



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

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**Questioner**  
**Speaker** Broadbent, Russell, MP

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

**Mr BROADBENT** (McMillan) (19:51): My beautiful father, Benjamin, often talked about two things: to give someone a fair go and to put yourself in the shoes of the other person. There has been quite a deal of discussion around the parliament in recent weeks about the rule of law and the importance of the individual under that law having their day in court. We as a nation restate that principle at every citizenship ceremony. Why, then, would we take a pregnant woman from her home without warning, who has been living in the community for more than a year with her two boys, and detain her indefinitely? Well, she has an adverse assessment from ASIO. This is lawful. The parliament has legislated accordingly. She has no right of appeal. She was not told of the basis for the adverse finding and, to the public's knowledge, is not being held for removal. That would be, and is, a reason for detention.

This nation of the great south land has always held to the right of the individual to have their day in court. The colour of your skin, the mode of arrival, your life's background, are irrelevant to the right to a fair go. The Australian parliament should now resolve that no person can be held in indefinite detention without the right of appeal and the full knowledge of the basis of the adverse assessment from the authorities. It is not whether ASIO is right or wrong. It is about the character of this nation.

Tony Abbott tells me that former Prime Minister John Howard would say, 'Every day in politics is a test of character.' I put to you, Deputy Speaker: this is a new day. I live in hope that we will not fail this test of character. Protection of our freedom and the rule of law demands we choose the right over the expedient.

I speak to Appropriation Bill (No. 1) 2012-2013, now that I have made that statement. The Treasurer began his budget speech by saying:

The four years of surpluses I announce tonight are a powerful endorsement of the strength of our economy, resilience of our people, and success of our policies.

This in itself demonstrates the level of spin which is contained in the Treasurer's budget speech. I say to the people of Australia that no surplus has been achieved yet, and we will not know if any surplus will be achieved until September next year, let alone in the forthcoming four years. In fact, the Treasurer's predictions in the past lack a certain credibility—a responsibility which, I might add, is the Treasurer's favourite catchcry at the moment.

McKibbin, a former member of the Reserve Bank board, said:

The problem with the entire fiscal debate in Australia today is that many economic concepts have been spun so far they have lost their meaning. There is serious economic damage being caused by attempting to reach political goals with no economic rationale.

Of course, McKibbin was referring to both the budget deficit debate and the carbon tax pledge—both politically motivated without consideration for rational economic considerations. Another respected economic commentator, Ross Gittins of the Age, lamenting the absence of some vital statistics regarding the 'headline cash balance' in the budget papers, had this to say:

The hiding of the headline deficit is just one example of the way the budget papers are becoming less informative rather than more, and the way the government's spin doctors are turning them into an exercise in media management rather than transparency and accountability.

The budget speech used to be a thorough and trustworthy exposition of the new measures announced in the budget; these days it's a made-for-television rave about the budget's good points.

I suspect one reason the budget papers have become less rather than more user-friendly over the years is the spin doctors' desire to drive journalists and others away from the budget papers proper ...

As in previous budgets, this surplus is entirely predicated on the prospects of the resources boom, which in turn is heavily reliant on China's demand for our resources. Any downturn in this demand puts the budget at risk—a risk exacerbated by an already recognised drop-off in tax revenues. J P Morgan chief economist Stephen Walters said the Australian economy was vulnerable to external shocks, especially as China's slowdown took hold. The financial crisis engulfing the European Union poses another risk to Australia's ability to forecast economic outcomes. This is of utmost importance, as I will expand upon.

As an aside, it has previously been noted that the rhetoric surrounding the 'spreading of the benefits of the resources boom to ordinary Australians' who 'don't feel they are part of someone else's mining boom' has been an abject failure. The Treasurer admitted this two budgets ago, and it is an indictment of this government that it has not done more to stem the development of the Australian economy, which is not a two-speed economy or a multispeed economy but a patchwork economy. Note the removal of the word 'speed'—speed is necessarily not present everywhere in a patchwork economy. At the same time, Australians—particularly those who live outside the mining states; ordinary men and women and families—are struggling with the cost of living: ever-increasing price rises in electricity, water, health insurance and local government rates. A question not answered by the Treasurer is: why are these cost of living components rising far in excess of the CPI and the RBA's measures?

Another question which should be asked is: would the benefits of the resources boom be fairly shared had the Greens and the coalition agreed to the proposed reduction in the company tax rates? The Treasurer has said, in his own words:

So in this budget the funds for company tax cuts have been redirected to families ...

It begs the question of what support families would have received if the company tax had been implemented. Moreover, the schoolkids bonus does not begin until January next year—although there is a prepayment in June of this year—a full six months into the financial year; and the proposed Family Tax Benefit Part A increase does not come into effect until 1 July next year, the 2013-14 financial year. Apart from the risks facing this budget's forecasts posed by the eurozone, domestic issues also loom large, as highlighted by Dr Martin Parkinson in his annual post-budget address:

We are particularly worried by the Euro-zone situation ...

He continues:

But there are also domestic risks. A key one is around the labour market ... there is 'the possibility that frictional unemployment could temporarily rise as businesses adjust to changing patterns of demand and workers look to find new opportunities in emerging parts of the economy'.

