

Malcolm Turnbull claims vindication for his ‘revenue reality check’



Northrop Grumman Corporation’s Robert Fleming and Malcolm Turnbull at Sydney’s RAAF Richmond airbase yesterday.

David Crowe, The Australian, 12:00AM May 16, 2017

Malcolm Turnbull has claimed vindication for big tax hikes on workers and banks as he declares “we obviously need to raise more revenue” to repair the budget after having spending cuts blocked in the Senate.

The Prime Minister pointed to strong support in the latest Newspoll for the \$8.2 billion increase in the Medicare Levy and the \$6.2bn levy on the banks, arguing that they showed voters approved of the “fair” budget.

In a debate that highlights the rift on the conservative side of politics, Mr Turnbull backed the need for revenue increases while former Liberal Cory Bernardi attacked the tax increases as proof of the “Labor budget” unveiled last week.

Tony Abbott backed the budget but expressed concern at the need to give up on savings, redoubling his call for reforms that would give governments more ways to overcome a veto in the Senate. While the Abbott government argued that the nation had a “spending problem” rather than a “revenue problem” in its two budgets, last week’s economic statement dropped unsuccessful savings measures in favour of \$23bn in revenue increases over four years.

“We obviously need to raise more revenue,” Mr Turnbull said yesterday, arguing that the big banks were the most profitable in the world and could afford the new levy. “The fact is we have sought to reduce the deficit by cutting spending. We have managed to succeed in

achieving about \$25bn of savings through the Senate. "Spending is growing at a much lower rate than we inherited from the Labor Party so we have hauled spending back in, but not as far as we would have liked. "Now the reality is that we have to live with the Australian parliament (that) the people elected. That is why, you know, we can't keep on assuming that we can get savings measures through the Senate that they keep on rejecting.

"This budget is a reality check and in order to bring the budget back into balance, we've had to raise more revenue."

Mr Abbott acknowledged that Finance Minister Mathias Cormann had argued that the government would have liked to have had a "savings budget" but had to deal with the Senate. "The Senate doesn't like savings budgets as they showed in 2014, so instead we've got a taxing budget, but this is the best that the government can do in these circumstances," the former prime minister said. "If we didn't have some extra taxes, we would be blowing out the deficit (and) saddling future generations with yet more debt and deficit and that's a form of intergenerational theft ... that's why it's important we do what we can to get the budget back in to surplus as reasonably quickly as we can."

The latest Newspoll, published exclusively in The Australian, showed the Coalition had been denied a "bounce" from the budget, with its primary vote unchanged at 36 per cent. While 54 per cent of voters approved of the Medicare Levy increase and 68 per cent backed the bank levy, the government lost ground and trailed Labor by 47 to 53 per cent in two-party terms.

In a key finding, 51 per cent of Labor voters backed the increase in the Medicare Levy from 2 per cent to 2.5 per cent to help fund the National Disability Insurance Scheme. The Newspoll found 39 per cent of respondents considered the budget fairer than the past three budgets while 36 per cent said it was not fairer. An Ipsos poll published in Fairfax newspapers found 42 per cent thought the budget was fair and 39 per cent not.