

Revenue Summit 2023

Transcript: Richard Denniss – Closing Address

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“Revenue Summit 2023 – Closing Remarks”

Dr Richard Denniss - *Executive Director of the Australia Institute*

Richard Denniss: Thanks Eb and yep Friday afternoon, look around. You're not alone in caring about tax. It's wonderful. And yet I repeat to Ebony's thanks to all the speakers and everybody else who help make today happen. I'll just make a few closing remarks, but before I do, I just need to namecheck a couple of people who really particularly helped organise today. Greg Jericho, Jack Thrower, Jackie Jenvey, Eleanor Johnston-Leek and Luci Lawe Davies, all from the Australia Institute, have helped make this happen of course, and also Ebony our MC, so can we just give them a round of applause? I am so proud to lead an organisation that's so capable that I can admit to playing almost no role in organising today. But I know a lot of work went into it, so thank you to all those who did.

Look, I just want to wrap up a bit. We've heard so many interesting perspectives today on tax, and I guess I just wanted to take it up a couple of notches, to leave you with some last thoughts. I talk to a lot of different groups all the time about tax and economics. And I wrote a book called Econobabble years ago, which is all about how economics is used to basically bullshit people into believing the ridiculous. Now, I know it wouldn't work on you, but it does seem to work on a lot of people. And one of the biggest bits of nonsense is that Australia, one of the richest countries in the world, at the richest point in world history, can't afford to do things. Can't afford and can't afford is probably the most powerful bit of econobabble. So apologies to those who've heard me debunk it before. But let me make it really clear what 'can't afford' means in our democratic settings.

In my domestic settings, my kids are adolescent now, but when they were younger, they used to nag me to take them to Disneyland, and I would rather stick a fork in my eye. So, when pressed to spend finite resources taking said children to Disneyland, I used to just say we can't afford to. Now I know you're better parents than me, but lying is great, and it just makes all the hard conversations go away. I know you'd never lie to your kids, but it's really worked well for mine. As I got older, they started to ask questions like, so how

much do you get paid Dad? That's none of your business son, because I live in a patriarchy, literally. And there's nothing democratic about my household. So lying to my kids and denying them simple bits of information has worked well for me. And again, applaud you for having much better, more open approaches to explaining to children why your priorities are more important than theirs. But in a democracy, we let our leaders lie to us all the time. We let them say, "Oh yeah, well, I would like to spend more on health. I would like to spend more on education. I would like to spend more tackling climate change, but we can't afford to." When what they meant was, "I don't want to."

Now, the reason that we need to talk about tax, the reason that we need to be comfortable talking about tax is that when an elected member of Parliament who thinks we can afford \$350 billion worth of subs or \$320 billion worth of tax cuts says they can't afford to tackle climate change. They're lying. It's just bullshit. But we've created decades of narrative to suggest certain things are affordable and some things aren't. Can you imagine if Labor had won office promising to spend \$350 billion over the next ten years on health and education and welfare? And we had inflation running at 5%. With a trillion dollars in debt. The right would be demanding they break their promises. They'd say, "now is not the time to pump all that money into an overly overinflated economy." But I dare you, I challenge you to find this story in a mainstream newspaper saying that next years Stage 3 tax cuts will cause inflation. Because who cares? It's going to rich people. But if that same money was going to poor people, it would be ruining our economy.

So, I guess one of the things that we haven't talked about today, and there's lots, but one of the big themes that we haven't talked about today is that really, when it comes to the tax debate, the issue that dare not speak its name is power. And the reason that we treat unemployed people differently when they get too much, maybe unemployment benefits, from how a company gets treated by the ATO if they pay too much tax - it's simple -it's power. The ATO sit down and negotiate on commercial terms disputes about tax. Centrelink will spend \$100,000 bucks taking someone to court to make sure they get \$5000 bucks back to make the point. This is the same Australian public service operating under the same code, operating under the same whole of government approach to being model litigants. Bullshit. Look how we're willing to spend the state's resources to check no one's overpaid in welfare. Look how pragmatic we are when it comes to things like tax. Why can't we tax? Why can't we have a carbon tax? Why can't we have a resource rent tax? Why? We know who'd get upset if we propose that.

