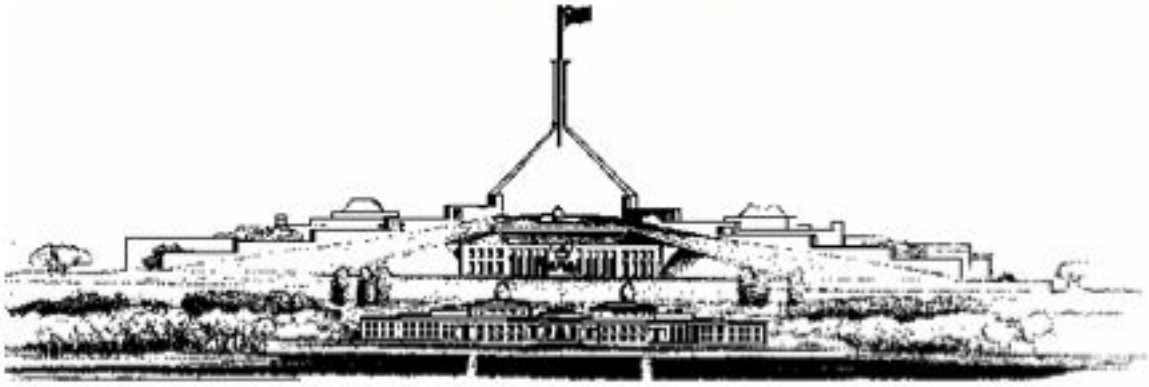
COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

Main Committee

APPROPRIATION BILL (NO. 1) 2010-2011

APPROPRIATION BILL (NO. 2) 2010-2011

APPROPRIATION (PARLIAMENTARY DEPARTMENTS) BILL (NO. 1) 2010-2011

Second Reading

SPEECH

Wednesday, 26 May 2010

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

SPEECH

Date	Wednesday, 26 May 2010	**Source**	House
Page	4355	**Proof**	No
Questioner		**Responder**	
Speaker	Broadbent, Russell, MP	**Question No.**	

Mr BROADBENT (McMillan) (7.20 pm)—Madam Deputy Speaker, the first thing I would like to do is honour your endurance through all of these speeches that members have been putting to this House today—you have endured and endured well. I would say to the previous speaker that as of today his government have done nothing about housing affordability. If they were prepared to take the very hard decisions that he is concerned about, there are things that they could do to make housing more affordable for young people.

However, I rise to speak in reply to the second reading of the Appropriation Bill (No. 1) 2010-2011, in which the Treasurer spoke of framing the budget from a position of strength. Notwithstanding the fact that the Labor debt is already at an all-time record and interest payments will amount to $4,600 million in 2010-11 and $6,500 million in the following year, any claims of returning to surplus at some time in the future under Labor can be put in the same category as every other Labor broken promise under Prime Minister Mr Rudd and his ministers.

This budget is wholly predicated on the prospects of a resources boom, is totally reliant on the Chinese demand for our resources and says very little about the impact of the global financial crisis engulfing the European Union in particular and the rest of the world in general. Any downturn in demand for Australia's resources puts this entire budget strategy at considerable risk. The Treasurer wishes to harness the profits of the resources boom to ensure a two-speed economy does not develop and disadvantage many Australians. Unfortunately, by his own admission, the two-speed economy is already a reality, and his strategies will not impact on the economy until 2013-14, if not later. This is an admission of failure by this government in not acting sooner to stem the development of a two-speed economy. At the same time, households in Australia—ordinary men and women and families—are struggling with the ever-increasing cost of living: local government rates, water rates, health insurance and the cost of electricity in particular, and I could go on. All of these are impacting at levels exceeding the inadequate CPI and Reserve Bank measures of cost of living increases.

This budget proffers little support for Australians in the forthcoming financial year. It is entirely focused on the future—and a distant future at that. As Kenneth Davidson remarked in the *Age* on 24 May 2010:

> The Australian budget is very deflationary—withdrawing about $46 billion from the income-expenditure stream this financial year even though it will still be in deficit. A deflationary budget only makes sense against the Treasury forecast of accelerated growth in private spending. If this growth does not materialise, the deficit will rise …

This was reiterated by the Treasurer at a press conference, when he said:

> What you're not seeing is the money we didn't spend.

As we know, small business is feeling the pinch and retail sales are falling dramatically. Housing, as the previous speaker said, is becoming increasingly unaffordable for many Australians as interest rates rise and supply pressures drive the scarcity of available properties. Any reasonable person would have thought the budget was about the coming financial year—after all, it is the Appropriation Bill (No.1) 2010-11. Note the year; it is this year. However, the Treasurer in his second reading speech made much of the economic outlook for Australia, and in particular, his forecast of returning to a surplus in three years.

