sensible balance between the need for employees on parental leave to maintain a relationship with their employers and the need to give small businesses the option of having their paid parental leave administered by Centrelink.

Unfortunately this legislation takes this a step further, completely abolishing the role of the employer in administering paid parental leave. In my view, it does not strike the right balance. Rather, it severs the important link between employers and their employees. This is not good for women and it is not good for employers. We will not be supporting this measure. We will introduce amendments which would limit the applicability of this measure to organisations with 20 employees or less. Our amendments would give these organisations the choice of continuing as the payer of paid parental leave to their long-term employees or passing the administration to Centrelink. Our amendments would get the balance right.

In conclusion, Labor will support the sensible savings measures in this legislation, but there are some measures in it that we do not support. We think that the interest charges on debts incurred by people on income support are particularly harsh and we will also not support the freeze on the childcare rebate or the conversion of the student start-up loans. As I indicated, we will seek to amend the role of the employer in Labor's Paid Parental Leave Scheme to make sure that small businesses have the choice of using Centrelink if they want to, but for larger businesses it is certainly in the interests of employers and employees that employers continue to be the payer for their long-term employees. I commend the amendments to the House.