



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

**SOCIAL SECURITY AND OTHER
LEGISLATION AMENDMENT (PENSION
REFORM AND OTHER 2009 BUDGET
MEASURES) BILL (NO. 1) 2009**

Second Reading

SPEECH

Tuesday, 16 June 2009

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

SPEECH

Date Tuesday, 16 June 2009
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Questioner
Speaker Robert, Stuart, MP

Source House
Proof No
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Question No.

Mr ROBERT (Fadden) (7.02 pm)—I rise to support the Social Security and Other Legislation Amendment (Pension Reform and Other 2009 Budget Measures) Bill 2009. As I move to make some brief comments about the bill it is important to reflect upon where we have come from. The member for Franklin seems to suggest that for the last 10 to 12 years the coalition government did nothing on this, putting aside the indexation of the pension to the male total average weekly earnings, which increased the pension in gross terms by about \$78. That does not sound like nothing to me.

More importantly, in 1996, we came in facing \$96 billion worth of debt and, when the member for Higgins and the coalition government had paid it off, \$56 billion worth of debt had also been paid off in interest alone. The \$96 billion in debt plus \$56 billion in interest amounted to \$152 billion. Let us consider for a second what this nation could have done with \$152 billion. What could the Howard government have done to reform the nation? What infrastructure could have been built? What pension increases could have been made? The mind boggles when you think of the \$152 billion that we were not able to spend on this nation because we were retiring Labor's debt. Over 10 or 11 years, that is \$14 billion a year in gross aggregate terms of Labor debt that we were retiring.

May I say to the member for Franklin: do not walk in to the House of Representatives and say that the coalition government did not achieve outcomes for pensioners, because we started \$152 billion behind the eight ball, excluding the amount of money required for future superannuation liabilities, for which we left behind \$60 billion in the Future Fund. That is where we started. That was ground zero for the Howard-Costello years and it is arrogant of this government to demand to know why we did not meet all of these social obligations. Let me make it very clear to the government: when you look at what the Howard-Costello years achieved, after starting \$152 billion behind the eight ball, you should join with the rest of the world in saying what an economic miracle that government was. Perhaps deep, deep down in places you do not speak about at parties you will concede

that the economic miracle of Australia was indeed the wonder down under.

I come here this evening to support a bill that delivers \$32.49 per week to singles and \$10.14 per week to couples as an increase in pensions. I do it recognising that the new weekly pension plus the added supplement will be an estimated \$336.68 for singles and \$570.50 for couples, notwithstanding that pensions are of course indexed twice annually, in March and September, and the September indexation will affect those numbers. We welcome this long-overdue change to the pension rates and we note the impact and the changes we made to the pension system notwithstanding the \$152 billion worth of handcuffs shackled behind our backs left by the previous Hawke and Keating governments.

I note with interest that last year the coalition put forward a bill to increase the single pension by \$30 and the government knocked it back, yet at a doorstep on 13 June 2007 the now Prime Minister said, 'When I speak to age pensioners in my own electorate they are doing it tough.' Surprise, surprise, Prime Minister: they are. So why didn't you accept our legislation for an increase of \$30 for single pensioners when we put it forward last year? Why has it taken you two years to achieve the same outcome?

New indexation will also be introduced. A new pension and beneficiary living costs index will be calculated by the Australian Bureau of Statistics. This new index will measure increases in the living costs faced by pensioner and beneficiary households, which can be different to those faced by other households because of the stage in life that they are in. This was a coalition 2007 election promise matched by Labor. Yet the irony is that Labor committed to this in their first budget but failed to ever introduce it. I remind the member for Franklin again against coming here and saying what a poor job the coalition did. Next time, follow the Prime Minister and at least bring in a placard that says, 'We're sorry that we left you \$152 billion behind the eight ball.' I can only imagine the response when the country wakes up and finally tosses the Rudd government out and realises that it is \$300 billion behind the eight ball.

