



PRIME MINISTER

EXTRACTS FROM SPEECH BY PRIME MINISTER TO CHELSEA
PENSIONERS' CLUB - 15 JUNE 1984

P.M.: Thank you very very much for having arranged this meeting, but even more than that thank you very much indeed for the warmth of your welcome. I do appreciate it very much because as you know we have been very much in the news, that is my Government and pensioners. And I do appreciate very much to have this opportunity so soon after the Parliament has risen to come and meet such a large gathering of pensioners and talking with you about some of the issues which I know are of great interest to you. I want to take you fully into my confidence and tell you just what our thinking has been, what concerns we've had in our minds as to what are the things that we can do and what are the best ways of doing those things to look after the interests of that very important sector of the Australian community, that is the elderly who are now out of the workforce, who have made through their lives an enormous contribution through their working lives to create the sort of Australia that we've got now - to create for us a great country and one in which the younger people are now having the opportunity to build further upon what you've handed on to them. And there's no sector of the Australian community in regard to whom I have a greater sense of commitment than yours. And we've been very much in the news - the Government and the elderly - because we've had to be directing our attention to the best way of meeting our commitment to you.

Now I want to say directly to you that what we're about, what we've been about, is this question of how we can best lift the levels of pensions for those who need it most. What we've been about is to try and see how we can combine the considerations of equity and fairness with the facts of the constraints which exist upon our Government in terms of the amount of money that's available to do the things which you want us to do. In other words no Government, mine or any that's been before or any that will be coming after, has got unlimited revenue. Because the only revenue that we've got available to us as a Government is what we collect by way of tax. And so we've got to try and make sure that in looking after your interests that we make the decisions which are going to mean that we can provide the help to those who need it.

So we addressed ourselves last year and into this year to this question of whether there was some relatively small section of the elderly who were perhaps getting assistance

P.M. cont.: where they really didn't need it so that we would be able to have more available for those who did need it. In other words, given the fact that the elderly section of our population is growing as a larger proportion of the Australian population, it simply isn't possible to have a situation where there is a pension for everybody, irrespective of how very wealthy they may be. Some people may think that you should just give a pension to everyone, whether they are millionaires and whether they've got millions of dollars worth of property. Well I just say frankly that we can't do that, we're not going to do that. What we're going to do is try and organise our resources in a way which means we can do as much as we can for the great majority of the pensioner aged community who need help.

So what we want to do, and I'm coming to a little bit more detail, to just what it means to you, what we want to do is to raise the value of the pension in real terms for the majority of those who need it. And that is what the concept of the assets test has been about.

Now what I want to say to you quite straightforwardly when I said from the very first day I became Prime Minister and head of this Government, I said to the people of Australia we won't go through office without making some mistakes. I want to say quite frankly, I've said it in the Parliament and I say it here, that when we first approached this question of the assets test we didn't make a first class job of it. We tried - our intentions were totally correct - to work out a way of seeing how we could in the fairest way not pay the full pension to those who didn't really need it. And the first form of assets test was not the best way of doing it because there were too many uncertainties in it and people really weren't too sure whether they were going to be affected.

So in February of this year when I got the feeling that there was this uncertainty in the community, I straightforwardly faced up to that, that we hadn't got it right the first time -- I said well we're not going ahead with something that we think isn't right. So I referred the question with the agreement of Cabinet, I referred the question to a representative committee headed by Professor Gruen. There were representatives of pensioner groups on it, of welfare organisations, Sir William Keys, the President of the RSL, agreed to serve on it - we got a representative committee and it was very helpful to us.

They pointed out the weaknesses and the uncertainties in the first way we'd gone about it or were proposing to go about it. They suggested another scheme which again in the end we didn't think we could accept entirely because it included in the concept of an assets test as to whether to get the full pension or not, it included the pensioner's home. Now we did have the view not only in respect of Sydney, where house values

P.M. cont: are higher, we had the feeling that pensioners had a psychological attachment to the home. They didn't like the idea of counting their home among their assets. So we decided that we would leave the home out. The home is not going to be counted in the assets test and I'm sure that you'd agree that that's the right thing to do.

So what we've done is to come up now with a test which is going to affect very few people. There are approximately just over 2 million pensioners in Australia. Now the best calculations that our departments directly involved, that's the Department of Social Security and the Department of Veterans' Affairs, the best calculation that they can give us is that the number of people that will be affected out of over 2 million pensioners will be about 40,000. That's about 40,000 people with very very large accumulations of assets. And we think that that's fair because by not paying the full pension to those people it means that we're going to be in a position to do more for you, the great bulk of pensioners who need help.

Now I'm prepared to face up to any audience in Australia anywhere and argue the correctness and the justice of that case. I don't think there's going to be very many Australians who are going to say that it's not a fair thing for the very very wealthy, well-placed group - we're not attacking them, we haven't got anything against them in any sense - but I don't think anyone's going to say that it's not fair that, to make more available to help those who need it, that perhaps 40,000 or 2% of the very wealthy are not going to get the part-pension or full pension. That's what it's about.

The details of it - I'll give you a broad outline ... of what's involved and how really there will be very little burden or intrusion on your life. First let me say this that in calculation of the asset your home, you don't have to worry yourself about the house at all. And then for those of you who are married couples with a house you are entitled to \$100,000 worth of assets before you would be touched by the assets test at all.

... And for a single pensioner you could have your house plus 70,000 of other assets.

I would just like to add to that that we recognise that to some of those pensioners who don't own their own home then they need to be taken a little bit more account of because there are some who haven't got their own homes, they rent a place, or they are living with their relatives or they are in a nursing home - they can have another \$50,000 of assets. In other words a married couple who don't own their own home can have \$150,000 assets or if they are affected a single pensioner \$120,000 of assets. So you can see, and don't you agree, it's very very fair.

P.M. cont: ... The other thing is that we don't want to be intrusive, we don't want to create a situation where you feel that you're going to have someone from the Department coming and prying into your affairs. We want to make it as least intrusive as we can so what we've done to help that is to say, well look in regard to the things in your house which represent your personal effects, your linen and all your furniture and so on, without having to go through and try and work it out, we've said let's say that there's \$10,000. You don't have to count those things. It's only if you happen to think that you are in a situation as a married couple that you've got assets beyond your house of \$100,000, if you think you're there then there's a way in which with a minimum of intrusion you will be able to declare and the people in the Department will obviously in the great majority of cases will say, well that's the end of it, there's no intrusion.

And very early in the piece the great majority of pensioners, I think, will know without filling in any forms, that they are not going to be affected.

... Having said that about the test let me go on and say this to you that in the Budget which we'll be bringing down in August we'll be moving then to do more for you in the pensions area. We will do - as you know there's the adjustments coming up for the change in the CPI, that adjustment will be made - but I can say to you now, I can't give you the details because we can't say before the Budget, I can assure you that we'll be moving in the Budget to do more than just giving you the adjustment for the CPI, there'll be more in the Budget than just that. And for those who may not own their own homes or who are renters there will be some additional and supplementary assistance for them.

So my friends I think you will see that what my Government's been about, is about equity and fairness for the great majority, the overwhelming majority of pensioners. We want to do what we can to give you a better deal, You deserve it because of the contribution you have made to this country and I admit that we didn't get it quite right in the first place. I think you'll respect us more for acknowledging that and making sure we got it right in the end. I'm sure you'll agree that we have...

And may I say particularly how pleased I am to be here in your presence with David Charles, the Member for Isaacs. I want to say to you that he's been a great Member for you, in representing not merely your interests but the interests of the electorate and this area generally.