



BUDGET PRINCIPLES

Our approach to the 2016 Budget & Election

To make society more equal, government needs more revenue for social spending. That means collecting more tax, starting at the top with big business and the very wealthy.

The Greens want an Australia where everyone gets great public education and healthcare, which means being upfront about growing our revenue base by getting rid of unfair tax breaks and asking the very wealthy to pay more. We're also unapologetically opposing personal and corporate tax cuts this election and refusing to join a tax cuts arms race that will undermine public education, health and welfare.

It's time to grow the new economy, to generate sustainable jobs and income for the future. That means we need to stop treating debt like a four letter word. Labor and the Liberals have become so debt-phobic that they've lost sight of what every household knows: if you can afford to borrow now so you've got an asset in the future, it can be a worthwhile investment. There's no point in having a AAA credit rating if you don't use it.

It's time to 'Renew Australia' and start the next Apollo project, making Australia a renewable energy superpower. We owe it to future generations to start building clean, productive infrastructure now, taking advantage of this historic opportunity for governments to borrow cheaply.

Labor and the Liberals have become so myopic that they'll cut support for single parents because of their fetish for a surplus, forgetting that the economy is meant to work in the interests of society, not the other way around. It's not whether the budget is in deficit or surplus that matters, it's the sustainability and justification for the budget position. The Greens believe it is better to have a small deficit and well-funded public schools than a small surplus and an undereducated society.

The below principles outline the Greens' approach to Budget 2016 and the upcoming election.

> RAISE THE REVENUE WE NEED SO THAT EVERYONE CAN GET WORLD-CLASS PUBLIC HEALTH CARE, EDUCATION & SERVICES AND SO WE CAN GROW THE NEW ECONOMY

So that we can fund the world-class public services that people in this country rightly expect, as well as grow the new economy, the Greens will get rid of unfair tax breaks for the big polluters and the very wealthy, make our tax system more progressive and shift taxation on to social and environmental 'bads', like pollution. We will:

- fund services and help grow the new economy through policies that would restore government revenue to around 26% of GDP, the same level as under John Howard, within the next 4 years;
- do this primarily by reforming unfair tax breaks that either harm the environment, such as the

diesel fuel rebate for miners, or that increase inequality, such as superannuation tax concessions, capital gains tax concessions, and negative gearing for new properties;

- oppose new taxes that increase inequality, like lifting the GST, and support new taxes on environmental harms, such as carbon pollution, and new taxes that tackle inequality, like a new marginal tax rate for millionaires.

> GREEN A GROWING ECONOMY

It's not enough to focus on growing GDP alone: it's an inadequate measure of prosperity, which ignores many of the things that matter, like how healthy people are, whether we're creating sustainable jobs and whether we've got climate change under control. The Greens will decouple growth from pollution and resource use and continue to push for a better way of measuring the

country's wellbeing rather than a narrow focus on GDP. However, to meet the climate crisis, the Greens' plans would increase GDP by growing the new, clean economy. We will seek to grow key sectors of the economy including advanced manufacturing, education and services, tourism, agriculture and clean energy. We will aim to set 15 year growth targets for some sectors, for example our target of 90% renewable energy by 2030. We will decouple growth from pollution and continue to push for a better way of measuring the country's wellbeing.

> GET MONEY MOVING

Instead of having public money tied up in unproductive areas, like unfair tax breaks or inflating the real estate market, money should be put to work to build the new economy. We also need to borrow sensibly to fund the infrastructure we need. There is greater scope for government debt to fund infrastructure and productive capital such as public transport, renewable energy and getting freight on to rail. In many ways, there has never been a better time for the Australian government to borrow to fund key public infrastructure. We accept the advice of experts that, as we grow the new economy, Australia's government net debt could reasonably grow to 25% of GDP. These debt levels are well below the OECD average and, at current interest rates, would allow the Federal Government to borrow up to an additional \$75 Billion over the next 10 years to fund productive infrastructure while keeping net interest payments below 2% GDP.

> GROW THE NEW ECONOMY AND RESTORE REVENUE BEFORE RETURNING TO SURPLUS

The question is not whether the Budget is in deficit or surplus, the question is whether any surplus has been fairly achieved and whether any deficit is sustainable. Since Federation, the Federal Budget has been in deficit far more often than it has been in surplus. Indeed, almost every year since Federation the country has been borrowing from the rest of the world, which has allowed us to prosper. Many households and businesses are routinely in deficit – it is how they grow sustainably. With the mining investment boom years receding and the proceeds squandered by previous governments, it will be

harder to return to surplus until the new economy has grown and we've removed unfair tax breaks. As a guiding principle, as we grow the new economy any deficits should be kept to around 3% GDP.

To ensure a better national conversation about debt and deficit, government borrowings for capital works should also be accounted for in a set of accounts separate to any borrowings to service any Budget deficits.

> BUDGETS SHOULD REDUCE INEQUALITY

A key role of government is to reduce inequality, and Budgets are an important part of that task. Budgets should be accompanied by an 'inequality impact' statement, which shows how the Budget will reduce inequality in Australia.

Further, when the private sector is failing to create employment, the public sector should have a greater role in creating sustainable jobs. The Greens do not accept the accepted position of the old parties that 'full employment' means official statistics of 5% unemployment. The government should actively seek to drive down unemployment closer to frictional levels.