



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

Main Committee

BILLS

**Appropriation Bill (No. 3) 2011-2012,
Appropriation Bill (No. 4) 2011-2012**

Second Reading

SPEECH

Wednesday, 15 February 2012

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

SPEECH

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Speaker Billson, Bruce, MP	Question No.

Mr BILLSON (Dunkley) (12:40): My contribution today is about Appropriation Bill (No. 3) 2011-2012 and Appropriation Bill (No. 4) 2011-2012. They represent an implementation of the MYEFO—the Mid-Year Economic and Fiscal Outlook—adjustments that were made in a few short months after the government laid out its 2011-2012 budget. It is interesting that the shelf life of that budget was so short and that we are here discussing substantial variations in the form of these appropriation bills.

I will not itemise all the areas of expenditure, other than to note that some of the leading items include a substantial amount of money related to the carbon tax: funds that are aiming to soften the impact, to ease the burden and to relieve some of the pain that is inherently acknowledged in these budget appropriations. All those adjustments, the soft landing and making sure that the hurt is a little bit less would not be necessary if it were not for the implementation of the carbon tax. That is the one that was promised not to happen. This would not be a discussion that we had to have if the Prime Minister had honoured her undertaking: 'There will be no carbon tax under a government I lead.'

So in these appropriations across a number of portfolios there is a substantial amount of money to deal with transitional assistance for the carbon price and the job support package, recognising the vulnerability, the risk and the harm to important sectors of our economy. There is also some money that is designed to help households to meet the additional costs of the carbon tax, and money for setting up the bureaucratic infrastructure that sits around the measure that the government promised it would not implement but now is.

It is an interesting document in that it says a lot about where the government is, but it also gives us an insight into what is actually going on at the moment. There is quite a remarkable political Ponzi scheme being played out in this nation's parliament. You have heard government members talk about what a fantastic job they do in spending bucketloads of money. No-one is saying that they cannot spend money. I have not heard anybody that I have met suggest that this government cannot spend money. It knows how to spend money like no other government before. It knows how to spray it around and defer the responsibility for financing that spending onto subsequent generations.

In the few short years since the Rudd-Gillard government was elected, the Commonwealth outlays have grown by almost \$100 billion. In the last year of the Howard government, if my recollection serves me well, I think the federal budget was about \$270 billion. It is now up at \$360 billion. That is an incredible uplift in government expenditure. Then the government has the hide to come out and say, 'Oh, but we are not the highest-taxing government,' on a very spurious set of data analysis. What it does not talk about is the deferred tax that is debt. Debt is simply tax deferred for subsequent generations to pay. Again, just as no-one contests the ability of this Labor government to spend money, it is unrivalled in its ability to accumulate debt and to record record deficits.

But the political Ponzi scheme sees the economic harm and the financial responsibility transferred on to subsequent years and to subsequent generations, as if it does not matter. It is an intergenerational theft of their opportunities to choose the priorities and the expenditure profile when it comes time for the subsequent generation to manage and to lead this nation and to shape its economy. In effect, it is actually stealing those opportunities, claiming them today and then being able to come into this chamber, as we have heard Labor members do, spruiking about all the money they have sprayed around everywhere. There is an infinite number of worthwhile things that you can do with other people's money, and the government has proven its capacity to make some inroads into that infinite range of possibilities. But there comes a day when you have to account for it. I have touched on how this political Ponzi scheme is sucking resources out of current and future generations to finance this extraordinary expenditure. Today, we as a nation will borrow another \$100 million dollars, and this is at a time when the government boasts about the economy being at trend growth and the terms of trade being as good as they have been for a century and half. Yet we are still proving to be incapable of paying our way.

If, under the Gillard and Rudd administrations, the Commonwealth of Australia were a corporation, Gillard and Rudd would have lots of 'please explain's from the economic regulators in Australia. They would have lots of calls from ASIC to explain how their accounting tricks could be justified against the prudent and good practice that the corporate world needs to meet, but because they are the government they are not held to that same level of account. If the Stock Exchange were a corporate entity, it would be wondering how some of the assertions that have been put out into the marketplace could be made at all, given there is no evidence to substantiate those claims. We see this in the way that the government, after having accumulated extraordinary deficits, has almost overnight contrived a surplus for political advantage. It has been engineered for one budget, one year. Expenditure has been pulled forward into this financial year and then pushed back outside the target year to create a wafer-thin surplus for 2012-13. So we see how in this budget and in these appropriation bills the already enormous deficit which was going to be inflicted on this nation is getting worse. Where expenditure can be pulled forward into this financial year it has been and where other expenditures have been able to be deferred they have been put out past 2012-13. And this is while the government seeks to achieve some kind of political goal that it has set itself in light of the fact that the broader Australian public is quite dubious about this government's economic management, competence and capability.

