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Budget

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Speaker Billson, Bruce, MP

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Mr BILLSON (Dunkley) (16:35): Madam Deputy Speaker Vamvakinou, I am wondering if you can help me find this budget. We have had two speakers from Labor supposed to be talking about the government's ability or otherwise to properly manage the budget, and it turns out it is like flared pants: it was out of fashion before it even started. We have had two speakers unable to turn their minds to a budget that is not even 24 hours old. This is quite a remarkable spectacle where the government has rolled out the member for Lindsay, one of the leading lights—Admiral Bradbury, as he is known by his friends—to talk about it. He is part of the Expenditure Review Committee. He could not even talk about the budget. Then the member for Chifley comes out—I always enjoy following the member for Chifley—talking about tiered tax rates. He has forgotten already that the government actually promised a tiered tax rate in relation to company tax reductions—a tiered tax rate for an earlier introduction for small business—but that promise disappeared before it was even enacted.

What has happened to the budget? Has someone pinched this Labor budget? Has someone stolen it, so that the Labor members dare not speak the name of the budget that is not even 24 hours old? We hear this fiscal fiction being talked about, but not in terms of what is in it, not in defending the parameters and not in explaining those herculean assumptions about revenue projections that invariably never get met, resulting in revenue write-downs. They live in this la-la land where they think they are going to have these enormous growths in revenue—the fiction that underpins these so-called budget projections—and then they are not met, and the government and Treasurer go around wringing their hands saying, 'We have had these revenue write-downs.' He has been hit by reality. You can only maintain this fiction for so long. You can only keep talking about a surplus that keeps going further and further away.

It was 1989 when Labor last delivered a surplus. The No. 1 hit of the year was Mick Hucknall's—Simply Red's—*If You Don't Know Me By Now*. The Australian public know Wayne Swan by now. They know this Treasurer and they know this government. They know that they can talk a great game about a surplus but you never get to see one. They can forecast the most extraordinary revenue projections that never materialise, and then they wring their hands saying, 'We've had revenue write-downs,' and, 'We've been hit by reality.' That is the problem with this government and their budgeting: they get hit by reality. You can only hide from it for so long.

But the fiscal fiction gets worse. You would be as astounded as I was if you saw Monday night's *Lateline Business*. It was less than 24 hours before the government delivered its budget speech and the Minister for Social Housing and Homelessness and Minister for Small Business was asked a fairly straightforward question. The presenter said, 'Let's look at the Sensis small business survey.' It found that 92 per cent of small businesses do not think that government policies are helping them. Do you know what his answer was—less than 24 hours before the Treasurer's budget speech? He said:

... we've done some recent things already by announcing the cut in the small business company tax rate from 30 to 29 cents ...

This was less than 24 hours before the Treasurer came in here and spoke about the company tax cut disappearing. And this was someone who is on the government's Expenditure Review Committee. Isn't that extraordinary? Was he intentionally trying to create a distortion of reality or does he have NFI—'no fiscal idea' whatsoever? Is that what the problem was? He was on the Expenditure Review Committee and he could not even work out what was in the government's own budget.

What is not in the budget and what we should be discussing is how it is going to contribute to growth, how it is going to nurture business confidence, how it is going to support job creation and how it is going to enhance economic security for Australian people. What does the government talk about? None of those things. In this budget the small business community was looking for something that would give it half a sense that the record 48 per cent increase in small business insolvencies in the last 12 months might be turned around; that the 300,000 jobs that have been lost in small business might begin to be recovered; and that the 14,500 small businesses that

were employing people at the time Labor was elected, but now are not, might be able to have the confidence and courage to re-engage and employ Australian men and women. That is what the small business community was looking for and it got none of it. It got absolutely none of those things.

Labor says it is 'truly a Labor budget'. I agree with them, because everybody knows that Labor loves to throw money into the wind. It has failed to do that effectively and I fear they will again fail to do that effectively with this budget. But that does make it a very Labor budget. What would have made it a good budget would have been some practical measures that would have supported growth, confidence raising, job creation and economic security and would have restored small business hope, reward and opportunity. But there was nothing in there about that.

Not only did the small business minister who has been spruiking the great influence he has within government not even know what was in the budget less than 24 hours before it was delivered, but all we could see was that there was a reheating of old commitments—nothing new. But what do small business know they are going to get? They are going to face the world's largest carbon tax. They are shaking in their boots about the world's largest carbon tax at a time when the economy that small business men and women and family enterprises are facing is already very challenging, when they are getting cost increases forced upon them and when nervous consumers are demanding discounts. Consumers want savings. They are demanding the sort of frugality from small business that they would love to see from their government. Margins are thin. Foreclosures are happening. Insolvencies have increased 48 per cent on last year. There are empty shops in the main streets of Australia. Small businesses are looking for something to break the trajectory the government has put them on—government policy has driven small businesses into a ditch. They got none of that in this budget.

Labor once again proved it is no friend to small business. The budget has got broken promises which will hurt small business and will hurt local employment. There was no relief from the world's largest carbon tax. It is going to whack their viability, their profitability and their capacity to employ like no other measure. There is no feel within this budget that the government has any sense of the struggling, the challenges and the difficult economic climate that small business is facing. There is no sense that cash handouts will change the economic paradigm, where people will think: 'Gee, there is an ongoing change in my circumstance. I feel more confident about making longer term decisions and about re-engaging in things that put me in a financially exposed situation but where I am more confident of my capacity to deal with them.' There is none of that whatsoever. There are none of those things that would bring about a change. Instead we have a few reheated announcements of sweeteners that are supposed to soften the burden and the pain, the harm and the hardship of the carbon tax—sweeteners that those in small business know in many cases offer them no assistance whatsoever.

In this budget the government confirmed that 370,000 of our smallest businesses face higher tax on their income—not just companies, which seem to be the only kind of business Labor wants to talk to, but those self-employed people, those partners, those operating through trust and those men and women who are trying to create wealth and opportunity for their communities, their country and themselves. They used to get encouragement through an entrepreneurs tax offset. There used to be a 25 per cent reduction in income tax paid on those smallest businesses up to \$50,000 and then a tapering of that benefit. That is completely gone.

We then see the issue around accelerated depreciation. The government comes in here and says, 'Isn't this great!' Small business know they have to have cash ready to spend that money on eligible assets so they can get some cash-flow benefits at some stage down the track. Then the government comes in here and says to those 400,000 smallest businesses that used to get the ETO, 'You can go and buy a ute.' They need thirty grand of ready dollars to go out and buy a ute so 18 months later they might get a couple of thousand dollars of cash-flow benefit. Spend thirty grand for a couple down 18 months later. That is the kind of cash-flow logic that small business look at. They hear the government mouthing these words and they think, 'They really have no idea whatsoever.' Then there is the issue of the loss carry-back. Do you remember that the coalition proposed that? The coalition proposed that as a response to the global financial crisis and was ridiculed and condemned by Labor. But now they want to bring it back in.

Mr Dreyfus: So will you be supporting that?

Mr BILLSON: I am grateful to the member for Isaacs, who is conceding what we all understand—that is, the carbon tax represents a greater threat to small business than the global financial crisis. The global financial crisis was not providing a sufficient challenge for small business to have a loss carry-back scheme introduced, but the

carbon tax represents a far greater challenge and that is why the government is now looking at it. We know this government has no interest in, and no commitment to, small business. If you want to see any evidence of that, just have a look at this budget and go back to the Minister for Small Business, who either has no idea what is going on or has intentionally been out there misleading the small business community. The small business men and women of Australia deserve much better than that.