

Bill Shorten's budget reply

5 May 2016

After seven months of waiting. After months of ruling-in and ruling-out, after all that on and off the table. After apprehension and great expectations, this budget has fallen apart in 48 hours.

This budget was meant to be Malcolm Turnbull's justification for rolling Tony Abbott. After Tuesday night, Australians are left to wonder why he bothered.

- The same \$80 billion cut to schools and hospitals – still in this budget.
- The same cuts to working and middle class families – still in this budget.
- The same cuts to Medicare, to childcare, to aged care, to paid parental leave, to pensioners and carers – still in this budget.

Tax cuts for high income earners - and nothing for families. Not one cent for ordinary working Australians. From Tony's Tradies to Malcolm's Millionaires - this is a budget for big business over battlers.

This budget fails the test of fiscal responsibility too.

Having banged the drum of 'budget emergencies' for so long – despite all their cuts and broken promises – in the past three years, the Liberals have tripled the deficit.

They are collecting more tax than any time since John Howard's last year in office - and yet they've added \$100 billion to Australia's national debt.

And at a time of falling incomes, flat wages and declining living standards, this budget promises fewer jobs and lower growth.

More than ever, we must be honest about what our budget can truly afford. We must maintain the triple-A credit rating from all three agencies Labor worked so hard to secure. This is why my team and I are treating the Australian people with respect. Being frank and upfront about our plans.

We are making the hard choices to fully fund our investments in Australia's future. To turn around these Liberal deficits and deliver budget repair that is fair. Restoring the national budget – without smashing family budgets. Building a stronger economy – without hurting the things that help it grow.

You don't plan for the jobs of the future by cutting education, cutting infrastructure and making broadband slower.

FAMILY PAYMENTS/PRIORITIES

If there's one fact that defines this budget and this government, it is this: a working Mum on \$65,000 with two kids in high school will be over \$4,700 worse off, every year. And someone on a million dollars, will be almost \$17,000 better off every year.

Three-quarters of Australian workers won't receive any tax relief from this budget, but will disproportionately suffer from cuts to schools, hospitals, Medicare and family support they count on.

On Tuesday night the Treasurer said he didn't want to talk about "winners" and "losers". Now we know why. The more you have, the more you get. The less you earn, the more you lose.

This Prime Minister has the audacity to accuse us of waging "class war". It is not "class war" to disagree with cutting money from families on fifty and sixty thousand dollars in order to give millionaires a tax break.

It is not class war to ask why he is cutting \$80 billion from schools and hospitals – but spending billions on big business.

It is not "class war" for Labor to speak up on behalf of everyone this government has forgotten and betrayed – women, young people, pensioners, carers and veterans.

Labor will never apologise for standing up for Australians who go to work every day and want to come home safe, who rely on penalty rates to make ends meet. Who don't want to be forced to work until they're 70.

This Prime Minister talks a lot about aspiration – but there's a part of it he always leaves out. That's the aspiration to equal opportunity, to a fair start for everyone, to a fair go. That's what Labor will always fight for.

TAX CUTS/LABOR RESPONSE

Tonight Labor offers a more sustainable approach to growing the economy and making the Budget serve the interests of all Australians. We will support the government's modest measures on bracket creep.

However, in the face of continuing deficits, now is not the time to give the richest 3 per cent of Australians another tax cut on top of this. Now is not the time to reduce the marginal rate for individuals who earn greater than \$180,000.

According to the independent Parliamentary Budget Office this decision is estimated to improve the budget by \$16 billion over

the decade.

Last year, from this dispatch box, I invited the government to co-operate on cutting the tax rate for Australian small businesses to 25 per cent. We meant it then – we stand by it now.

Labor will support a tax cut for small businesses with a turnover of less than \$2 million dollars per year. Because that's what a small business is.

We will deliver tax relief for the small businesses representing 83 per cent of Australian companies. But billion-dollar operations are not small businesses. Never have been – never will be.

Coles is not a small business. The Commonwealth Bank is not a small business. Goldman Sachs is not a small business.

As important as they are to our economy, they don't need a taxpayer subsidy which Australia cannot afford. Especially when our imputation system means a cut in the corporate tax rate delivers no meaningful benefit for mum and dad investors.

The only shareholders who will win out of this live overseas. Labor will support a tax cut for small business but, unlike the Prime Minister, we will not use this as camouflage for a massive tax cut to big multinationals. Especially when the government is refusing to tell us the ten year cost of their ten year plan.

The Turnbull budget is built on a fraud of a grand scale. The Prime Minister knows what his big-business tax cut costs taxpayers – but he won't tell them.

Labor will do the right thing – by the Budget and by families. Labor will not support Mr Turnbull's ten year tax cut for big business.

