

Somlyay, A.M.
Stone, S.N.
Tuckey, C.W.
Vaile, M.A.J.
Washer, M.J.

Southcott, A.J.
Truss, W.E.
Turnbull, M.
Vale, D.S.
Wood, J.

NOES

Adams, D.G.H.
Bevis, A.R.
Bradbury, D.J.
Burke, A.S.
Byrne, A.M.
Champion, N.
Clare, J.D.
Combet, G.
Danby, M.
Dreyfus, M.A.
Ellis, A.L.
Emerson, C.A.
Ferguson, M.J.
Georganas, S.
Gibbons, S.W.
Grierson, S.J.
Hale, D.F.
Hayes, C.P. *
Jackson, S.M.
Kerr, D.J.C.
Macklin, J.L.
McClelland, R.B.
Melham, D.
Neal, B.J.
O'Connor, B.P.
Parke, M.
Plibersek, T.
Raguse, B.B.
Ripoll, B.F.
Saffin, J.A.
Sidebottom, S.
Sullivan, J.
Tanner, L.
Thomson, K.J.
Turnour, J.P.
Zappia, A.
* denotes teller

Albanese, A.N.
Bird, S.
Burke, A.E.
Butler, M.C.
Campbell, J.
Cheeseman, D.L.
Collins, J.M.
D'Ath, Y.M.
Debus, B.
Elliot, J.
Ellis, K.
Ferguson, L.D.T.
Fitzgibbon, J.A.
George, J.
Gray, G.
Griffin, A.P.
Hall, J.G. *
Irwin, J.
Kelly, M.J.
Livermore, K.F.
Marles, R.D.
McKew, M.
Murphy, J.
Neumann, S.K.
Owens, J.
Perrett, G.D.
Price, L.R.S.
Rea, K.M.
Rishworth, A.L.
Shorten, W.R.
Snowdon, W.E.
Symon, M.
Thomson, C.
Trevor, C.
Vamvakinou, M.

Question negatived.

PARLIAMENTARY STAFF

Mr HOCKEY (North Sydney) (9.19 am)—Mr Speaker, on indulgence, can I take this opportunity to thank the staff of the chamber and also the Comcar drivers and a range of others for being here beyond the scheduled hours of the chamber. I know that parliamentary sittings can be unpredictable in their length from time to time. Parliamentary staff have worked very hard as a result of the opposition's genuine attempt to work closely with the Leader of the House in trying to get legislation through this House in a timely fashion. I know the Hansard staff have worked very hard, until way past midnight the other night, and the attendants also do a great job. They do a great job all the time.

Mr Ruddock—Well, they are public servants, aren't they.

The SPEAKER—Order! The member for Berowra will not widen this, please.

Mr HOCKEY—They are great public servants. I also thank the parliamentary broadcasters, who are often forgotten, and security staff, who are also often forgotten, and a range of others. We are very grateful for their contributions. We must also, of course, thank the clerks—we cannot miss the indefatigable clerks—and you too, Mr Speaker.

The SPEAKER—I thank the member for North Sydney. In concurring with the comments made by the member for North Sydney, I would say that the House does appreciate, in a week like this where there have been extended hours, that there has been great cooperation by people who work around this place and that should be acknowledged. I might take this opportunity to ask members to please be careful with the tapping of microphones. This is a health and safety issue because it does present problems for those who have headphones on in the sound-recording booth. I am indicating this because during the calling of the result of a division I whacked my microphone with a piece of paper, which caused some discomfort, and I acknowledge that.

FAMILIES, HOUSING, COMMUNITY SERVICES AND INDIGENOUS AFFAIRS AND OTHER LEGISLATION AMENDMENT (2008 BUDGET AND OTHER MEASURES) BILL 2008

Second Reading

Debate resumed from 29 May, on motion by **Ms Macklin**:

That this bill be now read a second time.

Mr ABBOTT (Warringah) (9.21 am)—I would like to join my colleague the member for North Sydney in acknowledging the good work of the parliamentary staff. I also want to acknowledge the good work of the member for North Sydney in choosing such a good moment to provide that acknowledgement. The Families, Housing, Community Services and Indigenous Affairs and Other Legislation Amendment (2008 Budget and Other Measures) Bill 2008 is important because it does, as the minister pointed out in introducing it, involve \$55 billion worth of support for families. The point that the minister completely failed to make was that that \$55 billion worth of support for families would have been given by the Howard government. In fact, it would have been an even bigger package of support for families if the Howard government had still been here because we would not have been imposing a means test on the baby bonus, on the family tax benefit part B and on the childcare benefit.

Let me make it absolutely crystal clear to the House and to the listening voters of this country that the policy and the money in this legislation essentially came from the Howard government. The tax cuts were the

Howard government's tax cuts and the surplus is the Howard government surplus, and this is a government which is boasting about credentials which it does not actually have. It is a government which is boasting about credentials which belong to someone else. But it is worse than that. Not only is this government dishonestly claiming credentials to which it is not entitled but it dishonestly went to the election giving one impression while planning to do something quite different. Pre-election, the government gave people the good news but it did not give them the fine print. It is fundamentally dishonest to give the voters good news before the election and save up the bad news for after the election, but that is precisely what this government has done. I ask members opposite how many of them put out press releases during the campaign telling their voters honestly that the baby bonus was going to be means tested. How many members opposite put out press releases during the campaign owning up to their voters that there would be a means test on the family tax benefit part B? How many of them visited childcare centres during the election and said, 'By the way, there is going to be a means test on the childcare benefit if we get elected'? I tell you what, none of them did, because they were interested in votes and what they were doing was telling people the good news and effectively lying about the bad news. This is the fundamental dishonesty behind this bill.

Let me give one example in case anyone might doubt what I am saying. I have here a message from ALP campaign information dated Thursday, 22 November 2007, at four o'clock in the afternoon. This is a message which I am sure went out to thousands and thousands of people during the campaign. To quote ALP campaign information:

We have no plans to make any other changes to the way the Baby Bonus is structured, either in terms of eligibility or payment methods.

That was just a lie; it was just an outright lie.

The SPEAKER—Order! The honourable member should be very careful with the type of language that he uses.

Mr ABBOTT—Mr Speaker, I am being quite careful not to accuse any particular person of lying but I am entitled to say that this government's election was based on, amongst other things, this particular lie. Thousands of families will be worse off as a result of these means tests. Thousands of families will be less well off than they expected because of these secret means tests, these hidden means tests, which this government did not have the guts to come clean about before the election. They did not have the guts to be honest and open and up front with the Australian people, and that is why so many people, as the polls are starting to show, are now asking the question, 'Why did the government lie to us? Why did they not come open and

out and up front before the election?' You know, the people of Australia are going to be further disappointed. I could not help noticing in the *Sydney Morning Herald* of 15 May a report that no less a person than the Treasurer had said that there were more plans in the pipeline to means test other benefits. Why didn't they say that before the election? If the Treasurer thought it was necessary to means test benefits and he has more plans to means test benefits, why didn't he come out and say this prior to the election?

