

Andrew Bolt: Desperate Liberals try big-taxing Labor Budget

Andrew Bolt, Herald Sun, May 9, 2017 9:00pm

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THE Turnbull Liberal Government on Tuesday gave us a Labor Budget to save itself from election wipeout.

Treasurer Scott Morrison has done exactly what Labor has done before and would do again: hit us with big new taxes to pay for a spending spree while debt continues to soar.

There's no more talk of big cuts to spending. We're getting big taxes instead, in a Budget that tells us the Liberals have surrendered. Labor has won the economic argument. Income tax will go up by 0.5 per cent — although Morrison is doing this by lifting the Medicare levy instead to make it seem higher taxes are healthy.

Yes, the government talks in this Budget of “good debt”, and then gives us a “good” tax, too.

That's not all. The big banks will be hit with a levy to raise another \$6 billion over four years, with the costs inevitably passed on to customers.

Bosses will pay a levy for any foreign workers they hire, and students will pay more for their university degrees.

These and other money grabs — plus a predicted lift in the economy — will help make the government's tax take next financial year jump by an astonishing 7.8 per cent.



There will be a new airport for Sydney, a new Snowy scheme, transport projects for key cities and an inland rail link from Melbourne to Brisbane. And more.

A secure Liberal government would at least use some of that stolen bonanza to pay down its massive debt, about to reach \$500 billion, but Prime Minister Malcolm Turnbull faces the sack if his poll numbers don't soon lift.

Ominously, Tuesday's Essential poll found that despite the pre-Budget spin about the goodies we'd get, the Liberals still fell to 46 per cent to Labor's 54, after preferences. So this Budget goes on a save-Turnbull spending binge that includes \$75 billion for infrastructure funding and financing over the next 10 years.

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There is even a handout to make peace with pensioners — the restoration of the concession card to those who lost them when the pension assets test was changed.

Yes, all talk of savings like that is gone. Remember the \$13 billion in Abbott-era savings still blocked by Labor and the Greens in the Senate? Dumped.

Remember the policy to freeze Medicare rebates? Dumped.

Remember the Liberals' opposition to the big-spending Gonski changes that showered schools with billions of borrowed dollars without lifting standards? Dumped. Remember the Liberals' caution about Labor's National Disability Insurance Scheme, shaping up to be a money pit? Also dumped, with Morrison now promising to make good the missing \$7 billion a year by 2018.

All that hairshirt stuff is so Abbott era. Now we're into Turnbull-time "good debt" and big spending — and exactly in the areas Labor has been hurting the government.



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So there's \$19 billion more for schools over the next decade (although most of it comes well in the future), plus \$10 billion extra on health over the next four years.

The Liberals hope all this spending now blunts Labor's attacks. How can Labor criticise what it would have done? And some projects, like the new Sydney airport, are good. But the risks for Australia are huge. At the very least, this spendathon sets a dangerous benchmark. Labor can now only outbid the government, and our debt can only get worse.

True, the government did at least earn more and spend less than predicted in last year's MYEFO statement, and despite this spending will trim Budget deficits in the next four years by \$11 billion. It's done some hard yards.

But after 10 straight years of huge deficits, the government is still not predicting a balanced Budget until 2021, and it must pray that China does not tank in the meantime. That said, some key assumptions in this Budget are not wild, even if they're optimistic. Growth is tipped to lift to 3 per cent after next year, but that is still just under the Reserve Bank's forecast.

Yet one massive assumption does seem heroic. The government admits it will raise spending to an astonishing 25.4 per cent of GDP in 2019, which just happens to be election year when it will want to splash cash. Then, it says, our politicians will suddenly become prudent and cut spending to 25 per cent of GDP so the Budget finally balances in 2021 and we can slowly start to repay our monster debt.

It must be kidding. For one, Labor will almost certainly be in charge by then. Does anyone seriously believe it would spend less than this lot? Be afraid. Very afraid.

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