



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



# **HOUSE OF REPRESENTATIVES**

## **Federation Chamber**

### **BILLS**

**Appropriation Bill (No. 1) 2015-2016,  
Appropriation Bill (No. 2) 2015-2016,  
Appropriation (Parliamentary Departments)  
Bill (No. 1) 2015-2016, Appropriation Bill (No. 5)  
2014-2015, Appropriation Bill (No. 6) 2014-2015**

### **Second Reading**

### **SPEECH**

**Tuesday, 2 June 2015**

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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## SPEECH

**Date** Tuesday, 2 June 2015  
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**Questioner**  
**Speaker** Hawke, Alex, MP

**Source** House  
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**Responder**  
**Question No.**

**Mr HAWKE** (Mitchell) (17:19): It is a pleasure to rise to speak about the 2015 budget and the appropriation bills of the government in response to this year's budget. It is always interesting to follow the member for Corio talking about defence expenditure and Labor members speaking about defence expenditure. This budget, of course, goes a long way to restoring Labor's most significant cuts to the defence budget—in fact, the lowest level of GDP expenditure in defence since 1938—under the previous Labor government. So whenever Labor members rise to speak about the defences forces or expenditure in defence it is important to remind them that, even with significant forward investment into the defences forces this year, we are only recovering to about 1.9 per cent of GDP. This government, of course, is committed to growth in the defence expenditure over the forward estimates, restoring and repairing the budget from Labor's severe cuts to our defence forces—the worst since 1938 in terms of the level of expenditure.

The 2015 budget is a budget that boosts jobs, growth and opportunity for all Australians, and it is no different in my electorate of Mitchell and in my state of New South Wales, where we are seeing a Liberal state government returning New South Wales to the top of the economic indices in our country. We have investment in roads and rail, co-sponsored by the federal government, of course, importantly in Western Sydney and south-western Sydney, with the firm decision of the Prime Minister to build a second airport, a Western Sydney airport, for Sydney, which is being built with infrastructure up-front 20 years prior to the operation of the airport. It is a clever way to do it—a federal government that believes in investing in the infrastructure up-front for the community, making sure the roads are in place, the infrastructure is in place, well ahead of the growth of the airport and the first runway operating within 10 years.

We see in this budget the most significant investment in our small business policy of a federal government since Federation. The instant asset write-off policy of \$20,000, a real instant asset write-off policy, is something that is universally being acclaimed by the small business sector and the business community in Australia as the single best policy for small business in our history. It is easy to why, because small business can now go out with confidence and invest, grow, use the money to get that extra piece of infrastructure or equipment for their business, claim the money immediately, return it to their cash flow and get on with delivering a profit for their business. Labor like to speak about their own instant asset write-off policy, which of course was at a level of \$5,000. They did not understand that \$5,000 is not enough for a small business to really get the key infrastructure upgrade that they need. The benchmark of \$20,000 is being seen as the single best policy since Federation for small business. If you understood small business at all, Member for Griffith, you would know that \$20,000—

**Ms Butler interjecting—**

**Mr HAWKE:** A small business person in the Labor Party? You have really missed your calling if you are a small business person. You are in the wrong party. You would be welcome to transition any time if you believe in small business. You can also vote for this great Appropriation Bill with confidence, knowing that we support your family's small business with a \$20,000 instant asset write-off. For the first time we are creating a two-tiered company tax rate. I am sure your small business family will tell you that is the best policy idea that you could come up with in the federal government. You could step up and follow this with some welcome endorsement of the government's policies and say, 'Thank you for doing it.' You could also lobby your leader, the Leader of the Opposition, and tell him that if we could get these measures through the Senate quickly, businesses could invest with confidence. It is disturbing to see that accountants have been saying to some small businesses, 'Please don't do this until the legislation is passed.' That is what some accountants have been advising businesses out there.

There is that lack of confidence, that lack of certainty and that lack of commitment from the Labor Party, and we have got the last of the Mohicans over here, the member for Griffith, who is the only small business advocate within the Labor Party—the last of the Mohicans. You should put a movie together about your struggle within the Labor Party for small business. I have never met someone in the Labor Party from small business. You should get a badge or something. It would be good if she spoke to her leader and said, 'Pass the small business measures

straightaway.' If they went through, small businesses could make those investments with confidence. You know that and we know that. All we need is the support of Labor in the Senate. It will be very interesting to see how quickly they expedite those measures in the Senate or whether they are subject to committees or delays. It will be interesting to see whether your comrades in the Greens—your friends and colleagues that you support so much in the Senate and that you work so closely with—adopt your very pro-small business view. I really welcome that we have a small business person in the Labor Party. It is a great development and we should let off some fireworks.

