



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

FUTURE FUND BILL 2005

Second Reading

SPEECH

Tuesday, 7 February 2006

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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Questioner
Speaker Ciobo, Steven, MP

Source House
Proof No
Responder
Question No.

Mr CIOBO (Moncrieff) (7.15 pm)—It is a pleasure to follow on in this debate on the Future Fund Bill 2005 from the member for Werriwa and from the members opposite, such as the member for Lilley and the member for Perth, all of whom come into this chamber and espouse the great Labor Party philosophy and the great Labor Party ideals that they would apply to the Future Fund. Of course, it is wonderful that the Australian Labor Party can come into this chamber and lecture the government and the Australian people about the ways that they would improve the Future Fund if only they were in charge. Their standing up and arrogantly proclaiming what they would do with the Future Fund stands in stark contrast to the fact that the Australian Labor Party, when they had the opportunity, left the economy of this country in a state of rack and ruin.

The only reason we are able to have this debate in the chamber today is that a coalition government has delivered—and delivered in spades—for the Australian people when it comes to good management of the Australian economy. It is all very well for the member for Werriwa to come into this chamber and talk about how the Future Fund is overly restrictive in that area and how the Future Fund should have more liquidity in this area—how we need to focus on building productivity, how we need to ensure that young Australians will have opportunities in different job markets and all manner of different considerations such as these that the member for Werriwa put forward in his contribution. Yet he himself is a member of a political party that racked up, in the 13 years that the Australian Labor Party was at the helm of the Australian economy, some \$96 billion of debt. That was the legacy of the Australian Labor Party. That was what was left by the Leader of the Opposition as part of Kim Beazley's black hole when it came to the last budget that the Australian Labor Party ran.

Bear in mind that \$96 billion of public debt as left by the Australian Labor Party is even greater than the liability of unfunded superannuation that this Future Fund is attempting to address. Bear in mind that this coalition government has delivered seven budget surpluses since 1996—and what a stark contrast it is to the nine deficits that the Australian Labor Party ran in their 13 years in office. The fact that, for example, this government has been able to deliver \$33 billion back in the black since we came into office in 1996 again stands in contrast to the record of the Australian Labor Party. The coalition government, under the strong stewardship and economic management of the Treasurer, Peter Costello, has delivered \$33 billion in the black. What was the Labor Party record? It was \$74 billion in the red.

I am fascinated to hear from such erudite people as the member for Perth and the member for Lilley—and no doubt the member for Rankin will make his contribution—about the great things the Australian Labor Party would do if only we would listen to them when it comes to the Future Fund. How do they explain \$74 billion in the red as compared to \$33 billion in the black under this government? So while the coalition government and the Treasurer, Peter Costello, continue to deliver budget surpluses when most OECD countries around the world are expected to record budget deficits in the year 2004-05 and likely next year, we have the Australian Labor Party, with absolutely no sense of irony, coming into the chamber and telling us how they could do things better. I am very sceptical, as indeed are all Australians. We are very sceptical of the Australian Labor Party, because the Australian Labor Party, as of only about 14 or 15 months ago, stood before us all, straight-faced, and said, 'The best person to lead Australia, the best person to be Prime Minister, is Mark Latham.'

How interesting that I should follow the member for Werriwa, because the presence of the new member for Werriwa also highlights the fact that the former member for Werriwa is currently up on different charges before the police—assault and I think theft is another one. There is a range of four or five charges. And the former member for Werriwa is the man that the Australian Labor Party was telling us should be Prime Minister of this country! Any wonder that we think that perhaps the Australian Labor Party not only lacks credibility when it comes to economic management of Australia and when it comes to the way in which this Future Fund should be dealt with, but also lacks credibility by virtue of the fact that it is not in a position to comment on economic management in this country because it has demonstrated a complete vacuum of judgment? How many more times must the Australian Labor Party be shown to be the kind of unscrupulous party it is when it comes to putting forward good recommendations to the Australian people? I make the point that we should apply the same test to the Australian Labor Party when it comes to the Future Fund.

