

Hon Stephen Jones MP

Assisnant Treasurer, Minister for Financial Services



Hey, thanks for the kind rap and apologies for being a little late in getting here. I want to acknowledge the Ngunnawal and Ngambri people, the traditional owners of this magnificent place in which many of you live and we get to visit about 26 weeks of the year. It is a wonderful place. We thank the traditional owners for their custodianship of country stories and culture and the generosity of spirit which they share with us.

So often a big occasion and on an enduring basis. And in that spirit, I want to affirm the Albanese Government's commitment to the reconciliation journey, and particularly the implementation of the Uluru Statement from the Heart. There's a lot of speculation, no doubt, about decisions that the Albanese Government will announce when the Treasurer stands on the floor of Parliament in about three weeks time.

It'll shock none of you to learn that I'm not going to go through any of those announcements. The quickest way to get the word X in front of your title is to come out three weeks in front of a budget and spill the details of it. But the honest answer is we are still deliberating on a whole heap of the big issues and those real challenges that we're facing.

I think it's worthwhile in a conference which is dedicated to looking at the revenue challenges that we face as a country. For us to contemplate a bit the context in which budgets are being framed, but the kind of what for revenue is not an end in itself. It's the stuff that we do to pay for the whole the sorts of things that we as Australians value and certainly I'm joined Parliament back in 2010.

Makes me feel old. Thanks for that. 2010. The course is that I join Parliament to advance and I haven't had a good look at the speeches that have been given before me. I apologise if I go over some of the territory that has already been traversed, but it is worth stating the obvious that as we put this budget together, we'd do it in a context where the world economy is teetering on a knife edge.

Inflation, global inflation is driving central banks around the world to an unprecedented in both scale coordination and speed monetary policy tightening right around the world. And the decisions that our central bank has taken can't be taken in isolation or viewed in isolation from the decisions of the monetary policy decisions, particularly of those large and determinative central banks around the world.

Recession is now likely in the United States, in the United Kingdom and throughout Europe. It's gone from possible to likely China, which continues to chase policy of COVID zero and the impact it's having on their economy, both through slowing growth but also supply chain interruptions, is having an impact on the Australian economy, which is so enmeshed with the Chinese economy, but is having global impacts as well.

That's part of the international context that we're dealing with. But here in Australia we're experiencing some of the same supply side challenges that were confronted in the UK in a very sobering way last week, but some additional ones of our own. I mean, when we closed our borders to immigration, who would have thought two years later we became surprised by what an impact that has had on key areas in our labour market?

So we've got supply constraints not only in the goods and services that fuel everything from manufacturing to medical goods and supplies to housing and construction, but also on the human side of things, all those skills that we have forever been reliant upon, all through decades of inaction on our own skills, education and training, haven't done enough to ensure that the Australian workforce is well enough prepared.

These are just fundamental realities that we have to face and can't turn around overnight. The Reserve Bank, as I said, is aggressively chasing the target of lowering inflation or the objective of lowering inflation with six rapid rate hikes in as many months. Yes, the one last week was moderated, but there's no evidence yet that that will be the last rate increase from the central bank.

And we can't be complacent in relation to our position and the rest of the world. Yes, we are in a better position than a lot of other economies, but we can't be complacent about that position. And it's why you'll hear the Prime Minister, the Treasurer, the Finance Minister, myself all talking about the importance of our monetary policy and fiscal policy working in alignment.

It's not a saying, it's an economic reality. And again, we got a real life example of what happens in the United Kingdom over the last ten days when you've got one foot on the brake and another foot on the accelerator, the engine blows up. The economic ineptitude of our predecessors, which has been displayed for over a decade, has also increased the difficulty that we have in framing this first budget and resolving some near term issues.

We've received \$1,000,000,000,000 worth of debt, which has increased demand but hasn't increase the productive capacity of our economy to respond to the challenges. Structural deficits, structural deficits driven in large part from important social, economic or security programs that every Australian would look at and say, We don't have a choice. We have to continue with those important programs. So whether it's in ensuring that we keep our country secure in one of the most uncertain and insecure times in our nation's history requires a necessitates a change and an increase in our national defence spending.

The National Disability Insurance Scheme, a labour creation, but one that is adding signalling and pressure. It's one of the fastest growing areas of expenditure on our budget. Health care across a whole range of areas within the health portfolio are extreme pressure in the health care budget. Aged care. We've had a royal commission. We haven't implemented all the recommendations of that royal commission that we saw and heard in graphic detail the human impact of neglect of spending and neglect of reform in that critical area of government responsibility.

