

ernment do? It cut the funding. On its own projections, there will be 134,000 fewer jobs across the country. That figure is alarming enough, but when you break it down on an electorate-by-electorate basis there will be well on the way to 1,000 fewer jobs in every electorate in the country. I can tell you that I do not want to see close to 1,000 more people without work in the area I represent. I want to see 1,000 more people in work. I want to see the sorts of projects that were funded by the Sustainable Regions Program going ahead. That means projects like those involving Biodental, Pacific Vetcare and Faircloth and Reynolds in Coffs Harbour. Those organisations were going to put on more people. Those organisations were busy generating jobs and providing goods and services for the region, and they have been left in the lurch by this government. I think it sets a very poor precedent. Contracts had been sent out, discussions were underway, negotiations were taking place and at the eleventh hour in this budget the funding was cut.

I would like to read to you a piece of correspondence I got from Comet Windmills, a company that decentralised from Sydney and is involved in the environmentally sustainable business of building windmills for pumping water and generating and storing electricity. The company is very much at the leading edge of environmentally friendly technology. The letter to me of 15 May said:

We were devastated to learn that the Sustainable Regions Program has been scrapped. This is ridiculous, since the program officially ends on 30 June 2008.

Comet Windmills was striving to get a grant under the Sustainable Regions Program. Comet Windmills wanted to expand and employ more people. Comet Windmills was playing its role in working towards a low-carbon world. It is just one small company in a regional area that is employing people, and it has been cut down and disappointed by this budget.

This budget has come as a great disappointment to the people of regional and rural Australia. It has come as a great disappointment to those who want to grow their businesses. It has come as a great disappointment to those who strive to get ahead. It is a budget that lacks direction. It is a budget that is not going to take us forward in the way we desire. We are living in a country that is a lot less self-assured than it was just six months ago. We live in a country where the confidence that existed under the previous government is evaporating fast. We live in a country that is not going to benefit greatly from this budget.

Ms BIRD (Cunningham) (7.08 pm)—It is a pleasure for me to speak on the Appropriation Bill (No. 1) 2008-2009 and related bills. I follow my National Party colleague the member for Cowper who, true to the traditions of his party, in his speech outlined an extensive expenditure program but no savings, I note. That is part of what I would suggest is the problem with the opposition's general response to this budget. I well remember that in opposition it was always very important for us as an alternative government to not only outline how we would spend the money in the budget and our priorities but also show that we would do that in a fiscally responsible way. The pressure was always on us to do that. It is interesting to see that the opposition, in response to this budget, has failed to indicate any fiscal responsibility. It is fair enough for an opposition to outline alternative ways to spend or allocate money but I would suggest that to completely fail to provide any savings or pay-offs for that spending indicates it has given up on making any attempt to retain a reputation for economic responsibility.

I would suggest to the opposition that, while that spending might give them some very short-term sense of wellbeing in the House, over the long term they will pay a price for it. I think the Australian population is educated enough to understand that governments, like families, make choices between competing priorities and that it is very easy, like the kids in my family—and I am sure in everybody else's family—to say: 'Why don't we buy this? Why don't we spend money on that? Why can't we have something else?' We learn through the process of growing up that it all costs money, that one priority competes with another for that money and that there is only a limited budget. So, in the process of growing up in opposition, I would suggest to those on the other side of the House that simply outlining a whole lot of potential expenditures without outlining where that revenue would come from or, indeed, how those savings would be made is pretty irresponsible and that, in the longer term, the opposition might want to find a more comprehensive response to budgets than what we have seen from them so far.

The first Rudd Labor government budget is in stark contrast to the first budget of the former Howard government, which will long be remembered, I am sure, as the budget that introduced the terms 'core and non-core promises' into our political lexicon. Indeed, I would suggest that that began the process of cynicism and disregard towards the commitments of politicians in this country. The Rudd government's first budget delivers on the election commitments made by our shadow ministers, sitting members and Labor candidates. Many of them have joined with me in serving as members of the government, and I am pleased to see them on board.

