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
SPEECH

Senator BARTLETT (QLD) (1.13 pm)—Today the Senate is debating a number of social security measures that were announced in the 1998-99 budget. I am pleased to say that, unlike some social security legislation, all the measures before us today are positive ones that the government has put forward, and the Democrats will be supporting the Budget Measures Legislation Amendment (Social Security and Veterans' Entitlements) Bill 1998.

Nonetheless, I would like to make a few comments about each of these measures and the context surrounding them, because it is a very important area of social policy, and I think it is important to raise the surrounding issues whenever the opportunity arises.

The first schedule of this bill, as Senator Evans has outlined, will relax the eligibility requirements for the Commonwealth's seniors health card and will also simplify the application procedure for the card, which is actually quite important. At the moment, the seniors health card is provided to people over pension age whose income is below the pension cut-out points but whose assets, or lack of residency, preclude them from an age pension. It is a very valuable card. It provides holders with concessional pharmaceuticals under the Pharmaceutical Benefit Scheme, which means that cardholders pay $3.20 per script for the first 52 prescriptions in a year and any PBS scripts after that are provided free of charge. It is clear that is something of great significance to many people.

The two changes to the current arrangements that the bill makes raise the income limits on the card to $40,000 for singles and $67,000 for couples, and the income test will be based on an assessment of a person's taxable income. That is a change from the assessment of a person's current income which has been criticised as being both overly complex and overly intrusive. So, in the future, rather than having to provide detailed evidence of all their investments and income, most people will now simply need to show a copy of their latest tax assessment notice.

The Democrats very much welcome moves to simplify the application process for the seniors health care card. We have received numerous letters in our offices from people who have been concerned about the detailed and complicated nature of the forms and the sort of information that is required. An issue that I and the Democrats have raised many times is the need for the forms used by Centrelink to be as simple and as clear as possible. We would like to see this principle applied more widely wherever possible. We urge the government to give further attention to this measure in relation to other application forms.

On the issue of concession cards in general, it is worth noting that the House of Representatives Standing Committee on Family and Community Affairs presented a report to the parliament in October last year which looked at the availability and benefits of the various concession cards. That committee looked specifically at the seniors health care card and canvassed a number of options for extending eligibility. In the end, the committee's recommendation was for the income test to be increased to $29,000 for singles and $49,000 for couples, and that was costed at $13½ million per year. Clearly, the government's proposal goes well beyond that recommendation, costing close to three times that amount—about an additional $40 million per year.

Whilst the Democrats are not opposing this measure and welcome it, we would nonetheless make the comment that there are a number of areas in the social security portfolio more broadly that are crying out for additional support, such as the level of payments to single pensioners, to sole parents and to the unemployed. In terms of concessions, we believe the government should also give further attention to looking to extend some, if not all, of the pensioner concessions to unemployed people and to widows. There is a wide range of concessions that are available only to people on pensions and not to people on other forms of payments, allowances and the like.

Having said that, however, I do want to acknowledge very clearly the valuable contribution that Australia's self-funded retirees make in terms of relieving pressure on the public purse by providing for their own retirement. The government—not surprisingly and quite rightly when people such as myself get up here and talk about the need to extend concessions and various other levels of payments—points to the impact on the public purse. That is obviously something that has to be taken into consideration. That again reinforces the value of all activity
by people in the community that reduces the pressure on the public purse and enables more funds to be made available to meet needs out in the community.

For this reason, independent retirees must be encouraged to continue providing for themselves, and not, as has happened in the past, be penalised by our social security and taxation systems. Certainly, that is one issue that I will be looking at closely in the course of the valuable, extensive and much needed Senate committee's inquiry into the proposed new tax system. If people see no benefit in putting aside funds during their working lives to provide for their retirement, then, in the end, the burden on taxpayers to fund our pension system will simply be unsustainable. Of course, this is ever more critical in light of our ageing population. It is essential that there be incentives for people to plan for their retirement. This measure will play a valuable role by providing such an incentive.

The Democrats are happy to see that additional support being provided to our independent retirees, and we congratulate some of those groups out in the community on their efforts in securing this measure: groups such as the National Seniors, the Association of Independent Retirees and the Australian Pensioners and Superannuants Federation, who have been fairly tireless in campaigning for the need for measures such as this. It is important to recognise the value of the work that they do when positive outcomes are achieved through the parliament.

Turning to schedule 2 of the bill, this schedule will partly reverse the decision made by the government back in its 1996 budget. That was a budget that took $1.4 billion out of the social security portfolio. The decision taken by the government in that budget was that the maximum rate of rent assistance payable to single people who share accommodation would be reduced by 33%—a reduction of around $25 a fortnight. Again, it is not hard to imagine what impact that measure had on the budgets of many thousands of people who were already living on an extremely tight budget.

The government argued that this was justified on the basis that single people reap economies of scale by sharing their accommodation. The Democrats opposed this measure quite strongly, and still do, on a number of grounds—the most important being, firstly, that people, particularly young people, are often forced to share accommodation because their social security payments are already below the poverty line. Secondly, the rent assistance scheme already takes account of economies of scale by making lower payments to those who pay less rent. Finally, while people sharing accommodation may achieve economies of scale other than rental costs, reducing rent assistance to account for those savings is not appropriate as rent assistance is not intended to meet non-housing costs.

