



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



**HOUSE OF REPRESENTATIVES**  
**QUESTIONS WITHOUT NOTICE**

**Economy**

**QUESTION**

**Wednesday, 10 February 2010**

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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## QUESTION

**Date** Wednesday, 10 February 2010  
**Page** 990  
**Questioner** Bird, Sharon, MP  
**Speaker**

**Source** House  
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**Responder** Rudd, Kevin, MP  
**Question No.**

### Economy

**Ms BIRD** (Cunningham) (2.04 pm)—My question is to the Prime Minister. Will the Prime Minister update the House on the fiscal challenges facing governments around the world? Have there been any recent comments on Australia's sovereign debt position?

**Mr RUDD** (Griffith—Prime Minister)—I thank the honourable member for her question because it goes to the state of the economy, the future of the Australian economy and this government's determination to build a stronger economy, protecting Australian jobs and, through protecting hundreds and thousands of Australian jobs, supporting working families. On Friday a statement on monetary policy was released by the RBA. The bank emphasised that the recovery in advanced economies is likely to remain subdued for some time and that significant uncertainties remain. Among those uncertainties, the RBA noted the ongoing fiscal challenges facing some nations. In particular, the RBA noted fiscal challenges facing the government of Greece. In Greece, net debt will be 86 per cent of GDP in 2009, increasing to 95 per cent of GDP in 2010. The Greek government estimates their budget deficit to be 12.7 per cent of GDP in 2009. A significant fiscal crisis in Greece would jeopardise confidence in some parts of the wider European economy and set back the global economic recovery. That is why these are such sensitive matters for us all.

It is important to note, therefore, the Greek government's statement concerning its stability program that aims to reduce its budget deficit to 2.8 per cent of GDP by 2012. This plan has been endorsed by both the European Central Bank and the European Commission. On the question of indebtedness around the world, US debt is predicted to rise from 58 per cent of GDP in 2009 to 85 per cent of GDP by 2014; in the UK it is predicted to rise from 62 per cent of GDP in 2009 to 92 per cent of GDP in 2014; and in Japan it is expected to rise from 105 per cent of GDP in 2009 to 143.5 per cent of GDP in 2014. Across all the major advanced economies, net debt will increase from 69.5 per cent of GDP in 2009 to around 93 per cent of GDP in 2014.

It is important at this juncture to note the absolute contrast with Australia, because net debt peaks as

a percentage of GDP in 2013-14 at 9.6 per cent of GDP. This is around one-tenth of the average of the major advanced economies. As the director of Fitch's Asian sovereign ratings said today, there are concerns in the market right now with other European nations regarding their debt positions, but Australia's sovereign has a very good debt position indeed. That is where we stand. That is the fragility of international debt markets at the present because of perceptions of sovereign risk in certain European countries.

Enter into this equation the statements yesterday by the alternative finance minister of Australia, Senator Joyce—reckless and risky in the extreme. His statement was:

We are getting to a point where we—

Australia—

can't repay it ...

I draw to the attention of the House statements from Joshua Williamson, of Citigroup, yesterday, who described Senator Joyce's comments as incredible. In fact, that is one of a large number of responses from the economic and financial marketplace. He said:

We have an excellent debt to GDP position which is also the envy of the industrialised world. And we are being distinguished by international investors as an excellent credit risk.

When asked specifically about Senator Joyce's remarks, he also said:

... the market is very sensitive to negative information at the moment. That has to do with credit availability whether it be at a corporate or a sovereign level.

He went on to say:

We've also got the situation ... of certain European states that are having legitimate difficulties with the ability to rein in their deficits and their debts.

When asked what he made of Senator Joyce's remarks and whether they were irresponsible, the representative of Citigroup said they were 'absolutely' irresponsible. That is where we have the statements by Senator Joyce and the response to them from the marketplace.

It is not the first time Senator Joyce has opened his mouth on this. He has made similar remarks about the

sovereign debts of the various states of Australia and the sovereign debt of the United States of America, the largest economy in the world, where he said that they were at risk of general default, resulting in turn in global 'economic Armageddon'. What has happened in response to this? In this morning's *Age*, we have the shadow Treasurer stepping up to the plate and saying boldly that in fact there is 'no danger' of Australia defaulting on its debt—thank you, Joe—and, on top of that:

I—

Joe Hockey—

have no doubt Australia has the ability to repay sovereign debt ...

Thus spake the shadow Treasurer of Australia last night as he sought to clean up the wreckage left by Senator Joyce. But, come this morning, he is asked what his position is in relation to Senator Joyce, his fellow economic frontbencher of the coalition: 'Do you have confidence in Barnaby Joyce?' He replies:

I have absolute confidence in Barnaby.

So in the *Age* he says he fundamentally repudiates what Senator Joyce has to say on sovereign debt, and on the ABC this morning he says he has full confidence in the shadow minister and presumably that which he says. Is it any wonder we find it a bit hard to work it all out?

But the final word on this must go to the Leader of the Opposition himself. The Leader of the Opposition, when asked whether he backs or does not back Senator Joyce, was all over the place this morning. Four times he was asked whether he would back Senator Joyce as shadow finance minister come the next election:

QUESTION: You won't be moving Barnaby Joyce out of the Finance portfolio before the election?

The response from Tony straight-talk Abbott was:

Look, I have great confidence in my team. I have great confidence in my team. I think they're ... doing a terrific job.

The next question was:

Will he be there at the next election as Finance spokesman?

That is the question: will Senator Joyce be there as finance spokesman. Straight-talking Tony says:

... I have great confidence in my team ...

Next question: what about him?

**Ms Julie Bishop**—Mr Speaker, I raise a point of order. The Prime Minister is a serial offender in this regard.

He should refer to members by their title or by their seat, and I ask that he not do it again.

**The SPEAKER**—The Deputy Leader of the Opposition will resume her seat. The Prime Minister will refer to members by their parliamentary titles.

**Mr RUDD**—That was the third time that the straight-talking Leader of the Opposition was asked whether he would back Senator Joyce as the finance spokesman for the coalition at the next election. And then, the fourth time he was asked, 'Can you guarantee Barnaby's place?' he said, 'Look, I, me, this is the team I will take to the next election.' That was No. 4. Talk about the ring of confidence and all of that! But I presume that what we have here is the Leader of the Opposition backing in Barnaby Joyce, responsible global economic statesman personified.

What we have here is capital-R risk: risk represented in the Leader of the Opposition, who says he has no interest in economics; risk in the judgment of the Leader of the Opposition in appointing Senator Joyce to this position; and risk to the economy writ large. We know that Senator Joyce is for the high jump. It is plain from the statements by the Leader of the Opposition this morning that he is going to be cut down as soon as we get out of this place, but once that happens—can I just say—what lies very deeply imprinted in the minds of the Australian public is: what could have possessed the Leader of the Opposition to have made Senator Joyce a member of the crack economic team of the alternative government of Australia? In the history of this parliament, they have together the worst economic frontbench that an opposition has ever served up. It stands for all to see.