



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES
MATTERS OF PUBLIC IMPORTANCE

Job Security

SPEECH

Thursday, 19 June 2008

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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Date Thursday, 19 June 2008
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Questioner
Speaker Emerson, Craig, MP

Source House
Proof No
Responder
Question No.

Dr EMERSON (Rankin—Minister for Small Business, Independent Contractors and the Service Economy and Minister Assisting the Finance Minister on Deregulation) (4.09 pm)—We had a spectacle here in the Australian parliament just a few moments ago when the ‘Foghorn Leghorn’ of the Australian parliament, the member for Moncrieff, who is very proud of himself, got up and said, ‘I’m very impressed with myself.’ So impressive is he that he could not get eight of his colleagues to stand up and agree that this was a matter of public importance. Most of his colleagues did not agree that it was a matter of public importance. They stayed away in droves. They had to call a quorum as a contrivance in order for the member for Moncrieff and shadow minister to get enough colleagues to come in—under duress and whipped into a fever by the Opposition Whip—and say that, reluctantly, they did agree that this is a matter of public importance.

Of course the future of the Australian economy is indeed very important. The shadow minister was telling us about a number of surveys that have been released recently and I will just go through a couple of them. The National Australia Bank quarterly business survey, in reference to a fall in investment intentions and business confidence, referred to high interest rates. The Dun and Bradstreet national business expectation survey referred to a combination of high interest rates and market turmoil. The SAR global ACCI survey shows that high interest rates and ongoing financial sector turmoil have significantly dented business confidence. The Australian Retailers Association survey released just a couple of days ago refers to rising interest rates and another released today again refers to rising interest rates.

They all have this issue in common: why have interest rates risen 12 times since 2002? The reason is that the Reserve Bank is very worried about inflation, and when it worries about inflation it increases interest rates. This opposition, when in government, allowed inflationary pressures to build up from 2002 right through to November 2007 and onto the current period and did nothing to ease those inflationary pressures. That is why small business confidence is being affected and business confidence generally is being affected. We know that high inflation, giving course to high interest rates, is public enemy No. 1 for small business and the business community in general. What is the

official view of the opposition about inflation? We heard the shadow Treasurer today saying that inflation is a problem. This is a revelation. I have never heard the shadow Treasurer say that inflation is a problem; indeed, he said it is a fairytale. The Leader of the Opposition described inflation as a charade. But the absolute spending binge that the coalition engaged in is what has caused inflationary pressures. It has been a never-ending tea party!

We heard the member for Higgins, upon the release of the then Prime Minister’s memoirs, say to colleagues, ‘I offered him the menu and he took the entree, the main course, the dessert and the vegetarian option.’ Such was the spending binge of the previous government—and it has fallen on the Rudd government to rein in that extravagant government spending. This was a never-ending tea party where there was fairytale economics. Fairytale economics was practised by members opposite because, remember, inflation is a fairytale. In this Mad Hatter’s tea party, the more you spend the more you have to spend. In fairytale economics they do not believe that it is the Governor of the Reserve Bank of Australia who sets interest rates but the gnomes of Zurich in a faraway country called Switzerland. These people are on another planet. They have presided over the building up of inflationary pressures and, in doing so, they created a situation where there have been 10 interest rate rises in a row. That was the judgement the Governor of the Reserve Bank delivered on the economic policies of the coalition government. We will always remember the then Prime Minister in the 2004 election promising to keep interest rates—

Government members—At record lows!

Dr EMERSON—at record lows. But they went up and up and up. As a consequence of that, we have these inflationary pressures. If you want an endorsement of this government’s fiscal policies, of our responsible economic policy, you need go no further than the OECD. In a report released a little while ago in relation to the budget, the OECD said that the stabilising role that fiscal policy should play is welcome. The OECD welcomes it, but not the member opposite, not the shadow Treasurer, not the opposition leader—he does not welcome it. In relation to budget policy, the report concludes that fiscal policy is slightly restrictive—that

is, it is working to reduce the pressure on inflation and therefore on interest rates.

What does the shadow Treasurer say in relation to the budget? He said that it is inflationary. So you have got the shadow Treasurer saying that it is inflationary, that it is an expansionary budget and that it has got too much spending, and you have got the OECD saying quite the opposite. The shadow Treasurer does not know what he is talking about and the Deputy Leader of the Opposition does not know what she is talking about. They are all engaged in this Mad Hatter's tea party.

I notice the website of the shadow Treasurer. I had a good look through that website. I looked and looked and I rang my office and we looked and looked. We were looking for a link to the budget reply from the opposition leader. Where is Brendan? I could not find any reference. They have no regard to responsible economic policy in this country, no regard whatsoever.

This is a government that is working to bring down inflation and therefore to bring downward pressure on interest rates. We are doing it through a responsible fiscal policy. You are off on your Mad Hatter's tea party with the March Hare and the Dormouse and Alice and the Mad Hatter. They are all sitting over there having their never-ending tea party. Why don't you get on board and get your grubby hands off the surplus! That is what you are doing—irresponsibly raiding the surplus. If you cannot cooperate in getting good economic policy implemented in Australia then get out of the road and let us get on and govern this country and invest in Australia's future by creating a strong economy, a modern economy, to meet the challenges of the 21st century.