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**E&OE TRANSCRIPT
INTERVIEW
RN BREAKFAST
MONDAY, 28 APRIL 2014**

SUBJECT/S: Deficit Levy / Age Pension / Family Tax Benefit / Tony Abbott's broken promises

ALISON CARABINE: Jenny Macklin good morning.

JENNY MACKLIN: Good morning Alison.

ALISON CARABINE: Jenny, we'll get to the family benefits in a moment, but first this idea of a deficit levy appears to be under active consideration by the Government. Why wouldn't a temporary tax rise be preferable to spending cuts, which of course could hit the vulnerable?

JENNY MACKLIN: One of the things that Tony Abbott promised before the election was there would be no new taxes, he was quite adamant about it just like he said there would be no changes to pensions, he said there would be no new taxes.

So you'd have to wonder how many promises Tony Abbott could break. This will define Tony Abbott if he goes ahead and introduces a new tax. He will certainly go down as a Prime Minister who cannot be trusted to deliver anything he said before an election.

ALISON CARABINE: But is a levy a tax?

JENNY MACKLIN: Of course.

ALISON CARABINE: Was a levy to pay for the NDIS a tax, introduced by Labor? Was the Brisbane flood levy a tax?

JENNY MACKLIN: Of course, any increase, any introduction of a new levy is a tax. We were quite clear about making sure we were able to pay for the National Disability Insurance Scheme.

But the issue here Alison is that Tony Abbott promised there would no new taxes.

There was no fudge in it he was quite clear about that before the election.

If he wants to go to the next election telling Australians they'll all have to pay a new tax. Telling pensioners they'll all have to work longer or have their pension cut. That's what he'll need to do - he has to keep his promises.

ALISON CARABINE: The Government has been saying for a while now that the burden of fixing the budget should be shared by all. Wouldn't a deficit levy based on income be skewed toward the better off? A half percent levy on the top tax bracket, would raise about \$2 billion a year. That's \$2 billion a year that wouldn't have to be found through spending cuts.

JENNY MACKLIN: Well, it's extraordinary they make those comments and then say in the same breath that they're going to introduce a gold-plated paid parental leave scheme that will cost more than \$20 billion over the next four years. That will pay very wealthy women around \$75,000 to have a baby, to have six months off to have a baby. \$75,000 to that group of people while at the same time saying to older Australians, even though you've worked all your life, paid your taxes, you're going to have to continue to work longer. That is not sharing the burden.

ALISON CARABINE: So you want Tony Abbott to break his pre-election pledge when it comes to paid parental leave, but you're critical of him when he may have to breach other promises?

JENNY MACKLIN: Well, he can't have it both ways. He can't say on the one hand people are going to have to share the burden and on the other hand deliver an extraordinary increase in welfare paying \$75,000 to people who certainly do not need government assistance.

So I think he's got his priorities completely wrong. We'll continue to argue this point, because it is not good public policy to use very scarce taxpayers' dollars to pay huge amounts of money, \$75,000 to someone to get six months off to have a baby. While saying to a pensioner who only gets \$20,000 a year you're going to have to tighten your belt.

ALISON CARABINE: Well a lot of that money for parents, well mothers, having babies will come from the business community.

JENNY MACKLIN: In another tax, exactly.

ALISON CARABINE: If we could move on to what we understand is a recommendation of the Commission of Audit and that is changes to family tax

benefits, in particular Family Tax Benefit Part B, which is paid to families with a single bread winner.

Isn't there grounds for some reform here, given the system effectively penalises families with two working parents?

JENNY MACKLIN: Well, it was Labor that in fact introduced means test on Family Tax Benefit Part B and the Baby Bonus. This is the sort of largesse that both Tony Abbott and John Howard were famous for, just like they're going to introduce with their paid parental leave scheme.

I certainly am a big supporter of means testing these payments. But the point remains, Tony Abbott said he would be a Prime Minister of no surprises that he would not introduce these changes that he promised he wouldn't do before the election. So let's wait and see what he does on family tax benefit. We certainly know how important it is to have a system that is fair and gives the greatest support to those on lowest incomes. Not like Tony Abbott is going to deliver with his paid parental leave scheme.

ALISON CARABINE: Labor is opposed to any further lift in the pension age, but there is a new report, as we heard from Michelle from the Financial Services Council, which has identified what it says is a positive shift, in the way employers view older workers, bosses are increasingly looking to older workers as a reliable source of skills and experience. Blue collar workers aside, doesn't this show that the labour market could adapt to a higher retirement age?

JENNY MACKLIN: I thought that was a positive report, and I heard Michelle discussing it with you earlier. I think one of the other points we have to remember, is that unemployed people over the age of 55 are more likely to be long-term unemployed than those who are younger. So we certainly need without any other changes to see increased support in the budget specifically geared to the needs for older job seekers. It's not right to see older job seekers on the unemployment queues for such a long time. So these are certainly measures we would hope to see in the budget.

ALISON CARABINE: Jenny Macklin two-thirds of older workers according to this report want to keep working regardless of their financial circumstances, they want to stay in the workforce, maybe there is a greater appetite among the aged to keep working than we previously realised?

JENNY MACKLIN: And I think that's why we do need to see increased support geared to the needs of older workers making sure we can support people where they are able to keep working. But that's completely different from increasing the age pension age to 70. That would really penalise lower income workers, those blue collar workers for whom it is very difficult to keep working. So let's make sure that where people are able to keep working but also recognise that where people aren't able to we provide support.

ALISON CARABINE: The Prime Minister concedes the Government won't be popular the day after this budget but it may have earned a little more respect. Jenny Macklin, just finally and briefly, will voters give the Government some kudos for at least trying to get the budget back into shape?

JENNY MACKLIN: No one will respect Tony Abbott for breaking his promise that there will be no changes to the pension. No one will respect Tony Abbott for breaking the promise he made that there'd be no increases in taxes. He was elected to keep his promises and if he doesn't he certainly will not be trusted ever again.

ALISON CARBONE: Jenny Macklin thanks for your time.

JENNY MACKLIN: Thank you.

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