There was a basic message that came out of its budget to the people of Australia, a basic message contained in all of these secret means tests that were sprung on people in the budget. That basic message is, 'Don't bother to earn more than \$150,000 as a family, as an individual, because as far as the Rudd government is concerned if you earn \$150,000 you are part of the Rudd rich.' That is what you are: \$150,000 makes you one of Kevin Rudd's new millionaires. Let me put this to the chamber: 10 per cent of the households of Sydney earn more than \$150,000 a year and according to the Prime Minister they are the Rudd rich. They are the people who do not deserve any help from government. You actually need \$150,000 a year to sustain a Sydney mortgage, but, as far as this government is concerned, at \$150,000 a year you deserve as much help as Kerry Packer or Frank Lowy or Richard Pratt. It is just not right. The reason above all why it is just not right is that this mob opposite just were not honest about this with the Australian people before the election.

Let me briefly go through some of the particular elements of this legislation. The first major element of the legislation is the means test on the baby bonus. I want to say that means testing the baby bonus is just plain wrong. Mothers do not get the baby bonus because they need it; mothers get the baby bonus because they deserve it. The idea that there should be two classes of mothers—class A mothers in households earning less than \$150,000 a year and class B mothers in households earning more than \$150,000 a year; class A mothers who have costs associated with having a baby and class B mothers, who somehow do not have those costs or if they do they do not need any help—is just plain wrong. The real mistake in this misguided means test is the establishment of two classes of mother and two classes of child in this country. Especially, it is odd to see the baby bonus being taken away from mothers who deserve it through a means test that Labor says it will not enforce. If you carefully read the minister's second reading speech, it is pretty clear that this is the first measure—and the government thinks is a social security measure—that is to be based almost entirely on an honour system.

The second key measure in this bill is means testing the family tax benefit, and that is wrong too, especially

when you have not been honest and up front about your intentions pre election. I should concede that the former opposition did—back in 2006, I think—move an amendment to a piece of government legislation suggesting that there should be a means test on the baby bonus at \$250,000 a year. Having flagged an intention to put in place a misguided means test, they then ultimately made liars of themselves by not putting a means test on at \$250,000, which they might have been able to say they flagged; they put it on at \$150,000. Again, the big problem here is not so much the policy, misguided though it is, but the dishonesty of the political party that did not talk about this pre election.

The next significant item in this legislation is the proposal for voluntary family income management or voluntary welfare quarantining. I have to say that I think welfare quarantining is a very important initiative. Again, it is an initiative that was taken by the Howard government and was made possible in the Northern Territory and elsewhere because of pioneering legislation that the Howard government put in place last year. I think that the family income management measure that the government has in this bill is, in principle, a perfectly good thing. The problem is that the only places, I am advised, where this voluntary family income management will be possible this year and next are the Kimberleys of northern Western Australia and the Cannington region of outer metropolitan Perth. So here is a government which is introducing, with some fanfare, a measure as part of the budget and legislating for it today. This voluntary family income management that the Rudd government is giving the country will, I am sure, be toted around this country, announced and re-announced and sang from the rooftops by members opposite as a sign of the new leadership, but it will not actually make any difference for at least 18 months. My message to members opposite is: if you are a fair dinkum, do not just talk about these things, do not just pass legislation in the parliament but actually make these things happen for the benefit of the Australian people. Make them happen now or, if not now, at least in the next couple of months, not in a year or so.

Then we have the changes to eligibility for the Commonwealth seniors health card. Again, it was something that was never talked about pre election. Members opposite did not exactly go into the senior citizens centres of our country and say, 'Oh, by the way, just in case you're thinking of voting Labor, you ought to know that the seniors health care card is going to have a much tighter eligibility test applied.' They did not say that, did they? There is the member for Maribyrnong over there with his head earnestly and diligently buried in his papers. How often did the member for Maribyrnong go into senior citizens centres and say, 'Oh, we're going to impose a tighter eli-

gibility test on the Commonwealth seniors health care card'?

Mr Shorten—How many factories did you tell about Work Choices before 2004?

Mr ABBOTT—We are now talking about your legislation.

The DEPUTY SPEAKER (Hon. BC Scott)—Order! The member for Maribyrnong will cease interjecting.

Mr ABBOTT—We are now talking about this government's legislation. In fairness to the seniors of his electorate, he really ought to apologise to them for visiting senior citizens centres up hill and down dale and not being up front and coming clean with his nasty little change to eligibility for the Commonwealth seniors health card.

Mr Shorten—Mr Deputy Speaker, I rise on a point of order. Whilst the member for Warringah was—

The DEPUTY SPEAKER—The point of order?

Mr Shorten—I am coming to it.

The DEPUTY SPEAKER—What is the point of order?

Mr Shorten—Earlier on, the member for Warringah accused the Labor Party of telling lies but, when he was cautioned by the Deputy Speaker, he said, 'I'm not accusing an individual of being untruthful.' He has just said I have been untruthful.

The DEPUTY SPEAKER—The member for Maribyrnong does not have a point of order. He is the next speaker listed to speak in this debate. He can respond to any of the comments from the member for Warringah at that time. I call the member for Warringah.

Mr ABBOTT—Mr Deputy Speaker, I am not making any personal aspersions against the member for Maribyrnong.

The DEPUTY SPEAKER—No, and I would not allow them.

Mr ABBOTT—I appreciate that, Mr Deputy Speaker. During the member for Maribyrnong's multitudinous visits to the senior citizens of Maribyrnong the seniors were saying, 'Please, spare us from Bill Shorten's visits.' I am just asking the question: how many times on those visits did the member for Maribyrnong actually say to seniors: 'Oh, by the way, no-one has told you this but honest Bill is going to be up front with you. There is going to be a change—'

The DEPUTY SPEAKER—The member for Warringah will refer to the member by his seat.

Mr ABBOTT—Sorry; I should not have said 'honest Bill'. That is not true. I should have simply referred to him as the member for Maribyrnong.

Mr Shorten—Mr Deputy Speaker, I rise on a point of order. It is fully clear that he is making an implication by innuendo using the reference—

The DEPUTY SPEAKER—I have ruled that the member for Warringah will refer to members by their seat.

Mr ABBOTT—I am justly rebuked and I will not sin again, Mr Deputy Speaker.

Mr Shorten—You've said that before!

Mr ABBOTT—I have, and you might have to give me absolution on more than one occasion. The fact is that this is a sneaky, underhand change. These seniors are not only going to lose eligibility for the Commonwealth seniors health card. Because they lose eligibility for that, they will lose eligibility for subsidised drugs under the Pharmaceutical Benefits Scheme and many of them will not get bulk-billed by their doctor because many doctors use the seniors card as a criteria for bulk-billing people. And in some states they will lose eligibility for a whole range of seniors concessions because in those states the Commonwealth seniors card is one of the keys for access to these concessions.

The final major measure in this bill is to align the age of partner service pensions. The rationale is that this is what happens in the social security system so it ought to happen in the veterans system. I just want to make it very clear that it is the strong view of the coalition parties that veterans and their wives should be treated under the veterans system and not under the social security system. That is why the opposition will be strongly opposing this particular change.

As the member for Maribyrnong would no doubt interject, the former Howard government were responsible for establishing what notoriously became known as core and non-core promises. We were understandably enough pilloried up hill and down dale from 1996 about these core and non-core promises. I have to say that the 2008 equivalent of core and non-core promises is these sneaky means tests that have been introduced by the Rudd government. Unlike John Howard, the current Prime Minister is not open and up front about these things. Labor went to the election claiming to be economic conservatives but what we have seen from this government, particularly in these sneaky, class-envy-driven means tests, is that at heart they are still socialists deep down. I move:

That all words after "That" be omitted with a view to substituting the following words:

While not declining to give the bill a second reading, the House:

- (1) is of the opinion that the Baby Bonus should be payable at a tapered rate for incomes in excess of \$150,000, being reduced in respect of higher incomes by \$1,000 for every \$10,000 earned; and
- (2) records its concern at the Government's decision to impose a means test on the family tax benefit.

