



PRIME MINISTER

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**OPENING ADDRESS BY THE PRIME MINISTER
AUSTRALIAN PENSIONERS' FEDERATION
BIENNIAL CONFERENCE
MELBOURNE - 11 OCTOBER 1989**

Noreen Hewett,
Ladies and gentlemen,

It gives me great pleasure to come here today to open the Biennial Conference of the Australian Pensioners' Federation.

I take pride, too, in being able to report to you on what we have achieved, together, on behalf not only of the age pensioners of Australia but also, in a very real and direct sense, for all Australians.

For 80 years, the age pension has been the centrepiece of the Australian Social Security system.

By 2009 - which will be the centenary year of the Australian age pension - that system will be faced with its greatest challenge yet: meeting the impact of the post war "baby boom" with its vast implications for service delivery and funding.

The challenge then is clear: Australians, as we move into the next century, must make sure that there is secure and adequate income support for older people.

With the retirement incomes policy we announced in the last Budget, I can tell you we have set in train a comprehensive and farsighted response to that challenge.

It is a strategy for the future - not a random series of band-aids; it is a policy that goes beyond the short-term to help secure the long-term future of Australia and of our retired people; and it is a statement of relevance not only to those people who are currently retired but those who are still working and planning for their retirement.

Many of you will be familiar with the specifics of the announcements we made in the Budget, so I don't want just to recite the litany of changes and improvements we have made.

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What is of more value, I believe, is to put those changes in the context of the broad sweep of social justice policies we have pursued since we came to office in 1983.

Let me give you one statement that summarises the whole web of anomalies and injustices that had been allowed to develop prior to 1983.

In 1983, millionaires were taking the pension, while superannuation was the almost exclusive preserve of a minority of the workforce in white collar employment.

What a perversion of priorities that situation represented - the very antithesis of social justice.

My Government has been able to put the priorities in the right order - ensuring that people who don't need to be supported by the taxpayers aren't, so that people who do need support receive it, and receive it in greater measure than ever before.

We have been able to do this by rejecting the piecemeal approach of our predecessors and achieving instead, through consultation and co-operation with groups such as your own, a comprehensive incomes policy that embraces wages, taxation, superannuation and social security measures.

Fundamental to that process was the reimposition of the assets test - which of course does not apply to the family home.

We endured what I could politely describe as a certain amount of political heat from the decision, and we stuck to our guns.

These days, as a result, the assistance we do provide to Australia's senior citizens is focused on those who genuinely need it - and not even the Federal Opposition, for all its other hesitations and inconsistencies, now seeks to revert to the injustices of the past.

Now, with the reforms of our last Budget, that other gross anomaly I referred to - the limited coverage of superannuation - is also being remedied.

Super now covers more than half the workforce and will ultimately cover everyone employed under an award.

The implications of this for the retirees of the future are enormous. It will mean income security for hundreds of thousands of Australian retirees who can start to plan now, with confidence, for their days after they leave the workforce.

The pension will always be there for those who need it - but it will be supplemented by a range of superannuation options.

That will dramatically reduce the uncertainties senior citizens would have otherwise faced if they had to rely solely on the pension in an era when, as I said at the outset, the greying of the baby boom will be placing an enormous drain on the social security system.

Of course our commitment to the age pension and our determination to protect the current generation of pensioners was thoroughly demonstrated in the last Budget.

Over the course of the next year, pensioners will receive between \$11 and \$36 a week extra as a result of the various measures we have taken.

We are bringing forward CPI adjustments; we increased and indexed the amount of tax-free income pensioners can receive; we dramatically lifted and indexed rent assistance; and, with the April 1990 pension increase, we will not only meet, but exceed, that historic target of lifting the pension to 25 per cent of average weekly earnings.

And we are implementing a massive three stage reform of tax and social security that will mean from 1995 that no age or service pensioner - part-rate or full-rate - will pay income tax.

In other words we have built a comprehensive retirement incomes policy based on four key criteria: adequacy, fairness, security and sustainability.

People who can provide for their own retirement now have the appropriate incentives to do so, while those who need the age pension will receive the protection and security to which they are fully entitled.

This achievement in the area of retirement policies illustrates our broader achievement throughout the social security system. As Brian Howe has said recently, what we have been about is wherever possible removing the need for people to rely on the safety net - but where they need to use it, we have ensured it provides real comfort and assistance.

I take the opportunity of pointing out the reciprocal agreement that we have signed with the Italian Government that ensures elderly Australians born in Italy receive their full pension entitlements - a small achievement perhaps in the full sweep of Government policy but a very crucial one for those who will benefit from it.

The age pension is, of course, only one aspect of aged care in Australia.

Equally important for older Australians is personal independence, their right to make decisions about their lives, about where they will live, and if and how they will be cared for.

Older people need the security of knowing that there are adequate support services where they need them.

The record of my Government in this area is a strong one.

We spend almost \$2 billion each year on aged care, including at least \$1.5 billion for residential care.

