

TO BE PERFECTLY FAIR, LABOR'S GUILTY OF NDIS HYPOCRISY

If the scheme is 'fully funded', why burden the highest taxpayers with an extra levy?

PAUL KELLY
EDITOR-AT-LARGE



Bill Shorten has enshrined fairness as his theme for the current parliament, saying only Labor really understands fairness — yet Labor's "fairness" claims in its budget reply are a strange mix of deception, contention and confusion.

Take, for example, the conflict over the 0.5 per cent increase in the Medicare levy and Labor's refusal to endorse the same quantum of increase as implemented by Julia Gillard and defended as fair and inclusive in the 2013 budget that began to finance the National Disability Insurance Scheme.

Under the Coalition's 2017 policy the better-off pay proportion-

ally more, with the 6.7 per cent of taxpayers on incomes of more than \$180,000 meeting 26.9 per cent of the extra dollars for the NDIS. That is, for top earners their share of the cost is four times their share of taxpayer numbers. Is this an assault on fairness?

The bottom 10 per cent of taxpayers by income pays only 1.6 per cent of the extra Medicare levy, and the bottom 25 per cent of taxpayers pays only 8.1 per cent of the extra levy. Indeed, going further up the scale, the bottom 52 per cent of taxpayers by income contribute only 25 per cent of the extra levy. Again, is this an assault on fairness?

On Sky's *Sunday Agenda* last week prominent economist Saul Eslake said he believed the government's proposed increase in the Medicare levy was "justified and reasonable", and that because the levy related to income, it was

also "fair". Chris Richardson from Deloitte Access Economics, who provided these calculations, also said he believed the Medicare increase to fund the NDIS justified and reasonable.

The truth is this has become pretty conventional policy. It was noteworthy that in 2013 when the Gillard government proposed the initial 0.5 per cent increase for the NDIS, treasurer Wayne Swan said: "This is a recognition we are all in this together."

Gillard highlighted the responsibility she said would fall on the average worker earning \$70,000 a year — such a worker would have to pay an extra \$350 a year or, as Gillard said, another dollar a day.

Labor defended and justified the principle — the average worker had to contribute along with the low-paid taxpayer.

Swan said it was not an "easy" decision but the "right" decision because the NDIS was for "a greater public good".

Labor knew the increase could be justified in terms of inclusion and fairness. Anybody, rich or poor, could become disabled.

Gillard's increase was actually a broken promise. Initially she had said she would take the proposed

increase to the 2013 election and win a mandate, but later changed her mind. It was passed, and the Abbott opposition supported the move. It made the NDIS a bipartisan policy and this was the stance Tony Abbott took to the 2013 election.

Now the Turnbull government seeks to implement the same policy to fill the remaining \$55 billion shortfall in funding the NDIS over the next decade. The government's initial approach was to look

funding heavily to the top end. It means, for example, that the top 6.7 per cent of taxpayers (earning over \$180,000) pays 78.3 per cent of the extra dollars for the NDIS.

How fair is this? Clearly, it does not constitute a national sharing of funding for the NDIS but is a punitive raid at the top end.

What happened to Labor's 2013 views on inclusion and fairness? What happened to the idea "we are all in this together", since this policy is the reverse?

Shorten Labor's message is that, in the name of fairness, it wants more redistribution, more progressivity and less incentive for aspiration

towards spending saves. But parliament was opposed and the purpose in this budget, in effect, is to resolve the NDIS funding issue once and for all. The increase in the Medicare levy from 2 per cent to 2.5 per cent means the scheme will be largely fully funded. Yet Labor repudiates the entire idea.

Labor will support the Medicare levy increase for those earning \$87,001 or more. This gears the

And if you care about the NDIS, how wise is it to have much of the \$55bn shortfall funded by a small group of taxpayers at the top end? Is this fairness or cynicism? Might it even be playing politics with the NDIS?

