

## Submission to Community Affairs inquiry into Social Services and Other Legislation Amendment (Lifting the Income Limit for the Commonwealth Seniors Health Card) Bill 2022

12 August 2022

### **Recommendation:**

ACOSS recommends that this bill not pass and instead the parliament focus on lifting the incomes of people with the least.

### **ACOSS opposes this bill because the Commonwealth Seniors Health Card is not well targeted**

ACOSS opposes this bill because the Commonwealth Seniors Health Card (the card) is already poorly targeted and expanding the income test will only extend the card to people with even more wealth. In this time of budget restraint, ACOSS does not think this spending measure is the best use of the social security budget.

Currently, eligibility for the card is based on an income test that only applies to taxable income. This means that actual income received from superannuation is not considered because it's tax free for people over 60. There is no asset test. While eligibility is also determined by deeming of account-based superannuation (meaning these accounts are 'deemed' to earn a certain amount, which is then assessed against the income test), the deeming rates are historically low at a maximum of 2.25%<sup>1</sup>. Consequently, singles and couples with millions in super will become eligible for the card if this bill is passed. For example, a single person with \$4 million in superannuation would qualify for the card, while a couple with more than \$6 million in superannuation would become eligible.

By international comparison, Australia has a very targeted system of income support. This bill would expand access to discounted healthcare to people who

---

<sup>1</sup> Note that these deeming rates will be frozen for two years if the government's election commitment to do so proceeds.



arguably do not need an additional subsidy. Meanwhile, people who are unemployed, studying, have a disability or are a single parent receive woefully inadequate income support payments. People receiving JobSeeker and Youth Allowance are unable to afford food, electricity, and essential medicines. Pensioners renting privately are unable to cover basic costs. Single parents go without food so their children can eat. If the parliament is truly concerned about the cost of living, it should focus its attention on lifting the incomes of these groups.

We would support a broader review of the Commonwealth Seniors Health Care Card, including the appropriateness of the current means test (which excludes non-taxable income, as noted above) and whether an assets test should also be applied.

**Contact:**

To discuss this submission, please contact Charmaine Crowe, Program Director Social Security at