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Why Labor's goose won't fly

Ever since Paul Keating came from behind to win the 1993 election, the Labor Party has believed that, when all else fails, it can turn to a scare

campaign on GST. That's how Keating won the unwinnable election. So I was not entirely surprised to see Kevin Rudd out there last week holding a jar of Vegemite and warning that if Tony Abbott was elected the price of Vegemite would go up 52c.

Follow me here. Rudd says Abbott will have an inquiry into the tax system that might recommend changes to GST. Abbott might put those to the 2016 election — the one after this one. So, instead of voting against him then, you had better vote against him now. And save the 52c — some time in 2017.

For all those Vegemite lovers out there (and I am one) there are two things to do. The first is never to vote for Abbott. The second is to begin hoarding Vegemite now. You can never be too sure.

I introduced the GST, so I know a good scare campaign when I see one. Keating was good in 1993. Beazley ran a cracker in 1998. He was less

effective with "Rollback" in the 2001 election. The scare was running out of steam by the election of 2004 ... and that was nearly 10 years ago.

Rudd has brought it back. "A New Way" turns out to be a very old scare campaign.

But now it's not so scary. He was better back in 1999. When the GST legislation passed the House of Representatives, Rudd told the Australian people: "When the history of this parliament, this nation and this century is written, 30 June, 1999, will be recorded as a day of fundamental injustice — an



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injustice which is real, an injustice which is not simply conjured up by the fleeting rhetoric of politicians. It will be recorded as the day when the social compact that has governed this nation for the last 100 years was torn up."

Wow that was scary — a day of fundamental injustice. That was so scary I thought he

might do something about it when he got into government.

And do you know what changes he made to GST over the last six years? To use his own words, not a jot or a tittle, zip, zilch, nothing.

You see the GST raises \$50 billion a year and funds all those state hospitals and schools that our current

government boasts about. It is bedded down and working as it was designed to do.

And, while it can never be said that a tax is a good thing, this kind of tax works a lot better than the others we would have if it were ever abolished. Rudd screams against the GST and then relies upon it. He reminds me

of those tele-evangelists who go down on morals charges. course the government went out and spent all the money it expected to raise, not the much smaller amount it will actually raise. Which is another reason why we can't balance the budget.

And then there is the mining tax. You have heard of the emperor who had no clothes. You have heard of the pub with no beer. Now we have the tax with no revenue.

When Rudd announced his RSPT he said it would raise \$9 billion this year.

After Gillard changed it to the mining tax she said it would raise \$35 billion. Rudd's new Treasurer two weeks ago said it would raise \$6 billion.

But since then the government has been refunding mining companies who have paid too much tax under the law as it stands.

Ultimately this tax could raise next to nothing, but all the money forecast to come from it has already been allocated to various spending items. Again, the government has spent what it never got.

When the Coalition promises to get rid of these two taxes it is not really promising that much.

These taxes don't work and they don't collect much revenue.

This is not because economic conditions have changed. It is because they were poorly designed and incompetently executed.

The French Minister of Finance, Jean Colbert, said: "The art of taxation consists in plucking the goose as to obtain the largest possible amount of feathers with the smallest possible amount of hissing."

Rudd, Gillard and Swan managed to arouse a lot of hissing from their tax policies. But they collected hardly any feathers. Who was the goose?

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We should not forget that the current government introduced a few taxes of its own without seeking approval at the ballot box. The first was Rudd's resource super profits tax (RSPT) and the second was Julia Gillard's carbon tax.

Because the carbon tax was Julia's tax, Rudd has no qualms about neutering it. He promises to reduce the price on July 1 next year. It was originally going to raise \$9 billion that year. Now it will raise around a third of that. Of