



**Sharon Grierson MP  
Federal Member for Newcastle**

**13 November 2008**

**SECOND READING DEBATE**

**SOCIAL SECURITY AND OTHER LEGISLATION AMENDMENT  
(ECONOMIC SECURITY STRATEGY) BILL 2008**

**Ms GRIERSON** (Newcastle) (9.45 a.m.)—I rise today to speak on the [Social Security and Other Legislation Amendment \(Economic Security Strategy\) Bill 2008](#) and the two Economic Security Strategy appropriation bills. These bills implement key aspects of the government's \$10.4 billion Economic Security Strategy—a strategy that will maintain confidence, strengthen the national economy and help those most in need in our local community. The Prime Minister's decisive action to strengthen the economy and support Australian households is good news for the people of Newcastle. Working families, pensioners and carers in Newcastle have been doing it tough, and the global economic uncertainty has added to their worries. The significant relief being provided to pensioners, self-funded retirees, low- and middle-income families and first home buyers is a big investment in our community and one which will strengthen the economy in these tough economic times.

With payments starting on 8 December this year, the timing is particularly good. This is practical assistance for these and other low-income members of our community and it is a down payment ahead of the full pension review, which is underway. The payments will provide additional support in the nine months between now and when long-term pension reform can be considered in the context of the 2009-10 budget. In Newcastle, where over the past few years people have been telling me they have been struggling to meet the increased cost of living, more than 40,000 people are expected to directly benefit from the provision of the Economic Security Strategy. This is a significant relief. It shows a government that has struck on a decisive course of action that will strengthen the economy by giving much needed assistance to those who need it most.

As Minister Tanner, the Minister for Finance and Deregulation, noted when introducing the appropriation bills, the global financial crisis has significantly changed the economic outlook since the budget in May this year. As the Prime Minister, Kevin Rudd, said, 'The world has changed.' We certainly know that, and I think we should all reflect on just what it has been like over the last few months. We have seen banks fail. We have seen banks being bailed out around the world, stock markets free-falling and the global economy stalling. Fortunately, of the top 14 of the OECD highest rated AA banks in the world, four are in our country. We are not immune, of course, but our economic fundamentals remain sound, and our financial institutions give us great hope that we

will ride this one out much better than most. But these are extraordinary economic times.

I draw attention to an article by Anne Davies in the *Sydney Morning Herald* from 4 October, where she points out that 'Wall Street pain reaches down to those who have lost the American dream'. I think we all watched it play out in America first, with a huge \$1 trillion share market crash. In that article, she quotes Bernie Sanders, an Independent senator from Vermont, and I think it is important to note some of the things he said, because the middle-class dream has perhaps not been as sound as people thought. He said:

"The middle class has really been under assault. Since President Bush has been in office, nearly 6 million Americans have slipped into poverty, median family income for working Americans has declined by more than \$2000, more than 7 million Americans have lost their health insurance, over 4 million have lost their pensions, foreclosures are at an all-time high, total consumer debt has more than doubled, and we have a national debt of over \$9.7 trillion."

I remember, as part of the House of Representatives Standing Committee on Economics, asking Governor Stevens how long we could expect the world to shore up America's debt. His response was that it was in no-one's interest to withdraw credit to America. I think the debt just got too big. Senator Sanders went on to say:

"The top 0.1 per cent now earn more money than the bottom 50 per cent of Americans, and the top 1 per cent owns more wealth than the bottom 90 per cent. The wealthiest 400 people in our country saw their wealth increase by \$670 billion while Bush has been president ..."

These are astounding figures, and I suppose it reminds us all of capitalism gone a little bit crazy. Certainly people's expectations and aspirations were unrealistic. They exceeded the norm and moved into the greed sector at an extreme rate.

Fortunately, in Australia we have had the Reserve Bank and our other Australian financial regulatory institutions, who have given us warnings over many years. I remember Ian Macfarlane, then Governor of the Reserve Bank, at our hearings of the Standing Committee on Economics urging the then Howard government to take on the supply constraints in our economy. I remember Governor Macfarlane suggesting that house prices were overinflated and required some policy settings. I remember Governor Stevens drawing attention to our imbalance of trade and the ongoing consumption of cheap imported goods that were putting our economy in a parlous state, with inflation running rampant. It is a new global economy. It is a time for strengthened regulators, not diminished regulators, and I urge the opposition to desist from their attack on our regulators. We are a fortunate country. We are certainly now seeing that we are indeed the lucky country.

These are astounding times: you turn on the ABC news in the evening and you see Alan Kohler from the business program telling you that 42 per cent of international GDP wealth has just disappeared in one day. That is some write-down to the wealth of the

globe, and certainly it has been felt in Australia. What has that meant and what will it mean to Australians? I think we need to be reminded that for most Australians the only asset they have is their home. We have now seen home values decrease. Their home is the only asset most Australians have, and they prize it. They work hard for it. It is an acquisition they strive for. And certainly we need to make sure that the housing sector, including housing construction, is strong. We have done that through our bank guarantee. We have done that through supporting our second-tier mortgage lenders with our \$8 billion of assistance and through the first home owners grants.

