

27 August 2008

FINANCIAL FRAMEWORK LEGISLATION AMENDMENT BILL 2008

Second Reading

Mr BRADBURY (Lindsay) (10.27 a.m.) — I rise to speak in support of the Financial Framework Legislation Amendment Bill 2008. This is an important bill albeit, as the member for Isaacs described it, a highly technical one. It is a significant bill because it is an important part of this government's deregulation agenda. There are two elements that, at the broader level, I wish to focus on in respect of this bill. It is a bill first and foremost about deregulation and about better government. They are the two principles that are enshrined in this bill: better government and putting the deregulation objective back on the agenda.

When it comes to better government in this country, it is no longer a question of big government versus small government; it is about efficient and effective government. I think that this bill very much recognises that. To achieve effective government we also need to be conscious of the principles of responsible government and to ensure that there is accountability inherent in the processes of government. I think that this bill certainly achieves that objective.

In terms of deregulation, this government has been very active in trying to put deregulation back on the agenda after it was put on the backburner by the previous government for their more than a decade in office. One of the first moves that this government undertook was to ensure that we have a Commonwealth minister for deregulation and, indeed, a minister assisting the minister for deregulation. That is a significant symbolic decision that this government took to ensure that matters of deregulation were at the forefront of the thinking of this government. I note both the Minister for Finance and Deregulation and the Minister Assisting the Finance Minister on Deregulation have been out there assiduously talking to stakeholders both within government and, more broadly, within the community to ascertain the key issues and objectives that we as a government could be pursuing to move ahead at a rapid rate of knots on that agenda. That is certainly something that we have already done. Much progress has been made through the COAG process in trying to streamline the Federation and get it working much better than it has in the past. This is an important deregulation initiative. It is also about making sure that government is working better.

In addition, the deregulation agenda has included the entrenching of the new one-in one-out principle, where any new regulation must be matched, by identifying areas where regulation can be simplified or where regulations can be removed, to ensure that the overall regulatory burden is not increasing as the demands of greater regulation in a greater number of areas continue to be a challenge that government confronts. Our deregulation agenda has also involved moving the Office of Best Practice Regulation into the Department of Finance and Deregulation. The minister has said—and I believe this to be the case—that his role is now very much about being a guardian against excessive regulation. He is out there seeking to ascertain ways in which regulation can be reduced and processes can be streamlined to allow greater productivity not just within the processes of government but more generally within the way

government deals with stakeholders throughout the community.

I want to turn to some of the provisions of this bill. Both the member for Isaacs and the member for Blair have covered most of this territory comprehensively. I want to focus on some of the amendments to the Financial Management and Accountability Act—in particular, the clarification in relation to notional payments. The amendments contained within this bill clarify that notional payments—payments within the Commonwealth and payments between agencies—should be treated as if they were payments to non-Commonwealth related entities for the purposes of regulating or assessing those particular transactions. This is an important element that restores and clarifies that position but ensures that there is further accountability in that area.

In the area of outsiders payments, the government is conscious of the need to increase flexibility in the way in which government does what it does but also of the need to do so in a way that ensures there is still accountability in place. This will allow a person who is neither a minister nor an official nor part of an FMA Act agency to make payments of public money. But they are only able to make those payments of public money where the agreement or the arrangement engaging them is authorised by the parliament or by the minister. So there is the flexibility that comes with allowing those outsiders payments but the check and the balance come and the accountability is secured by ensuring that that is only the case where the arrangement or the agreement entered into is authorised by the parliament or the minister.

The bill also proposes a number of changes in relation to the power of chief executives to enter into contracts, although, I think—if the truth of the matter be known—rather than to change those existing practices, this bill seeks to confirm and clarify what the position is. There has been much case law on this issue. I know that it may appear to some as though the matter has been settled—certainly, in some of the commentary available on this area, that would appear to be the case—but, by inserting the note, which is item 47 of the bill, at the end of section 44(1), there is greater clarity that chief executives do have that power. I think that this measure goes some way towards providing that greater certainty that chief executives, agencies and officials require of knowing the limits of their authority to enter into contracts. So that is a positive development envisaged in this bill.

