

**VETERANS' ENTITLEMENTS LEGISLATION AMENDMENT
(2007 ELECTION COMMITMENTS) BILL 2008
Second Reading**

[Mr ROBERT](#) (Fadden) (10.30 a.m.)—I rise to support the minor changes the government is making to the Veterans' Entitlements Act. While supporting these changes, I remain disappointed that the government is simultaneously hurting veterans through the deeming arrangements from last March, in a time of global and local stock market financial turmoil. Furthermore, I am outraged at the changes to veterans entitlements from yesterday's Labor budget. Until I saw yesterday's Labor budget, I thought all sides of politics were committed to supporting our service men and women and their families—committed to supporting those who have served in difficult, dangerous and demanding circumstances. I now know that this is simply not the case. I now know that the Labor government is happy to sacrifice veterans on the altar of left-wing ideology, as if veterans have not sacrificed enough.

As a fellow veteran, I joined many former uniformed men and women last month as we as a nation acknowledged the contribution of our veterans, with reverence and with deep appreciation, through Anzac Day commemoration services. I applaud those who put together those services that I attended—people like Denis Trott, from the Runaway Bay RSL Sub-Branch; Father Len, Ann Harrop and Norm Kelly, from Oxenford-Coomera sub-branch; and Ted Hudson and Richard Muller, from the Paradise Point Bowls Club. They not only served this nation in the time of its greatest need; they continue to serve this nation by keeping the flame alive—indeed, lest we forget. These are just some of the people I am thinking about today as I speak on this bill.

The Veterans' Entitlements Act, which impacts upon so many veterans, currently provides for the automatic grant of pension to an eligible dependant of a veteran or member where the veteran or member was in receipt of an extreme disablement adjustment disability pension, a special rate disability pension, a general rate disability pension or an intermediate rate or temporary special rate disability pension or where the veteran was a former prisoner of war.

Schedule 1 to the [Veterans' Entitlements Legislation Amendment \(2007 Election Commitments\) Bill 2008](#) will extend the automatic grant of pension to the eligible dependant of a veteran or member where the veteran or member was in receipt of an intermediate rate disability pension or temporary special rate disability pension. A pension will also be granted to an eligible dependant automatically where the intermediate rate or temporary special rate pension is granted after the death of a veteran or member but from a date before their death. For the purposes of this amendment bill, an eligible dependant of a veteran or member is a non-illness-separated spouse, a widow or widower or a child or children of a deceased veteran or member. This measure will apply in respect of a veteran or member whose death occurs on or after 1 July 2008.

Schedule 2 to this amendment bill will extend eligibility for the income support supplement to a person who is a war widow or war widower who is under qualifying age and has no dependent child or children, is not permanently incapacitated for work and is not the partner of a person receiving an income support pension. It is understood that this will benefit approximately 1,400 war widows and widowers who are under qualifying age and therefore currently not entitled to income support.

Schedule 3 will extend the 12-week bereavement payment to the estates of single veterans or members in receipt of special rate or extreme disability adjustment disability pensions who die in indigent circumstances. Currently this payment is only provided for partnered disability pension payments. This one-off bereavement payment, equivalent to 12 weeks of the special rate of disability pension, is designed to help families of veterans to meet the costs associated with a funeral.

All of these measures are positive. The Labor Party giveth. Yet, as day follows night and as yesterday's budget demonstrates, the Labor Party, truly, taketh away. Two changes—insipid, underhanded changes, not read out within the main budget speech but hidden within the pages of the detail; two significant changes—have occurred to veterans entitlements. This high-taxing, high-spending, high-unemployment budget will see the service pension age for partners of veterans increase, as of 1 July, from 50 years to a staggering 58½ years—saving the Rudd government a measly \$35.1 million over four years, or less than \$10 million a year. This government—on the back of a boom in mining put in place because of the flexible workplace and industrial relations amendments to law under the previous government—is expecting almost \$22 billion in surplus next financial year, on top of the \$18 billion surplus the previous, successful Howard government left. This government is expecting this year and next to reap \$40 billion, and it is looking to save less than \$10 million a year by increasing the service pension age from 50 to 58.5 years for partners—\$10 million it is saving as a cost, compared to the cost that is borne by the partners of veterans. I suspect that, if this Prime Minister or this Treasurer ever had the courage to put on a uniform themselves, they would appreciate how miserly and indeed how pathetic this adjustment is.

