



## **Second Reading Speech Rudd Government \$42 Billion 'Stimulus' Package**

**By Senator Mathias Cormann on 5 February 2009**

**Senator CORMANN** (Western Australia) (4:17 PM) —These are serious times, of course, and serious times require serious action, not just any action but serious action. I know that politicians in the face of a crisis want to do something, they want to be seen to be doing something, but just doing 'something', just to be seen to be doing 'something', is not enough. Serious times require serious consideration of what is the best way forward for Australia. It requires serious engagement between government and opposition, not a government that comes in here and says: 'Take it or leave it. We want to spend \$42 billion of taxpayers' money. Just roll over and within 36 hours we want you to sign off on it.' That is sheer arrogance. It is reckless and irresponsible and for the government to even expect that we would go along with it is just breathtaking. We have the responsibility to give serious consideration to this legislation to ensure that what we do here in Canberra does not make things worse across Australia.

Yes, we are facing a serious and significant economic challenge, but this package is not the answer. This is a reckless package. It is a misguided, ill-thought-out package. It is a package put out by a government in panic mode. Faced with a global economic downturn, the government has pushed the panic button instead of coming up with some real solutions. Faced with a global economic downturn, Labor has reverted to type—spend, spend, spend; tax, tax, tax; borrow, borrow, borrow—like Senator Cash has just said. They are spending like drunken sailors. 'Let's throw some more money at the wall and see what happens.'

This latest Labor government continues, of course, in the bad tradition of previous Labor administrations. Labor has a history of mismanaging our economy. Under Paul Keating it was the 'recession we had to have' and a \$96 billion deficit. Today under Prime Minister Rudd it is a deficit we have to have—and a \$111 billion deficit at that. And let us not forget the socialism we had to have under Gough Whitlam, or the bank nationalisation we had to have under Ben Chifley. What else are we going to have? Are we going to put the economic potential of this great nation of ours at risk under future Labor administrations? At the end of the day, every time Labor has been in charge of the economy it has ended up in tears, with the Australian people having to foot the bill.

If the government happens to be successful in getting this package through, this will also end up in tears and it will be the Australian people yet again who will have to foot the bill. This \$42 billion package does nothing to fix the problems we are facing. This package will actually make things worse. This package is reckless, it is ineffective and it is the wrong way to go. How did the government want the opposition to deal with this? They wanted us to rubber-stamp \$42 billion in additional spending. They wanted this parliament, the parliament representing the people of Australia, to approve \$42 billion in spending in less than 36 hours—

more than one billion dollars per hour of scrutiny. To expect us to go along with this is just scandalous.

The Leader of the Government in the Senate was having a go at the opposition in question time yesterday—he did it again today and he did it this morning as he was introducing this legislation—because we were not prepared to give up our job of holding the government to account. I made the odd interjection yesterday in question time and on one interjection I was pulled up by the President for calling the Leader of the Government in the Senate, Senator Evans, a hypocrite, and I withdrew—

**The ACTING DEPUTY PRESIDENT (Senator Forshaw)**—Order! Senator Cormann, I do not think it is appropriate for you, under the guise of referring to a ruling that was made yesterday, to repeat that in the manner you have and I ask you to refrain from so doing.

[Senator CORMANN](#) —I would like to seek a formal ruling on that, because I have not actually reflected on Senator Evans in any way. What I want to do and what I intended to do is explain why I think the comments by the Leader of the Government in the Senate in question time yesterday and again this morning were hypocritical. I had a private conversation with the President of the Senate yesterday and he advised me very clearly on what I was able to do and not able to do, but if your ruling is different from what the President of the Senate advised me yesterday privately then I will take your guidance.

**The ACTING DEPUTY PRESIDENT** —I am happy to seek the guidance of the President. What I did was draw your attention to what I believe was where you were straying into unparliamentary remarks. It is not appropriate, nor is it in order—in fact, I understand it is a breach of the standing orders—to repeat, by way of quotation, remarks which have already been called unparliamentary. I would ask you to return to your speech on the matter before the chamber.

[Senator CORMANN](#) —Let me explain why I think the comments made by the Leader of the Government in the Senate in question time yesterday and again this morning after introducing these bills into the Senate, having a go at us for insisting on some appropriate levels of scrutiny, were hypocritical. In doing so I quote from a speech that Senator Evans gave to the Subiaco branch of the Australian Labor Party, at the Irish Club in Subiaco on 28 June 2007—less than two years ago—at 6.30 pm:

Labor recognises the role and value of an empowered Senate. Our support for the Senate has grown as it has developed into an effective political institution.

Now, listen to this:

Labor—in government or opposition—supports the Senate as a strong house of review, scrutiny and accountability. The fact is that the Australian parliament constructed better legislation when governments had to negotiate and argue their case in the Senate. We got better legislation when bills were thoroughly scrutinised by committees. The public had their input and governments were forced to listen and respond.

That is why I think that the comments that the leader of the government made in the Senate yesterday and again today are hypocritical.

