



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

Main Committee

STATEMENTS BY MEMBERS

Government Policies: Low Income Earners

SPEECH

Thursday, 3 June 1999

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Questioner
Speaker Cox, David, MP

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Mr COX (Kingston)—Having been a member of parliament for eight months now, one of the most disturbing trends I have noticed is the increase in the number of my constituents coming to see me at the electorate office to talk about how they can no longer cope financially. These are not people who are in need of a financial counsellor; they are people who are good managers of their household budgets and who make the most of their limited financial resources. What they need are changes in government policies which will restore their standard of living that is gradually being eaten away. They are pensioners, widows, self-funded retirees, young families, retrenched workers in their late 40s and 50s, people with small businesses trying to make a go of it on little more than the dole, people with chronic illnesses, and non-custodial parents whose financial circumstances have diminished or who have started a second relationship.

This is probably not an exhaustive list of the groups in our community who are in real financial trouble, but look at the problems people in these groups face. Pensioners' living standards have been gradually eroded because the CPI does not reflect the basket of goods that they buy. Inflation has been low, but that is in large part because mortgage interest rates have been historically low. Relatively few pensioners have mortgages. The essential things that they buy have been going up by more than inflation. If they are in public housing, the state government takes 25 per cent of any pension increase they happen to receive. Similar financial pressures apply to widows.

Self-funded retirees are feeling the pinch, ironically because of low interest rates; their assets are no longer generating the kind of income they generated a few years ago, and these people are being forced onto part-pensions. Many are concerned that they are gradually being forced to run down their assets to make ends meet. Young families on low incomes always have a hard battle, and the Howard government has made that battle that much harder by increasing the cost to those families of child care, often to the point where it removes the option for young mothers to do at least some part-time work.

Retrenched workers over 55 have been specifically targeted by this government. They have been prematurely deemed to have retired if they cannot find a job so that the government can count the superannuation of these retrenched workers in the assets test for social security benefits. The period after the kids leave home and prior to retirement is when most Australians have done that extra bit of saving to build up a nest egg for their retirement. Without a job they cannot do that. But this government is compounding the problem by forcing them to run down their superannuation assets, so they will have a reduced standard of living both now and after they reach retiring age.

Administratively the social security system is not user friendly to those many Australians who are trying to stand on their own financial feet by running a small business which, when it is getting started, means long periods of fluctuating income, often at levels which are just above or just below what they would be getting on the dole. With the Howard government's changes to the pharmaceutical schedule and benefits, chronic illness also means real financial hardship. (*Time expired*)