

3 June 2008

APPROPRIATION BILL (NO. 1) 2008-2009
APPROPRIATION BILL (NO. 2) 2008-2009
APPROPRIATION (PARLIAMENTARY
DEPARTMENTS) BILL (NO. 1) 2008-2009
APPROPRIATION BILL (NO. 5) 2007-2008
APPROPRIATION BILL (NO. 6) 2007-2008

Second Reading

Mr BRADBURY (Lindsay) (5.02 p.m.)—I rise in support of Appropriation Bill (No. 1) 2008-2009 and the cognate bills that form the basis of the Rudd Labor government's first budget, which was delivered some weeks ago by the Treasurer. This is a good budget. It is a budget that reflects strong Labor values and delivers on the commitments that we made prior to the last election. Most importantly, though, it is a responsible budget. It is a responsible budget that on the one hand delivers much-needed support to working families, to working people and to those under financial pressure but on the other hand delivers a massive investment in our future—an investment in Australia's long-term prosperity. That is why this budget is a good budget and a budget that stands in stark contrast to those of the immediately preceding years.

Delivering a \$21.7 billion surplus at 1.8 per cent of GDP exceeds the target of 1.5 per cent that the government had set. We had always said that in order to take pressure off inflation and to take pressure off interest rates we needed to deliver a budget surplus in excess of 1.5 per cent of GDP. That has been achieved. We must, of course, remember that this budget was handed down in the context of an economy that was experiencing the highest inflation in 16 years. Principally, one of the biggest contributing factors to that high level of inflation was the failure of the previous government to rein in government expenditure. But government expenditure and the fact that it had got out of control under the previous government was not the only reason why pressure was placed on interest rates, why pressure was placed on inflation in this country. It was because those on the other side had chosen to ignore the more than 20 warnings that had come forward from the Reserve Bank, warnings that covered a vast array of red light issues, if you like.

There was the issue of skill shortages and the failure of the former government to address the skill shortages. There was the issue of infrastructure bottlenecks and the complete absence of genuine investment in Australia's long-term infrastructure needs. But most significant, as I indicated before, was the failure to rein in government expenditure. The Expenditure Review Committee and indeed the Minister for Finance and Deregulation deserve to be congratulated because they have done what the finance minister and the Expenditure Review Committee have not been required to do for some years now—that is, to make some hard decisions. Those hard decisions have been taken in the broader

interests of the Australian community and, in particular, of those people that are currently doing it tough and have been doing it tough for some time now.

We do not have to go all that far back to recall the former Prime Minister, the then member for Bennelong, telling us that Australian working families had never been better off. That was never the case. It was not the case at the time that he said it and it has not been the case since. The reality is that many people—and many people in my community—are doing it tough. That is why this budget, in delivering much needed relief to those people, is a step in the right direction. The challenge for this government always was to deliver that relief but to do it in an economically responsible way. I think that is where this budget deserves the greatest accolades. Not only have we delivered the Working Families Support Package, in the order of \$55 billion, but we have done that whilst retaining a strong budget surplus—almost \$22 billion.

In order to do that, we have had to make some cuts. We have had to increase taxes and close some tax loopholes in various respects—we have done that. These were areas where the former government had failed to act. We have all heard a lot of discussion about the alcopops tax. We are not really sure exactly where the opposition stand on that at this point in time. But the reality is that, had they introduced the tax in an equitable way back when they made changes to the tax system with the introduction of the GST, there would have been no philosophical or policy rationale for distinguishing between premixed drinks and those that are mixed later. There is no argument on this—there is no argument from health professionals; there is no argument from anyone who is a serious contributor to public policy debate. But once again we find that those on the other side are in the corner of big business, in the corner of the distillers. They are the only people that are suggesting that some relief in this budget should be directed towards those particular individuals and entities.

