



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

PROOF

Main Committee

**SOCIAL SECURITY AMENDMENT (LIQUID
ASSETS WAITING PERIOD) BILL 2009**

Second Reading

SPEECH

Tuesday, 17 March 2009

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

SPEECH

<p>Date Tuesday, 17 March 2009 Page 103 Questioner Speaker Sidebottom, Sid, MP</p>	<p>Source House Proof Yes Responder Question No.</p>
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Mr SIDEBOTTOM (Braddon) (5.16 pm)—Never have I heard an individual member in this House in the last few weeks talk this economy down so much as the member for Mitchell. What worries me about his feigned unctuousness about the comments that he made is that he is half pleased that we are in a crisis. He shares that with all of those opposite. He talked about a crisis of unemployment. He talked about the

greatest economic challenge of our age. Yet he never talked about the global financial and economic crisis. He made it sound as though the crisis that we are experiencing is ours and ours alone and generated by us alone—as if we were globally isolated. That is the story that we have heard from the other side continually for the last few months.

I will make this point very clearly: we are experiencing a global financial and economic crisis. Australia is not isolated from it. We are being buffeted by it. We are doing everything in our power to try and combat that. We do not deny that there will be growing unemployment—nobody can deny that. But to almost gleefully wish it on with unctuousness like some of those on the other side is an insult both to this House and to the Australian public.

The claim that the Social Security Amendment (Liquid Assets Waiting Period) Bill 2009—and I quote the member for Mitchell—is ‘unsympathetic towards unemployed people’ is the absolute opposite of the intention of this bill. This bill recognises that we have people in difficult situations and seeks to assist them. It is complemented by our new employment services system, which is designed to both now and in the future not only support people in a financial sense but also prepare them for future employment and to develop their skills. I will return to that a little bit later.

The member for Boothby, who spoke earlier in this House, essentially blamed this government for the economic circumstances that exist now—no mention of the global crisis at all. I remind the member for Boothby and others opposite who may gleefully try to present this type of argument that we have unemployment under an industrial relations system that was introduced by them. He then spent most of his time trying to blame our industrial relations system for causing this unemployment. It was the most specious, illogical argument that I can remember.

It also reminded me that in past times the member for Boothby and the Howard government were very happy to take all the credit for employment growth but never gave any credit to the states for employment growth. Did the states not have anything to do with economic activity in the last 12 years? I think they did. I think they played a pretty significant part, but you would not believe it from the member for Boothby’s statements. But of course under that assessment anything that went wrong under the Howard government was the states’ fault. So why aren’t we, by the same argument, standing up and blaming the states for unemployment in Australia today? That is how silly and illogical these arguments are. And to have spent nearly 20 minutes meandering on with that, no wonder others attempted to intervene on him.

Let us get the facts right: we are in a global financial crisis that is affecting Australia. We are doing everything we can. If the \$42 billion economic stimulus is not an attempt to try to sustain employment in this country then I will fly. And prior to that it was \$10 billion of economic stimulus to try to maintain and sustain employment in this country. If that is not trying to stimulate this economy I will fly again. That of course should be coupled with the early budgetary fiscal constraint in our last budget, lower interest rates and our other policies in housing which are having positive effects on employment. Turning to the school’s policy for a moment, and to the infrastructure developments for both primary and secondary schools—if that is not about economic stimulus to maintain, sustain and enhance jobs then nothing is. I find it quite extraordinary that arguments like those of the member for Mitchell can be put in this place to say that we are doing nothing about trying to sustain our economy. It is quite extraordinary in its illogicality.

Back to the bill: this bill is sympathetic towards the unemployed. It tries to restore balance. Most of our legislation tries to restore the balance lost in the Howard years when funding and programs were ripped away from individuals and institutions when they most needed them. This bill will amend the Social Security Act

1991, reducing the liquid assets waiting period for people who, unfortunately, do lose their jobs. This change will enable such people quicker access to income payments such as Newstart allowance. The liquid assets waiting period is a key factor used by Centrelink to assess the financial position of people applying for various income payments. These liquid assets that are available to the person, such as savings in the bank or investments, are assessed to determine when people can start to receive payments. Depending on the level of liquid assets held by a person they can serve a maximum waiting period of up to 13 weeks before they may be able to start to receive income support payments. The current thresholds, which were established in the 1996-97 budget, used for the liquid assets waiting period are \$2,500 for a single person and \$5,000 for couples or people with dependants. Currently, above these amounts, single income support customers seeking to access Newstart allowance, youth allowance, sickness allowance or Austudy are required to serve a waiting period of one week for every \$500 of liquid assets available to them up to that maximum period of 13 weeks. Members of a couple or people with dependant children are required to serve one week for every \$1,000 above the threshold.

