

9th October 2020

Budget: Opposition response sensible - but silent on immigration

Urban Taskforce Chief Executive Tom Forrest said today that the Budget Reply speech from Labor Leader Hon Anthony Albanese was articulate, sound and broadly sensible – but failed in itself to propose any serious structural change to the economy or the taxation system, remaining silent on their own property taxation agenda.

The Opposition said they would support the tax cuts and support the business stimulus tax write-off measures. This is sensible and welcome.

Anthony Albanese took the opportunity to give the Parliament a basic lesson in economics – which is also welcome. Economic Growth is generated, he said, by the “three Ps”: Productivity improvements; Increasing the Participation rate of women; and growth in the Population.

Labor’s proposed changes to childcare and the flagging of a universal childcare system could well improve participation and productivity – but not nearly enough to drive economic growth back without a concerted boost to population through immigration.

The Opposition were silent on this third point – yet its contribution to economic growth is and will be significant.

The Government’s Minister for Population and Acting Minister for Immigration, Hon Alan Tudge, announced on Tuesday that the immigration cap would remain at 160,000 for 2020-21 with increases in Employer sponsored visas, skilled migration in priority shortage areas, along with increases in business investors. This is welcome – but modest.

Few would credit former Prime Minister John Howard for overseeing the largest immigration intake in Australia’s history – but that is what he did – with net immigration rising from a low in 1992 of 30,000 to peaking in 2007 at 300,000. This drove the economic boom every bit as much (many economists say much more) that reforms to the taxation system.

An immigration intake of 160,000 will not drive Australia out of a COVID-19 recession. Nor will universal free childcare. Both the Government and Opposition need to cast aside the low growth dogma propagated by the Greens, One Nation and Dick Smith. Our economic future, and that of hundreds of thousands of workers in the property and construction sector, depend on population growth.

This is particularly important given the increasing average age of the population. The baby boomer generation will generate significant demands on government services as most do not have strong superannuation balances upon retirement. Without significant immigration numbers, we are left with a lower and lower taxpayer base trying to support a bigger and bigger tax bill.

Anthony Albanese was right to say the Commonwealth must do better with aged care – but we also have to pay for it. A bi-partisan approach to boosting immigration, supporting quarantine facilities, getting the 500,000 plus foreign students back – would be a genuine and practical step towards recovery.

The above can be attributed to Tom Forrest, CEO, Urban Taskforce Australia

The Urban Taskforce Australia is a property development industry group, representing Australia’s most prominent property developers and equity financiers.

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