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Subject: SHADOW MINISTER - SPEECH ON ONE-OFF PAYMENTS AND OTHER 2007 BUDGET MEASURES - MAY 9

SOCIAL SECURITY AND VETERANS' AFFAIRS LEGISLATION AMENDMENT (ONE-OFF PAYMENTS AND OTHER 2007 BUDGET MEASURES) BILL 2007

Second Reading

Speech

[Mr GRIFFIN](#) (Bruce) (5.02 p.m.)—I would like to welcome the [Social Security and Veterans' Affairs Legislation Amendment \(One-off Payments and Other 2007 Budget Measures\) Bill 2007](#) and to make some brief points today, particularly relating to the veterans and ex-services community. I will focus on two or three points and I will pick up on a couple of points that my friend the member for Wakefield made on the way through—they were not bad points, but I want to further clarify our position with respect to indexation.

I will start off with the compensation payments under schedule 5 for certain World War II internments. Under this schedule, the bill will make one-off payments of \$25,000 to former Australian prisoners of war in Europe or to their surviving widows as at 1 January 2007. Labor welcomes this ex gratia payment. This is a long overdue initiative that addresses an injustice that left these prisoners out of two previous ex gratia payments.

In 2001 the Howard government made a payment of \$25,000 to former Australian prisoners of war in Japan. At this stage there was much criticism that they had left out the POWs of Europe and Korea. The government ignored the criticism at this time. In 2004, after the Clarke review, they finally made a payment to former Australian prisoners of war in Korea. Again they were criticised for leaving out Australian prisoners of war in Europe. Finally, six years and two elections after the original announcement, these former prisoners or their surviving widows are getting what is duly owed to them.

Until now, the government argued that the conditions experienced by the POWs in Europe did not warrant this payment. However, one thing should be made very clear, and that is that prisoners of war interned in Europe did suffer, and they suffered considerably. Returned POWs reported a lack of appropriate medical care and facilities; an inadequate diet; inappropriate washing facilities; sleeping quarters infested with lice and vermin; confinement in small spaces without toilet facilities, food and water whilst being transported; physical abuse from their captors; forced marches; slave labour; being shot or abused when caught trying to escape; and being shackled. In addition, POWs were subjected to the extreme cold of European winters while lacking rations. The Ex-Prisoners of War Association of Australia has argued that breaches of the Geneva convention varied between regions, while other breaches relating to security, rations, medical matters, transport and shackling were more systematic and clearly the policy of the German high command. Labor congratulates the government on finally correcting this injustice and fully supports this worthwhile initiative. I would like to particularly congratulate the minister because I know that he has been interested in this issue since he became the minister. I give him credit for being able to steer this action through at this budget.

I will talk briefly about some other matters. Under schedule 6 there are amendments to increase funeral benefits. The bill will increase the maximum funeral benefit for eligible veterans under the Veterans' Entitlements Act 1986 from \$1,000 to \$2,000. Again, Labor congratulates the government on this initiative. There has been a longstanding concern within the veterans community about the low level of this benefit in comparison to the benefit allowed under the Military Rehabilitation and Compensation Act 2004. This goes some way to addressing this discrepancy and is a positive step in the right direction. It certainly is an issue that is raised with me regularly within the veterans community as something that they see as being quite inequitable. I know that many in the veterans community will not feel this has gone far enough. I understand their position on that. It is something that we will look at, but at this stage I congratulate the government on taking action with this initiative.

The next item I would like to discuss is the amendments under schedule 7 to increase the rates of certain pensions. Under this schedule the bill will increase the veterans disability pension for special rate and intermediate rate recipients by \$50 and \$25 respectively per fortnight from 3 July 2007. This measure will benefit around 29,600 veterans who receive either the special rate or the intermediate rate of disability pension because their injuries or diseases, related to war or defence service on behalf of Australia, limit their earning capacity. This was a matter which the member for Wakefield spoke about earlier. He sought to contrast his understanding of our position on this issue with the government's and to focus on certain aspects of that. I will go to that matter briefly. I make it very clear at this stage that we completely support the payments that are being made through this process.

I want to make my argument on this issue clear: there has been a significant erosion as a result of incomplete indexation for those veterans under the special rate disability pension, the intermediate rate pension and the extremely disabled adjustment pension over the last 11 years. It dates back to when the government itself created a situation where we had male total average weekly earnings or CPI, whichever is the greater, for the age pension and a number of other pensions but it left these pensions on CPI increases. There is an argument for it. It is an argument which was not accepted by the veterans community, and it is an argument which has been debated with a good deal of heat, passion and anger within the veterans community over the last decade. It was reconsidered as part of the Clarke review, and the government made some changes with respect to splitting the payment in two. But I think it is fair to say that, although that addressed part of the issue, it actually created a good deal more concern and in fact incensed elements of the veterans community on the basis that it was not seen to be fair, reasonable or just in the circumstances.

