



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

BILLS

**Appropriation Bill (No. 3) 2014-2015,
Appropriation Bill (No. 4) 2014-2015,
Appropriation (Parliamentary
Departments) Bill (No. 2) 2014-2015**

Second Reading

SPEECH

Tuesday, 3 March 2015

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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Questioner
Speaker Neumann, Shayne, MP

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Mr NEUMANN (Blair) (12:06): These three appropriation bills deal with significant sums of money in relation to the government's budget, and so I will speak widely and, hopefully, wisely as well in relation to all of the changes that have been made. So much has happened since these bills were initially brought before the House. So much has happened in the last couple of months—the government's MYEFO or minibudget, the machinery-of-government changes, a ministerial reshuffle and an attempted leadership coup with a leadership spill attempt in the Liberal Party. So much has happened. Many barnacles have been removed and much water has passed under the bridge. When these pieces of legislation were put before the chamber seems like another time.

We have seen the Prime Minister dump his \$7 GP tax, replacing it with a GP tax of \$5. That will supposedly go today. I am still not quite sure whether that will actually happen, but we will wait for question time to see what the Prime Minister has to say about that. His then health minister, the member for Dickson, then announced a \$20 cut to the Medicare rebate for a short consultation when a person saw their doctor, which caused much angst in the local community across my area and across other parts of Australia. Later, the Prime Minister would describe the \$20 Medicare rebate cut as a 'tough' but necessary decision—just 24 hours later recalling his newly reshuffled health minister from a cruise boat so she could dump the policy.

Around the same time, the education minister's ideological changes to Americanise our universities and usher in \$100,000 degrees started unravelling in the Senate. He declared that parliament would 'inevitably' support his radical higher education agenda. The minister scrubbed a few nasties from the rejected bill, reintroduced it to the House the next day, and then he interpreted the Australian public's antipathy towards these higher education changes as not a failure of policy but a failure of marketing. So many of the Abbott government's problems they allege to be a failure to communicate, when in fact the Australian public is onto them with respect to the unfairness of their budget. Of course, these appropriations bills feed into the budgetary process of the Abbott government.

Indeed, the Abbott government's position when failing to win public support for their policies seem to always be: 'Our policies are perfect. If you're unhappy with our policies, you just haven't understood them.' That seems to be the rhetoric there. The education minister found himself in that dilemma last year with his higher education proposals. He could not understand why the Australian public rejected them and kept telling the public these reforms were 'inevitable', but the public remained unconvinced. Since then, the minister has decided that Australia has not understood his agenda—again, a market failure. We have seen that minister, the Leader of the House, cost the taxpayer \$15 million in a marketing attempt to convince the Australian public, then claim that Senator Madigan actually supported this and urged him to do it—something that Senator Madigan rejected.

So the Abbott government had a lot on its hands in December. Elsewhere in Australia, Campbell Newman was still the Premier of Queensland, and thank goodness he is gone—as a Queenslander, I can say that. Who knows, perhaps the Prime Minister has been contemplating a relaxing summer break or autumn break in the future. Prince Philip had yet to be knighted of course, and that was an important step back in January.

All of these things happened in the context of these appropriations bills. So much has taken place, and in the middle of all this, the 2014 MYEFO detonated like a grenade. It hammered the final nail into the Treasurer's budget, and it shredded the government's economic credentials. It also busted the myth that this Liberal-National Party government are a low-taxing, low-spending government. Many of those opposite would have you believe they are members of a frugal government. In fact, really, they are Tea Partyists. They claim that they want to bring down small government and get government off the back of people. In reality, the exact opposite is what happens. The government's claim to be a small-government government is in fact a myth—it is rubbish.

In terms of government spending, according to the respected economist Stephen Koukoulas, Managing Director of Market Economics, the December MYEFO revealed that the Abbott government is a big spender, spending at about 25.9 per cent of GDP in 2014-15. He went on to say:

In the final full year of Labor ... this ratio was 24.1 per cent and the average for the Labor government as a whole was 24.9 per cent of GDP. This included the stimulus measures associated with the GFC. According to Treasurer Hockey's MYEFO, in no year including into the forward estimates to 2017-18 will government spending be below the average of the previous Labor government. The Abbott government is a big spending government. Fact.

In terms of taxation, Mr Koukoulas states that the average tax to GDP ratio of the former Labor government was 20.8 per cent, reaching down, at the height of the global financial crisis, to 19.9 per cent—its lowest for 40 years.

As for the Abbott government, he says:

Mr. Hockey's MYEFO document confirms that the tax to GDP ratio under the Abbott Government will, in every year, be above the average of the previous Labor government ... hitting a peak of 23.1 per cent of GDP in 2017-18. Only the Howard government had an average higher tax to GDP ratio.

Remember, this is the Treasurer's own MYEFO—the figures that I am eliciting here.

Aside from busting the myth that the Abbott government is a low-taxing, low-spending government, MYEFO lays out the truth about the escalation and acceleration of debt and deficit under the Abbott government. MYEFO reveals that the Abbott government has overseen a \$16.4 billion blow-out in the deficit in 2014-15 since its election. We know this because we can compare the 2014 MYEFO to the independent 2013 Pre-election Economic and Fiscal Outlook, known as PEFO. Under the PEFO 2014-15, the deficit was to be \$24.0 billion. Under the Treasurer's MYEFO it is \$40.4 billion—a startling increase of nearly 70 per cent. The Treasurer's MYEFO also reveals a \$44 billion blow-out in the budget deficit over the forward estimates compared with 2014-15. So we have got a \$16.4 billion blow-out in the 2014-15 deficit and a \$44 billion blow-out of the deficit over the forward estimates. This from a government that promised to improve the budget bottom line—and these are appropriations bills before the chamber. This from the Treasurer who pledged before the last election that a coalition government would:

... achieve a surplus in our first year of office and we will achieve a cash surplus in every year in our first term.