So what we have is structural deficits that we have to confront and we have to explain to the Australian people if we want to continue with these important programs and we've got some challenges to make. From a fiscal policy point of view. The six I mentioned the debt in. It's important to focus in on this point. The amount of money that we are going to spend next year on servicing the trillion dollars worth of debt that we inherited will outstrip the amount of money that we spend on the Pharmaceutical Benefits Scheme.

So there is no such thing when you're putting a budget together as a free lunch. Anyway, people say, I just write a check. The government can continue to run up debt and that doesn't matter. It does matter. It matters here and now because the check this bouncing and we've got to pick up the tab repairing the structural deficit we've inherited is going to be hard.

That work begins on budget night in less than three weeks' time. We are going to give a premium and put primacy on ensuring that we deliver a responsible budget that is honestly dealing with these issues, facing into them and communicating to the Australian people the challenges we face and putting in place a strategy to deal with them. We will follow through on our election commitments, the things that we said that we were going to implement, whether that be increase in childcare subsidies.

We see that as an economic policy which will drive participation and equity in workforce participation. We are going to grow the skill base. We've had a real life example over the last three years of what happens in an economic sense when you under invest all the investment you are making in skills and education is not calibrated to the needs of the labour market.

We're going to transform our power grid and our energy system. We've got an energy policy. We've legislated it. And unlike our predecessors, it'll stick and it will drive investment and productive investment, which will transform the way not only work is done, but manufacturing is done in this country. And that will be a lasting legacy of an Albanese Labor government.

Our budget will fix the economic problems. We're not going to paper over the issues that have identified. We won't be squandering \$1,000,000,000 on sports rorts programs and community car parks that deliver no productive benefit. We're not going to waste \$6 billion on a submarine program that doesn't produce a signal as a single submarine. We will not dole out \$14 billion in emergency payments to profitable companies that don't need it.

I simply raise these three examples to make the point. We won't be lectured to by another party in this Parliament about economic management. When the economic record is so pitiful. Wasted spending, wasted time. The rooster has come home to roost.

Australia is under new economic management and there's a reason the voters have entrusted Labor to responsive, only manage the economy. We are looking under every rock to ensure that every dollar that it is spent, every dollar that is spent in the programs that are currently the responsibility

of the Commonwealth, every dollar that is spent is spent responsibly. We've also announced and work is well underway to ensure that we can legislate and implement crack down on multinational tax avoidance.

We want to ensure that not only multinationals but every Australian taxpayer is paying every single cent of the tax that they own. Because if we want to pay for the things that Australians value, we've got to prove that the existing tax system and the existing tax base is working in the way that is intended. We will ensure that as we put the budget together, we will have fiscal policy working hand in hand with monetary policy.

We don't want to see a repeat of what we've witnessed in our friends across the globe. We want to ensure. I've just got the sign that said 5 minutes left. We want to ensure that our first budget is one that sets a path for responsible economic management, a pathway to repairing the structural deficit that we've inherited, but also provides leadership to the Australian community, to business and to the community to say We have got a pathway, we've got a plan.

We've got a plan for ensuring that improved workplace participation. We've got a plan to ensure that we can improve the skills and capacity of the Australian workforce. We've got a plan to ensure that we can get more workers with family responsibilities, not having to make the choice between whether they stay at home or return to work because it's a bad economic choice for them to return to work.

We want to support those workers returning to the workforce if that is their choice. We want to ensure that a transformed electricity grid and the transform energy generation system kicks, cuts, kick starts the manufacturing industry and transforms the way we not only generate, transform, but also use power in this country. We have a plan to work hand in hand with business and industry to ensure that we are investing in the productive capacity of our economy, which is why our national rebuilding fund, a \$16 billion fund to ensure that we can invest in the sorts of industrial capacity manufacturing capacity, skills and energy generation capacity will set Australia up for the challenges of this century.

We need to do all of this in a way to ensure that we responsibly manage the budget and send a very clear message to the Australian community that the days of a government spending a decade avoiding the big problems are over. We'll be honest with the Australian people. We'll take the challenges on and we'll deliver a budget which is not delivered for a political outcome, but one that is delivered for an economic outcome that drives the sort of social outcomes and the economic outcomes that we hope and believe that we've been elected to government for.

I thank you for the opportunity to share a few thoughts with you this afternoon.