

Prime Minister Malcolm Turnbull says it is the moral duty of all new MPs to tackle the nation's debt levels.

[Paul Kelly](#), The Australian, August 27, 2016

Malcolm Turnbull has appealed to all incoming MPs to recognise their central obligation to the people and the nation, and act in the cause of prudence and morality to halt the relentless rise in Australia's debt levels.

With his numbers weakened in the new parliament, the Prime Minister has warned that the core "duty" of this political generation is to halt Australia's advance into higher debt. This would end, without offsetting action, in "an economic crisis, much higher taxes, much higher cost of borrowing because the credit rating collapses, big cuts in government services and a diminution in every citizen's quality of life".

[In an exclusive interview with The Weekend Australian](#), Mr Turnbull said his priority in the coming parliament was to confront and explain the economic challenge Australia faced. His mission was to promote policies to restrain spending, boost investment, encourage economic growth and guarantee a strong social safety net. Mr Turnbull said all 226 members of parliament, which opens next week, should recognise "it is our duty to confront these realities — we are living beyond our means". The Prime Minister said he was a "firm believer" in the view that leadership meant "telling the truth about the situation we are in".

This would be his central mission this term. He said denials of Australia's financial situation had to end. "It's a message for every member and senator but it's a message for every Australian," he said. "My core point is we have to make — and we are making — the moral case for budget repair.. "This is not just the case of your prudent bookkeeper or family accountant saying you've got to live within your means. All of that is true. But there's a moral dimension here. Every dollar we borrow to fund our recurrent expenditure is a dollar we are borrowing from our children and grandchildren, including my grandchildren, all of our grandchildren. Because we are borrowing from them, we have to bring the budget back into balance." The essential obligation of this parliament has got to be coming to terms with the economic reality of our situation. We have to have an honest debate about how we are going to deal with it."

Mr Turnbull reinforced the warnings from Scott Morrison this week that "if you just keep piling on debt and particularly if you add to that anti-business policies, you make yourself so vulnerable". The eventual consequence, the Prime Minister said, would be "a slowdown in economic growth and you may go into reverse, yes, a recession, you can do that".

Australia's debt is \$430 billion with interest payments running at \$16bn annually — still modest by global standards. But the trend is ominous given weak global growth, the risk of problems in China, an ageing population, big locked-in social spending and deep uncertainty over the new parliament. While Mr Turnbull said he would "respect the independence, the autonomy and the independent judgment of every single member of the crossbenches", he launched a scathing attack on the Labor Party for its policies and its tactics. Branding Labor as reckless for running policies that would ultimately hurt the disadvantage, Mr Turnbull said: "You cannot take the economy for granted. This is a throwback to the old-style socialism of the post-war era when the Left treated the economy and the wealth of the nation as a pie, a fixed amount which you simply have to redistribute.

"The problem with Labor is that they are proposing additional taxes on investment and that will have the inevitable consequence of less investment and fewer jobs. The Labor Party of 2016 misses that

point. The Labor Party of 20 or 30 years ago absolutely understood it. The party of Hawke, Keating and Wran understood this. The Labor Party of Shorten does not. "Of course, this is why socialism failed. As Margaret Thatcher used to say, the problem with socialism is that at some point you run out of other people's money."

Mr Turnbull repudiated Mr Shorten's midweek offer to assist the government with \$8bn of savings across the forward estimates. He said the government would honour its savings but would not accept tax increases it had strongly opposed, notably changes to negative gearing and capital gains concessions. Referring to the government's planned omnibus bill of \$6.5bn of savings Labor had accepted in the campaign, Mr Turnbull said of Mr Shorten: "We're not asking him to support them because we won the election; we're not asking him to support them because they're a good idea — though both those are reasonable arguments. We're asking him to support them because he said he would."

He said Mr Shorten, by contrast, was asking the government to "support measures we have consistently opposed". He implied that Labor's budget repair offer was a stunt designed to embarrass the government. Mr Turnbull broke into Mandarin when rejecting any suggestion China would react badly to its investments being vetoed on national security grounds. "Modern China was built on an assertion of national sovereignty," he said. "When the People's Republic of China was created, Mao Zedong famously declared 'Zhongguo renmin zhan qi lai le' — the Chinese people have stood up! "That's why I have often remarked that we can say 'Aodahlia renmin zhan qi lai le' — the Australian people have stood up!"

Mr Turnbull championed the government's superannuation policy now being renegotiated in talks between the Treasurer and the backbench. He said the "vast bulk" of the package was "broadly - acceptable" and it had been "very well received". The Prime Minister repudiated the elements for a deal on superannuation offered by Mr Shorten — setting the threshold for doubling the tax on superannuation contributions at a \$200,000 income and three other changes Mr Turnbull said he "absolutely" rejected.

Asked about Medicare, Mr Turnbull said: "What we have to do this term is categorically reassure Australians about our commitment to universal health and Medicare ... Australians understand that health budgets are strained but they also understand we need to get better value for our health dollar."

Asked about the freeze on the GP rebate, he said the government had "not decided to change the policy" but it would be reviewed.

On asylum-seekers and refugees at Nauru and PNG, Mr Turnbull was adamant. It was "a wicked problem in every respect". The government would look for third-country settlement options but the policy and message was non-negotiable, that "if you seek to come by boat to Australia you will not settle in Australia, full stop".

Mr Turnbull said he was "confident" and "expected" the parliament to run its three-year term. He believed discipline would be kept within Coalition ranks. He was "confident but absolutely not complacent" the three vital industrial relation bills would be passed by the new parliament.