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Labor's Budget - Insincere, Meaningless Language and Empty Rhetoric.

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Mr MORRIS (Mornington) (12:09:46) — Indeed, I think there is probably one sentiment in the previous speech that I would agree with, and that is, this is a typical Labor budget.

It is a budget that is all headlines and no substance. It is a budget that is riddled with what I consider to be heroic assumptions, and assumptions that are entirely out of sync with the forecasts of credible economists. It is a budget intended to create a false picture of economic growth and a false picture of responsible financial management, but in fact nothing could be further from the truth once you look beneath the cover.

As we have come to expect from this government, the reality of the budget that was presented to the house does not in any way reflect the Treasurer's rhetoric, if indeed rhetoric it was. The usual definition of rhetoric is 'effective or persuasive'. In fact the Treasurer's speech was neither. Rather it probably reflected better the second definition of rhetoric, 'language insincere or meaningless'.

The example in the Oxford English Dictionary compact edition was particularly apt, 'I was sick of empty rhetoric'. That is exactly what we have come to expect from this Treasurer. That is exactly what we have come to expect from this government — insincere, meaningless language and empty rhetoric.

That is no surprise to anyone on this side of the house nor, I am sure, is it a surprise to many Victorians, because after all this is the government that said the east-west link contract was not worth the paper it was written on. So far tearing up that contract has cost Victorian taxpayers \$1.3 billion and counting.

This is the government that told us that the West Gate distributor was shovel-ready and would cost the state \$500 million. Three and a half years after election day the project has barely started, and the cost has grown from \$500 million to an eye-watering \$6.7 billion — more than 13 times what we were told it would cost in 2014.

Then of course there is the level crossing removal program. In Labor's words, it was a plan to remove the 50 most dangerous and congested level crossings — we have heard that again and again — at a total cost of between \$5 billion and \$6 billion. Of course the Auditor-General had a look at this one.

The project started early in 2015 yet the business case was not finalised until April 2017 —

two years into the project. Interestingly the Victorian Auditor-General's Office (VAGO) report tells us that four sites that the government claims are part of this scheme — the crossings at Blackburn Road, Main Road, Burke Road and North Road — did have completed business cases. Perhaps they had completed business cases because they were in fact funded by the coalition government, planned by the coalition government and commenced under the coalition government.

By the end of 2017 this supposed \$5 billion to \$6 billion project was set to cost \$8.3 billion, which according to VAGO was a blowout of more than 38 per cent.

Then of course remember the claims about these being the most 50 congested and dangerous level crossings. It turns out that is not true either.

All you need to do is look at the report to see that there are number of crossings identified that are way down the Australian level crossing assessment model (ALCAM) list and indeed one that is very high on the ALCAM list — the Union Road, Surrey Hills, crossing — simply does not appear in the report.

Finally, on the question of credibility, who can forget the promises that were made in 2014, in fact by the minister at the table, the Attorney-General, to increase scrutiny of the estimates process and to improve the operation of the estimates process, which Labor claimed was in drastic need of repair. There is some flowery language in the media release that I was going to quote, but I think time will probably prevent me from doing so.

But let us not forget the context in which the commitment to apparent reform was made. In the 57th Parliament the budget was brought down on a Tuesday in each of the four consecutive years. The opposition response was scheduled for the following Thursday. Then the Parliament adjourned for two weeks to allow the Public Accounts and Estimates Committee do its work, and then the budget was debated.

What have Labor done to allow this Parliament to — in their words — hold the government to account? They decided that the appropriate course of action was to bring down the budget and then send the Parliament home. A week after that the opposition was allowed to respond, and a week after that the public hearings begin.

Instead of the committee being able to sit down with the Treasurer within a matter of days of the budget being brought down and instead of the committee being able to provide advice to the house before the budget bills are considered, the Public Accounts and Estimates Committee now gets to question the Treasurer 14 days after the budget has been brought down and indeed four or five days after the house has considered and voted on the budget.

So by the time the committee report actually comes back to this house the budget is just a distant memory. I guess that is holding the government to account Labor style: manipulate the sitting schedule and effectively eliminate any scrutiny whatsoever.

But that is Labor; that is this budget — insincere, meaningless language and empty rhetoric.

One of the most critical factors in the preparation of any budget are the anticipated economic outcomes. It is worth remembering that under the Liberals and Nationals between 2010 and 2014 more jobs were created in Victoria than in any other state in Australia.

Unfortunately under this government the situation is very different. We have got more than 180 000 Victorians unemployed. The unemployment rate seems to be stuck at 5.7 per cent, while the national figure is 5.5 per cent. But if we look at perhaps our biggest competitor and certainly our closest neighbour, New South Wales, they are at 4.8 per cent.

If we are not performing well compared with New South Wales, how are we performing compared with the rest of the world? Unfortunately the answer is: not particularly well. According to the budget papers, in the year to September 2017 the state's population grew by 2.4 per cent. The forecast for the coming financial year anticipates growth of 2.2 per cent — so down a little, but still a very high figure.

