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******CHECK AGAINST DELIVERY******

The Ngunnawal and Ngambri peoples were stewards of these lands for thousands of years before it became our national capital, and I acknowledge their elders past, present and emerging.

Perhaps even more importantly, I acknowledge that I see it as a core responsibility of the Treasurer to put economic policy to the task of eradicating indigenous disadvantage in our country.

I want to acknowledge:

- Mark Dreyfus, Shadow Attorney General;

- Senator Kim Carr, Shadow Minister for Innovation, Industry, Science and Research;
- Joel Fitzgibbon, Shadow Minister for Rural and Regional Australia
- Jason Clare, Shadow Minister for Trade and Investment;
- Senator Jenny McAllister, Shadow Assistant Minister for Families and Communities

They are part of a remarkable Labor team which I will talk a little more about shortly.

Jim Chalmers, Andrew Leigh, Clare O'Neil and Ed Husic are also here, members of what journalist Andrew Clarke of the Financial Review has labelled "the most credentialed economics team Labor has produced".

It's often remarked that our team is united and stable.

This is of course very true.

But we have more than that.

We have a sense of shared responsibility.

Not only responsibility to our movement and the millions of people who rely on us to win this election.

But a deeper responsibility to the nation to be a government that fixes our broken politics.

That ends the chaos.

That provides policy coherence and fortitude to stick with tough but important issues.

To have an ambitious, bold and carefully designed agenda.

The sort of Government our country deserves.

I have confidence we will be that government if the Australian people give us that opportunity.

We have the comprehensive policy agenda. We've used the time in Opposition well, developing our ideas and plans for the country.

We have the team, talented and experienced.

It is unusual that an Opposition can argue that the way we can get to a more stable government is to change the government.

But that is very much the case at this election.

The instability at the heart of the conservative government has had a very real cost.

Three Prime Ministers and three Treasurers has meant that we have no consistent economic reform project.

The federation white paper shelved. The tax reform white paper pulped. No productivity agenda. The "Shifting the Dial" report unimplemented and apparently un lamented.

We've had aborted attempts to introduce state income taxes, lift the GST, and to increase the Medicare levy while cutting big business tax.

But no consistent, coherent economic narrative or reform mission.

We have an energy crisis, yet we've had three Energy Ministers.

We need to improve the human capital and lift the skills of the nation, yet we've had five Ministers for skills and vocational education.

This can't go on.

And it will be left to a new Government to fix it.

The contrast is clear: we have used our stability to build the most comprehensive policy agenda that an Opposition has taken to the Australian people in generations.

We haven't spent the last six years focussed on ourselves. We've spent it developing and arguing for ideas.

A big part of the problem for the current government is that they did not use their time in Opposition to develop their policy agenda.

They were elected without a mandate to do very much, and have spent the last six years trying to find an agenda. They thought it would be easy.

It's remarkable that the Labor Leadership Group which takes the Party to this election is effectively the same group which took over the leadership of the Party

after our 2013 defeat.

We have developed into a cohesive and effective team for Labor.
And we intend to be the same for Australia.

Half of the Shadow Cabinet has served in the same roles for the last six years, building expertise, experience, contacts and understanding in their field.

And that experience will stand us in good stead and make us a better government.

If we are fortunate enough to be elected by the Australian people in 38 days, we would come into government with the most experienced incoming cabinet in fifty years.

- When the Hawke Government was elected, there were three Cabinet Ministers that had sat at the Cabinet table previously
- When the Howard Government came to power in 1996, there were also three with prior Cabinet experience.
- And with Labor's victory in 2007, there were just two Cabinet members who could draw on their experience sitting around the Cabinet table to inform them in their new roles.

If Labor forms a Government, sixteen out of 21 of us in the Cabinet would have served at the Cabinet level before. I can't begin to tell you what a difference this would make, making us a better government for it.

Bill Shorten will be the first Labor Prime Minister elected from Opposition since Andrew Fisher who has previous ministerial experience.

All this experience will make a big difference in Government: drawing on our collective and individual learnings will make for a more effective Cabinet.

It's these things which augur well for a Labor Government should we be elected: we've done the work on the serious policy agenda and we have the talented and experienced team to implement it.

By contrast, there's been a real price to pay for these six years of policy drift under our opponents.

