THE SENATE

FAMILY ASSISTANCE, SOCIAL SECURITY AND VETERANS’ AFFAIRS LEGISLATION AMENDMENT (2005 BUDGET AND OTHER MEASURES) BILL 2006

Second Reading

PROCEDURAL TEXT

Wednesday, 29 March 2006

BY AUTHORITY OF THE SENATE
THIRD READING

Senator ELLISON (Western Australia — Minister for Justice and Customs) (3.46 pm) — I move:

That this bill be now read a second time.

I seek leave to have the second reading speech incorporated in Hansard.

Leave granted.

The speech read as follows —

This bill will amend the family assistance law, the social security law and the Veterans’ Entitlements Act 1986 to implement several measures announced in last year’s Budget and some other current initiatives. These measures will be particularly important to Australian families and those helping to support themselves in retirement.

Families will gain higher rates of family tax benefit through an increase in the lower income threshold for family tax benefit Part A. The current threshold of $33,361 will rise to $37,500 from 1 July 2006 and the new threshold will keep its value by being indexed according to CPI on every following 1 July. The increase is substantially more than would have occurred through annual indexation processes.

The bill will help reduce family tax benefit and child care benefit debts by improving the way customers’ estimates of income are managed in working out their entitlements. New provisions effective from 1 July 2006 will allow income estimates to be updated where the customer has not provided a reasonable estimate of income for the current income year. Income estimates will be updated at the beginning of each income year and in certain circumstances where actual income for the most recent income year becomes known. Importantly, however, customers will continue to have the option of providing a reasonable estimate of income that would then be used to calculate their family tax benefit entitlements or child care benefit fee reductions instead of the automatically updated amount. That is, customers will continue to have responsibility for their estimate of income.

The bill contains two further measures relating to child care. Under the first, the distribution of available child care places will be enhanced by allowing the transfer of child care places from areas with lower demand to areas where the places are needed. Secondly, from 1 July 2006, the recovery of child care benefit debts will be improved by more closely aligning the recovery methods currently available with those available for family tax benefit debts. In particular, a customer’s child care benefit debt will be recoverable by applying the customer’s, or a consenting person’s, tax refund.

From 1 July 2006, the bill standardises the backdating provisions for carer allowance to allow a maximum backdating period of 12 weeks before the claim is lodged, whether the carer is caring for an adult or a child.

The bill makes various social security and veterans’ entitlements amendments flowing from the Government’s response to the review of pension provision by small superannuation funds. These beneficial amendments, which are backdated to 1 January 2006, allow retirees to manage their income needs better and increase certainty that they will not outlive their retirement savings.

In part, these amendments extend the term of market-linked income streams and life expectancy income streams so that payments may continue until the member or spouse reaches age 100. Similarly, if the member or spouse has a life expectancy greater than age 100, the greater age will be allowed for. These amendments also allow customers to vary annual market-linked income stream payments by amounts between plus and minus 10 per cent to mitigate the impact on annual payments that otherwise would result from large fluctuations in the value of the assets backing the income stream.

The bill makes other minor amendments in this area, including to improve or enhance the operation of the income stream rules and to allow certain non-superannuation annuities to be split as part of a divorce property settlement.

Lastly, the bill amends the social security law and family assistance law as they relate to payments being made overseas (known as portability). It will now be possible for a person’s portability period for a social security payment or family tax benefit (normally 13 weeks) to be extended in certain circumstances. The circumstances are that the person is seeking life-
saving medical treatment overseas, or needs to accompany someone else seeking such treatment, and financial assistance is payable for the treatment under the Medical Treatment Overseas Program administered by the Minister for Health and Ageing.

Debate (on motion by Senator Ellison) adjourned.

Ordered that the resumption of the debate be an order of the day for a later hour of the day.