



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



**HOUSE OF REPRESENTATIVES**  
**PROOF**  
**MATTERS OF PUBLIC IMPORTANCE**  
**National Commission of Audit**  
**SPEECH**

**Tuesday, 13 May 2014**

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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## SPEECH

**Date** Tuesday, 13 May 2014  
**Page** 41  
**Questioner**  
**Speaker** Taylor, Angus, MP

**Source** House  
**Proof** Yes  
**Responder**  
**Question No.**

**Mr TAYLOR** (Hume) (15:59): The approaching budget has flushed out a whole new breed of politicians and commentators—the debt and deficit deniers. Unflustered by the facts, impervious to any crisis and unwilling to listen to their opponents, their ranks are bolstered by disaffected types who simply want the government to keep spending on their latest cause. In these circles it is completely unfashionable to recognise the need to stop spending. Labor already suffers from this disease and I fear that the crossbenchers in this House and in the other place will soon catch it. Almost two weeks ago I took part in a regular panel on ABC radio with the member for Fraser, the shadow assistant treasurer. I was stunned to hear him argue that we are in fine shape. On ABC's *Lateline* on the very same day he went on to say that, when you look around the world, Australia's public finances are in extraordinarily good shape. The member for Fraser knows better. As a newly-minted politician I understand the opportunism of his position. When I survey my constituents, which I do constantly, I find that cost of living, health and immigration often trump debt. If I were just looking for votes I would look to the extraordinary precedent set by European politicians#just keep spending until you are bankrupt.

A day is a long time in politics so why worry about a deep impending crisis which can be hidden from mainstream voters by opportunistic spin merchants? The debt deniers' approach has evolved over time. When in government Wayne Swan gave lip service to fixing the problem. With a hopelessly flawed mining tax as his main weapon he was never going to deliver. Due to the relative freedom of opposition, lip service has now given way to full-blown denial aided and abetted by partisan loyalists in the economics profession. It is always easy to present a couple of facts to whisk the problem away. In the great tradition of our national broadcaster it is time for a more comprehensive fact check. It may be true that we are currently in a better position than many other countries in terms of the ratio of public debt to GDP but we should take no comfort in comparisons with Portugal, Ireland, Greece, Spain and other economic basket cases. With mining investment growing from next to nothing only years earlier to now be topping more than \$100 billion, close to 10 per cent of GDP, and the strongest terms of trade for 150 years we should have a strong starting position, but we do not.

The Commission of Audit has made the gravity of the situation clear. Our biggest spending programs, roughly half the budget, are set to grow much faster than GDP for decades to come and Labor has made no attempt to curb the trajectory. Their promises on aged care, education, disability and pensions, particularly those promises made beyond scrutiny of the forward estimates, entrench totally unsustainable spending growth. These expenditures are driven by demographics—and demographics is, of course, destiny. All of this adds up to the fastest rate of growth of expenditure amongst all developed countries recently surveyed by the IMF. Meanwhile, Australians have amongst the highest level of household debt in the developed world, at over \$1.5 trillion. Since the early 1990s, our mortgages and credit card debt have grown much faster than the overall economy. This creates a level of vulnerability to rising government debt for Australian families, businesses and workers through upward pressure on interest rates, crowding out of private sector jobs and a reduction in the government's ammunition to deal with a global downturn.

It was irresponsible to run large budget deficits during a mining boom with skyrocketing household debt. However, leaving the problem for another day would be a huge threat to the prosperity of those households with high debt burdens, many of whom are in my electorate, and to the prosperity of all those businesses which rely on those households for their prosperity. We are falling off a fiscal cliff and we still have a long way to fall. The debt and deficit deniers are screaming that it is all okay because we have not yet hit the bottom. I suggest that they look down to see the bodies sprawled below, mostly European. (*Time expired*)