

JENNY MACKLIN MP

Minister for Families, Housing, Community Services and Indigenous Affairs

**Australian Institute of Family Studies
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E & O E – PROOF ONLY

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QUESTION: In terms of pensions, could you survive on the pension?

JENNY MACKLIN: I certainly agree with the comments that have been made by the Prime Minister and by my other ministerial colleagues, that this is very difficult. It would be very difficult for any one of us to survive on the pension, and I know, I talk to pensioners nearly every day. I understand what a struggle it is for people to survive on the pension. And that's why, of course, we acted immediately on coming in to Government.

We decided as, in fact, it was the first piece of legislation I put in to the parliament, to increase the utilities allowance from the previous level of \$107 a year to \$500 a year. So the new Rudd Labor Government did that in March this year. And the first payment, the first quarterly payment of \$125 was made in March. The second payment was made in June of that increased utilities allowance.

We also wanted to make sure that we provided extra support and we paid all aged pensioners an increase of \$500, a \$500 bonus, because we did recognise the pressure that they're under. That said, we also understand that we can't just continue to make these one-off changes. That it was critical that we do a proper investigation to get this issue right once and for all.

The whole area of the pension system in Australia is extremely complex. It's an area that hasn't been properly investigated for a long time. And I might just mention that the aged pension sits at the centre of our whole social security system. The aged pension determines the level at which we set the disability support pension. The carer payment. And then there

are a range of other payments, other concessions, other allowances that hang off the age pension. So if we're to get this right, if we're to make sure that we do address the inadequacy of the base rate of the pension, then we do need to do some proper work to make sure that we don't get into this situation again.

So we're doing this major inquiry. And it will report back to us in February next year.

QUESTION: The opposition is expected to unveil a policy which increases the base pension.

Now I understand that you're waiting until next February; but, can you at least, without saying how much the pension would go up by, can you at least give an indication of whether it will go up?

JENNY MACKLIN: I find it extraordinary that the Opposition, that the Liberal Party, and the National Party, now think that the base rate of the pension should go up.

When they were in government, they did not address this critical issue. In fact, we know from the previous Minister for Families, that he took a recommendation to increase the pension to the Cabinet, to the previous Liberal National Party, National Cabinet - that included Mr Howard, Mr Costello, Dr Nelson, and so on - all of these men were in the Cabinet room when Mal Brough took this recommendation to the Cabinet, and it was rejected.

So, I think it extraordinary that Brendan Nelson rejected a rise in the pension when he had the chance to do something about it, and now that he's in opposition, he seeks to make political capital out of a very important issue. I think it would be much better if they actually were honest and told the Australian people that they refused to put the pension up when they had the chance.

We have, as a matter of urgency, increased the utilities allowance. It was one of the first things the new government did, because we understood the pressure that pensioners are under.

We paid the \$500 bonus in June, and of course, on the 20th of September we're going to see the impact of the indexation rise, so our

pensioners will get the indexation impact of \$15.30 a fortnight, on the 20th of September.

They will also get, on the 20th of September, the third quarterly instalment of the increased utilities allowance.

So we do understand that people are under significant pressure. We have acted immediately, but we want to get this right, and so we're doing the proper work that the previous government - the Howard Government - did not do in 12 long years.

QUESTION: But will you, you know, increase the base rate of the pension?

JENNY MACKLIN: Well we have indicated that we understand that the adequacy of the base rate of the pension must be looked at.

We do understand, it is inadequate.

So this is a critical issue for us. We're doing the work. I've just explained how complex this issue is.

All the other payments hang off the aged pension. There are many concessions, many allowances that need to be looked at as well. We're doing this very important work.

We understand how important it is to do it quickly, and as soon as we have the evidence in front of us of the best way forward, the government will respond swiftly.

QUESTION: So is there any chance of an increase in the near future?

JENNY MACKLIN: Well we've just delivered the bonus, at the end of June. On the 20th of September, pensioners will get an increase in their pension as a result of indexation. That will be \$15.30 a fortnight. They'll also get the next quarterly instalment of the increased utilities allowance, which will be just over \$125. So they will get that on the, on or around the 20th of September.

We do know that these matters are important, and that's why we've delivered these increases, and will continue to do the critical work to get this right.

QUESTION: What good does it do a pensioner though to hear that government ministers admit that they couldn't survive on what they have to survive on every fortnight; and to know that there isn't going to be a likely increase in that base payment for another six to possibly 12 months?

JENNY MACKLIN: I think pensioners certainly want to know that we understand how difficult it is.

And, I certainly do understand. I meet with pensioners on a very regular basis. I meet with their organisations regularly. And, what I understand from them is that there is no agreed approach about what should be done.

I think that's something that needs to be remembered.

We've started this major inquiry. We've had a period of consultation over the last couple of months. We've had hundreds of submissions to this inquiry. And there are many many different approaches being put forward by individuals, but also by the different organisations that represent the interests of pensioners.

And I think that reflects just how complicated this task is.

We're looking at all those submissions. We're talking with the pensioner groups, because we want to get this right. And, we'll be listening to all their different points of view about what's going to be the most effective way to deliver improved assistance to pensioners.

UNIDENTIFIED: Last question.

QUESTION: Brendan Nelson says that the money could come out of the budget surplus. Is that something the government would look at?

JENNY MACKLIN: Well Brendan Nelson had the opportunity to take money out of the budget surplus when he was a minister; when John Howard was Prime Minister.

The previous Minister for Families took that proposal to the previous Howard Cabinet. The previous Howard Cabinet rejected that proposal.

So he had the chance, when they were in charge of the Treasury, to actually make these payments.

They didn't. They rejected that proposition.

So Brendan Nelson will be seen for the person that he is - proposing something now that he doesn't have the capacity to deliver; when he had the power to do something about it, they rejected that proposal.

So I think pensioners will see right through Brendan Nelson. He had the chance to deliver when he was a Minister. When John Howard was Prime Minister, he rejected the proposal to deliver an increase in the pension.

We have delivered an increase in the utilities allowance to \$500. We've also paid the bonus to pensioners in June, and we know there is a lot more to be done, and we're getting on with the job.

QUESTION: Can I just touch briefly on another matter? Page one of *The Herald Sun* today – what impact do you think Costello's biography will have on the Liberal Party?

JENNY MACKLIN: I think they're really questions for the Liberal Party, which I don't want to add to.

Okay? Thank you.

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