It is instructive to compare the experience in Victoria with that in the United States. In the year to 1 May 2018 the US population grew from 325.3 million persons to 327.6 million persons; that is an increase of 0.7 per cent. Indeed the government's own budget papers contain an International Monetary Fund forecast for the United States in this calendar year of economic growth of 2.9 per cent.

So the population of the United States increased by a mere 0.7 per cent, but the economy is expected to grow by 2.9 per cent. In this state the population will grow more than three times as fast, at a rate of 2.2 per cent, yet our economic growth is in fact going to be less.

It does seem to me that there is something seriously wrong with this government's economic management. There is something seriously wrong in the failure of this government to take advantage of the opportunities that should come with population growth. Their failure to capitalise on those opportunities will cost Victorians dearly, because that failure adds directly to the taxation burden for every man, woman and child in this state.

The government has also been a beneficiary of an enormous windfall from our state's share of GST. If we look at the four financial years in the 57th Parliament, receipts totalled \$44.86 billion.

In the four financial years of this Parliament the state coffers will receive a total \$55.867 billion — so \$11 000 000 000 more in GST receipts in this period to deliver initiatives and to build infrastructure.

But despite that massive windfall, and despite the Premier's solemn promise and indeed now infamous promise to Channel 7's Peter Mitchell that there would be no new taxes, we now have 12 new taxes on the statute books. I will not go through them; I know many people on this side of the house have listed them.

The bottom line is that Victoria now has the dubious distinction of being the highest-taxing state in the federation. In Tasmania, Queensland and Western Australia the rate is just 4 per cent; in South Australia it is 4.7 per cent and in New South Wales it is 5.2 per cent. You cannot claim to be managing the economy well — you cannot claim to be making the most of the economic opportunities that are presenting themselves — when you are the highest taxing state in the federation; you simply cannot sensibly make that claim.

We are a geographically compact state and we have — or we at least should have — some advantage when it comes to delivering services efficiently. In other words it should be less expensive to deliver services in Victoria, but somehow under this government it costs more.

We also have a government whose energy policies have driven up electricity prices and gas

prices. They have sat by and watched as water prices have moved up. They have made it just that much harder for households across the state to pay their bills. The refusal of the government to consider the impact of its taxing decisions has a direct impact on the cost of living in this state; the fire services property levy is an excellent example of that. With typical Labor sleight of hand the government has capped the levy until after the budget and until after the election, but then all bets are off.

Across the forward estimates the levy will jump by \$96 million a year and indeed an extra \$230 million will be collected between now and June 2022 simply to appease the United Firefighters Union. What is fair about that?

The second tax is the growth areas infrastructure contribution (GAIC) charge. I understand the justification for it, but whether you like it or not, the charge is effectively a tax on homebuyers, and very often it is a tax on first home buyers because it is a tax that is passed on directly and finds its way into the final cost of land on the urban fringe. No matter what the money is used for, it is a direct cost to homebuyers and it is a direct cost to housing affordability.

This year the budget forecasts \$238 million will be raised, over the forward estimates the tax amounts to a total of \$1.149 billion. The Minister for Planning in *The Australian* yesterday defended the levy, and he was reported as saying that the government has committed to spend \$205 million across the forward estimates. I would say, 'Big deal'. That is a \$944 million spread. If you take in \$1.149 billion and you spend \$205 million, you are \$944 million better off.

Then there is our old friend, stamp duty. In 2014–15 the budget anticipated stamp duty receipts at \$4.4 billion. In the coming financial year the government expects to raise \$7 billion, rising to \$7.77 billion across the forward estimates, so since 2014–15 stamp duty receipts have soared by 75 per cent. Every single one of those taxes — the energy taxes, the fire services property levy, the GAIC and stamp duty — add to the burden of the cost of living. They make it more expensive to live in our state.

Perhaps the biggest rip-off of all, particularly given the Treasurer's protestations about cutting business costs, are the government's plans for payroll tax. Payroll tax is a necessary evil, and I think every member of the house — or at least every responsible member — would acknowledge that. But it is also a direct tax on employment, and as I said earlier we can certainly do a lot better when it comes to employment.

This year the payroll tax take amounts to \$5.951 billion. In the year ahead, despite the Treasurer's claims that he is cutting payroll tax, he will actually collect an additional \$242 million in payroll tax, and across the forward estimates the payroll tax take jumps by almost \$3 billion — \$2.991 billion, to be precise. That is not a tax cut, Treasurer. Victorian families are struggling to pay their weekly bills, yet the government refuses to consider any serious tax relief.

In the minute remaining, with regard to the Mornington electorate the story is pretty simple. There is no new money for any project apart from some very minor sewer upgrades to be undertaken by the water authority. There is no money for school upgrades, no money for road upgrades and no money to deal with congestion problems — and we do have them on the metropolitan fringe. There is no money for public transport upgrades and no money for any environmental initiatives — not a cent for the Mornington electorate and virtually no money for the Mornington Peninsula itself.

This is a budget that is built on a series of dubious economic assumptions, it is a budget that fails to deliver any real economic growth and it is a budget in which debt soars, taxes go through the roof and we maintain our position as the highest taxing state in the nation. It contains no initiatives to tackle the cost of living pressures facing Victorian families, and it is a budget that fails to deliver for the people of this state.