The DEPUTY SPEAKER (Hon. BC Scott)—Is the amendment seconded?

Mr Farmer—I second the amendment and reserve my right to speak.

The DEPUTY SPEAKER—I call the member for Maribyrnong. My apologies—I call the Parliamentary Secretary for Disabilities and Children's Services.

Mr SHORTEN (Maribyrnong—Parliamentary Secretary for Disabilities and Children's Services) (9.41 am)—It is all right, Mr Deputy Speaker. No-one in the coalition has bothered to seek out my seat, but that's life. None of them actually visited my electorate in the whole time of the Howard government, but that is all right—my electorate voted for Labor. I rise today to give my support to the Families, Housing, Community Services and Indigenous Affairs and Other Legislation Amendment (2008 Budget and Other Measures) Bill 2008, which is bringing fairness and simplicity into family assistance. This government handed down in May a fair and economically responsible budget. As my colleague the Minister for Families, Housing, Community Services and Indigenous Affairs said in this House last week:

The budget delivered our election commitments and invested responsibly in building a modern Australia.

It was carefully framed to meet challenging economic times. It recognised that many Australians are under increasing financial strain from rising cost of living expenses and high interest rates—

the legacy of the long Howard years. It was a budget which put the concerns of working Australians at the forefront. Our \$55 billion working families package clearly shows our commitment to supporting those who need it.

This bill will, in part, establish a \$150,000 cap on primary income for family tax benefit part B and related tax offsets. It contains also four measures to do with the baby bonus. Firstly it introduces an income test for the baby bonus from 1 January 2009. Families with an estimated adjusted taxable income of more than \$75,000 in the period of the six months after the birth of the child, or in the case of adoption or long-term care arrangements the period of six months after the child is entrusted into the family's care, will not be eligible for the baby bonus in respect of the child. This income limit will be indexed on 1 July every year, in line with movements in the consumer price index, with the first indexation occurring on 1 July 2009. There will also be provision for the baby bonus to be paid by instalments rather than by lump sum. Payment will be made in 13 fortnightly instalments of around \$385 per payment starting after the determination granting the claim. This will apply from 1 January 2009. Thirdly, the indexation date for the baby bonus will be changed from 1 July each year, after the legislated increase, to

\$5,000 on 1 July 2008. Current indexation dates are in March and September.

Furthermore, eligibility for the baby bonus will be extended to parents who adopt children under the age of 16 and an adoptive parent will be able to access the full amount of baby bonus even if it has previously been paid. I particularly welcome this most recent initiative to which I refer. Currently, the baby bonus is only payable for children adopted under the age of two, and this will apply from 1 January 2009. I was disappointed that the member for Warringah failed to refer to this absolute improvement in the legislation.

Governments have to think very carefully about how they spend taxpayers' money. The previous government lacked these scruples and abandoned the traditional notion of welfare to the most needy. Instead it was busy trying to force disabled pensioners and single mothers back into the workforce regardless of circumstances—indeed, it was trying to force Australian workers back into the dark old days of master and servant through its draconian and euphemistically named Work Choices. Furthermore, as the member for Warringah correctly identified in the only part of his speech with which I concurred, the Howard government was dividing its election commitments into core and non-core promises. I appreciate the apology by the member for Warringah, who correctly says that they should have been pilloried for what happened. And, of course, the previous government was known for throwing the truth overboard.

In fact, the previous government were handing out \$5,000 bonuses to millionaires. The opposition have been howling, barking, moaning and groaning since the changes outlined in this bill were first mooted. The member for Curtin said that means-testing the baby bonus would be an administrative nightmare. She might have some idea about administrative nightmares; one only needs to look at the way that the Australian workplace agreements were created, changed and mangled. Perhaps this is the reason why the former government implemented so little good policy. They always went for the easy option—the low-hanging fruit.

Meanwhile, the Leader of the Opposition has, characteristically, been wavering about means testing. The morning after the budget was handed down, when interviewed by Chris Uhlmann on the ABC, he had one of those moments which no doubt he would rather forget, but unfortunately the transcript exists. The Leader of the Opposition said:

... we think that a means test on some of these benefits is reasonable.

Oh, my goodness. The cat is out of the bag. But he would not commit to it or put a figure on where he thought the means test should kick in, presumably somewhere above the new price of alcopops, which he

so strenuously defends. Two days later—a lot can happen in 48 hours—he told the ABC's Marius Benson:

We don't support means testing either of the baby bonus and we don't support means testing on the husband's income of family tax benefit B.

The backflip continues like the three-ring circus that is the opposition policy in this area. The Leader of the Opposition went on to say:

Family tax benefit B is means tested as it was under us on the income of the mother. We don't support means testing on these things ...

I say again: the Leader of the Opposition one day says they are open to means testing; two days later—not three or four days later but within the space of 48 hours—he says:

We don't support means testing on these things, we think that Australians ought to be encouraged—

well, that is brain surgery—

and rewarded for having families and working hard.

So do we. He then went on to say:

However, having said that we are not going to block it in the Budget.

Maybe the current Leader of the Opposition, as opposed to any other putative leaders of the opposition, thought that he was speaking on different programs on the ABC and no-one would spot the difference. Where exactly are the opposition on this issue? Can they make up their wandering, mendicant minds? Are they Arthur or Martha? What is their alternative? They want to reduce the benefits to the battlers so that the millionaires can get the assistance that the millionaires know they do not really need.

In support of my case I would like to refer to a notorious group of left-wing, *Green Left Weekly* reading, pinko lefties. In case you are curious about who that is, I of course refer to that notorious cheer squad of the ALP, the Business Council of Australia. The Business Council of Australia has called for the means-testing of some of these benefits. Even before the budget was brought down, the President of the Business Council of Australia, Mr Greig Gailey, said it was inappropriate to hand out benefits such as the baby bonus regardless of income and it is time to spend taxes more wisely. Mr Gailey continued:

If you look at the position of what one might describe as the middle ranking taxpayers, something like about 30 per cent of the tax they pay actually comes back to them. And that sort of churn, I think is highly questionable in terms of its efficiency and I think providing un-means tested benefits like the baby bonus is a good example. Really isn't appropriate in our view ... those benefits if government determines to give them, should be means tested.

There we go. Well-known, left-wing branch members of the ALP, the Business Council of Australia, with whom I have not always seen eye to eye on other matters, have said:

... those benefits if government determines to give them, should be means tested.

The member for Warringah, in a throwback to his student political career, said that Labor was suffering class envy for supporting means testing. Does he therefore say that Greig Gailey has class envy? Does he therefore say that the Leader of the Opposition—who, on a day when one of his personas is kicking in, says means testing is all right—is prone to the odd bout of class envy? As I am not privy to the machinations of the leadership struggles among the conservatives, I therefore cannot decide if the member for Warringah in making this point about Labor is in fact criticising the Leader of the Opposition because he was once a member of the Labor Party. Perhaps there is a dim, dark suspicion in some of the ranks of the coalition that, if he was in the Labor Party for so many years, he really is the Manchurian candidate of the Labor Party.

Before the election, you would have thought from the propaganda and spin from those unhappily occupying the opposition benches that the Labor government and business would be at each other like a pair of mangy junkyard dogs. Instead, to no-one's surprise, except for those on the opposition benches, we are in furious agreement and it is the opposition who are out in the cold—clinging to their old, big-spending, vote-buying ways, trying to defend the indefensible and being endlessly confused about their own position.

