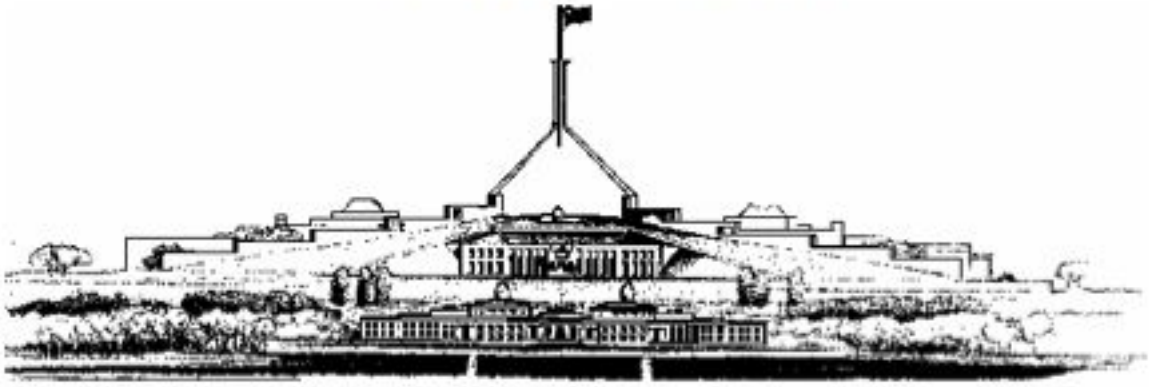
COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

BILLS

Excise Tariff Amendment (Fuel Indexation) Bill 2015, Customs Tariff Amendment (Fuel Indexation) Bill 2015, Fuel Indexation (Road Funding) Special Account Bill 2015, Fuel Indexation (Road Funding) Bill 2015

Second Reading

SPEECH

Tuesday, 23 June 2015

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

SPEECH

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Questioner		**Responder**	
Speaker	Leigh, Andrew, MP	**Question No.**	

Dr LEIGH (Fraser) (17:58): I am pleased that the member for Reid has gone to the question of structural budget deficits—although saddened that he is choosing this moment to leave the chamber—because the IMF recently brought down a report which looked at precisely that issue. Examining 200 years of government financial records across 55 leading economies, it identifies two periods of Australian fiscal profligacy. They were, as it turns out, when the member for Mayo was the Work Choices adviser to John Howard in 2005 to 2007, and in 2003 at the start of the mining boom. The IMF's calculus is that, when you take into account spending needed to stabilise the economy, the Rudd government's stimulus spending during the financial crisis does not rate as profligate but the Howard government's overspending in 2003 and 2005 to 2007 does.

Interestingly, it also notes that there was another period of profligate spending in 1960 under the Menzies government. What this points to is what Australians know well, which is that in the final period of the Howard government real government spending grew faster than in any other four-year period since the 1990s recession. As the Parliamentary Budget Office's estimates of structural budget deficits have noted, the Australian budget was in structural deficit for the final period of the Howard government.

Since this government has come to office it has continued an approach of blowing out deficits. In the last budget alone we have seen the doubling of the deficit. And you do not need to believe Labor's figures on that, you simply need to compare last year's budget with this year's budget and you can see that budget deficit jump from $17 billion to $35 billion. That significant increase in the budget deficit reflects the fact that the Abbott government is all talk but no action when it comes to the deficit.

That is part of what has brought us to the point where we are today. Again, the Abbott government has effectively held Australians to ransom over the increase in the fuel excise. It is not the first time. They tried to hold research funding to ransom against cuts to higher education. They are currently holding childcare funding to ransom against huge cuts to family tax benefit part B—effectively saying to Australian families, 'You can have more resources for your four-year-old so long as we can take money away from families with six-year-olds.' That is what they are saying in threatening to trade off family tax benefit part B cuts against their childcare package.

But this has been the biggest ransom of all because, effectively, what would have happened had Labor not come to the table is that the additional fuel tax that had been collected from Australian motorists over the last eight months would have been returned not to consumers but to the oil companies. I think that would be unconscionable for many in this place—to see the fuel taxes that have been collected from Australian households just sloughed back into the bottom lines of oil companies. That is the result, of course, of the fact that the Abbott government has chosen to impose this fuel excise through a sneaky regulation change.

They like to say, of course, 'We're just doing what the Rudd government did with the alcopops change.' But that is patently untrue. In the case of alcopops it was clear when the regulatory change was made that parliament would later support the change. No such bipartisan agreement was in prospect at the time this regulatory change was made.

Labor has determined to support this change on the condition that the additional resources are spent on roads right across Australia. We have secured an additional $1.1 billion in new funding under the Roads to Recovery program. This is an important injection of funds which go to every council across Australia. It is formula-driven, so it is not plagued by the same sorts of pork-barrelling risks that impartial observers would otherwise be concerned about when it comes to infrastructure funding under this government. Importantly, Roads to Recovery is labour intensive. That matters, because this government came to office inheriting an economy where the unemployment rate had a five in front of it. Now, it has a six in front of it. It is important, because consumer confidence is now seven per cent lower than when this omnishambles of a government came to office. So a boost to the Roads to Recovery program is able to help in supporting the domestic economy.

Interest rates have been cut now to a full percentage point below what Joe Hockey, the now Treasurer, once called 'emergency levels'. And so we have unemployment up, consumer confidence down, interest rates down and debt up. The numbers that should be going down are going up and the numbers that should be up are going down. Labor is concerned, and that is why we have called on the government, and the government has agreed, to put $1.1 billion of the additional fuel excise raised into the Roads to Recovery program.

