

## GRIEVANCE DEBATE

### Economy

Mr ROBERT (Fadden) (9.09 p.m.)—I wish to bring to the attention of the parliament a significant grievance. It is no surprise that my grievance lies with the government and its nervous little Treasurer. At the beginning of the year, the government pulled out all stops to show that the Howard-Costello government had left a legacy, apparently, of rampant inflation. They were not content to accept that the 1996 debt was paid off and a Future Fund of \$60 billion was put aside to take care of future liabilities; not content with negative debt repayments—that is, savings—or for a budget imbalance with a strong surplus; not content with \$18 billion in surplus in the 2007-08 financial year project and the hallmarks and foundations of the current \$22 billion surplus; and not even content to say thank you, which would have been nice. They pulled out all stops to try to demonise the previous government in some vain attempt to show that some inflationary evil monster had been left behind. There were comments such as 'inflation monster', and indeed a day before the Reserve Bank met to discuss interest rates the Treasurer rolled out, 'The inflation genie is out of the bottle.' The mental picture that he portrayed to the nation was an almighty, ugly, monstrous genie that had come out to wreck the nation, because that is what a genie out of the bottle is—a day before the Reserve Bank met. It is no wonder that the Reserve Bank exercised its monetary policy responsibilities and interest rates went up twice.

The then shadow Treasurer and now current opposition leader warned the government that the prevailing storm of the subprime crisis was cresting the horizon, that what was needed was prudent monetary policy and not scaremongering tactics with respect to inflation rates and that interest rates did not need to go up; they needed to go down. The last movement of monetary policy was down one per cent. Eleven of the 19 respected economists believed only half a per cent was necessary and the other eight believed one-quarter of a percentage was necessary. That has certainly vindicated the member for Wentworth, the current opposition leader, that indeed Reserve Bank increases went too far, that indeed the inflation genie was not out of the bottle and that indeed the cresting storm of the subprime wave would hit.

It is interesting that the hedge funds and the mortgage funds saw it last year. Those astute funds could see when the first tranche of subprime mortgages would come back for redoing themselves with respect to interest rates. They could see that coming in 2008 and the respected funds moved up to 60 per cent of their fund holdings into cash. The market could see the subprime collapse coming—indeed, the coalition warned the government—but not the Treasurer. He did not mention it at all. He did not speak about it at all. He simply rolled out this farcical line of inflation to try to paint the government with inflationary woes, causing the Reserve Bank to put up interest rates—now to come down again, and now for the Treasurer to realise indeed the folly of his ways.

Unfortunately, it led to the biggest crash in consumer confidence since records have been kept. That crash has certainly impacted the small business capital of the nation, the Gold Coast. Gold Coasters have been, since the beginning of the year, worried about the status of their employment and the future of the local economy. This has been exacerbated by the lack of confidence driven by this government and in particular its Treasurer. Only 10 days ago the Brisbane property developer of a \$40 million apartment project at Biggera Waters was forced to lay off the majority of its office staff after already cutting jobs within the company. The Harbour Quays project, to be located on East Quay Drive, Biggera Waters, was approved by the Gold Coast City Council in June and had an expected completion date of 2010. This is one of many multimillion dollar projects the developer Petrac had planned for the next few years. The future of these projects is now unclear and has been so since the beginning of the year, when consumer confidence collapsed—before the subprime wave hit the nation.

This news comes off the back of significant redundancies in Fadden's boat-manufacturing industry. Coomera based Telwater recently announced it had sacked 100 staff. Maritimo was forced to offer redundancies to 100 staff. This, in combination with the losses out of Riviera Marine, takes the total boat-building losses to well over 500 employees and contractors in one of the biggest industries in Fadden and an important export industry—all before the subprime tsunami hit and all because confidence was shattered by the words of the Treasurer.

A report released by the Gold Coast City Council in August—noting we are now in October—prior to the economic tsunami hitting, showed the coast's average unemployment had risen to 4.5 per cent compared to 4.2 per cent for Queensland. Until recently it was more common that the coast's unemployment rate would be lower than the national and state averages. The effects of the global financial crisis are clearly now starting to filter through. It is hard to tell what the long-term impacts of this situation will be. The Gold Coast's most significant industries are exposed more than others to economic downturns. Tourism and luxury products are more likely to be the first items to be removed from a household budget when times are tough.

The shadow Treasurer, the member for Curtin, is aware of this, and this Friday she will be visiting businesses within the mighty electorate of Fadden to talk about the strategies the opposition will be putting forward to combat the global downturn and to discuss how to maintain jobs on the Gold Coast. In direct comparison to the current Treasurer, she will not be talking down the economy, she will not be pulling bottles out of handbags and talking about genies and monsters ravaging economies. She will be talking about solid strategies, about how businesses can cope, and she will be engendering confidence.

We will be talking to the marine industry, an industry that was the first to be hit, only a few months ago, an industry that saw sales drop by up to 40 per cent because of the effect on consumer confidence when the Treasurer's uncalled for and unwise statements hit the national media. Maritimo will be meeting with the shadow Treasurer and me. We will also be visiting Dreamworld, a significant employer within the electorate, to discuss the impact the worsening economic conditions will have on the Gold Coast tourism industry. We might also have a look at the Indy to get an idea of what else is happening with Gold Coast tourism. We will be visiting heavy earthworks equipment manufacturer Digga in Yatala. Digga produce some of the most advanced gearboxes and mining equipment in the country and are the country's largest exporter of gearboxes. Obviously a downturn in construction may have an impact on Digga's fortunes. The shadow Treasurer and I will have the opportunity to discuss this with the company's management, to look at the export market that Digga has driven and to look at the effect of this government's cutting of export grants and the Commercial Ready program.

Fadden, along with the other Gold Coast seats, is one of the centres of small business in Australia. These are some of the first businesses to suffer, the first to lay off workers and the most likely to close during difficult economic times. Small business needs the support of government to ensure their continuing success and ability to employ Gold Coasters. I was interested that last Friday the Prime Minister met with big business to discuss a range of strategies that business can take in the current climate, but there was not a single small business operator in the room—not one. As a token effort, the Prime Minister dragged along the Minister for Small Business, Independent Contractors and the Service Economy to show that he cared about small business. But, at a time when a concise view was needed from both large and small business in the same room, small business was absent.

Despite the global nature of the problem, the government must take some credit for the economic climate that they began with unwise, unnecessary words. At the start of the year and indeed back to the 2007 election campaign the government talked up

inflation in an attempt to discredit the Howard-Costello government's economic record. It was reckless, it was unwise and it has had dreadful and dire consequences. At best, it was foolhardy. It created unnecessary panic at a time when the government should have been talking up Australia's prospects. It was a time when Australia needed confidence, prior to the economic tsunami. Australia did not need the unwise words of the Treasurer. The genie was out of the bottle, according to the Treasurer. The RBA was put in a position where it had to act and interest rates were put up. The economic crisis at that stage had not arrived on our doorstep. The information regarding the subprime fallout was known within industry but clearly not within the cabinet of this government.

This grievance is significant. The Gold Coast has been hurting from a lack of consumer confidence, driven by the Treasurer and this government's unwise words, and it is now further hurting as the economic tsunami waves continue to pound against the shores of the coast. I look forward to the government's more mature and wise response going forward.