According to Treasury we now have a new form of unemployment—frictional unemployment, in contrast to ordinary unemployment. If you are out of a job like the many hundreds of Victorians once employed by Qantas, you are out of a job. This points to the oft-repeated statement by the Treasurer, and Dr Parkinson in his address, that 'the economy is going through a large structural transition'—not that at any time has this piece of spin ever been deconstructed and given some detail. Dr Parkinson points out:

The labour market is not the only thing that it is difficult to get a handle on at the moment. We know, for example, that the elevated terms of trade and the high exchange rate are having big effects on the broader economy. As are attitudes to debt, changing patterns of consumer spending, competitive pressures and technological change. But, as you would expect, translating the impact of these broad structural forces into precise central case forecasts is particularly challenging.

For Treasury to admit to such difficulties does not inspire an exuberance of confidence. More disturbing is the Labor government's 'spreading the benefits' rhetoric when it comes to the proposed \$60 per week income cut for about 100,000 sole parents—many, for sure, in my electorate. It is well recognised that the Newstart allowance, which is what the sole parents will move to, is at a rate below the poverty line and offers little assistance in finding a job. Moreover, this forcing of sole parents into the workforce begs another question: are the jobs out there? As one commentator suggests, the government would do well to look at the figures published on its own website. DEEWR's *Vacancy report* for April 2012—March figures—showed that there were ads for 225,000 job vacancies. There are 774,124 official job seekers registered with Job Services Australia. They compete with other job seekers who are not on benefits or even officially unemployed. This gives a potential ratio of roughly

three applicants to each vacancy. However, this ratio becomes more truncated once categories of vacancies are further matched with experience and qualifications. It is further exacerbated when questions of mobility arise with sole parents and the needs of their children.

More disturbing for my electorate of McMillan and that of my colleague in Gippsland, Darren Chester, are the regional figures. The Internet Vacancy Index for Victoria—covering six regions—recorded a decrease in vacancies over the year, with the strongest fall being recorded—where? In Gippsland, down by 22.5 per cent. Furthermore, the April figures from the ABS show the Gippsland unemployment rate of 5.9 per cent, which is considerably above the Australian average of 4.9 per cent. One could be forgiven for thinking that regional electorates even exist, in the eyes of the Treasurer. The primary producers in McMillan are yet again 'forgotten people', as they have been in budgets past. The Treasurer's speech does not even mention farms, farmers, agriculture, beef, apples, wheat, grain, wool, lamb or dairy. This whole productive sector of our economy has been ignored. This is despite the impact of the high dollar on dairy exports, for instance, and the prospect of lower milk prices in the forthcoming months. In fact, this is a budget of lost opportunity. Motherhood statements such as—to quote the Treasurer again—'to create more wealth, prosperity, and jobs; spread more opportunity; and advance the living standards of millions of families and pensioners on modest incomes' lack all credibility, given the facts surrounding this patchwork economy.

Some Western Australians and Queenslanders may be experiencing the benefits of the mining boom, but 85 per cent of Australians live in coastal cities, mainly on the eastern seaboard. And while the linkages from mining do spread into the wider economy, the mining industry employs only two per cent of our total workforce. At the same time, the patchwork economy of south-eastern Australia languishes, with lost jobs in banking, manufacturing, retail and aviation, to mention a few sectors. While a high dollar may make imports of all sorts of goods cheaper for us to buy, it punishes our exporters—of processed dairy products, for example—and it certainly does not help families struggling with out-of-trend increases in utilities and related costs. Add to this the growing uncertainty and concern that electricity generators and their workers face in the Latrobe Valley as a result of the carbon tax implementation.

There is little in this budget that is visionary for Australia. Bringing the budget back to a surplus is an admirable goal, but not when it is achieved through increased debt. Surpluses achieved while at the same time drawing down debt are real. As the budget papers show in statement 7, page 7-4, the government's measurement of its financial position, that is, its net financial worth, will be lower, from minus \$198.5 billion in 2011-12 to minus \$248.6 billion in this budget. The budget papers state:

A range of factors, including the further write-down in tax receipts and the increase in the market value of CGS on issue, have contributed to a higher expected level of net debt, and lower expected net financial worth and net worth, than was forecast in the 2011#12 Budget.

Further, table 3 in statement 10 shows that since Labor came to power the government sector net debt, as a percentage of GDP, has risen, from minus 3.8 in 2007-08, to an estimated 9.6 per cent in 2011-12 and 9.2 per cent in 2012-13. This is a high-spending, high-debt government. Suggesting that a surplus will be achieved in 2013 is, at best, fanciful. As one commentator put it:

No Australian government has ever proposed such a huge withdrawal of spending from the economy ... On Treasury's estimates, that—

the turnaround from deficit to surplus—

would take at least 2.6 per cent of GDP out of the economy.'

On that basis, given the current growth rate, the patchwork economy, the reduction in revenue and the impact of the carbon price on businesses, the suggestion that growth will return to trend and achieve a surplus is pure wishful thinking.

It has been predicted that a more probable outcome is that, on current counting, we will be \$44 billion in deficit this year. The blow-out is unprecedented. The year before, 2010, a deficit of \$40.8 billion was predicted but they delivered a \$47.7 billion deficit. Overall, the Treasurer's five budgets have delivered a combined deficit in the vicinity of \$154 billion. Promising to bring a surplus in 2012-13, as one commentator noted, 'would be the biggest budget turnaround ever, at a time of falling tax revenue'. On that basis—given the current growth rate,

the patchwork economy, a reduction in revenue, the impact of carbon pricing on business, the suggestion that growth will return to trend—achieving a surplus, as I said before, is purely wishful thinking.