

Greens Dissenting Report

The price of a civilised society

1.1 This Bill asks parliament a fundamental question: what do we want of our government? Government is about choices. How much tax a government collects, and on whom the obligation falls, is a choice about the services that government provides and how much we share in our nation's prosperity.

1.2 A choice to cuts taxes is one that says, 'whatever government is providing for you at the moment is more than what you need.' It would be a rare person that thinks that government is providing more than enough to meet our current needs, let alone our future needs.

1.3 This Bill makes the choice that successive governments have made in the neoliberal era. It is a choice to contract and constrain the ability of government to provide services and to make investments for our collective benefit. Inevitably, this choice is one that better serves individuals with the means to support themselves than it does those who are battling to make a go of it.

1.4 It is for these reasons that the Australian Greens oppose this small-hearted, small-minded and fiscally reckless legislation.

1.5 This Bill is small-hearted in that it chooses tax cuts over the government doing a better job of providing the things that people need today. Things like raising Newstart above the poverty line, conquering the problem of violence against women, or building a proper NBN. Apparently, foregoing \$23 billion a year so millionaires can enjoy another \$7,000 in their pocket is more important than helping a mother re-enter the workforce a couple of days a week.

1.6 This Bill is small-minded because it limits our ability to prepare for the future. We have an aging population, increasing healthcare costs, infrastructure that is not fit-for-purpose, the need to be highly educated in a global economy, and—for the sake of humankind's ongoing existence—a responsibility to get on board the energy revolution needed to combat climate change. To neglect these issues is, in effect, to steal from future generations.

1.7 And this Bill is fiscally reckless. At a time of record low wage growth, the government has jettisoned its economic forecasts to lock in tax cuts in seven years' time; \$144 billion ostensibly for the sake of bracket creep, with little confidence that the future government will actually be able to afford this. This Bill demonstrates that the Liberals are not interested in surpluses. They are interested in protecting the rich and running down government.

1.8 The government is employing a bait and switch trick to sell these tax cuts. A little bit of candy for everyone to start with; but in the end those at the top end take home the bacon.

1.9 What this Bill is really about is the shift in the 32.5% marginal tax rate (MTR), shifting the upper threshold firstly to \$90,000, then to \$120,000, and finally out to \$200,000. Of the estimated \$144 billion loss in revenue over ten years, over half of this goes exclusively to those earning more than \$87,000.

1.10 These are the best paid workers in our society, most of whom are men. For example, the Stage 2 shift in the 32.5% MTR upper threshold from \$90,000 to \$120,000 will cost \$36 billion over the next ten years. The Greens estimate, using the budget's heroic wage growth forecasts, that at the point at which this comes into effect this will be to the benefit of the top one-third of wage earners, two-thirds of whom are men.

1.11 The Greens believe a secure and expanded revenue base is required for government to fulfil its role to provide a high standard of public services and public infrastructure. This Bill is contrary to these aims and should be opposed. It uses bracket creep as a ruse to give tax cuts to those who need it least. It binds future governments to these tax cuts on the back of the most tenuous economic forecasts. It reduces the progressivity of the income tax system, which is directly at odds to our self-image as an egalitarian nation. And, as such, it does nothing to address inequality, and will further pit Australians against each other at the expense of public services.

Recommendation 1

1.12 That the Bill be opposed.

Senator Peter Whish-Wilson

Senator for Tasmania