The Regional Australia Institute's analysis of unemployment data shows that not only is the national unemployment rate high but that unemployment in rural and regional Australia is now above seven per cent. That is a full one per cent higher than the national rate. You need to go back to the early 2000s to find a time when there were so many people in rural and regional Australia struggling to find work.

Tony Abbott said that he wanted to be Australia's 'infrastructure Prime Minister', but on his watch infrastructure investment has fallen off a cliff. ABS figures show that infrastructure work is down by one-fifth the since the election of the Abbott government. In the first budget, the Prime Minister froze local government assistance grants for three years, effectively cutting $925 million from regional communities over the course of three years.

This measure will see an additional $1.1 billion returned to councils—returned to those same councils that have had $925 million stripped away from them. That is what Labor has secured today. It will ensure that there is greater investment in infrastructure. According to independent estimates, there is currently a $15 billion local government infrastructure deficit. And because the Abbott government has no clear plan to address that this additional investment in Roads to Recovery will make a difference.

It will make a difference here in my own electorate of Fraser where, for example, under a Labor government Roads to Recovery has funded a $7.6 million upgrade for Northbourne Avenue, colloquially known as Canberra's 'main street'. It has funded a $2 million injection for Sutton Road, an important transport corridor from regional New South Wales to the ACT. The member for Hume would be well aware of the number of his constituents who make use of that important transport corridor.

Making sure that we have the appropriate investment in regional roads is good job-creation policy, but it is also good productivity policy. We do not need Australians choked in traffic. We need to make sure that congestion times are down so that people can spend more time at their jobs, more time with their friends and families and more time enjoying leisure.

The Australian Local Government Association estimates that 11 per cent of roads managed by councils were in a poor or very poor condition. Overall, councils manage 670,000 kilometres of road, which, if you look at it by length, is about three-quarters of all roads across the country. So investing in local council road programs is, effectively, to invest in three-quarters of Australian roads. It ensures that these local councils are able to go ahead with those shovel-ready projects. As the national infrastructure audit noted in respect of rural roads:

Rural roads owned and operated by local councils are important for local economic activity, and are an important part of the nation’s transport network, providing the ‘first and/or last mile’ of many land-based supply chains. There is evidence of a maintenance deficit across many of these roads. This is a particular issue for local governments in rural areas with large road networks and declining income bases.

Labor believes that we need to invest in roads and we also need to invest in public transport. In this we sit at the sensible centre of Australia politics. We have on our left the Greens, who believe you should invest in public transport but not in roads, and on our right, the Liberal and National parties, who believe you should invest in roads but not in public transport. Most Australians believe that we ought to do both.

Mr Fletcher interjecting—

Dr LEIGH: The parliamentary secretary at the table said that this is a straw man. I am very much looking forward to his contribution and his extensive list, no doubt, of the number of public transport projects funded since the Abbott government came to office—that is, by new decisions of the Abbott government. I will look forward to him perhaps quoting from the Prime Minister's book, *Battlelines* , in which he dismisses public transport and says instead that in a car the consumer feels like a king. This anti-public transport attitude is adding to congestion in our cities. We need more investment in roads but we also need more investment in rail.

This decision today, over the course of the next decade, will add over $22 billion to the budget bottom line and will see a change in government revenue, which is—let's be honest—at odds with what the government said would happen before they came to office. Before coming to office, the Prime Minister, Tony Abbott, said there would be no new taxes. He said that the coalition would lower the tax burden on Australians. But, of course, we have seen anything but that. We have seen the Abbott government taxing Australians at higher levels than at any other time since the Howard government—that government, so aptly pinged as fiscally profligate by the IMF in its recent reports. So you do not need Labor to identify the fiscal mismanagement of the coalition; you can look to the experts in the International Monetary Fund, who are absolutely scathing when they look at the fiscal record of the Howard government.

If we look at the budget papers, we see that tax receipts rise each and every year over the budget forward estimates. The coalition say that they do not believe in higher taxes, but the last budget had 17 new or increased taxes. The standard adage in politics is, 'Don't listen to what they say; look at what they do'. That is particularly true of a government that have broken so many promises since they came to office: no cuts to health; no cuts to education; no cuts to pensions; no cuts to the ABC; and no cuts to SBS. Is there any part of that which remains true today? It is hard to see it. This government cannot be trusted on tax and they cannot be trusted on keeping their promises not to cut programs that Australians depend upon.

The only thing they can be trusted to do is to look after the top end of town. That is why we have seen a so-called plan on multinational taxation which raises less than one-sixtieth of Labor's carefully calibrated plan. Labor's plan of multinational tax does not get in the way of our tax treaties. It does not do anything that is not in line with what is being recommended by the boffins at the OECD. But it succeeds in adding over the course of the decade $7.2 billion to the budget bottom line. By contrast, the coalition's multinational tax plan is a series of asterisks, raising, if you only look at the amounts they have budgeted, $30 million. It is a laughable multinational tax plan, and it comes at a time when the government is cutting the wages of the cleaners who clean their offices . That is how warped the moral priorities are of this government. With inequality at a 75-year high, they think it is a higher priority to cut the wages of cleaners earning only around $20 an hour rather than to focus on fair taxation of some of the world's largest multinational firms. This government cannot be trusted on tax, and it cannot be trusted with economic management. There is barely a promise that they have made that they have not so far broken.