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PARLIAMENTARY DEBATES



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SPEECH

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BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

SPEECH

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Speaker	O'Connor, Brendan, MP	Question No.	

Mr BRENDAN O'CONNOR (Gorton—Minister for Housing, Minister for Homelessness and Minister for Small Business) (15:33): I am not sure what planet the member for North Sydney has been living on or what country he thinks he was referring to, but he is certainly not representing the state of our economy, including our debt, in any accurate way. What we just heard from the member for North Sydney was a delusional attempt to suggest that our economy is in some way weak when compared with other advanced economies. The facts are that all economic indicators say otherwise.

I would like to say this on behalf of the government. The government is not interested in taking lectures from an opposition so lacking in fiscal rectitude that they came to the last election without satisfying their own Charter of Budget Honesty. As we all know now, when they eventually provided those details, after the election, after there was proper scrutiny of the details of those costings, they were found to have a very significant black hole. So we do not really need any lessons from those on the other side in relation to the economy and the way in which we should handle the global financial crisis.

We all remember that, when this government made a decision to stimulate the economy, to replace the contraction of private capital, to ensure that small businesses and workers across the country kept their jobs, those opposite voted against those initiatives. Indeed, the Leader of the Opposition slept, both metaphorically and literally, through the legislation that was passed in this place to provide support to our economy. As a result of those initiatives, in partnership with businesses and with workers across this country, we came through the global financial crisis as well as any other country in the world.

In relation to debt, there is no doubt that the member for North Sydney is delusional. Let me just turn to his references about tax. He says that this is a high-taxing government. Let us just be very clear and ensure that we place on the record in this place in this debate which government was the biggest taxing in the history of Australia. It was not the Whitlam government. It was not the Fraser government. It was not the Hawke government or the Keating government. It is not this government. It was the Howard government that was the highest-taxing government, when tax was compared to our gross domestic product as a ratio. It does not matter what the member for North Sydney says—he can bluster all he likes; he can distract us with all sorts of other references—but the fact is, when you look at the most important indicator to illustrate the extent to which a government taxes its people, the Howard government is left exposed as the highest-taxing government in this nation's history.

This debt delusion of the member for North Sydney is all just a further example of the alarmist, scaremongering nonsense that we have been hearing from the Leader of the Opposition, the shadow Treasurer and other members on the other side in relation to our economy—an attempt to scare people into believing that our economy is in some way in bad shape, an attempt to talk down our economy, which adversely affects businesses in this country. It is a shameful act that, for their own self-interest, they choose to misrepresent the facts and create a problem with consumer and business confidence. It is a shameful and irresponsible act.

Just have a think about what we would expect to find in the Australian economy if there were any merit to the arguments of the member for North Sydney. If it were true that the government was flooding the place with government debt, what would you expect the consequences to be? The answer is quite straightforward. Either the price of government bonds would be collapsing because of all the bonds being issued, or the interest rates in the economy would have to go up to influence people to hold extra debt. Are either of these scenarios true? They are not true. The reality is in fact the opposite.

Just in relation to debt—and the Acting Prime Minister referred to this, of course, when asked in question time today—net debt peaks as a percentage of GDP at 9.6 per cent in 2011-12. That is on average one-tenth of the level of the major advanced economies in the world—one-tenth—so by any measure the debt in this country is very, very low. As a result of that, and for other reasons, the rating agencies have given our economy a very big

tick indeed. For the very first time, all three major rating agencies have given our economy a triple-A rating. Fitch referred to our economy thus:

Australia's low general government debt-to-GDP ratio ... is already a standout ratings strength, having given it a demonstrable capacity to absorb fiscal and economic shocks.

As a result, Fitch upgraded Australia to AAA from AA+ in November last year.

Moody's, on 8 May this year, said:

... by demonstrating continued commitment to fiscal discipline, the Australian budget presented on May 8 is consistent with the government's Aaa rating.

And of course we maintained that triple-A rating.

S&P on the same day, in relation to the budget, said:

Restoring the government's strong fiscal settings through a forecast return to surpluses over the cycle and maintaining low debt will provide flexibility to respond to large economic and financial shocks, and is consistent with maintaining the 'AAA' rating on Australia.

For the very first time in our history, this government has received a triple-A rating from all three rating agencies when they are comparing us with other economies. We could not have a better evaluation from independent bodies than that.

But we do have more. We have more people commending our efforts. Very recently, the former Prime Minister, in a moment of candour—a rare moment of candour, perhaps, when it comes to praising this government—said:

When the Prime Minister and the Treasurer say that the Australian economy is doing better than most, they're right. I agree with them. There's no doubt that the Australian economy is doing better than most.

Our unemployment is remarkably low; our debt-to-GDP is converged very favourably; and by all the measurements, our inflation is low. I won't bore you with the statistics; you've heard them all before.

