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PARLIAMENTARY DEBATES



**HOUSE OF REPRESENTATIVES**

**PROOF**

**Main Committee**

**PRIVATE MEMBERS' BUSINESS**

**Pensions and Benefits**

**SPEECH**

**Monday, 25 October 2010**

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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## SPEECH

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**Mr SIDEBOTTOM** (Braddon) (12.41 pm)—Madam Deputy Speaker Livermore, congratulations on your first time in the chair. The member for Flinders has been doing what he does best, which is to spend most of his time replicating the same speech and scaremongering. He has been doing it now for some time. He is trying to scare the pants off age pensioners by confusing what is going on in the states now—their electricity systems, supplies and costs—with a proposed, potential, emissions scheme that has not even come into being. That is the type of talk he goes on with to scare pensioners. Yet he refuses to recognise the record of a decade or more of neglect of pensioners in this place by the Howard government.

While I was sitting here, I thought about what this government has sought to do to assist the aged in our community, particularly age pensioners. All superannuation reforms of any merit, note or structural change have been brought about by Labor governments. Those on the other side said, ‘These are important reforms.’ The pension reforms introduced in 2009 were introduced under Labor; the other mob did nothing for 10 years. These were the most significant reforms since 1909. This government has put record amounts of investment into affordable housing of all types, not just into the stock itself but into trying to increase access to it. That is our record, but all we hear from the other side is the broken record of some potential power increases confused with a potential energy and emissions scheme. We have had the other mob trying to scare the pants off pensioners. They never did anything of note to assist pensioners but they come in here with their unctuousness and criticise us. I think it is bit rich of the member for Flinders—and I half suspect that he does not even believe what he is saying anyway, frankly, and nor do most of those on the other side.

To return to the positive: I thank the member for Lyons for raising this issue. We all, in our electorate offices, experience phone calls from pensioners telling us that, when they get a much-needed pension increase—never enough, and it will not be—state instrumentalities try to increase and in some instances succeed in increasing the rental charges for their housing stock, including for pensioners. What we are saying is: fair’s fair. We insist that there be a moratorium on increasing rental costs every time there is a pension increase. We do not believe it is fair.

But that is not the only thing that affects pensioners—and we have to put the facts on the record; we cannot hide from them. These are just some of the issues raised by pensioners in my office: the rent increases in public housing with every pension increase; the increase in the cost of living—grocery and petrol price increases et cetera—which we try to take into account with the three indexation methods that we use; the cost of medicines not on the PBS, which is a constant; the fact that the Medicare scheduled rebate for medical services does not increase with increases in the cost of services of health providers—for example, pathology; and, of course, the issue of electricity cost increases, which should not be confused with a yet to be brought in emissions trading scheme. So there we have it.

As is the case for the member for Flinders, my electorate has one of the highest proportions of aged persons in Australia. In fact, it has the highest proportion in Tasmania. When you look at the issue of pensions nationally, it is pretty scary. We had to carry out a massive reform of the pension system in order to put it on a sustainable footing and we have done that. Whether that reform is enough will be an issue we will need to resolve by our advocacy and by continual monitoring.

Just for the record, the age pension was first paid in 1909, and the Commonwealth spends more on the program than on any other specific-purpose program. The Australian government spends around \$20 billion per annum on our aged population. It is also important that the figures are put into context. By 2047 it is estimated that some 7.2 million Australians will be aged 65-plus. That will represent 25 per cent of the expected population, which is almost double the current 13 per cent. So unless we act—and we did, and we need to continue to do so—the financial pressure on this nation will be extraordinary.

Currently there are around five people of working age to support every person aged 65 and over, and this figure will be halved to 2.4 people by 2047. That has incredible implications socially and economically. Increasing longevity, whilst good in the main in a personal sense, means that people are receiving the age pension for far

longer than in the present, and demographic change means that the cost of a given pension increase today will almost double as a share of gross domestic product by 2050. So we needed to act, and we did act. In addition to the measures I mentioned earlier, I would point out that in 2008 pensioners—and others—also received benefit from the economic stimulus to assist them to adjust to the increasing pressures of the financial crisis. So we have a good record and one that the government should be proud of. People should not be affected by the scaremongering of the member for Flinders.

Just recently more than four million Australians received a rise in their pensions and other income support payments and allowances due to indexation. Amongst these were two million aged-care payment recipients—and in my electorate alone there are some 13,170 aged-care payment recipients. For the record, pension payments increased by \$15 per fortnight for singles on the maximum rate and \$22.60 per fortnight for couples combined on the maximum rate. Following these increases, total pension payments for those on the maximum rate, including the base rate and pensions supplement, is \$716.10 per fortnight for singles and \$1,079.60 per fortnight for couples combined.

The September pension rise was, as other members have pointed out, due to an increase in the pensioner and beneficiary living cost index in the six months to June 2010, and it is worth noting that pensions are indexed twice a year to the highest increase of three measures: the consumer price index, the pensioner and beneficiary living cost index and the male total average weekly earnings. The pensioner and beneficiary living cost index was introduced as an additional index mechanism as part of our 2009 pension reforms. It takes into account a basket of goods pensioners buy to help maintain pensioners' purchasing power. The basket of goods is weighted to recognise that pensioners spend more of their income on essentials including food, health, clothing, telephone calls and post. Out of interest, the pension has been indexed to the PBLCI at two of the last three indexation points, demonstrating the success of this additional indexation mechanism at better reflecting pensioners' actual increases.

So the federal government sought to assist pensioners and we did so. We made it part of our commitment from 2007. We introduced and carried out our reforms in 2009—indeed, I spoke in June 2009 supporting those pension increases. We have sought to reform superannuation, we have tried to increase massive investment in affordable housing and we have supported pensioners through the economic stimulus. There is much more to do and we ask the state governments and territories to do their bit by not hiking up rental affordability for housing once the pension rate increases. (*Time expired*)