



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



**HOUSE OF REPRESENTATIVES**  
**MATTERS OF PUBLIC IMPORTANCE**

**Pensions and Benefits**

**SPEECH**

**Wednesday, 17 June 2015**

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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## SPEECH

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**Speaker** Morrison, Scott, MP

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**Mr MORRISON** (Cook—Minister for Social Services) (15:42): I thank the House for the opportunity to contribute to this debate. Our vision for Australia and Australians is that they will be able to be independent. That is what we would hope for every Australian: that they would be able to be independent financially wherever that is possible. That is what we seek to encourage at every opportunity, whether it is to find themselves in work or whether it is to find themselves saving for their retirement and to be able to draw down on their hard-earned savings to provide for their quality of life in their retirement. That is why they worked so hard for it. That is why governments for a long period of time now have provided support through the tax system to encourage people to do exactly that: to have a superannuation pool that enables them to live well in their retirement. That is the reward of a lifetime of hard work, of diligence and of saving. That is our goal not only for middle-income earners, who the debate today is focused on, but also for all Australians regardless of their level of means or opportunity—whether it is people with disabilities, those who have had very difficult starts to life or whatever it is. Our goal is to make sure that they can realise their potential and that they can become financially independent. This is not a welfare nation; this is a nation of free, independent people who want to have their own choices and be able to guide their own lives and not have their futures dictated to them by the government and the cheques that are sent to them.

We have a very different and, I think, more aspirational view of the Australian population—that they would do everything in their power to ensure that they will not be dependent on financial support from the government wherever possible. There are those in the community who need that—and that is what it is there for. We know that the welfare system is a safety net, and we know that the pension is a welfare payment. The pension is there as a safety net for people who, for whatever reason, over the course of their life have been unable to accumulate the savings they would need to support themselves in their retirement. At this time, with the superannuation system not having come to full maturation, there are still those who are coming through the system who will be more reliant on the pension than others. But it is important to recognise that the pension is a welfare payment. It is not superannuation. It is not savings that people are spending. It is a safety net for those who really need it and those who need it most.

We want to focus on a fairer and more sustainable pension. The pension currently costs around \$42 billion and it is increasing. On the projections that are before us, it will continue to increase. We cannot simply stick our heads in the sand and think we can just keep pushing the bill onto the taxpayer without fundamentally thinking about whether the system is fair and sustainable. So we have engaged in a process where we are looking to put a measure in place that will ensure a fairer and more sustainable pension.

Over the next 20 to 30 years, more Australians will come to benefit from the maturation of the superannuation system and the pool of investment that they have been able to accumulate. Do you know why that was done? Do you know why Labor actually did that in the first place? It was so that, in the future, more Australians would not have to rely on welfare payments in the form of the pension. The whole point of superannuation tax incentives was that people would not have to depend on welfare in the future. That is what the pension is for and that is what superannuation is for. Those opposite seem to fundamentally misunderstand the difference between a government welfare payment and someone's own money in the form of superannuation.

With this background, and understanding the fiscal challenges that the country has, we set out to find a way to have a fairer and sustainable pension. It is true that, in the last budget, we had a measure to curtail the growth in the pension based on linking indexation to the CPI only. We have abandoned that position because we listened to the Australian people. We listened to the Australian people, we worked through this issue and we said: 'Fair enough, there's another way to deal with this issue. We aren't going to walk away from the task of having a fairer and more sustainable pension.' We engaged with stakeholders, we engaged with the sector and we engaged with people in this place and the other place to ensure that we could come up with a proposal and a measure that would be able to secure the support of this parliament. We engaged with Senator Xenophon, Senator Leyonhjelm and

others in the other place. We engaged with stakeholders such as ACOSS. It was ACOSS—that great bastion of unfairness!—who brought to me a proposal to rebalance the assets test for the pension.

**Mr Brough:** Who was it again?

**Mr MORRISON:** ACOSS. The Australian Council of Social Service brought to me a proposal to ensure we would have a fair and sustainable pension by rebalancing the assets test for the pension. And do know what they suggested? They suggested that we should bring down the total level of assets that people can have in order to maintain access to a part-pension. They said: 'It is not right to be providing government welfare payments to people on a much higher level of assets; we should be focusing the pension on those with lower levels of assets.' We thought this was a fairly useful contribution to the debate—and there were others at the time who had similar views. Certainly the Council on the Ageing has been a consistent participant in this debate, and National Seniors Australia provided very strong support in the discussions we have had with them.

There will be those who will stay with the policy and there will be those who walk away. But what we will never walk away from is the importance of having a fairer and more sustainable pension. So we put forward a measure which, frankly, was not as harsh as the measure that was put to us by ACOSS; it was a more moderate proposal—which they would acknowledge. The measure was to change the taper rate and the assets threshold, the assets free area, and the maximum level of assets to rebalance the pension in favour of those on lower assets. That reversed the changes to the taper rates on the pension that existed back in 2007. The taper rates that we currently have, at \$1.50 rather than \$3, have only been there since 2007.

And do you know who voted against the changes back in 2007? It was the Greens. The Greens, back in 2007, did not agree with the changes in those taper rates. The Greens, through their agreement with the government last night, have indicated that they are simply going to remain consistent with the position that they held in 2007. I do not agree with the Greens very often—and there are still many, many, many areas where we are in wild disagreement—but I will say one thing about the Greens that I cannot say about those opposite on any measure, and that is that the Greens are at least consistent. In their appalling views about border protection policy they were at least consistent. The Labor Party flipped and flopped and went all over the place—and they flip and flop to this day. But the Greens were at least consistent—and I consistently disagreed with them. On this measure, the Greens have simply acted in accordance with the convictions that they held back in 2007.

What has changed for the government since 2007 in changing these measures? What has changed is this. When the greatest Treasurer we ever had, Peter Costello—

Opposition members interjecting—

**Mr MORRISON:** The member for Lilley never troubled his predecessor in terms of a claim to that title! When Peter Costello made these changes, what was different then from now? There was a \$20 billion surplus and \$40 billion in the bank. Where did that go? We saw six years of the killing season on the budget from those opposite—and that strength in our fiscal position is gone. There are consequences of bad fiscal management, and that means you have to make savings and you have to make decisions about the sustainability of welfare measures, and that is what this does. So we have reversed those measures back from 2007 and we have put in place a more sustainable pension.

But those opposite stand here with their usual playing of politics. They are seeking to play the politics of motions on the pension. But I challenge each one of their speakers: if you are really serious about their strong stand on the pension, come to this dispatch box and say you will reverse this measure if you win the next election. I will tell you what the cost is: it is \$2.4 billion. Unless you can say that, it is a simple piece of paper which means absolutely nothing. But we know you cannot trust Bill Shorten, because that is what Mark Arbib told us, and he should know. Those opposite, if they have a serious position on this issue, will come to the dispatch box and say that they are going to reverse this measure if it is passed. They will not say it.