Dissenting Report from Labor Senators

1.1 Labor Senators pushed for the establishment of this inquiry. Given the total cost of these personal income tax cuts over the medium term is $143.95 billion dollars, it is only right and proper that this bill receives the scrutiny and analysis that it deserves.

1.2 This inquiry has also demonstrated how out of touch this Government is; a Government prepared to risk the budget bottom line to hand out tax cuts to big business and top income earners, while doing very little for low and middle income households.

The Government's Policy objective is ideological, not rational

1.3 Treasury officials confirmed that the design of this package was designed to meet largely ideological ends:

> As far as the government's personal tax plan goes, it was designed, in the government's words, to deliver lower taxes, protect against bracket creep and lead to a simpler system.[1]

1.4 Treasury officials also confirmed that policy issues around workforce participation and consumer spending were not part of the driving reasons to design these tax cuts:

> Senator KETTER: No sorts of objectives in terms of workforce participation, consumer spending or any of those sorts of things?
>
> Ms Mrakovcic: Well, I think that the government's objectives as per its Personal Income Tax Plan are set out in what the government has said about its package. That's not to say it doesn't have those impacts or it wouldn't impact in those ways, but—
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> Senator KETTER: It doesn't set out to do those?
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> Ms Mrakovcic: The government has set out, certainly, the objectives it set itself in terms of the personal tax plan. But I think that those were certainly issues that the government would have been aware of, and they are captured in some of the language around reward for effort and incentives to take on extra hours to work et cetera. So I think that, if you go into the detail around where it explains those issues, it does traverse some of that ground. And certainly the budget documents also make reference to the forecast taking into account the impacts of the personal tax plan on consumption.[2]

1.5 This evidence demonstrates that this tax plan is ideologically driven. Genuine policy concerns such as workforce participation (generally or in key cohorts), lack of wage growth and increasing disposable income of targeted households as a way of boosting consumer spending were not in the forefront of decision making of this Government. Instead, the Government chose to impose its lower taxing, flatter taxing

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1 Ms Maryanne Mrakovcic, *Committee Hansard*, 6 June 2018, p. 71.

2 *Committee Hansard*, 6 June 2018, p. 74.

ideology to personal income taxes. Once again, a clear sign that this Government has run out of ideas and is resorting to ideology.

1.6 In contrast, Labor has always taken a careful, considered and nuanced approach to policy development and isn't afraid of detailed analysis.

The Government refuses to disclose year-on-year costings of this policy beyond the forward estimates, and it is clear that each step has very different costs.

1.7 During the course of this inquiry, Treasury officials maintained the Government position, which was to not release year-on-year costings beyond the forward estimates for different elements of this tax plan. Labor Senators believe this is both in the public interest and prudent given most of the tax cuts commence beyond the forward estimates period.

1.8 In response to repeated requests for this information, Labor Senators asked the Parliamentary Budget Office (PBO) to provide these figures and Labor Senators thank the PBO for these figures in relatively tight timeframes.

1.9 Labor Senators want to make the following points about the PBO's figures on each stage of the plan:

(a) Step 1 – carries a relatively modest cost of $15.9 billion over the medium term and is targeted at low to middle income earners;

(b) Step 2 – which contains a number of different tax changes contains the majority of the costs of this package over the medium term (given Step 3 elements commence in 2024-25); and

(c) Step 3 – is both very expensive at the end of the medium term at $10.35 billion per year, compared to the full package final annual cost of $24.6 billion per year and the cost of Step 3 grows at about 12% per year, twice the rate of projected nominal GDP growth.

These tax cuts put at risk the budget position if key budget forecasts are not met.

1.10 In order to justify these personal income tax cuts, the Government continues to rely on its budget projections which predict a wafer-thin return to surplus which does not even reach 1.0% of GDP by the end of the forward estimates period.

