



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

BILLS

**Labor 2013-14 Budget Savings
(Measures No. 1) Bill 2014**

Second Reading

SPEECH

Monday, 1 June 2015

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

SPEECH

Date Monday, 1 June 2015
Page 5246
Questioner
Speaker Leigh, Andrew, MP

Source House
Proof No
Responder
Question No.

Dr LEIGH (Fraser) (16:59): I move the following second reading amendment:

That all words after "That" be omitted with a view to substituting the following words:

"the House declines to give the bill a second reading as this bill is a stunt and a broken promise that will increase taxes on low and middle income Australians."

Deputy Speaker, the Prime Minister while he was in opposition repeatedly said, 'what you will get under us are tax cuts without new taxes'. But in this budget we have seen 17 new or increased taxes levied on the Australian people. The Prime Minister said from opposition that this would be a 'no surprises, no excuses' government but we have seen more surprises and more excuses than from a bunch of toddlers at nap time. From this government we have seen a tax-to-GDP ratio that is higher under the coalition than at any point during Labor's term in government. This is despite the Prime Minister saying in August 2013:

Taxes will always be lower under a coalition government.

In August 2013, then Leader of the Opposition Mr Abbott said:

There will be no overall increase in the tax burden whatsoever.

But his own budget papers put the lie to that. When Labor was in government, tax receipts averaged 20.8 per cent of GDP. Under the coalition today tax receipts average 22.6 per cent of GDP over the budget forward estimates.

This is a government which has failed its own tests on economic management. Few economists would say that the hallmark of great economic management is your management of debt and deficit. But that was the test Mr Abbott set himself from opposition. How well has he managed to meet that test? Upon coming to office, this government doubled the deficit through decisions such as giving \$1.1 billion back to multinationals and scrapping a range of sensible savings proposals, as well as giving \$9 billion to the Reserve Bank of Australia which they had not asked for. In this latest budget, the deficit has been doubled again, doubled for the forthcoming fiscal year from \$17 billion to \$35 billion.

The government claimed, when in opposition, that it was necessary to drive debt trucks around the country to illustrate the sheer scale of the debt and deficit disaster in Australia. But since coming to office they have done a deal with the Greens for unlimited debt and now, if they were being honest with themselves, they would buy a debt ocean liner and put it out to sea. The decisions made by this government have not only failed their own economic test but they have failed the economic tests that most economists would set—that is, equity and efficiency.

On the equity point, NATSEM modelling shows that nine out of 10 of the wealthiest families are a smidgen better off, while nine out of 10 of the poorest families are substantially worse off. A low-income family with a couple of school-aged kids can lose \$6,000 a year under this budget and it increases taxes by \$228 for Australians with an income of between \$22,000 and \$37,000.

On the issue of confidence, the Westpac consumer confidence number is still seven per cent lower than when the coalition won office. Unemployment is forecast to be over six per cent right out to the end of the forward estimates. The Reserve Bank has lowered rates to a level well below what Joe Hockey called 'emergency levels' back in 2013. So much for the statement made by—

Mr Nikolic: On a point of order, Mr Deputy Speaker: I request the honourable member refer to the Treasurer by his title, not by his name.

The DEPUTY SPEAKER (Mr Randall): We refer to members by their title, member for Fraser.

Dr LEIGH: I thank the honourable member for his intervention. As the former shadow Treasurer said in 2013, Reserve Bank rates were at emergency levels. I do not know what he would make now of the fact that, now that he has moved from being shadow Treasurer to Treasurer, the Reserve Bank cash rate is lower than it then was. And in February 2013 the Prime Minister, then Leader of the Opposition, said:

I am confident that should there be a change of government later in the year, there will be an instantaneous adrenaline charge in our economy. There will be an instantaneous surge of confidence because of an incoming government.

So much for a surge of confidence. Westpac's consumer confidence figure is seven per cent lower than it was under Labor. What this government fails to accept is that under it confidence has gone down, unemployment has gone up and we have seen debt and deficits going up. The economic numbers that should be going down are going up; the economic numbers that should be going up are going down. Perhaps it is no great surprise that the government has attempted to spin its way out of trouble. We have already heard from respected scientist Dr Karl Kruszelnicki about the fact that he feels abused by the way this government used him to promote the *Intergenerational report*. He said:

I deeply regret that I didn't get to see the full and final version—

and particularly noted its woefully inadequate treatment of the intergenerational challenge of climate change. But we have learnt recently that the problem is worse still. It is not the \$11 million spend on ads that we thought it was; it is \$36 million being allocated by Treasury to spend on budget and *Intergenerational report* promotion. At the very time when the government is complaining about a debt and deficit disaster, they are trying to spin their way out of trouble. We have a Treasurer who is at the whim of television shows, who is so fragile that it reminds his colleagues of the time just before the 2009 leadership spill where he said, 'Hey gang, I want to get your thoughts on the ETS,' when he turned to Twitter for advice on the ETS. I suspect now we have the Treasurer saying, 'Hi gang, I want to know what the deficit should be. Tweet me and let me know your views.' That is the standard of economic management we have from this Treasurer who wants to divide us into leaners and lifters, just as his Conservative counterparts in Britain are doing between strivers and skivers. For the coalition, it is all about us and them. It is about trying to divide Australians from one another, rather than trying to build a common wealth. This is a deeply dispiriting budget, a budget which fails the government's own tests, Labor's tests and the community tests of equity and efficiency.