This budget also has the Supporting Australian Families package—a \$4.4 billion funding boost. These are very important reforms. I commend the Minister for Social Services, Scott Morrison, the member for Cook, who is running a nannies trial for child care. Families will receive a subsidy of a percentage of the fixed hourly rate of \$7 per hour per child, for a maximum of 50 hours per week. Eligibility is based on family income and available only to families on incomes below \$250,000—something I am sure members opposite can agree with. It will support the employment of about 4,000 nannies. It is for shift workers and families that have children with a disability. It is a trial. I think it is very good that the federal government is trialling this. There has been a lot of talk in this space for a long time.

An opposition member interjecting—

**Mr HAWKE:** Qualified nannies? Absolutely. For 2,000 years of human history, we have had people who have been able to look after children—your parents, your grandparents. That has been the way human society has evolved for 2,000 years. They did not need a union to be able to do that. They did not need to be registered or certified by the union. They did not need to be a member of a union to be able to look after children.

An opposition member interjecting—

**Mr HAWKE:** They have been able to do that job by themselves without your interference for most of human history. A nanny is a very good idea for a person who is a shift worker, because they cannot access traditional child care. They cannot go into the childcare centre during operating hours and say, 'I need to use this service.' They are working at that time. They work irregular hours and shifts, but they still need child care. That is what this nanny trial is about. It is also about families that have children with disabilities, which often means they have complex needs. They may have requirements outside the norm, requirements that are not standard.

Of course there is a benchmark that has to be met when government money is being disbursed. But equally we have to recognise the available parenting and childcare skills and not put onerous requirements on them. That would create a problem and prevent us from going ahead with a nannies program. A nannies program is a very good idea. Flexibility in child care is a very good idea. The future of this policy area is flexibility. The future is recognising that you cannot impose one set of rules on every family or every family structure in this country. You have to have multiple approaches, including nannies and other mechanisms. The government's trial in this space is, I think, a very forward-looking idea. It is a good investment and I think we are going to see some good results that will surprise some of the nay-sayers in the opposition. It will help us move to a flexible model for the delivery of child care, which is something that has been lacking. Certainly the previous Labor government spent a lot of time making child care less affordable.

Another feature of the budget that I think is exceptionally important is the \$1.2 billion investment in new funding for national security, building on the \$1 billion we announced in the previous year's budget. We have of course extended operations in the Middle East, in Iraq in particular but also in Afghanistan and the broader Middle East. This requires extra procurement through the Defence budget. But there is also money to restore the capability of our security agencies to do their job—restoring capability that was lost due to the funding cuts made by Labor to many of our national security agencies, including Customs and Border Protection. The rate of container inspections in Australia was reduced, which is now seen to have been a major error of the previous government. Other border protection agencies were also cut under Labor—at a time when the terror threat was increasing, at a time when we needed our border protection and customs agencies to be better resourced. Security is a prime function of government. One of the first functions of government is to protect the nation and keep it secure. Without these agencies being well funded, without that funding being well targeted, without those agencies being able to do the job at the level we need them to do it at, we have more illegal goods entering the country and more criminal activity, and we become more susceptible to terrorism. The previous government's cuts to the funding of our national security agencies had a range of implications. This government's \$1.2 billion investment in this year's budget goes a long way towards restoring some of the damage done by the previous government.

The most important element of this year's budget is the credible pathway to surplus that has been established. This is not a government which puts out rhetoric claiming to have delivered a surplus when we have not—as we know the member for Lilley was so found of doing. During the last government, the then member for Lindsay famously put out a budget newsletter to his electorate telling them that he had delivered a budget surplus. I think the electorate told him what they thought of him at the last election after he told them that there was a surplus when there was no surplus.

