

18 August 2009

MATTERS OF PUBLIC IMPORTANCE

Taxation

Mr BRADBURY» (Lindsay) (6:28 PM) —I rise to oppose the matter of public importance that has been brought forward by the shadow Treasurer. I wish to make a number of observations but I will begin by echoing some of the statements the Minister for Financial Services, Superannuation and Corporate Law made. It seems to me that, at a time when we are as a nation facing one of the most significant global downturns in economic history, we see a diversion in the form of this debate about taxation being brought forward by those opposite. Earlier this year the Leader of the Opposition came forward and said that there is only one thing that mattered, and that was jobs, jobs, jobs. Unfortunately since that time he has not spoken a lot about jobs. The only jobs he has been prepared to speak about are the Prime Minister's job, the Treasurer's job and indeed his own job. But the reality is that, had the government not taken the decisive action that we have taken in relation to the stimulus measures, there would be 210,000 Australians out of work—210,000 Australians and their families suffering all of the consequences that flow from unemployment. That is the human cost of failing to act.

I see the reference in the MPI topic to the unnecessary levels of debt and deficit. I wish to draw the House's attention to the comments of the Reserve Bank governor just last Friday, where the governor said:

I do not think you can really say that net debt of 15 per cent of GDP itself is a serious problem.

He went on to say:

...15 per cent of GDP is the low number by virtually any other standard.

It is worth noting that those on the other side would have you believe that there were not any issues internationally so far as the economy was concerned and that Australia is doing okay. It is not the worst recession we have faced in this country. If you look at the figures, we have managed to pull through to this point reasonably well. We are not out of the woods, but the stimulus measures have worked. But those on the other side are not prepared to give credit where credit is due when it comes to those measures. In fact, they seem to wish to argue that the circumstances that we currently face are not the most serious that we have faced in 75 years. All the objective facts indicate that, notwithstanding the fact that the economy is more integrated than it has ever been before and you would expect economies such as ours to have been impacted more in a global downturn than at any other time in history, we have been doing reasonably well. That is as a direct result of the stimulus measures that the government has put in place.

I want to run through some of the comparative figures in respect of other parts of the world. Those on the opposite side have almost moved on from the global recession. They are now talking about tax reform some time down the track. They do not wish to talk about the recovery that this government is

intent on delivering—the recovery that will nation build for our future. It is important that we stay focused on that recovery because we are not out of the woods. I heard President Obama say in the United States the other day that, at this point in the US, unemployment is now rising at half the level that it was when he came to office. That was offered up as a vindication of the administration's policies. We see in other nations, other advanced economies in the world, employment massively declining. In Australia, we have been able to hold on and maintain that at a reasonably steady rate. We acknowledge that things are going to get worse and that there are many Australians who are not working as many hours now as they previously were. But these are the sorts of impacts that naturally flow from a global recession. That is why we have taken those impacts and the potential impacts very seriously. In order to support jobs, we have tried to intervene and to support private demand where the private sector has withdrawn. Now we are about rebuilding and nation building for the recovery.

I note the references to unnecessary debt. In Australia net debt will peak at 13.8 per cent of GDP in 2013-14. Let us compare that to the figures that are expected in other major advanced economies. We expect net debt to reach 83 per cent of GDP in the USA and the UK in 2014. In the euro area, we expect net debt to reach 75 per cent; in Japan, 136.3 per cent; in Canada, 26.8 per cent—80.7 per cent of GDP for the 25 largest advanced economies.

What we are facing in this country is not unique. We are facing the impact of a global downturn. The fact that we are doing that better than the rest of the world does not carve us out or make us some sort of island in the middle of a global recession. We are being impacted by that recession, but the difference between our nation and others is that we have taken decisive action in order to try and cushion the impact and the blow of that global downturn.

If we look at the various measures of success in terms of the effectiveness of government policy in this regard, both the Reserve Bank governor and indeed the Secretary of the Treasury have endorsed the government's approach to stimulus. It is interesting that those on the other side are not that interested in talking about stimulus any more. As time goes by and the effectiveness of the stimulus measures becomes clearer and clearer, they are less willing to talk about stimulus. They want to start to talk about tax. What a red herring. In the context of what we are facing, they want to talk about a review that is still ongoing and will be dealt with in the fullness of time. But they are looking for a red herring and, as far as red herrings go, this is the fish that even John West would have rejected.

Regarding stimulus measures, let us look at retail trade—up by 5.2 per cent since November last year. Unemployment has been maintained at a relatively steady level of 5.8 per cent but, as Treasury estimates indicate, the action of government has intervened to support 210,000 jobs—210,000 families that would otherwise be affected by the scourge of unemployment. We have seen the impact of the first home owners boost on building approvals—the June data shows that public building approvals were at their highest levels since January 2001. Private building approvals increased for six consecutive months. Finance commitments from the construction and purchase of new dwellings have increased by 59 per cent since October last year.

We are seeing a resurgence of confidence. The NAB monthly business survey showed that business confidence is at its highest level since August 2007. The Westpac-Melbourne Institute survey of consumer sentiment showed the consumer confidence index had its biggest three-month gain since 1975. We are the only major advanced economy that has managed to avoid a recession to this point. It was not a matter of luck but a matter of good management and the intervention of government at the right time—acting early and decisively to step in and invest where the private sector was no longer capable of investing to support the economy, to stimulate activity and to preserve jobs through a difficult time. The early indicators are showing positive success. They are showing that these measures have achieved what they intended to achieve. There is no question that we have a deficit and that we are currently in a position of debt but, when we compare our situation to other economies throughout the world, the relative lack of success of their stimulus packages and the response of their economies to those measures, we can see that the Australian economy is doing better than any other economy in the world.

Those on the other side will not acknowledge that because to acknowledge that would be to acknowledge failure on their part. Let us not forget that each and every one of them voted against the stimulus measures. They want to have it both ways. Today we saw the shadow Treasurer starting to distance himself from the stimulus debacle—the debacle of them voting against the stimulus. He wants a bit of distance between him and the Leader of the Opposition. The stimulus debacle, the failure to vote for the stimulus, is going to be the millstone that hangs around Malcolm's neck. The shadow Treasurer is determined to make that the case.

He now wants to talk about the next debate—about taxation—because he knows how badly the coalition failed when it came to the last debate. But the Australian people will not forget. When they looked to government to step in, to intervene and to support jobs, the coalition were missing in action. They will be thankful, and I know that they are very grateful for the efforts of the government—for stepping in and fighting hard to try and protect jobs, to stimulate our economy and now to nation-build for our recovery. This is critical and these efforts will be vindicated over time.