As question time today showed, the current 10-year bond rate on borrowing is 5.25 per cent. Well, 5.25 per

cent by \$300 billion is, give or take, almost \$16 billion in interest per annum that this government is looking to saddle the nation with. It does not take a rocket scientist to work out what a nation could do with \$16 billion that was not being paid on Labor interest.

It is good to see that pension rates will continue to be benchmarked to male total average weekly earnings. But I note with interest that the Labor Party promised to introduce a living cost index for age pension householders if elected. I look across at Parliamentary Secretary Gray and ask, 'Have you delivered that yet?' The answer would be no, it has not been delivered. Like so many of Labor's headline-grabbing announcements, it has not been delivered. That is not surprising, considering that the Prime Minister said three times—clearly, patently and unambiguously—that he would not touch the 30 per cent health rebate. The current health minister, Minister Roxon, said it four times. So seven times on the public record they said that they would not touch the 30 per cent health rebate, and yet it is being means tested. I guess it is very difficult to take this government at face value.

This was confirmed at Senate estimates on Tuesday 2 June. Senator Boyce asked:

Was the ABS living cost index for age pensioner households used to index pensions last year?

The response from Mr Whitecross during estimates was:

No, it was not.

Senator Boyce said:

I am just looking at the note from last year's budget papers, 2008-2009, which says:

'The Government also recognises that many seniors are concerned that their cost of living may rise faster than the consumer price index. To address this, the Government will guarantee that the Age Pension will increase in line with the higher of the consumer price index, increases in male total average weekly earnings or the living cost index for age pensioner households.'

That did not happen?

Mr Innis replied:

The timing of that was just prior to the announcement of the Pension Review, so the government decided to hear the results of the Pension Review before moving to legislation.

It is always good to hide behind a review. Considering that since coming to power this government has commenced 163 reviews, inquiries, commissions, talkfests and summits, it is not surprising, as 163 of them are a lot to hide behind. The coalition certainly welcomes this second new indexation and is pleased

that in September of this year pensioners will finally have access to the additional indexation that was promised at the last election. I also note that the taper rate for the pension income test will increase from 40c to 50c. The government gives with one hand and indeed taketh away with the other.

As part of the reforms that the government is putting through, the age pension eligibility age will increase from 65 to 67 years, that being done on a gradual basis, with full implementation on 1 July 2023. The eligibility age for the age pension for veterans will not be increasing as a result of these changes, which at the very least is pleasing to see. While we provide tentative support to the increase in the eligibility age for the age pension, it must be coupled with a very strong safety net for those who are unable to continue to remain in the workforce. We have a deep affinity for the aged in our community. The strength of a nation, its moral capacity, indeed its compass, can be defined by how we treat those who are elderly, disadvantaged and disabled in our society. It is the heart of a nation and how a nation could well be judged. It is important that we care for these groups of people and, through this piece of legislation, especially those who are elderly. Budget estimates on 2 June confirmed that around 130,000 people each year will have to work longer because of these changes. This is of concern to us.

But what is more concerning is the lack of dialogue with the Australian people. There was no discussion of this; there was no communication; there was no listening to Australian voices on whether they want to see this occur. It was sprung on the Australian people. What happened to the Prime Minister who said, 'I'm going to be open and transparent'? Did his transparency and his openness die once he reached the Treasury benches? I can only assume, based on the facts that we have, that it did.

This government should have been open with the Australian people. It should have released the Harmer pension review report well before the budget to allow a proper public discussion to occur. The Rudd government must release details of any savings measure that they are attaching to the move of the eligibility age for the age pension from 65 to 67. The economic modelling that allegedly supports it must be released. Any lift in the eligibility age for the age pension must take into consideration employment opportunities for mature age workers. There needs to be a conversation with the Australian people. This is a significant change. The rules have been changed. People planning for retirement need to have the opportunity to plan well without retrospective action. It is important that that dialogue with the Australian people commences now and that Australian voices are able to be heard. While we provide support for this

bill, we have a range of concerns. We look forward to the government addressing those as expeditiously as possible.