



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

PROOF

BILLS

**Social Services Legislation
Amendment (Omnibus Savings
and Child Care Reform) Bill 2017**

Second Reading

SPEECH

Monday, 27 February 2017

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

SPEECH

<p>Date Monday, 27 February 2017 Page 64 Questioner Speaker O'Brien, Ted, MP</p>	<p>Source House Proof Yes Responder Question No.</p>
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Mr TED O'BRIEN (Fairfax) (15:19): I am delighted to follow the member for Adelaide, whose speech I followed intensely. It left me aghast, quite frankly. It only takes the Labor Party to complain about a better program that actually costs less money. Maybe their allies, the Greens—dancing from the bottom of the garden—would do likewise, but to actually start complaining, as the member for Adelaide did, that this childcare package costs less than originally anticipated and is therefore a bad thing is absolutely ludicrous.

It does raise a fair question though: why is this package costing less than originally anticipated? The short answer is competence. You see, MYEFO reflected variations to the childcare forward estimates model taking into account our childcare compliance measures. As a result, we enjoy a sizeable downward variation on the childcare fee assistance estimates. That is billions of dollars in terms of the variation due to compliance measures. And yet the member for Adelaide, who is the shadow minister, no less, in this space, complains about it costing less. This is a Labor Party, which bequeathed the coalition an unprecedented deficit and debt problem up to that point, complaining that a package is going to cost less—it is better and it is going to cost less. In other words, they are yet again supporting the notion of building up more debt unnecessarily.

Members will be happy to know that over the past three years the coalition has stopped almost \$1 billion of taxpayer money going to rorters and shonks. Our reforms before parliament here include new compliance measures also, such as the power to pause childcare service application for fee assistance; a new IT system that sees information shared between government agencies, making it a lot easier to transfer information and also to identify where action needs to be taken. In other words, we will be able to address excessive growth within particular childcare service types and where there are concerns about potential rorting.

If you look at the scoreboard, it says it all. Under Labor, in the two years to June 2013, how many cancellations were there in this space? None. How many suspensions maybe? None. How many fines issued? They racked up two. In the 2012-13 year, Labor carried out 523 compliance checks. In the last year, the coalition carried out 3,100 checks—just over 500 versus just over 3,000. Is it any wonder that we are seeing this government demonstrate its competence; therefore, we are seeing a variation through MYEFO for what this package will cost.

I just hope the shadow minister's comments today demonstrated an unconscious incompetence and not a conscious incompetence. Because, indeed, if she was unconsciously suggesting that families would receive less entitlements then she would be wrong; and if she was doing that purposely, she would be misleading. It is not the case. Let me state this clearly. Families' entitlements to childcare subsidies will not be affected in any way by the estimates variations. For the shadow minister to imply at all that there might be a risk not only sends fear into the very families who she purports to want to help but it also demonstrates again her desire for the children of those families to carry too much debt moving into the future. The core intent of this big omnibus bill is to improve workforce participation, especially by women, and to ensure the long-term sustainability of our entire welfare system based on careful revision of current practice with a keen eye on the need for budget repair, and repair which is fair.

The minister, when he introduced this bill, headlined the childcare measures because the potential positive impact of these measures is truly enormous. They support almost one million Australian families balance their work and parenting responsibilities. That means they are encouraging 230,000 families to take an even greater role in the workforce. That translates into productivity gains, more cash for families to use and of course more opportunities for literally hundreds of thousands of women via a deliberate emphasis on those families where return to work by women is possible, and fairness lies at the heart of these changes. Families on household incomes of \$65,000 or less will receive the highest subsidy rate of 85 per cent. That is up from the current rate of 73 per cent. If a significant portion take up that opportunity to either enter the workforce or increase their hours then there is a range of positive impacts, more than just bigger pay packets for families; it also helps local businesses and helps build the broader economy.

Other measures to boost participation and to reward individual effort include a cap on the hourly rate that can be charged by providers, abolition of rebate caps for most families and an increase in the cap for higher earners from \$7,500 to \$10,000. These are terrific measures and they deserve to be supported by this parliament. But there is a cost, and, in line with the commitment of the coalition on funding new expenditure, this valuable positive effort to bring more women into the workforce or back to the workforce or expand their involvement in the workforce must be funded by savings, not, as members of the opposition might wish, by more taxes or higher debt.

