

Grattan on Friday: The 'omnibus' puts government in a tangle and Xenophon in a jam

Written by Michelle Grattan, Professorial Fellow, University of Canberra

The trenchant stand that Nick Xenophon – who is usually a compromiser – and his team took this week against the omnibus bill, which combines childcare reform and savings in family and other payments, saw a disconcerted government resort to a risky tactic.

It threatened taxes could have to rise if adequate savings couldn't be found to fund the National Disability Insurance Scheme (NDIS) and other spending. This let loose hares that ran out of the government's control.

While declaring the government didn't want to go down this path, Finance Minister Mathias Cormann said that without the required savings "there comes a day when the only way you can repair the budget is through tax increases".

The threat, also coming from Treasurer Scott Morrison, cut across what has been a core message – that the government stands against tax increases.

There are two points to be made. The threat can be seen as a statement of the obvious if the budget is to be returned to balance. And anyway, the government hasn't lived by its own stated position – indeed its first (2014) budget increased income tax on high earners.

But this week's general threat sent confusing signals, raised the spectre of disunity among ministers, and publicly overshadowed the Coalition's concentration on the energy security issue.

On Thursday the threat became specific when the Australian Financial Review [reported](#) that the government was "planning a crackdown on capital gains tax concessions for property investors" – a narrower version of a policy Labor proposed, and the government opposed, at the election.

Cormann and Malcolm Turnbull had to try to trap this particular hare – although Turnbull, under sustained questioning in parliament, took a long time to do it, finally saying the government had "no intention or plan to change capital gains tax".

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On Thursday evening Turnbull got to where the government should have been all along. Asked on Sky about tax rises he said: "I am not going to get into a hypothetical discussion about what might happen if something doesn't occur".

Rightly or wrongly, the finger was being pointed at Morrison or his office for putting the capital gains option into the public arena.

Some of the colleagues are once again looking askance at Morrison.

He was the originator of [the idea of "hypothecating"](#) several billion dollars in omnibus bill savings for the NDIS. Morrison thought that would be an incentive to help muster crossbench support for the bill – but it had the opposite effect, triggering a big backlash including from the Nick Xenophon Team (NXT), which hadn't yet announced its opposition to the bill although it was heading in that direction.

The Prime Minister's Office had cautioned against announcing the hypothecation just now – the bill is a long way from a vote – but Morrison was gung ho.

Last week saw Morrison's amazing coal stunt, when he took a lump of the stuff into the House of Representatives chamber. Turnbull was unimpressed. But Morrison has had no visible regrets about his gesture to put coal "back on the table".

"Look ... sometimes you've got to do something like that to get some attention onto the issue," he told 2GB's Ray Hadley. One media outlet this week had on social media a picture of the lump on display in Morrison's office.

Meanwhile, after his "Bill-and-the-billionaires" speech of last week, Turnbull this week kept up the personal attack on Shorten, at one point accusing him of making a "snivelling personal explanation ... almost bursting into tears that the mean people on the government side had said nasty things about him".

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This abuse has gone down a treat with government MPs; the next Newspoll will be an indication of the impact on the public.

For Xenophon, the past few days have brought home just how difficult things can become when you hold a great deal of crossbench power.

Xenophon has shown himself over many years to be an extremely canny politician, adroit at political positioning. He has the knack of tapping into the public pulse, and then getting maximum publicity for his response.

But with the NXT crucial to the passage of government bills that are contested by Labor and the Greens, there is also the obligation to take into account wider issues, at the moment most notably repair of a budget that is in very poor shape.

The omnibus bill had the NXT caught every which way. Parents (and the NXT) want the reformed childcare system, and the budget desperately needs savings. But hard-pressed families don't want to be hit by the shaving of family tax benefits, cutbacks to paid parental leave, or various other tough measures in the bill.

Xenophon is seeking to counter criticism by suggesting alternative savings should be found, for example, in curbing waste in defence, and a small increase in the Medicare levy on high income earners to help with the NDIS.

His opposition to the bill unleashed a huge attack from News Corp media, with the Daily Telegraph labelling him, on its front page under the heading NICK OFF, "a self-absorbed politician from a backwater town called Adelaide" who "stands accused of seriously damaging the nation's prosperity with a campaign against the federal government bordering on fiscal sabotage".

Though a seasoned player, Xenophon seemed shocked and rather shaken by the ferocity of the coverage.

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Unlike in the last parliament when Xenophon could decide alone, he now has three colleagues. There have been suggestions of differences of view within the NXT; he says their approach is one of reaching “consensus”.

Despite the NXT's “no” to the omnibus bill, Xenophon still appears to hanker for a compromise – beyond the minor savings the NXT has flagged it can accept in the wide-ranging bill.

He seems uncomfortable with where things are at the moment. “The omnibus needs to be parked for a while,” he said. He didn't say it should be sent to the wreckers.

Michelle Grattan does not work for, consult, own shares in or receive funding from any company or organisation that would benefit from this article, and has disclosed no relevant affiliations beyond the academic appointment above.

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