

Turnbull cremates big business tax cuts after Senate kills them

Written by Michelle Grattan, Professorial Fellow, University of Canberra

The government has dropped its commitment to tax cuts for big businesses, after the legislation was defeated in the Senate on Wednesday.

Malcolm Turnbull said that instead, the government would consider how it could enhance its existing program of tax cuts for small and medium businesses, perhaps bringing forward these, although he gave no detail.

At a joint news conference with Treasurer Scott Morrison and Finance Minister Mathias Cormann, Turnbull announced the much-anticipated abandonment of the corporate tax cuts soon after Peter Dutton, who is spelling out a number of his policy positions, said they should not be taken to the election.

Turnbull said: “we have to recognise in all of this the iron laws of arithmetic.”

The government is also dropping its attempt to scrap the energy supplement for new welfare entrants.

The policy dates from 2016 when it was estimated to save \$1.4 billion over five years. The commitment to the repeal was confirmed this year. But the measure can't be passed through the Senate.

The supplement was originally compensation for the Labor carbon tax. It is worth \$14.10 for a couple and \$10.60 for a single.

Turnbull said the funding had already been covered in the contingency reserve so there would be no adverse impact on the budget.

On Dutton's proposal to take the GST off electricity bills, Morrison said this would cost \$7.5

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billion over four years.

“That would be a Budget blower, an absolute Budget blower”, Morrison said.

Asked about Dutton continuing to pursue his job, Turnbull said: “Well, we had a ballot earlier this week ... The iron laws of arithmetic confirmed my leadership of the Liberal party”.

He said he had had discussions with the multiple frontbenchers who had offered to resign after supporting Dutton in Tuesday’s ballot: “Look, what I’m endeavouring to do is to obviously ensure that the party is stable, to maintain the stability of the government of Australia. That’s critically important.

“The cabinet ministers, apart from Peter Dutton, of course, who came to me and told me that they had voted for Mr Dutton in the leadership ballot, have given me unequivocal assurances of continuing loyalty and support.”

When Cormann was asked to rule out shifting support to Dutton, he said he supported Turnbull and “you’re asking me a hypothetical.” Pressed, he said he would continue to serve Turnbull “loyally into the future.”

If Cormann shifted support, it would bring a quick end to Turnbull’s position.

On Tuesday Cormann said, “I disagree with my good friend Peter Dutton. I support Prime Minister Turnbull. I’ve supported him loyally since he was elected leader in September 2015 and I will support him loyally as his representative in this chamber until the next election and - subject to the will of the Australian people - hopefully beyond.”

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 their academic appointment.

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