

Bowen carries baggage into Labor leadership contest

Written by Michelle Grattan, Professorial Fellow, University of Canberra

Shadow treasurer Chris Bowen is running for Labor leader, despite carrying the baggage of being the architect of election policies, especially on franking credits, now being blamed after Saturday's rout.

As they fight for the job of opposition leader, Bowen and Anthony Albanese are both putting economic growth at the centre of their campaigns.

This is a recognition that Labor did not meet the government's argument about the importance of economic management.

On franking credits, however, Bowen is defensive, while Albanese has been very willing to acknowledge the proposed crackdown on cash refunds was a problem.

Bowen stood in front of the house in which he was brought up in Sydney's suburb of Smithfield to announce his candidacy on Tuesday.

"I think that the party deserves choice. It deserves to hear competing ideas. I think it would be wrong of me not to provide that choice," he said.

But he admitted Albanese is favourite. The Albanese camp is confident, and surprised Bowen is running.

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Bowen, from the right, said he believed in economic growth and in “reconnecting with the suburbs like this and the regions. I believe in connecting with people from all walks of life”.

He quickly went to the issue of franking credits, which he described as “the elephant in the room”.

“Some say Labor lost the election because of franking credits, which is a policy that I designed.

“I designed it to invest more in schools and hospitals [...] We lost this election for a whole range of reasons - some of probably we haven’t yet determined.

“Franking credits was a controversial policy. A controversial policy, for which, no doubt, we lost some votes. But I don’t accept that it is why we lost the election in entirety.”

The leadership will be decided by ballots of the party membership and the caucus, with a 50-50 weighting.

Bowen said he would not be a candidate for deputy if he lost. He was not running on a ticket. But if he won, he would expect the deputy would come from the left. He said if Tanya Plibersek did not want to remain in the post, possible candidates might be Linda Burney or Mark Butler.

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Albanese, from the left, said he “wouldn’t expect that there would be a massive chasm between my ideological position and Chris Bowen’s [...] and I don’t think we should try to create false

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distinctions where they're not there".

When he launched his campaign on Sunday, Albanese said Labor had to show it cared not just about the distribution of wealth but also "about the creation of wealth".

He has also said the franking issue "was very difficult for us" – it "impacted on people's hip pockets and some of those of course weren't very wealthy people". While he represents an inner city electorate in Sydney, Albanese is selling himself as able to relate to a wide range of people, as well as having held a number of portfolios in government. He was briefly deputy prime minister.

At his news conference following Bowen's, Albanese said he liked engaging people, whether at the footy ground, in boardrooms, in workplaces, at the local school, at the local pub.

He said he believed in markets, but also in government intervention "because markets don't have a conscience".

Albanese ran for leader after the 2013 defeat against Bill Shorten – he won the membership ballot, but lost after his lead was negated by the caucus ballot.

He said he was "very pleased with the level of support that I've received up to this point from caucus members and that is certainly not confined to the left. It goes across the factions, across the states".

Finance spokesman Jim Chalmers, who indicated on Monday he was considering running, is unlikely to do so, given Bowen's bid.

If Albanese became leader, Chalmers might win the deputy position, which is elected by caucus. He would have choice of portfolio and might choose shadow treasurer, pushing Bowen out of that post.

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Delay on tax cut for some taxpayers

Delivery of the budget tax cut will be delayed for some people because the parliament can't meet before June 30 to pass the needed legislation.

Scott Morrison finally admitted in a Monday night Sky interview that there wouldn't be enough time after the writs were returned – on Friday June 28 – to bring the parliament back before the end of the financial year. It is not known when the parliament will meet.

It was made clear by officials during the election campaign that legislation would be needed before the cuts were paid, but Morrison tried to suggest it could be done administratively.

Treasurer Josh Frydenberg said on Tuesday the legislation would be a first priority for the new parliament. The administrative turnaround by the Tax Office would then be quick.

What this means is that people who put in their return early would not get all the promised offset of up to \$1,080 for low and middle income earners immediately. Half, dating from last year's budget, would come at once. The rest would wait upon the legislation. But it would be paid automatically when the bill was passed, without the need for people to submit a second return. Many people do not put their tax returns in until later in the financial year so would not be affected.

Frydenberg said reports of a delay of up to a year were wrong. But he dodged being pinned down to how long the delay would be.

The government will put its whole tax package to the parliament, which includes later cuts favouring high income earners. But if the Senate resists, the government would almost certainly

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have to split the bill so it could keep faith with its core election commitment of delivering immediate tax relief.

Shadow treasurer Chris Bowen accused Morrison of lying during the campaign by suggesting the tax relief could be delivered administratively.

In a Tuesday speech, Reserve Bank Governor Philip Lowe highlighted the tax relief as providing a boost to household disposable income.

“Over the past year, tax paid by households increased at a much faster rate than did income; almost 10%, compared with 3¼% – that is a big difference and it is unusual,” he said.

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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