



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



## **HOUSE OF REPRESENTATIVES**

### **Federation Chamber**

### **BILLS**

**Appropriation Bill (No. 1) 2012-2013,  
Appropriation Bill (No. 2) 2012-2013,  
Appropriation (Parliamentary Departments)  
Bill (No. 1) 2012-2013, Appropriation Bill (No. 5)  
2011-2012, Appropriation Bill (No. 6) 2011-2012**

### **Second Reading**

### **SPEECH**

**Tuesday, 29 May 2012**

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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## SPEECH

**Date** Tuesday, 29 May 2012  
**Page** 6174  
**Questioner**  
**Speaker** Entsch, Warren, MP

**Source** House  
**Proof** No  
**Responder**  
**Question No.**

**Mr ENTSCH** (Leichhardt—Chief Opposition Whip) (19:06): What an outstanding contribution from the member for Sturt. I watched with interest the announcement of the 2012-13 budget, and it was sorely disappointing. For my electorate of Leichhardt, this budget is yet another blow to growth, another blow to tourism, another blow to economic enterprise and another blow to small business owners. For too many years, Leichhardt has missed out on funding and investment opportunities—they have bypassed us—and projects have stagnated to the point where my constituents sometimes wonder whether they are considered part of this wonderful country at all.

Members would have heard me speak time and again about the Torres Strait Islander communities who yet again face inundation by the king tides, with no money to rebuild the seawalls that protect their small islands. The Bruce Highway south of Cairns is renowned for being an accident black spot. The state government has now committed \$1 billion for the upgrade, but how many more people have to die before the federal government comes to the party? On the 80-20 split, one would have expected at least a \$4 billion contribution, given that the state has already made its commitment well and truly known. The renowned tourism town of Port Douglas is now just a shadow of its former self. It needs critical investment in public infrastructure to regain its status as a jewel of the north, but yet again it misses out on federal money.

In the Torres Strait, the tuberculosis clinics on Saibai and Boigu islands are unmanned and underfunded. In Cairns, cruise ships carrying 2,000 passengers at a time bypass the port because Trinity Inlet is too shallow and too narrow, costing the town millions of dollars every year. While the new state government, an LNP state government, has committed \$40 million to dredging it again, the federal government has failed to even recognise the need for, let alone commit to, funding.

Finally, the effect of the budget is evident among the most vulnerable people suffering in our community—those needing aged care or rehabilitation from drug and alcohol addictions. Funding shortfalls mean that services such as the Rose Colless Haven in Mareeba, and Lyons House and Douglas House in Cairns, have closed down. This leaves a huge void in our region, and there is no funding at all to re-establish those services. Marj Norris from Mossman District Nursing Home Inc. continues a 15-year campaign to build a much-needed aged-care facility in that region, yet those pleas continue to go unheard.

I have so many concerns about this budget, but the biggest has to be the impact on the tourism industry in my electorate. It is certainly the backbone of our economy, and a series of blows at a time when we are focused on trying to move out of the slump has seen business after business close in our region. On Sunday, a very popular restaurant in Port Douglas, Bistro 3, became insolvent, just days after well-known retailer Something Tropical was forced to close its doors at four outlets in Port Douglas. This budget will deliver the world's biggest carbon tax, and the tourism industry will be among those hardest hit. The increases in fuel prices will hit those small businesses hard. Fuel is one of the biggest expenses for companies offering coach tours to the Daintree rainforest, trips onto the Great Barrier Reef and scenic flights around Cape York. They work on wafer-thin margins as it is and they cannot afford to wear these costs, particularly after the very tough few years the industry has had as a result of the high Australian dollar and the disastrous start to 2011 and low economic confidence.

This government have loudly trumpeted the family assistance package and the schoolkids bonus, but we all know that it is very much a flash in the pan—all on borrowed money, I might say—to try to lessen the blow of the carbon tax when it hits on 1 July. They have tried to sneak in legislation that will raise the country's debt ceiling to a record \$300 billion. This is another increase in our nation's credit card limit, so that by 2015-16 we will be spending over \$8 billion a year, around \$22 million a day, just to pay our interest. We have been there before but not to this extent. I remember when I came into this place in 1996 that we were faced with similar challenges at that time. It took us eight years to extinguish that debt. I suspect that it is going to take a little bit longer this time. Do not forget that in the last 18 months the government's estimated deficit of 2011-12 has blown out by \$12 billion to \$44 billion—and the year is not over. Some people would think this is something of a bad joke.

Far from receiving a break in this budget, small business—the engine room of our economy—will receive no compensation for the carbon tax and no break in the form of corporate tax cuts. Your great friends from the Greens told you that they were prepared to put the small business tax break through, but you did not have the courage to put it into the parliament. The reality is that it could have happened. From our perspective, we do intend to get rid of this tax completely. The tax break certainly would have made a difference to small business in my electorate but, yet again, they have been disappointed by this government.

