



## **Appropriation Bill (No. 1) 2010-2011**

### **Main Committee**

31 May 2010

Sharon Grierson MP

**Sharon Grierson** (Newcastle) (4:43 PM) —I rise to speak in support of the Appropriation Bill (No. 1) 2010-2011 and related legislation which supports the Rudd government's 2010-11 federal budget, the third budget this government has now handed down. This year's federal budget is a thorough exercise in responsible economic management. When you take a look at some of the worst-case scenarios that were being projected in the darkest days of the global financial crisis, what this budget will do for our economy is remarkable and very reassuring. With this budget it is projected that Australia will return to surplus in 2012-13, three years ahead of schedule and ahead of every major advanced economy. Many of our trading partners and international colleagues across the waters will take decades to pay back their debt. It is very sobering.

Net debt in Australia is now expected to peak earlier and lower, at just 6.1 per cent of GDP, half the level expected one year ago and less than one-tenth of the average across the major advanced economies. In fact, it is the lowest debt of all advanced economies. The budget deficit of \$40.8 billion is almost \$6 billion less than the forecast of the Mid-Year Economic and Fiscal Outlook, MYEFO, and more than \$16 billion less than expected one year ago.

In this budget we have seen all spending offset over the forward estimates, and real payments growth has been held to below two per cent, meeting our strict fiscal rules. We have extended this fiscal strategy to continue building surpluses and achieve a rapid reduction in net debt. We will maintain the two per cent cap on real spending growth on average until the surplus reaches one per cent of GDP.

With this budget, we will also further strengthen the economy, help families and secure and sustain real future growth. We can convert the successes we have already had during the global financial crisis into a stronger, more secure economy for working families and for all Australians. Our strict spending limits help to ensure that we get back to black within three years, three years earlier than originally expected.

Our tax reforms will broaden and strengthen the economy, ensuring all sectors grow in a sustainable way which benefits all Australians, evening out the boom and bust cycles which we have seen so badly handled by governments in the past. The proceeds will be invested into superannuation savings and national savings, as well

as individual savings; into new infrastructure, particularly in mining communities; and into tax cuts that will create jobs and help small business grow and thrive. This will add 0.7 per cent to long-run GDP and boost wages by 1.1 per cent.

The success of the stimulus programs and our responsible approach to the economy will also deliver a \$7.3 billion boost for health and hospitals. We have hankered after health reform in this nation for far too long. One would have thought that, with the global financial crisis and the recession—which we avoided, fortunately—it would have been off the radar and off the agenda. I am delighted and very proud that we will deliver on health reform.

We will also deliver \$661 million for skills and training, and do not ever underestimate that. In past recessions and downturns in the economy, the people who have borne the brunt of that have usually been our youth, the younger generations. We have seen them ill-equipped, untrained, rejected from workplaces and place on those long unemployment queues. This time, though, so much has been invested into skills, training, apprenticeship support and scholarships and funded places at universities.

I said to a group of high school students just the other day I would have hated to have had to stand in front of them ashamed and guilty that they were abandoned because of a recession. Not under this government. They have been front and centre. We have invested in them and I know that investment will be returned to Australia's economy, into our sound social existence and contribute to the harmonious society that we all value.

This budget also invests \$652 million into renewable energy. In my electorate we track that, every cent, very closely. It has been a tremendous boost to our economy and to developing opportunities for the future to have been able to take advantage of the Rudd government's investment into renewable and clean energy. I will not go on about the Clean Energy Innovation Centre national headquarters in Newcastle or the Australian Solar Institute national headquarters in Newcastle—I have done that over and over again.

We will also in this budget deliver a \$6.6 billion boost for infrastructure. It is important to note some of that will be as a result of the resources superprofits tax. My electorate is the biggest coal export port in the world by volume. We, the Rudd government, have already invested over \$1½ billion into the rail track in my region. We know that the mining sector has invested \$7 billion, but government cannot keep bearing that cost as well unless we find some tax reform measures to do that.

We will also deliver a third round of personal tax cuts and a standard tax deduction for work expenses, assisting people with tax returns. We will deliver those last tax cuts, as well as some tax cuts for small business and less red tape. The tax cuts will allow an investment into better superannuation, with tax breaks on interest and a boost in national savings. In the budget we have been able to devote more money to protecting our troops and our borders. Of course the tax on resources superprofits, just like in the petroleum sector, will assist us to do those things.