The Future Fund is an initiative of the Treasurer, Peter Costello. It is a very good initiative and one that I am very pleased to highlight to residents in my electorate of Moncrieff, as well as to residents of the city of the Gold Coast and more broadly to all Australians. It is an initiative that is particularly pertinent to younger Australians. It is a forward-looking initiative that ensures that in the longer term, thanks to the good economic management of the Treasurer, Peter Costello, this government is starting to meet those unfunded liabilities that have been racking up for decades under successive governments. This government, through careful economic management, is making a contribution such that we are in a position where we can alleviate some of the burden that will fall on future generations of Australians if we were not to ensure that we fund the current \$90 billion of unfunded superannuation liabilities.

The Queensland government enjoys funded superannuation liabilities such that it has a funded superannuation scheme—introduced, I might add, by a coalition government. In the same way that the Labor Party in Queensland today can enjoy the fact that superannuation liabilities there are funded, this coalition government will ensure that the Australian people in the longer term can enjoy funded superannuation for public servants. It is a \$90 billion expense, expected to grow over coming years to over \$120 billion, but it is a challenge that this government can meet, and we are taking concrete steps forward with this bill. The amazing thing is that the Australian Labor Party stands opposed even to measures like this, which will make such a substantial difference to our wealth and to the tax liabilities that future generations of Australians will need to pay.

We must bear in mind that Australia, like many Western democracies, has an ageing population. The Australian people will see the proportion of the population aged 65 and over continue to grow from approximately 12 per cent in the early 1990s to closer to 27 or 28 per cent by about the year 2050. So we will see a very significant increase in the number of Australians who will effectively be retired, who will have an expectation that the government will provide funded pensions and who will continue to utilise services that we take for granted, such as Medicare. Bear in mind that, as more Australians start to utilise these services as they grow older, there will of course be proportionately fewer Australians working and paying the income taxes that fund these kinds of expenses. Consider the fact that, in combination with this ageing of the population and the draw-down on government services increasing significantly, there will also be a sizeable proportion of the Australian population that is currently employed in public sector roles that will be drawing down on what are presently unfunded superannuation liabilities. In that respect, we must be mindful of the importance of the fact that where possible we need to provide for these superannuation liabilities. That is very much what this bill does.

With respect to the construction of the Future Fund and the management committee that will put it together, we see an injection of initial start-up capital by this government of approximately \$18 billion. This \$18 billion flows from previous budget surpluses as well as proceeds of any future asset sales that this government will make. I heard the member for Werriwa talking about the fact that he thought it was a little unclear as to what the government's policy might be with respect to the sale of Telstra and whether or not proceeds from the sale of Telstra will flow directly into the Future Fund or whether there might be a transfer of assets into the Future Fund in the form of Telstra shares. Apart from highlighting the hypocrisy of the Australian Labor Party when it comes to the privatisation of Telstra, given their track record when it comes to privatisations, I would simply say to the member for Werriwa and to all members opposite that at least this government, in privatising former national assets such as Telstra, is putting the money aside for a proverbial rainy day. At least this government is not squandering the millions of dollars that will be raised—and indeed, when it comes to Telstra, the billions of dollars that will be raised—by chewing it up as part of that particular year's budget.

This was the legacy of the Australian Labor Party. When the Australian Labor Party privatised Qantas and when it privatised the Commonwealth Bank, that money was not set aside. That money was not used to pay down debt. That money was not used to ensure that we were paying less interest. That money was used in the budget of that year so that the Australian Labor Party could continue on with their merry and reckless way of spending taxpayers' money—not in an educated way but simply in some mad scramble to try to improve the budget bottom line. That is the legacy of the Australian Labor Party—to spend national assets for short-term gain, to rid our nation of jewels so that they were not leaving a \$20 billion budget black hole but were able to raise the budget bottom line to Kim Beazley's \$13 billion. That is the legacy of the Australian Labor Party.

