

Budget 2016-17

***TURNBULL FAILS WORKING AUSTRALIANS AND
GIVES GOLDEN HANDSHAKE TO BIG CORPORATIONS***

Company Tax rates: *A golden handshake to \$100 million corporations*

- There is now a lower threshold to access the small and medium company business tax rate which they lowered to 27.5 per cent from 30 per cent
- The changed threshold to qualify as a small business will be a turnover of \$10 million to \$25 million in 2017-18, \$10 - \$25 million in 2017-18, \$50 million 2018-19 and \$100 million in 2018-19
- In three years time a business with \$100 million dollar turnover qualifies as a small business!!

Company Tax rates: *A golden handshake to big corporations and the top end of town*

- In ten years (2026-27) the government will reduce the 27.5% rate for all businesses to 25 per cent!
- This is a 5% cut in the rate over ten years
- These tax cuts includes a one billion dollar business.
- The measures will cost \$5.3bn in lost revenue over four years. It is not costed by the government after this

Personal Income Tax cuts: *Nothing for 75% of working people*

- The 80,001 income threshold to be raised.
- 75% of working people are unaffected by this tax cut
- It's only a sandwich and a milkshake tax cut.

Cuts to Schools and Hospitals

- The cuts have not been reversed.
- Around \$57b cut from our public hospitals, resulting in less money to employ nurses and doctors, fewer beds and longer emergency and elective surgery waiting times.
- Around \$30b (including the \$4.5b for the last two years of the Gonski reforms) cut from schools taking away opportunities for our children to have the best start in life.

Education

- Turnbull Government does not replace the 2014 Abbott Budget cut of \$30 billion to education – \$28.8 billion shortfall.
- Commits an extra **\$1.2 billion between 2018 and 2020 for schools**, well below Labor's commitment to fully fund the last two years of the Gonski reforms (\$4.5 billion) - \$3.3 billion shortfall.

Cuts to Health

- **Public hospitals receive \$2.9 billion in additional funding between 2017-18 and 2019-20** (COAG April 2016).
 - **AMA** - “The AMA welcomes confirmation of the almost \$2.9 billion in COAG funding for public hospitals, but we see this as a down-payment only. “The States and Territories will need significant extra funding if they are to build hospital capacity to meet growing demand.”
- **\$1.2 billion cut to Aged Care Provider Funding through revising the aged care funding instrument**
 - This reduction in funding will mean providers will likely be left to cover the cost of residents with complex health needs if they are not funded for it adequately
 - “the formula for deciding funding levels for patients with complex care needs will be changed, and the rate of indexation of payments for these patients will be halved.”

Cuts to Health

- **\$1.7 billion Child and Adult Public Dental Scheme**
 - Providing \$1.7 billion over four years from 2016-17 to the new scheme but terminating the Child Dental Benefits Schedule and the NPA for Adult Public Dental Services from 2016-17.
- **No reinstatement of the \$1.2 billion in aged care wages and training that was cut when the Government was elected three years ago**

New Internship Program – *A Road to Nowhere*

- An internship program where you get paid 200 dollars above income support
- Well Below minimum wage - \$4 an hour
- Business get paid a subsidy of between \$6,500 and \$10,000 for every intern.

New Internship Program – A Road to Nowhere

- The Government cut \$1 billion from apprenticeships two years ago. Now they give us a US style internship program which amounts to a taxpayer funded youth exploitation scheme.

Youth Unemployment

- The new internship program is a completely inadequate way to solve youth unemployment. We need formal well paid apprenticeships.
- The new internships only last between 4 and 12 weeks.
- Youth unemployment is currently in double digits at 12% nationally and 15% in South Australia.

Skills

- No new funding for TAFES or steps to protect students from the deregulated market.
- Cuts to the Industry Skills Fund of \$247 million over five years. This is a 45% cut to a program designed to help industry and employers identify the skills they need and then to train their employees in those skills.
- Nothing done to reverse the cuts of \$1 billion to apprenticeships established in 2014-15 budget, ignoring the loss of 122,400 apprentices between September 2013 and September 2015.

Higher education

- Partial or capped deregulation of university fees still on the table, leaving the door open for some degrees to rise to as much \$100,000.
- Cuts of 4.7 billion from 2014/15 to higher education either not reversed or not ruled out.
- \$152 million cut from the Higher Education Participation Program, which is designed to help low SES students access university courses.

The Budget Deficit and GDP growth

- Deficit hits \$39.9 bn in 2015-16, improving to \$37.1 bn in 2016-17 and \$6bn in 2019-20
- No surplus until 2020-21
- GDP to grow by 2.5 per cent in 2015-16 and 2016-17 rising to 3 per cent in 2017-18.
- These growth figures are uncertain

RBA decision to lower interest rates

- On the day of the budget the RBA announced its monthly Board meeting decision, in which the interest rate was cut to 1.75% from 2.0%.
- This followed 'inflation pressures that were lower than expected'. The signals weakness in the economy
- The RBA's rate reduction comes in the teeth of concerns that cpi increase of 1.3% over the year to March 2016 and -0.2% for the March quarter signals that GDP could grow more slowly and unemployment increase

RBA decision to lower interest rates

- The approach is to reduce the costs of funding capital investment and other expenditures. This should serve to stimulate the economy, in line with very low interest rates in other major economies after the GFC
- However because of low inflation, the real value of debt does not shrink much over time, so that people still may not want to increase spending
- This may be a reason why economic growth is still slow in some economies that have used this approach after the GFC

The government has ducked key economic reforms.

- The government isn't doing enough to transition to a new economy. They talk a good game but they are only toying around the edges. We need vastly more investment in our education, skills development, research capacity, infrastructure and green jobs.
- The idea that the government are good economic managers is a myth. Slashing funding in crucial skills and education proves they are short sighted and not planning for the long run.
- The Turnbull government has squibbed tax reform, which would have delivered greater funding for investment in creating quality jobs and securing decent health, education and social services. The government has flunked the big economic challenges of our time.
- Our politicians have either been asleep at the post or blinded by their relationships with the big end of town. Instead of ramping up funding for corporate tax regulators, they've cut funding and jobs.