An incoming Labor Government would inherit:

- Record low wages growth by Australian standards and wages growth below the OECD average;
- Softening GDP growth – now well below trend and with two consecutive quarters of negative GDP per capita, the first time in over 12 years;
- Stalling productivity as measured by GDP per hour, with no overall increase in measured labour productivity for more than two years, with 8 of the last 10 quarters negative;
- Household debt hitting 190% of disposable income at the end of last year – a record high.

And we'd also have to traverse the current leading economic indicators which aren't much better:

- ANZ job advertisements have fallen by 6% over the past year, the steepest annual fall in five years; and
- Today we get news that the IMF thinks Australia's growth is going to fall to just 2.1% this calendar year.

The Budget presented an opportunity to reset the government's economic narrative, a last-minute crack at attempting to capture the imagination of the Australian people.

But it had no vision.

No plan to address the productivity malaise.

No plan for wages.

No plan for addressing climate change.

No plan to address collapsing housing construction.

Budget critique

What we got was a political document, short on policy and long on politics.

It confirmed that:

- Growth is down;
- Wages are down; and
- Household consumption is down.

The centrepiece was a tax cut that matched Labor's tax cuts for low and middle income earners that we committed to 11 months ago.

Except for the more than 2.9 million Australians who earn less than \$40,000 a year.

The cleaners, childcare workers and other occupations who earn low wages just weren't a priority when it comes to tax cuts.

Just like with the deliberate decision to exclude Newstart recipients from the energy payment, it tells you everything you need to know about this Government that they would seek to exclude Australia's lowest paid from a decent tax cut.

Budget critique

Of course, the Government is quick to trumpet their forecast surplus.

It will be 18 months before we can fully assess the assumptions underpinning the surplus.

We know that nearly a quarter of the surplus comes from under-spending on the NDIS.

Now you will forgive me the observation that it wasn't that long ago that Scott Morrison as Treasurer was arguing that anyone who didn't support a tax rise through the Medicare levy to pay for an alleged blow out in the NDIS was unpatriotic.

Whether claiming false cost blow outs or justifying under-spends, the Government doesn't have much credibility when it comes to the NDIS.

The claim that the NDIS is under-spending because there isn't enough demand is, frankly, a sick joke.

Come sit in my office and talk to the many constituents I have interviewed who are

frustrated and angry about the delays, poor decisions and under-spending on them and still say there isn't enough demand.

To say that spending less on the NDIS is a result of lack of demand is an insult to those people and the hundreds of thousands like them around the country.

The problem isn't that Australia doesn't have enough people who need the NDIS or somehow that they haven't bothered applying, it's that the Government has constrained the NDIA with a staffing cap and is implementing a very worthwhile reform very poorly.

There are real questions about the budget projections in the out years of the budget as well.

The budget surplus in 2022-23 is projected to be a thin \$9 billion, just 0.4% GDP.

A surplus that wouldn't be there were it not for the government apparently spending \$12 billion less than it anticipated just 6 months ago at MYEFO.

What Government decisions have led to this significant reduction in Government spending?

Again, we know from Senate Estimates that there have been no such decisions.

The Department of Finance told the Senate that there was a "Methodology Change" of moving a medium term year into the forward estimates.

A methodology change that boosted the bottom line in that year by \$7.8 billion.

We have a surplus by methodology. I kid you not.

More miraculously, under the Government's assumptions, payments to GDP freefall from close to 25 per cent GDP this year – the average level under the Coalition Government – to around 23.6 per cent of GDP by the end of the decade, well below historical averages.

The size of government magically shrinks over time. If they are going to cut Government services they should outline what they are.

The Grattan Institute called this out yesterday, pointing out that “achieving such a reduction [in spending] would require significant cuts in spending growth across almost every major spending area, during a period when we know that an ageing population will increase spending pressures, particularly in health and welfare” and that the projected budget position “appears to be more driven by assumption than reality”.

This comes on the back of Parliamentary Budget Office analysis which told us that the cost of ageing will be around \$36 billion annually within the decade – more than the total projected cost of Medicare.

And of course, all of this is before we get to wages.

In every single Budget, every single economic statement, the Liberals have wages forecasts wrong.

And yet again, wages are expected to magically jump up to 3.5% by the end of the forward estimates, propping up future forecasts. And there's no hint of a plan from the Government as to how this is meant to happen.

