

Budget-In-Reply

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This budget – Malcolm Turnbull’s and Scott Morrison’s first - is a massive letdown for the people of Australia.

Just as they have been let down by Malcolm Turnbull as Prime Minister, the people of Australia have been let down by this budget.

This is a budget that does not properly address the fact that we have a revenue problem, a problem brought to us by Howard and Costello when they wasted the rivers of gold from the resources boom through round after round of tax cuts.

This is a budget that hands out corporate tax breaks while locking in cuts to hospitals.

This is a budget that hands over money to the highest income earners, but cuts support for the most vulnerable families.

This is a budget that spends billions harming people by locking them up on Nauru and Manus Island.

And this is a budget that continues to subsidise fossil fuels but rips funding away from clean energy.

And this is a Treasurer who cannot even mouth the words ‘global warming’ – the greatest economic and environmental challenge of our times.

The promise of Malcolm Turnbull’s leadership was change, an antidote to the toxic negativity of Tony Abbott, but all we got yesterday from the government was a beige version of a Tony Abbott budget.

Australia needs and deserves better. It needs a government with courage and vision.

This budget is based on heroic assumptions about growth.

While revising near term growth figures down to 2.5 per cent, the government banks on them magically bouncing up to 3 per cent in 2017-18.

This in a context with low commodity prices, a slowdown in housing construction, wages relatively flat and low inflation.

Worse still, it banks on investment in the non-mining sector growing by 3.5% in 2016/17 and 4.5% by 2017/18.

Yet on the same day of the budget, the Reserve Bank cuts the interest rate in an effort to stimulate lending.

I know whose advice I trust and it's not this government. The growth forecast is magical thinking.

The fairies don't live at the bottom of the garden now, they live at the top end of town in Liberal Party HQ.

Australians deserve an honest budget, a fairer budget, a BetterBudget and that's what the Greens would deliver.

Clean energy transition

Malcolm Turnbull promised he would lead the transition to a new economy.

He says that this budget is an economic plan for jobs and growth.

Well at the heart of that transition is the need to move away from polluting forms of energy to clean, cheap, renewable power.

That transition can deliver jobs in manufacturing and in the installation of wind, solar and other clean technologies.

We need steel workers and manufacturers to make the blades and turbines that will capture energy from the wind.

We need tradespeople to install the turbines and the solar panels to capture energy from the wind and sun.

We need scientists to develop concentrated solar thermal and wave technology.

We need to be installing batteries to bring on the energy storage revolution.

We need workers to manufacture the electric cars, buses and trucks of the future.

We need people to maintain this infrastructure and keep things humming along.

And we need to ensure that workers, families and communities are not left behind as coal goes into terminal decline.

But the budget has no plan for this transition.

The Greens' *RenewAustralia* plan would see around 15,000 jobs across Australia in design and construction of renewable energy projects out to 2030.

This is in line with global trends, which saw clean energy employ more than 7.7 million people across the world in 2014 according to figures published by the International Renewable Energy Agency.

The rest of the world knows that this is the future – that this century belongs to those who make a transition to the new clean energy economy - but our Prime Minister and Treasurer are stuck in the past.

Scott Morrison's budget uses the language of "transitioning", but it leaves fossil fuel subsidies for dirty polluting industries intact, and shovels new money into exploration for even more mining, drilling and fracking across northern Australia and South Australia.

Following the signing of the Paris Agreement, as we experience the shattering of records for global temperatures, as we witness the bleaching of our reefs and the burning of ancient wilderness – a better budget would transition away from the old polluting industries of the past towards a bright, new, clean energy future.

We have choices.

We do not need to rely on an arbitrary 2 percent of GDP defence spending target or \$30 billion for an armaments construction industry to support jobs in manufacturing. We can be building turbines rather tanks and solar cities instead of strike fighters.

Give this government's track record it's hardly surprising that the government is not up to the task but Labor's response is just as disappointing.

They express concern for global warming but their clean energy and emissions reduction targets risk taking us over the 2 degrees of global warming that will trigger catastrophic change.

They shamelessly rolled over with the government to cut the renewable energy target and they are on a unity ticket when it comes to expanding our coal exports.

I call on Bill Shorten, in his budget reply tomorrow night, to categorically rule out supporting Malcolm Turnbull slashing \$1.3 billion from the Australian Renewable Energy Agency, funding that has helped create the renewable energy technologies that are so vital in creating that jobs and investment we so desperately need.

And I commit the Australian Greens to fighting tooth and nail to ensure that there is a better budget for renewable energy to deliver a better, clean energy, jobs rich future.

