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E&OE TRANSCRIPT

INTERVIEW

RN DRIVE

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SUBJECT/S: DECEIT TAX, TONY ABBOTT'S BROKEN PROMISES, PAID PARENTAL LEAVE, AGE PENSION

WALEED ALY: Jenny Macklin thank you very much for joining us.

JENNY MACKLIN, SHADOW MINISTER FOR FAMILIES AND PAYMENTS:
Good evening Waleed.

WALEED ALY: We'll start with the debt levy, you heard there the Prime Minister's argument that this isn't a tax and it's therefore not a broken promise because it's temporary. Now that's exactly the argument the previous Labor Government used, that's exactly what they said about the flood levy, can we assume then that you agree?

MACKLIN: No I don't agree and I'm quite happy to acknowledge that the levies that we put on were taxes. One that I was responsible for was of course the increase in the Medicare levy to help pay for the National Disability Insurance Scheme and I think that was something that was widely agreed to right around the country.

WALEED ALY: But I don't recall the flood levy being described as a tax by your side of politics, at the time.

MACKLIN: Sorry?

WALEED ALY: I don't recall the flood levy being described as a tax by your side of politics, at the time.

MACKLIN: I can't recall which way we went on that Waleed, but I'm happy to say tonight that it certainly was a tax, the Medicare levy is a form of taxation and if Tony Abbott does go ahead with this additional levy that he's talking about then that will be a tax as well. As you said in your introduction many thousands of Australians will pay it they'll pay it, on top of their income tax, it is a tax and it will be a broken promise.

WALEED ALY: So what is it that determines whether or not it's a tax, apart from who is in Opposition?

MACKLIN: Well I don't think that is the argument. I think the definition goes to whether or not people are going to be paying more out of their pockets to the Government and that's exactly what this levy will be.

WALEED ALY: Alright, now let's look at the idea of the levy itself, it's being targeted at higher income earners, isn't this actually the best way to deal with a budgetary problem in the short term, and making sure, quarantining the pain I suppose of this particular aspect of it so that it doesn't affect those that are earning the least?

MACKLIN: Well there are two things. One goes to the issue that you raised in your introduction, while the Government is and Tony Abbott in particular is determined to introduce his very expensive, in fact gold-plated paid parental leave scheme that will cost around \$20 billion over the budget period, that's over the next four years. You'd have to say he's got very twisted priorities, when he's going to pay that paid parental leave to very wealthy women who certainly don't need it while at the same time imposing a new tax - one that he said he wouldn't introduce - on people with incomes as low as \$80,000 a year. So I think his priorities are totally twisted.

WALEED ALY: Well sure, but we've got to compare apples with apples here don't we, they're not a direct swap, the paid parental leave scheme comes with a revenue stream that's attached specifically to it in the form of taxation specifically on corporations to fund it. To pretend that these are simple alternatives is not really right?

MACKLIN: And then who do you think will pay once the corporations pay it? Of course companies will pay this extra tax and they'll pass it on to consumers.

WALEED ALY: Well it's not all companies it's only the biggest companies.

MACKLIN: Exactly and they will pass it on to consumers and consumers will pay more in everything they buy at the supermarket for example. It will be Australian consumers who'll pay extra to make sure that Tony Abbott can deliver this paid parental leave scheme which not only do I think is extravagant, I can tell you most of his own members seem to think is extravagant.

WALEED ALY: Well there's clearly dissent and as I say we'll speak to one of the dissenters in a moment, but it seems that you can't really take the paid parental

leave scheme in isolation in the way that you seem to be doing. Of course there is that income stream that comes with it but also it's not there as welfare it is there as a work entitlement, that's the argument that this is a productivity measure, that it has an economic dividend down the track.

MACKLIN: Well that's the argument but if you look at the detail it doesn't stand up. The Labor Government introduced an affordable paid parental leave scheme one that was recommended by the Productivity Commission and in their report to us they in fact argued against paying the sort of levels of money to high income people and the argument of the Productivity Commission was in fact that high income women are already very well attached to the labour market they don't need to be paid \$75,000 to have a baby. Especially at a time when the country needs to be tightening its belt.

WALEED ALY: I understand that argument and we can have an argument about whether...

MACKLIN: It's not argument put by me it's one put by the Productivity Commission.

WALEED ALY: Sure I understand that argument but if you're trying to make an allegation of priorities what you're really sort of saying is that you're trying to read the Government's intent here and you're suggesting...

MACKLIN: That's what budgets are about.

WALEED ALY: And you're suggesting that the Government is somehow disingenuous or lying when it sees this as a productivity measure.

MACKLIN: Well, that's their argument, I'm telling you that those who understand these issues argue that this won't deliver the productivity improvements the Government says it will, so I think the policy argument doesn't stand up. I think it's grossly unfair to say to a pensioner who is on around \$20,000 a year that he or she has to tighten their belt. While at the same time the Government is going to use taxpayers' money to pay \$75,000 to wealthy women, women who could be earning anything up to \$500,000 a year. They are going to get that sort of money, \$75,000 to have six months off to have a baby.

WALEED ALY: Well hang on this won't happen at the same time, I mean that's a mischaracterisation isn't it? The paid parental leave scheme could happen now or as soon as it's introduced, but if you're talking about changes to the pension that's a long way into the future and no one who is currently on the pension or is about to go on the pension is going to be effected by any change there?

MACKLIN: Well, that's not right either if you look at the speech that Tony Abbott made last night he said that he will take changes to the Age Pension to the next election, so he's really frightening older Australians, telling them that they're going to have to tighten their belt.

WALEED ALY: No he specially said they wouldn't , he said this wouldn't effect anyone who is currently on a pension and it wouldn't effect anyone who is about to get on that pension because the change to the pension age will happen gradually over time, and it would happen after the next election anyway.

MACKLIN: That's in relation to the pension age and what he also said was that they would look at the rate of indexation of the pension. What that means in practice is that pensioners will not get the level of increase they need to maintain their standard of living, to make sure that the pension actually keeps up with the cost of living that pensioners have.

Of course it's not only Age Pensioners that Tony Abbott's after he also talked last night about other social security recipients. You would have seen the criticism of many Ministers in the Abbott Government criticising people on the Disability Support Pension there are certainly many of those pensioners who are very worried about the cuts that are coming their way in the forthcoming budget.

WALEED ALY: Jenny Macklin thank you very much for your time.

MACKLIN: Thank you.

ENDS

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