It's not just about the size of the surplus.

The Government is using these dodgy accounting tricks to justify its stage two and three tax cuts.

Claiming that a reduction in spending – with no outline of where the cuts will come from – magically makes their expensive and regressive tax cuts suddenly affordable.

This is what makes their stage two and three tax cuts even more irresponsible.

Independent Parliamentary Budget Office analysis shows that the fiscal impact of the Government's stage two and three tax cuts is an astonishing \$286 billion over the medium term, coming at an annual cost of nearly \$50 billion by the end of the decade.

Factoring in the cost of Labor's enhanced Low and Middle Income Tax Offset, the difference between Labor and the Liberals is \$226 billion.

Now imagine if I stood before you today and committed a Labor Government to spending \$286 billion over the medium term on a program which is important to us.

If I told you it was important, therefore we didn't need to pay for that \$286 billion, we could just assume that spending cuts elsewhere in the budget would pay for it, without outlining what those spending reductions were.

I will tell you what would happen if I tried that. You'd laugh me out of the room. But that is effectively what Josh Frydenberg has done.

We are the more fiscally prudent offering in this election, not just because Jim

Chalmers and I will be presenting bigger budget surpluses when we present the budget bottom line during the election campaign, but also because we prefer more traditional budgeting: making spending and tax relief decisions when we know they can be afforded, not baking in massive commitments in the never never with no line of sight of the economic conditions of the time.

The stage two and three tax cuts are fiscal recklessness on an unprecedented scale. They are regressive.

The claim they can be afforded is based on dodgy accounting. If the Government is planning on paying for these tax cuts with spending cuts, they should outline those spending cuts before an election, not afterwards like they normally do.

Labor surpluses

Now to be clear, the budget returning to surplus is a good, even vital in these uncertain times.

But we need bigger budget surpluses.

In fact, apart from this coming financial year, the Government is now forecasting smaller budget surpluses than they were at MYEFO.

The budget surplus doesn't hit 1 per cent of GDP until 2026-27.

In its latest Outlook report, the IMF advised that strengthening fiscal buffers in an environment of high debt burdens was "an imperative".

The changing global bond market is a reminder of the uncertainty in the international economy.

This is exactly why we've made actual decisions to improve the structural position of the Budget, we're not relying on budget sophistry to do it.

We've made the tough calls.

Reforms to negative gearing, capital gains, dividend imputation reform. Reforms to family trusts.

And we won't proceed with the government's plan to reboot Tony Abbot's plan to pay polluters \$2 billion to keep polluting.

All decisions which improve the structural position of the budget.

Based on the budget figures presented by the government last week, at the election we'll present a fiscal plan with bigger budget surpluses and one that pays down more debt.

Two predictions

Now of course, all these plans have been and will be the subject of Liberal scare campaigns.

When I am back on this podium in a couple of weeks, debating Josh Frydenberg in our Election Debate, I predict we will both be talking about Labor policies.

I said before that it was unusual for an Opposition to be able to claim that voting to change the government is the best way to bring about enhanced stability.

But it's also unusual for the Government of the day to be adopting the small target

strategy and to be spending most of their time talking about Opposition policies, so devoid of a policy agenda of their own they are.

Well, despite the fact that I think it is bad for the country that we have a government without an agenda and obsessed with ours, I relish the debate.

Because the case for our policies is strong, and I welcome the opportunity to put it.

Every time the Treasurer tries to stoke fears about our policies, he increases the moral authority of the mandate we seek, if we receive it.

Not only are we putting our policies before the Australian people to judge, but we have placed them before for debate and analysis a long time before the election. No-one could accuse us of hiding our policies under a rock.

Tax-to-GDP

I'll also make a second prediction.

During the campaign and in debates you'll hear the Liberals talking a lot about Labor's taxes.

What Josh has in creativity, he lacks in hard facts.

Labor is making important tax changes to fund vital investments, but Australia will of course remain a low taxing country by international standards, and a Shorten Labor Government would be a low taxing government compared to some of our predecessors.

By predecessors I specifically mean the Howard Government.

Last week, KPMG released independent analysis of the tax to GDP ratio under a Coalition government and a Labor Government.

It's independent.

They estimate that by the end of the forward estimates, Labor's tax to GDP will be a touch over 24%, at 24.2%.

