



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

BILLS

Appropriation Bill (No. 1) 2011-2012

Second Reading

SPEECH

Thursday, 26 May 2011

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SPEECH

Date Thursday, 26 May 2011
Page 82
Questioner
Speaker Mr ROBERT

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(Fadden) (NaN.NaN pm)

Mr ROBERT (Fadden) (10:03): I rise to support emphatically the omitted words and the change put forward by the member for Goldstein. When we reflect upon this budget in its entirety and the three appropriation bills it is important that we look upon the facts as stated in the budget, starting with the prebudget rhetoric of a tough Labor budget, of tightening of belts, and all we actually see is union mates being rewarded with millions and millions of dollars and \$2 billion being slugged out of the pockets of families because of wasteful spending. In this budget the government delivered total savings of only about \$2.7 billion over five years where total spending is almost \$1.9 trillion. That amounts to 14c in every \$100 and the majority of savings do not even come in until 2014-15, miraculously after the government has delivered their long-awaited surplus. As the member for Longman so eloquently put it last night in parliament, 'I celebrate my 21st birthday soon. In that time a Labor government has never delivered a surplus budget.' As all market commentators have agreed, this budget will do nothing to stop interest rate rises. It is also instructive to note that one-third of all Labor's savings are actually new taxes. It is a vagary of taxation law and of the way Treasury operates that a taxation hike is construed as a saving. We note from the budget that the budget deficit for the current year, 2010-11, is soaring to \$49.4 billion. The forecast deficit for 2011-12 has blown out by \$10.3 billion to a staggering \$22.6 billion deficit for the next financial year. The net government debt is climbing to a record \$107 billion in 2011-12 and it is forecast to remain at over \$100 billion in the foreseeable future, at least to the next four years—that is, net debt of \$4,700 for every man, woman and child, for every Australian.

Gross borrowings required to furnish the debt, as well as provide the necessary cash flow and so on, are forecast to go over \$200 billion with the government requesting authority to increase gross debt to a quarter of a trillion dollars. It is a typical, old-fashioned, Labor budget—big on taxes, big on spending, very low on helping householders battle high costs of living, low on helping battlers deal with the high cost of petrol, electricity, gas, groceries, health costs and home repayments. There are no tax cuts for the first time in eight years, just tax hikes.

Appropriation Bill (No. 1) is for ordinary annual services of \$72.85 billion and Appropriation Bill (No. 2) is looking at \$7.4 billion to allow full annual appropriations in the Consolidated Revenue Fund for services that are not ordinary annual revenue. Appropriation Bill (No. 2) also increases the government's gross debt ceiling from \$200 billion to a quarter of a trillion. Appropriation (Parliamentary Departments) Bill (No. 1) is \$180 million to deal with the appropriating funds for the proper running of government services.

The Prime Minister was right when she said this was a traditional Labor budget. She was spot-on. There is no duplicity here. There is no 'There'll be no carbon tax in my government' here. She was spot-on when she said, 'This will be a traditional Labor budget,' and it has been—a huge deficit, huge borrowings, huge debts and huge taxes, all spun with a rhetorical line about being tough. The only thing they are being tough on is their lack of resolve to save money. They talk about the need to repay debt but they lift the debt ceiling to record levels. They talk about easing cost-of-living pressures and then they slug \$2 billion out of family assistance to pay for wasteful spending.

As a matter of fact, in November last year we were told that the deficit for 2010-11, the current financial year, would be \$41½ billion. On budget night it was revealed to blow out to almost \$50 billion, a change of almost \$10 billion—they got it wrong. In November we were told that net debt would peak at \$94 billion; we are now told it will peak at \$107 billion, or a \$13 billion blow-out. Not only is net debt to stay above \$100 billion for at least the next four years but the government will continue to borrow \$135 million a day and Labor's debt repayment will be a staggering \$7 billion a year. Cumulative interest on Labor's debt will be more than \$26 billion over the next four years. That is the legacy of this Labor government. Think of the infrastructure, the railheads, the ports, the hospitals, the community services that could be funded if this government had not wastefully spent money on recurrent expenses.

Labor does not like to admit that we have the highest interest rates in the OECD and among the highest home mortgage rates in the world. Labor's reckless spending and borrowing has seen interest rates higher than they would otherwise be. Since budget night there has been universal consensus that Labor's budget will have

zero impact on the Reserve Bank's monetary policy, nor does anyone admit that under the Rudd-Gillard governments we have seen the greatest growth in government spending since the days of Whitlam. The best that could be said about the situation is that at least Whitlam had some style about him. In less than four years Labor has beaten Paul Keating's record. When he left \$96 billion in net debt in 1996 the coalition paid that off and in just four years we are now left with \$107 billion of debt. Labor's spending as a percentage of GDP is 25.2 per cent, almost three per cent higher than the last year of the Howard government. I note that it is not as high as the Scandinavian countries that the government likes to point to with respect to good policy, where government spending as a percentage of GDP is up to 50 per cent. Perhaps that is where this government wants to go: the ultimate nanny state. You the taxpayer and I the taxpayer do not know what is good for us, but the nanny Labor government clearly does.