I wonder where that promise went? That is just the considering the deficit, and I thought it appropriate to put that on the public record.

The Treasurer's MYEFO also revealed a worse debt position than that predicted in the 2014-15 budget. Under PEFO, net debt for 2014-15 was \$212.1 billion. Under the Treasurer's MYEFO, net debt is \$224.8 billion, an increase of over 15 per cent. Department of Finance figures at the end of February 2015 show government debt was \$252 billion in January 2015, 40 per cent more than at the end of 2013, when this government was in office. These figures give the lie to the claims of the Abbott government, including its Prime Minister and Treasurer, that they would reduce debt and deficit when they came to office and, in fact, that they would bring in a surplus every year that they were in power.

We do not hear this rhetoric very much anymore. Now they are all talking about the good times. They are all talking about how well the economy is going. But, with this mob opposite on the treasury benches, debt and deficit continue to climb. It is a matter of choosing how you spend the money. What this government has done is attacked working families, middle-class families, the poor, the vulnerable, the disabled the disadvantaged, the Indigenous, older Australians and pensioners. We have seen cuts to pension indexation that would make a pensioner \$80 worse off in 10 years time; cuts to family payments; the GP tax; and \$100,000 degrees.

Lest anyone think this is all academic, I give you a few figures that I have obtained from my electorate in South-East Queensland, based on Ipswich and the Somerset region. The 12,779 families in Blair who rely on family tax benefit worry they will not be able to manage once their payments are cut off after the youngest child turns six. The 4,920 families in Blair who rely on childcare benefit fear the \$1 billion that the Prime Minister wants to rip from child care, including the \$235 million cut to the targeted childcare benefit that helps low- and middle-income families. The 14,512 families in Blair who rely on the schoolkids bonus know they will soon be \$410 a year worse off for every primary school child and \$820 a year worse off for every high-school child—about \$15,000 worse off for a family with two children across the school education of their children. The government needs to reverse these cuts, because its priorities are wrong. There is \$5.5 billion of cuts to families and over \$1 billion worth of cuts to child care. The budget should be re-looked at by this government.

We have seen unemployment rise during the tenure of this government. Under PEFO when Labor was still in government, unemployment was forecast to peak at 6.25 per cent. Under the current Treasurer's December MYEFO, it is forecast to rise to 6.5 per cent. The unemployment rate now sits at 6.4 per cent. There are 100,000 more Australians who are unemployed since the election of the Abbott government. This is the highest number of unemployed since 1994, and the unemployment rate is close to the highest it has been since 2002. To put it into context, that is higher than when Labor was successfully negotiating us through the global financial crisis.

But this is not just happening nationally. Back in my home state, under the former Labor government, the unemployment rate was 5.5 per cent. After Campbell Newman came to power, he sacked about 24,000 public servants and trashed business confidence, and unemployment skyrocketed to 6.5 per cent in January 2015, in the last month of that government. Queensland has turfed them out, and Campbell Newman lost his own seat of Ashgrove. His government cut the Skilling Queenslanders for Work program, which Deloitte Access Economics said got 50,000 Queenslanders into jobs, including 8,000 long-term unemployed. I look forward to the new Anastacia Palaszczuk Labor government bringing back Skilling Queenslanders for Work, because in my electorate the unemployment rate is currently at nine per cent. What is worse, in Blair the youth unemployment rate is a staggering 19.1 per cent. Nationally, 14.2 per cent of 15- to 24-year-olds are unable to find work; in Blair, almost one in five young people in Ipswich and the Somerset region cannot get jobs—and the Abbott government seems blissfully unaware of that.

In my shadow portfolio areas of Indigenous affairs and ageing, the government have simply made cuts. They cut \$534 million from Indigenous programs. On top of that, they cut the Indigenous Advancement Strategy, leaving the whole community sector, whether people are in remote areas or in urban areas, up in arms. They still do not know the future of funding for family violence prevention legal centres, employment programs, assistance and emergency relief and a whole bunch of areas where Aboriginal and Torres Strait Islander people themselves provide wonderful services, whether it is in places like Utopia, the Kimberley and the Pilbara or in big urban centres like Melbourne, Brisbane and Sydney. This is a government which seems intent on creating chaos and uncertainty across the Indigenous affairs portfolio and intent on thinking it can cut its way to closing the gap, when you simply cannot do so.

Indeed, in this legislation before the chamber, there is some funding that is being rolled out under the MUNS program, which is the funding going to areas where there is actually incapacity for sewerage, road maintenance and other things in remote communities. But the government has put no conditionality on that, and we see the Western Australian government talking about closing 150 remote communities because the minister has failed to put any conditionality on rolling out \$90 million, including the money under this legislation. There is no conditionality on the Western Australian government's doing the right thing by Aboriginal and Torres Strait Islander people living in remote communities.

This is a government of failure, of unemployment, who said one thing before the election and has done another once in government.