What we have seen under that erosion over the last 10-plus years now is—depending on whom you talk to—an impact of somewhere between \$70 and \$92-plus a fortnight for someone on the special rate disability pension. So it is significant; there is absolutely no doubt about that. Over that period, we have seen no catch-up payment, none at all, to address the issue of that erosion. There was one catch-up payment—if you could call it that—one adjustment. That related to the implementation of the GST. Essentially, as many lower income earners were receiving some additional compensation to make up for the costs of the GST, there was a small increase. But, in the context of the erosion of the value, this is the first time. We are talking 12 budgets to actually see some action. To put that into perspective, \$50 in one hit sounds great—it sounds fantastic; it sounds significant—but it is just over \$4, \$4.17 or thereabouts, per budget if you add it up over time. When you put it in that perspective, it is significant but there is still a long way to go.

The position that I have taken on this issue, and it was announced recently, related to indexation, which we sought to put forward as policy—in fact, the member for Wakefield mentioned it—because that has been the principal demand from right across the ex-service organisations and the veterans community. Indexation is required to ensure that there is certainty, dignity and justice in the payments that they receive and to halt the erosion.

On from that, there has been the issue of that erosion and the impact of dealing with that erosion—the question of a catch-up payment. The position that I have put with respect to that issue is very clearly this: Labor stood ready to accept and to support any payment that the government came forward with which actually dealt with the issue of that catch-up, because we knew and we believe that, as that erosion occurred under this government, this government has the responsibility to deal with it and to bring forward a measure to compensate those who have missed out as a result of that erosion.

The member for Wakefield made a point about the value of our proposal—probably best estimated over a period of four years from introduction—being something like \$1,700 net and \$30 per fortnight at the end of that four-year period and that that is therefore significantly less than what the government proposes with \$50 a fortnight now, which will add up to something like five grand. The point is this: that is something that the government needed to do because of its neglect over the last decade. Labor support that payment going forward. Ours is additional to that and ours remains additional to that, so let us be in

no doubt about the circumstances here. The government has done what the government had to do, because the government had let the whole system go to seed. We have said that we will endorse that payment and will then further increase it by introducing indexation. It has taken 12 budgets for a catch-up payment. When will the next one be—in another 12 budgets? How much greater will the difference be over that period of time?

The fact of the matter is that these people need certainty, they deserve certainty, and we will give them certainty after the next election by ensuring that there is no further erosion. We will restore indexation so it is there for all these people who have been affected. That is the important thing about our policy and it is the difference between us and the government on this issue. We fully support this as part recompense for what went wrong, but we want to try to set up a system into the future that means we will not be coming back here in five, 10 or 12 years time once again saying, 'Here's a payment to make up for what you've lost over the last decade.' I think it is a very important point.

I have to say, though, that that is not the way the minister saw it. When the details of our announcement came out, Minister Billson was quoted in the *Herald Sun* in an article by Neil Wilson entitled 'Labor's plan wins veterans'. The article reads in part:

But Veterans Affairs Minister Bruce Billson slammed the measure as a "cobbled together media stunt". Mr Billson said it would take until 2012 for disabled veterans to achieve any real benefit.

He then went on to say:

They say this is about equity but it is illogical. It is inconsistent and unprincipled in ignoring 100,000 other people on lesser degrees of disability pension ...

I will just pick up on a couple of points. In terms of it being a 'cobbled together media stunt', we can always debate the issue of when these things are announced. Let me make it very clear that I, and Labor, have been working on this policy for quite some time. I have been talking about this issue in speeches at veterans congresses all over this country for more than 12 months. I have been saying that this is an issue that is under serious consideration. Senior people within ex-service organisations in this country can confirm that. They know because I and others have been talking to them.

I am joined today by the member for Cowan. I know he has an in-depth understanding of this issue and his knowledge has been of great assistance to me in trying to come to grips with what is in many ways a very complex issue. This is not something that has just occurred overnight. A lot of work has gone into it, and therefore I do not think it can be considered to be a 'cobbled together media stunt'. The minister also said that it would take until 2012 for disabled veterans to achieve any real benefit. Again, that is just not true. Under our proposal, the first indexation point after our first budget will be September 2008. The difference is between MTAW and CPI at will be paid at that time.

The point in relation to the \$30 is that that is what we estimate the likely cap to be over the four-year period of the forward estimates, but people will be getting money as they become entitled to it, under the CPI versus MTAW adjustment, every six months. So, in fact, the minister is wrong.