So, I often, when I'm talking to advocates, when I'm talking to politicians and I'm talking to academics when we're trying to understand why the world looks the way it does, why Australia looks, the way it does. There's often, I think, two main explanations for why a country would seem to do something dumb. One is an information deficit and one is a power deficit. And I think a lot of people want to believe that the reason people are doing dumb things in government is this some lack of information. If only we could show them the data, they would introduce better climate policies and if only we could show them the data, they wouldn't be so nasty to Indigenous people in need of help, if only we show them the data, we wouldn't think incarceration will solve crime. It could be that the nation state doesn't know. Or it could be that it does know and the problem's unrelated to information.

So, to be clear, you know, I think talking about revenue is so important for so many reasons. Could a carbon tax collect a lot of revenue and drive a lot of beneficial change? Yes. Windfall profits tax? Yes. Resource rent tax? Yes. Get rid of the Stage 3 tax cuts? No problem. Could do all those things and we wouldn't be more heavily taxed than Norway is right now. But the reason we're not going to do it, certainly in the next year or so, certainly not going to do all of that, is because for some reason, not you, but the people sitting next to you just refuse to vote for those kind of policies. Also, we're told - it came up before about the story of the 2019 election - couldn't agree more, John. I mean, what a sliding door moment.

You know, what if Bill Shorten had got slightly more votes, you know, than all of a sudden taking on capital gains tax, negative gearing, Stage 3 would have been political genius. But here's the thing about the 2019 election, power doesn't just influence the way people act, certainly governments. It influences the way we record history. In 2019 when Labor was opposing the Stage 3 tax cuts, when Labor was proposing to reform negative gearing, capital gains tax and franking credits. Stage 3 negative gearing, capital gains, franking

credits. You know what happened to the Labor vote? The Labor vote in the wealthiest electorates in Australia, it went up. Kooyong, Goldstein, Wentworth, North Sydney. What have all those seats got in common? They are the seats the Teals won in 2022. There were swings to Labor in the highest income electorates in 2019, when they were proposing a big tax and spend redistribution. But Labor lost by two seats - Bass and Braddon. Northern Tasmania. Lowest income electorates in Australia. You reckon it was franking credits that did a mean in Bass and Braddon or was it the capital gains tax? You laugh but have a look. So, the story we've told ourselves about 2019 is, we better not do this again. We better not do this again because it's electoral poison. But the demonstrable facts tell us that the highest income electorates, the electorates with the most people who negative gear, the people that get the most money from capital gains, the people that got the most franking credits - this is all top secret stuff that's hidden on the thing called the Internet, all of this information is freely available and actually lots of it's on the Australia Institute web page - all of the available information says that high income voters actually swung heavily to Labor 5%, 6% swings. So, one of the reasons the polls were so out in 2019 was that there was a big swing to Labor just in seats they couldn't win because all these rich people voted for them, but no seats changed hands.

So again, we've heard a lot of good ideas for tax reform today. We've heard a lot of critique, really, if you didn't see or if you didn't get all of Greg Jericho's speech, please have a look again. When the options for reform are enormous, the opportunity for reform is enormous. But let's not fall into the trap of thinking that voters hate this stuff. The polling says they don't. The 2019 election results suggest they don't. But for reasons that I'll let you ponder, the mainstream media and indeed powerful people in Australia are pretty determined to tell us that last time Labor tried to tax the mining industry, they lost a Prime Minister. Eh, I reckon Kevin Rudd, had lost a bit of paint by then. You know, the last time Labor tried to tax negative gearing and capital gains tax, they lost the unlosable election. Yeah, somehow because of Bass and Braddon. So, there's a lot more to Australian politics than meets the eye. But if we can't find a way to tell a better story about tax, to come up with a better tax agenda, we will never be able to fulfil those high expectations for the great health system, the great education system, the great transport system, and all the redistribution that needs to happen in Australia. We're one of the richest countries in the world, we can do it if we want to. The question is, does our democracy want to? Thank you for wanting to come along today.