The Labor government does not seem to understand the sacrifice made by the families of veterans. When I spent five months operationally overseas, my wife, 21 years old, was given four-days notice—four days our family was given before I was deployed overseas. And what is the thanks a grateful nation would give to wives such as these? 'We are going to increase your pension age from 50 to 58½ years.' While one partner may be serving operationally on a battlefield or in an operational area, the partners of our service men and women are also making significant sacrifices here at home. Veterans families are asked to move regularly and begin all over again, in places they have never even visited before and certainly away from extended family, friends and all support groups. When service men and women are asked to serve overseas, they go willingly, knowing the great dangers and perils they walk into. Yet their partners allow them to serve, for the greater good of our nation. This cannot be forgotten. It cannot be taken for granted. But this change to the service pension age for partners of veterans is an absolute slap in the face and an acknowledgement by the Labor government that it does not understand nor appreciate the sacrifices of the partners of veterans—those left behind, those who keep the campfires burning.

Last week in Darwin I sat down with an army partners group to hear their concerns. Many of these wives had endured up to six months with their husbands overseas in harm's way, and with themselves left to raise young families, many of them in a cyclone season in the north without their spouses by their sides. This is a sacrifice. And to raise the pension age for partners is not only callous; it is harsh, it is cruel and it is downright unjust.

Veteran couples would have already taken the current pension age of 50 years into account when planning their futures, thinking—but clearly, from this appalling Labor budget, doing so unjustifiably—that no side of politics would dare fiddle with or change their futures because, in the grand scheme of things, where you have a \$40 billion surplus over two consecutive years, saving 10 million measly dollars would not be worth the fiddle. There are couples right now in living rooms all over Australia looking to re-evaluate their futures because this Prime Minister and this Treasurer and that frontbench, who have never put on a uniform to serve their country, think that taking away \$10 million will somehow be for the greater Australian good. They should be ashamed, as I am ashamed of them.

To add to the uncertain future of veteran couples and families, access to the service pension will cease 12 months after the separation of a veteran from his or her partner, regardless of whether they are still married—again, proof that the Labor government does not understand the contribution of partners of veterans.

You waited for your partner to return home. You waited for maybe six months or, in times of previous conflicts, you may have waited for five years. You waited while spouses served in dangerous and hostile parts of the world. And while you

waited you were the sole head of the household. In many cases you were unsure if your partner was coming home—the current death toll on modern battlefields demonstrates that this is still the case. I am sure you as a partner hoped and prayed that your partner would return. Every few years you may have been asked to move from one location to another to serve the greater good of the country. In most cases, and I am speaking as a former fellow serving officer, you had little or zero choice as to where you were posted. And you did it all to support your partner and your country. But what you did not count on, what you did not think would happen, was that a government would take little of that into consideration, would increase the service age for pensions and would take pensions away in the event of separation after 12 months.

It is a disgraceful position and an indictment of Labor's attitude towards those people who have contributed so much. They deserve to be supported—they deserve more support. I challenge this farcical government and its leaders to go up north to the various locations where our bases are, sit down with partners groups, look them in the eye and explain to them why this move was necessary when, over two years, there will be a \$40 billion surplus. This attitude is evidence of a government that does not care about its veterans.