Addressing inequality and tax avoidance

The Australian Greens will stand up for a better budget and a fairer Australia.

This budget should have been about reducing inequality and securing the country's revenue base to fund schools, hospitals and other vital infrastructure.

Instead, the Budget will grow inequality by providing company tax cuts and income tax cuts for above average income earners.

With our schools and hospitals desperately in need of investment, now is not the time for unaffordable and unfair tax cut election bribes.

The government is ripping \$4 billion out of schools and hospitals for a \$6 a week tax cut for above average income earners, offering them a sandwich and milkshake tax cut without the milkshake.

The budget flagged \$3.3 billion for schools and hospitals but this won't come close to plugging the \$80 billion hole that Tony Abbott blew in health and education.

How can the government look Australians in the eye and rip \$6 billion out of universities, social support, Medicare and public sector jobs, while giving more than \$12 billion in tax cuts and tax breaks to business, high income earners and the super wealthy.

The Greens welcome the Government's small steps towards cracking down on tax avoidance including a Google tax, beneficial owners register and whistleblower protections.

They have taken some of the actions from the Greens comprehensive 18 point tax avoidance plan released two weeks ago.

I am proud to lead a team that is leading the economic debate in Australia, whether it be on tax avoidance, superannuation reform or negative gearing.

While there is a welcome one-off injection to the ATO to establish a crack team of specialists, a closer look at the budget papers shows a continued reduction in resources for that agency over time.

We need to see the full restoration of the ATO workforce, bigger efforts in diplomacy to force tax havens to share information, penalties for companies that use secrecy jurisdictions and real support for whistle blowers.

While change to superannuation is welcome, this budget represents a missed opportunity for bolder reform in the super system

Malcolm Turnbull and Scott Morrison had the support and goodwill of business groups, civil society, the unions and the Parliament to clamp down on those unfair tax breaks and raise desperately needed revenue but they weren't up to it.

Someone earning \$250,000 continues to pay the same 15 per cent tax rate on their contributions as someone earning \$60,000. That's not fair yet both of the old parties continue to support it.

Truly reforming our super system could bring in more than four times as much as revenue, make the system fairer and help super work in the way it was intended.

Our schools, vocational education, higher education and research sectors should be the engine room for ideas, innovation and growth in the new economy that the Prime Minister loves to spruik.

But this budget starves these sectors of funds all for a sandwich a week.

High income earners, like all the politicians in this place, effectively receive two tax cuts with the removal of the deficit levy and the change in the marginal rate from \$80,000 to \$87,000. I can tell you we don't need it.

But the average income is \$60,000 – so more than three quarters of the community receive nothing under this plan.

That's the very definition of unfairness.

Now consider that people receiving income support will receive less money from the removal of the clean energy supplement.

It's just not right to be reducing the income of people already on very low incomes and raising the incomes of the wealthy with a double tax cut.

The Treasurer talked a lot about growth in his budget speech, but the IMF tells us that the best strategy for economic growth is to reduce inequality and raise low incomes.

This budget pays no heed to either common decency or the guidance of the IMF and other leading economists on reducing inequality because the Prime Minister and the Treasurer just don't seem to care.

Small business

As a result of this budget, large corporations will benefit from a lower company tax rate, a tax cut purported to target small business.

Over the next four years the government is proposing to increase the turnover threshold to \$100 million, which is a weekly turnover of \$1.9 million.

Within eight years the turnover threshold will be \$1 billion – that's a weekly turnover of \$19m per week.

No genuine small business turns over \$1.9 million every week, let alone \$19 million.

The government's company tax cuts are simply standard Liberal corporate welfare for big business disguised as support for small business.

And thanks to the Prime Minister and Treasurer, small businesses will lose their tax advantage compared to medium and large companies.

The Greens will not support these tax cuts at a time when so many Australians are doing it tough, and schools and hospitals are so chronically underfunded.

We call on Labor to change their position and reject the government's tax cuts.

Youth employment

Also at the centrepiece of the Treasurer's economic plan is a new initiative for youth employment.

We welcome the Government finally recognising that Work for the Dole has been an expensive experiment that has failed to help young people to find meaningful work.

We have serious concerns however about the "Internships" proposed by the Government to reduce youth unemployment which is open to young people being exploited for doubtful long term employment outcomes. Surely if a job exists, a young person should be paid for it.

It also raises questions about whether some people will lose their jobs to make way for a young person who offers a subsidy to the employer.

Education

This budget is yet another attack on the higher education sector, cutting 20 per cent of funding from the university sector in the 2017 forward estimates and beyond.