By securing further economic prosperity with initiatives such as the tax reform measures, everyone will benefit. In my electorate of Newcastle, there is always a little bit of a cargo cult mentality: people want to see a big item for them in the budget. Well this budget is a big item for all Australians: better health services, paid parental leave in 2011, national quality standards in child care, tax breaks on savings and small business, increased superannuation savings, a standard tax deduction and more flexibility for pension payments et cetera. All those reforms are aimed at sustaining a quality of life that I think all Australians do anticipate will continue in spite of an ageing population and in spite of a global downturn.

The Rudd government has also promised that this budget will focus on improving health services in the community, as I have said. I would like to see the implementation of those new measures that will strengthen patient access, strengthen access to records, strengthen existing training for GPs and nurses and allow GPs to invest in infrastructure improvements and to employ practice nurses in their surgeries.

This year's budget also delivered genuine support for general practice all around the country. The diabetes plan in particular favours a GP who will manage someone with diabetes for the long term, who is going to look at their holistic health needs—not the drop-in, drop-out clinics that we often see. The money for more superclinics is also welcome, and I have already been approached by GPs in the Thornton area of my electorate—which has a very fast-growing population—who would like very much to be part of applying for a superclinic in that region. So the 2010-11 budget was a great win, particularly for health care. I know that will be welcomed by my local constituents.

It is also, though, a great win for small business across the country, which will reap the rewards of the tax cuts and incentives that are there. To be able to automatically get a tax return and write off equipment under \$5,000 will be an incentive for investment for the future sustainability of small businesses. It is also a great win for the 8.4 million Australians who will benefit from increasing the super guarantee to 12 per cent.

However, to see all these benefits flow onto the people of Australia we do need something that sometimes seems unattainable here, and that is for the opposition to see sense. We need those on the other side of the House and, in particular, their leader, Tony Abbott, to see sense in the debate surrounding the resource super profit tax. All of these budget initiatives, every one of them is an investment into the sustainability of our future economy, greatly rely on the successful carriage of the RSPT through the Senate. This worries me, because we have seen in the past—with the CPRS, for instance—how ready and willing this opposition is to block the passage of such important legislation.

These big measures and big policies do deserve—and I think the public would like to see—some bipartisan support. But already we see the opposition waging a scare-mongering campaign and, unfortunately, they are backed to the hilt by the mining industry in this regard. We hear the same old arguments, 'The sky is falling, we are all doomed'—the same arguments we saw with the CPRS, which they would not support once their leadership changed.

According to the doomsayers, the proposed tax will scare away the mining industry, and in doing so ruin our economy. Well, tell that to the people of Newcastle and the Hunter. Mr Baldwin, the member for Paterson, tried to assert that in question time the other day, only to be caught out very badly because the *Newcastle Herald*, which is circulated from the Central Coast right up through the Hunter Valley and throughout Newcastle, came out in support of the resource tax, understanding it as we do because we see before our very eyes the magnitude of mining investment; we see those returns. We have always been the ones, too, who experienced the busts in those cycles. We are delighted to see this time a way to sustain booms to make sure they are investment into the future economy.

Many key stakeholders feared that the profits based tax introduced in the 1980s on the petroleum industry would ruin that industry. Having had the great privilege of going to Barrow Island and seeing the Gorgon project in progress, I know that that is not the case, and the RSPT will not be any different. The tax has been specifically designed by the government to grow the mining industry and boost investment and jobs. It will see the people of Newcastle, whom I represent, and the rest of Australia get a fairer share of the resources they own—resources that are finite; once they are gone, they are gone for ever. Mining companies will still earn healthy profits net of tax. Investment in marginal but viable projects will be more likely to go ahead, as they will attract a lighter RSPT than the current uniform imposition.

When it comes down to it, Australians own our natural resources and they deserve a fair share of the superprofits mining companies make during the booms. Before the last mining boom, the Australian people were receiving about a dollar in every \$3 of mining profits through royalties and charges. But, at the end of that boom, the return to the public purse had declined to just \$1 out of every \$7. There was also very little contribution to skills, something that saw our economy prejudiced greatly. The government wants to restore the Australian people's share of mining profits closer to where it was in the early 2000s. The company and small business tax cuts that will be funded by the RSPT will allow more sectors of our local economy to gain a direct benefit from the boom. The mining industry itself will benefit, with the proceeds of the tax being used to set up a new \$5.6 billion infrastructure fund to tackle capacity constraints.

