



# FAMILY FIRST



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**Senator Steve Fielding**  
**Family First Leader**

## **Budget in reply speech**

**15 May 2008**

The Rudd government's first budget has delivered the promised tax cuts for Australian working families, and families are happy for whatever help they can get to cope with higher interest rates and skyrocketing petrol and grocery prices.

But the government has failed vulnerable Australians: it has failed those on a pension; it has failed families in the outer suburbs and regional areas; it has failed to address short-term inflationary pressures and it has failed to give families a real choice in child care.

The government has also chosen to find savings from payments made to support and recognise families, thereby raising the concern that families and the vital service they provide to the community will continue to be seen as a target for future budget cuts.

Australia's 3.4 million people on a pension are overlooked. These Australians are really struggling to make ends meet. That is why Family First wants to give all pensioners across the country an extra \$70 a fortnight to cope with the skyrocketing cost of living.

The increase should go to the 1.9 million Australians on the age pension, as well as those on the disability support pension, the parenting payment single, the carer payment and a number of other pensions. They are the most vulnerable people in our community.

So many pensioners are really struggling to make ends meet and need extra help to pay huge petrol and grocery bills and to just get by. The current pension rate is too low. Singles get \$546 a fortnight, while couples get \$456 a fortnight each. An extra \$70 a fortnight would make a substantial difference.

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According to the St Vincent de Paul Society, age pensioners spend 30 per cent more on food as a proportion of their income than average households and are the hardest hit by soaring grocery prices.

Family First believes the Rudd government's first budget should have cut petrol tax to put immediate downward pressure on inflation to help families with the ever-increasing cost of living. Craig James, the Chief Equities Economist at CommSec, said:

Petrol is the single biggest contributor to the current high inflation rate ...

We know that cutting petrol tax does two things: it puts downward pressure on inflation and it helps families to make ends meet. Petrol prices and inflation driven interest rates are two of the biggest impacts on family budgets.

One of the most significant drivers of inflation has been, as I have mentioned, skyrocketing petrol prices. So why didn't the Rudd government cut petrol tax by 10c a litre, as part of its billion dollar tax cuts, to put immediate downward pressure on inflation?

More than 50c of the price of every litre of petrol goes to the government in tax. Petrol tax is one thing the government can control in trying to reduce inflation.

Cutting petrol tax in the short term makes sense, but over the medium to longer term we need to significantly lift our investment in public transport to give people in the outer suburbs and regional areas an alternative to using their cars.

Lower income people and first home buyers tend to live in the outer suburbs where housing is cheaper. But poor public transport means they depend on their cars, which means they suffer more from punishing petrol prices.

The federal government should have announced an investment in public transport infrastructure and capacity in the outer suburbs and regional areas on top of state government funding, building to a \$1 billion annual fund. This would help families struggling with skyrocketing petrol prices and mortgage interest rates.

Recent research on families living in the outer suburbs of Western Sydney found that families in the outer suburbs were spending three times the proportion of their gross household income on petrol compared to what people in the eastern suburbs of inner Sydney were spending. That was because people in the west were driving more than 20 times the distance that people in the inner suburbs were driving and, tellingly, because they did not have the same public transport options.

Families in the outer suburbs of Melbourne and in the outer suburbs of cities across Australia are facing the same problems. How can they avoid petrol pain unless the government provides adequate public transport services to give them the option of not using their car?

Family First is passionate about caring for Australia's environment to preserve it for our children to enjoy. That is why Family First welcomes the Rudd government's initiative for workers and their families with the introduction of low-interest green loans. Family First also welcomes the National Clean Coal Fund, which will help reduce greenhouse emissions and secure jobs for thousands of workers and their families.

The government has also announced new means testing of family payments, including the baby bonus. The first reaction of most people is that all welfare payments should be means tested but these family payments were never meant to be welfare payments.

Whilst Family First agrees that millionaires do not need access to these payments, treating family payments such as the baby bonus as welfare is a concern.

Family First is concerned about the ultimate result of means testing important family payments. Once means testing starts, where does it stop?

With birth rates still below replacement level, families who have children are actually helping Australia. These family payments also help with the greater expenses parents have in bringing up a family. Kids bring greater expenses whatever your income level.

The government has now means tested family tax benefit part B and the baby bonus, so they are not available to families earning more than \$150,000 a year. Means testing families by their income level may sound good, but it ignores the number of children in a family.

