



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



THE SENATE
PROOF
ADJOURNMENT
Budget
SPEECH

Thursday, 14 May 2015

BY AUTHORITY OF THE SENATE

SPEECH

<p>Date Thursday, 14 May 2015 Page 115 Questioner Speaker Lambie, Sen Jacqui</p>	<p>Source Senate Proof Yes Responder Question No.</p>
---	--

Senator LAMBIE (Tasmania) (22:14): When you reflect on the 2015-16 budget, it is timely to remember what Dr Martin Parkinson, former Treasury secretary, was reported as saying in *The Australian Financial Review* on 2 May 2015:

... there isn't and never was a fiscal crisis , even though ... the government faces a decade of deficits.

This Abbott-Hockey budget of 2014-15 is proof of a lie about a budget emergency which was told to the Australian community a year ago. You cannot have a budget emergency in 2014-15, under the current constrained economic conditions, for it to suddenly just disappear a year later. The Liberal Party unnecessarily wrecked the economy a year ago. They attacked pensioners, the unemployed, small business, veterans, university students and our diggers and delayed infrastructure spending in an attempt to manipulate the political electoral cycle in their favour. It was because Australia had a hung parliament that we were able to protect our battlers from the Liberals' budget cuts and attacks. The Liberals will run a scare campaign in the lead-up to the next election, but they are wrong. A hung parliament does not bring chaos; a hung parliament brings consultation.

I want this budget to succeed. I want confidence to return to consumers and the small business sector. I want more jobs created and for job security to return to those who are lucky to have employment. However, because of the Liberals' deceptive behaviour, I am going to proceed with caution when I consult with this Treasurer and Prime Minister and do my best to get more for Tasmania. My caution is also shared by many members and leaders of the Tasmanian community, including the Premier, Will Hodgman. He is disappointed the budget did not reverse last year's cuts to education and health but is grateful there were no shocks or surprises. Of course he was referring to last year's horror budget. Premier Hodgman would have liked to see long-term funding returned to the state, as the state has been left with a \$2.1 billion shortfall over 10 years.

Today I had a meeting with the Treasurer and I impressed on him how important it is for his government to make a public announcement on the future Commonwealth funding of the Mersey hospital. In the meeting with the Treasurer, he was made aware of how important the Mersey hospital is in delivering healthcare services on the north-west coast of Tasmania. I reminded him of the promise that the Liberal Party made to the north-west Tasmanians about funding the Mersey hospital. I expect good news on the continuing funding of the Mersey hospital to be released soon.

Peter Skillern, the Tasmanian Farmers and Graziers Association chief executive, is happy with the budget. He says it is a solid budget that reconfirms the Tasmanian Freight Equalisation Scheme and the \$60 million for five irrigation schemes. Farmers will have a tax deduction for items costing less than \$20,000, such as fencing, as part of a small business boost. There is also a tax write-off for whatever is spent on fences and water infrastructure, effective July 2016. However, the Tasmanian Farmers and Graziers Association do have some concerns. The tax write-off for fencing and water infrastructure starts in July 2016, so effectively the farmers will not receive benefit until 2017, and, apart from the long wait, the Liberal Party may not even be in government at that point, so there is a risk that the farmers will not receive the benefit. In order to address that concern, I would like the Liberal-National government to bring this budget measure forward a year so that our farmers can enjoy this tax write-off in 2016. I also call on the Labor Party to adopt this very good rural initiative as part of their primary industry policy. This will give our farmers some much-needed hope—and, God knows, I can assure you they need it.

Luke Martin from the Tourism Industry Council Tasmania acknowledges that the immediate tax break of \$20,000 will stimulate investment and inject retail expenditure in regional areas. It will also allow accommodation operators to improve rooms and could allow tour operators to upgrade buses. But Luke says the budget did not indicate where the \$16 million Cadbury grant would be spent. I agree with Mr Martin when he says that he would like to see a transparent process to ensure the funding will be used to help the industry, as the budget only says it will be used to fund other projects in the state. God knows Senator Abetz has had it for long enough; we need that spend in Tasmania now—it would be great.

Joanna Siejka from the Youth Network of Tasmania tentatively welcomes the \$330 million Youth Employment Strategy. Joanna says the strategy has not clearly stated how it will address the barriers to young people working and studying, and the start date of 1 January 2016 means the help comes 12 months too late. There is a clear pattern which has emerged in this budget. There are too many budget measures which have been delayed until next year. People want to know what will happen between now and December. To some degree, we are arguing about what will happen in 2017. This government is flat out predicting what will happen in two months, let alone what will happen in two years time. Joanna also notes that the four-week waiting period for income support for unemployed people under 25 is punitive and penalises them through no fault of their own. She is right, and I will use my vote to block any moves to place a four-week waiting period for income support for unemployed people under 25.