Labor's answer from the Opposition Leader and from Treasury spokesman Chris Bowen is that the NDIS is fully funded. They say Gillard Labor funded the entire

scheme and that the shortfall, therefore, is a fantasy. In this case, of course, there would be no need for the Turnbull government to raise any Medicare levy whatsoever. And if the NDIS is fully funded, there would be no need for Labor to support any increase in the Medicare levy for anyone.

The notion of a fully funded NDIS has become Labor dogma. The 2013 budget created a DisabilityCare Australia Fund for proceeds from the Medicare levy to be preserved for NDIS implementation. Labor also identified a series of other saves to support further NDIS funding (along with a lovely graph to show it worked). But the extra "saves" were not allocated to the DisabilityCare Fund. Some were legislated, some weren't. They were "saves" in a budget where annual spending growth was supposed to be kept to 2 per cent a year in real terms until the surplus was soon attained — and these were fantasy figures and notions.

Shorten's comments betray Labor's abject confusion. He says the NDIS is fully funded. Then he says the money is "there to fund the NDIS". Then he says Malcolm Turnbull could fund the NDIS

from a negative gearing crack-down, or hitting tax havens in the Cayman Islands, or getting rid of the \$65bn company tax cut — all of which means Labor didn't leave the NDIS fully funded.

Labor has a problem. The NDIS shortfall is now \$4bn a year, rising to \$6.9bn a year in a decade. It is not funded and Labor rejects the Prime Minister's Medicare levy financing method. So Labor had better tell us how it plans to finance the NDIS off the current 2017 budget numbers and find the stack of money to do the job.

What happened here is that Labor needed an argument against this budget — it got the argument by seeking to reinstate the temporary deficit levy on high income earners and giving low and middle earners the Medicare levy tax break. This gave Shorten his mantra that Turnbull was giving millionaires a tax cut and 10 million others a tax hike — hence the budget is unfair.

Labor, as the party of fairness, wants a top marginal rate of 49.5 per cent that cuts in at a relatively low \$180,000 income. Paul Keating revealed what he thought of Shorten (and Turnbull) by saying the top rate shouldn't be above

39c. But Keating's voice for aspirational Australia is all but dead in the ALP today.

With both Coalition and Labor agreed the budget must be repaired by tax rises, not spending cuts — a historic win for the progressives — Labor is gearing for the next battle: who pays the higher taxes? Its answer: the top end and companies. Australia has a progressive tax system and Labor wants to make it more progressive.

For example, the top 5 per cent of taxpayers pays 33.1 per cent of income tax. The top 10 per cent pays 45 per cent of income tax. And the top 25 per cent pays two-thirds of income tax.

At the same time the Productivity Commission found in 2014-15 that 40 per cent of families pay no net tax or are transfer winners, with the other 60 per cent being the contributors. Other estimates show an even greater bias in favour of people paying no net tax.

Is this fair or unfair? Labor's message is that, in the name of fairness, it wants more redistribution, more progressivity, and less incentive for aspiration. This is the pivotal issue in the 2017 budget and now the central debate in our politics.

TIME TO PLAY THE MIGRATION CARD

Turnbull can get the majority he needs by agreeing to bring in the people we need

GARY JOHNS



There are only three ways Australia can pay its public debt. Either both sides of politics agree there will be no new net spending until such time as the national debt has been dealt with, or deny the vote to all those who pay no taxes.

Neither of these will come to pass; they are simply a measure of my frustration at the imbecilities in the Senate, and on the Labor-Greens benches, who think it is smart to offer goodies to people who would not otherwise be able to afford them, and argue that the nation will benefit.

The federal budget called Labor's bluff and revealed them for the lying hounds they are. The National Disability Insurance Scheme is unfunded, and Labor's Gonski schools funding never existed. Schools are lucky to get the government's offer, which is too

No majority Muslim country is a liberal democracy. Many Muslims in those countries are illiberal

generous, but at least it is logical and defensible. As for Labor's threat to amend the Medicare levy to fund NDIS, shouldn't everyone be seen to support the disabled, or are only the wealthy kind-hearted?