A family with three or four kids with a family income of \$155,000 would not be entitled to either the baby bonus or family tax benefit part B and would be far worse off than a family on \$150,000 with one kid. In this simple example the expenses of a family with more children is much greater, but that family is no longer entitled to family payment support. The government should, at the very least, make an allowance for the number of children a salary is supporting.

Senators will remember that I come from a family of 16 children. I can tell you that if my parents had been fortunate enough to earn more than \$150,000 they still would have had higher costs than most families.

The simple fact is that Australia needs children and families to grow and that most Australians of child-bearing age want to have children. But research by the Australian Institute of Family Studies shows that, even though couples want to have children, they do not have as many children as they would like. One key reason for this is that couples do not have confidence that they will have strong continuing support from the community. Family payments are one way of giving that community support.

The government provides many benefits to members of the community that are not made available on the basis of income alone, like universal access to health care, because these are important social goods for the community.

All families, regardless of wealth, can send their children to public, government funded schools for a free education. They can also access free surgery in public hospitals.

The difficulty with introducing a new means test is that, once you concede the principle, the cut-in level for the means test can always be moved further down the income scale.

Once governments start to cut family payments, there is a temptation to make one more cut and another saving, and they may find it hard to stop.

Family First is happy to look at better ways to deliver the money to families but is concerned about cutting the overall level of money available to families.

Treasurer Wayne Swan also says mothers in paid work will be helped in the budget by tax breaks and more money from the Child Care Tax Rebate.

It is great that mums in the paid workforce can expect more help from the government in the budget, but what about mums who have made a great financial sacrifice to stay at home?

The Treasurer has talked about mothers who work to make our economy strong, but families do not work for the economy. The government should be making the economy work for families.

A Department of Families, Housing, Community Services and Indigenous Affairs study last year found that more than half the mothers in full-time paid work would prefer to work fewer hours. There needs to be a balance between work time and family time. What is the government doing to help families find that balance?

The government will increase the Child Care Tax Rebate, which will help those families that can afford institutional child care, but what about those families that choose to use a family member or a friend and get no extra assistance in this budget?

Why does the government restrict assistance to parents who choose centre based child care, rather than allowing parents to have a tax break for the type of child care they want? Only 20 per cent of parents choose formal care for their kids.

Family First wants to give all families with children under five the same childcare payment every year so they can choose the child care they want, whether it is in-house care from a grandparent or neighbour or from a childcare centre. This would replace the Child Care Tax Rebate, which only some parents can claim.

Government policies must help all mothers, not just those the government wants to work to serve the economy.

Family First welcomes the government's attempts to provide better medical care for our rural and regional communities by providing \$4.6 million over the next four years to place more medical students in rural and remote communities as part of their training in the hope that they will return to the country after they have graduated.

However, Family First does not think that this has gone far enough to help with the acute shortage of doctors in country Australia and calls on the government to adopt Family First's doctor scholarships scheme. Under Family First's plan, hundreds of free medical places would be offered, in exchange for a five-year commitment to work in regional and rural Australia.

Turning to the alcohol toll, one year ago, at the last budget, Family First raised the alcohol toll as a significant issue facing Australia. It costs Australia \$15.3 billion a year to mop up after problems related to alcohol. I drink, and most Australians drink, but we need to create a culture of responsible drinking.

That is why Family First wants the government to ensure there is information or warning labels on all alcohol products, wants to restrict all alcohol advertising to appear after 9 pm and wants to close the crazy loophole that allows alcohol advertising during the day because it is related to sport. That is wrong. It sends the message that alcohol is linked to sport, a link that we should certainly break.

Finally, Family First is concerned that the budget has nothing in it to help the states reduce their dependence on pokies, despite the Prime Minister's concern over gambling dependency. Family First knows the government shares its concern over the significant social issue of poker machines but does not

understand why the government did not use its first budget to look at ways to alleviate the problem.

It is quite clear that the states are so hooked on gambling revenue that they are unable to break their habit without federal intervention. Family First's Poker Machine Harm Reduction Tax (Administration) Bill 2008 would, over time, move poker machines out of pubs and clubs and see them restricted to casinos and racetracks, which are dedicated gambling venues.

In conclusion, Family First welcomes the Rudd Government's first budget with tax cuts for working families but is concerned for Australia's most vulnerable people, those on pensions, who have once again been left to fend for themselves on slim pickings and crumbs from the table.