The best youth employment strategy is my plan for a national service trade and traineeship scheme in our military. What I am proposing is nothing new. The Australian Defence Force already has courses for administration, warehousing, cooking, catering, clerks and drivers, as well as apprenticeships and trade training for motor mechanics, carpentry, electricians and technicians. All I am proposing is that those courses receive a massive boost and new investment. Our military numbers can be doubled to more than 100,000 through the Jacqui Lambie national service trade and traineeship scheme in our military.

Tony Reidy, the CEO of TasCOSS, notes the fairer approach to pension reform is good, as is the increased investment in child care, but the harsh cuts to education, health, community services and youth payments remain. Mr Reidy notes that the cuts to family benefits will leave low-income families doing the heavy lifting. He really wanted to see a package to stimulate jobs growth. TasCOSS thinks that the families package is overdue and welcome, but there must be adjustments: stop the linkage to the 2014 unfair cuts stalled in the Senate and do not provide overly generous subsidies to high-income families. The budget did not reverse the six-month wait for youth before they go on benefits; it merely reduced it to one month.

I have been meeting with as many stakeholders of peak bodies as possible during this budget week in order to properly inform myself and discover what the devil may be in the detail. My office has received a briefing from Industry Super Australia. They have done some initial analysis of the budget which raises some red flags with regard to the Abbott government's proposed changes to pensions. The director of public affairs for Industry Super wrote to me and said:

As discussed our interest in the impact of these pension changes stems from the fact that the vast majority of members of industry super funds work in industries where wages are very much around the average and below (think nurses, builders, forestry workers, manufacturing, hospitality and tourism etc).

The devil is in the detail and we don't accept that the change in the pension asset test only affects 'well heeled' retirees.

The impact of the measure today understates the effect it will have over time. The reason for this is most retirees today haven't had super for much of their working life and their assets are low. This is changing.

Initial analysis from Industry Super Australia suggests it will mainly affect those on middle incomes and below in the years ahead.

If we take someone aged 50 today and see how this policy will affect them when they retire there is a net negative impact from the third income decile (that is someone who is on about half the average wage—\$35,000 a year).

The greatest impacts occur at the 6th decile which is just below average earnings (\$65,000 a year).

At this point the loss of income is around \$6,000 per year for each member of a couple on average for each year of their retirement—which is a massive amount.

The question must be asked why the Government is urging average earners to be more self reliant but then freeze super contributions and remove the low income super contribution that would help them do just that.

This hits them both ways (they get less in super and less in pension). For many the only option may be for them to work longer—to 70 and beyond. We are a wealthy country and can do much better than this.

Even more extraordinary is why ordinary working Australians will bear the brunt of these changes but Government is saying the massive super tax breaks for the top end of town—

what do you know—

are off limits.

It is clear by the feedback from the industry experts that we must approach the budget with great caution. There is real devil in the detail for our pensioners.

Figures provided to me by the Tasmanian Council of Social Service note that the National Partnership Agreement on Treating More Public Dental Patients provided an additional \$12.3 million to Tasmania's public oral health service, the Oral Health Services Tasmania, or OHST, over three years. During the period of that NPA from, 1 January 2013 to 31 March 2015, TasCOSS understands that Tasmania's OHST met its target by providing 11,762 services. This may mean that number of individuals, however, some may have received more than one service in the period. TasCOSS notes that in this week's federal budget the National Partnership Agreement for adult public dental services, originally intended to be funded across the forward estimates, has been replaced by a single-year funding agreement of \$155 million nationally.

In the 2014 calendar year the Child Dental Benefits Schedule provided 27,417 dental examinations to Tasmanian children. Again, this may not translate to the same number of individual children, but may include individuals who received more than one course of treatment.

The Voluntary Dental Graduate Year Program has funded two full-time dentists in Devonport and provides emergency and general care to low-income earners. The program will finish at the end of this year. TasCOSS estimates that the two dentists would provide about 3,500 appointments in a year—an average of eight appointments per day for 20 working days each month for 11 months x 2. Good oral health is so important, and I call on the Abbott government to continue funding this very valuable program on an ongoing basis.

TasCOSS notes that the 2015-16 federal budget also included information that the Oral Health Therapist Graduate Year Program will finish six months early on 31 December 2015 rather than on 30 June 2016. The children's service in Hobart will therefore lose two oral health therapists who could have been expected to provide 1,750 appointments in that six-month period. Once again I call on the Abbott federal government to reconsider and ensure that this funding for the Oral Health Therapist Graduate Year Program is extended and funded on an ongoing basis.

