

Letters: tax cuts, dual citizens and privatisation



Federal Treasurer Scott Morrison's income tax cuts have come under fire. Alex Ellinghausen

Howard defends tax cuts in his time

In the flurry of pre-budget commentary, [Laura Tingle \(AFR Weekend, 5-6 May\) attacked the tax cuts](#) provided by my government in the budgets of 2006 and 2007, as well as those announced at the beginning of the 2007 election campaign.

Contrary to her claim, those taxation reductions were quite sustainable. All of them occurred against a background of the budget being in surplus, the Commonwealth having no net debt, and the establishment of the Future Fund, which has grown to \$141 billion.

It is also worth noting that had it not been for the tax cuts announced on October 15, 2007, largely adopted by the Rudd government, average income earners would have been paying, by 2014, the second-highest tax rate on a portion of their income.

A major reason for those tax cuts being affordable had been spending restraint. When the Howard government left office, government spending as a share of GDP was a full 2per cent lower than it had been when that government was elected in 1996. In 2007, Australia had the

third-lowest level of general government outlays (including the states) in the OECD – lower than in the US, Japan or Europe.

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In seeking a balanced judgment on the fiscal legacy of the Howard government, your columnist might well have pondered the words of the then governor of the Reserve Bank, Glenn Stevens. Addressing the Economics Alumni of Sydney University in May 2008 (just six months after the defeat of my government), he said: "But there would be few countries if any which would not envy Australia's fiscal position. The capacity to respond, if need be, to developments in the future is virtually without peer. This seems light years from the situation in the 1970s."

John Howard
Sydney, NSW

Insufficient redress for the bracket creep

Treasurer Scott Morrison claims to have presented [a seven-year budget plan to make personal income tax "lower, simpler and fairer"](#). But the budget papers show that over the next four years alone, the collection of income taxes is estimated to be \$954 billion and the reduction is only \$11.6 billion, or only slightly more than 1 per cent. In fact, the proportion of national income (GDP) collected as personal income tax would actually increase from 11.2 per cent this year to over 12 per cent by 2021-22.

In short, the announced cuts in income tax would not be sufficient to compensate for the bracket creep resulting from higher incomes.

Mr Morrison's proposed maximum total tax of 23.9 per cent of GDP would also provide scope to increase the total by over 1 per cent of GDP by 2021. It seems strange indeed, just prior to an election, to have a plan that could provide for an increase in the tax burden of over \$20 billion by that date. Good luck, ScoMo!

Des Moore
South Yarra, Vic

Deceptive 'Big Lie' to Morrison boast

Scott Morrison says proudly that taxes collected by the government will be locked in at a "speed limit" maximum of 23.9 per cent of GDP.

There is no basis for doing this – none, zilch, nada.

In Norway, the figure is 27.3 per cent, Sweden 27.7 per cent, Denmark 33.7 per cent. They all have better education, health and other services,

which gives children from low-income families a better chance than our low-income kids. As a consequence, they have less inequality.

Mr Morrison is using Hitler's technique of The Big Lie. Say it loudly and often enough, and people will start to believe it. It is intentionally deceptive behaviour and he should be called out on it.

David Morawetz

Social Justice Fund

Canterbury, Victoria

Revenue, education, health will pay the cost

Predictably, Treasurer Scott Morrison has maintained the historical strategies of tax cuts and redistribution of incomes to higher-income groups in the proposed budget legislation.

The big carrots are for those earning \$41,000 to \$200,000 – a 32.5 tax rate, corporate tax cuts of \$80 billion, business depreciations, infrastructure contractors, some aged services, certain retired aged and Lifeline.

The big stick has been applied to the unemployed, refugees, overseas aid and our best journalistic provider, the ABC.

Tax cuts over 10 years will reduce revenues by \$140 billion and no doubt reduce spending on health, education, the NDIS and aged care.

Graham McPherson

Mandurah, WA

The sting of MPs who didn't bother to read

The High Court has again determined that a number of MPs are not eligible to sit in Parliament, a foregone conclusion by anyone awake in 2017. Australians will now foot the bill for another expensive High Court case and the expense of more by-elections, all because MPs who want to run our country didn't bother to read the constitution. To rub salt in the wound, these MPs will not suffer a financial penalty to offset these costs.

Had this occurred pre-1975, section 46 would have penalised them £100 for every day on which they sat. This sum would have gone towards reimbursing this expense.

Unfortunately, in 1975, Parliament passed the Common Informers Act, under which the quantum of damages (\$200 a day in 1975) that can be recovered only applies from the day they received notice of the suit challenging their eligibility. Interestingly, £100 in 1901 is now worth

more than \$14,000, and \$200 in 1975 \$1394, according to the RBA's inflation calendar.

Rosalind Lemmey

Noosaville, Qld

Sheeting home high cost of privatisation

Street Talk's article "WA's [Landgate sale hits snag](#)" (May 11), inadvertently sets out the major reason against privatisation of state assets.

The southern ports of Bunbury, Albany and Esperance delivered \$50million EBITDA in 2017. They could be sold for \$750 million. If the \$750 million was used to repay debt, WA could save about \$24 million in interest each year (at the 20-year rate that is current for WA).

WA will be \$26 million worse off each year if they sell (\$50 million – \$24 million). Of course we need to take into account inflation, which will tend to increase the return from the ports in dollar terms while the interest will stay the same if WA borrows for 20 years. The losses to WA will increase over time. Why would they sell unless it is to provide ready cash to build football stadiums or other political goodies?

Reg Lawler

Dagun, Qld

History neglects established fact

Your review ([Review, May 11](#)) of [Odd Arne Westad's History of the Cold War](#) quotes the author stating Vietnam was the only place where nationalism immediately took a communist form. In fact, both Yugoslavia and China provide examples. As far back as 1962, Chalmers Johnson argued in *Peasant Nationalism and Communist Power* that both Yugoslavia and China saw communist parties win power through mobilisation of peasant nationalism directed at foreign invaders. Johnson's analysis of recruitment patterns for Mao's armies demonstrated that provinces shocked by the Japanese invasion yielded up recruits as opposed to provinces where the rallying call might have been land reform. It's disappointing if Westad's history overlooks this landmark research.

Bob Carr, director

Australia-China Research Institute

Hats off to parents

Parents play a great role in every child's life. They should be loved, respected, appreciated and obeyed by their children every day. The

present trend of acknowledging parents only once a year on Mother's or Father's Day underestimates their sacrifices.

Attia-Tull-Karim Mahmood
South Bowenfels, NSW