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Daily Media Overview



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Page 1 of 2

[back](#)

► Morrison promises 'choked' policy agenda

Much more than tax cuts to come: PM

Exclusive

Phillip Coorey
Political editor

Osaka | Scott Morrison says the federal government's income tax cuts could pass both houses of Parliament by as early as Thursday but it will be just the start of what is "a choked program" of legislation between now and the end of the year.

Speaking to *The Australian Financial Review* on the sidelines of the G20 meeting in Japan ahead of the start of the new Parliament tomorrow, Mr Morrison rejected assertions his agenda was little more than the tax cuts, for which the government is close to a deal with the Senate crossbench.

Labor, too, could shift its position again on the tax cuts, with meetings of the shadow cabinet and caucus scheduled today. The party must decide whether to wave through the cuts should there be a deal with the Senate crossbench, and then whether to go to the next election opposing stage three.

Conscious of the need to lift productivity, the Prime Minister cited as part of his broader agenda the new push on industrial relations and deregulation which he flagged last week, the introduction of open banking legislation which needs to be passed by the end of July, a real-time settlement system for the ASX, and the economy-wide adoption of digital payments.

Mr Morrison said while the digital economy measures were "not politically exciting", they were "critical to how the economy works".

"That's the stuff that's going to drive productivity," he said of the digital pay-

ments platform that will result in the real-time payment of bills.

"If you're a small business and you're operating in an economy where people are working on real-time payments, your cash flow changes overnight and that changes your access to capital and that changes your ability to invest.

"This is one of the biggest areas of sclerosis in the Australian economy."

Mr Morrison said while he was
Continued p4

From page 1

Much more than tax cuts to come: PM

open-minded on new industrial relations measures, he forewarned any changes would be driven by practical considerations, not ideology, because productivity was the aim.

"What are the things that are gumming up the works when you are going into a tougher economy, which we are?" he said, citing the still tenuous trade situation between the US and China and other global factors.

The IR agenda also included measures which stalled in the last Parliament, including the Ensuring Integrity Bill, which would lower the threshold for the deregistration of unions and officials.

"We're a re-elected government. We already have a backlog of legislation that the previous Parliament wouldn't pass. This is already part of an existing agenda," he said.

Mr Morrison said when the new Governor-General David Hurley opens Parliament tomorrow, he would outline on behalf of the government a "comprehensive" agenda that went

well beyond tax cuts.

"I completely reject this idea that apparently we just went to the election with tax cuts," he said.

"We will have a choked program from here until the end of the year.

"The immediate priority will be the passage of the \$158 billion in tax cuts either by the end of this week or, at the latest, the end of the month."

The legislation will be introduced into Parliament on Tuesday night and possibly passed by Thursday, with the support of the Centre Alliance, Cory Bernardi and Jacqui Lambie.

Centre Alliance, which is seeking assurances the cuts won't be gobbled up by rising energy prices, will have another meeting early this week with Finance Minister Mathias Cormann, and Resources Minister Matt Canavan.

Labor, which is currently opposed to stage three of the tax cuts – a rate of 30 per cent on all income between \$45,000 and \$200,000 from 2024-25 – could change position again on Monday.

Meetings of the shadow cabinet followed by the caucus will determine whether to wave through the cuts in the event of a deal with the crossbench and then, whether to go to the next election promising to repeal stage three, or wave the white flag.

Mr Morrison said that Labor had yet to accept it had lost the election and was wrong to oppose stage three on the assumption high-income earners did not spend tax cuts. Tax reform was about more than economic stimulus.

"The three stages of the tax cuts



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Page 2 of 2

[back](#)

bring about significant structural change to our tax system," he said.

"It's both the lowering of rates and the already legislated abolition of a threshold.

"We haven't seen that sort of change since John [Howard] and Peter [Costello] and it's been done in a way that enables the budget to absorb it over time and achieve the structural change. If Labor thinks Australia needs to maintain some of the highest personal income tax rates in the world and they think that's good for the economy, then I think they are not just reckless but clueless.

"They are just looking for excuses to oppose it because they cannot bring themselves to either reconcile the result of the last election with what they were arguing, or they don't simply believe Australians should keep more of what they earn."

Opposition finance spokeswoman Katy Gallagher said Labor was adopting a wait-and-see approach.

"If and when the government is able to get a deal with the cross-bench, and that's not for certain at this point in time, we would have to take decisions based on what was happening at the time," she said.

Trade Minister Simon Birmingham said if Labor voted against stage three or promised to repeal it if elected, it would be "a stain on the Labor Party that will last all the way through to the next election".

