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PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

Federation Chamber

BILLS

**Appropriation Bill (No. 3) 2012-2013,
Appropriation Bill (No. 4) 2012-2013**

Second Reading

SPEECH

Wednesday, 13 February 2013

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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Questioner
Speaker O'Dwyer, Kelly, MP

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Ms O'DWYER (Higgins) (13:07): I rise today to speak on Appropriation Bill (No. 3) 2012-2013 and Appropriation Bill (No. 4) 2012-2013. In so doing, I will look at the record of the government on economic management—their record of waste, their record of mismanagement, their record of increased debt and deficits and their economic incompetence. Why is this important and why must we debate this in the Federation Chamber today? Because, at the end of the day, economic vandalism does not just hurt the government; it hurts the people of Australia, the people who will ultimately have to pay the bill.

The Prime Minister and the Treasurer have very tragically let down the people of Australia. Let us look at the Treasurer's record. First, on the carbon tax, it must be the first 'economic policy', as the Treasurer has labelled it, in history that introduces a cost, reduces output and, somehow, miraculously increases productivity. The Treasurer has a very warped understanding of exactly how productivity works. Today, on the front page of the *Financial Review*, we see that the carbon tax will create a \$4 billion black hole in the budget. This is because the Treasurer refuses to accept reality and adjust his assumptions and his models. He is still suggesting that on 1 July 2015, when the Australian and European schemes will be linked, the price per tonne in Australia will be over \$25—this at a time when we know that the European prices currently sit around \$5 or \$6 a tonne. On today's figures, this means, if the schemes are linked in 2015 and we have this dramatic difference in price, that we will see huge revenue shortfalls leaving a massive black hole.

Labor's carbon tax, which has been in place for less than one year, has already seen eight changes. The carbon tax is hurting Australian families because the supposed compensation provided for the introduction of the carbon tax starts making families worse off at \$50,000 a year. Only the Labor Party could introduce a carbon tax that actually costs the budget money and hurts Australian families.

What of other promises that the Treasurer has made, like the surplus—or, dare I say, the lack thereof? It was not enough to simply deliver a surplus; the government said it was an 'economic imperative'. They are the ones who set the bar and they are the ones who have failed to reach it. In typical Treasurer fashion, he was quick to blame everybody else for his woes. He has blamed the Tea Party, he has blamed the opposition and, finally, he has ended up blaming the GFC because, he claims, this has caused huge revenue write-down to the books. But that is not the case when you examine the facts.

The 2007-08 federal budget estimated revenues of \$287.3 billion in the year 2010-11, yet the actual revenue ultimately came in at \$309.9 billion. So, prior to the GFC, the government predicted less revenue than it actually achieved. If the GFC were as damaging to revenue as the Treasurer would like us to believe, why would the subsequent three budgets increase revenue predictions by so much, in the middle of what he himself called 'the worst economic crisis in 75 years'? We also know that this government is currently receiving over \$90 billion a year more in increased revenue than what was received during the last year of the coalition government.

The real issue here is that this government has a spending problem and it has a problem based on its own heroic and very unrealistic assumptions—the assumptions that it has made around, for instance, the mining tax and the amount of revenue that it claimed would be delivered as a result of its introduction. Let us now go to the mining tax.

After having said that the campaign against the carbon tax was just a hysterical fear campaign and after promising a surplus on 366 occasions, the government promised to introduce a mining tax. This mining tax was expected to deliver revenues of upwards of \$2 billion a year—and that was after \$1 billion the government wrote down from the mining tax receipts in MYEFO late last year. It is important for us to examine the mining tax because the government has linked \$15 billion worth of spending to it. But it has been revealed to us only in the last week that the mining tax has failed to deliver the revenue that was forecast. It has failed to deliver the \$2 billion. In fact, it has only achieved \$126 million, leading to a huge revenue shortfall, raising less than 90 per cent of what was forecast. What is wrong with this picture? Clearly, the government has designed a tax on our miners

that is flawed—flawed from its inception. But do not just take my word for it; listen to the words of the former Prime Minister, Kevin Rudd. He has said that the tinkering with the mining tax, the changes made by the current Treasurer and the current Prime Minister, has led to its ultimate design—a design that we have seen will now cost the budget and the Australian taxpayer, who will have to make up the shortfall. If this were not bad enough, let us remind ourselves of where we were only a few short years ago. A few short years ago, during the coalition government, we had a very different situation. We had a government that could manage the books, a government that had done the hard work over 11 years to pay back Labor's \$96 billion of debt. Now this government has borrowed more than \$200 billion. It took 11 years for the previous government to repay the previous debt; not only on that though, the previous coalition government was in fact able—