There is a third way. Go full bore popular and win big. Australia is sucking in too many of the wrong type of immigrant. This can be fixed and would be popular. There is no doubt many Australians have considerable misgivings about Muslim immigration and the ability of many to fit in.

Almost 70 per cent of Australians are in favour of a strong immigration intake, but Australians are strongly divided over the content of the intake.

A 2015 Australian Institute for Progress online poll reported that 45 per cent of voters say Muslim immigration is bad for Australia.

There are strong political divisions in these views: 75 per cent of Liberal and 69 per cent of non-ALP/Greens minor-party respondents say Muslim immigration is bad; by contrast, 22 per cent of ALP and 18 per cent of Greens respondents thought the same. Only 8 per cent of all respondents thought Muslim immigration had been good for Australia.

An online Essential poll last year reported that 49 per cent of Australians support a ban on Muslim immigration.

The main reason was "they do

not integrate into society". A 2011 poll from the same pollster reported that 25 per cent of respondents believed the government "should exclude Muslims from our migrant intake". To the same question, a 2015 face-to-face poll by Morgan reported 29 per cent, down from 36 per cent in 2010.

Australians are not unique in their distrust of Muslim immigration. A recent survey of more than 10,000 people from 10 European states reported an average of 55 per cent agreed that all further migration from mainly Muslim countries should stop.

A good place to start with the immigration question is with the understanding that Australia is not a multicultural society. It is a monolingual, multiethnic and limited culturally diverse society. There is only one official language, English, and it is expected that all will speak, read and write English. Australia is multiethnic and, despite the dreams of human rights activists, is not racist. As for culture, there are limits.

Will Kymlicka, a multiculturalist par excellence, understands the overwhelming power of the host country to require change in immigrants, to the extent necessary, for them to fit in. "In deciding to uproot themselves, immigrants voluntarily relinquish some of the rights that go along with their original national membership." The only question is what, and how much, immigrants have to give up.

Liav Orgad, an international expert in the field, argues that selective immigration is justifiable to protect cultural essentials. And the Brookings Institution's Shadi Hamid argues: "Liberalism... needs liberals to survive and prosper." No majority Muslim country is a liberal democracy.

Many Muslims in those countries are illiberal. Their values are inconsistent with liberal Australia.

Until now, Australia has chosen immigrants mainly on the basis of language and employment skills. But even educated people may harbour thoughts and practices inimical to Australia.

Only an ideologue would believe that the disquiet felt by many Australians at the prospect of further Muslim immigration could be understood as the liberal society failing the test of multiculturalism.

Where multiculturalism clashes with the security of Australians it has little chance of remaining public policy. In a liberal society, the only quibble is how to arrive at the point of abandonment.

Put your thinking caps on, Coalition, you need to crush the opposition, and win big. Then, and only then, can Australia pay its debts.

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HELP BRING MALKI'S MURDERER TO JUSTICE, MR TURNBULL

My daughter's killer lives the life of a celebrity in Jordan

ARNOLD ROTH

When people talk about my daughter Malki, they usually mention her smile. It radiated the sunniness of her outlook. Then, at 15, she was murdered.

We moved to Jerusalem, Israel, when Malki, Melbourne-born like her older brothers and me, was three. Ahlam Tamimi, a Jordanian student, was Hamas's first female terrorist.

On August 9, 2001, having spent days scouting the city for a site that attracted crowds of Jewish children, she transported a powerful bomb into Jerusalem.

That bomb was a human being — a young Palestinian Arab zealot with a guitar case. Tamimi, the attack's mastermind, accompanied him into Jerusalem. Both were aware the case, prepared by others, was filled with explosives and a mass of nails to intensify the flesh-ripping effect.

Malki and her best friend, standing at the Sbarro pizzeria counter, were engrossed in texting. Tamimi's bomb stood beside them. At 2pm, he exploded.

