



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

PROOF

BILLS

**Treasury Laws Amendment
(Personal Income Tax Plan) Bill 2018**

Second Reading

SPEECH

Tuesday, 22 May 2018

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

SPEECH

<p>Date Tuesday, 22 May 2018 Page 12 Questioner Speaker O'Brien, Ted, MP</p>	<p>Source House Proof Yes Responder Question No.</p>
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Mr TED O'BRIEN (Fairfax) (13:13): If the member for Melbourne were in any way economically literate, I would genuinely pay him the courtesy of a response, but what we've just heard over the last 10 or 15 minutes is typical pixie Greens, bottom-of-the-garden stuff with absolutely no understanding of how the economy works. I don't think there's a person in this House, including the Greens and my dear friends who are trying to interject on the other side in the Labor Party, who disagrees on the importance of vital services, whether it be health services, education services or services of welfare. Now, that might be the endgame, but there is a means to the ends, and the means to those ends is the economy—a strong economy. Without a strong economy you do not have the means by which you can provide vital services to the Australian community—a point the Greens fail to understand time and time again.

Also the Australian Labor Party have shown yet again, as they have done for over 50 years, that they are utterly incapable of managing Australia's national economy.

Mr Brian Mitchell interjecting—

Mr TED O'BRIEN: They interject, saying it's only been 25 years that they've been clueless. Actually, I disagree. I think it's a full 50 years, not just 25. Labor, without exception, across the three opportunities it has had to govern in those 50 years, has shown that it cannot successfully balance spending against income. With Labor, spending always has and always will win, and that means the losers always have been and always will be Australia and Australians in the short term, the medium term and the long term because it always takes so long to fix Labor's mess.

The only reason Gough Whitlam, the first of the five great Labor wreckers—if you count Kevin Rudd twice, that is—did not leave a deficit at the time of his departure is that he was gone before the impact of his reckless spending could show in the budget papers. What Whitlam left was a time bomb. In just two years and 11 months, he quadrupled outlays on health and education. In his 1974 budget alone, spending across the board rose by a staggering 46.9 per cent, by almost half in a single year on top of a 20 per cent increase in the 1973 budget.

The second Labor government of the postwar period, the Hawke-Keating combination, was even more disastrous from the perspective of debt. The net debt Keating left to the Australian taxpayers and to the incoming Howard government in 1996 was \$96 billion. In today's money, that is \$160 billion.

Then, of course, after the Howard government had paid back Keating's debt and returned Australia to a surplus, we had the mother of all Labor governments of the past half century: the Rudd-Gillard-Rudd disaster. The scale of the disaster wreaked on this country and its citizens in that period is obscene. It's record-breaking. It was worse than Whitlam and certainly worse than Keating. Between 2008-09 and 2012-13 Labor delivered budget deficits adding up to \$191 billion, although, according to the member for Lilley, at some stage of the budget cycle each of those budgets was projected to be in surplus. The scale of Labor's mismanagement in those years is staggering, and all those complicit in the catastrophe should hang their heads in shame, with today's Leader of the Opposition front and centre among them.

Border protection costs were out of control, being \$11 million out of whack, because Labor wouldn't stop the boats and detention centres were flooded with 50,000 illegal arrivals, leaving an appalling legacy of 1,200 people drowned at sea and thousands of children in detention. When it was all over, Treasury told the incoming Abbott coalition government in 2013 that, based in large part on committed outlays embedded by the previous Gillard budget, the debt would balloon to almost \$700 billion—\$667 billion over a decade—unless it was addressed.

Since 2013 the coalition has been charged with cleaning up Labor's third great mess. This bill, reflecting a cornerstone of the 2018 budget, is part of that ongoing and disciplined process. The fact that it contains affordable income tax relief for low- to middle-income earners in the first instance, extending through the tax scales over time, reflects the advances that have already been made under this coalition. Job creation is now at its highest

level in our history, and confidence is returning. Over 400,000 jobs were created last year. That's over 1,100 new jobs every single day.