The Government keeps saying that deregulation is off the table but that's not true – it's not dead yet, it's simply in hibernation until after the next election.

The budget also confirms that the government has abandoned the Gonski needs based reform agenda, and has only restored \$1.2b of the \$30b that Tony Abbott ripped out of schools.

Students with disabilities have been treated with utter contempt.

The extra funding of \$118m is a shortfall of \$2.3 billion over what is required for the next two years and is a massive underfunding of need that bitterly lets down students and their families. The Greens have a fully costed plan to fund the \$4.8 billion that is required over four years and I call on Labor to support it.

Housing

The government's stubborn refusal to act on evidence that negative gearing is forcing people out of the housing market shows just how out of touch they are.

Negative gearing has created a housing market dominated by speculative investors, a housing market where first home buyers are increasingly shut out.

We are one of the few countries that make it easier for people to buy their second or third home instead of their first.

The current capital gains tax discount encourages negative gearing and speculation in the property market. It drives up housing costs and locks out first home buyers, as well as creating a rental market that is stacked in favour of investors rather than tenants.

The Greens would remove negative gearing and capital gains tax to end the subsidy for property investors, and help ease the way for renters and new buyers.

This budget ignores the critical issues of social housing supply and homelessness.

Annual funding for homelessness services worth \$115 million ends next year – creating massive uncertainty for vulnerable people and services into the future.

The budget locks in Abbott's harsh cuts of \$600m to affordable rental and housing programs and extends Abbott's Asset divestment program, selling off hundreds of government owned buildings and land that should be used for affordable housing.

We believe that much more needs to be done to tackle housing affordability.

In addition to Greens' policies already announced on negative gearing and capital gains tax, we agree with the majority of economists that stamp duty taxes should be abolished and replaced by land tax.

Land tax is economically efficient, it is progressive, it can't be avoided by fancy accountants, and importantly, it is also a potential mechanism to generate greater public investment in infrastructure.

That's what real reform looks like. It's just a question of courage and vision.

Infrastructure

The Governor of the Reserve Bank recently said that "we are reaching the limits of monetary policy".

The budget papers show that investment in both the mining sector and non-mining sector went backwards last year and they project a looming slowdown in housing construction.

It is against this against this backdrop that we have developed a plan for the government to borrow and invest in productivity enhancing infrastructure. It is a common sense position held by most economists and the IMF.

The Prime Minister himself has said that infrastructure is "absolutely critical" to Australia's future.

If only his budget was true to his word. This budget includes only \$1.2 billion in new money for infrastructure.

The Greens will establish the Australian Infrastructure Bank to get money flowing where we need it, including into clean energy, public transport and to important local government projects.

Transport

The Greens welcome funding to progress the east coast Inland Freight Rail Link but this is one bright spot on an otherwise gloomy landscape.

The government has stuck with its misguided toll road agenda, continuing to support traffic-inducing projects like Westconnex in Sydney and the Perth Freight Link in WA.

They have even included a nod to the East West Link in Melbourne, despite Victorian voters having resoundingly rejected it.

Building these mega-roads to fix congestion is like fixing obesity by loosening our belts.

Health

This budget extends the freeze on Medicare, which now looks more like an ice age. This is a GP co-payment by stealth because it forces GPs higher out of pocket charges for their patients.

The government's dental policy rips over a billion dollars out of the system and abolishes Medicare funded dental care, something that should be built up, not torn down.

The budget locks in the 50 billion cuts to health and the government has shown it has no plan to fund hospitals properly over the long term.

\$182.2 million has been cut from frontline health services through reductions in the flexible funds, which provide money for drug and alcohol treatment and illness prevention.

There is now tri-partisan support for an increase to the tobacco tax, despite the government foolishly labelling this as a workers tax when it was first announced. It will deliver significant health benefits and we should turn our mind to alcohol taxation reform for the same reason.

Indigenous

The Treasurer used the word 'indigenous' just once in his budget speech which reflects the attention Aboriginal people have received in the budget papers.

Aboriginal life expectancy and incarceration rates remain a source of national shame and for all the fine rhetoric on closing the gap there is no funding for the National Aboriginal and Torres Strait Islander Health Implementation Plan.

We need to do so much better.

Social services

The budget leaves women and children in danger, because it fails to reverse harsh cuts to front line domestic violence services, and leaving crucial Aboriginal and Torres Strait Islander services underfunded and facing an uncertain future.

Crucial specialist homelessness services which assist women fleeing domestic violence have been left in limbo, with their funding expiring in 2017.

The small extra investment in measures to address domestic violence is welcome, but as front-line service providers themselves are telling us, it is woefully inadequate to keep women and children safe.