Well, we were not bored by that, because the former Prime Minister is right in saying that we have very low debt, very low inflation, very low unemployment and, as a result, a very strong economy—which of course makes this MPI quite absurd. The proposition upon which this whole debate is based is that somehow we have a debt problem, but we do not have a debt problem.

I will tell you what we do have. We have an economy that is 11 per cent larger since Labor came to office, despite going through the worst global economic conditions since the Great Depression. We have growth running at 3.7 per cent up to this year. We have low unemployment of 5.1 per cent, less than half the rate seen in Europe and significantly below that of other advanced economies. We have an exceptional job creation record of 800,000 jobs that we have created since we came to office, despite our watching 27 million jobs disappear globally in that same time. We have had inflation at 13-year lows, with underlying inflation at the bottom end of the RBA's target band. We have a low official cash rate at 3.5 per cent—350 basis points. We have seen a reduction of 125 basis points in that official cash rate since November last year and, indeed, an official cash rate lower than was the case at any time under the Howard government. And of course we have hundreds of billions of dollars in a huge investment pipeline. We have healthy consumption of four per cent through the year. We have very low debt, as I have said before. We are of course returning the budget to surplus. These are the facts—

Mr Truss interjecting—

Mr BRENDAN O'CONNOR: if the opposition want to listen to them. These are the facts confirmed by rating agencies and confirmed by the former Prime Minister of this country, John Howard, in a recent discussion that he had.

That being so, you wonder: why is it that the member for North Sydney chose to suggest that we have a debt problem? Why would he posit a view that we somehow have a debt problem in this country? There must be some rationale. The only conclusion I can draw from the opposition and the Liberal shadow Treasurer suggesting

that we have a debt problem is that he needs to have a bogus rationale to cut services. He needs to advance the argument that we have a major debt problem to justify the cuts to essential services across this country if the opposition were ever to be elected to government. That is the basis upon which this whole argument that we somehow have a debt problem is being run. Nobody else believes it other than the Liberal Party. They say we have a debt problem, and as a result they want to find a case, find an argument, find the rationale, to cut jobs—front-line job services and essential services—in the same way that the Premier of Queensland, the Premier of New South Wales and indeed even the Premier of Victoria have been doing in recent times.

You might wonder: 'Is it fair to say that? Would it be true to say that the federal Liberal opposition are supportive of the approaches taken by the Queensland, New South Wales and Victorian governments?' I think it is fair to say that they are indeed supportive. Premier Newman himself has said that the Leader of the Opposition and the shadow Treasurer are supportive. He said:

I talk regularly to Mr Abbott ... He is very understanding, he and people like Joe Hockey have been incredibly supportive.

Of course they have been incredibly supportive!

Just last Friday, the shadow Treasurer praised Queensland Premier Campbell Newman as he cut 2,745 health jobs—with more to come. The shadow Treasurer said:

Campbell Newman, all strength to his right arm, is showing incredible courage ...

That is the view of the member for North Sydney on the cuts in Queensland. It is also the view of the Leader of the Opposition, who is supporting the cuts being made by Liberal governments in Queensland, New South Wales, Victoria and other parts of this country.

What does all that mean? It means it has been a very bad week for Queenslanders—reckless cuts to front-line services which will impact on patient care; cuts to breast-screening services; cuts to nurses in Townsville, the Darling Downs, Charters Towers and West Moreton; cuts to the flu vaccine for health workers; and cuts to counsellors who help grieving relatives at the morgue. The Queensland Tuberculosis Control Centre is being closed and 12 full-time jobs are going from Donate Life, effectively shutting down this organ donation agency.

This is what the Liberals do. This is in their DNA. They do this as a matter of reflex. But they know they must dress it up—they have to be able to pretend there is a need to do it. That is why we have this MPI—they want to pretend we have a debt problem so that in future, if they are ever elected, they can justify announcing cuts. Just recently we have seen the South Australian Leader of the Opposition announce a keenness to slash the public sector. She is keen to swing the axe on the public sector just as her colleagues in New South Wales, Victoria and Queensland have done. That is what you get from Liberal governments. They do not say anything before the election, but once they are in they are after you. They have been cutting services throughout regional Queensland—Townsville, Mackay, Cairns, Rockhampton. These places are being decimated by a rampant government with a callous disregard for people who need education and health services.

We do not need any lecturing from those opposite. We do not need any pretence that there is a debt problem in this country. We know that is their way of giving themselves a pretext for announcing cuts in essential services—education, health and other areas which ordinary Australians rely upon for a good quality of life.

What we do need before the next election—and we need it soon—is a direct explanation to the Australian people from the Leader of the Opposition of what he is looking to do. We know he supports Campbell Newman's approach, we know he supports Premier Barry O'Farrell's approach, we know he supports the cuts in Victoria and I am sure he will support the Leader of the Opposition in South Australia, but we need to know—and the people of Australia deserve to know—what Tony Abbott is going to do in relation to cutting essential services if he gets elected. He needs to tell people the truth. In the last week he has said nothing. He owes the Australian people an explanation. He needs to tell them the truth.