We have introduced reforms which have meant that

- . first, home support services are more available, of a better quality, and are more accessible;
- . second, there are new residential care programs for older people, giving them much more independence.

It is clear that older Australians don't want to be shut away from the community: we all want to be part of things, living where we have spent our lives raising families and working.

The Home and Community Care Program aims to reduce the need for hostel and nursing home care by providing services to people in their own homes: community nursing, home help and personal care, home maintenance, meals on wheels, home and centre based respite care, transport services, and paramedical services.

There is also help for families and friends who provide care for the elderly at home.

At the same time, for elderly people who simply cannot manage at home, we have ensured proper planning and equitable funding for hostels and nursing homes where people need them.

For people who are in hostels, we are aware of their need to maintain their dignity and rights. We are working on a charter of resident's rights and responsibilities, and a care contract between residents and service providers.

To sum up then, let me say this:

I know that many of your members still find it hard to manage on the age pension. But we have increased the pension as far as is possible, and brought in additional services to lessen the burden for the most disadvantaged.

By the middle of next year the age pension will reach more than 25 per cent of AWE - the highest level it has reached, in terms of average weekly earnings, for forty years.

By September next year we will have trebled rent assistance - perhaps the best assistance that can be given to the least well off group of pensioners.

For older people who can continue to live in their own homes, there is a wide range of community services, to provide them with dignity and independence whatever their income.

And for people who need hostel and nursing home care, much has been done to improve standards, maintain their dignity, and protect their rights as individuals.

For those who will reach retirement age in the coming decades the policy framework exists to ensure the system will deliver fair and adequate, as well as secure and sustainable, income and community support.

My friends

The glib judgement is sometimes made that the gap between rich and poor in Australia is increasing - that the rich are getting richer and the poor poorer.

Circumstantial evidence is certainly provided by the conspicuous and spectacular way in which senior executives in private enterprise have awarded themselves pay increases far beyond any accepted wage fixing guidelines.

Only last week you may have seen press reports of a study into income inequality carried out by the Social Welfare Research Centre - a study in which Australia was compared to seven other OECD countries in the years 1981-1986.

The press reports overlook the real problems in making such international "comparisons", not the least of them being that they don't take into account the most recent information. In this case the European data was old, the study relied on money income and did not include the social wage, and it could not include the very significant changes which have taken place in Australia since 1986.

Among these changes, I have already mentioned the achievement of lifting the pension, by next April, above 25 per cent of average weekly earnings.

That in itself is a measure not just of improved wellbeing for individual pensioners but of their improved relative wellbeing - in other words, a measure of diminishing, not expanding, income gaps in the community.

In the same way, the Government's relentless determination, in co-operation with the trade union movement, to create jobs is also ensuring that those who would otherwise be completely unable to support themselves, are able to climb up the ladder of self-sufficiency and economic security.

Since we came to office, we have created more than 1.5 million new jobs - including 828,000 since May 1986.

At the same time, the number of people on Unemployment Benefit has fallen from more than half a million in May 1986 to 368,000 - a fall of 34 per cent.

The most striking omission from any study of income inequality that concludes in 1986 is, of course, the introduction in December 1987 of the Family Allowance Supplement - the cornerstone of our attack on child poverty. Nearly 180,000 families now receive FAS, compared to less than 30,000 families on Family Income Supplement in June 1986.

FAS was increased in July 1989 to meet benchmarks of adequacy, and will be increased annually.

Family Allowances were also increased substantially in July 1989, and will be indexed annually.

As a result of tax cuts and increased family payments in the last year, living standards, particularly for low and middle income families, have been further improved.

For example, a single income family with two children received an increase in after tax income of \$23.50 - equivalent to a wage increase of \$40 a week.

So Australians are entitled to ask that glib reports, implying that nothing is being done to help the least well off, at least include all that is being done and all that has been achieved, to lift the burden of hardship in this community.

Those who seek to question this Government's commitment to real improvements in social justice should consider this fact: in a time of necessary economic restraint, we have increased spending on social justice programs, as a proportion of total Government spending (excluding public debt interest) from about 50 per cent in 1982-83 to a projected 58 per cent in 1989-90 - or, in 1988-89 dollars, an increase of nearly \$9 billion.

The standard of living for the poorest Australians has been protected and improved;

Access to essential services has been widened; and

Rights and opportunities for disadvantaged groups have been strengthened.

That is a record of achievement - real assistance targeted to those who need it - that stands in the starkest contrast to the empty phrases of the Opposition.

Just look at the record on pensions. In the seven years the Liberals were in office they cut the pension by more than two per cent in real terms. While we have been in office we have lifted the age pension by around 8 per cent.

We have set the basis for an adequate standard of living for Australia's senior citizens into the 1990s - a minimum that Australians should now expect in their retirement.

We've delivered it - if the Opposition has any care and compassion for Australia's senior citizens, they should support it.

I close by reaffirming my Government's determination to continue the work of making Australia a fairer and better place for us all.

And I look forward to working closely with your organisation and with all pensioners towards that goal.
