

## **ARROGANT POLITICIANS SHOULD BE READY FOR A PENSIONERS REVOLT**

### **Brian Hale**

“The stigma of charity should be removed from the age pension. It should be an entitlement earned by the person’s personal contribution to the fund” said a very famous Australian long ago.

Who? Former Prime Minister Robert Menzies. When? At the time the current pension scheme was introduced. Fund? What fund and what personal contribution?

You wouldn’t know about it listening to the major parties’ politicians or Senate crossbencher David Leyonhjelm who, echoing former Treasurer Joe Hockey, told the ABC he wants Australians to drop their sense of entitlement to the aged pension, which should only be paid to poor people, and receiving it should be “nothing to be proud of”.

Well, no David most pensioners worked and spent a lifetime paying for their pensions. Its not welfare and, when it was introduced it was actually meant to be an entitlement. A 7.5 per cent tithe was taken from wages to put into a fund to pay their pensions. Just as workers now have superannuation collected.

What a good idea!

Unfortunately (for pensioners) the Labour Party insisted the contributions shouldn’t be kept in individual accounts was in the UK and US where retirees get the entitlement earned by their contributions. Instead it all went into one big pot, the National Welfare Fund. And when the pot got really big the politicians took it.

They won’t talk about the historical facts because these days politicians have a new “ending the age of entitlement” narrative while pushing the disingenuous line that younger workers are paying tax to support pensioners.

Menzies was opposition leader when then prime minister Ben Chifley announced a National Welfare Fund to pay for pensions, unemployment relief, child endowments, even health care with a 7.5 per cent tax increase.

Menzies insisted that the Compulsory Contribution (levy) should be kept completely separate, that it should be paid into a trust account and not mixed with general revenue.

The levy and the National Welfare Fund began on January 1 1946, and contributions were shown on workers’ personal tax assessments for for 1946, 1947, 1948, 1949 and 1950, with the money paid straight into the special fund from the claims that were paid out.

In 1950 the balance that was in the fund was almost 100 million pounds or \$200 million - in today’s money the equivalent of several trillion dollars.

But the pot was too big for the politicians. Menzies, supported by the Australian Labour Party, amended the Acts governing the fund so the compulsory contributions levy was lumped in with people’s income tax and the whole lot paid into consolidated revenue.

But the compulsory 7.5 per cent levy was still collected and spent.

In 1977 Liberal PM Malcolm Fraser transferred the balance left in the welfare account (by then almost \$500 million or several trillion in today’s terms) to consolidated revenue. But still the 7.5 percent was taken out of everyone’s pay packets every week.

Then in 1985 the Labour Government repealed Acts No. 39, 40 and 41 (the National Welfare Acts) and introduced income and asset testing, thus excluding millions of levy and taxpaying Australians from receiving the pension for which they had paid.

But still the 7.5 percent levy continued to be collected and (while hidden in general income tax revenue). And to this day is still collected.

There have been estimates that trillions of dollars stolen from the fund and the money stolen (sorry, transferred) since 1985 would be enough to pay a non means-tested pension to every retiree of more than \$500 a week.

If it had been invested, like the Future Fund, the pension might be \$1000 a week. Small beer compared with the politicians' pension deals but a huge leap for older Aussies, 420,000 of whom had their age pensions cancelled or reduced from January 1.

Ironically, they are the very pensioners who would have the highest pensions if their personal contribution to the "fund" was the yardstick as in the UK and US.

They probably generally have been Coalition voters. But no more.

Spend time in the RSLs, the bowling clubs, voluntary organisations and the like where these people gather and it is clear that they are Liberal-National voters no more.

In lieu of an Australian Trump, they see no no alternative but One Nation.

The Coalition, supported by Labour and the Greens has turned 180 degrees from Menzies' view the age pension is "an entitlement earned by the person's personal contribution to the fund" and portrays it as charity.

For many Australians this alone shows how far the parties they once supported have strayed from principle.

The arrogant politicians think they can hypocritically and sanctimoniously speak of older Australians.

They are in for a shock.

(Brian Hale is a former business editor of the Courier Mail and the Australian).