Fifteen were killed in the blast. Dozens were maimed and hideously injured. A young mother, not among the 15, remains in a coma. One of the murdered, her parents' only child, was pregnant with her first baby. Malki and Michal, inseparable in life, are buried side-by-side.

Boastful, unbowed and smiling coldly at her trial, Tamimi confessed to all charges. She relishes publicly recounting the details of the bloodbath. The court transcript captures how the three judges, stunned by her open



enthusiasm for the carnage, warned that no Israeli official should ever consider commuting the sentence: 16 consecutive life terms.

But in October 2011, Israel announced an agonising deal with Hamas for the release of Gilad Shalit, an Israeli soldier they were holding hostage in Gaza.

Along with 1026 other convicted terrorists, Tamimi walked free. Her sentence, and everyone else's in the deal, was drastically commuted subject to strict conditions. They included never again engaging in terror.

She returned to her homeland and at Amman airport received a raucous welcome befitting a national hero. The next day, more

privately, there was another jubilant reception inside Jordan's national law courts. I found photographs online. (They have since been removed.)

Tamimi, its chief planner, has no doubts about the morality of the Sbarro massacre. Did she feel remorse, one TV interviewer inquired: "No, why should I?" On another occasion: "I'm not sorry for what I did." Asked in another interview: "Would you do it again if you had the chance?" she did not hesitate: "Yes."

From Jordan, Tamimi began presenting an incitement-filled TV show of her own in February 2012. Called *Breezes of the Free*, it focuses on Arab terrorists imprisoned in Israel.

Its toxic hate is beamed weekly by satellite and hundreds of video-streaming websites to Arabic-speaking audiences globally, including Australia.

Tamimi lives the life of a celebrity. Her wedding to a cousin, convicted, like her, of murder and set free, got live coverage comparable to a royal visit.

Her frequent public appearances in Jordan and other Arab countries attract crowds of devotees. She urges followers, particularly young women, to emulate her and undertake terror actions directed at civilians, particularly children.

In March 2012, I sought and got meetings in Washington with the US Department of Justice and the

FBI. These led to a hearing a year later before a federal judge and to criminal charges against Tamimi for offences against US citizens. (Because her mother is American, Malki held US citizenship.)

The file remained sealed and secret, even from us, until some weeks ago.

Last March, federal prosecutors and investigators came to Jerusalem to update us. They said Jordan, which had been asked repeatedly to arrest and extradite Tamimi to stand trial in the US, refused. Three hours after that meeting, Tamimi officially became a fugitive from US justice. FBI Most Wanted posters warn in English and Arabic that she is armed and dangerous. A week

later, a Jordanian court ruled that the 1995 Jordan-US extradition treaty was unenforceable. Arab media coverage suggested why: the treaty was never ratified; the Jordanian constitution blocked it; Jordanian citizens could never be extradited by Jordan.

Legal experts we have consulted express scepticism about these claims. It seems that for Jordan this is less about laws than about politics. Tamimi has a wide Jordanian support base.

The king, whose powers are broader than Britain's monarch but in a country with significant instability, is said to prefer avoiding such complex issues.

The challenges for us are clear but not simple: to persuade the king of Jordan that Jordan's friends and allies, including the US and Australia, are appalled by the efforts to shelter a confessed mass-murderer.

If Tamimi, who boasts publicly and often of the carnage her bomb caused, keeps being shielded from justice, Jordanian pronouncements about its dedication to fighting terror will have lost all meaning.

Australians can play a meaningful role. In his visit to Canberra last November, King Abdullah II expressed concern about "extremist forces in the region". Signing a Joint Declaration on Enhanced Co-operation, Malcolm Turnbull said Jordan and Australia "stand together in rejecting those who seek to impose their perverse world views on others through division and violence".

The Prime Minister and Foreign Minister Julie Bishop: Few measures could more powerfully express rejection of division and violence than Jordan, encouraged by its Australian friends, respecting its extradition obligations and bringing Malki's bigoted, vicious and utterly unrepentant murderer to justice.

