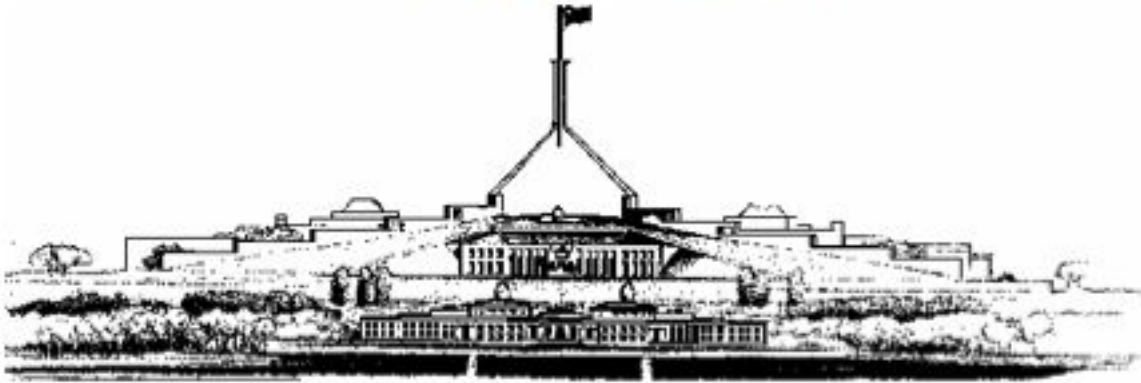




COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

PROOF

Federation Chamber

GRIEVANCE DEBATE

Economy

SPEECH

Tuesday, 11 September 2018

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

SPEECH

<p>Date Tuesday, 11 September 2018 Page 111 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) (19:19): Under this coalition government, the Australian economy has taken off like a rocket. The June quarter national accounts released last week show that over the year the Australian economy grew at a blistering 3.4 per cent, which is the strongest real GDP growth since the height of the mining investment boom. Under the coalition, our national economy is growing faster than any G7 economy—that includes the US, by the way—and well above the OECD average of 2.5 per cent. But, unlike the heady days of the mining boom, when all the talk was of a two-speed economy—mining and non-mining—our economic strength today is broadly based, with no one sector doing all the heavy lifting. This suggests a very healthy economy. It is healthy not just because it is growing at a rapid and sustainable pace but because growth is up right across the board—in household consumption, business investment, dwelling investment, public demand and exports. They're all up for the year. And what is truly amazing is that our economy continues to strengthen in this, its 27th year of consecutive growth.

The good news isn't just confined to economic growth. There are jobs as well, with 412,000 jobs created in 2017. That's the strongest jobs growth on record. Last financial year, 330,000 new jobs were created, of which 95,200 went to young Australians. That is the best result of any financial year in nearly 30 years. The strength of the Australian economy under this coalition government is an undeniable fact, a fact that underwrites the security, lifestyle and wellbeing of 25 million Australians. For, without a strong economy, we don't have the means to the end. The end can be the schools, it can be the hospitals, it can be the roads, it can be the railways; indeed, it can be our national security. They are all at risk without a strong economy.

Hand the reins of government to the Leader of the Opposition and just see what we saw in 2007. Watch the spending run wild and the taxes skyrocket. Rather than cutting taxes, which is what this coalition government is doing, Labor's plan is for over \$200 billion of additional taxes—locked, loaded; they're ready to go. And that's just the taxes we know about. What about the sneaky ones? What about those sneaky taxes on pensioners, families, retirees and small businesses? Will Labor ultimately need to satisfy their insatiable appetite for spending by more sneaky taxes?

The trouble is Labor always sounds so fair and so reasonable when they're in opposition. Let them loose and give them a free hand on the levers of government and slowly but surely the clouds will begin to gather. Some may think that Labor have changed, that they're over the mad spending and all the sneaky taxes, but just take a look at my home state of Queensland. In Queensland we have a state Labor government. How is Queensland doing under the Palaszczuk-Trad Labor government? After supersizing the public bureaucracy and adding billions to state payroll in the process, Anastacia Palaszczuk got lucky, with the price of coal defying all doomsday predictions. The prices actually went up. In fact, they went up a lot. And in the process that effectively gifted the Queensland government a windfall—a windfall that was further bolstered by over \$2 billion in dividends stripped from state owned electricity assets via Labor's secret electricity tax. For a while, the money pouring in from booming exports and secret taxes outstripped even Labor's ability to spend, and that's really saying something. Even respected economists like Deloitte's Chris Richardson predicted as recently as January this year that Queensland would have the strongest economic growth of all the states in each of the next four years. Deloitte said:

Queensland will have the strongest economic growth of all the states in each of the next four years, with growth never falling below 3.5 per cent.

But then along came our national accounts. Yes, the same national accounts that showed the Australian economy racing ahead of the G7 at 3.4 per cent growth for the year and at 0.9 per cent for the quarter showed just 0.1 per cent for the quarter for Queensland. I'll say that again about the last quarter: 0.9 per cent nationally, Queensland 0.1 per cent. This shock resulted in *The Courier Mail's* John McCarthy declaring, just last Thursday:

Queensland's booming economy came to a shuddering halt in the June quarter, producing the worst growth of all the states ...

What happened? Back in January Chris Richardson and others were saying Queensland is a mile in front, yet by June we'd hit the wall. Perhaps this is an anomaly. Perhaps it's a glitch in the system. I don't know. After all, thanks to the federal government, places like the Sunshine Coast, where I live, are receiving unprecedented amounts of funding and growth there remains strong. But what if it's not a glitch? What if it reflects the perennial problem we have with Labor when they're in government? What if it's just Labor doing what Labor does, effectively running a government like a giant Ponzi scheme. They keep going until they run out of money or the electorate wakes up.

Look a little closer at the national account figures for Queensland and your worst fears may be confirmed, as they show a 3.1 per cent collapse in public spending for the quarter. *The Courier Mail* spelt it out more clearly and more plainly when it wrote:

The slump in the data ... was blamed on a virtual shutdown of government spending on infrastructure ...

It went on to quote economist Peter Faulkner:

The slowing in growth in the second quarter is due almost entirely to a sharp slowdown in the public sector.

Sure, this could be a glitch too, or perhaps the iron laws of arithmetic are once again catching up with a Labor government as they run out of money and they suck the last crumbs of funding back towards the centre away from the regions, towards the inner cities and a top-heavy public service and of course some of their union mates.

Perhaps this may help explain Labor's failure to match the coalition's commitment to fund 50 per cent of the north coast rail upgrades. They do so claiming their focus is on Cross River Rail. I don't have any in-principle problem with Cross River Rail, but I see that the project is estimated to cost \$5.4 billion. The Queensland state government has committed to the people of Queensland that they will cover 100 per cent of that \$5.4 billion. The Queensland Labor government have said to the people of Queensland that that \$5.4 billion is covered 100 per cent, yet we have the federal Labor opposition coming into Queensland offering \$2.24 billion for the same project. what's the truth here? Either Labor just can't add up—they're going to put extra \$2.24 billion on a project that's already been paid for—or, quite simply, federal Labor know the truth that state Labor don't have any money. It's the same reason they continue to price gouge consumers with their energy assets—their poles and wires. They refuse to write them down, so they can run their secret energy tax. This is a terrific case study that show the difference between Labor and the coalition, both federal and state.