I find it extraordinary that the member for Werriwa would come into the chamber and say: 'I'm a little concerned about the sale of Telstra. I'm a little concerned about the fact that we are putting assets into a Future Fund.' I say to the Australian people: it is fantastic. I say to my constituents: isn't it good that this government, when privatising a company—moving it from the half-pregnant, half-public/half-private ownership model that we currently have with Telstra into a private sector form of governance so that the government is not conflicted by

being both the majority owner and the regulator—can at the same time provide the benefit that future generations of Australians will be able to enjoy with these assets not only accruing in value, not only earning interest and dividend income, for example, but actually being used to meet future liabilities? These are issues that I am very pleased to talk to my constituents about, and the feedback that I receive from my constituents highlights the fact that they are very pleased that this government has the wherewithal to ensure that we continue the good, strong economic management that the Treasurer, Peter Costello, and all members of this government are renowned for.

With respect to the Board of Guardians, the board will have statutory responsibility for managing the investments of the Future Fund. I have heard previous opposition speakers call into question the qualifications and the operation of the board. I am willing to bet that it probably would not matter who was appointed to the board—they would do a better job than the Australian Labor Party would. What is more, the board that will govern the Future Fund has one single greatest threat, in my view—and that single greatest threat would be the election of the Australian Labor Party to government. The Australian Labor Party have already indicated that their policy is not to continue with the Future Fund. The Australian Labor Party will turn their backs on future generations of young Australians. The Australian Labor Party will ignore the hard work of this government that has built up assets for the Australian people. The Australian Labor Party, if they have the opportunity of getting elected to government, will raid this Future Fund. Once again we will see the tried and true form of the Australian Labor Party as they undo all the good work and years of strong economic management that the Treasurer, Peter Costello, has put into growing this Future Fund. They will raid the Future Fund, no doubt to try to prop up some budget deficit that no doubt they will accrue again in the future.

The Australian Future Fund is an important fund because it is about recognising that in the future the Australian people may not always enjoy the economic sunshine that the Treasurer has been able to bring about through economic management that is both sound and strong. The Future Fund is an important initiative that will help to ease the tax burden. By easing that tax burden, we will continue to ensure that this government, through the delivery of budget surpluses, is in a situation to provide money back to the Australian people. This government has delivered a number of tax cuts over its past 10 years in government. That stands in stark contrast to, as I am sure you would recall, Mr Deputy Speaker, the l-a-w law tax cuts that the Australian Labor Party said they would institute. This government actually brings about tax cuts, but the Australian Labor Party stand up and promise the people that tax cuts are l-a-w law and then turn their back on them. Once again, Mr Deputy Speaker, I would suggest to you that the Australian people are actually quite intelligent when it comes to determining who is real and who is phoney and when it comes to the way in which we deal with their money and the way in which we provide for the future of the Australian people.

I commend the Future Fund Bill 2005 to the House. I commend the fact that, through careful economic management, by delivering seven budget surpluses since 1996, through raising \$33 billion in budget surpluses and by an injection of some \$18 billion into the Future Fund, this government is able to take the pressure off future generations and, what is more, is able to provide some certainty to those in the Public Service Superannuation Scheme, which will be looking to draw down on this fund in the future. I commend the bill for ensuring that we have in place adequate management safeguards while at the same time ensuring that we have a fund that is able to build up capital and income as a result of varied investments.

I challenge the Australian Labor Party to recognise that they are not credentialed when it comes to the economic management of Australia. The Australian Labor Party do not have the credentials to determine the manner in which the Future Fund should be operated. Furthermore and most importantly, I challenge the Australian Labor Party not to raid the Future Fund, to use it to prop up the bottom budget line from some future deficit budget that they are likely to run, but rather to leave the Future Fund in place so that it can continue to earn income and fund those \$90 billion of unfunded superannuation liabilities. The Future Fund, as an initiative of the Treasurer, Peter Costello, is a very good initiative, one I am very proud to support and one that I certainly know the Australian people are very grateful to see taken. I commend the bill to the House.