We have watched our local coal terminals expand—and they certainly are expanding; we call the one on Kooragang Island near Newcastle 'Legoland'—it has been an amazing spectacle to see such growth in the industry. As I have said, it has seen commercial investment of \$7 billion and it is not stopping. Just as the NCIG coal terminal has been completed, the plans for another one are underway. Just as Port Waratah Coal Services have finished three terminals, T4 is also in the planning stages. The RSPT will help to keep mining exports flowing out of the Port of Newcastle and it will sustain jobs. In the long run, this tax will lead to more investment, more activity and production, and more employment. It is of vital importance that this tax goes ahead to secure our nation's future and to sustain our economic wealth—wealth that belongs to all Australians.

There has been some suggestion that investment will depart from Australia. We know that that is not true. I have had the great privilege to visit Mongolia, and it is a

country that I support in their endeavours to strengthen their independence, to prosper democracy and to prosper an economy that assists its people. But when you see that you have to travel for many hours through the Gobi Desert in four-wheel drive vehicles with no roads, no rail, no port, no infrastructure in sight, temperatures that get down to minus-50 degrees and up to plus-50 degrees, and coal and resources that are 2½ kilometres deep in the landscape, you know that this tax is not going to distract people from investing in Australian mining and its wealth of mineral resources. So I am pleased to see that many commentators have come through supporting our tax in the media and in particular supporting the growth in superannuation that it will bring about.

It has only been through the responsible economic management of the Rudd government and the Treasurer, Wayne Swan, that we have been experienced a miraculous economic performance. The primary injections of the economic stimulus plan, coupled with the targeted expenditure of the 2009-10 federal budget have guided us and will continue to guide us through the worst of the downturn. Nowhere has this responsible economic management been demonstrated more than in my own electorate of Newcastle. Just last week, the Hunter Valley Research Foundation released figures showing that the Hunter region is experiencing a record number of workers in jobs. During April, over 313,600 people went to work in the region. This broke the previous record of workforce participation, which was set only the month previously. So it is plain for everybody to see that in my community the local economy is in good shape. In fact, our official unemployment rate has dropped to just 4.3 per cent, down from five per cent the month before. It is significantly lower than the state average of 5.8 per cent. Just in case you are thinking that mining is the biggest contributor there, the biggest employment group in the electorate of Newcastle is now professionals. It is quite interesting to see the diversification of our economy and how much that has been assisted by the Rudd government's investment particularly in innovation.

It is interesting to note that the strongest jobs growth occurred, as I said, in education and health industries, which again points to the diversification of our economy. This strong performance has been in no small part due to our government, and I am very grateful for that. Since taking office, we have seen over \$1.37 billion invested in the electorate, and that does not include the benefits that will flow from the \$1.6 billion Hunter Expressway. Economic stimulus spending alone accounted for around \$150 million, supporting infrastructure projects that went directly back into the local economy, supporting local jobs and funding local projects.

Just last week, I visited a restaurant in my electorate, Scratchleys on the Wharf, to meet a young apprentice, Steve, who is employed under the Kickstart apprentice program. Steve was just one of the almost 500 young Novocastrians employed under the Kickstart program since it began last year to combat the global financial crisis. As I said earlier, our youth have not been betrayed by this government. The Kickstart program in particular is aimed at people aged 19 years and under. As a result of that program we did not see any dip in the take-up of apprenticeships in this group. So successful has the program been in Newcastle and across the country that we have now extended the intake period to November this year and tripled the bonus for employers taking on apprentices to almost \$5,000. Across the country,

tens of thousands of young Australians will continue to benefit from this amazing program.

It was lovely to be with the Deputy Prime Minister as she opened a local BER project—a school hall. We met an apprentice there, Jacob, who had previously been unemployed—a young surf-lifesaver, but unemployed—who took up an apprenticeship because of the BER. It was also lovely to meet a young woman, Alana, who was working as a community consultant with the BER program. Alana had come back from overseas because work had dried up there, and she was able to get a full-time job in the BER program in my electorate. So we have been investing in the skills of this country to sustain our economic success, and young people have been some of the beneficiaries. So that is another big tick for the Rudd government's responsible economic management.

I would just like to repeat that this year's federal budget is an example of responsible economic management and the timely and effective handling of the global financial crisis by the Rudd government. We are the only country to have avoided recession. We have the second-lowest unemployment of all advanced economies. We have the lowest debt of all advanced economies. We will be back in the black in three years, three years earlier than anticipated and before any other advanced economy. So this budget is a tribute to the Rudd government. It represents the investment in the future economy of this nation. It sustains growth and it sustains quality of life for all Australians. Newcastle has particularly benefited—most deservedly, I have to say. I recommend this budget to the House.