This budget is very economically responsible. Most importantly, for all the talk on the other side about providing relief for the cost of fuel, groceries, child care and other expenses that are hitting families and pensioners, this

budget tackles inflation. It is irresponsible not to understand that inflation is the great enemy of those on low and fixed incomes. Giving these people one-off payments, as happened over the last four years under the previous government, without addressing the fact that the cost of living is increasing is a false relief for them. So it is important that we tackle inflation. This ensures that fiscal policy works with monetary policy to maintain a substantial budget surplus.

The budget also provides financial support to low- and middle-income Australians—a commitment that we have made through successive budgets of the previous government, when we argued that we thought their tax concessions were wrongly targeted and that they should be targeted to low- and middle-income Australians. We have delivered on that commitment in this budget.

Importantly, this budget establishes three new investment funds to address the infrastructure constraints that have been identified by many groups, particularly peak industry groups, as a major problem for our long-term future; to improve our education; and to renew our hospitals. This budget reverses the irresponsible spending spree of the former Howard government—a problem that many conservative economic commentators had been raising for quite a long time. This first Labor government budget in 12 long years fundamentally challenges the notion that the coalition were responsible economic managers of the Australian economy.

I am particularly pleased that the centrepiece of the government's very first budget is the \$55 billion Working Families Support Package. Measures within the package will certainly benefit constituents in my electorate. There are four key elements to the government's support package: firstly, cuts in personal income tax; secondly, reducing childcare and education costs; thirdly, improving housing affordability; and, fourthly, access to high-quality education, training and health care.

The personal income tax measures are the most significant cuts in personal income tax for 20 years. This aspect of the budget has not received the attention it deserves. From 1 July, the government will embark on a four-year tax cutting program. From 1 July, the 30 per cent income tax threshold will rise from \$30,001 to \$34,001; the 40 per cent threshold will rise from \$75,001 to \$80,001; and the 45 per cent threshold will rise from \$150,001 to \$180,001. From 1 July 2009, the 30 per cent rate threshold will rise again by another \$1,000 and the existing 40 per cent rate will be cut to 38 per cent. On 1 July 2010, the 30 per cent rate threshold will increase by \$2,000 to take it to \$37,001 and the 38 per cent rate will be cut by one per cent to 37 per cent.

At the same time, and importantly for many of our constituents that we are most concerned about, the low-income tax offset will be increased over the next four years. These increases will create an effective tax-free threshold for low-income earners of \$14,000 in 2008-09 and then increasing by \$2,000 to \$16,000 in 2010-11. The government's objective by 2013-14 is to ensure that the number of income tax rates that apply to income in Australia is reduced to just three: 15 per cent, 30 per cent and 40 per cent. This is real tax reform for Australian income earners. Over the next four years, Australians will receive real, effective tax relief that will encourage participation and productivity. The government's tax policy will deliver tax relief where it is most needed and most effective: amongst Australia's low- and middle-income households.

Just this year, 2008-09, the tax saving estimated for an individual on an average income in households in my electorate—that is \$51,000 a year—will be \$1,000 for the year. The government, in a further effort to help Australian lower- and middle-income families has also increased the childcare tax rebate from 30 per cent to 50 per cent. This rebate will be paid every three months, instead of once a year, to relieve the budget of the family. The government has also introduced an education tax refund to assist families with children at primary and secondary school. The education tax refund will be available starting this financial year, at a rebate of 50 per cent. That means an eligible parent will receive up to \$750 for each child attending primary school and \$1,500 for each child attending secondary school, at the 50 per cent rebate. This is real, effective financial assistance to families, when they need it most.

I am also very pleased the government has allocated \$1.2 billion to help first home buyers save for a house, by contributing to the enhanced First Home Saver Accounts program. I know that in Wollongong, even with stable house prices, the challenge for many young people to save for and buy a house is an enormous struggle.

I also want to address the fact that the government has—unfairly, in my view—been accused of not providing assistance to pensioners and seniors. Senior Australians will be up to \$400, on average, better off under the first budget of the Labor government—in contrast to the policies of the Howard government. Under this budget, senior Australians have been provided with the \$500 bonus, a bonus that was not guaranteed by the previous government to be delivered in this financial year. It was never guaranteed in any year to the next but was totally reliant on their generosity, depending on the surplus. That will be delivered. Carers are eligible for \$1,000, and an additional \$600 will be paid to those in receipt of the carer allowance. These measures, in recognition of rising costs and their impact on pensioners and other senior Australians, will cost \$1.8 billion.

