

## Labor would deliver bigger surpluses than the Coalition: Bowen

Written by Michelle Grattan, Professorial Fellow, University of Canberra

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Shadow treasurer Chris Bowen on Wednesday will promise a Labor government would deliver bigger cumulative budget surpluses than the government over the forward estimates and substantially bigger surpluses over a decade.

Outlining the fiscal parameters the opposition will take to the election, Bowen will repeat that the ALP would achieve budget balance in the same year as the government – 2019-20.

He will also undertake that the majority of the savings raised from the ALP's revenue measures over a decade would go to budget repair and paying off debt.

Bowen will insert a qualifier, saying that the pledges are on the basis of the budget figures released last week. If the government announced "a new secret policy that is fundamentally unfair and is an attack on working people, then we reserve the right to address that".

Detailed figures of the full impact of Labor policies would be announced before the election, "but we are announcing today that the net result of those policies will be a better budget bottom line in the short term and bigger surpluses in the long term," Bowen will tell the National Press Club.

He will also say that until a Labor government achieved a strong surplus it would be guided by the principles of

... repairing in the budget in a way that was fair, and did not place the heaviest burden on the vulnerable;

... more than offsetting new spending with savings and revenue measures;

... putting to the budget bottom line any positive changes in revenue and spending that resulted from economic changes.

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Bowen will attack the government for not budgeting for larger surpluses.

“The whiff of a surplus, not reaching at least 1% of GDP until 2026-27, does not adequately protect Australia against the potential roiling seas of international uncertainty. Australia needs bigger surpluses, sooner than the government is scheduling,” he will say.

“We can’t afford to let the next four years go to waste in the efforts for a healthier, safer budget surplus”. He will point to the Coalition’s 2013 commitment to a surplus of at least 1% of GDP by 2023-24, criticising the the government for its having “watered down their fiscal rigour with regular monotony”.

Bowen will also emphasise the long term risks of the government’s seven year tax package.

“The government has the most expensive and growing component of their tax package coming in in six years’ time, based on the assumption the good times roll on for another decade.” This was “a budget that bakes in future tax cuts in six years’ time worth tens of billions of dollars, when the revenue may not turn up to fund them”.

Bowen will say that by making a series of tough decisions on revenue measures as well as opposing the corporate tax cuts, Labor is setting out to deal faster than the government with debt and deficit and to fund policies that are important for economic growth, including investment in education.

He will also announce a panel to review Labor’s costings, which have been done by the Parliamentary Budget Office. Its members are Bob Officer, emeritus professor at Melbourne University; Mike Keating, former head of the finance and prime minister’s departments, and James Mackenzie, a fellow of the Institute of Chartered Accountants and the Institute of Company Directors. These three undertook a similar task before the 2016 election.

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

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