Most importantly about that, we have seen—

**Ms Butler:** Your government's surplus, Alex!

**Mr HAWKE:** I will speak to our government's surplus. We are on a credible pathway back to surplus—very credible.

**Ms Butler interjecting—**

**Mr HAWKE:** I think the key word there is 'credible'. You would be very interested to know, Member for Griffith, that we are reducing the deficit each and every year from \$35.1 billion down to just \$6.9 billion. What always amazes me about the Labor Party is that they come into this chamber on the appropriation bills and say, 'Oh, the debt, the deficit: you've doubled the debt; you've doubled the deficit,' when they well know that when they were in government they locked in government expenditure. Government expenditure was growing at an unsustainable rate. They continued to promise the world and not fund it. They made promises in education that they could never fund beyond the forward estimates. There was simply no money. They made promises in relation to the National Disability Insurance Scheme, without allocating the money. Whenever you make promises but do not allocate the money, you really are not making a legitimate promise. It is on the never, never.

Of course, what the government is left with, what we inherited when we came to office, is a substantial debt and deficit. In fact, it is the largest single debt that any Australian government has ever inherited in the shortest space of time—six years. Considering the position the previous Labor government started from—

**Ms Butler interjecting—**

**Mr HAWKE:** We warned you in the global financial crisis not to spend as much as you did. We actually told you that you were spending too much. You were spending too much. You did spend too much. The rate of stimulus was out of all proportion with what was needed in Australia. It is easy to spend it when it is not your money. It is easy to spend it when you do not earn it. It is easy to spend it when you have no intention of paying it back.

This government is fiscally responsible. We are on a credible path to surplus. Over the forward estimates there will be a \$7 billion deficit. We will still be in deficit—that is absolutely true—but we can look any Australian in the eye and tell them that we have taken government debt left to us by Labor, a deficit year on year, down to a \$7 billion deficit. That is pretty good progress, considering that the iron ore price continues to drop, leaving a revenue shortfall—which, of course, the former government was so keen to speak about—and it is at a time when the global economic outlook is quite poor and revenue is falling. So it is good progress to reduce the deficit to \$7 billion over the forward estimates. And that is before we get to the point of starting to pay down Labor's debt, which, of course, is a whole new proposition in itself. We are borrowing every day \$100 million just to fund the ordinary services of government—but, of course, for Labor that is not a problem. There is no spending cut that they approve of and no spending that they do not approve of. They want to keep spending and they do not want to make any cuts. It is easy when it is not your money. It is easy when you are borrowing it. It is easy when you have got no intention of paying it back. That is very, very easy. What a job to be given! People in this country would love to be in an organisation that can borrow money at will, spend it anyway they like and have no intention of ever paying it back. Nobody could operate like that. No business, no family, no budget structure in this country could sustain a Labor Party approach. I think every Australian inherently understands that. Every single Australian understands that.

**Ms Butler interjecting—**

**Mr HAWKE:** I will take that interjection. The member for Griffith says that this debt is cheaper than equity, or she is making a point that you can use debt to finance various projects. That is absolutely true. But if you spend \$667 billion of debt—

**Ms Butler interjecting—**

**Mr HAWKE:** And what do you have to show for it, Member for Griffith? What is it? Do you have a new defence force? Do you have new submarines? No, you don't.

**Ms Butler interjecting—**

**Mr HAWKE:** Yes, it is a \$676 billion deficit. We could have 100 submarines for that price. We could have a whole Joint Strike Fighter fleet funded. We could have every piece of critical infrastructure in the country funded. Yes, the trillion-dollar backlog in infrastructure in Australia would almost be completed with that level of debt. Was that what was funded by the previous government? No. Can the member for Griffith give me in five seconds a list of things that were funded with that debt? Of course not. You racked it up. That was what was really wrong with the previous Labor government. You racked up debt, you racked up deficits but you had very little to show for it. That, of course, is the biggest problem that we have got, because if you do infrastructure that is enhancing for the economy, if you are financing things that make a difference, that is absolutely right. But this government was left with a debt and deficit legacy like no other—and we are taking steps to fix it in this budget.

So I fully support this appropriation bill. We are reducing the size of government over that period from a high under the previous Labor administration. Given the fact that we have been left with the worst set of numbers that any government has ever been given, it is pretty rich of members of the former government to look at us and say, 'Why haven't you fixed it?' Well, why haven't you helped us to fix it? They are the people now blocking the solution, and they are the people who created the problem. So why don't they come to the party? Either help us fix the problem or get out of the way.