THE SENATE

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

Second Reading

SPEECH

Thursday, 3 December 1998

BY AUTHORITY OF THE SENATE
Senator CHRIS EVANS (WA) (1.06 pm)—The 1998 Budget Measures Legislation Amendment (Social Security and Veterans' Entitlements) Bill 1998 contains a number of benefits for social security recipients and veterans. For that reason, the opposition will be supporting its passage. The bill makes it easier for self-funded retirees to qualify for the seniors health card. It removes the iniquitous two-thirds cap on rent assistance for people living in boarding or lodging houses, and it enhances foster families' entitlements for parenting payment and health care cards.

I turn first to the health care card and self-funded retirees. The bill makes it easier for self-funded retirees to qualify for and obtain a seniors health care card. At present, assessment of entitlements for self-funded retirees is based on a definition of ordinary income. Not many retirees are in receipt of maintenance income but the scope of the ordinary income definition is broad, and proving it has been found to be a somewhat complex and time consuming task. The bill would make application easier by basing entitlement on a new term `adjusted taxable income'.

I am particularly pleased that the government's definition of adjusted taxable income includes not only income from foreign income and from net rental property loss but also the person's fringe benefit value for that year. It is an issue that I took up with Senator Newman in the debate on the Child Support Legislation Amendment Bill 1998 last week. I think it is very important that we have a broader definition of income and that we support this move to have income received in the form of fringe benefits brought into the scope of the definition of income in the measures we are dealing with. As senators would be aware, there has been growth in this fringe benefits area, and I think it has resulted in some very serious problems and unfairness impacting on a range of measures in terms of government assistance. So I am very pleased to support that broadening of the definition.

Also, the government is seeking to ease the income test. Currently, the entitlement to the card is capped at $21,300 per annum for a single person; the bill raises that to $40,000 per annum. For couples, the bar is raised from $35,620 to $67,000. Federal and state Labor governments have played an important role in the past in initiating and developing senior cards programs, and we welcome the government's move here to extend the benefit to self-funded retirees.

In terms of rent assistance for people living in shared accommodation, the opposition was strongly opposed to the measure contained in the Howard government's first budget, which reduced by one-third the maximum rent assistance entitlement of single childless people sharing accommodation. We opposed it very strongly then as being an unfair measure and we are very pleased to see that the government has relented on that. We accept that shared accommodation may allow people to economise somewhat by pooling their expenses but for obvious reasons those economies of scale are only available to people in shared house types of arrangements and not to residents of boarding houses and hostels.

Labor welcomes this belated decision to exempt residents of boarding house type accommodation from the cap on rent assistance. We hope that they might choose to revisit some of the other areas where in the early Howard budgets such draconian measures were introduced. Maybe they should look to have a change of heart on some of those as well. Perhaps that may be a vain hope on my behalf.

In terms of the measures regarding foster families, we welcome the measures to enhance their entitlements for parenting payment and health care cards. Currently, a single foster carer will not qualify for parenting payment until the child has been in his or her care for 12 months. The bill would remove this waiting period which does not apply to couples who are foster carers. The opposition recognises the need to assist families who take on the expense of caring for foster children and sees no reason to discriminate against single carers, so we support this measure as being one based on equity.

The government also argues that currently families caring for a foster child do not qualify for health care and pensioner cards for that child unless they are entitled to the maximum rate of family allowance for that child. The
government claims this bill will assist foster families whose incomes are too high to qualify for the maximum rate of family allowance by allowing them to qualify, nonetheless, for concession and health care cards, provided that the foster child was entitled to these cards when he or she was in the care of the original family.

While we support the measure, the opposition is concerned as to whether or not the bill achieves what the government claims for it. As I say, we support the intent of the measure but we are not clear as to how the child rather than his or her parents becomes entitled to the card. We are not sure about the legal basis of this assertion that the child carries the right to the health care card and that this transfers over to the new family. So we would be keen on hearing from the government in responding to the debate an explanation as to how this works legally; how this entitlement to a health care card—which, as I understand it, is with the family—is somehow carried by the child to the foster family. As I say, while we do not have any difficulty with the concept, we do not understand how that is achieved by this bill and we would like some reassurance on that.

In conclusion, we support the modest increases and income support for foster families, the extension of the seniors health care card entitlements to self-funded retirees, and the government's backdown on its 1996 budget decision to cap the rent assistance payable to residents of boarding and lodging houses. We will be supporting the bill.