

Wednesday 17 February 2016

Statement from Alex Malley, chief executive of CPA Australia responding to Treasurer Morrison's address to National Press Club

We have yet another Treasurer telling us that the mining boom is over, we are spending more than we are earning, bracket creep is a problem and that innovation is the key to improving our global competitiveness.

The difference this time is that there were high hopes in the business and general community that the economic acumen of Treasurer Scott Morrison and Prime Minister Malcolm Turnbull would see us break through with execution, rather than restating problems.

The Treasurer has today indicated a preference for controlling the growth of new spending. However, this will likely mean costs will simply shift to the states and territories.

The states will now need to do more of the heavy lifting. How they fund it would appear to be their problem. The only trouble is the same Australians the Federal Government has committed to "backing in" are also state taxpayers who will be hit by this one way or another.

This simply reinforces that when there is no stomach for holistic tax reform we resort to short-term tax refinements or cost-cutting. Neither of these tactical responses to a strategic problem will result in the economic growth needed to sustain our country and keep our businesses globally competitive.

Controlling costs is not a solution in and of itself, when revenue growth is shrinking at alarming rates. A meaningful response to the revenue problem would require strategic tax reform but it is now clear we'll get no such reform, as was promised.

We've had opportunities for reform, particularly post GFC, but both sides of politics have let them slip.

We've endured Rudd – Gillard – Rudd – Abbott and now Turnbull... and we're no further advanced in executing a plan to address the fundamental problems.

The Treasurer is right when he says it's about jobs. The only trouble is we have no vision from either side of politics on how these high paying jobs of the future will be created, when we continue to be globally uncompetitive.

Tactics for spending cuts to fix a budget is not a strategy or a vision for our future prosperity.

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Media contact: Stuart Dignam on +61 434 003 911 or media@cpaaustralia.com.au