Spending has gone from \$271 billion in 2007-08 to \$362 billion in 2011-12 under this government. It is the greatest growth in real spending since the disastrous Whitlam years. Yes, Prime Minister, you were spot-on on budget night: this is a traditional Labor budget, boots and all. While the government said it was bound by tight fiscal rules and would offset all new spending with savings measures, the budget papers tell a completely different story. The government cannot even manage to offset new spending in 2011-12, with a \$2.3 billion deficit in that area. Of the \$21 billion in savings the government claims over the forward estimates, at least 30 per cent of them are new and increased taxes and they will spend \$19 billion of it on other stuff. In fact the \$1.7 billion flood levy is actually claimed as the biggest saving in the budget. It is staggering that a flood levy is called a saving. It is mind-boggling how much money is being wasted. They could not even find \$1.7 billion in a \$360 billion budget to deal with natural disasters that are inevitable in a land of drought and flooding rains. It all harks back to pink batts, school halls and \$900 cheques, all stuff that our children will pay off because of the reckless spending.

Now we see a \$1.7 billion blowout as a result of Labor's failed border protection policies. The Labor government stood here for years and said: 'It is the push factors that are doing it. There is nothing we can do.' They have now reversed that and said: 'We will open Manus Island. We will take a one for five swap with Malaysia. That will stop it.' They have now realised it is the pull factors. It is a complete sham. Labor in opposition prior to 2007 condemned the Howard government for spending an 'abhorrent' \$100 million dealing with our borders. They said such expenditure was a tragedy. The Prime Minister, when she was in

opposition and we were getting three boats a year, rolled out that great line, 'Another boat, another policy failure.' Well, Prime Minister, we are getting three boats a week and \$100 million has now become \$1.7 billion. We are now finding the Deputy Secretary of the Department of Immigration and Citizenship with his head through a manhole trying to convince asylum seekers to get down from a roof. That is what things have come to with this Labor government.

The bottom line is that the budget is based on a lie. The carbon tax revenue is nowhere in the budget, nor are any expenses associated with it. This carbon tax is a tax the Prime Minister said would never happen. 'There will be no carbon tax in a government I lead,' she said, hoping to win an election, only to reveal the truth a few days later. Revenue from the mining tax is factored into the budget, yet a tax is not even bedded down and apparently starts on the same day that the carbon tax is meant to start. The carbon tax is not in the budget but the mining tax revenue is. We know the carbon tax will simply export jobs and increase the cost of everything. Let us take cement, for example. The cement process uses a chemical process to release carbon dioxide to take, ostensibly, limestone and reduce it down, and 50 per cent of carbon dioxide emissions in cement production occur through that chemical process. There is no way to improve it and there is no way to rationalise it. Another 35 per cent is in the following processes, before you release the small balls of cement basis, and then 15 per cent is in the large rolling and crushing machines. The bottom line is that there is no way to reduce emissions in the production of cement. So how is the carbon tax going to work in the cement industry? Apart from all cement being imported, all we have done is move emissions offshore. Instead of using power from black coal fired power stations we are going to move emissions offshore to nasty, brown wet coal power stations in China. Emissions will go up and jobs will go down, but apparently this carbon tax is good for us. Revenue from the mining taxes is in the budget; revenue from the carbon tax is not in the budget.

Labor plans to borrow \$18.2 billion for the NBN over the forward estimates, yet the potential for waste in this project is frightening. It will be a \$50 billion project, and we all know that 80 per cent of IT projects blow out. It could be much higher. This is government betting on picking a technology when we know, right now, as a statement of fact that for every one user of wired broadband there are seven users of wireless broadband. I say to the government: how does your NBN help me with my iPad? How does it help me use my tablet and my mobile communication devices? How can it possibly work? How does it help me use wireless on my laptop? It does not. This is a government picking technology winners because

Minister Conroy could not get the 2007 election policy correct of \$4.7 billion and broadband to 98 per cent of Australians. On a flight to PNG the former Prime Minister changed his mind to \$47 billion and broadband to 90 per cent of Australians. Well done; no wonder Labor knifed you in the back.

The budget is a house of cards, further illustrated by the decision of the Western Australian government to increase iron ore fines royalties by over \$2 billion. Under the terms of the Prime Minister's agreement with the big three, the Commonwealth is obliged to credit in full all increased royalties from mining companies that are subject to the MRRT. This is of course added pressure on Labor's budget.

What is particularly galling is the hit on families: \$2 billion will be gouged for the freezing of indexation of family tax payment supplements and upper income thresholds, despite the government talking down the impact of these changes at a time when families are struggling with massive cost-of-living increases. Electricity has gone up by 51 per cent since this government came to power. The truth is that \$2 billion ripped away from struggling families will hurt them in one shape or form.

On top of that, as if we did not have overpriced school halls, pink batts and solar panel disasters, we have \$376 million on 'building the entertainment revolution' through set-top boxes. It is absolutely and utterly deplorable. The budget is a sham. It is an incredibly wasted opportunity, and the Prime Minister is right: it is a typical Labor budget.