

Turnbull to Labor: pass our \$6 billion savings bill

Written by Michelle Grattan, Professorial Fellow, University of Canberra

The government will test Labor's bona fides early in the new Parliament with an "omnibus bill" containing more than \$6 billion in savings that it says the ALP flagged at the election it would support.

In his first major economic address since the July 2 poll, Turnbull on Wednesday will say the budget bottom line Labor outlined in the campaign relied on more than \$6 billion in Coalition savings it had not reversed, including \$3 billion in measures it had previously opposed.

This was after earlier "backflips" on the pension assets test (\$3.6 billion) and the schoolkids bonus (\$4.5 billion), the Prime Minister says in his speech to CEDA, an extract of which has been released.

The government will take Bill Shorten up on his commitment to be constructive and positive, Turnbull says. "We are ready to reach across the aisle. But Labor must be prepared to bring an open mind and some fiscal rationality to any discussions, as well as a commitment to support spending reductions they have already said they will back."

Turnbull paints a grim picture of the challenges and dangers ahead, warning that if "we falter in our plan to transition the economy, there is a real risk of Australia falling off the back of the pack of leading economies".

The global economy is "perhaps more fragile than at any time since the financial crisis," he says. "Growth is slowing across the international economy, and uncertainty is rising. Protectionism and inward-looking policies are starting to gain a foothold."

Political divisions in advanced economies are "feeding on a sense of disenfranchisement among many people who feel the rapid economic changes of our time have left them behind," Turnbull says.

"Political responses to this mood of disaffection can have the potential to destabilise global

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growth, perhaps even reversing some of the spectacular gains we have made over recent decades through open markets and free trade.”

Turnbull says that everything the Coalition does aims at “powering economic growth”.

“We cannot assume that the rising tide of economic growth will lift all boats – we have to make sure that it does. We don’t do this with populist politics that denies reality – hiding under the doona hoping the real world will go away.”

He says he and his ministers are engaging with all the Senate crossbenchers to seek support for a responsible policy approach.

“This is not and should not be about ideology,” he says. “The critical test is not whether you say you believe in a balanced budget, or more investment and more and better paid jobs, or whether you believe in guaranteed funding for health and education, but whether you are prepared to support the measures that will deliver those goals.

“Nobody should underestimate the importance of this moment as a test of the capacity of our political system to make the right calls on the nation’s behalf,” Turnbull says.

He points to the rating agencies’ “unambiguous signals” that much has to be done on budget repair. If tough choices are not made now, future generations would pay in higher tax, diminished services and lower living standards than they would otherwise have enjoyed.

“The time for posturing is over. The reform challenges for Australia are significant. This is not a time for rigid ideology. The onus is on Labor, like everybody else, to revisit and review antiquated policies that represent a roadblock to reform.”

Turnbull defends the business tax cuts the government promised at the election as “the right policy response for the conditions we face” – although the Senate appears unlikely to pass the

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cuts in full.

Promising to work constructively and cooperatively with the new parliament, Turnbull says that “I will be asking for a commitment in return. I will be asking the parliament to face up to the fact that Australia’s future is and can only be one of confident engagement in the global economy”.

Turnbull reaffirms that the government will reintroduce the double dissolution bills, to bring back the Australian Building and Construction Commission (ABCC) and toughen trade union governance, as soon as parliament returns. Tuesday’s Essential poll found 32% supported re-establishing the ABCC and 18% opposed. Asked how important it was to bring back the ABCC compared to other issues the government faced, 35% said it was important while 40% said it was not important.

Postscript

As Turnbull appeals for bipartisanship on the economy in the new parliament, Labor and the government are already scrapping over “pairs”. By convention a pair is extended by one side when someone from the other side is absent from a vote because of other commitments, illness and the like, so the balance of numbers is not altered.

In this parliament the government is particularly anxious to get pairing in the House of Representatives because it has only a one seat majority. But manager of opposition business Tony Burke on Tuesday told the ABC that Turnbull had said the government had a working majority “and so we’ll hold him to his word”. Leader of the House Christopher Pyre accused Labor of “immaturity”. In the 2010-13 hung parliament, the Coalition at times played hardball over pairing.

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