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PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES
MATTERS OF PUBLIC IMPORTANCE

Economy

SPEECH

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Questioner
Speaker Ciobo, Steven, MP

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Mr CIOBO (Moncrieff) (3.31 pm)—I am pleased to rise this afternoon on this matter of public importance to highlight the government's hypocrisy when it comes to their promises. The Prime Minister said, when we saw him shrouded in all the imagery of the last federal election campaign, that he was going to be an economic conservative. We saw time and time again the Prime Minister, the Minister for Small Business, Independent Contractors and the Service Economy—who is at the table—and the Minister for Finance and Deregulation in various fora across Australia, on various campaign advertisements and in various brochures talking about how they would be a government of economic conservatives. We heard only moments ago the minister for small business—the two-stroke lawnmower of this parliament—stand up and say that the Labor Party are the party of small business. I note that the minister for small business claims to be one of the great examples of past small business men and women in the Labor Party from his time as a consultant with, from what I understand, one or possibly two clients in the form of the Queensland government.

I rise because this government has right in its sights those 2.4 million small businesses who employ around 3.8 million Australians. The reason that small business is the target of the Australian Labor Party is this government's track record as one of the biggest spending governments in this nation's history. There are consequences that flow from such reckless economic policy as that put forward by the Minister for Foreign Affairs, the Treasurer and the minister for small business. The consequence of this reckless spending, of this government's failure to adhere to their pre-election promises to be economic conservatives, is that interest rates will be driven up. As interest rates are driven up, we know that small business is going to be the one that feels the pinch. This government and this Prime Minister are spending some \$58 billion more than they are earning.

The former coalition government had a proud track record. We never ran away from the fact that when we were in government we had a number of key objectives. The first key objective was to keep the Australian economy growing and to keep it growing strongly, and we succeeded in that. We knew that there were two fundamental aspects to ensuring strong and sustainable growth in the Australian economy. The first was to keep the budget in balance or in surplus, and the second was to pay down over time the massive \$96 billion debt that the Labor Party left from their previous 13 years in government. They were the two key objectives that the former coalition delivered on, and delivered in spades. The consequence of our delivery on that key economic policy was that the Australian small business sector were able to do what they do best: grow, generate wealth and generate employment for those nearly four million Australians that are employed in Australia's small business sector.

But all that is out the back door, as the Prime Minister would say. All of that legacy of the former coalition government is washed away. It has been washed away by this big-spending Labor government. In typical Labor form, we know that the Labor Party has come in and, in a matter of only two years, turned a \$22 billion surplus into a \$58 billion deficit. This Labor government, after we spent 12 years paying off their \$96 billion debt, has now put this country on track to reach \$200 billion of debt. And the Labor Party carries on as if nothing is going on. Time and time again the Treasurer stands up with his little chest puffed out and says how, under his stewardship, the government has ensured that this nation has the lowest level of debt. It would almost be amusing if it was not so ironic. This government having the lowest debt in the developed world has nothing to do with the economic policy settings of this government and everything to do with the former coalition government paying off \$96 billion of debt. If we had not payed off that debt, our debt forecast would not be \$200 billion, as it is under the Labor Party's forecasts; it would be something like \$400 billion. For all we know, this government's constant and consistent attempt to spend as much money as it can, as quickly as it can, on as many political spin projects as it can is going to cost Australian small businesses in the future.

The fact is that the government refuse to make the hard decisions, to reign in their reckless spending to help keep downward pressure on interest rates and to help make it more sustainable and easier for Australia's 2.4 million small businesses going forward. Labor are frantically borrowing billions of dollars from abroad only to squander this money on cash splashes and Julia Gillard memorial halls across the country. There is nothing meaningful in terms of assistance for those 2.4 million small businesses—nothing that will help Australia's small businesses. If you read an MYOB survey or the NAB small business survey, one clear and consistent message

comes across. When these times are upon small business—when we have depressed economic conditions, international economic tumult and uncertainty about the future of small business conditions in this country—there is one loud and clear message from Australia's small businesses. They say: 'We need assistance with cash flow. Cash flow is our single biggest problem.' Ninety-three per cent of Australia's small businesses report cash flow as their biggest problem.

What did the Labor Party do? What was the pinnacle of Labor Party support to Australia's 2.4 million small businesses? They announced a tax-effective investment scheme. We saw the Labor Party trot out there and the minister for small business travelling around the nation highlighting how great this policy initiative from the Australian Labor Party is. From the outset I questioned the wisdom of this policy. I said the coalition would be supportive of it but we really questioned how many of those 2.4 million small businesses Labor's policy would actually assist. The answer, as has been played out in the various surveys, is not many at all—the reason being that Labor's policy requires a small business to have a dollar in order to spend it. Labor's policy says: go out and spend money on plant and equipment and we will give you tax-effective reasons why you should do that.