Newspoll conducted a poll on this issue a week or two back. It indicated that not one out of three and not two out of four but two out of three people actually supported means-testing these benefits—and most actually thought it should cut in before \$150,000. It is said that people often run ahead of politicians. On this issue, the people have clearly left the divided, confused, big-spending, millionaire-welfare-loving opposition in their dust. It makes sense to target this assistance. As the minister said, this government is committed to a children-first approach to family policy and is taking responsible decisions to ensure a responsive and targeted social and income support system.

The government's approach on this issue is an integral part of the budget commitment to keep downward pressure on inflation and interest rates. We know that the best way to help hardworking Australians is to keep downward pressure on interest rates and inflation. It should come as no surprise therefore that the Labor Party is taking a sensible and fair approach to welfare. Labor has always been the party of welfare reform and has always been the party that cares about Australians. I am proud to be part of this government, under the Prime Minister and the Minister for Families, Housing, Community Services and Indigenous Affairs, which is continuing this magnificent tradition. I commend this bill to the House.

Mr MORRISON (Cook) (9.53 am)—The Families, Housing, Community Services and Indigenous Affairs and Other Legislation Amendment (2008 Budget and Other Measures) Bill 2008 before us today fails to understand the purpose of the measures that it seeks to change. I think that is the fundamental point in this debate. The member for Warringah has made some excellent points about the deceit that has been put forward by this government not only on this bill but on a raft of bills that we have seen paraded through this place, particularly over the last few weeks, where they said one thing to the Australian people before the election and then have come into this place and, as the member for Kingsford Smith said they would, changed it all. There has not been a truer word spoken by anyone in this government—other than, I suppose, by the last honest man in the Rudd government: the member for Batman—than when the member for Kingsford Smith said prior to the election in a conversation with Steve Price in the chairman's lounge in Melbourne, 'We'll change it all.' That is what we are seeing here on a daily basis. We saw it in this place yesterday, we are seeing it in this place today, and I suspect we will continue to see it.

I know that the member for Maribyrnong made reference to a Newspoll poll that has appeared. I am sure he would have read Newspoll's poll this week because I know the member has a very keen interest in the performance of the government. I suspect we may see him moving forward on these benches very soon. With performances like his in the House today, I am sure it will be only a matter of time before we see him move forward just that little bit further from where he currently sits to the front bench.

The point I am really trying to make here today is that these measures that were designed by the previous government had purposes. The government in their rush to class envy, to symbolism and to punish those who they simply do not agree with have decided to trample over the merits of those measures. The bill proposes changes to family tax benefit part B, the baby bonus, as well as the seniors health card—and there were other measures announced in the 2008 budget. It is proposed that an income test be applied to the baby bonus from 1 January 2009 onwards to make provision for the payment of the baby bonus by instalment rather than by lump sum. Payments will generally be made to recipients by way of 13 fortnightly instalments. We should remember that these measures were also introduced by the previous government but were only applied to situations where the government had a proven and demonstrated concern that the management of a lump sum payment by an individual might be to the detriment of a child or a family.

Those opposite have taken that measure, which was designed to protect people in the most vulnerable cir-

cumstances, and writ it large across the entire Australian population. To every single family who will have a child from 1 January 2009 they have said: 'We do not trust you with the money. We do not think you are going to spend this money correctly. We think you will just go out there and blow it all.' They think they are going to blow it all like this government are doing, with \$30 billion in expenditure in their first budget and \$19 billion of new revenue measures and taxes. They are saying to new moms and dads: 'You're not up to this task. This is beyond you, so we are going to give it to you in little bits and pieces.' As someone who in the last year has done things like buy a pram and other things for a new baby, I know that you get these bills in large chunks. What are we going to do? Are we going to sit on these bills for weeks and weeks as the baby bonus dribbles in to the bank account?

This bonus was intended as a fixed payment to address the financial needs of families in those crucial first few months. They are difficult months for families. They are learning many new things and coming to terms with major life changes. The last thing they want to be worried about in that period of time is the dribbling in of the baby bonus cheque. The fact that it has been paid gives some comfort, reassurance and an ability to focus on the most important thing when a family has just had a child—and that is the child. That is where all of the focus should be. I am sure all members in this place would agree with that statement. But this measure highlights the risks and uncertainties and it adds a little bit more pressure to a situation that, frankly, just does not need it.

There are also changes that substitute the current indexation arrangements applying to the payment with a new annual indexation scheme. There are changes to the eligibility conditions for the baby bonus for adopted children. These amendments increase the age limit for baby bonus eligibility from two to 16 years where a child is adopted. The baby bonus one-off payment is currently made on the adoption of a child under the age of two, and the payment is generally made, as I said before, as a lump sum.

To understand the objectives behind the baby bonus payment, I think it is important to understand a bit of the background. Before the government was elected, the former coalition government put in place many initiatives that provided practical financial assistance to families. The family tax initiative started in January 1997 and gave tax benefits to families with children and additional benefits to single-income families. Also, from July 2000, families enjoyed increased tax-free thresholds, providing a further \$2 billion of annual benefits to families. An integral part of these changes was the simplification of the family benefits structure, giving families added incentive to work by easing the

income test for the family tax benefit and lowering income taxes.

The baby bonus was another family orientated initiative that was introduced by the former coalition government in 2002. The payment recognised the cost involved with the birth of a first child, including the loss of the second household income. The basic principle was that a couple that has a child goes from two incomes down to one at the same time as they have the additional costs associated with a new baby. The underlying principle behind the baby bonus as first constructed was that it enabled a mother to effectively claim back the tax she paid on her income for the previous five years in the year prior to the birth of a child. The maximum amount that could be claimed back was initially \$2,500, and this equated to the tax payable on an income of \$52,666. At the time, it was estimated that about 93 per cent of partnered women without children earned that amount or less, while those women with a higher base salary could not claim more than \$2,500.

The baby bonus also supported mothers on low incomes and those not in the workforce. The minimum annual payment of \$500 was available to those with a taxable income of \$25,000 or less. The baby bonus has provided assistance to hundreds and thousands of families each year and was only possible because of the former coalition government's economic credentials.

It has been galling to sit in this place and listen to the Treasurer, the Prime Minister and the Minister for Finance and Deregulation talk about their surplus—the surplus that they created. It is an absolute nonsense. When the coalition came to power in 1996 there was no surplus. People did not talk about surpluses. Surpluses were not the norm in fiscal policy in this country. The current government, elected in November, inherited the best set of books they could possibly hope for. To come in here and seek to undermine that for political purposes betrays the political envy of this government and the fact that they will literally do anything and say anything in order to advance their cause.

Currently the baby bonus is \$4,133 for each eligible child and the payment is tax free. There is no income or means test and it is not included as income for social security or other family assistance purposes. It is mostly paid as a lump sum in recognition of the large expenses incurred immediately before and after the birth of a child. The baby bonus was never intended to operate as a form of welfare—and this is an important point. It was a payment from the Australian government to help families, no matter what their income, with the costs associated with caring for a new baby.