VACANCY SIGN HANGS ON THE HOME OF CENTRE-RIGHT

The PM and Treasurer make a sharp left turn and rivers of tears will surely flow

JANET ALBRECHTSEN



Some words are too splendid to consign to history. Take "mugwump", the word given to those who bolted from the Republican Party during the 1884 presidential campaign. They quit over allegations of financial sleaze by Republican candidate James G. Blaine and were depicted as fence sitters: their "mug" on one side of the political fence and their "wump" hanging on the other side, presumably pointed at the GOP. Democrat Grover Cleveland clinched a close election.

This week's Newspoll confirms rising numbers of mugwumps in Australia. They're darting off in different directions, away from Australia's once influential and long-governing centre-right political party.

Though voters will have different reasons for their exodus, it's a safe bet that the corruption of con-

Australian economy: paying off debt, reforming workplace laws, introducing a GST and selling more government assets.

It's hard to imagine anyone today from either side of politics expressing serious interest in cutting the size of government by reducing spending and lowering taxes. Indeed, last week's budget marks a nadir: a Liberal-led government proposing more new taxes, higher existing taxes, bigger government and not a skerrick of genuine interest in cutting chronic wasteful spending.

That puts Bill Shorten in political heaven with no pressure on Labor to cut taxes or rein in spending. While Shorten's proposed policies are even more disastrous for our economic future, his budget-in-reply speech last Thursday included this astute observation: "This is a budget of a government that wants to bury its past and rewrite its history... This budget is... a signed confession."

Shorten is right, but not in the way he intended. There are no structural reforms to cut spending in the budget: only baloney about good versus bad debt to cover up ballooning debt that still has to be paid regardless. Morrison once said the federal budget had a savings problem. Now big spending is the order of the Treasurer's day, as he embraces more taxes as the silver bullet. There's an increased Medicare levy and a new bank tax.

There's no meaningful talk of cutting red tape any more. Instead the government plans to hand the Australian Prudential Regulation Authority, the nation's bank regulator, extraordinary powers to meddle in the management of banks when they select senior executives and when boards make decisions about pay. The government's heavy-handed intervention in the gas market, imposing export controls, reeks of Labor-Greens energy politics.

The claim from so many commentators that voters now want higher-taxing and bigger-spending governments is daft. That assertion hasn't been genuinely tested during a decade of poor leadership. Who was the last political leader with the retail ability to sell convictions about the virtue of smaller government, responsible spending and lower taxes that enable the individual to prosper from their own efforts, freer from the deadening hand of government?

The Liberal Party has stopped asking the basic "why" question about tax, too. Why tax the banks some more, say, mining companies? Instead, the starting position is: why not? The banks are the most profitable in the world, so why not expect them to pay up and help fix the budget? People don't like banks, so why not tax them some more? With no serious economic rationale behind a tax on certain bank liabilities, Turn-

bull and Morrison have embraced the left's shallow tactic of virtue signalling. By demanding the new taxes not be passed on to consumers and shareholders, they sound more like Greens, not Liberals. Liberal Party membership used to suggest you understand that we all bear the costs of higher taxes.

No wonder Howard made a rare intervention last week expressing discomfort with the \$6.2 billion bank tax. Alas, the tax rot set in when Tony Abbott, as prime minister, broke a promise and legislated the so-called deficit levy, hitting up the rich to plug a budget hole. Abbott's easy option in the 2014 budget means we are about to learn there is nothing so enduring as a temporary tax hike.

Labor wants the deficit tax made permanent. And why not? It was good enough in 2014 to address a \$37.9bn deficit, why not now when the budget's current year underlying cash balance is \$37.1bn in deficit?

When the Liberal Treasurer quipped "cry me a river" at the banks' response to the bank tax, he effectively hung a "vacancy" sign outside the centre-right of politics in Australia. It's true that politics is less tribal today, but trashing the core brand will only encourage more fed-up mugwumps to turn their backs on the Liberal Party.

And that's when rivers of tears will flow.

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