The bill also makes some changes in relation to the notion of 'proper use' as defined within the act. The notion of proper use is extended so that the definition not only includes 'efficient, effective and ethical use'—which I am sure we would all agree is entirely appropriate—but also ensures that such use is not inconsistent with the policies of the Commonwealth. To some that might be seen as something that should be a given but, for the purposes of clarifying and confirming the importance of government policies, guiding decisions and guiding notions of what might or might not be the proper use, this amendment certainly does achieve that greater certainty.

I will now move on to item 50. Item 50 goes to ensuring explicit recognition of something that might already, within various agencies, be seen to be implicitly the situation already—that is, to confirm and codify the entitlement of the minister to seek reports and information from agencies to ensure that the principle of responsible government is being upheld. All of these measures combined go a long way towards advancing not only the deregulation agenda but also, more specifically, our agenda of ensuring that government is able to operate more efficiently and with less complexity and bureaucracy.

I want to turn briefly to some of the comments made by the member for Dickson in his contribution. His

contribution became quite wide ranging. He made a number of comments in relation to the economic outlook in this country and, more particularly, in relation to consumer confidence. It is truly bizarre for those on the other side to come into this place and, on the one hand, have no plans for how to secure Australia's economic prosperity and, on the other hand, claim that, as a result of a decline in consumer confidence in this country, that is merely evidence of failures on the part of the Rudd government.

Right across the world, there is economic uncertainty at the moment. We are seeing various measures in countries all over the world at the moment. Consumer confidence measures have been in decline. There is no question about that. In the US, consumer confidence and business confidence are now at a 16-year low; in the UK, a 16-year low; and in New Zealand, a 17-year low. There are some enormous economic challenges that we face internationally. We all see the impact of the credit crisis. That is not just something occurring on the other side of the world; it has impacted on securitisation markets in this country and has had a great impact, a flow-through impact, on those people who have mortgages, in terms of increases in the interest rate that people are paying as a result of those funding cost increases. We are seeing in other parts of the world the oil shock, which, whilst it might be occurring in other parts of the world, is certainly being felt very seriously by many people in our community. There is the increase in world food prices. All of these factors are combining to paint a picture of a challenging international economic environment.

We can ignore those new and emerging international economic realities or we can develop a plan to address them. This is a government that is absolutely determined to implement its plan to address those challenges. Central to that plan, the cornerstone of our plan, is the delivery of a strong budget surplus, a budget surplus that was contained within the budget that was delivered by the Treasurer in this place and is now being blocked in the Senate by those opposite. Those opposite would argue that there is a decline in consumer confidence and that that is as a result of the government, but, frankly, they have failed to articulate any alternatives. If all of what they are proposing were to be adopted—and, when I speak of what they are proposing, I am not just talking about the lack of support for our revenue measures but, in addition to that, the spending that they are talking about embarking upon in relation to cuts in excise—if those proposals were to be undertaken, they would blow a massive hole in the budget surplus. We all know what that means. That means more pressure on inflation.

It took those on the other side a long time to come around, but finally they have acknowledged the great inflation legacy that the former government left this country. They have come around, but they have not come to the point of recognising that strategies need to be implemented in order to address that. A strong budget surplus is the most important thing that we can do in order to fight inflation and try and take the pressure off interest rates and all of those cost-of-living pressures that are affecting individuals, families—people right across this country.

So I call on those on the other side to either develop an alternative plan or get out of the way. To the extent that they have an alternative plan at the moment, it consists only of these so-called excise cuts, and we do not know whether they are 5c, 10c or 20c—there are a range of views on that on the other side, but that is about the only plan they have. So, if they want to criticise the clear, strong, economic policy that the government are implementing, they should come up with an alternative or they should get out of the way and ensure that our budget gets passed in the Senate so that we can start delivering a real attack on inflation and, hopefully, achieve some respite for those people suffering as result of higher interest rates and all of the pain that comes with that. I commend the bill.