1.11 This inquiry heard a consistent message that the surplus predictions rely on budget forecasts around wages growth, productivity growth, population growth and terms of trade which do not match recent historical trends. In addition, even the Treasury Secretary has admitted that geopolitical risks are greater now than a year ago:

> Senator KETTER: Mr Fraser, in your opening statement you talked about the global risks, in particular China—the debt situation there, the geopolitical issues. You've also touched on the royal commission and that there could well be some unanticipated tightening in financial conditions as a result of reactions to that. Taking the range of international and domestic conditions together, in your judgement, are there more risks now than there were a year or two ago in relation to the economic outlook?

> Mr Fraser: Unequivocally, yes, with the geopolitical risks. That's very sad. When you look over the past year—you know, I, as an amateur, would say the Middle East situation is more complex and more worrying. The issues in Saudi Arabia and Yemen, the issues with Israel and Iran—this is all very worrying. Korea is probably pretty much the same, or even a tad better. But the issues with the South China Sea are probably worse. The markets—there are people who have hedge funds that try to make money out of geopolitical risk, and that is suggesting that they're regarding it as more of a risk.[3]

1.12 The Grattan Institute did not think that it was prudent to legislate for tax cuts well into the future, beyond the forward estimates:

> Secondly, is it prudent to legislate that far in the future? As our submission makes clear, we don't think so.[4]

1.13 The Grattan Institute went on to say that legislating tax cuts like this would leave the Commonwealth less able to deal with any potential future downturn and reduces the Commonwealth's ability to protect jobs in those circumstances:

> Mr Daley: It means the government effectively has fewer options if there is a downturn. It has less fiscal firepower, as many would put it, less opportunity in the downturn to deliver a short-term tax cut or welfare payment or whatever is appropriate—a short-term boost to infrastructure or other forms of fiscal stimulus—that would be aimed, in that circumstance, at promoting employment to ensure that you don't get the short run unemployment that then becomes long-term unemployment, which tends to be the really big problem of economic downturns. That's what you're trying to avoid—that is, a big jump in unemployment in a downturn. Traditionally, what Australia has done, and what we did do in 2008, was a big budgetary shift that was largely successful in avoiding a substantial jump in unemployment.
>
> Senator KETTER: That firepower is used to save jobs, for example, isn't it?
>
> Mr Daley: It's used to save jobs in the short run so as to prevent unemployment going up in the short run. One of the things we know about unemployment is it tends to be sticky: people who lose their jobs in the short run, in the middle of a recession, often find it very difficult to get jobs in the longer run, and so you get a permanent drop, or at least a long-term drop, in the potential economic output and, therefore, the resources available to the community.[5]

1.14 Dr Stephen Anthony also cited a number of issues with the cost of these tax cuts given the assumptions that underpin the Government's fiscal position. His overall

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3 Mr John Fraser, *Senate Economics Legislation Committee Budget Estimates Hansard*, 29 May 2018, p. 27.

4 Mr John Daley, *Committee Hansard*, 6 June 2018, p. 5.

5 Mr John Daley, *Committee Hansard*, 6 June 2018, p. 5.

position is summarised immediately below, with additional detail on key economic drivers following:

> It would be that I have examined the budget outlook over the next decade, and my view is that we will be hard-pressed to afford tax cuts at the same time as growing the economy at the rate that is anticipated in this budget. There is no room for any sort of economic slowdown or interruption in the budget as presented last May.[6]

- On productivity growth:

> If you look at the budget outlook and the medium-term projection, the coathanger of that projection is the assumption of productivity growth of 1.6 per cent. That is double the current rate or the average of the period since the GFC.[7]

- On migration:

> …which leaves the population growth rate to be 1.5 or 1.6 per cent, depending on the year we're talking about.
>
> The issue with that growth rate is that it's all well and good, but if we build our population at that rate through time without having the sort of strategic plan in place to make the most of that population growth and to develop human capital, then we are no doubt going to generate unbalanced growth in some regions of the country. Presumably, that's what we're seeing in Sydney and Melbourne right now.[8]

- On wages growth:

> The idea that we're going to move back to the sort of 30-year average of wage costs—wage prices—within 18 months seems extremely optimistic, I would have thought. It suggests a level of capacity utilisation in this economy and a return to the 'normal' of the pre-GFC period that we're just not observing. And it's not being observed here or in most of the world right now. So I would've thought that a budget strategy that's predicated on high wages growth is extremely—well, at least, not cautious; let's put it that way.[9]

- On terms of trade:

> So there is a small reduction in the terms of trade over the outlook and into the medium term, but it still leaves the terms of trade extremely high in historical terms. That may be correct but, once again, in a global environment that could experience significant shocks, those terms of trade could get dented very quickly, and obviously that would have significant impacts on the budget bottom line.[10]

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6 Dr Stephen Anthony, *Committee Hansard*, 6 June 2018, p. 63.