If you are in small business, as many from this side of the chamber have been, and you understand small business, as many from this side of the chamber do—more than just wandering into one to have a cup of coffee, as most on that side of the chamber do—then you would know that small business cannot spend money on plant and equipment unless they have money. When 93 per cent of small businesses are suffering with cash flow problems, it is no good saying to them, 'Go out there and spend money; help to boost the economy,' because they will look at you and say: 'What money will we spend? We've got a cash flow problem.' That is why we have seen that the only meaningful expenditure from the small business sector has been on vehicles. So it has hardly been the great economic boost that the Treasurer and the small business minister claim it to be—in fact, it has largely been a flop.

We also know that there has been widespread criticism of the government's policy settings with respect to their reckless debt and deficit policy. Professor Ross Garnaut, who chaired the government's climate change review, said:

But once there are signs that the economy is recovering faster than had been anticipated, then it's appropriate to pull back that stimulus at a faster rate.

... ..

If growth is stronger than Treasury had been anticipating at the time it was put in place, then it will be appropriate to bring it back faster.

I do not think many people in the Australian community would have much grief with that statement. Let us analyse that statement. If we cast our minds back a year or two, the world was placed in a situation where there was a lot of uncertainty about what the future held. There was widespread concern that the world might in fact have gone into an international depression equivalent to the depression that we had in the 1920s and early 1930s. At the time, this government threw tens of billions of dollars out into the Australian community as economic stimulus. The coalition at the time put forward a policy that said the government should exercise some restraint: 'Let's wait and see a little bit. Spend money on stimulus, absolutely, but let's just ensure that it is properly targeted and that it's not too much.' But the government were sounding the alarm bells. The government said that as much money had to be spent as possible, as quickly as possible, to ensure the economic recovery of this country.

What we have actually seen is that the Australian downturn was not nearly as bad as was forecast by Treasury and not nearly as bad as the government predicted it would be. In light of that fact, when we find out that, thanks to the good work and the strong economic fundamentals of the previous coalition government, the downturn in this country was not as great and we weathered the storm so much better than was anticipated, you would really have to question why the government remain hell-bent on spending as much money as they possibly can as quickly as they can.

We know that the Prime Minister likes to roam around and claim that 70 per cent of these tens of billions of dollars is being spent on infrastructure, but we also know now that that is not entirely accurate when it comes to actually spending on important economic infrastructure. The cat was belled when the Business Council of Australia published their report which showed that, out of the tens of billions of dollars that Labor were spending on so-called stimulus, only 14 per cent—one dollar in every seven—was actually being spent on productive economic infrastructure. The rest of the money is being spent on a raft of projects across a raft of Labor electorates

so that they can stand up in front of the people and say: 'Look at how great we are. Here we are, taking more money off you in tax and borrowing record amounts of money from overseas in order to fund our deficit and giving it back to you in non-productive infrastructure.'

Australian small businesses recognise this. They speak to me and to members on this side of the chamber and say to us: 'Please get the government to get their reckless spending under control. Please get the government to provide more support to Australia's small businesses.' There are groups on Facebook, for example, with thousands of members saying, 'Why isn't there any economic stimulus for small business?' People stop me in the street or when I and other members do walks through small business centres talking to small business owners, and they say, 'What are the government doing?' They are wasting so much money but they are not actually nurturing those 2.4 million small businesses that are providing employment and generating wealth and are the key path for Australia's economic recovery. That is the difference between this side of the chamber and that side of the chamber. That is why, as a core and fundamental alternative policy for this nation, we put forward a clear pathway for economic recovery predicated upon nurturing and helping those 2.4 million small businesses.

These people who make a difference in the community, who roll up their sleeves and bend their backs in their small businesses, are doing what they are doing not only for themselves but because they recognise it is part of making this nation a better nation. They recognise their work makes a real contribution. They stand by those nearly four million Australians that they employ and recognise that the employment of those people in their businesses also has hiding behind it a family, more often than not, and a mortgage repayment that needs to be made and that they are responsible for keeping those people in a job. That is why this side of the parliament is absolutely committed to looking after those 2.4 million small businesses.

I make a prediction: in 12 or 24 months from now, when interest rates continue to skyrocket because of this government's reckless abandonment of sound economic policy in favour of short-term, populist politics so that Labor members can run around the country standing in front of school halls and cutting ribbons, and interest rates continue to skyrocket as a result of the hundreds of billions of dollars of debt that this Labor Party has gotten us into, the Australian people will recognise that it is going to take decades to pay off the hundreds of billions of dollars of debt that the Labor Party has once again gotten us into and they will not be thanking the Australia Labor Party then.

They will not be thinking that Labor were economic geniuses and they certainly will not be thinking along the lines of the Treasurer, who, if you were to listen to him, likes to trumpet that he is the greatest Treasurer this country has ever seen. That mantle rests with the sound economic policy of the former coalition government, which paid off \$96 billion worth of debt, which got record low levels of unemployment and which helped to ensure that this country had a sound economic footing going forward. Labor's reckless spending, their mountain of debt and deficit, will be an absolute millstone around the neck of Australia's 2.4 million small businesses and will ensure that, unfortunately for small business, absurd policies like Labor's dogged pursuit of modern workplace reform will possibly be in the long term the straw that, for many of them, broke their economic backs.