At the end of the day these measures were all about fertility. The means test is a nonsense on that basis. It is about fertility. It is not about the obsession that those on that side of the House have about wealth redistribu-

tion. That is what they are on about—wealth redistribution. They have sought to apply that philosophy to a measure which it has nothing to do with. If you are trying to boost fertility, if you are trying to get more children born in your country, it does not matter under what roof that child is born—whether the child is born to a low-income family, to a high-income family, to a median-income family, to a family with an overseas born background, to a family with a non-overseas-born background, to a family who is working or to a family who is not working. It does not matter. The point of the policy is to increase the fertility rate to ensure that there are more babies born. So the application of a means test is an absolute violation of that objective, and those opposite should really think hard about these measures because they clearly do not understand the point behind why these measures were first introduced.

Why is fertility so important? The former government understood this and in particular the former Treasurer, the member for Higgins, understood this point. He was the first to confront our demography challenge with the *Intergenerational report* initiative—the first in 2002 and then again in 2007 and for every five years thereafter. It is a great comfort to those on this side of the House that in the shadow Treasurer we also have someone who understands the challenge of demography. In his first speech, his maiden speech in this place, as he sat over there, the member for Wentworth as he was then—the shadow Treasurer, as he is now—talked about demography being destiny. In that speech he made numerous remarks about the importance of us facing up to these challenges of demography. This is what the former Treasurer, the member for Higgins, was seeking to do. This is what he has been successful in doing with the policies he brought forward.

The *Intergenerational report* had some staggering statistics and some staggering realities for us to confront. Between 2000 and 2047, our population aged over 65 will increase from 2.8 million, or 13.4 per cent of our population, to 7.2 million, or 25.3 per cent. That is an increase of more than 250 per cent. This will more than halve the ratio of our working age to retirement age population, which will go from just over five to around 2.4. The cost of meeting these changes, which has been included in estimates provided at various times, is something like \$50 billion a year in additional taxes to put that bill at a state and federal level.

The primary cause for these changes, in terms of the movement and statistics and the changes of these ratios of workforce to aged population, is fertility rates. That is understood. In the early 1960s the fertility rate in this country was 3.2 births for every woman. In 2001-02 it had fallen to 1.7. That is still higher than other developed countries where it is about 1.2 and 1.4 births. But it still represents a failure of our own population to

replace itself. The key impediment to families having more children, as identified in the various studies that took place at the time, was the prohibitive cost. The point here is that, as a nation, we need strategies to address our demographic challenges.

The former government was prepared to take on those challenges and the baby bonus was but one measure, non means tested, which went a long way to moving those statistics in the right direction. The ABS shows that there was an increase in the total number of births in the country following the baby bonus. In 2001-02, the total number of births in the country was 247,000. By 2006-07 it had risen to 273,000. During the 2006 calendar year there were 266,000 births registered in Australia. This was 6,200 more than the previous year. This was the second highest number of births registered in Australia, with more births registered only in 1971.

When one looks at fertility rates—normally expressed, as we said before, in births per woman—we have seen that fertility rate increase since the baby bonus from 1.73 to 1.853. The reversal of Australia's declining fertility rate, as a result of the non-means-tested measures introduced by the former government, is working. I do not know what it is with those opposite, who seem to think that they have to find every policy that the previous government put in place and change them all, as the member for Kingsford Smith said, and to break them. We have a policy here that is working. It is increasing our fertility rate, and this government seems intent on destroying it. Understanding its commitment to public policy in this country is beyond me when they are being so irresponsible as to undermine this measure at its core.

I am waiting to hear about the government's plan on fertility. I am waiting to hear the Prime Minister talk of the challenges. I suspect that, if he does do anything, we will only hear him talk, but at least it would be an acknowledgement of the demography challenge our country faces if he would start facing up to this issue. I am waiting to see the fertility policy. This is a government that want to engage in gender equity debates on maternity leave, they want to engage in income redistribution debates on baby bonuses and they want to engage in class warfare debates on workplace relations; but all of these issues are actually about fertility. Changing workplace relations, changing things to do with maternity leave, changing things to do with income benefits and changing things to do with baby bonuses are all about encouraging greater fertility in this country. It is time that those opposite set aside their ideological biases on this issue and actually faced up to and focused on the key challenge we as a country face, which relates to the issue of fertility.

In closing, I make a few other comments about some other matters that relate to this bill and how they fall

particularly on those in my home town of Sydney. As the member for Warringah said, we need to understand the impact of this measure, particularly in relation to the \$150,000 rich tag—the Rudd rich tag—which has been highlighted, on families. I am quoting here from the *Daily Telegraph* of 15 May:

Families who wanted to live closer to the city and buy a mid-priced home costing \$551,000 would not be able to do so on an income of \$150,000.

The article also says:

A THIRD of families potentially hit by the Federal Government's new \$150,000 means test on family welfare benefits live in Sydney.

... ..

There are 53,000 families with dependent children on incomes over \$150,000 living in Sydney who could be hit by the changes.

What I see on the frontbench opposite is not a great understanding of the cost of living as it applies to families and people living in Sydney. The key decision makers in this government do not come from Sydney—they are from Brisbane, Melbourne and other places—and what they do not understand is that servicing a mortgage in Sydney and taking on second jobs, as families do, is putting families over that \$150,000. That is the new Rudd rich, as the member for Warringah says. They are the people the Prime Minister thinks should be penalised—people who are going out and making an effort to earn more to pay off that mortgage and provide for their future. They are being cast aside as the wealthy, the rich and those who do not deserve encouragement. It is a pretty sad message to send to Sydney people and to Sydney families if those in this government are not going to face up to the challenges faced by those families.

I will also touch very briefly on the family tax benefit changes. The family tax benefit provides recognition for families where one partner stays home to look after a child. That was a choice made by families that the former government, and particularly the former Prime Minister, said they were committed to, and the former Prime Minister backed that up. The changes to the family tax benefit flagged in this bill—and I am sure this will see further changes down the track—really speak against those decisions taken by families.

I conclude on the point that I want to see a fertility policy that supports the choices of families. I want to see a fertility policy that supports the choices of families to have parents who decide to stay home and look after their children, not just the choices of those who go out to work.

Mr SLIPPER (Fisher) (10.11 am)—I am particularly pleased to have the opportunity of joining in the debate on the Families, Housing, Community Services and Indigenous Affairs and Other Legislation Amendment (2008 Budget and Other Measures) Bill 2008.

This bill supports some of the decisions made by the government in the 2008 budget. The government, of course, has had quite an easy job to manage the economy since it was elected to office, given the fact that the former government had repaid \$90 billion of Labor debt and ensured that the budget was in surplus. This government has come forward and somehow suggested that it inherited an economic basket case and that it therefore had to slash and burn existing programs to make sure that the government was able to pay its way.

There has been a lot of huffing and puffing, but sadly not a lot of accurate comment, on the part of the government. This government, unlike its predecessor, inherited a robust, well-managed economy. The former Treasurer, the honourable member for Higgins, did an outstanding job as Treasurer, as did the government generally as a government. We created a culture in Australia where governments have to pay their way. One has to treat a national budget in the same way as one would treat a family or household budget. One simply cannot continue to spend more than one earns. Unlike our predecessor, we made sure that the government kept within its means and we repaid debt. Having repaid debt meant that we were no longer paying interest on that debt, and in the last years of the government we were able to return a social dividend to the community as a result of the benefits of sound economic management.