This bill, offering immediate and long-term carefully calibrated tax relief for low- and middle-income earners, will provide an annual tax benefit of up to \$530 to 10 million Australian workers next year. In my region of the Sunshine Coast alone, over 126,000 low- and middle-income earners are set to receive income tax relief next financial year thanks to this bill. The threshold of the 32½ per cent tax bracket will also go up on 1 July, from \$87,000 to \$90,000, providing up to \$135 a year for around 3 million taxpayers. That move extends the benefit for people in this bracket that was contained in the 2016-17 budget, which increased the threshold from the then \$80,000 to the current \$87,000. The next step, effective from 1 July 2022, is to see that same threshold go to \$120,000, to benefit around 3.9 million taxpayers by as much as \$1,350 per annum. The final step in this plan to make the income tax system simpler, lower and fairer comes when, from July 2024, the 32½ per cent threshold is extended from \$120,000 to \$200,000, with the 37 per cent rate abolished entirely. These reforms will largely take bracket creep out of our tax system while at the same time providing a meaningful mechanism to lift productivity, by curtailing structural disincentives to hard work and enterprise. Now, that, Deputy Speaker, is major reform.

Needless to say, Labor, of course, is baulking. Labor like the tax cuts at the lower end of the scale, but, in the world of neo-Marxist class envy that mainstream Labor have so clearly and completely regressed to under mounting pressure from the former speaker of the Greens, the member for Melbourne; the unions, of course—let's not forget the unions—and their own increasingly resurgent socialist left, they reject the rest of the package. People on \$80,000-plus are clearly bourgeois to the extreme left, which now totally dominates the agenda of the members opposite—and they're proud of it. The bourgeois should either be paying way more tax or tossed on the cart and rattled off to the guillotine, you would think.

The fact is that the very people that the members opposite regard as undeserving members of the bourgeois—excluding, of course, all the inner-city yuppies on six-figure salaries that constitute today's latte left—are indeed paying a very significant portion of income tax, and will continue to do so under the coalition plan. In 2015-16, the top one per cent of taxpayers paid around 17 per cent of the \$186 billion raised through personal income tax. The top 10 per cent, which would include much of the Green-Labor left, actually paid 45 per cent of that \$186 billion. The detail of Labor's alternative income tax plan is, needless to say, somewhat murky, and that's the way they like it—keep it secret and keep it murky—and I suggest, Deputy Speaker, that's how Labor will keep it all the way up until the next election.

We do know that Labor's plan will involve massive tax increases approaching \$220 billion—and growing. That's growing whether it's in plain sight of the electorate or on the sly. And we do know from the oft-repeated but sparsely detailed undertakings from the opposition that there will be increased spending basically across the board. Spending alone for its own sake seems to work like a tonic on the Labor Party. It seems to perk them up as it does in the House now. Labor loves to spend. It's an addiction, and these guys are fully hooked. Where the dollars go and what they actually achieve with that spend—that's back-of-the-drink-coaster stuff, and to them it matters not.

The choice for the Australian people between this budget, which details the Turnbull government's plan for a strong economy, and the alternative from Labor has never been more stark. Ultimately, it's about trust and it's about what sort of country we want to have, what sort of country Australia will be. Labor has very clearly and in ways that are troubling to a majority of Australians drifted enormously to the left. Labor's relentless leftward slide has been driven in large measure by the emergence of the Greens as the 21st-century hipster equivalent of the old Labor comrades of years ago, and recently by a resurgence of the militant Left within the Labor Party that seeks to out-Green the Greens, as absurd as that notion might be.

Opposition members interjecting—

Mr TED O'BRIEN: Of course, the members opposite complain because I haven't given due credit to the unions, and indeed they're right. Those left-wing unions are, indeed, the principal drivers. Driven perhaps by their memories of being so tricked and so sidelined during the Hawke-Keating era and totally ignored during the Kevin Rudd prime ministership, now they want their revenge on the right of their own party and on the Australian public. And such is the authority that the unions now wield across the machinery of the Labor Party that the parliamentary leadership has also meekly fallen into line. It is hard to know whether the current opposition leader actually believes the neo-Marxist class warfare claptrap, the rhetoric that has become his stock and trade, or

whether, just like Julia Gillard before him, he is simply genuflecting in order to keep his job while doing all manner of deals on the side.

There are some things that even the Leader of the Opposition understands will take him so far to the left that he is unelectable unless he can do some of those shady deals ahead of Labor's national conference in July. More than anything, he knows that he cannot afford to allow the boats to start up. And I believe this is the reason, in order to maintain some semblance of immigration policy, that they are giving everything away to the far Left when it comes to the economy. It is why the Labor Party is refusing to support the full measures in this bill that is put to this House that will do what we always do on this side: strengthen the Australian economy.