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HOUSE OF REPRESENTATIVES
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Budget

SPEECH

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Speaker Owens, Julie, MP

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Ms OWENS (Parramatta) (16:18): Once again I follow the member for Casey. I think the last time I spoke on a matter of public importance I did the same thing, and I think I said the same thing then. The member for Casey has an extraordinary ability to ignore the fact that there was a global financial crisis.

Mr John Cobb: You created it.

Ms OWENS: I think the member sitting opposite said we created the global financial crisis. That is one of the most amazing statements I have heard in a long while. That deserves to go down on the list of 'silliest statements of all time'—that the Labor government created the global financial crisis. Thank you for your interjection.

This is an interesting MPI to have on budget day, because most people—particularly in the media area—who know a great deal about economics are actually off in a lockup. In this House we have Dr Emerson, the member for Rankin; he certainly knows about economics. We have a few members of the opposition who, from what I have heard so far, do not know much about economics. But I am going to take this opportunity, while all the economists are not listening—excuse me, Dr Emerson, you can give me notes later—to try to talk about the economy and the issue of surplus in non-economic language. I am going to try not to use the word 'fiscal' more than once, because I have just used it.

Governments have a major role to play in keeping our community functioning and keeping us in a place where families and individuals can live the lives that they want to live. One of the things governments have to achieve in order to do that is growth. But it is not growth for its own sake. It is not growth because growth per se is good; it is growth because growth allows us, as a community, to do certain things. It allows us to provide employment for people who are entering the workforce. That is one of the most important things that it does, and that is why this government is so focused on jobs. There are more people in the workforce now than there ever have been at any time in Australia's history. Growth allows a government—particularly a Labor government—to support the weakest and the most vulnerable. I am really pleased to see that tonight there will be some announcements on payments to families to assist with education expenses. This reflects our commitment to supporting the weakest. Our commitment is also reflected in our substantial investment in struggling schools in past budgets, in the substantial increase to pensions—the largest one in 100 years—in the increase in the childcare rebate from 30 to 50 per cent, and in the amazing work that has gone on in the development of the National Disability Insurance Scheme. We will be launching sites for that scheme next year, one year earlier than the Productivity Commission recommended. We are also giving additional assistance to parents of children with disabilities, and paid parental leave. All of those Labor reforms indicate our understanding that one of government's roles, and one of the purposes of growth, is to support people at times in their lives when they are weakest and most vulnerable.

You also want to grow because it allows a government to encourage and enable the strongest people in the community to contribute to society—the most creative, the most entrepreneurial. That is why we invested so substantially in R&D and that is why when things got tough we came to the aid of small business with instant tax write-offs during the global financial crisis, why we have announced instant tax write-offs again from 1 July and why there will be more announcements tonight that will provide tax relief to business—an extremely important role of government.

But also one of the roles of government and one of the purposes of growth is to make sure that you can do these things for future generations, that you are not just using what you have now but that you are putting in place the structures that will provide all those things for the future. That is why you will see this government commit to the MRRT—known as the mining tax—which uses some of the profits of today for the future through increases in superannuation. It is why we have put such extraordinary investment into training, why we have made reforms to health with much more focus on preventative health, and why we have invested so substantially in the NBN. All of these things are about making sure that the growth that our economy shows is invested for the things that

matter—to keep people employed as they enter the workforce, to support the weakest, to encourage and enable the most creative and the strongest, and to make sure that we can keep doing these things for the future.

One of the things that governments do right around the world in order to keep economies moving in this way is to step in when there are shocks to the economy. When the global economy suffered a severe crash a couple of years ago—it is actually more years ago than you realise; it has been going on for quite some time—we did step in and we stepped in quickly and effectively. The results if you do not step in are really easy to see. When the economy turns down, when you get what I think at the time was an estimate of \$250 billion over the forward estimates ripped from your tax base—and that is what we were talking about back then—what happens is individuals lose their jobs. Someone pays when the economy has a downturn of that size.

You can as a government stand back and say, 'Okay, the individuals who will lose their jobs can pay for it'—as happened in many countries of the world where the action was not fast enough. The US, for example, has 8.3 per cent unemployment and Europe has over 10 per cent now; whereas we are sitting on just over five per cent. You can stand back as a government and watch that happen or you can step in and take up the slack as business withdraws—and that is what we did as a government. What that means in times of great global financial shock is that countries actually go into deficit. They go into deficit when they need to step in and, as business recovers, they pull back again—and they pull back for very good reasons. They pull back to make space for business. As business starts to recover, it needs the employees and it needs to build things for itself. Whereas during the global financial crisis we were building things for the community, if we continued to do that in a major way as business started to build for itself, there would be a competition for investment dollars and a competition for skilled labour. So as the economy slows down government steps in to provide employment for a range of people.

In my community we built school halls, libraries and public housing, and three per cent of my workforce was employed on those projects. Three per cent of Parramatta's workforce was employed on those projects, and they were employed for up to two years. We all know that the construction industry is still quite soft. They would still be unemployed. They would have sold their trucks, they would have sold their tools, they would have lost their houses and they would have had all the mental health and other health issues that come with a shock in a person's life—and the family stress and the family break-up. And, as the economy improved, they would not have had their truck, they would not have had their tools and they would not have been in the position necessarily to move back into the workforce quickly. So we stepped in and we as a nation, by spending that stimulus money, took the weight of the global financial crisis as a community. We took it rather than allowing it to be borne by individuals—by that individual and that individual, depending which field you were in and depending where you were at the time. We did that and it was the right thing to do.

But it is equally the right thing to do as the economy recovers for us to withdraw and push the budget back into surplus. You do that for a number of reasons. You do it to get out of the way, for a start. You do it to get out of the way and to give the Reserve Bank more space on monetary policy. You do it for that reason but you also do it because, given the circumstances that this government has seen since we came to government—with global financial crises and the ebb and wane of the argument about whether it was going to get better or whether it was going to get worse—it is just sensible to put this country in a position where we have the capacity to respond to what comes in the future.

In the last two years we have lived through some of the worst natural disasters that we have seen come one after the other. Every time it happened there was a hit to our GDP, there was a loss of work opportunities and we saw the economy slow—and each time we responded. It is sensible when you have the spare capacity to move back into surplus so that if things get rocky again you have the capacity to respond. This is a sensible thing to do. It was sensible to go into deficit and it is sensible to bring the budget back to surplus as early as you can—and that is what we are doing. I am really looking forward to tonight's budget because I know it is going to be a Labor budget that continues on that commitment to growing the economy, to supporting the weakest, to enabling the strongest and to ensuring a future for future generations.