Based on a preliminary estimate from the Independent Parliamentary Budget Office, this will mean a budget improvement of \$49 billion over the decade.

Two decisions, \$65 billion in budget improvements.

Now, on Tuesday night we heard a few familiar lines.

- It could have been Chris Bowen making the case for tighter concessions on super,
- Tony Burke and Andrew Leigh pledging tougher action on multinationals,
- Michelle Rowland advocating a small business tax cut,
- or Anthony Albanese outlining our new infrastructure approach.

Never has an opposition had so many of its policies adopted by a government with so few.

We're flattered - but here's the difference. We've actually done the work, we've put in the time. Our policies have purpose. They're not "optics" we converted to five minutes before an election to bloat a savings number. Our positive plans reflect our values.

So, who do you trust to make multinationals pay their fair share? A Labor party who made this our first economic priority, more

than 12 months ago, or a Liberal leader who only last week on radio, gave his Prime Ministerial blessing to tax avoidance.

SUPERANNUATION

Labor will happily support our own clear and costed policy to close the unsustainably generous superannuation loopholes at the very top end.

We welcome the fact that three years after they voted to abolish Labor's Low Income Super Contribution, the Liberals have decided to keep it and simply rename it.

Labor's reforms to maintain the fairness and integrity of superannuation will only ever be prospective and predictable - so people can plan for the future with security.

But the Coalition's changes are chaotic and unprecedented. They were made with zero consultation. They dangerously undermine what's acknowledged as the world's best system for securing a decent retirement for all Australians.

The Treasurer claims only a small number of superannuation account holders will be affected. That's untrue. When the system is undermined, everyone is affected, everyone is at risk.

Every single superannuation holder can now only guess what Malcolm Turnbull and Scott Morrison will do next.

This is a matter of principle for us. Labor has very grave concerns about retrospective changes - which is precisely why our reforms to negative gearing and capital gains explicitly rule out retrospectivity.

POSITIVE PLANS

My fellow Australians, tonight I also want to share Labor's positive plans for the future. For a growing economy where opportunity belongs to everyone. Our plans for securing Australian jobs today and creating jobs tomorrow.

Preparing for our transition to a knowledge economy, by investing in education - from early childhood and schools to TAFE and university.

A health system where your Medicare card, not your credit card guarantees you access to the treatment you need. For real action on climate change – and the new jobs and new industries created by renewable energy.

Putting the great Australian dream of home ownership back in reach of working and middle class families who have been priced out of the market by taxpayer-subsidised speculators.

And championing the march of women to equality:

- Closing the gender pay gap.
- Properly-funding childcare - not cutting paid parental leave.
- With more women around the cabinet table and in the Parliament than ever before.

There is much more a new Labor government would seek to achieve – that cannot be covered tonight in the detail it deserves:

We must close the justice gap – because it is wrong that we live in a country which is better at sending young Aboriginal men to jail than helping them finish year 12.

We must work to deliver Redress for the survivors of institutional child abuse who have shown such incredible courage.

We must eliminate the scourge of violence against women from our society – once and for all.

And Labor will ensure women are safe at home and supported in the courts by putting back the funding this government cut from community legal centres.

If we accomplish nothing else but ensuring the equal treatment of women in our society, our nation would have a brighter future.

Australia should never accept the false choice between growth and fairness –each is essential to the other. And there is nothing fair about a 15 per cent GST on everything.

JOBS: RENEWABLES

Full employment and creating better paid and better-protected jobs is Labor's economic priority. The jobs of the future will be powered by infrastructure and renewable energy.

Taking real action on climate change will create new jobs, attract new international investment and power our industries and services.

Of course, advocating climate action is hard, and running a scare campaign against it is easy. Mr Turnbull should know – you've done both.

But delaying action will be a hit on Australians' cost of living, a drag on our nation's economic growth and an attack on our farmers' way of life.

More than this – it would be a betrayal of the duty every generation owes the next – to hand down an environment in a better state than the one we inherited. Refusing to act on climate change will leave Australia isolated from the biggest economic opportunity of the next few decades.

By 2030, there will be \$2.5 trillion of investment in renewable energy in the Asia-Pacific. Australian workers should be collaborating with our universities and researchers to design, manufacture and export battery technology, solar panels and turbine parts.

These are not niche markets or boutique industries. Embracing clean technology and renewable energy can revitalise advanced manufacturing in this country.

In the last two years, the global economy added 2 million renewable energy jobs – but Australia lost 2,600. The world is powering ahead - and we are going in the wrong direction. It's time to turn things around. Which is why a Labor government will deliver 50 per cent renewable energy by 2030.

