



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



THE SENATE

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

Second Reading

SPEECH

Tuesday, 24 June 2008

BY AUTHORITY OF THE SENATE

SPEECH

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Questioner
Speaker Polley, Sen Helen

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Senator POLLEY (Tasmania) (9.18 pm)—*The incorporated speech read as follows—*

Mr President I rise to speak on the Families, Housing, Community Services and Indigenous Affairs and Other Legislation Amendment (2008 Budget and Other Measures) Bill 2008, and more specifically to the Amendments to this bill introduced by the Government.

I should firstly thank the various charitable organisations such as Catholic Social Services Australia, Uniting Care Australia, the Salvation Army as well as the Australian Services Union, the Charities Tax Advisory Service and the Australian Council of Social Services who came forward to speak to the Finance Committee last week at short notice, when matters in this bill were referred to the Committee.

Thanks must also go to the Department of Families, Housing, Community Services and Indigenous Affairs and the Department of Veterans Affairs for being available also at short notice for the hearing on matters pertaining to this bill last Friday. I would like to think that the priority that all these organisations placed on appearing before us at the Committee perfectly illustrates how important this issue is to those working in the not for profit industry.

The purpose of the Amendments that I referred to earlier has been to rectify the situation created by the previous Howard Government which resulted in people in public benevolent institutions losing out as a result of changes to the assessment of adjusted taxable income for Fringe Benefits Tax.

It should be noted how quickly the Rudd Government acted once this problem had been discovered. The Treasurer, Wayne Swan and the relevant Minister Jenny Macklin were able to present a solution to the public within a very short period and that is something for which they should be commended.

The Treasurer and the Ministers acted swiftly and decisively to ensure that the old system, which used the net value of fringe benefits, would remain in operation if these amendments are passed. This is strong, decisive governance.

It is a measure of how serious the issue is considered that Minister Macklin and Minister Ludwig were also able to quickly develop a thorough communication and notification strategy through Centrelink for those who would have been affected.

As I understand it, Centrelink will be able to implement a change in their computer system as soon as these amendments are passed to help workers who are affected. As well, they will endeavour to contact those who had already received notification of the proposed changes to the fringe

benefits system to assure them that they will not be worse off under the Governments amendments.

The Government has also realised that these are complex changes that is why I am pleased to see that the Henry review on taxation has been asked to examine the existing fringe benefits tax system and to recommend long term changes that will provide a more equitable system for all.

I call on the Opposition to support this bill and these amendments. It is now in their hands whether these workers are able to keep the status quo with regard to their entitlements.

I hope they are not as obstructionist as they were last week.

The solution that was announced by the Treasurer and the Families Minister last Thursday will change the system back to the 2006 implementation, and help protect those working in public benevolent institutions. It is these people who faced financially losing out under the changes to the law, and indeed the terms of reference of our inquiry reflected this.

Over the course of my work in my state of Tasmania, I come across a number of people who work in the non profit or charitable sector. For the most part these people are the kind of selfless individuals who are willing to put themselves forward in order to help the less fortunate members of the public.

They will often forego the higher salaries that they could receive in other jobs in order to make a difference for the destitute and the struggling. It would be unconscionable for us not to act to help these people, and ensure that they don't lose what little monetary rewards they do receive.

During the course of the hearings we heard from Frank Quinlan from Catholic Social Services Australia who gave us a very informative account of how important these amendments are to those employed in the non profit sector. His comments painted a picture for the Committee of how difficult employees would find it if these amendments did not go through this sitting week. I quote them from the *Hansard* proof:

“The charitable and not-for-profit sector is currently reliant upon these special taxation arrangements to attract and retain staff and deliver services. In effect, these fringe benefits arrangements, which were originally designed for the top end of town, have been extended to the charitable and not-for-profit sector specifically for this purpose. To explode a particular myth in relation to the charities and not-for-profit sector, when we are talking about fringe benefits

tax we are not talking about expensive cars, flash holidays or expense accounts. We are talking about fringe benefits acquired by salary packaging, which is usually contributed in terms of mortgages, rents, household expenses and so on. There is a paucity of data available about the actual impacts, but I can give you figures from at least one of our agencies, our largest metropolitan agency, where recent data suggest that 80 per cent of the staff currently utilising salary packaging arrangements are earning \$50,000 or less.”

His comments were backed up by Mr Bicknell from UnitingCare, and again, I quote from proof *Hansard*:

“UnitingCare Wesley Port Adelaide has 872 staff and we employ staff in a wide range of areas—aged care, mental health, youth work, family work, homeless young people, and a number of other areas such as that throughout South Australia. Of the 872 staff we employ, 820 have a gross pay of less than \$50,000, so we are really talking about people who are on the lower income levels. Of those, 390 salary sacrifice. Salary sacrifice is really important for a lot of people who work for us in making up their total package. For example, if we have a worker who has a spouse with no income and two children and earns \$35,000 a year, salary sacrifice, as it has been operating now, would typically add \$110 per fortnight to their salary package. If the proposed changes had gone ahead, that person would have lost \$59 per fortnight, and \$59 per fortnight on that sort of income is a very significant cost.

It is to help people who are in this situation that I call on the Opposition to support this bill, and the amendments that have been put forward by the Rudd Labor Government to fix the situation.

As the Treasurer said, it is a great injustice that the changes put forward by the previous Government treat these people in the same way as the executives who are the intended target of the changes.

The other measures present in this bill are all about providing fairer and more targeted family assistance. It is indeed pleasing to see that the Government has honoured all its election promises - the first Government to do so I believe. To look at just one such measure, by increasing the eligibility of the baby bonus to parents who adopt children under the age of 16, adoptive parents will be able to access the full amount of the baby bonus, even if the adopted child has previously received the bonus.

This change recognises that a significant percentage of children are over two years of age when adopted and that adoptive parents will have the same set of set up costs and will also incur additional expenses during the adoption process.

Of course they may also need to spend time out of the workforce to welcome and settle in their child. These changes will help an estimated additional 130

adoptive families each year including over 100 intercountry adoptions.

Our Government believes that the expected increased cost of \$3.2 million over four years is a small price to pay to create a fairer system and treat all new parents the same. This is another election promise that the Rudd Labor Government has delivered on.

Before I end though I must point out the sterling work done by Stephen Palethorpe and all the members of the Finance and Public Administration Secretariat in not only setting up the hearings for the inquiry related to this bill at two days notice last week, but helping the Committee present this report with such a quick turnaround.

In addition to their usual workload, this has certainly been a hectic fortnight for them and I want them to know that their efforts are certainly appreciated.

I commend this bill, and the Governments amendments to the Senate.