7 Dr Stephen Anthony, *Committee Hansard*, 6 June 2018, p. 63.

8 Dr Stephen Anthony, *Committee Hansard*, 6 June 2018, p. 64.

9 Dr Stephen Anthony, *Committee Hansard*, 6 June 2018, p. 64.

10 Dr Stephen Anthony, *Committee Hansard*, 6 June 2018, p. 5.

1.15 Associate Professor Ben Phillips also stated that lower wages growth of about 2.5% per year rather than the projected 3.5% per year could impact revenue as much as $39 billion dollar per annum:

> When you look at, say, 2.5 per cent wage growth compared to 3.5—obviously, that's a difference of one per cent per year. When you put that out to, say, 10 years into the future, it's roughly an 11 or 12 per cent reduction in wages overall. Already you've got 10 to 12 per cent less tax revenue from that. Then you've also got bracket creep. On top of that, you're also missing out on bracket creep, so you're looking at a considerable reduction in terms of the overall tax take. That's where we get the estimate of around $39 billion per annum.[11]

1.16 Labor Senators are also deeply concerned that the cumulative impact and loss of revenue flowing from Government's corporate tax cuts and personal income tax cuts over medium term will put the budget in a very precarious position, as summarised by Dr Anthony:

> My view is that, by the middle of the next decade, the combination of the individual tax cuts and the company tax cuts would, even on the government's budget parameters, essentially remove all of the possible surplus that the economy could have generated if the economy softens or grows at an even slightly slower rate than that forecast in the budget. For example I modelled a half a percentage point of GDP lower each year from 2018-19. If that slowing occurs, the budget will be in deficit by around one per cent of GDP by the middle of the next decade. So I don't think the combination of these tax cuts can be affordable.[12]

1.17 Labor Senators believe that the budget needs to be in a sustainable position over the long term, which enables future Governments to use fiscal stimulus where needed to protect jobs. The actions of the last Labor Government during the Global Financial Crisis prevented widespread unemployment and it is important that future Governments be afforded such capacity.

1.18 Labor Senators are also concerned if these personal income tax cuts are passed by the Parliament, such reductions in revenue could be used by a future Coalition Government during an economic slowdown to justify cuts to essential services such as health, education and infrastructure.

1.19 This inquiry has demonstrated that there are many downside risks to the budget position over both the forward estimates and particularly the medium term. Labor Senators also know that net debt for this coming year is double what it was when the Coalition came to office; and gross debt, which crashed through half a trillion dollars on their watch for the first time in history, will remain well above half a trillion dollars every year for the next decade. The Government is abandoning all hope of repairing its abysmal record on debt and deficit by attempting to legislate for this

11 Associate Professor Ben Phillips, *Committee Hansard*, 6 June 2018, p. 16.

12 Dr Stephen Anthony, *Committee Hansard*, 6 June 2018, p. 64.

full package of personal income tax cuts given the well-known downside risks to Australia's fiscal and economic position.

The behavioural impacts championed by this Government were refuted by a broad range of stakeholders

1.20 Part of the expected benefits of this package championed by the Government is that a flatter tax system will incentivise people to take on additional work:

> It is important that the personal income tax system does not act as a disincentive for those taking on additional work or seeking advancement.[13]

1.21 The Grattan Institute argued that for many high income earners, marginal income tax rates are not much of a disincentive to work additional hours:

> Many of the submissions, such as those from EY, the Business Council of Australia and the Centre for Independent Studies, assert that a high marginal tax rate for top income earners has a big economic cost because it discourages people from staying in Australia, depriving Australia of their talent. This is myth four: Australia's high top marginal tax rates do not materially affect decisions to work more or to live in Australia. There is an ocean of literature on this, and it all comes to the same conclusion internationally.[14]

