

Expect 2018 to be a year of rewards : Prime Minister Turnbull

Written by Michelle Grattan, Professorial Fellow, University of Canberra

Prime Minister Malcolm Turnbull will hold out the prospect of 2018 as a year of “rewards” after 2016 and 2017 were “the years of reform”, in a scene-setting speech delivered in the regional Queensland city of Toowoomba on Thursday.

Two days after Opposition leader Bill Shorten focused on cost of living pressures, flat wages and rising health insurance costs, Turnbull’s pitch will be that dividends will start to flow from government policy.

“In 2018 lower tax rates kick in for businesses with a turnover up to \$50 million; genuine needs-based funding begins for our schools; childcare will be more affordable for low income families from July; and we will continue to put downward pressure on energy prices”, he will say.

Without spelling out the timing, Turnbull will say the government’s “next tax priority is further tax relief for middle income earners” - while not compromising a return to budget surplus in 2020-21. “The stronger the budget becomes, the more we will be able to give back to hard-working Australians”.

On wages, which Shorten committed to lifting, the Prime Minister will say: “Let’s be very clear about this – the laws of supply and demand have not been suspended, wages growth will come because a stronger economy results in more investment, more jobs and more intense competition for workers.”

On Wednesday Labor’s workplace relations spokesman Brendan O’Connor said on Sky that one option Labor was looking at was making the minimum wage a certain percentage of the medium wage. But later Labor sources played down his comment, discounting the prospect of the ALP adopting that course. The government is stressing the Turnbull speech is a restatement of its economic plan, not an attempt at a reset. It comes as the economic indicators have recently been encouraging.

Turnbull will say: “2016 and 2017 were the years of reform; this is the year we really start to see the rewards of that hard work.

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"We are starting to see what happens when government policies are all pulling in the same direction – to build a strong and resilient economy that gives every Australian the opportunity to pursue their dreams.

"Business and consumer confidence are both up, and there has been more investment and record jobs growth.

"We are seeing growth, investment and employment right across our country – not just in the big cities."

Turnbull will link a stronger economy to a greater ability to pay for the services people expect.

"The right mix of policies, combined with our commitment to budget repair that will return the budget to balance in 2020-21, means our economy is much stronger. And that means we can pay for the services that Australians expect.

"Put simply, a strong economy means better schools, better hospitals and better essential services that Australians use each and every day.

"We know that our plan is delivering for Australians. The challenge now is to stay the course and follow through in 2018 and beyond."

Turnbull will reaffirm that when Parliament returns next week the government will press its legislation to reduce company tax to 25% for businesses with turnovers above \$50 million. So far the Senate has only been willing to pass cuts for small and medium sized businesses.

"With the US cutting company tax to 21% the need to remain competitive is more intense than ever. We know that if you reduce business tax you get more investment and if you get more investment, you get more and better paid jobs. Don't take my word for it – the IMF just lifted global growth forecasts off the back of the Trump tax cuts", he will say.

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[http://www.abc.net.au/news/2017-12-14/turnbull-expects-2018-to-be-a-year-of-rewards/9188120](#)