Despite the community and the Senate rejecting cuts to Family Tax Benefit B, it remains on the Government's agenda.

Why would we make life harder for families already doing it tough, when the very wealthy get two tax cuts?

The budget also reveals plans to drop more people off the Disability Support Pension to help pay for the National Disability Insurance Scheme.

We don't need to hurt one vulnerable group to provide adequate services to another.

Foreign aid

After the gutting of Australia's foreign aid budget by over \$11 billion since 2013, the Government has savaged it further by \$224 million plunging our aid investment to a shameful 0.22% of our GNI.

This is the lowest level of Australian aid since aid funding records began over 50 years ago, and is an indictment of the Coalition's attitude towards the world's most vulnerable people.

Foreign aid will be \$3.8bn in 2016-17, the cost of one submarine is approximately \$4.17 billion.

The government talks a lot about national security and the best investment in national security is poverty alleviation in our region and around the world.

Asylum seekers

Billions of dollars continue to be spent on keeping people in offshore detention centres, despite the fact the Nauru and Manus Island camps are in crisis.

Next year the government is planning to spend approximately \$400,000 dollars to detain each man, woman and child in Nauru.

There is no increase next year to Australia's humanitarian intake despite the biggest global flow of refugees since WWII.

A better budget would close Manus and Nauru and invest in safer pathways for asylum seekers.

Greens budget measures

Last week the Greens Treasury spokesperson Adam Bandt and Finance spokesperson Senator Peter Whish-Wilson released the party's Budget Principles for the 2016 Budget and Federal Election.

1. Raise the revenue we need so that everyone can get world-class public health care, education & services and so we can grow the new economy
2. Increase GDP, by growing the new, clean economy
3. Get money moving from unproductive areas, like unfair tax breaks, fossil fuel subsidies, and put it to work to build the new economy.
4. Grow the new economy and restore revenue before returning to surplus
5. Bring forward budgets that promote sustainability, wellbeing and reduce inequality

The Greens' statement of economic principles represents a coherent, progressive and responsible approach to economic management, contrasting very favourably with the shambles of the past three years under the Abbott-Turnbull government.

We are the ideas boom in Australian politics. We are the disruptors. We are the innovators.

We've led the way for the other parties to follow where we chip away at the sacred cows of public policy.

We've already announced fully costed policies by the parliamentary budget office:

- making the deficit levy permanent which would raise approximately \$1.5 billion
- the removal of fossil fuel subsidies which would raise approximately \$21 billion
- the Buffet Rule for a high income tax guarantee which would raise approximately \$7 billion

- the removal of negative gearing and the capital gains tax which would raise approximately \$7 billion
- the most comprehensive tax avoidance plan this country has seen which would conservatively raise \$5 billion
- the Australian Infrastructure Bank to release up to \$75 billion into nation building projects over ten years.

And there is more that could be done if the government had the courage and vision to address inequality and ensure money moves around our economy more productively and fairly. For example, the Australian government could demonstrate leadership and work to establish a financial transactions tax, sometimes called a Tobin Tax, at an international level.

Putting a tiny levy on financial transactions would discourage high-frequency transactions that add no benefit to the real economy and it would help stabilise our financial systems by pricing the risk that financial transactions pose to the broader economy.

And it would bring in billions.

This so called Robin Hood Tax would be used to reinvest funds for the public good – hospitals, schools, trains.

I call on the government to reconsider its budget priorities and bring forward programs that fast track vital renewable energy infrastructure.

After bringing clean energy generation on line and phasing out coal-fired power, battery storage is the next component to revolutionise our energy system.

Tomorrow the Greens will announce details of a plan to drive uptake of batteries for households and businesses, at a cost of approximately \$2.8 billion largely offset of by removing accelerated asset depreciation for aircraft and the oil and gas industry.

Now is the time to jumpstart the battery industry, encourage the take up of storage and help make Australia a world leader in renewable energy.

Conclusion

Turnbull's budget fails the challenge to transition to the jobs rich, clean energy economy.

It starves our schools and hospitals of much needed funding.

It leaves our cities choked with traffic.

It prices young people out of the housing market and abandons those struggling to secure safe affordable housing.

It wastes money on the brutal and harmful policy of off-shore detention.

I call on Labor to join the Greens in ruling out a tax cut arms race and oppose cutting corporate and income taxes in the upcoming Budget and election.

This budget lets Australia down. It is not a credible plan for our future.

The Greens will stand up for a better budget that takes us into a fairer, more decent, clean energy, jobs rich future.