



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

BILLS

**International Monetary Agreements
Amendment (Loans) Bill 2012**

Second Reading

SPEECH

Wednesday, 22 August 2012

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

SPEECH

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Speaker Neumann, Shayne, MP	Question No.

Mr NEUMANN (Blair) (17:53): This is important legislation and it builds on and shows the strength of the Australian economy. It goes to show what a good international citizen Australia is. We are proud to be part of the United Nations. We are proud to be part of the International Monetary Fund. We are proud of the fact that we have made our contribution to the relief of poverty, to the education of people and to commerce and trade. We are proud to go to G20 conferences. We are proud of the fact that we assist those in need. I commend the previous Howard coalition government for helping in Indonesia's time of need.

But we can only do this with a strong economy, as the member for Hindmarsh said. We can only do this if we have ourselves in a position where we can contribute and we are liquid enough to do so. We have seen challenges. We saw problems in the United States which led to the global financial crisis. We saw a real problem in regard to people's capacity to meet mortgage loans and problems in regard to the securitisation of those loans. We saw that feeding across into our economy and into Europe, with uncertainty in places like Portugal, Italy, Greece, Spain and the like. But every economy in western Europe and across the European Union was affected. About 15 per cent of our trade and commerce is with Europe as well and America is one of our biggest trading partners, so we were affected during the global financial crisis.

But this government undertook measures to protect jobs and to contribute to infrastructure, heeding the warnings of the Reserve Bank to invest in infrastructure. In my home state, we doubled the funding for roads, rail and port. We put in a record amount of investment. We stimulated the economy. We built important school infrastructure. It was the biggest school infrastructure build in the history of the Commonwealth—the \$16.2 billion Building the Education Revolution. In every country town and every city in my electorate you can see the benefit of that.

We would not be in a position today to pass this sort of legislation and to contribute to the IMF if we had not built on those strengths. While those opposite were asleep at the wheel during the global financial crisis, what did we do? We actually undertook those measures. It seems to me that otherwise the Australian economy would not have been in this position; unemployment would have been much higher. Indeed, the Leader of the Opposition infamously said that we should follow the New Zealand model, which would have seen unemployment above seven per cent. Instead, we have unemployment of about 5.2 per cent and low inflation. We have seen record growth and about 800,000 jobs created when over 27 million have been lost in the Western economies which we trade with and which we have such affinity with—places like the UK, Italy, Spain, Portugal and the United States.

While the unemployment rate across the EU is about 11 per cent and America is struggling at about eight per cent and above, here in this country unemployment is at 5.2 per cent. It is no accident. It is no accident that we can take steps like this legislation that is before this parliament today. We can do this because we are a strong economy and this is a federal Labor government that invested in skills and job training, education, infrastructure and keeping people in work, making sure that they could pay taxes and contribute back.

We have the data. As the member for Hindmarsh said, we have the data which shows that the economy is strong. We have built it with fairness and with strength. We know that, whilst GDP throughout the Western world and the economies that we deal with and trade with are much lower, ours is much higher. It is much higher than it was. It is about 10 per cent higher than it was during the global financial crisis. We did not sleep through that. We supported people, we supported jobs, we supported regions and rural areas, and we supported people in communities across this country, no matter whether they were in big cities like Sydney, Melbourne and Brisbane or small country towns in my electorate like Toogoolawah, Lowood and Fernvale.

As previous speakers have said, this is a bill which amends the International Monetary Agreements Act of 1947. It accepts changes made by the IMF executive on new arrangements. It is known as the NAB—new arrangements to borrow—decision. It has the effect of reducing the credit arrangements we have under that arrangement. Following an agreement, we increased, as I said, the IMF quota. We are renewing, as the member for Casey said, the NAB for a further five years, commencing 17 November this year. That is why this bill is timely and

needs to be carried by this House and the Senate, and effected. There are changes in relation to the IMF in terms of liquidity and the like.

This is not legislation that deals with any relationship to the contingent \$7 billion bilateral loan to the IMF. The Prime Minister announced that in April 2012. Our commitment to the bilateral loan is part of our global effort to increase the resources available to the IMF. It was a commitment that is part of a \$455 billion commitment. There were other countries which contributed to that particular commitment—the UK, Japan, China, Germany, France and all countries that felt they had an obligation to do so. The IMF then provides assistance to those economies in trouble. Poor economic outcomes, poverty, disadvantage and discontent lead to conflict, trauma and, at times, sadly, in the history of humanity, war. The IMF has been a force for good throughout its history. We have seen it as something that is important to contribute to. We have seen it as part of the international arrangements.

I saw the member for Wentworth here. I note that he made a comment, which has been provided to me, in relation to an increase in the IMF resources. At the G20 London Summit he said this:

Well the biggest thing they've done, overwhelmingly the most important thing they've done is agreed to commit about a trillion dollars to the International Monetary Fund collectively. Now that's a good measure.

I am pleased that the member for Wentworth thinks that. I am pleased that those opposite do support this legislation, but I am troubled when I hear those opposite talk from time to time about notions and ideas from strange places when it comes to international assistance, whether it is to the IMF or foreign aid. We saw that during the response to the floods crisis in Queensland, when part of the savings measures which they said they would undertake would be a deferral of foreign aid. I do not think that was a good outcome. It seemed to come from One Nation at the time and I was surprised that those opposite thought it was appropriate.

There are some criticisms levelled from time to time by the opposition suggesting that what we are undertaking are IMF loans to Europe, as if somehow the Australian public is intent on and this government is committed to solely bailing out the euro area and some of the countries that I mentioned before. It is untrue. We contribute to the IMF as part of our good international citizenship. The IMF provides assistance, and there are some very strict eligibility and other criteria to its loans and the assistance it gives to countries. It does not just dole out the money willy-nilly. It makes sure that governments act in a responsible and prudent way. It is important that we do that.

I know there has been criticism not just from the right but from some on the left in relation to what we have done, but I think the IMF on balance does contribute well and productively to good economic arrangements and economic development, acting as, I would think, a ballast to keep economies strong in those countries which have suffered. What we are doing in relation to these arrangements today is in line with our membership of the IMF and the World Bank. We are making sure that we meet our obligations arising from the membership of those kinds of institutions.

We are a very fortunate place, Australia. We are, I think all of us would agree, the greatest country in the world. Every time I come back on a plane from overseas I say a prayer and thank the good Lord above for the fact that I was born here in Australia, because of the poverty that you see in some parts of the world and even the challenges that some of our friends in Europe and the US have. We really are blessed in this country, not just with a great climate but with a peaceful democracy. We are blessed with a people that are prepared to work hard, as they did during the global financial crisis. Labour and capital across the whole length and breadth pulled together to get through. We are a great country and we can afford to do great things. Our contribution to the International Monetary Fund as a collective measure shows that we are a compassionate country. It shows we are a generous country. It shows we are a good country, and I am proud to support this legislation.