We are talking about spending \$42 billion of taxpayers' money. We are talking about a package that the *Australian* has described as 'Rudd goes for broke'. Let us reflect on that just for a moment. 'Rudd goes for broke', according to the *Australian*, refers to none other than the Prime Minister of the Commonwealth of Australia. When the Prime Minister goes for broke, the whole of Australia goes for broke. When the Prime Minister goes for broke, he forces Australians to go for broke. Australians have seen too many Labor prime ministers going for broke before. I put it to you that Australians do not want Australia to go for broke. Australians want a government that manages the economy carefully, skilfully and effectively. Australians want a government committed to sound and sensible economic management.

It is important to remember that governments cannot actually inject new money into the economy. Whatever the current government may believe, this is a very important reality. I do not think that this administration has quite understood it. Governments cannot inject new money into the economy. All that governments can do is redistribute money they have taken out of the economy by taxing individual Australians or businesses of today and tomorrow. They are forcing future generations of Australians to pay more in taxes to repay a significant borrowing of up to \$111 billion or \$200 billion, according to the package that this government is going to impose on future generations.

Would this \$42 billion generate economic activity? Of course it would—\$42 billion is a lot of money—but what sort of economic activity? All that the \$42 billion package would do, by throwing more money at the wall, is create artificial demand—and, not only that, it will create artificial supply. You will have all those people out there with a ute in the back of their garage offering insulation. Whether they currently specialise in it or are responding to a genuine demand does not matter; the government is now creating artificial supply and artificial demand that does not correlate to genuine demand. What happens when the money runs out? Guess what—even \$42 billion runs out one day. As soon as that \$42 billion runs out, you will have all those people used to this government's largesse coming through responding to a demand that is not real demand and responding to a demand that was created by government intervention.

What will happen to unemployment? The government will say, 'All those people will be unemployed. Let's put some more money out there, let's create some more artificial demand and let's create some more artificial supply,' rather than let the market decide what it is that individual Australians want or need. Here we have a government who think: 'We'll take some money from these taxpayers over here and we'll decide how you should spend it; we'll decide how it is best allocated. Whether you need it or whether you want it, it doesn't matter.'

Governments are not better at distributing resources in a more productive way than individuals. The arrogance of the government in the way they want to push this through the Senate is breathtaking. Labor wanted us to rubber-stamp this within 36 hours, without scrutiny, without asking too many questions. Have the government given us any reason to have confidence in their capacity to manage the economy? Have they given us any reason over the last 14 months to be prepared to sign a blank cheque?

Let us reflect on what has happened over the last 14 months. Before the last election we had the then Leader of the Opposition deceiving the Australian people into believing that he is an economic conservative, when now all he is is good old-fashioned Comrade Kevin. We had the inflation genie 'being out of the bottle'. They were talking up inflation and talking up interest rates for political purposes,

even though that was not in the best interests of the Australian people and even though that was not in the best interests of the Australian economy. What has happened to the inflation genie? Have we heard about the inflation genie in recent months? It has gone, hasn't it? Yes, it has.

Then we have the budget. In the lead-up to the budget, all the rhetoric was we had to cut spending and it was going to be a tough budget. What happened? The government increased spending by \$15 billion. They increased taxes by \$20 billion. That was the only way that they were able to keep any sort of surplus at budget time: increasing taxes by \$20 billion. When Labor came into government just over a year ago, they took over a \$22 billion surplus. Now we are talking about temporary deficits. The reality is this: deficits under Labor are never temporary; they never are. Labor have got a plan to get us into deficit; they do not have a plan to get us out of deficit. We have the bank guarantee fiasco, and I do not even have to go into the detail of that as I am sure that the Senate well remembers the fiasco of the unlimited bank guarantee. Take the \$10.4 billion cash splash. What has that done?

While all this has been going on, we have got the government telling us this is the worst economic crisis since the Great Depression. That is what has been said in this chamber again over the last couple of days and that is what I have heard Labor ministers, including the Prime Minister, say in recent weeks. If it is the greatest economic crisis since the Great Depression, why aren't they having a more serious look at the impact of their proposed Carbon Pollution Reduction Scheme? Why don't they even model the impact on the economy and the impact on jobs of the Carbon Pollution Reduction Scheme, an additional tax on carbon in the context of the global financial crisis? Treasury admitted that they have not done that. They have not done their job. From Paul Howse of the Australian Workers Union to Dr Brian Fisher, who has done some modelling for the Senate Select Committee on Fuel and Energy, a whole range of responsible and good people are calling on the government to do the responsible thing and conduct that modelling. But, no, they say, 'Who cares? It's not necessary. We've done modelling even though we haven't looked at that.' It cannot be so bad then if in the government's view they do not think it is necessary to model the impact of the global financial crisis on their Carbon Pollution Reduction Scheme. It cannot be so bad in your mind, can it? I do not really understand where the government are coming from. While I am thinking of that, and while we are talking about the Carbon Pollution Reduction Scheme, I note that in the United States one of the things that President Obama—and Kevin Rudd is keen to be associated with the new momentum of President Obama—is doing is actually becoming more protectionist. Have you heard about this? President Obama is introducing some more protectionist policies in the United States of America to actually—

*Senator O'Brien interjecting—*

**Senator CORMANN** —Yes, I know; you spoke out against it.

**The ACTING DEPUTY PRESIDENT (Senator Forshaw)**—Order! Senators! Senator O'Brien, you will endeavour to refrain from interjecting. Senator Cormann, you will address your remarks through the chair. Senator Fierravanti-Wells, you will not speak while I am addressing the chamber.