In an additional and important measure, pensioners will, for the first time, have a new reference for the twice-yearly indexation of pensions. The highest reference of either the CPI, male total average weekly earnings or the living cost index for aged pensioner households will determine the indexation of pensions from now on—an issue that was raised consistently by pensioner advocate groups. We have taken on board their requests and have put this in place. Starting in March this year, the government has also increased the utilities allowance from \$127 per year to \$500. This allowance is also now paid quarterly to provide greater alleviation to the family budget. The telephone allowance has increased from \$88 to \$132 for those pensioners with internet connection—and there are many of them; they regularly email and send us messages. In this budget the government has allocated \$150 million to ensure that all concession card holders have equal access to concessions for public transport throughout Australia.

The government continues, of course, to ensure the viability of the Pharmaceutical Benefits Scheme, which is a very important public subsidy for medicines provided to Australian concession card holders. Indeed, the government's commitment to recognising the contribution of pensioners and senior Australians is evidenced by the budget papers—that is, nearly \$36 billion is allocated to funding services to the aged in Australia. The budget, importantly, tackles inflation, which is the great enemy of people on a fixed income such as pensions. No matter how much you increase the amount that they are getting, if you allow inflation to run rampant and eat away at the value of that, then you are doing them a great disservice. The government does accept that there needs to be a review of the level of the pension in light of these challenges, and I am very encouraged that the government has established a comprehensive review into Australia's tax and retirement incomes system. That review will assess the pension and other government retirement income issues.

At a local level, very quickly I want to acknowledge—because I have spoken at length on these issues previously—that the budget delivered \$300,000 to conduct a pre-feasibility study into the completion of a very important rail link for the economic development of Wollongong and the port of Kembla—that is, the Maldon-Dombarton rail link. I pledged this funding during the last election and I am very pleased to see this important infrastructure get its start. I am looking forward to a series of meetings in the next few weeks with interested people and stakeholders to get this study underway.

I have to say that I am pleased the government has established Infrastructure Australia. As a member of the House of Representatives Standing Committee on Transport and Regional Services under the previous government, I think we did a very important review of and report on the future rail task in Australia. The consistent message from many, many players and partners in industry in the area of infrastructure provision was that they felt that there needed to be an independent national coordinating body, and that is what Infrastructure Australia will deliver.

I am similarly pleased with the government's establishment of the Building Australia Fund, as I am certain that Wollongong and the wider Illawarra region will be able to put a comprehensive case for the funding of a range of road and rail projects through this fund—a task that was very difficult in opposition because we never got very much at all from the previous government. In fact, Port Kembla is probably the only port on the eastern seaboard that is underutilised because no federal money has gone into developing the links for freight movement into that port. I hope to see that change.

I also want to acknowledge the \$230,000 provided to WIN Entertainment Centre and WIN Stadium for fencing and a new rigging system. Many of the young people in my area who enjoy watching performances of bands and sporting events will appreciate that.

Importantly, all of the pledges made by me to my constituents have been delivered in this first budget. It is a responsible budget. It is in stark contrast to the very irresponsible budget reply by the Leader of the Opposition. This budget maintains a substantial surplus. It balances the functions of fiscal and monetary policy with the intention of taking the pressure off interest rates and inflation—the great enemies of the people that we seek to represent in this place.

In contrast, the coalition knows not whether to raid the surplus, cut spending or increase taxes. None of the measures announced by the Leader of the Opposition comes with a budget plan. We are in the dark as to whether the coalition will increase taxes to fund it, cut spending or raid the surplus. How will the coalition fund its budget reply initiatives? We simply do not know—and, I suspect, neither does the opposition. The shadow Treasurer said as much to the National Press Club. I think he is correct and I think the Treasurer should be commended for bringing down a responsible budget that builds a solid foundation for the future of our nation. I commend the bill to the Main Committee.

Dr JENSEN (Tangney) (7.23 pm)—It is interesting that Labor, during the election campaign, had lots of talk about plans for the future, but the reality, as delivered by the budget, shows a lack of vision and a lack of strategic