



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

Federation Chamber

BILLS

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

Second Reading

SPEECH

Thursday, 14 February 2013

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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Speaker Cobb, John, MP

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Mr JOHN COBB (Calare) (10:33): Deputy Speaker, you do have a lot to put up with. I rise to speak on the appropriation bills Nos 3 and 4. These bills seek to appropriate another \$1.27 billion from consolidated revenue for additional expenditure requirements that have arisen since the May budget. They truly highlight the government's woeful economic performance. More money is being borrowed to pay for the failures of the Rudd and the Gillard governments. Labor has clocked up the four biggest budgets deficits in history with a cumulative total of \$172 billion given they started with a \$20 billion surplus, no net debt and \$70 billion in net assets. Countries such as Germany, Chile, Korea and Norway have been able to achieve a budget surplus facing the same international economic environment as Australia, yet this government has failed to do the same, despite having far more resource income per capita and enjoying the highest terms of trade in 150 years while inheriting a budget surplus, no debt and money in the bank from the previous coalition government.

The list of failures from this government is a long one: border protection; pink batts; cheques to dead people; the carbon tax; the mining tax; and, of course, to the promised but it would seem not to be delivered budget surplus. It has been promised 650 times but it has not been delivered and recent times seem to show that the Treasurer has simply given up. How can the Australian public trust government when they continue to make promises and then break in each and every time? Is it incompetence? Is this dishonesty? I think we have to assume that it is both.

The government is spending money—and has always—before it has it. Take the mining tax. The original mining tax was meant to raise \$12 billion in the first two years. It has raised \$126 million so far. That is gross revenue. Once you deduct the \$50 million the ATO had to spend on administering the MRRT and you add the \$38 million that the government would have raised through company taxes anyway, it turns out that the mining tax has in fact raise less than two per cent of what was projected last May. We said at the time that it was a disaster for the mining industry and a disaster for Australia—and it has been. We have seen any amount proposed investment put on hold or abandoned—in part because of the threat of the mining tax. Each year that the government has revised downwards the revenue they expect, the bottom line is that the revenue has been falling.

What we have pointed out is that the government has committed and locked in expenditure against revenue that is simply not there. The government really does not have an economic plan; but it does have spending and forecasting problem. It constantly assumes unrealistically high levels of future revenues, spends at those levels and then cries, 'Woe is me!' when the forecasts do not come to fruition. One can only assume a total lack of ordinary business acumen—a total lack in government ranks of people who have actually dealt with small business, or big business if it comes to that, where you actually assume some caution in your business life. You actually assume some caution when you do your budget. You do not have to be an accountant, you do not have to be a world renowned economist to use caution rather than spend on an assumption that things will not change.

The most glaring thing in the current government is a lack of knowledge and experience within their ranks and an unwillingness to listen to business that seems to push them to levels of spending which are quite incomprehensible. It is as though debt does not really matter. Business will have to pay it back in the long run. Most things are paid for by the ordinary taxpayer who pays tax every week out of their wage. Those are the people the government pretends to be looking after. It is the highest spending government in Australia's history. They have announced 27 new or increased taxes since coming to power, and nobody has been hurt more by this than small business.

Small business in Calare or small business on the Gold Coast—we are all getting belted by it. NAB's quarterly business survey and the latest ABS retail trade data has highlighted that small businesses right across the country are doing it so tough, with families facing cost of living pressures and spending less because they have no confidence. I have never seen a government in my whole life which has had so much effect on the confidence of small business and the people to whom they look to as customers. People are not spending not because they are all out of work—most of them still have a job and the same level of income they had. But, by gosh, they are not spending it. There has been no growth in retail spending for the last five months of 2012. Consumers are

tightening their belts and making sure they have enough money to pay for their ever-increasing electricity bills, which this government proudly can say they have had a big hand in making happen.

Recently a constituent from Bathurst in the Calare electorate brought his power bills for the past year into to the office. I was shocked: his latest bill was three times that for the previous quarter. That is astounding. Of course this bloke was very distressed and wondering how he could afford it. How can anyone afford increases like that to their cost of living? I have said all along that households in Calare simply cannot afford to pay for Labor's and Julia Gillard's carbon tax, which is driving up the cost of living like nothing else. They say it has been a soft landing; it has not been a soft landing if you live in Calare. I doubt it has been a soft landing in South Australia or on the Gold Coast either.