JOBS: INFRASTRUCTURE

And instead of cutting infrastructure by a further \$1 billion as this government has done in this budget, Labor will turbo-charge Infrastructure Australia with a new \$10 billion funding facility. A "concrete bank" to get investment from the private sector, particularly big super funds, flowing into projects. Instead of taking selfies on the train, we'll get new projects under way. Nation-building, not ego-boosting.

If we don't get projects up and going, by 2031, congestion on our roads will cost Australia \$53 billion. This is why a Labor government will invest directly in public transport including:

- Brisbane's Cross River Rail
- The Melbourne Metro
- The Western Sydney Rail line
- Perth Metronet
- Adelaide's Gawler line electrification and AdeLINK light rail

This will create a stable pipeline of 26,000 jobs – and boost productivity. And the most important piece of infrastructure to any 21st century economy, is a first-rate, fibre, National Broadband Network.

That's what Labor will deliver. Creating jobs, plugging us in to Asia, linking small businesses in the regions – with new markets in our region.

EDUCATION

Securing Australia's prosperity begins with education. Over the next ten years, Labor will invest \$37.3 billion to guarantee every school in Australia receives fair funding on the basis of need. We will deliver on the Gonski promise – and go beyond.

As the son of a teacher, as a father of three children and as prime minister: I will ensure every child, in every school, gets every opportunity for a great education.

This is not more money for more of the same. This funding guarantees schools can teach the basics better, building a strong foundation to inspire a love of learning and impart the skills needed to thrive in this century. Coding skills, computing skills, technology and science skills.

Achieving this requires more individual attention for every child from better-trained, better-resourced teachers. This is an investment in our economy, in productivity, in growth, in a workforce ready to win the jobs of the future.

But the Liberals mock the idea of spending extra resources on our kids. The same Liberals who have cut more than \$30 billion from Australian schools say money doesn't matter.

Why does the Turnbull government always look at funding for our schools as a cost not an investment? The Prime Minister arrogantly dismisses our policy. The same Prime Minister who, only a month ago, was talking about cutting every single Commonwealth dollar from every single government school.

Now, in the shadows of the election campaign – having ripped \$30 billion out of schools – they've promised to put one billion back. And there they sit, awaiting the thanks of a grateful nation.

But Australians know they can't trust this Prime Minister on education. And when they hear Liberals lecturing teachers, saying, "More money won't solve the problem", Australians know the only people who ever say this are those for whom money has never been a problem.

We hear so much talk from this Prime Minister about "innovation". But Australia cannot be an innovation nation, without education. We can't build an ideas boom if we're cutting the CSIRO. And we will not get smarter by charging university students \$100,000 for a degree.

Make no mistake this unfair failure is still government policy. And unlike the Liberal-Nationals, who have cut \$2.5 billion from vocational education, Labor will make training and skills a national priority:

- creating jobs in our regions
- re-training adult workers
- and helping modernise our industries and technologies.

And tonight, I declare the pendulum has swung too far to private providers - Labor will be backing public TAFE. We will restore integrity to the training system, by cleaning out the dodgy private colleges who have been ripping Australians off for too long.

In 2014, the ten largest private training colleges in Australia received \$900 million in government funding. Yet less than 5 per cent of their students graduated. Tens of thousands of Aussies are being loaded up with massive new debt – but not the qualification they need to find a job. And for the past three years, the Liberals' only response has been to blame someone else.

At last, after three years, Malcolm Turnbull has acted – he has demanded...a discussion paper. The Prime Minister may not be capable of making a decision – but I am. While Mr Turnbull dithers – Labor will deliver.

A Labor government will cap Vocational Education loans at \$8,000 per student. We will cut this wasteful spending, saving an estimated \$6 billion over the decade.

Tonight I have outlined \$71 billion of additional budget improvements over the decade. These are the decisions our nation needs. This is what a responsible budget looks like.

HEALTH

In Australia, the health of any one of us, matters to all of us. That's why Labor created Medicare. Medicare speaks to who we are as a society, as a country. A guarantee you are treated according to your health care need, not according to your income.

Medicare drives economic growth and productivity, keeping us active, healthy and productive at work. It saves employers the costs, red-tape and hassle of organising health insurance for their workforce.

It saves the nation money – the most efficient payment system, for treatment at the most important time. And it saves families money – keeping down the cost of living.

By contrast, the American system is driven by profit for private health insurers – not the people who need help. And by every measure, the privatised American model delivers massively worse outcomes for families, for health budgets and for economic productivity. But this is the model the Liberals have always wanted. Great for the profits of private health insurers – and a disaster for ordinary Australians.

Make no mistake, the second of July will be a referendum on the future of Medicare. In the past three years the Liberals have cut Medicare and they have taxed Medicare. And in this budget it only gets worse for Medicare and the Australians who rely upon it.