If the Liberal party want to attack us for that, they'd be attacking one of their own.

Tax-to-GDP was at or above 24% of GDP five times during the Howard years. That is, for roughly half their time in office.

And it was 24.3% in two of those years.

Far from being high taxing, based on KPMG's analysis we'd have a lower tax take as a proportion of the economy than under the Howard years.

Our plans stand up to scrutiny in the international as well as the historical context.

The overall tax take is of course important for Australia's competitiveness.

And the KPMG analysis also shows that under a Labor Government, far from pushing us up the international league tables of tax collectors, we barely move.

Under a Labor Government, Australia would have a lower tax take than Japan, New Zealand, Canada, United Kingdom, Germany, Netherlands and most other OECD economies.

In fact, we would remain in the bottom third of all comparable OECD economies.

Our agenda

Now, we are proud of our agenda. We've taken things like negative gearing and family trust reform from the too hard basket and put them on the 'To Do' list.

The reforms need to be seen in context. And no number of scare campaigns, silly pamphlets with wrecking balls on the front cover or negative advertisements can change the facts.

We'll remain a low tax country, but we'll reform our tax system and invest in lifting community standards.

In fact, our reforms have also enabled important investments and improvements in our provision of services that Australians rely on.

And key to our agenda is our holistic approach to economic growth.

Not only through our plans to support all businesses to invest in new productivity enhancing technologies through our Australian Investment Guarantee, a policy that remains unmatched by the government.

Also, through our plans to support housing construction, our plans to lower the tax rate for Build to Rent housing construction and our plans to build 250,000 affordable homes over the decade.

But today, I'll focus on two areas at the heart of Labor's approach to inclusive growth, health and human capital.

We've been struck by how well Australians have responded to Bill Shorten's announcement in the Budget Reply that we would massively increase support for Australians suffering cancer.

There are two types of Australians: those who have had cancer and those who have family members who have had cancer.

No-one is untouched by cancer.

And yet, Medicare, as wonderful a system as it is, has not provided the support for cancer sufferers that many people who haven't had to navigate the system might assume that it does.

Many people who get cancer either have to reduce their hours or give up work entirely to concentrate on the battle of and for their lives.

And yet, they face significant out of pocket expenses.

It's not just the cost of medicine and treatment. An important part of treatment is ongoing diagnostics, whether it be MRIs or other forms of scans.

Each one with a cost.

300,000 Australians each year skip recommended radiology because of the cost.

So boosting Medicare rebates for diagnostic imaging is something we are proud of.

Because Medicare should be with you every step of the way on your battle.

And the other elements of our \$2.3 billion cancer plan, like the extra support for

young cancer sufferers, and yesterday's announcement of \$500 million to slash cancer treatment waiting times are equally important.

This is the biggest improvement to Medicare since Labor created it.

When Bill Hayden created Medibank against fierce opposition, Labor changed Australia for the better.

When Bob Hawke locked in the change with the creation of Medicare, he cemented it as a community standard.

The changes Bill Shorten has outlined mean that his government will be refurbishing that important Labor legacy.

Human capital

The other key area of difference between us and our opponents and continuation of the Labor agenda is human capital.

In this rapidly changing world of automation, there has never been a more important time to arm our population with the capacity to form and grow their skills than now.

90% of all jobs created over the next four years will require a university degree or VET qualification.

As Philip Lowe has said: "our national comparative advantage will increasingly be built on the quality of our ideas and our human capital".

Problem solving, financial literacy, digital literacy, teamwork, and communication

are different from technical skills which are specific to a particular task, role or industry and are in growing demand.

Giving people the skills to compete not only benefits the economy as businesses can grow and compete.

But there's a double dividend:

At a time when our institutions are being questioned.

At a time when the benefits of open trade are being questioned.

At a time when the transmission mechanism from a growing economy to wages is being questioned.

There has never been a more important time to invest in areas that ensure growth is more inclusive.

The economy is changing.

Better aligning workforce skills not only helps businesses, it also ensures opportunities for particularly younger workers that are facing a very different landscape to the previous generation.

Technological change means that, in the absence of real investment, workers are at risk of going even further backwards.

McKinsey highlights the concern "*Without a concerted effort to support displaced workers to retrain and re-enter the workforce, unemployment could rise by up to 2.5 percent and income inequality could widen by up to 30 percent*".