When working families in places like Western Sydney are doing it tough, we say that we need to find savings and raise additional revenue in other parts of the economy to ensure that we can deliver the relief that our Working Families Support Package delivers and, at the same time, do so in an economically responsible way. We said that we had a five-point plan, and that five-point plan is well and truly a nucleus of this budget. I have already indicated that we have delivered on the 1.5 per cent of GDP surplus. In addition to that, we have said that we need greater investment in education and skills. This budget delivers that with the \$2.5 billion investment in Trades Training Centres in Schools, along with the 630,000 additional training places. In addition to that, we have the \$11 billion Education Investment Fund. Some of those funds were released immediately, and we have already started to see the benefit of that being handed over to the University of Western Sydney, in my local community, with some \$16 million being made available out of that fund. After over a decade of underinvestment—a lost opportunity, a failure to invest in our nation's productive capacity—we are now moving towards redressing some of those policy failures.

In addition to that, we have our investment in early childhood education, which ties in nicely with one of the other elements of our five-point plan—that is, workforce participation. By providing a greater benefit to parents with children in child care, increasing the rebate from 30 per cent to 50 per cent, we are able to deliver more money back into the pockets of working families and, in particular, those families who are doing it tough, who are trying to manage dual incomes—both parents in the workforce, with the obvious need that that brings for child care. In addition to that, for single-parent families, child care, in some senses, becomes even more critical, and that is why the childcare tax rebate and the increase in

that rebate to 50 per cent will deliver real benefits in a part of the economy where that benefit is needed most.

We have said that workforce participation is important and we have made significant tax cuts. This is the No. 1 means by which we are delivering that relief to working families and to those working Australians who are doing it tough—with significant tax cuts. In particular, the first tranche of those tax cuts delivers real relief to low- and middle-income earners. And not only do we have tax cuts skewed in favour of low- and middle-income earners to redress the fact that successive tax cut decisions that have been taken over the last decade have been skewed in favour of higher income earners; we also have the introduction of the low-income tax offset, which is a policy that is unabashedly directed towards encouraging more people back into the workforce, to take away some of those disincentives that discourage people from moving back into the workforce or earning more income. These policies will make a difference, and they will make a difference in the areas where we have said we need to make that difference in order to take pressure off inflation and to keep interest rates low.

The final point in the five-point plan is to boost national savings. One of the initiatives—and only one of the initiatives that falls within this category—is the first home saver accounts. Of course, the first home saver accounts form a small part of a larger package of policies addressing the important challenge of housing affordability, which I must say is a particular challenge in electorates such as mine and that of the member for Parramatta, who is a fellow member in Western Sydney.

This budget, in taking into account all of those considerations, will deliver relief to the people who need it most and, at the same time, will do so in an economically responsible way. This is the most economically responsible budget this country has seen for many years. Economic commentators confirm that, and the response we have seen from the opposition only confirms our belief that, had they won the election at the end of last year, unfortunately the hard decisions that have been taken in this budget would not have been taken. We have already seen that, while those people had a great capacity to spend taxpayers' money when they were in power, they seem to have an even greater capacity to do it from opposition. They have already blown billions of dollars of the surplus; they have raided the surplus for a range of policies that will be here today and gone tomorrow. Our policies, on the other hand, are about long-term investment in our nation's future.

I just wish to briefly record some of the local commitments that the government have delivered in my electorate—in particular, the \$15 million contribution towards the establishment of a Cumberland conservation corridor; \$5 million towards the upgrade of the CUA stadium; \$2.7 million for a recycled water network; \$933,000 for the upgrade of the St Marys Memorial Hall; \$350,000 to the Penrith Valley BEC, or business enterprise centre; and \$160,000 towards the construction of a homework facility at Barnardos in Cranebrook. We have also delivered on our commitment to a \$500,000 weed harvester to keep our great Nepean River the clean river that we all remember it to be and the clean river that it deserves to be. In addition to that, we have confirmed our commitments to the upgrade of the intersection at Sherringham Road and the Northern Road and the delivery of the first stage of the Werrington arterial. These are but the local dimension of an overall platform and policy framework that the government are intent on delivering because we are about investing in our nation's long-term future but doing it in a responsible way. We are doing it in a way that recognises the challenges that working Australians, working families and people doing it tough are facing and we are going out of our way to deliver relief to those people who need it most, at the time when they need it most.