

2017 Federal Budget in Reply

May 2017

On Thursday 11 May Federal Opposition Leader the Hon Bill Shorten MP delivered the 2017 Federal Budget in Reply.

In his Budget in Reply, Mr Shorten outlined Labor’s commitment to fully funding the Gonski schooling reforms; Medicare funding; stricter regulation on multinational tax avoidance; fully funding the National Disability Insurance Scheme; and the establishment of a banking royal commission.

The Opposition Leader said that Labor would invest in schools, infrastructure and health in order to drive long-term economic growth.

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Taxation

Labor announced that they would support the Government’s 0.5 per cent increase in the Medicare Levy, adjusting the increase to only affect those in the two highest income tax brackets; those earning more than \$87,000. Policy costings for the Levy’s increase from the independent Parliament Budget Office show that the adjusted increase will deliver more revenue than the Government over the medium term.

Mr Shorten announced that Labor would oppose the cancelling of the deficit levy of 2% on personal incomes over \$180,000. This measure was announced in the 2014 Federal Budget. Opposing the cancelling of this measure will save \$19.4 billion over the forward estimates.



Under a Shorten Labor Government, a cap would be introduced on the amount individuals can deduct for the management of their tax affairs at \$3000. This measure will affect fewer than one in 100 taxpayers, and will save the budget \$1.3 billion over four years. Labor also announced a new set of laws to target those who aggressively minimise their tax.

Labor announced it would tackle profit-shifting multinationals by closing loopholes in this area, delivering an additional \$5.4 billion to the budget bottom line over the decade. Also announced was Labor's support for the public release of country-by-country reportage, detailing high-level tax information regarding where and how much tax was paid by large corporations.

The Opposition Leader upheld Labor's opposition to the Government's company tax cuts, providing \$65.4 billion worth of savings over a decade.

Education and training

Labor announced it would restore the \$22 billion in school education funding removed from the Budget by the Coalition, committing to the full funding of the Gillard Government's Gonski school funding model. Mr Shorten outlined his commitment to oppose the Government's recently-announced school funding package.

Labor announced it would reverse the government's \$600 million in cuts to TAFE and training contained in the Budget. The Opposition Leader announced the establishment of the \$100 million *Building TAFE for the Future Fund* to renovate classrooms, workshops, kitchens and agriculture science centres. These rebuilding works will occur first in areas of high youth unemployment. Mr Shorten announced a commitment that a Labor Government will allocate 2 out of every 3 dollars raised of public vocational education funding to TAFE.

Jobs

The Opposition Leader announced Labor's intention to establish the 'one out of ten rule', whereby one in ten workers employed in the building of major infrastructure will be Australia apprentices. This rule would also be imposed on Government-Businesses Enterprises including the National Broadband Network; Defence Procurement; and the Australian Rail Track Corporation. Mr Shorten announced that Labor will work with government departments to improve apprentice and trainee recruitment, whilst expanding pre-apprenticeship programs and boosting advanced entry apprenticeships.

Also announced was the doubling of the number of Aboriginal and Torres Strait Islander Rangers.

Infrastructure

Mr Shorten outlined Labor's commitment to the following major projects:

- Cross-River Rail in Brisbane;
- Western Sydney Rail Link;
- Melbourne Metro;

- ADELINK; and
- Perth METRONET.

Health

The Opposition Leader affirmed Labor's commitment to a strong and accessible public health system. Labor stated it would immediately cease the Medicare rebate freeze, rather than waiting until 2020 to do so as announced by the Coalition.

Universities

The Opposition Leader announced Labor's intention to oppose the Government's announced reforms to the tertiary education sector. These include the reduction in Commonwealth funding for tertiary degrees from 60 per cent to 55 per cent; the lowering of HECS repayment income threshold; and the efficiency dividend imposed on universities.

Banking

Mr Shorten confirmed Labor's support for the Government's announced bank levy, raising \$6.2 billion over four years. The Opposition Leader stated that the costs of the levy should not be passed on to consumers through higher fees or interest rates.

The Opposition Leader affirmed Labor's support for a royal commission into banking misconduct as the only proper mechanism to examine the high levels of market power enjoyed by the big banks.

Housing affordability

Mr Shorten announced Labor's opposition to the Government's plan to allow first-home buyers to use up to \$30,000 of voluntary superannuation contributions to place a deposit on a house or apartment, stating that the scheme will only add to demand for housing, placing upward pressure on housing affordability.

Labor affirmed its intention to reform negative gearing and abolish the Capital Gains Tax discount. Mr Shorten announced that Labor's policies to boost housing supply will deliver the construction of 55,000 new homes over 3 year, creating 25,000 new jobs each year.

Labor committed to additional public housing construction, including for women and children fleeing family violence.



Savings

The Opposition Leader announced \$1 billion worth of savings that would occur under a Shorten Labor Government. These include:

- Not proceeding with \$162 million in funding to execute the Trans-Pacific Partnership;
- Not proceeding with new Government advertising in several portfolio areas;
- Abolishing the Regional Investment Corporation;
- Not supporting the Government's First Home Super Saver Scheme; and
- Not proceeding with the National Partnership on Regulatory Reform.

Labor's policy priorities

- A commitment to addressing climate change through an Emissions Trading Scheme
- A commitment to investing in renewable energy to ensure the long-term energy security of the nation
- A commitment to equal pay for women
- A commitment to legislating for same sex marriage in the Parliament
- A commitment to closing the justice gap for Aboriginal and Torres Strait Islander Australians

Further information

For more information, please contact your Hawker Britton consultant [Simon Banks](#) on +61 419 638 587.

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