For most Australians their only savings are in their superannuation fund. The savings of most Australians reside in their superannuation. The policy of the previous government that saw over \$4 billion rushed into superannuation at the end of the financial year in 2007 is not perhaps one that stacks up very well now. It is always important that people contribute to the economy of Australia. It is always important that people pay their taxes. That is the way that wealth is distributed. I know that many people in my electorate are particularly concerned about the loss of value of their superannuation. For most Australians the only security they have is their job or the Centrelink safety net—which I just heard the member for Canning say was an embarrassment. Well, no, going to Centrelink is never an embarrassment—we are fortunate in this country that there is a safety net. Making sure that people's security is shored up by employment is one thing that this package particularly tries to address. We do expect the strategy to boost the level of real GDP growth by between a half and one percentage point over the next several quarters.

In Newcastle I was pleased to see that the *Newcastle Herald* had a headline 'Manna from Kevin'. This legislation, and this \$10.4 billion package, is a significant result. It has a particularly good outcome for Newcastle and the Hunter. The *Newcastle Herald* said, 'Rudd's \$250 million Christmas bonus for the Hunter is just the boost into our economy that we need'. In my electorate of Newcastle alone there will be an injection of at least \$55 million for recipients of age pension single and age pension partnered; carer allowances, carer allowance single and carer allowance coupled; carer payments; our family support packages for people on family tax benefit A; and DSP partnered and singled. Overall there are at least 40,000 people in my electorate who will be receiving a dividend from this economic security package.

In Newcastle we are blessed to have the Hunter Valley Research Foundation, an independent and autonomous body that find their own funding and do what I think in our country is some of the best collective learning and training in economic management for a city that I have ever seen. At their recent economic indicator breakfast they pointed out that our economy, having diversified and having fundamentally strong foundations, is in a better position than most. They said:

"Together with a structurally sound and diverse economy we are better placed than a lot of regions to weather the storm."

They also said:

“Economic conditions in the Region have deteriorated but not to critical levels. There is some relief from the mess...accelerated government spending...lower \$A...improving our international competitiveness...”

And for our knowledge based manufacturers, our very diversified manufacturing sector, that is good news.

“...Lower interest rates, fuel prices and (soon) inflation...”

So they point out that lower interest rates, lower fuel prices and lower inflation—soon, we hope—are also going to mean greater success for our economy. I would also say that the economy of Newcastle and the Hunter still has its roots in the coal industry. I would urge the New South Wales government to sign off on the port agreement put forward under the Greiner plan. I know it is one supported by industry. When you get total support by industry, and you know that the ACCC are looking favourably at an agreement such as that, it would be in the best interests of the region to have that agreement signed off on by the New South Wales government now.

Our package, though, as pointed out, has great dividends for the people of Newcastle in the payments alone but also in the training packages and in the investment in infrastructure. The fast-tracking of infrastructure is something that is particularly important in the region and I look forward to Infrastructure Australia supporting the people and the economy of the Hunter by rolling out some freight and logistics related infrastructure as soon as it possibly can. We are already seeing that sort of growth and investment from the private sector. In Newcastle and the Hunter the key is confidence. It is this package that will help to deliver that confidence.

The Hunter Valley Research Foundation also point out that the housing sector remains vital to a recovery. The first home owners boost that gives an extra \$7,000 to people purchasing an existing dwelling and an extra \$14,000 to people purchasing a new dwelling, raising those grants to \$14,000 and \$21,000 respectively, is an excellent initiative and one that is very much needed. Indeed, the Newcastle chapter of the Master Builders Association said that the first home owners boost would, ‘Give the region’s building industry a much needed shot in the arm.’ I also note that we are investing over \$117 million to create 56,000 additional productivity job seeker places in 2008-09. These places are to develop the skills that Australians need and that Australian businesses and industry need. It doubles the number of productivity places to 113,000 and hopefully will be a huge boon for young people, often the first people on the edge during financial downturns.

The nation-building funds, too, will be extremely important investments in the productive future of our nation. We have established an independent authority, Infrastructure Australia. In my region, I am particularly looking forward to some support from the Health and Hospital Fund for the Hunter Medical Research Institute. I also think particularly of the port and the coal chain work being done by ARTC.

In conclusion, I would like to commend the Prime Minister, the Treasurer, the Minister for Finance and Deregulation and the Minister for Families, Housing, Community

Services and Indigenous Affairs for bringing this Economic Security Strategy forward. It is an extraordinary response to the extraordinary economic times that we are now living through. It will go a long way to immediately stimulating the consumer economy and the housing market and to investment in long-term skills and therefore productivity. It recognises the tough times being faced by pensioners and low- and middle-income families and responds to those pressures with immediate financial relief. I am confident that this package will both keep the economy strong and help those people in our community most in need. I commend the bills to the House.