Some people said that the former government, while managing the economy well, maybe did not have a heart, did not have enough of a heart or did not show enough feeling for those people in our community who were doing it tough. But everyone agreed that the government did manage the economy in a sound and responsible manner. What the new government has done is to attack our economic credentials. It suggests that we let the inflation genie out of the bottle. It claimed that we were spendthrifts. It claimed that it had to rein in spending so that the country could continue to operate. It has sought to demolish our economic reputation. It has sought to portray us as economic vandals. It has sought to suggest that we, in some way, did not have our eye on the ball.

This is not convincing the Australian community. Labor governments, like leopards, do not change their spots. The challenge for this government is going to be to resist the traditional Labor tendencies which always seem to creep into Labor administrations around the country. The families, housing and community services legislation currently before the chamber is legislation whereby Labor does give in to its ideological inclinations, particularly with respect to the baby bonus. It is ridiculous that the government has sought to victimise those families who earn more than \$150,000, because the baby bonus was not seen as a welfare measure. The baby bonus was something that was provided to assist

families with the additional costs of bringing a child into the world. The baby bonus has been quite extraordinarily successful insofar as the fertility rate in Australia has risen. An amendment has been moved by the honourable member for Warringah that states:

While not declining to give the bill a second reading, the House:

- (1) is of the opinion that the Baby Bonus should be payable at a tapered rate for incomes in excess of \$150,000, being reduced in respect of higher incomes by \$1,000 for every \$10,000 earned; and
- (2) records its concern at the Government's decision to impose a means test on the family tax benefit.

This amendment would greatly improve the bill were it to be accepted by the government, but I suspect that this government will be unlikely to accept the common sense expressed by the member for Warringah in his amendment.

The interesting thing is that the number of families in Australia with incomes in excess of \$150,000 having children would not be high. I suspect strongly that the cost of administration of this means test will outweigh the moneys which would be saved by the government as a result of the means test. So this is, I suppose, an ideological indulgence by the government pandering to the people on the left of the party. I think it is really quite ridiculous that we are seeing this means test introduced with respect to the baby bonus. The means test, in my view, will cost more to administer than the savings will be as a result of depriving those people with incomes of over \$150,000 from actually receiving the baby bonus.

The government stands condemned by the Australian community in a number of areas. Because I am quite keen not to tempt you, Mr Deputy Speaker, by straying too far from the provisions of this bill, I am not going to talk about things such as the way the Assistant Treasurer misled the House. I am not going to talk about the way that public servants were forced to work for 35 hours straight to produce legislation—

The DEPUTY SPEAKER (Hon. BC Scott)—I am very pleased to hear that but you might come back to the bill before the House.

Mr SLIPPER—in relation to a Fuelwatch scheme. I am not going to traverse into those areas, because I realise that were I to talk about the Assistant Treasurer misleading the House you quite rightly, Mr Deputy Speaker, would feel forced to bring me back to the bill.

The DEPUTY SPEAKER—The member for Fisher will bring his comments back to the bill before the House.

Mr SLIPPER—I am just saying, Mr Deputy Speaker, I do not intend to go down that line, because I do not want to force you to have to impose the standing orders.

The DEPUTY SPEAKER—I can advise the member for Fisher, he would not be forcing me; I would be taking action without his encouragement. I ask the member for Fisher to bring his remarks back to the bill before the House.

Mr SLIPPER—I do accept your ruling, Mr Deputy Speaker, as you would expect me to. This bill, however, would be greatly improved were the amendment moved by the honourable member for Warringah to be accepted by the government. I ask the Parliamentary Secretary for Disabilities and Children's Services at the table to consider the arguments put forward by the member for Warringah because we as a parliament do have a responsibility to get legislation right. The legislation is not right and it would be greatly improved were the amendment moved by the honourable member for Warringah accepted by the government.

I also support the second part of the amendment moved by the honourable member for Warringah—that is, that we as a parliament should express our concern at the decision of the government to impose a means test on the family tax benefit. I think it is about time that the government got off the backs of those people who are prepared to work hard to produce an income, because if it were not for the fact that people work hard and produce income then the government would not be receiving the taxation revenue it needs to provide the services required by the Australian community. So the government ought to be a government for all Australians. The government ought not to victimise those people who work hard, because if we did not have people working hard and earning those sorts of incomes then the government simply would not be able to provide the social services needed by the community at large. I do support the position taken by the member for Warringah and I commend the amendment to the chamber.

Mrs BRONWYN BISHOP (Mackellar) (10.20 am)—I rise to add my comments to the second reading debate of the Families, Housing, Community Services and Indigenous Affairs and Other Legislation Amendment (2008 Budget and Other Measures) Bill 2008. Last night in the Main Committee I spoke at length about the way the Rudd government is taking away entitlements that veterans have enjoyed. There is the hypocrisy of this whereby the government has said that it would always protect veterans and their rights and believes that they should be serviced by the Department of Veterans' Affairs. We have seen the resignation of the secretary of that department. That is of great disappointment to many veterans because they believe he has done a very good job, as do I. I would like to place on record that, although I have been the shadow minister in this portfolio for only six months or so, I have come to have a very high regard for him and I think he will be greatly missed. I am just wondering whether he

is yet one more casualty of the abuse of public servants that is going on at the present time by the current government.

I want to speak very specifically about the increase in the age limit at which spouses of veterans will have access to service pensions. At the present time that age is 50. Because of the budget initiative of this government, the age will rise to 58.5. It is unreasonable to, in one leap, take a pension which people may have been planning on and push it out of reach for the best part of a further decade. It should be compared with the way in which the Howard government initiated moves to shift the age limit for the pension from 60 to 65. That was done over many, many years and we are still not quite there. In other words, it could be factored into people's arrangements. For the age limit to be lifted as it is, in one swoop, in one year, is totally and utterly unreasonable. Accordingly, I will be moving, on behalf of the member for Warringah, an amendment to schedule 5 of the bill which would enable that age limit to remain at 50 years, so that veteran entitlements would not in fact be diminished.

In regard to the other issues in the bill, my colleagues have covered those very solidly and very wisely. There will be a further amendment relating to the seniors card. I would point out that in the budget there was not one word about seniors. There was nothing for the older population who are retired people and obviously do not fit the description of a working family. It is such a narrow definition and excludes so many people. Veterans and other people who are retired are outside that parameter and do not count. That is becoming more and more clear. I saw the honourable member across the table, the member for Maribyrnong, say that there was something there for seniors. Of course there was: they were the provisions which we in fact introduced about the utilities allowance. They were part of our policy. Mr Rudd went and said, 'Me too, me too, me too,' and now wants to take credit that it was his own initiative, but it was not. We are very pleased when the government chooses to put what were our policies into practice, but we will not have them take credit for them. They simply said, 'Me too.'

Mr WINDSOR (New England) (10.24 am)—I endorse some of the comments made by the member for Mackellar, particularly in relation to the veteran community. I know it is not part of the Families, Housing, Community Services and Indigenous Affairs and Other Legislation Amendment (2008 Budget and Other Measures) Bill 2008, but an anomaly that should be addressed and hopefully will be addressed by the new government is the provision of the gold card to veterans of the Second World War who did not have the appropriate 'qualifying service'—as it is deemed in the legislation. That is one of the great disgraces that this parliament has presided over. I understand those veter-

ans are dying at the rate of something like 800 a month.

In many cases it has been disturbing to them that, even though many of them would have trained and served as members of our military services during the five years of that particular conflict, the fact that they were not sent to an area where an angry shot was fired has meant that they are being treated as second-class citizens in the latter part of their lives when they need, in my view, special medical treatment. Particularly in recent years when the government has had fairly substantial surpluses, the rhetoric on all sides of parliament has seemed to reside in concern for our troops overseas and how we have to encourage them and look after them et cetera. Yet we have this fairly blatant abuse of older veterans who were doing only what their country asked of them. If the leaders of their country had asked them to go overseas they would have, but they were asked to stay here.