The recent Productivity Commission Shifting the Dial report was frank when it comes to arming the economy with what it needs to drive growth and productivity *“if we had to pick one thing to improve...it must be skills formation”*.

We agree.

Which is why we'll invest in a massive upgrade in skills formation and human capital, from universal access to pre-school for three and four year olds, to better and fairer schools funding, to a massive investment in TAFE and a reversal of cuts to universities.

- We'll ensure that every 3 and 4 year old in Australia has access to 15 hours of quality pre-school in the two years before they start school, ensuring kids get the emotional and cognitive development before they enter school;
- We'll replenish \$14 billion to public schools around Australia
- We will boost university funding to help 200,000 more Australian's graduate over the next decade; and
- We'll waive the upfront fees for 100,000 TAFE students and upgrade TAFE facilities through our \$200 million Building TAFE for the Future fund.

And last week Bill added to this commitment to guaranteeing additional support for 150,000 new apprenticeships in areas of skill shortages.

And we also recognise it's not just about funding, but also about system architecture, which is why in the first 100 days of government Labor will establish a National Inquiry which will examine all aspects of Australia's post-secondary education system.

The Government has cut \$3 billion from skill and training.

There are few more damning indictments of the short-term destructive approach of this government than that simple fact.

The Government wants a pat on the back for announcing six weeks before an election that it will restore 80,000 apprenticeships after having presided over the destruction of 150,000 apprenticeships over 6 years.

Despite the fact senate that Senate Estimates confirmed that of the “\$525 million” in their skills package, there’s only \$54.5 million of new spending in it.

6 weeks of half-hearted enlightenment doesn’t make up for six years of destructive behaviour.

Conclusion

After six years of this government, the Australian people will be asked to cast judgement on the last six years but also on the competing plans of the alternatives for the future.

Perhaps I am being generous: we have a plan for Australia, our opponents have a plan for a scare campaign.

You’ll hear a lot in the campaign about “aspiration”.

As if all Australians aspire to is access more and more tax concessions as they climb up the income scale.

Labor’s reason for being goes to backing Australians who work hard and aspire to

lift their incomes and standard of living.

We also relish a debate and an election about aspiration.

About what we aspire to for our country.

Our aspiration is very clear. We aspire to a lot for Australia.

A country in which every Australian child has the same investment in their education and can grow to their full potential, regardless of their parents wealth or their postcode.

A country in which young people who don't wish to go to university have a properly publicly funded vocational education system in which to build their knowledge and skills.

A country in which home ownership is not a forlorn dream for many, in which the country doesn't provide more support to someone who buys their fifth or six home than to someone who is struggling to buy their first.

A country in which public hospitals everywhere are world class and in which if you get the diagnosis that we all dread, that you have cancer, you can concentrate on fighting the disease, not wondering how you will possibly pay for the treatment.

A country in which our first peoples have the same life expectancy and life chances as the rest of us. Which recognises the traditional owners of the land in our constitution and provides constitutionally enshrined voice for them to Parliament.

A country where we hand on a better deal to the next generations of Australians.

These are some of the things I aspire to for our country.

These are some of the things Labor aspires to for our country.

So I say, bring on the debate about aspiration.

A debate about our aspirations for the future of our country.

Labor at its best has always been about aspiring, building, planning for the future.

Making big calls to best prepare us for an unknowable future.

I don't mean just preparing for the worst. I mean arming Australia to make the most of a changing world, preparing our economy for the future and improving our society for all.

And we face this election firmly as the party of the future.

Our opponents, sadly, are stuck in the past. Focussed on the arguments of the past and often longing to return to it.

They spend time thinking of ways to justify spending tax-payers' money on coal-fired power generation.

We spend time thinking of ways to make Australia a renewable energy powerhouse.

They rip money out of education and vocational training.

We see education and training as essential to arm our young people and workers

with the skills to compete in a rapidly changing world.

They spend ways thinking of how to avoid action on climate change.

We spend time developing plans to tackle it, while providing an investment framework to put downward pressure on power prices and generate green jobs.

We're comfortable with modernity. They seem determined to avoid it.

We want to embrace the future with confidence.

With big ambition for our country.

And with aspiration to make it better, fairer, more inclusive.

We ask for the opportunity to serve as your government.

And to be the Government that Australia deserves. Nothing less.

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