On the issue of equity, the minister is saying it is illogical and inconsistent. He mentioned the issue of the 100,000 other people on lesser degrees of disability pension. What he is talking about is people on varying rates of disability as a result of general rate disability pensions. Again, this is a complex area and I will not take the time of the House to go through it in detail. But I will say a couple of things. Firstly, in respect of general rate disability pension I do not wish to denigrate in any way the disabilities that many people have, but the key issue normally in the consideration between general rate disability pension and special rates and intermediate rates is the recipient's capacity to work. Secondly, the minister's own press release with respect to the catch-up payment is interesting. I will go to what he said to justify why special rate and intermediate rate pensioners got this catch-up payment but nobody else did. He said:

The special rate takes into account incapacity from war or defence caused disabilities that alone are so great that a veteran cannot undertake any employment totalling more than eight hours per week. The intermediate rate takes into account incapacity from war or defence caused disabilities that alone are so great that a veteran cannot undertake any employment other than on a part-time or intermittent basis.

That is exactly the case. The point is that, in the paper, the minister accuses Labor of being illogical and inconsistent with respect to this particular difference, yet he himself has used this definition as a basis for citing why certain groups have got this payment and certain groups have not. I think the minister was right in the budget press release, but I think he was wrong in the newspaper article. In those circumstances, he ought to have another hard look at his position on this issue. This is an issue of real and ongoing concern within the veteran community and it is not going to go away. The reason it is not going to go away is that, once again, whether it be July 2007, July 2008, July 2009 or July 2010, the fact is that the erosion continues. Six months after the \$50 is paid the erosion will continue—and it will keep going. People will be left to come back, cap in hand, just before the election after next, to seek some recompense, some catch up, in a situation which is not fair, not justified, not dignified and not something that these people deserve to be put through.

I want to pick up on another couple of issues under the bill. Under schedule 8 there are amendments relating to the backdating of war widow and widower payments. Under this schedule the bill will allow war widows who claim a war widows pension following the death of their spouse an additional three months to claim a backdated pension. From 1 July 2007, war widows who claim the pension within six months of their spouse's death will have their pension backdated to the time of death. Labor supports this measure. This is a worthwhile reform that has been requested and pushed hard by organisations such as Legacy and the War Widows Guild. This reform owes a lot to their hard work. I congratulate them and I also congratulate the government for taking this action.

The sacrifice by our nation's war widows cannot be underestimated. They have had to suffer the consequences of our nation's wars much more acutely than the rest of the population and they deserve everything they can get. The only thing that concerns me about this reform is the number of widows who, prior to this reform, would have been financially disadvantaged by not submitting their application within three months. The estimated cost of this measure suggest that there are a high number of widows who could be classified within this category. But this is a worthwhile and positive reform and it has the full support of Labor.

Under schedules 1 and 2 of the bill, which provide for one-off payments to older Australians, each person who qualified for utilities allowance or seniors concession allowance on budget night will receive a one-off, non-taxable bonus payment of \$500. In effect, this will provide \$500 before the end of the financial year to all age pensioners and self-funded retirees earning less than \$50,000 for singles or \$80,000 for couples combined. This measure is expected to affect approximately 286,000 veterans and war widows. Our nation owes a lot to our veterans and war widows and Labor fully supports this payment being made. To be eligible for this payment a veteran or war widow will need to have been of age pension age or service pension age on budget night and be in receipt of an income support payment that qualifies them for utilities allowance or hold a Commonwealth seniors health card or Department of Veterans' Affairs gold card which qualifies them for seniors concession allowance. Labor fully supports this measure. It is hoped that this payment will help ease the burden that cost of living increases are having on our veterans and war widows.

Under schedules 3 and 4 of the bill, which provide for one-off payments to carers, a payment of \$1,000 will be made to carers who receive carer payment. Recipients of carer allowance will receive a payment of \$600 for each eligible care receiver. In addition to the \$600 carer allowance bonus, recipients of carer allowance who also receive wife pension or the Department of Veteran's Affairs partner service pension will receive a payment of \$1,000. The last three budgets have provided similar one-off lump-sum bonuses to eligible carers.

The health of many veterans is often maintained, to a substantial degree, by their partners in their role as carers. There are 2.5 million carers in Australia who look after family members or friends who have a disability, a mental illness, a chronic condition or are frail aged.

Carers make a great contribution to our society and to the economy more broadly by caring for their loved ones who may otherwise be taken out of the community. It is estimated that carers save the Australian economy approximately \$20 billion annually. They do this by providing unpaid work. Carers clearly contribute a great deal to the wellbeing of our veterans and to those in the broader community who may require assistance in their daily lives. For these carers this measure will be very welcome and it is fully supported by federal Labor. However, I should add that, over the last couple of years, the system for payment of this allowance has not always run perfectly. I urge the departments involved to ensure that all carers who are eligible to receive this payment receive it on time. Our carers should not have to go chasing the government for this payment.

By and large, Labor supports this legislation, and I wish it a speedy passage to the other place.