Unfortunately, despite these concerns and the Democrats' opposition, the legislation was passed and has been in operation for over 12 months. The bill before us today seeks to soften the impact of that legislation in one small area by rectifying a defect in the exemption for boarders and lodgers.

Shortly after the original legislation was passed, a copy of a letter to the Prime Minister was reproduced in ACOSS's newsletter. It was from a person who lived in a rooming house. Hopefully, their position will be corrected by this bill before us. I think it is worthwhile to quote briefly from that letter simply as a way of illustrating the real impact on people of some of the measures that we consider in the parliament. It is easy to look at these things in terms of overall budgetary savings or costs, and it is appropriate that we do so, but it is equally appropriate that we do not forget the real impact on real people.

In this letter to Mr Howard in which this person outlined his circumstances, he stated:

I am one (presumably of thousands), on Newstart Allowance, who can only afford to rent accommodation in a rooming house.

Prior to the initial reduction in payment, the maximum fortnightly benefit he received was $396.30 a fortnight.

The massive reduction (in poverty-level terms) has lowered this to $371.30 . . .

The explanation given was that the person was now sharing accommodation. That was certainly not so.

As with people generally who are forced to rent cheap rooming house accommodation, this person did not have the convenience of a private bathroom. He was forced to use shower cubicles and toilets situated at the other side of a large rooming house. Because his individual accommodation lacked the convenience of any bathroom facilities, he was apparently to be penalised by over 30 per cent in rent assistance. And, he said:
I defy anyone either to justify that morally or to offer a rational explanation.

To quote him again:

... my rent now absorbs about 65 per cent of my income and I'm now left only about $65 per week in disposable income.

He also makes the point that this is a fraction of a politician's typical daily travel allowance claim, which I believe it is, and he has to live for a week on it.

It is important, I think, to emphasise the reality that many thousands of people have to live with. The man who wrote that letter has now had to endure a $25 per fortnight reduction in his social security payment for the privilege of having to go around to the other side of his building every time he wants to have a shower or go to the toilet. For all this time, he has been $25 a fortnight worse off under a policy which the government now concedes was unjust.

Now the government quite rightly would claim, and has claimed, that it has heard the concerns of such people and is moving to rectify the situation. Certainly, positive moves should be acknowledged and congratulated, but —

Senator Chris Evans—We did tell them at the time.

Senator BARTLETT—As I was about to say, it does remain the case that the situation should never have happened in the first place. It cannot be claimed that the inclusion of such people in this way was inadvertent. Concerns were raised, not only by eloquent people such as myself and someone else in the ALP—I do not know if it was Senator Evans—but also by people in the community, about the community affairs committee that considered the legislation. National Shelter provided an extensive submission and pointed out this very problem.

There has been a lot of debate in this place in recent times about the value or otherwise of the Senate committee process, legislative review, et cetera. Whilst I do not deny the role of political manoeuvring in those things, that should not disguise the fact that the committees do do proper scrutiny of legislation and do provide an opportunity for people in the community to highlight their concerns based on their experience, their knowledge and their expertise—which are far in excess of what most of us have in many cases—so as to make these decisions about legislation.

It is very important that the process of legislative scrutiny through committees be taken account of by all of us, including the government, so that some of these issues which the government now says are inadvertent are addressed at the time, rather than having someone whose letter I quoted from enduring a $25 per fortnight cut for 12 to 18 months before the situation is reversed. Nonetheless, it is always good to have a reversal of a bad decision, and that should always be acknowledged and congratulated because it is not always easy to say, 'We got it wrong.' All of us should be more willing to do that.

The whole issue of rent assistance and housing affordability is of major concern in the community. Last year the community affairs committee presented the Senate with its report on housing affordability in Australia. Evidence given to that committee by the Department of Social Security showed that 39 per cent of all rent assistance recipients are spending more than 30 per cent of their total income on rent. In Sydney, the proportion of such people is over 50 per cent, here in the ACT it is about 45 per cent, and in my home town of Brisbane it is just on 40 per cent. These are very large numbers of people who are spending quite huge amounts of their total income just on paying rent. The Democrats believe, in the context of those figures, the government should be looking to provide far greater support through the rent assistance program than is currently the case. The figures should also be taken into account in terms of the federal responsibility that the government has in housing areas, and the current continual consideration of the Commonwealth-State Housing Agreement.

In conclusion on this measure, it is important once again not to forget that, even after this legislation is passed and this improvement is included, there will still be a very large number of people who are being unfairly disadvantaged because of the shared renters measure. The Democrats still very much believe the whole measure needs to be overturned, and we believe the government needs to consider again the very negative impact this has on many people in the community, particularly young people.

Finally, on a more positive note, I want to congratulate the government, without qualification for once, for the measures contained in schedule 3 of this bill. The schedule will remove the 12-month waiting period which
applies to single foster carers when they apply for parenting payment and will make the health care card available to more people caring for a foster child. Foster carers are another group in our community who play a very valuable role but seldom receive the recognition they deserve, and it is important to take opportunities such as this to voice that recognition. The Democrats fully support these two measures which will assist those who play such a vital role in the raising of some of our young people.