The Australian Bureau of Statistics shows that nationally there are over 60,000 tourism reliant businesses and another 290,000 businesses that are tourism connected. Tourism and hospitality is a classic small business sector, with 90 per cent of these businesses employing fewer than 20 people. Now the government has dumped the pledge on the company tax and announced this mickey mouse scheme, the \$700 million tax carryback to support businesses. But in order to take advantage of this you have to be an incorporated business—and how many tourism businesses in the Far North are incorporated? I suggest that it is very few. Nationally it is about 20 per cent, so I know that up in Cairns there would be a very significant number of businesses that would not qualify. Furthermore, the two-year carryback policy will only be beneficial to a business that has recorded a profit in the last couple of years. How many small tourism businesses in my electorate can say that they have made a profit in the last couple of years? I would suggest that it is very few. The ATO found in 2009-10 that 35 per cent of companies were trading at a loss. This is likely to be significantly higher in Cairns considering the impact of the high dollar on hospitality and tourism. There is also no benefit to most hotels because they are owned by trusts. These guys are screaming out for help but they are clearly getting nothing from this government.

If that is not bad enough, let us not forget the triple whammy at the airports. The increase in the passenger movement charge from \$47 to \$55 per passenger will increase the cost for tourists to fly into Cairns. The passing on of the \$120 million cost of the Australian Federal Police security to this country's airports is particularly onerous on regional destinations like Cairns. Lastly, the slashing of the duty-free concessions on tobacco is another kick in the guts for small retailers at our airports and a disincentive for those travellers who look for these savings. Cairns Airport is a major gateway into our region and the airport has now banded together with other international airports in Australia—essentially, their rivals—and tourism bodies to battle this increase in the passenger movement charge. So much for a commitment to regional Australia. This was totally unexpected and there could not be a worse time to be doing this when we are trying to look at a recovery for our tourism industry. The increase in the PMC will mean an overseas family of four will pay an additional \$220 to visit Australia. By 2015-16 the government's total revenue from the PMC, a tax on tourists, will be as high as \$1.04 billion, or around eight times the amount currently spent on marketing Australia. Meanwhile, this budget cuts Tourism Australia's funding by more than \$6 million a year at a time when this organisation should have its funding increased, not reduced. It shows again that the federal government have no understanding of the needs Northern Australia.

When I look back at the promise made in last year's budget that Australia would create some 500,000 new jobs over two years, I have to say I am disgusted. I am disgusted because I now see the government expects to miss this target by some 300,000 jobs. The national unemployment rate is forecast to increase to 5.5 per cent. In itself, 5.5 per cent is a daunting figure, but in Far North Queensland the latest Australian Bureau of Statistics figures show unemployment is at a staggering 9.9 per cent—almost twice the national rate. It equates to almost 14,000 unemployed far northerners. My region needs targeted investment in training and employment programs that will lead to real jobs, not make-work positions where employers can just tick the box to meet the requirements that put extra cash into their bank accounts.

I was horrified to learn of the cuts in defence spending. Just three weeks ago the Defence Force Posture Review recommended that HMAS *Cairns* should be upgraded as a key military port for new Navy ships, yet this government has allocated an amount for defence spending that is the lowest since the late 1930s. This means we will now have to be very vigilant in watching what happens to our facility in Cairns. We cannot afford to lose services and capability when the coastline of my electorate is a key border that must be defended. Lose these capabilities and the boats that are plaguing the coastline of western and northern Australia will start to target north-eastern Australia, as will those who smuggle people, guns, drugs and other contraband.

The Australian government has shown it has no comprehension of the depth of the Australian migration crisis. In the last couple of weeks we saw the arrival of two more boats carrying more than 80 people, meaning that more than 18,000 have arrived under Labor and more than 1,000 this month alone—a new monthly record. We

learnt at estimates that the government has budgeted for just 450 people turning up each month, meaning that in the last 12 months Labor's budget has blown out by \$1.7 billion.

In my electorate the Scherger Immigration Detention Centre, located near Weipa in Cape York, was set up in 2010 as a short-term fix to house a maximum of 300 asylum seekers. This was originally a base set up as a military installation. Unfortunately, it has now become a prison centre. Two years on, the number is currently at 437 single male detainees. The centre continues to put pressure on the health services and accommodation sector in this small regional town.

Residents in my electorate have been very vocal in their displeasure with this budget and they see it holds nothing for them—no promise, no positivity and no opportunity for growth. Kim Cook, a local mum, contacted my office to register her concerns about the budget cuts for sole parents. She told me how difficult it was to find work as a sole parent in Cairns. With unemployment at almost 10 per cent there is a lot of competition for jobs, and the bulk of these jobs are in the tourism industry—hardly compatible with somebody with school age children. Trishalee Moore, from the southern suburbs of Cairns, asked why families who send their children to public school, pay more for their home loan and work full time should no longer be eligible for tax cuts, just because they put in the hours to earn a little bit over the threshold. How can this be right?

Industry in Cairns has slammed the budget. In the *Cairns Post* on 9 May there was an article titled 'Construction sector sees no relief, no stimulus'. For example, managing director of Dixon Homes, Andrew Thomas, said it was a terrible budget from a terrible government: 'I cannot see anything in there that is going to help us in business.' On the same day, there was an article titled 'Nothing to boost commerce, laments lobby group'. In the article, Oscar and Elliott, the owners of Rehab—one of my favourite coffee shops in Cairns—said the budget did not have much for small business. 'We've been left out, once again,' they said. 'Something would have been better than nothing.'

All in all, this budget is simply a smoke and mirrors effort by a government that is looking to achieve a surplus by projecting a \$34 billion increase in revenue with a \$7 billion decline in spending. What does that mean for the people of Leichhardt? Cuts where it hurts—a rising cost of living and a blow to business and tourism. It is time that the people of Far North Queensland were treated with a bit of respect rather than suffering and missing out on opportunities in misdirected priorities.