



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



## **THE SENATE**

# **FAMILY AND COMMUNITY SERVICES LEGISLATION (SIMPLIFICATION AND OTHER MEASURES) BILL 2001**

## **Second Reading**

## **SPEECH**

**Wednesday, 20 June 2001**

BY AUTHORITY OF THE SENATE

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## SPEECH

**Date** Wednesday, 20 June 2001  
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**Questioner**  
**Speaker** Evans, Sen Chris

**Source** Senate  
**Proof** No  
**Responder**  
**Question No.**

**Senator CHRIS EVANS** (Western Australia) (12.29 pm)—At the outset of the debate, let me indicate that Labor will support the Family and Community Services Legislation (Simplification and Other Measures) Bill 2001, which serves to simplify social security laws relating to compensation recovery. In particular, it will remove the existing direct deduction rules for partners of compensation recipients, which will be beneficial to these persons. The bill also gives effect to a number of minor simplification measures contained in the 2000-01 budget, including: streamlining deeming exemption provisions, clarifying the conditions that income streams must meet to gain favourable means test treatment, and allowing compensation arrears debts that are treated as income to be recovered directly from compensation payers and insurers. In addition, the bill contains an amendment that changes the taper rate for the income cut-out formula that is used to calculate the preclusion period for recipients of lump sum compensation. Although retrospective, it is beneficial to customers.

Labor has always held the view that the compensation system has the first responsibility for the provision of income support to those with a compensatable illness or injury, not the taxpayer by way of government support. However, any concerns about double dipping have to be balanced against concerns that the rules defined in the preclusion period do not impose undue hardship on an individual at a time of injury or illness. The changes which the government made to the preclusion period formula in 1997 did impose such hardship while saving the government \$25 million per year. The changes in this bill are, at the very least, an improvement. The new income cut-out amount formula will now be consistent with the 40 per cent pension income taper and will be beneficial to recipients.

The measures relating to partners of people who receive periodic compensation payments are similarly beneficial. Currently, if a person gets a compensation affected payment, they lose one dollar for every dollar of periodic compensation received. This amount is reduced to zero, then any excess compensation counts against their partner's compensation affected payment, dollar for dollar. In future, if a partner's periodic compensation has to be taken into account in working out the person's income for social security purposes, it will be treated as ordinary income. The measure to streamline debt recovery is sensible and will ensure the compensation recipient can plan effectively without the likelihood of a subsequent debt after an arrears compensation payment is received. In a similar vein, provisions related to income streams are reasonable and provide balanced protection for both the recipient and the Commonwealth.

I have seen the amendment to be moved by Senator Bartlett on behalf of the Democrats, and it relates to compensation payments to victims of the Chile military dictatorship. This issue is very dear to my heart. The overthrow of the Allende regime was the single most important event in stirring my interest in political matters and becoming politically active, many years ago. I have always had a special interest in the political affairs of Chile and the victims of that military dictatorship. I am pleased that Senator Bartlett has sought to raise this issue. We are very keen to hear the government's position on that and its arguments on how we ought to treat those compensation payments. We are sympathetic to the Democrat amendment and I am interested to hear what Senator Vanstone has to say about it.

In conclusion, the ALP is pleased to support what is essentially a housekeeping bill. The focus on simplification contrasts with the approach the government has taken in its other measures dealing with older voters in the recent budget. The ALP is happy to support this bill, and I will not delay the Senate any longer.