1.22 In fact, Grattan cited that many millionaires are moving to Australia despite so-called high marginal taxation rates:

> Let's look at a nice piece of evidence very recently. The AfrAsia Bank Global Wealth Migration Review, released recently, looked at the migration of millionaires around the world. It found that, in the last year, 10,000 millionaires moved to Australia and almost none left. That is the highest net migration of millionaires to any country last year in absolute terms, let alone correcting for population. This is in a year where, as lots of submissions point out, Australia's top marginal tax rate was relatively high and cut in at a relatively low income. Singapore, with its very famous 15 per cent tax rate, only attracted a thousand millionaires.[15]

1.23 When The Australia Institute was asked a similar question, they cited that there are only particular cohorts which face the high issue of marginal taxation rates, often women who are paying for childcare:

> Senator McALLISTER: The Treasurer has spoken, in introducing this package, about the need to incentivise people to work. Which parts of the workforce would benefit most from additional financial incentives to work, if we are interested in increasing productivity and labour productivity in particular?
>
> Mr Richardson: All the evidence is that it's the second income earner in the household, especially women returning to work. That's where the big

13 Budget 2018-19, *Budget Paper No. 1*, pp. 1–12.

14 Mr John Daley, *Committee Hansard*, 6 June 2018, p. 2.

15 Mr John Daley, *Committee Hansard*, 6 June 2018, p. 2.

problem is, and the poverty traps that are facing them are not just the tax scales, of course, but possibly loss of other benefits—social security benefits, family tax benefit, childcare expenses and transport expenses. That was going to be my interjection before. This is the really serious part of the incentive structure in our tax system. It's one of the things that's been offered as the explanation of why participation among Australian women, especially in that demographic, is much lower in Australia than other comparable OECD countries.

Mr Grudnoff: If the government were seriously interested in incentivising and increasing participation then it would be far better off taking the billions of dollars that it's planning to give to high-income earners and sticking it into something like childcare. You would get far more bang for your buck and have far more impact on participation by doing that.[16]

1.24 The National Foundation for Australian Women and Professor Stewart also refuted the idea that there were substantial benefits to reducing top marginal taxation rates:

I'd like to make one more comment on that rate removal in general terms, and that is that the efficiency case for that has not been made out. There really is no empirical evidence to show that, systemically, at that upper middle of the income distribution between $40,000 and $200,000, there are negative work effects, for example, or investment effects at that level of income. To the extent that we might see disincentive effects, they're probably arising either at the very top or at the bottom of the distribution, and I'll say something about effective marginal tax rates.

…

The final general remark I would make is that the highest effective marginal tax rates that we see in our distribution are not at the top of the income distribution. The top marginal rate plus Medicare is 47, as you know. The highest effective marginal rates are at the bottom and in the middle, and they are faced primarily by second earners who are losing family benefits and paying net childcare costs—net of means-tested childcare benefit. The best way to illustrate that rate, which is, I would say, a significant deterrent to work participation, is to do it by day. I have an illustration in a sort of bar chart on page 4 my submission, but I'm not sure if it's before the committee.[17]

The Bill fails to address the high effective marginal taxation rates (EMTRs) faced by working women with caring responsibilities.