Take, for instance, my father's case—and this would have occurred in a lot of cases. He served in the Middle East. If the Japanese had broken through in New Guinea, he would have been a fat lot of good in defending my family because he was in the Middle East looking after someone else's family. If history had taken a left turn, those who were here, who now are being treated as second-class citizens in terms of access to the gold card, would have been the real defenders of the nation. Excuse the latitude I am taking, but it is something we should take up.

My main reason for speaking to this piece of legislation is this abominable policy called the 'baby bonus'. On day one when Treasurer Costello brought this piece of legislation to the parliament with the guise that somehow there was falling fertility and that a few thousand dollars would in fact cure the problem, the statement he made—and I know it was half in jest, but he resided on it for a long time—about having one for dad, one for mum and one for the nation sent a dreadful message, particularly to young people. I was hopeful when this government was in the election phase and was concerned about inflation that it would have thrown this abominable piece of legislation out. I will not be supporting the amendment. In fact, I do not support the whole concept of paying people to conceive and giving them a few dollars. Then, as some of the speakers have said this morning, you have to run a good economic agenda to provide the services that the public will demand when we are paying people to have children who may not, in some cases, have the capacity to have children. If we are going to start to develop a nation where the state will pay for everything, we really do have to consider some of our options in these vote-grabbing programs such as the baby bonus.

One of the Liberal Party speakers who spoke a moment ago raised the high cost of living in Sydney and

referred to 'Rudd's rich' as being those people who receive over \$150,000 income. To suggest that a family with that sort of income would require a payment to conceive a child I think is offensive.

There is absolutely no doubt that there are many people who are more attracted to the cash than the care of their young people. When these arguments are put out that we need money, we need to run a good economic agenda so that we can provide services to those in our community less fortunate than ourselves. Many of those less fortunate are going to be conceived for this ill-conceived \$5,000 payment for sex—a payment to conceive a child for the nation. I happen to think that parenthood is a bit bigger than that. If people need to be encouraged by cash to have a child, they should not be having a child in the first place. I would urge the government to look at this policy in the future. There is no substantive evidence that suggests that it is doing anything to the fertility rate anyway. We have spent over \$4 billion on this thing—\$4 billion on a crazy piece of policy. The former Treasurer, Peter Costello, said that this was going to have an impact, that it was going to increase the fertility rate. I think the new government needs to keep an eye on that and, if it is not doing it, get rid of it. Get rid of it because of the false premise on which it was set up. I think the more important issue is: what is happening to some of these children that are being conceived because of cash? What is happening to them? What are their circumstances?

I would like to read into *Hansard* some comments made in the *Northern Daily Leader* on 7 May 2008. This was prior to the budget. I as the local member come and suggested that the government should scrap the Baby Bonus. This was prior to the budget.

Tamworth Area Multiple Birth Association (TAMBA) president and mother of four, Jenny Taggart said while there was no doubt the \$5000 bonus could help with expenses associated with the birth and care of a newborn, a blanket baby bonus often did not meet the needs of the community.

"A one off payment of \$5000 at the birth of a child neglects to take into account that the child will be under their parents' care until they are a teenager, or longer," she said.

At the very least means-testing—

and she is supporting what the current government is doing, in this sense, I guess—

would be a step in the right direction—but the administration costs involved—

and this is part of what the opposition has been saying—

would probably render this option impractical.

That was the Tamworth Area Multiple Birth Association. The Tamworth Family Support Service—and we have all got these sorts of support services in our electorates; they are the people that pick up the pieces when things go wrong and people need help—said this:

Tamworth Family Support Service ... manager Belinda Kotris agreed the money would be better spent on new parent support services.

Ms Kotris supported Mr Windsor's called to abolish the bonus.

"We are seeing parents that may otherwise not consider having children do so because of the financial incentive," she said.

"As many parents would tell you it cost a lot more than \$5000 to raise a child—but for some families that is more money than they would ever have seen in their lives."

Ms Kotris said that the TFSS had heard of a number of cases where the Baby Bonus money had been spent on consumer items with nothing left over for the baby.

And when questioned, she said:

"Yes, this includes plasma TVs."

Here is an important point, I think—the whole thing is an important point:

Given it costs \$260 for a young girl to travel to Newcastle for an abortion as against \$5000 bonus for having the baby it was not surprising that there had been an increase in teenage pregnancies, Ms Kotris said.

The cost of a termination is not reimbursed by Medicare.

I think there are a number of interesting points in what we are actually doing with this particular bonus and the messages we are sending to young people—the messages that seem to be swinging across this chamber in recent months as well. We hear the message from time to time that the world is overpopulated. Some people even suggest that because of the way the Murray-Darling system is now Australia is overpopulated—that is, we are putting pressure on our resources. Some are suggesting that we have got to do something about our carbon emissions through the way in which an overpopulated world is impacting on itself. Some are suggesting that we have to double food production—that we have to suddenly open up the north of Australia so that we can feed others in other parts of the world who cannot feed themselves. So there is this range of mixed messages and this absurd piece of populism crept into this parliament, where we pay people to have babies.

I am not opposed to helping caring parents and assisting them in a range of areas, but this is not the way. It encourages some who do not particularly care about parenthood, who have not really thought about it but who can see a sum of money—a quite large sum of money; in this case, \$5,000—on offer. If we are serious about sending messages—and we had a debate yesterday and last night about partners and parents and gays and others—about the morals of social policy, we should address what I would say is an immoral piece of social policy. It was based on a false premise in the first place and is actually being abused by some people in our community.

I know the government has moved in some cases to make the payments weekly or monthly so that the total

amount cannot be spent down the pub or on the poker machines at the local club, but there are an enormous number of people out there as well—and we all know them; we see them in our electorates—who are not under that regime at the moment. To enter that weekly or monthly arrangement they have to have been assessed under certain criteria, which might be in relation to drug taking or previous misdemeanours within the community. I oppose the baby bonus totally. I will not be supporting the opposition's amendment on this means testing arrangement. I think the precedent we would be setting by suggesting that people earning over \$150,000 should be paid to conceive another child is a disgraceful one and should be removed from the policy pages.

Mr SHORTEN (Maribyrnong—Parliamentary Secretary for Disabilities and Children's Services) (10.37 am)—I will be very brief. I would like to thank the member for New England for his contribution and I commend the bill to the House.

The DEPUTY SPEAKER (Mr S Georganas)—The original question was that the bill be now read a second time. To this the honourable member for Warringah has moved as an amendment that all words after 'That' be omitted with a view to substituting other words. The question now is that the words proposed to be omitted stand part of the question.

Question agreed to.

Original question agreed to.

Bill read a second time.

Message from the Governor-General recommending appropriation announced.

Consideration in Detail

Bill—by leave—taken as a whole.

Mrs BRONWYN BISHOP (Mackellar) (10.39 am)—by leave—On behalf of the member for Warringah, I move:

- (1) Schedule 3, page 20 (line 2) to page 23 (line 24) - Opposition to oppose.
- (2) Schedule 5, page 32 (lines 2-13) - Opposition to oppose.