Government members interjecting—

Ms O'DWYER: You might learn something if you listen. The previous government was able not only to repay debt but to deliver a surplus. In fact, the last years of the coalition government delivered a \$20 billion surplus. What is the record of this current government? What is the record of Treasurer Wayne Swan? Is it one surplus, two, three or four? No, he has achieved a record of four deficits. Each and every year he delivers a deficit. The accumulated deficits now add up to over \$172 billion. He cannot even get his forecast deficits right either. Last year he predicted, 18 months before the last budget, that it would be a \$12 billion deficit; he then had to revise that up to \$22 billion and of course it came in at \$43 billion.

Government member interjecting—

The DEPUTY SPEAKER (Mr S Georganas): Order! The member opposite will cease interjecting.

Ms O'DWYER: So even when Wayne Swan makes predictions of his deficits he gets the figures wildly wrong. This Treasurer has promised a surplus. In fact, he and the Prime Minister promised a surplus over 500 times.

Government member interjecting—

The DEPUTY SPEAKER: Order! I have asked the member opposite to cease interjecting. I do not wish to take it any further.

Ms O'DWYER: He does not like listening to this because it is a record that even he knows in his heart of hearts he cannot be proud of and he cannot go into his electorate and talk up because it is a damning indictment of the incompetence of this government. While you laugh and you may think it is funny, it is certainly not funny to the millions of Australians, not only in this generation but in future generations, who will have to pay the price. You are borrowing from future generations because of your fiscal incompetence. I do feel for you, Ed, because unfortunately you will wear this.

The DEPUTY SPEAKER: The member for Higgins will refer to people by their correct title.

Government member interjecting—

Ms O'DWYER: Unfortunately, you will have to bear the legacy of that. Let me come to what we will see in this upcoming year. The government have made a number of statements about their plans to address the structural deficit, a structural deficit that we know has increased dramatically under this government. What does this mean though when they say they are going to address the structural deficit? What does this mean when the Prime Minister says that she will—with her Treasurer in the upcoming budget—deliver a budget that is centred around Labor values? I will tell you what it means. It means that this government is planning to increase taxes yet again. Not satisfied with their raids on superannuation, not satisfied with their raids on private health insurance, the government is going to go back to the Australian people and reach into their pocket and take out their hard earned dollars to pay for their fiscal competence. That is what we can expect. The reason we can expect that is that this government has made more than \$120 billion of promises which are completely and utterly unfunded. Not one dollar has been accounted for. Not one dollar is actually in the budget. And this is before you count what is already off the books: the NBN, which at last count is upwards of \$50 billion, according to some estimates; and the 'Bob Brown bank', the Clean Energy Finance Corporation, at over \$10 billion. In fact, we are in the bizarre situation now where we are borrowing money to give it away to failed energy entrepreneurs, because they cannot get financing from anywhere else, in the hope that this will somehow deliver a benefit.

I do not know about you, but I think to borrow money to do this does not sound like a wise idea, and it is certainly not something that the coalition will support in government. Instead we are going to repay debt, because we know that only in repaying debt and repaying the borrowings will we stop paying the very high interest bill which is now around \$7 billion a year. That is \$7 billion a year which, according to the Productivity Commission, is more than enough, combined with state and federal funding, to cover the annual funding of the National Disability Insurance Scheme which this government professes to hold deep in its heart as something it wishes to achieve.

First they need to get our economy back in order. They need to get our economy back in order and Treasurer Wayne Swan is most certainly not the person to do that. He has been condemned by his own words and by the former Prime Minister Kevin Rudd who has belled the cat on his incompetence, most recently in relation to the mining tax. Treasurer Swan should do the honourable thing and resign for the benefit of all Australians.