1.25 Professor Miranda Stewart's submission states that:

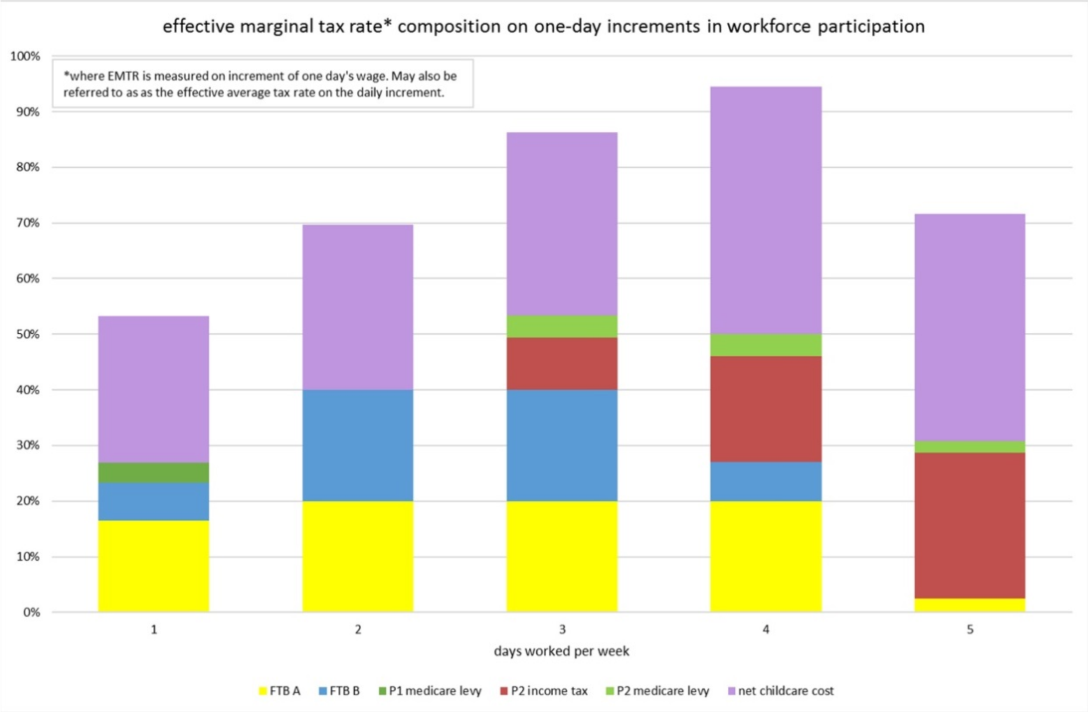
The tax cut does not address the key inefficiency in our tax-transfer system, which deters work and reduces the ability of households to save and consume. Australia's existing PIT rate structure combines with our tightly

16 *Committee Hansard*, 6 June 2018, p. 26.

17 Professor Miranda Stewart, *Committee Hansard*, 6 June 2018, pp. 32–33.

means tested and targeted cash transfer system to produce the highest effective marginal tax rates (EMTRs) for individuals towards the lower-middle and bottom of the income distribution. This is the result of the combined withdrawal of family payments or Newstart, the net cost of childcare and the personal income tax rates. In particular, this negatively affects women with caring responsibilities, deterring them from increasing work participation hours. Figure 3 illustrates the effect of combined tax and transfer rules on earnings by day of the second earner (almost always the woman) in a moderate wage household with two young children.

Figure 3: EMTR on second earner, salary $50,000, primary earner $50,000, two children aged 2, 3 (2016).



Source: Stewart (2017), Figure 1.8b

The changes proposed under the PITP Bill do little to address these high EMTRs. The interim Low and Middle Income Tax Offset will provide targeted assistance to low income earners but will push up the EMTR faced by women in the lower middle of the distribution.[18]

1.26 Professor Stewart also stated that lifting the workforce participation of women, often the second income earner, would have a comparatively bigger impact on household consumption in the economy:

Senator McALLISTER: My last question goes to the economic impact of this. We've discussed quite a lot the fairness of organising the tax system in a way that applies very high effective marginal tax rates to second income earners in those lower tax brackets, but in terms of the economy the Grattan Institute has previously said that removing disincentives for women to enter

18 Professor Miranda Stewart, *Submission 16*, p. 4.

> the paid workforce would increase the size of the Australian economy by about $25 billion per year. There are substantial economic gains to be made if we can increase women's workforce participation, aren't there?
>
> Prof. Stewart: Yes, I would support that, even just on the basis of the ability to push households which are currently, as a matter of standard practice, 1½-earner households or one-earner households with children in them to be more what you might call two-earner or two-job households. Those households have more ability to consume in the economy, to save for a house and buy houses, to save more generally, to build retirement savings—superannuation savings—for both people in the household, as this committee has identified before, and to also pay taxes. Dual-earner households, economically, give quite a lot of bang for the buck.[19]

1.27 Overall, Labor Senators are sceptical of the Government's claims, particularly in Step 3 that a flatter taxation system would enable significant additional hours to be worked. Such concerns are heightened when Step 3 is assessed against its final annual cost of $10.35 billion dollars per year.

