

Grattan on Friday: Bowen is outshining Morrison in the tax hurdle race

Written by The Conversation USA

Politics has its own purgatory, as Malcolm Turnbull and Tony Abbott might have reflected when they sat on the same table at the Howard government's 20th anniversary dinner on Wednesday. After a day when their animosity had been on shocking display, here they were together, unable to escape.

Among the speakers during this nostalgia night was Peter Costello, whose prime ministerial hopes John Howard held at bay.

Which prompts the question: if you're PM, is it easier to deal with the ambitions of someone who covets your job, or the revenge of one whose job you've grabbed? Arguably there are more restraints on an aspirant than on a bitter "ex" with little regard for consequences.

As Abbott has become increasingly overt in his sorties against Turnbull, he is discrediting himself. The defence department has trashed his much-publicised claim this week – on the back of leaked classified material - that the Turnbull government delayed the submarines project.

So far he has been undeterred by fear of self-harm. His critics believe (or hope) the public will say enough is enough. Abbott's ability to wound would be less, however, if the Turnbull government had its act together.

And that takes us to the dreadfully mismanaged tax policy process.

Under party and other pressures, Turnbull is said to have backed away from action on negative gearing, although it remains on the options list. Superannuation is a maze. It is still unclear when and in what form the tax package will be released. Treasury is now working frantically. Turnbull has become impatient. The expenditure review committee is due to consider tax on Tuesday.

Treasurer Scott Morrison appears spooked, assailed by backbench nerves and media criticism,

and fighting to prevent further backsliding from a package he wants substantial enough to finance at least modest and probably targeted tax relief. He and Turnbull often seem in different places, and not just on tax options. Morrison for months noisily ruled out giving the states extra funding to help with health and education. It is now expected Turnbull will provide some pre-election sweetener.

With his credibility already low, Morrison did himself no good when he grabbed a report on abolishing negative gearing on established dwellings done by BIS Shrapnel, which he described as “a very damning ... indictment on Labor’s policy”. The report predicted a rise in rents, a fall in new home building, and GDP shrinking by \$19 billion a year on average.

The work had different assumptions from the ALP policy, pre-dated Labor’s plan, and was prepared for a client BIS Shrapnel refused to identify. It contained an embarrassing error in one of its figures.

The report’s methodology and estimates have also come under fire, in a critique from Grattan Institute’s chief executive John Daley and Danielle Wood, a fellow at the Institute. And they condemn the fact a report “that would flunk any first year economics course has been allowed a serious voice in the public debate”.

The concern “goes beyond the claims of this nonsense-on-stilts report”, they argue, to the prominence received by “independent” reports produced to advance vested interests' causes. “No matter how outlandish their claims or how obscure their provenance, the media report them and politicians quote them. The public, confused or frightened by the numbers, forms the view that policy change is simply too risky”.

The message should at least be absorbed by the media, especially as the election approaches. It is not much good appealing to the politicians to exercise restraint. Scaring people is precisely what the government seeks to do in the negative gearing debate. But the rapid discrediting of the Shrapnel report meant Shorten and Shadow Treasurer Chris Bowen were able to push back with some authority.

As the contest about tax intensifies, the contrast is notable between the performances of Morrison and Bowen.

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Morrison has been at odds with his leader; he has been forced back from bold ambitions to modest measures yet to be landed. Bowen has spearheaded robust policies that put the opposition on the front foot in the debate when the government still has nothing on offer. In the House of Representatives he and others have cornered the government with tight questions. Outside Parliament, Bowen is quick to have press releases out to counter claims about Labor's policy.

But the debate will get tougher - Shorten can be thankful his shadow treasurer is good for a lot of heavy lifting. If Turnbull's treasurer was performing as competently as his "shadow", the Prime Minister might be better placed on the tax front.

Meanwhile there has been an interesting development for the double dissolution watchers. The list of bills the government wants passed in the last week of this session, commencing March 15, does not include the much talked about Australian Building and Construction Commission legislation. The Greens have agreed to extended hours that week to get Senate voting changes through, but not to deal with the ABCC. In public comments the government has repeatedly linked the ABCC legislation to the threat of a double dissolution election. Its exclusion from the priority list would weaken the case if the government wanted to include it as a "trigger" on the grounds it had "failed to pass".

But if Turnbull decides to use the brand new voting system to quickly clean out the Senate crossbenchers, he has "trigger" legislation regardless of the ABCC.

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