So what will our amendment mean? Simply, it will mean that single people with liquid assets of less than \$5,000 and members of couples or people with children with liquid assets of less than \$10,000 will not have to serve any liquid assets waiting period. This would mean, for example, that a single person with \$5,000 in the bank or a couple with \$10,000 in the bank would wait a week to access income support instead of waiting for five weeks. In recognition of the extraordinary nature of the current economic circumstances, we are reversing a decision by the Howard government taken in 1996-97. This amendment will double the relevant threshold amounts for the period 1 April 2009 to 31 March 2011. This measure will be retained for two years and will be reviewed for the 2010-11 budget. We believe that to be right, we believe that to be necessary and we believe that to be responsible.

Arrangements have been put in place to ensure that people who have an existing liquid assets waiting period as at 1 April 2009 will have their waiting period reassessed under this amendment. This is very important. People serving a liquid assets waiting period on the higher thresholds as at 31 March 2011 will continue to do so until their liquid assets waiting period expires. That of course is only fair.

In addition, and most importantly, the bill will also exclude the surrender value of life insurance policies from the definition of liquid assets for social security purposes. This will be a permanent change. This will mean that life insurance policy surrender values are not taken into account for the purpose of calculating any applicable liquid assets waiting period or determining severe financial hardship. Under current legislation, the surrender value of a life insurance policy is deemed a liquid asset for the purposes of social security law, which means that in order to support themselves people are expected to cash in their life insurance policy before being able to access income support. This amendment will ensure that income support claimants are not disadvantaged.

I would like to put on the record—because I know that this is being broadcast and may be listened to by the public and because it is important that they understand it—what will happen from 1 April 2009 to a person serving a liquid assets waiting period under the old rules. People who have an existing liquid assets waiting period as at 1 April 2009 will have their waiting period reassessed under the new rules. There are potentially three outcomes for people whose liquid assets waiting period is reassessed under the new rules, and I would like to also put these on the record. Any residual liquid assets waiting period may be waived from 1 April 2009; the length of any residual liquid assets waiting period may be reduced; or there may be no change to the length of the liquid assets waiting period.

What about the case of a waiver? The waiver of a liquid assets waiting period will occur when the liquid assets waiting period under the new rules would have ceased on or before 31 March 2009. For example, a person with \$5,000 in savings under the current arrangements would serve a five-week liquid assets waiting period but will have this period waived from 1 April 2009 under the new arrangements. What about a reduction of a liquid assets waiting period? This will occur for cases where the person would qualify for a reduced period but the end date under the new rules is still on or after 1 April 2009. For example, a single person with \$9,000 in savings under the current arrangements would have served a 13-week liquid assets waiting period but under these new regulations will have this reduced to eight weeks.

Finally, what about no change? No changes will be made in cases where people have significant liquid assets above the increased maximum reserves, as they would still need to serve a liquid asset waiting period up to the maximum 13-week period. For example, a single person with \$20,000 in the bank would serve a 13-week liquid

assets waiting period under the current arrangements and will still be subject to a 13-week liquid asset waiting period under these new arrangements.

In winding up so that my colleagues can also go on to support this important piece of legislation that supports individuals and families in difficult circumstances, I reiterate that this government has a raft of measures to support people who are unfortunate enough to be in unemployment or who are transitioning to future employment. I point out that we are revamping employment services and undertaking a complete overhaul of the existing Job Network. We will introduce new employment services on 1 July 2009. These new services will be demand driven; that is, they will be necessary and they will be personalised so that people are almost—if I can use the term—case managed on their individual needs. They will be focused on driving through real barriers to employment and will seek to find a way through for every individual who is affected.

This measure makes sense. It is right, and we should do it. I would be absolutely aghast if this legislation were not supported by all those on the opposite side. They should support this legislation. There will be a much stronger focus on equipping job seekers with the skills and training required for them to gain a job and meet the labour needs of employers. At the heart of this measure will be intensive assistance programs. We are working very hard to make those available to people who are unfortunately made redundant through these very difficult times caused by the global financial crisis.

In conclusion, there will be many more productivity places made available to people so that they can gain the training and the skills required for future employment and, hopefully, employment now. We are increasing those productivity places by many hundreds of positions. We are also introducing a fairer, more efficient compliance framework to assist people to achieve their aims through these programs.