Distributional analysis of this bill

1.28 Labor Senators believe it is prudent that this legislation receive scrutiny in terms of the progressivity of the proposed taxation system as well as distributional effects by gender and geography. The Grattan Institute confirmed that the full package would decrease the tax burden on high income earners while increasing the tax burden on middle income earners:

> …senators can argue openly about whether reducing the extra burden on high-income earners but increasing the tax paid by middle-income earners is fair.[20]

1.29 Professor Miranda Stewart stated that this tax package was:

> …both inefficient and a retrograde step and that that undermines 100 years of progressive income tax rate structure in Australia.[21]

1.30 The Australia Institute found that the later stages overwhelmingly benefit high income earners:

> The problem is that the benefits from the latter stages of the tax will overwhelmingly flow to high-income earners. These latter stages are also worth considerably more in dollar value than stage 1. Increasing the top threshold to $200,000 and removing the 37 per cent tax bracket will mainly benefit the top 20 per cent of tax payers. By 2024, 80 per cent of the benefit of that top end tax cut will go to the top 20 per cent and the remaining 20 per cent will go to the next 20 per cent of taxpayers. This means that the bottom 60 per cent of taxpayers will get no benefit at all. Because of this, we are recommending to the Senate that it split or amend the bill to remove

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19 *Committee Hansard*, 6 June 2018, p. 39.

20 *Committee Hansard*, 6 June 2018, p. 3.

21 *Committee Hansard*, 6 June 2018, p. 31.

> those parts that flatten income tax by increasing the top threshold and removing the 37 per cent tax bracket.[22]

1.31 The Grattan Institute also found that that '$15 billion of the annual $25 billion cost of the plan will result from collecting less tax from the top 20 per cent of income earners'.[23]

1.32 On gender, it is clear that each stage progressively tends to favour men, who typically receive a higher income.

1.33 The contrast is very high in Step 3, where almost 75% of Step 3 flows to men ($30.35 billion versus $11.25 billion).[24]

1.34 On gender analysis, Treasury officials confirmed that they had not carried out such analysis:

> Senator KETTER: Also, I just want to confirm, again, that there was no gender analysis done in relation to the impact of the particular measure.
>
> Ms Mrakovcic: That's correct.
>
> Senator KETTER: Did the government instruct Treasury not to carry out a gender analysis?
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> Ms Mrakovcic: I think it's fair to say that we didn't do gender analysis because, as the secretary again pointed out last week, we actually see the tax system as gender-neutral.[25]

1.35 The National Foundation for Australian Women responded to comments in Senate Estimates confirming the lack of gender analysis this way:

> Senator McALLISTER: Right. I asked the Treasury secretary why gender analysis was not undertaken on this initiative and his response was, 'Because the tax cuts are gender neutral.' Is he correct?
>
> Ms Coleman: He had a smile on his face when he said that? That's just a nonsense. The intention was gender-blind, I would say, rather than gender-neutral. The statistics that are there clearly indicate that these tax cuts are a long, long way from being gender neutral. It's just a nonsense.[26]

1.36 The other distributional impact which is important to Labor Senators is geography.

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22 Mr John Daley, *Committee Hansard*, 6 June 2018, p. 3.

23 Daley, J. & Wood, D., The Coalition’s tax plan favours the rich and doesn’t solve bracket creep for middle-income earners, 11 May 2018, accessed via https://grattan.edu.au/news/the-coalitions-tax-plan-favours-the-rich-and-doesnt-solve-bracket-creep-for-middle-income-earners/

24 Parliamentary Budget Office, Answers to written questions on notice, received from the Parliamentary Budget Office on 5 June 2018, accessed via https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Economics/PersonalIncomeTaxPlan/Additional_Documents

25 *Committee Hansard*, 6 June 2018, p. 70.