A key element of the proposed savings is a phasing out of the now largely unnecessary end-of-year supplements for the family tax benefit parts A and B. These supplements, from 2004, compensated for an earlier situation where many families for a range of reasons were not able to predict changes to income or circumstances such as return to work and ended up in debt in order to reconcile their household cash flow under the scheme. It is comforting to know that targeted government reforms over the intervening years, including greater accuracy of income reporting, mean the need the end-of-year supplements to act as an offset has been significantly reduced. This proposed saving by the government simply reflects this new reality.

The supplements are a relic and they should go. Not only will that mean the savings they generate can fund the very positive childcare measures, it will also ensure there is room for increased payments to those families who are in the greatest need. Let me explain this by a simple example. Around 1.2 million families in receipt of family tax benefit part A will receive an extra \$20 for every child up to the age of 19, which is a doubling of the increase that the government previously canvassed, and that will start on 1 July 2018.

There is a range of other measures in this bill that are squarely aimed at budget repair and the need for ongoing, steadfast, determined work on repairing the budget in the face of the strong resistance from those opposite as demonstrated by the member for Adelaide's comments. After beginning 2007 with almost a dream run of no debt, a surplus of \$20 billion and \$45 billion in the bank, Labor's legacy, come 2013, was debt headed to \$667 billion by 2030 at an accumulated back-to-back deficit totalling \$240 billion—the most dramatic deadly turnaround in the nation's finances since Federation built on serial fiscal incompetence and the sort of incompetence we heard from the member for Adelaide only minutes ago. And this fiscal incompetence saw increased year-on-year spending at a rate of 4.5 per cent. The scale of damage to the nation's public finances by the Rudd-Gillard-Rudd era is unprecedented and, unfortunately, it lingers.

Labor points to ongoing expansion of debt and our struggle with the persistent deficit as though they are somehow the fault of the current government. Surprise, surprise! The thing is, though—and this is what the member for Adelaide needs to remind herself and her colleagues—that Labor designed the debt truck. They are the ones who put that truck on the road, hopped in, turned it on and put their foot on the pedal to make it go as fast as it could to rack up more and more debt.

The problem is that, if you put your foot on the pedal, you do not stop and you keep racking up debt, by the time you have a responsible government, like in 2013 with the coalition, taking control of the wheel of the debt truck, you cannot suddenly put on the handbrake. If you do, the truck will turn and it will topple and you will have a hard landing. That is why we continue to bring the debt down by slowing the speed of Labor's debt truck. This bill helps with that very effort.

Now, the Labor Party and maybe some of the loonies in the Greens will remain in denial. Surprisingly, Senator Xenophon is suggesting that, rather than rely on the sorts of measures in this bill to tackle budget repair, we should instead cut defence spending. This is a senator from a state that is going to enjoy enormous benefits from defence spending in the years ahead, yet that is his solution.

Despite these problems, the coalition have managed to get \$22 billion of savings through, and we have \$13 billion more in this parliament. Members opposite and all non-government members in the Senate need to understand the scale of the problem we are confronting, and seek to deal with it in order to save their children and their grandchildren from paying for the spending spree of the Rudd-Gillard-Rudd era, for fear it will be taken deep into the decades ahead.

It is our responsibility—all of us, collectively, in this the 45th Parliament of Australia. It is our generation that needs to take responsibility. This parliament needs to continue slowing down Labor's debt truck, or it will speed up and compound that Rudd-Gillard-Rudd era of folly.

Members opposite should also consider that the government is, clearly, seeking to balance the task of budget repair with fundamental fairness. The child-care improvements are not a further burden on the budget, because they are funded by carefully targeted savings achieved through administrative streamlining or by recognising the redundancy of some measures that have served their purpose. The bill passes any commonsense fairness test.

Who could sensibly argue against measures that seek to ensure we are not indefinitely paying the pensions of people who have moved outside the country permanently? Who could seriously claim that increasing the age of eligibility for Newstart allowance from 22 to 25 is somehow unreasonable, when the affected group will enjoy adequate grandfathering provisions and be able to take up benefits under a reformed youth allowance—a reformed youth allowance specifically designed to send a strong message that this Turnbull government values both earning and learning as pathways to higher employment and productivity for younger Australians?

Who could seriously argue that it is a big burden to someone under 25 who has been professionally assessed as job ready, has been assessed as having no significant barriers to taking a job and is being actively helped to get a job to wait four weeks before they can claim youth allowance? Who could seriously argue that it is not time to end another relic, the energy supplement—or carbon tax compensation, if you like—years after that tax was axed?

The measures in this bill are indeed fair. They seek to improve productivity by enhancing the child-care system and extending new opportunities to thousands of families. I support the bill and I commend it to the House.