However, according to the economics editor for the *Age* Ross Gittins, it is not as simple as that. He wrote on 17 May:

> The annual debate about the budget gets ever more unreal. This year it reached the height of absurdity. Budgets used to be about what the government plans to do in the coming financial year. Now they're about what supposedly will happen any time over the next four years. How unreal can you get? Who on earth knows what will happen over the next four years? No One. Certainly not Treasury … And yet we take seriously what it says the balance will be in three or four years' time.

I could go on, and let us not forget that an election is due before very much longer—and who knows what changes that may bring. Treasury's forecasts might be even further tested. The Treasurer puts much emphasis on the

resources boom, yet the resources super profits tax, if it ever comes to fruition, will not be introduced until 1 July, 2012. It will not happen in this budget year, 2010-11, which is what this bill is all about.

This new tax is being touted as the means to provide a cut in the company tax rate to 29 per cent in—wait for it—2013-14 and to 28 percent in 2014-15, which again is not in the forthcoming budget year. Moreover, the mining tax is viewed as a catalyst for policy in all directions. The proceeds from this tax will create a new infrastructure fund. As the Treasurer noted:

> The fund will grow over time, with estimated inflows over the next decade … beginning with $700 million in 2012-13.

Again, that is not in the forthcoming budget year. But this not the full impact of this new tax, according to the Treasurer's speech He said that the new tax—the RSPT—along with other measures, will strengthen the business case for new investment. He also said:

> Independent modelling indicates economy wide investment will be boosted by 2.1 per cent in the long run.

Who is the independent modeller? In economic terms, the 'long run' is basically a series of short runs. However, in this instance there is neither any specific detail as to what the Treasurer means by the 'long run' nor what will occur in the immediate short run.

The Treasurer's optimism is certainly not shared by everyone. Max Walsh of Dixon Advisory writing in the *Australian* on 24 May about this new tax suggested that Prime Minister Rudd has a dated and/or cynical view of the politics of class and money in 21st century Australia. Citing the undignified burial of the ETS, the insensitive treatment of Telstra investors and the forced negotiations between Telstra and the National Broadband Network, Walsh says:

> … is fast earning Australia the harmful reputation of posing a sovereign risk to investors. We are hugely dependent on capital inflows to finance investment. Further, the global competition for capital is intense as governments around the world are running record peacetime fiscal deficits.

On 25 May, Terry McCrann asked in the *Herald Sun*:

> Apart from the money that's borrowed by our banks, where does the real investment have to take place? In the resources sector that Rudd and Co are trashing so cynically and so recklessly.

The 2008-09 budget promised $1.9 billion over five years to increase and deepen the skills capacity of the Australian workforce through the Skilling Australia for the Future program. This was to deliver up to 630,000 additional training places to fill skills shortages. A year later, in budget 2009-10, this program had become the Jobs and Training Compact which promised thousands of job placements. In this current budget, these two programs have morphed into the new Skills for Sustainable Growth strategy. The Treasurer assured us in his budget speech that the strategy will:

> … invest $661 million in the skills of our workforce and ensure our education and training systems are flexible and responsive to our economic needs.

The newness of this program is revealed in the budget papers, which show that the strategy will be largely financed by bringing forward and redirecting funding which was previously allocated. One could question the effectiveness of the 2008-09 and 2009-10 programs. Weren't they responding to our needs also?

On a related matter, the Treasurer, in delivering the 2008-09 budget, proudly announced:

> Just one year ago, from the other side of this House, we promised $2.5 billion for Trade Training Centres in our schools.

To date, a number of budgets later, my understanding is that just two centres have been completed. It is worth noting the credentials of this government. In the 2008-09 budget, the Treasurer spoke of regional and rural Australia:

> Mr Speaker, at the election we promised to be a government for all Australians. For rural and regional Australia, and for Indigenous Australia.

These are fine words, but where are rural and regional Australia in the 2010-11 Budget? Non, nada, nothing, nonexistent, not mentioned, forgotten. The Leader of the Nationals, Mr Truss, put it quite succinctly in his 11 May press release:

For the third budget in a row, the people of regional Australia have copped it tonight … Instead of some recognition for their hard work in keeping Australia out of recession, they have been ignored or attacked.

In his 2008-09 budget speech, the Treasurer went on to say:

We will invest $2.2 billion dollars over five years for the Caring for our Country program …

But what has this government done—*(Time expired)*

I seek leave to continue my remarks later.

Leave granted; debate adjourned.