The latest data from the ABS shows that during 2012 the cost of electricity rose 17.7 per cent, and the cost of gas and other household bills rose 17.3 per cent. And now there is proof that the carbon tax is having a very significant effect on businesses through energy costs. In a report released by the AiG, the Australian Industry Group, a survey found that manufacturing businesses estimated an average rise of 14½ per cent in energy cost increases—this makes a little bit of a mess of the Gillard government's predictions of 10 per cent; Minister Combet must have tripped that morning when he came up with that figure—with many unable to pass on cost increases. In fact, I can assure you businesses, processors and growers are finding it impossible to pass on costs. In fact, the two big supermarkets refuse to accept them, the processors therefore cannot accept them, and so what happens? The producer gets less for his articles.

Manufacturing businesses in my electorate of Calare are all too familiar with the trend. One of the biggest manufacturing businesses in Orange, Electrolux, has been given six months to prove they can produce fridges as cheap as or cheaper than production lines in Thailand and other parts of the world, or face possible closure. I am talking about an historical employer in the region; it has been there since World War II. There are about 600 staff employed directly at the plant and, obviously, there are transport businesses and many other businesses associated with it in some way. The carbon tax has played a huge hand in this development. It was only five years ago when I met with the then manager of Electrolux in Orange. He was extraordinarily upbeat. Electrolux were producing not only big fridges, they were also producing smaller ones. They were doing it competitively and they were travelling extraordinarily well. But there was a difference five years ago. They were not paying a carbon tax on everything they used during production, on the use of electricity in their factory. It is an amazing thing. On 1 July, the current manager said to me: "The increase of \$20 per fridge is not a huge percentage of the cost of the fridge. But, by heaven, although we have an advantage over our biggest competitors, which are nearly all from Korea—Samsung and the like—because people know we are an Australian brand, they know it is made here and so we can handle the fact that we may be \$40 or \$50 dearer than the others, but when you add another \$20, which the carbon tax does to our disadvantage, suddenly it is all too much. People say, "I can wear 40 bucks for an Australian fridge, but I can't wear 70.'" And that is what has happened.

This government, time after time, may talk about the carbon tax as only adding two or three per cent on the cost, or 10 per cent or whatever it is. That is true of the total cost, the gross cost or the gross income, but it is a huge amount of a company's profits. I can go on a lot more about that. It is a huge amount of your profit—if you are making one. More than 27,000 jobs have been lost in the manufacturing sector since the announcement of the carbon tax. That is evident in Calare. As I said, we now have 600 jobs on the line unless this plant can be cheaper than Thailand in the next six months.

The carbon tax is a reverse tariff on Australian industry and it is resulting in a significant loss of competitiveness for those that are trade exposed. I think this is an incredibly frightening example. It is going to be a stressful six months for us all.

Julia Gillard, the Prime Minister, promised to fix three major policy failures of the Rudd era when she knifed the former prime minister in 2010: the mining tax, asylum seekers and climate change, which was not going to be an issue under the government she led. All three areas are now much bigger problems than when she started: Kevin started them and she has made them worse.

The DEPUTY SPEAKER (Dr Leigh): The member for Calare is reminded to refer to members by their parliamentary titles.

Mr JOHN COBB: The former Prime Minister started them and the current Prime Minister has made them far worse. Debt levels continue to rise and the government continues to pull money out of consolidated revenue to pay for policy failures.

The coalition can be trusted to restore public finances and public confidence. We will do this by scrapping the carbon and mining taxes and we will do this by showing people that we can stop the boats—we stopped them once and we will stop them again. The last Labor government took 14 years to knock up \$100 billion debt. It took us 10 years to pay that back and another two years to leave \$70 billion for the next Labor government to get rid of and add another \$170 billion in debt. We will do it again, but the sooner we do it the sooner we can restore this country to some confidence and some competence.