Compare that to the Howard government achievements. The coalition government provided funding of \$21 million over four years to ensure that veterans with a gold or white repatriation healthcare card can access appropriate health care and support services on discharge, benefiting 3½ thousand veterans and war widows. In 2006 the coalition government provided more than \$600 million to ensure veterans with a gold or white card could continue to enjoy access to high-quality health care. In 2006 the coalition government provided cancer related health care to all Australians who took part in the British nuclear testing program. On and on the Howard government's achievements go. Truly, through these amendments to the Veterans' Entitlements Act that I rise to support, with one hand the government giveth while with the other hand they taketh away.

It is an attitude that is further evidenced by what the government has done to deeming rates, which affect veterans as well as elderly Australians. I am disappointed that the government in March sought to increase both the lower and the higher deeming rates without any adjustments to the thresholds, as this impacts upon veterans. It is no good providing benefits with one hand and simultaneously taking them away with the other. For the majority in this government, who perhaps do not quite understand deeming, the deeming rules are an essential part of the social security income test. The rules are used to assess income from financial investments for determining the amount of social security and veterans affairs pensions. This is based on the premise that the higher the personal investments of an individual, excluding assets such as a family home, super, annuities et cetera, the higher the assessable income and the lower the pension they receive.

The premise behind deeming is that financial investments held by pension holders are deemed to earn a certain rate of income regardless of the actual amount earned. If pension holders earn income above the deemed rate, the higher amount is not used to assess income. Thus deeming is generally a simple and fair way to assess income, providing an incentive to invest and earn and encouraging people to choose investments based on their merit. To calculate assessable income, deeming rates are applied to the total market value of a pensioner's—in this case, a veteran's—investments. The actual returns in capital growth dividends or interest are not used. Deeming thresholds are generally indexed in line with inflation and occur generally in March and September in line with pension indexation increases.

The previous deeming rate was 3½ per cent on the first \$39,400 for a single pension recipient and \$65,400 for a double. A deeming rate of 5½ per cent then applied to all investments above these amounts, the first \$2,000 being exempt. The government has sought to increase these by 0.5 per cent, which in reality is an increase affecting veterans of the lower rate of 12.5 per cent and an increase

to the higher rate of eight per cent. What this means for a veteran is as follows. A veteran on a maximum single rate of pension would earn \$546.80 a fortnight, excluding a range of allowances. If they own shares worth \$100,000, the deemed income amount was \$4,712. With the government increase, it is now \$5,212, an increase of \$500. This means that a pension holder, a veteran, may lose up to \$104 of their pension because of an increase to the deeming rate. If the pension holder's investments are in shares, they may not be providing a dividend stream, and the current share performance has seen values decrease by as much as 25 per cent. Yet the pension holder may receive a drop in their pension if they hold investments in some stocks and related financial products.

Minister Macklin, in her media release of 14 March, stated:

Secure, low-risk bank accounts can currently achieve returns above six per cent.

This morning I looked at the NAB indicator rate as published on their website, and the NAB retirement account is paying six per cent for funds under deposit over \$38,400. This is well short of the minister's statement of achieving returns above six per cent. The changes to the deeming rates by increasing them by 0.5 per cent to four per cent for the lower rate and six per cent will disadvantage veterans. Considering the turbulent world financial markets, the dramatic drop in the local stock market, potentially poor super returns for the next period and continuing global concerns, the deeming rate should not have been increased. The government should have deferred the deeming increase until at least September this year, when more will be known about the global credit squeeze and particularly the state of the US economy.

Increasing the deeming rate in March has simply hit the most vulnerable citizens again—pension holders, including specifically many veterans. Whilst this is in line with the Labor government's true nature, as shown in their original attempt to scrap carers and veterans allowances and their inability to put these into forward estimates, increasing the deeming rate in March was economically negligent. I call on the government and especially the Peter-principle Treasurer to review this decision in September. Thus, while I support the minor changes that the government are making to the Veterans' Entitlements Act, I am bitterly disappointed in the underhanded way that the government have given to veterans on one hand and then, with impunity and with callousness, have taken away with the other.