So these additional expenditures come on the back of quite an extraordinary series of deficits. These are the four biggest deficits in our nation's history. Remember: these deficits have been arrived at—and I am drawing from the Labor government's own rhetoric—at a time when the economy seems to be going well. Any hardship is dismissed as growing pains and the trend growth that we are on now should enable us to pay our way, but we are failing miserably as a nation to fund our expenditures. The four biggest deficits in Australian history have a cumulative total of \$167 billion, and that is supposed to be praiseworthy in the eyes of the Labor government and its members.

If the Prime Minister were the chief executive officer of a corporation and she received a bonus—whether it be a substantial payment or some political kudos—derived from a contrived financial outcome, everyone would look quite curiously at that. In fact, if the government were in the corporate world, the corporate world would be highly critical that high-flying executives were manipulating the fortunes of its company and massaging its finances to create some arithmetic outcome for which they would hope to be rewarded. If that happened in the corporate world there would be outrage.

When this government was going through its post-neoliberalism, former Prime Minister Rudd was trying to say that all things that had helped make this country great and grow our economy were all of sudden quite evil and that we needed a bigger government in every boardroom, in every economic decision and in every household of the country. One of the things he said at that time was that corporate executives were running companies to try to achieve certain financial KPIs so that they would be highly rewarded. Isn't it odd that here we are some years down the track—we no longer have Prime Minister Rudd; we have Prime Minister Gillard—and Prime Minister Gillard is presiding over a Commonwealth corporation, the Commonwealth of Australia, and is doing the very things that former Prime Minister Rudd was so highly critical of when he was Prime Minister. We have a contrived financial picture. We have a completely incredible set of assertions sitting behind one year's financial outcome where the CEO—in this case, the Prime Minister—wants to be lauded and praised for this contrived one-year financial outcome. I am not certain it will even happen, despite all the fiscal gymnastics, transactional shuffling and political Ponzi arrangements that the government is overseeing. We are still yet to see whether there will be a surplus as the Prime Minister and Treasurer have promised on the back of, dare I say, some very poor form. If past performance is a guide to future performance then it is very hard to believe the government will actually create a surplus, even as it creates this cynical fiscal strategy to contrive a budget outcome for 2012-13. There has been no discussion about how it will unwind these Ponzi arrangements that impose cost vulnerability on subsequent generations just so the government can try to look good in the short term.

The shadow finance minister has quite rightly touched on one of the glaring problems with the budget strategy that the government is proposing—and that is the imposition of a carbon tax. It is a particular gift to impose a new tax and have a net detrimental impact on the budget position, but that is what the government has done as it tries to massage the introduction of this tax. This tax is not only causing direct costs, which are canvassed in these bills; it is also causing enormous concern in the business community. You wonder where this trend of growth that the government relies upon to have some kind of credibility, albeit fairly spurious, with these numbers will end up after the carbon tax is introduced.

I sought to ask the Prime Minister about the concerns that are widely held in the business community, particularly in the small business community, about the impact of the carbon tax. She dismissed that concern and that question. She dismissed the anxiety and the fear that is out there amongst the business community, where they know that this is going to be detrimental to their interests, to the interests of employees and to the prosperity they bring to their communities. She tried to suggest that it was somehow a contrivance of the opposition, which I found quite remarkable. In survey after survey the message is consistent. In your great state of Queensland, Mr Deputy Speaker, just a couple of days ago the Chamber of Commerce and Industry released its report. Almost without exception across every region in Queensland the carbon tax was either No. 1 or No. 2 on the list of big concerns. Regionally, it was a concern. The carbon tax was only ever displaced by concerns about energy costs, which of course will go up with the carbon tax. So those interwoven concerns are the pinnacle of the anxieties, uncertainties and lack of confidence in the business community, and yet the government tries to talk it away as if it does not matter. If you look across the survey results, it does not even matter what size the business is: carbon tax concerns or concerns about the cost of energy are still at the pinnacle of concerns. Yet the government tries to swat this away as if it does not matter.

I am genuinely concerned because I look into the eyes of people in small business and family enterprises who are contending with a very difficult economic climate, despite the boast to the contrary of the government. I feel their concerns because I am there with them as they express very sincerely their anxieties about the future. They know cost-of-living pressures mean that consumers are not interested in price increases. They see that their input costs, not only their direct energy costs but all of the other input costs in their business, that have carbon costs embedded in them will be pushing up the cost of doing business. But there is no customer appetite to see those costs passed on. Whenever these issues get raised, Minister Combet, such as in his Press Club speech, swats them away with arrogant indifference—'You cannot get your car serviced in India, and you cannot get your dry-cleaning done in China.' That is of no comfort whatsoever to the small business community. In the communities that I represent, the mechanics are saying that people are not getting their regular scheduled service; they are only coming in when there is a need for a repair. The drycleaners are saying that people are less inclined to make use of their services. They have less frequent dry-cleaning of the articles that require it, and consumers are looking at other options for how to keep their clothing clean, such as washing by hand and the like.

This carbon tax hangs as a dagger over the small business community and it is eating away at the credibility of the budget and the economic scenario in this country. That is why these measures and the carbon tax should be deferred until the Australian public have a chance to cast their vote on just how well things are going for our nation.

Debate adjourned.

Sitting suspended from 12:56 to 16:00