26 *Committee Hansard*, 6 June 2018, p. 38.

1.37 Professor Li stated during the hearing that people living in capital cities, particularly Sydney and Melbourne would stand to gain the most given the spatial distribution of high income people. By contrast, that means that proportionally, the rest of the country stands to gain much less from the tax package.

1.38 Recent analysis by the Australia Institute confirms such findings:

> The biggest winners from the tax cut are wealthy electorates in Sydney and Melbourne. As shown in Table 1, the top 10 electorates all come from these cities. The average household in any of the top 10 electorates would get at least 50% more than the average Australian household.[27]

1.39 Other analysis which is in the public domain are calculations which paint Labor's bigger, better, fairer tax package as higher taxing, as published by The Australian on 30 May 2018, titled 'Labor's $2000 tax sting for average workers'.

1.40 Treasury officials on 30 May 2018 confirmed that they were not aware of this analysis,[28] which indicates it is likely that such analysis originated within the Treasurer's office, not Treasury. Such analysis included a forklift driver earning $145,000 per year. The ACTU characterised the use of such figures this way:

> Senator KETTER: It was just interesting that, in the context of our conversation earlier about the Treasurer saying, or the government saying, that this package is designed to provide relief for middle Australia, we saw in the Treasury modelling an example of a forklift driver or excavator operator at BHP coal being on $145,000 used in the context of comparing the alternative tax policies.
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> …
>
> Mr Roberts: I've given the median wage figure of $53,000 for all workers. It increases to about $65,500 for all full-time workers. But that is the median—
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> …
>
> Mr Roberts: I'd say if there's a forklift driver earning $140,000 they would be well and truly the exception.[29]

1.41 Such analysis underscores how the Treasurer has politicised Treasury and undermined their policy work. Labor Senators are deeply concerned that the Treasurer continues to operate in the way that he does, and Labor will stop this activity in Government.

Labor Senator's position on this bill

1.42 Labor Senators will continue to take a careful, considered and nuanced approach to policy.

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27 The Australia Institute, 2018 tax cuts by electorate, p. 2, accessed via http://www.tai.org.au/sites/defualt/files/P558%20Tax%20cuts%20by%20electorate_0.pdf

28 Senate Economics Legislation Committee, Budget Estimates 30 May 2018, p. 15.

29 *Committee Hansard*, 6 June 2018, p. 59.

1.43 This Government is ideologically driven and bereft of ideas. By continuing to insist that the bill be taken as a whole and refusing to both conduct and release even basic fiscal and distributional impacts, the Government insults the intelligence of the Australian people.

1.44 Labor Senators have a strong suite of policies that will be implemented in Government to put the budget in a sustainable position, including reforms to negative gearing, capital gains tax, trusts and dividend imputation.

1.45 While the Government continues to take its ideological approach of lower, less progressive taxation, Labor in Government will seek to get the best return for the taxpayer as possible, taking economic circumstances into account.

1.46 The Treasurer has politicised Treasury, which a Labor Government will be left to fix.

1.47 Labor Senators support low and middle income tax relief.

1.48 Labor Senators want to ensure that a future Government can properly fund public services such as health, education and infrastructure while recognising that low and middle income households are under pressure. Labor Senators will not support unsustainable levels of tax cuts that put essential public services at risk.

1.49 Labor Senators also have a plan for bigger, better, fairer income tax cuts that can be responsibly accommodated through Labor's suite of savings.

Recommendation 1

1.50 That the Government deliver tax cuts in a fiscally responsible way that does not jeopardise the ability for future governments to respond to changes in economic circumstances.

Recommendation 2

1.51 That the Government ensures that any tax cuts do not risk the ability of future governments to fund important government services.

Recommendation 3

1.52 That the Government prioritise legislating tax cuts which:

- **(a) Are fair and equitable; and**
- **(b) Support low and middle income earners so as to deliver a bigger short term boost to consumption and economic growth.**

Senator Chris Ketter	**Senator Jenny McAllister**
Deputy Chair	**Senator for New South Wales**