In a budget that health professionals have condemned for undermining patient care – particularly in regional Australia. A budget that cuts money from general practitioners - the front line troops in our constant battle to keep Australians well. That cuts money from bulk-billing for pathology and diagnostic imaging services for Australians fighting cancer.

The Liberals are spending \$5 million on a secret Department of Health taskforce, to investigate the fastest way to privatise parts of Medicare. And this is just the beginning - the thin end of the wedge – the Liberals will not rest until they have savaged bulk billing and eliminated universal healthcare in this country.

Labor will always protect Medicare. Under a Labor government, Medicare will be in safe hands – and in public hands. We will not support the privatisation of the Medicare system. Full stop.

And we will legislate to protect Medicare, within our first 100 days.

SAVINGS/FAIR TAXATION

From infrastructure to health and education, Labor has made it clear how we will fully fund each and every one of our promises. Responsible savings for a stronger budget and more jobs.

We will save \$1.4 billion by repealing the Nationals' new Baby Bonus. We will recover another \$1 billion by abolishing the discredited Direct Action. Paying big polluters to keep polluting, stops under Labor.

We will not spend \$160 million of taxpayer money on a divisive plebiscite dredging up all kinds of harmful prejudice. Instead, the Parliament of Australia will do its job – and within our first 100 days of government - vote to make marriage equality a reality.

HOUSING AFFORDABILITY

Building a stronger budget also demands an honest look at housing affordability – and tax subsidies such as negative gearing and capital gains that make the problem worse. These two measures will cost the Budget over \$10 billion this year.

More than this government spends on higher education, or child care. These are not tax breaks for battlers. Half of all the benefit goes to the top 10 per cent of income earners.

Now, Mr Turnbull has said this is all 'beside the point'. Actually, this is the whole point. The taxpayer dollars ordinary Australians work hard for every day are pushing the price of housing beyond the reach of working and middle class families. And it's those at the top end who are benefiting. This is not sustainable – and it's not fair.

Labor's plans for a fairer system will not affect any existing investment property – no one will be left high and dry. Instead, we will redirect investment into new housing after 1 July next year. Saving the Budget \$32 billion dollars over the decade, to help pay for the economic investments in education and healthcare Australia needs.

Our policy will mean:

- More new houses
- Greater supply
- Thousands of new jobs: carpenters, tilers, electricians and plumbers

Back in 1990 a typical home in Sydney cost five times a young person's average income. Saving for a 20 per cent deposit took around three years. By 2014, the same home cost 15 times a young person's average income. And saving up a 20 per cent deposit takes nearly 10 years.

Buying a home is only getting harder - yet the government thinks the priority is tax-breaks for investors. And yesterday, on ABC radio, this out-of-touch Prime Minister stunned listeners by announcing his new housing plan: get yourself some rich parents and get them to shell out. The country deserves better than that.

If the Prime Minister really believed in aspiration – he'd support Australians who aspire to own a home, he'd support Labor's policy. Tonight I say to all aspiring homeowners and their parents, Labor will provide a level playing field. Instead of telling you to have a go – we'll give you a fair go.

CONCLUSION

My fellow Australians, in 58 days, you will have your say on who governs the country for the next three years. We might be the underdogs in this election, but we have never sought to be a small target.

We are offering a social and economic program for betterment of this nation.

The markers we set for the future of Australia:

- Jobs
- Education
- Medicare
- Climate Change
- Affordable housing and fair taxation
- Equality for women
- Our belief in young Australians

By contrast, this budget punishes people who can't afford it and rewards those who don't need it. Worse than that – it speaks for a lack of vision, a lack of understanding of what makes this country great.

It shows the Liberals have never given up on the idea that it's up to every individual to fend for themselves and those who fall behind, get left behind.

Prime Minister – Australians honestly thought you were so much better than this. Because Australians are so much better than this.

Australians built superannuation and created Medicare. We are delivering the National Disability Insurance Scheme. We opened ourselves to Asia and forged a new identity as a leader in our region. We said Sorry.

We are a nation the world admires as prosperous and fair. An economy where growth comes from extending opportunity. A country where your destiny is not pre-determined by your postcode, or your parents' wealth. Where aspiration is encouraged and success is earned, not inherited. A nation of courage, community and compassion.

This is the Australia I witnessed at Beaconsfield, a decade ago. At Black Saturday, and through the Brisbane floods. It is the Australia I've had the privilege of representing my entire working life – standing up for people, every day. An Australia enlarged by all who call it home. Striving for the best, but caring for each other. An Australia of common effort and shared reward.

This is the Australia Labor believes in. And it is the nation I hope to lead.

Tonight my team and I offer ourselves as your next government. We have learned the hard lessons of the past. We have put forward our positive plans. We are united. We are ready.

A Labor government will always put people first.