**Senator CORMANN** —Thank you, Mr Acting Deputy President. This is actually a very important point. This is a quite critical point for jobs, particularly in the steel industry. President Obama is seeking to support the steel industry in the United States at the expense of the steel industry here in Australia by introducing

protectionist policies in the United States. At the same time this government is looking at implementing a Carbon Pollution Reduction Scheme which is going to impose additional costs on our exporters and which is going to make it more attractive for importers and which is going to make it more difficult for Australian manufacturers to export overseas. How does all of that fit together? How can this government think that it is not economically responsible to do some proper, thorough Treasury modelling into the economic impact of its proposed CPRS, particularly in the context of a changed world environment and in the context of some of the things that are happening overseas, particularly in the United States of America?

We have got this \$42 billion cash splash. What is this going to do? It is going to end up with us having \$111 billion worth of debt, for starters, and even up to \$200 billion of debt, with a \$9,500 debt for every Australian. This is absolute panic stuff, in the great tradition of the Labor Party. There is absolutely no doubt that this is Whitlamesque. I read comments by some commentators in the *Australian* who were critical of coalition members of parliament making that association. But let us reflect on that. Gough Whitlam was Prime Minister at a time of international economic turmoil. Kevin Rudd is Prime Minister at a time of international economic turmoil. Gough Whitlam thought he could spend his way out of trouble. Kevin Rudd thinks he can spend his way out of trouble. Gough Whitlam went to great lengths to borrow more and more money when he was getting into trouble because he could not keep up with it all. Kevin Rudd wants to borrow more and more money. Kevin Rudd wants to increase our bankcard to \$200 billion—a staggering \$200 billion. It is mind-boggling. Senators opposite are going to go down in the history of Australia as having been complicit in taking Australia into the largest debt ever in the history of the Commonwealth. In 20 years time people will look back at this chamber's members and they will say, 'What did those senators do? Why didn't they do their job? Why didn't they hold the government to account? Why didn't they stop this from happening?' We have on the other side senators who are not even prepared to stand up and talk about it. Do you know why? The government has told the senators on the other side not to participate in the debate, so they just shut up.

*Senator O'Brien interjecting—*

**Senator CORMANN** —Are you allowed to speak in this debate?

*Senator O'Brien interjecting—*

**The ACTING DEPUTY PRESIDENT** —Order! Senator O'Brien, I have asked you previously to cease interjecting and I have asked Senator Cormann not to respond.

**Senator O'Brien** —But—

**The ACTING DEPUTY PRESIDENT** —Excuse me, Senator! I was about to ask Senator Cormann to address his remarks through the chair rather than debate across the chamber.

**Senator O'Brien** —Mr Acting Deputy President, I rise on a point of order. Is it in order for the senator to fabricate the position of a senator across the chamber? Is that a misrepresentation or a reflection?

**The ACTING DEPUTY PRESIDENT** —Senator O'Brien, that is not a point of order. And I might just, while I am speaking, remind Senator Cormann that it is

appropriate, if you refer to a member of the other house or the Prime Minister, to address them in the appropriate manner—by their title or Mr or Mrs.

**Senator CORMANN** —Senators on the other side are very touchy, aren't they? Very, very touchy, aren't they, those senators on the other side? Through you, Mr Acting Deputy President, I would like to know whether one of those senators is actually going to participate in this debate, because I believe—and I am happy to stand corrected; I am happy for a senator on the other side to get up, ask for the call and correct my statement—that senators on the other side have been told by their government not to participate in this debate. I believe that senators on the other side have been told not to scrutinise, not to speak, not to in any way question or participate in the debate about this \$42 billion package. In my view, they are just sitting there and not doing their job. The point I am making is that senators on the other side will go down in Australian history as not having done their job at a crucial time. At a time when we are facing significant economic challenges, the Labor side—in this Senate, at least—were not prepared to participate in this debate.

I will sum up by going back to where I started. These are serious times—of course they are. These are serious times which require serious action, not just any action. This package is not serious. The way the government have sought to rush this package of bills through the parliament is not serious. The way the government are treating this debate is not serious. If the government were serious about doing the right thing by the Australian people, if the government were serious about doing something that is going to help take the Australian economy forward, they would engage sincerely with the opposition. They would take up the offer of Malcolm Turnbull, the Leader of the Opposition, to engage constructively with the opposition and have a discussion about how we can come up with a more sensible package, a package that is actually going to make a difference.