



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

BILLS

**Commonwealth Inscribed
Stock Amendment Bill 2013**

Second Reading

SPEECH

Wednesday, 13 November 2013

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

SPEECH

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Speaker	Leigh, Andrew, MP	Question No.	

Dr LEIGH (Fraser) (18:47): At the outset, I wish to register my concern about the duration of this debate. In September 2011, the coalition described as ridiculous this House's decision to schedule 35 hours of debate on the carbon price bills. They were bills which, according to the Climate Institute, ultimately had an 'undetectable impact' on the overall economy. Yet this House is now scheduling 70 minutes to debate \$200 billion—that is \$47 million per second of this debate. Every second of this debate that elapses, the debt limit will rise \$2 for every single Australian. That is how little this government regards debate in this House.

Fundamentally, what we are debating today can be best understood through the lens of AFL. In AFL there is a tactic that teams sometimes engage in when they are getting towards the bottom of the ladder. They know the best draft picks come from being at the bottom of the ladder, so they engage in a strategy called tanking. They hope to put themselves in a better situation in the next season by doing worse in this season. In Carlton versus Melbourne 2007, fans were hanging their heads in shame. And that is what the Treasurer is attempting to do for the 2013-14 budget: the Treasurer is attempting to tank the 2013-14 budget because he wants that budget to be regarded as Labor's budget. Of course, that is not what the Treasurer said when he was asked before the election what his attitude would be after 7 September. He said, 'If we are to win we will own it from day one.' But actually it appears that what he meant to say was, 'We will own it from day 300.' The Treasurer wants to load as much debt as possible into 2013-14 because he thinks he can blame it on someone else. He wants to tank the 2013-14 budget.

That has a considerable cost for the Australian economy. Mark Kenny in today's *Sydney Morning Herald* said that when discussing the unprecedented rise in the debt ceiling—the \$200 billion rise in the debt ceiling which we are debating at a rate of \$47 million a second—Mr Abbott:

... appeared to acknowledge it was essentially a political move crafted to avoid the need to seek another increase during the 2016 election year.

And of course when the boot was on the other foot the attitude was very different. At the National Press Club on 16 May last year, the member for North Sydney said: 'Labor has now sought increases in the debt limit of the Commonwealth from \$75 billion, to \$200 billion, to \$250 billion and now \$300 billion. On each occasion they promise not to exceed their limit. Well, enough is enough. We are going to keep them to their promises.'

Well, that is what Labor is doing today: we are holding the government to its promise to provide open and accountable government. Indeed, the Prime Minister himself told 2GB in May 2012: 'Our money, our future, is too important to be mortgaged like this without the government giving us the strongest possible arguments for it, because every dollar that they borrow has got to be repaid.' And yet we have not heard substantive arguments from the government. We have not seen the mini-budget announced which would provide details as to why this increase in the debt limit to \$500 billion rather than \$400 billion would be appropriate.

In question time today the Prime Minister said that the coalition had not voted against increases in the debt limit. That was in fact untrue, and I am disappointed to see that the Prime Minister did not follow the example of former Prime Minister John Howard in coming to the dispatch box at the end of question time to correct the record, to admit that he had made a mistake—to admit that in fact what he had said was not true.

In the National Press Club address that I referred to earlier, the member for North Sydney said that budgets are 'a window into a government's honesty and honour, a government's competence and capacity, a government's substance and sustainability'. In the *Australian* today, the Treasurer quoted my words in speaking about the opposition's attack on raising the debt limit. What he failed to alert readers of the *Australian* to was that I was referring to not a \$200 billion increase in the debt limit but a \$50 billion increase in the debt limit. I was referring not to an increase in the debt limit which was unjustified by the economic papers but to one for which the case had been made in the budget brought down just weeks beforehand.

The coalition has campaigned in front of debt trucks and now they are looking at increasing the government debt limit, just about doubling it. Frankly, that debt truck has now become a double-decker. They are standing in front of the debt truck—and it had better be a B-double because that is the size of the debt increase. One can make reasonable arguments for debt, but those arguments have to be articulated. You cannot simply go to the bank and say, 'I would like to just about double my credit card limit or my mortgage', without providing some documentation. No Australian household would do that, and this House should not allow the government to do it.

When Labor took on modest levels of debt, some of the lowest levels in the developed world, we did so to save jobs and save small businesses. If you think Australia should have no debt, then fundamentally you think when the global financial crisis hit we should have had more unemployment and more small businesses hit the wall.

But now we have debt increasing because the Treasurer is choosing to give \$8.8 billion to the Reserve Bank. Why is he doing that? In question time today the Treasurer referred to dividends which had been taken out from the Reserve Bank by the Labor government. That is a great question to look at. Let us have a look at the dividends that have been taken out from the Reserve Bank. In an article in *Business Spectator*, Stephen Koukoulas pointed out that the Reserve Bank of Australia's annual report detailed dividends paid by the bank to the government since 1997-98. Under the Howard government, the Reserve Bank paid a total of \$20.2 billion in dividends, \$1.83 billion a year. In today's dollar terms, that would be \$30 billion or \$3 billion per annum. Under Labor, the Reserve Bank paid a total of \$7.9 billion in dividends or around \$1.3 billion each year on average. In today's dollar terms that would be \$1.5 billion per annum.

So when those opposite refer to Labor raiding the Reserve Bank, they should have a look at their own behaviour in office. What the coalition under the Howard government took out of the Reserve Bank was twice as large per year as what Labor took out. Hypocrisy, thy name is Hockey. Those opposite took out \$3 billion a year in real terms from the Reserve Bank; we took out \$1.5 billion a year. So let us not have any talk about how it is necessary to give \$8.8 billion to the Reserve Bank to recapitalise it. Fundamentally, this is about tanking the budget and ensuring that in future budgets the Treasurer can take a larger dividend from the Reserve Bank. This House should approve an increase in the debt limit, but only to \$400 billion—unless the Treasurer is willing to bring forward an economic statement that justifies a \$500 billion debt cap.