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HOUSE OF REPRESENTATIVES
MATTERS OF PUBLIC IMPORTANCE

Budget

SPEECH

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Page 6215
Questioner
Speaker Bowen, Chris, MP

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Mr BOWEN (McMahon) (15:41): For the last month the Australian people have had the spectacle of a government in denial. No budget in living memory has been rejected so comprehensively by the Australian people as this budget has been. Yet the government simply does not get it.

The Treasurer defensively and plaintively gave a speech last week calling for understanding and explaining to the Australian people that, really, the budget is very fair. The Treasurer seems pathologically incapable of understanding the Australian people's anger over this budget. But the truth is that the Australian people understand this budget better than the Treasurer does. They understand that it is fundamentally an unfair document. They understand that it is fundamentally a document based on deceit—the deceit of the Liberal and National parties at the last election.

The Treasurer arrogantly lectures people in a way that makes Peter Costello look humble. He arrogantly lectures people about the need for cuts and the difference between 'lifters' and 'leaners'. This Treasurer has been telling people that the age of entitlement is over and saying that he is astounded at the reaction of people who do not approve of Australia's patients being forced to pay \$7 to go to the doctor if they are sick. He is astounded by the reaction, he says.

Yet at the same time we have seen that he does not even understand the details of his own policy. We saw him on the ABC a few weeks ago, just after the budget, fundamentally getting the details wrong about his own budget and then not even having the good grace to admit it when asked about it in this House. I have seen some speculation that members opposite have been saying, off the record, that the Treasurer is not selling the budget very well. I concede that he is not a very good salesman of the budget but the problem goes much deeper than that: it is fundamentally a bad budget.

We know it is a bad budget for families. We know it is a bad budget for pensioners. We know it is a bad budget for the unemployed. We know it is a bad budget for apprentices. We know it is a bad budget for university students or people who aspire to go to university. We know it is a bad budget for all those people, but it is fundamentally a bad budget for Australia. It is fundamentally a bad budget for the Australian economy. It is the wrong budget for our times. It is a budget driven by a stale and sterile ideology, not by any deep thought about the needs of the Australian economy at this time.

The Treasurer says—and I agree with him, because I said it when I was Treasurer—that Australia needs a plan to deal with the transition away from the investment boom in mining. But this is a budget that does nothing to assist that transition and in fact makes it worse. It is not a budget that inspires confidence. If we are going to get investment in the Australian economy—right across the economy, not just in the mining sector—we need businesses that are confident in the future. And to have businesses that are confident in the future we need consumers who are confident in the future. But this budget, of course, has delivered the opposite.

Now, of course, the Liberal and National parties had a lot to say about confidence before the election, didn't they? We had the Prime Minister say that there would be an 'instantaneous adrenaline rush' to confidence if he was elected. Well, we have not seen an instantaneous adrenaline rush; we have seen a Mogadon blanket on confidence—far from what the Prime Minister promised. This was the most puerile part of the now-government's campaign. The most bankrupt part of their campaign was their campaign around the economy: 'Just elect us and everything will be all right', they said. The now Treasurer said that Australian consumers will 'unleash their balance sheets' on the very election of a Liberal-National Party government. Even after the election he said, 'It's going to be a great Christmas'—because the Liberal Party is now in charge, spend up big! How has that worked out? Consumer confidence is 16 per cent lower today than it was on the day the Liberal and National parties were elected to office in Australia—some adrenaline, some rush to consumer confidence!

And what has caused this decline in consumer confidence? Well, it is pretty clear. Just have a look at the June Westpac consumer sentiment survey. Westpac says:

The Index is still in firmly pessimistic territory ...

... A very high 74% of respondents recalled news on 'Budget and taxation' with a wide majority viewing the news as unfavourable.

And it gets better. Westpac says:

That is the highest level of recall for this topic since we began running the survey in the mid-1970s, surpassing those seen during the GST introduction in 2000 ...

So, this is a budget that has been noticed more than at any time since the records of consumer confidence were set. The verdict is in, and the verdict is clear. Dun & Bradstreet conducted a survey: the financial stress index has shown financial stress levels increasing by almost a third since the September election. We saw consumer confidence decline and financial stress go up. Another Dun & Bradstreet survey says that 59 per cent of Australian businesses believe that this federal budget will make it harder for them to conduct their business—and that is right across the country. In the June quarter we saw only 29 per cent of Western Australians expecting the Western Australian economy to improve over the next 12 months, down from 48 per cent just last December. And this was a survey undertaken in the lead-up to the federal budget; this was a survey undertaken when all the speculation was out there about the Treasurer's cuts to services and increases in taxes, before they had become a reality. If this is the implication of the speculation, let us just imagine what the impact of the reality is on consumer confidence.

So, this is a bad budget when it comes to the economy, because 50 per cent of the economy is made up of consumption, and if you have consumer sentiment so low, so battered by the actions of this Prime Minister and his arrogant and out-of-touch and blustery Treasurer, then you are going to see an impact on the budget. You are going to see an impact on the budgets of the states. We saw that play out again today in New South Wales despite the pathetic denials of the Prime Minister at question time. And you are going to see an impact on family budgets. There is no budget emergency that this government did not create for the states or for the families of Australia. Their own budget creates budget emergencies right across the country. It is being reflected in consumer confidence and it is being reflected in the statements of every state premier and treasurer right across the country.

This is a budget that is fundamentally bad for the economy of today, and it is fundamentally bad for the economy of tomorrow as well. There are a lot of cuts in this budget that this side of the House objects to and objects to strongly as unconscionable. But there are some cuts that are just plain dumb, that are short-sighted and that are against our economic advantages as a nation. Cutting \$111 million from the CSIRO must be one of the dumbest things any Treasurer has ever done. This is about the future of our nation, about being an innovative economy, about being an economy based on research and—heaven forbid!—science. Heaven forbid we could have a government that believes in science. But the Prime Minister says that this is a modest cut—only \$111 million to the CSIRO, he says. Australian businesses and Australian scientists know the importance of science and innovation and research. We have seen the abolition—not the cut, not the shaving but the abolition—of Commercialisation Australia. For every \$1 that is invested by the Commonwealth through Commercialisation Australia we see \$2 invested in the private sector gone, as a result of this government's policies. CRCs are getting an \$80 million cut, Geoscience Australia—again, there are those pesky scientists!—are being cut by \$16 million and the Australian Research Council is being cut by \$75 million. They are all being sacrificed on the altar of this government, this Prime Minister and this Treasurer and their stale ideology based on a different time. It is based on a time when the age of entitlement was considered a threat to the Australian people, not when the age of entrepreneurship, the age of science and the age of research and innovation could be embraced for the best interests of the Australian people.

There is a need to return the budget to surplus, but the best way to return the budget to surplus is to grow the economy through thinking in a way that embraces innovation and entrepreneurship, not the stale and negative cuts, not the demonisation of fellow Australians that this Prime Minister specialises in—the demonisation of unemployed people and the demonisation, dare I say it, of Australia's pensioners, who have done nothing wrong except work hard for their entire working lives and pay their taxes and are now insulted by a Prime Minister of Australia who stands there and denies that there are cuts to their pension, who does not realise that the pension is the primary source of their income, the way they put food on the table, the way they make small contributions to their families and their grandchildren. No, the Prime Minister just does not get it. The Treasurer does not get it.

They do not get the anger right across Australia, including rural and regional Australia, at their wrong priorities, their warped priorities and their values, which are fundamentally rejected by the Australian people.