I point out to the House that these amendments relate to the sections of the bill relating to the seniors health card and to the eligibility for partner service pension. The use of the TFN—tax file number—is a backdoor method of monitoring payments and income for seniors received and is done to ensure that they are within the income test. The financial impact on individual seniors, if they lose it, is not measured in the bill and does not take into account the fact that, because seniors are eligible for the seniors health card, they are entitled to other Commonwealth and state benefits ranging from cheaper medicines to cheaper services. If they lose that card, they can lose other benefits. And if the changes to the adjusted taxable income definition later apply to the card then this will have a significant impact on

many self-funded retirees who will no longer be eligible for that card and the added benefits. The possible cancellation of the card should cardholders not provide their TFN within 28 days is not a reasonable time frame and the government needs to clarify what it means. Indeed, this amendment would simply have the effect of deleting from the bill those sections which would in fact penalise seniors who are currently holders of that card.

The second amendment relates to schedule 5, page 32 of the bill, lines 2 to 13. Again, opposition to this, as expressed in the amendment, will have the effect of deleting the provisions from the bill that raise the age limit for a male spouse of a veteran to 60 and from 50 to 58½ for a female spouse. As I said in the second reading debate, this is totally unreasonable and the wording that is used by the government—that this will bring it in line with social security—is an attack on veterans. The opposition stands very firm on the principle that veterans entitlements must never ever be considered to be welfare payments, and any idea in the language of this bill that we are bringing things 'in line' with welfare payments is an insult to veterans. From our point of view, the nation has a contract with our veterans: because they serve the nation in uniform, we say, in that contractual sense, we will always look after them through the Department of Veterans' Affairs and we will not take away entitlements, which we are doing in other parts of the budget. There is an underlying subtle attack on veterans that underlines the whole of this budget process. These two amendments will delete from the bill, if we are successful, the provisions that will raise the age limit for spouses of veterans to receive the service pension. As I said in the second reading debate, in one hit the time they will have to wait for an entitlement goes up by 8.5 years—nearly a decade. If this bill is passed, they will have been entitled earlier. Of course the seniors health card is valued enormously by seniors in our society.

As I have said all along, this government talks continually—every sentence it utters—is about working families. Well veterans and other seniors who are retired fall outside their definition. This is a government that only works for one section of the community and leaves seniors and veterans out in the cold.

Mr SHORTEN (Maribyrnong—Parliamentary Secretary for Disabilities and Children's Services) (10.43 am)—I rise to oppose the amendments put by the member for Mackellar, specifically the item to which she objects to—the collection of tax file numbers. The bill allows for the collection of tax file numbers from Commonwealth seniors health card holders to ensure that they remain eligible for the card after it is issued. There is currently no mechanism to determine ongoing eligibility for the card, unlike other concessions and benefits in the social security system. I cannot imagine

a set of circumstances where the member for Mackellar would want people to receive a benefit to which they were not eligible. On that basis I am at a loss to understand the amendments. I am also instructed that the bill will align the minimum eligible age for partner service pension paid under the Veterans' Entitlement Act with that of the veterans service pension age.

Mrs BRONWYN BISHOP (Mackellar) (10.44 am)—The parliamentary secretary simply restated what the bill will do with regard to veterans. The position is indefensible; I understand why he gave no defence.

Mr SHORTEN (Maribyrnong—Parliamentary Secretary for Disabilities and Children's Services) (10.44 am)—I respect the fact that the member for Mckellar has a far longer period of service in this parliament than I do, but we will be indicating our opposition to her amendments by the vote, and that act will speak for itself.

Question put:

That the amendments (**Mrs Bronwyn Bishop's**) be agreed to.

The House divided. [10.49 am]

(The Deputy Speaker—Mr S Georganas)

Ayes.....	60
Noes.....	<u>71</u>
Majority.....	<u>11</u>

AYES

Abbott, A.J.	Andrews, K.J.
Bailey, F.E.	Baldwin, R.C.
Billson, B.F.	Bishop, B.K.
Bishop, J.I.	Ciobo, S.M.
Cobb, J.K.	Costello, P.H.
Coulton, M.	Dutton, P.C.
Farmer, P.F.	Forrest, J.A.
Gash, J.	Georgiou, P.
Haase, B.W.	Hartsuyker, L.
Hawke, A.	Hawker, D.P.M.
Hockey, J.B.	Hull, K.E. *
Irons, S.J.	Jensen, D.
Johnson, M.A. *	Keenan, M.
Laming, A.	Ley, S.P.
Lindsay, P.J.	Macfarlane, I.E.
Marino, N.B.	Markus, L.E.
May, M.A.	Mirabella, S.
Morrison, S.J.	Neville, P.C.
Pearce, C.J.	Pyne, C.
Ramsey, R.	Randall, D.J.
Robb, A.	Robert, S.R.
Ruddock, P.M.	Schultz, A.
Scott, B.C.	Secker, P.D.
Simpkins, L.	Slipper, P.N.
Smith, A.D.H.	Somlyay, A.M.
Southcott, A.J.	Stone, S.N.
Truss, W.E.	Tuckey, C.W.
Turnbull, M.	Vaile, M.A.J.
Vale, D.S.	Washer, M.J.
Windsor, A.H.C.	Wood, J.

NOES

Adams, D.G.H.	Albanese, A.N.
Bevis, A.R.	Bidgood, J.
Bird, S.	Bowen, C.
Bradbury, D.J.	Burke, A.E.
Burke, A.S.	Butler, M.C.
Byrne, A.M.	Campbell, J.
Champion, N.	Cheeseman, D.L.
Clare, J.D.	Collins, J.M.
Combet, G.	D'Ath, Y.M.
Danby, M.	Dreyfus, M.A.
Elliot, J.	Ellis, A.L.
Ellis, K.	Emerson, C.A.
Ferguson, L.D.T.	Garrett, P.
George, J.	Gibbons, S.W.
Gillard, J.E.	Gray, G.
Grierson, S.J.	Griffin, A.P.
Hale, D.F.	Hall, J.G. *
Irwin, J.	Jackson, S.M.
Kelly, M.J.	Kerr, D.J.C.
Livermore, K.F.	Macklin, J.L.
Marles, R.D.	McClelland, R.B.
McKew, M.	McMullan, R.F.
Melham, D.	Murphy, J.
Neal, B.J.	Neumann, S.K.
O'Connor, B.P.	Owens, J.
Parke, M.	Perrett, G.D.
Plibersek, T.	Price, L.R.S. *
Raguse, B.B.	Rea, K.M.
Ripoll, B.F.	Rishworth, A.L.
Saffin, J.A.	Shorten, W.R.
Sidebottom, S.	Snowdon, W.E.
Sullivan, J.	Symon, M.
Tanner, L.	Thomson, C.
Thomson, K.J.	Trevor, C.
Turnour, J.P.	Vamvakinou, M.

* denotes teller

Question negatived.

Bill agreed to.

Third Reading

Mr SHORTEN (Maribyrnong—Parliamentary Secretary for Disabilities and Children's Services) (10.57 am)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

NATIONAL HEALTH AMENDMENT (PHARMACEUTICAL AND OTHER BENEFITS—COST RECOVERY) BILL 2008

Second Reading

Debate resumed from 29 May, on motion by **Ms Macklin**:

That this bill be now read a second time.

Mr HOCKEY (North Sydney) (10.58 am)—I rise to speak on the National Health Amendment (Pharmaceutical and Other Benefits—Cost Recovery) Bill 2008. Australia has arguably one of the best systems of pharmaceutical delivery in the world. After several