Last year I had the opportunity to meet with early childhood educators, Kim, Carol, Karenne, Fiona and Phillipa, in Tasmania, and they are some of the hardest working people I have had the opportunity to meet. They said: 'We go to work knowing our kids are in good care and they're learning every day in centres like the Footprints Educational Complex in Burnie.' Because of this I welcome the announcement by the government of an additional \$3.5 billion in funding for early childhood education and care. It will go a long way to addressing some of the issues facing families around childcare affordability.

Funding these measures cannot mean cuts to other essential government programs. Linking this funding to savings is holding children to ransom. This cannot be a choice between funding child care and funding paid parental leave or the family tax benefit B. There can be improvements to the policy. There is no point having a benchmark price if it does not reflect the true cost of providing child care. Indexing it to the CPI means higher out-of-pocket costs for parents. Benchmark prices need to be pegged to real market prices, not indexed by the CPI.

The much harsher activity test cuts childcare access for low-income and disadvantaged children. I am really concerned about this because all children should have access to quality early learning like they have access to primary school. They should not be excluded because their parents are struggling to find work. These are the children who need it most. More than one million children and 950,000 families use early childhood education and care across Australia. Research shows that high-quality early childhood education and care heavily influences the opportunities and life chances of young Australians, particularly for disadvantaged and vulnerable children. Children's learning and development must be at the centre of Australia's early childhood education and care.

Over 153,000 people work in the early childhood education and care sector across Australia, making it a substantial industry. Eighty-five per cent of a child's brain development occurs before five years of age, and

that is why high-quality education and care is so important for the future of this country. The government knows this, because they have backed the NQF in the families package, and this is great to see. The National Quality Framework makes sure every child has an individually tailored, play based plan which meets their developmental needs in the critical early years. The National Quality Framework also provides a consistent approach to curriculum and staff qualifications and makes sure there are enough educators in the room for children's needs, because ratios are important.

I welcome the commitment of an additional \$3.5 billion in funding, but we need to do more. Even with the extra money provided by the package, Australia would not reach the 2009 OECD average spend of 0.6 per cent of GDP on early childhood education and care. For context, countries that are considered best practice spend approximately one per cent of GDP on early childhood education and care. Australia should make this a priority; it should be our goal. For educators, this means we can continue to deliver quality services that give children the best start in life, but we cannot fund these important initiatives by taking money from families. We cannot pay for early childhood education and care by cutting paid parental leave, and we cannot pay for it by cutting Family Tax Benefit Part B. There is no reason to tarnish a good policy by linking it to bad savings.

The proposed changes to FTB would have a significant impact on low-income families and the package should not be conditional on these cuts being passed. The families package has some good and bad policy. The new single means tested payment that will replace the CCR and the CCB is great. This streamlines the system for everyone—children, providers and parents; the lot. It means from July 2017 some families will have up to 85 per cent of their childcare costs subsidised. This will reduce to 50 per cent for higher income families and will make childcare much more affordable for many families.

In addition to my concerns about the activity test and indexing the benchmark price to the CPI, the package does not address accessibility issues to increase the number of childcare places for Australian children. Accessibility, not just affordability, is an issue for parents. There will be an even higher demand for the zero-to-two age group if the government goes through with its changes to paid parental leave. This just makes common sense. The package also ignores educators who are the heart of the sector. It does not consider the low wages endemic in the sector and the high staff turnover that results from that. We need to focus on providing all children with access to high-quality early education and care, not just on increasing workforce participation.

I receive thousands of emails every week from people Australia-wide and I am very grateful for the community feedback, I can assure you. One of the issues to emerge out of the budget which in the last few days has generated a lot of community feedback and discussion is the government's plan to remove Family Tax Benefit Part B. Pauline from north-west Tasmania has written to me to voice her concerns. Pauline wrote:

Jacqui, I heard you speaking today about the removal of FTB part B. I am a recipient of this benefit, and totally agree that small businesses will be the losers if this removal goes ahead.

FTB Part B pays for my hairdresser every 6 weeks for myself and my son, my weight loss programme—

in which she has lost 12 kilos—

and most of my incidental spending. In line with receiving advise from the Family Assistance Office early April that FTB Part B was being taken away, I have already cancelled my weight loss programme, thus saving \$20 of the \$50 per week I'm about to lose.

We are by no means rich. My husband works two jobs so that I can stay home with my son, do the school run, participate in school activities and provide a stable environment for our son. We do not get the tax benefits that households earning the same income with both parents working already receive, and FTB part B was supposed to address this imbalance.

Without a doubt, when FTB part B stops, our spending will decrease. It has already, in anticipation of this cut.

Just like the Abbott government's failed plan to deregulate university fees and charge \$100,000 degrees, I will never support the Abbott government's plan to take away Family Tax Benefit Part B. Nobody will benefit from this measure; no family will benefit from this measure. You are giving tax breaks to small business, which is great, but these people will not spend their money in small business.