



**LEADER OF THE OPPOSITION**  
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**FEDERAL MEMBER FOR WARRINGAH**

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**\*\*CHECK AGAINST DELIVERY\*\***

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**TRANSCRIPT OF THE HON. TONY ABBOTT MHR**  
**ADDRESS TO THE 2011 FEDERAL YOUNG LIBERAL CONVENTION**  
**GOLD COAST**

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This summer, we've been shocked by the flood disasters that have hit Queensland, Victoria and parts of New South Wales and Western Australia but thrilled by the upwelling of generosity from family, friends, neighbours and tens of thousands of unknown benefactors towards their fellow Australians in trouble.

In dozens of evacuation, recovery or disaster control centres from Grantham and Murphy's Creek, to Emerald, to Rochester, to Echuca, to Grafton or the Brisbane showgrounds, thousands of people, mostly volunteers, have been striving around the clock to help Australians whose homes or businesses have been in peril. In places such as Toowoomba, Bundaberg, Dalby, Horsham and, Dadswell's Bridge, home of the Big Koala, people devastated by the loss of homes and businesses have been buoyed by the support they've had from good Samaritans who turned up when they were needed most.

At Brisbane's Rosalie shops, for instance, battalions of people were cleaning out homes and shops as soon as the flood waters had sufficiently receded. Some were owners, residents or employees. Others were local people who wanted to restore the places they met in for business and companionship. Most had no special connection but had come in their dozens with broom, mop, shovel; and sometimes gurneys and even bobcats and trucks to lend a hand and to make a difference. It was, as someone observed, "the worst from mother nature but the best from human nature".

The emergency services personnel who put their lives at risk, the residents who faced disaster without panic and loss without despair, the volunteers who pitched in without being asked or told to help are representative of Australians at their best. The story of Jordan Rice, who could have been saved but who said that his younger brother should go first, ought to be a lasting reminder of the heights to which people can rise. The floods revealed, yet again, that whatever might be wrong with Australian government and whatever could be improved in Australian society, there's much to admire in the Australian people.

We are entitled collectively to pat ourselves on the back for being community-minded in ways that few other countries are. The congratulatory spirit, though, inevitably strong on and around Australia Day, reinforced this year by the response to the floods, shouldn't obscure all the ways in which we could and should do better. If it does, it's not healthy national pride but dangerous national complacency, more likely to engender a smug sense that "she'll be right" than the constant striving to improve that is the real strength and characteristic of our country and our culture. The "spirit of the Blitz", after all, served Britons well during the Second World War but heroic endurance didn't stop their country from becoming the "sick man of Europe" until Margaret Thatcher reformed the economy.

There's little doubt that a highly professional response to the initial emergency has saved many lives and provided effective support to many thousands of victims. The challenge will be maintaining that "can do" attitude after most of the volunteers have gone home, residences are still uninhabitable, the railway lines are still out, and legalism is beginning to trump common sense.

A big risk is that the national government will use responding to the floods as an excuse for fudging or putting off the "decision and delivery" that the Prime Minister had earlier promised on issues such as the mining tax, a carbon price, border security and hospital reform. Like the Global Financial Crisis under Kevin Rudd, the government could use the floods as a justification for its spending addiction and as a licensed distraction from actually delivering on its promises. The problem is not the government's spending on flood relief which is urgent and unavoidable. The problem is the government's unwillingness to take spending restraint seriously coupled with its instinctive resort to a new tax to meet new challenges.

Flood victims simply can't be without the roads and the railways which are necessary for modern life. Unavoidably, the national government will pay the lion's share of these reconstruction costs. This will run into billions of dollars but that's no excuse for the flood tax that the Prime Minister has just announced. The people of Queensland and Victoria have suffered enough without having to endure yet another new tax on top of the mining tax and the carbon tax that the government has already promised for 2011.

Two years ago, the government sent out \$900 cheques to almost nine million people. Now, it's effectively taking the money back. This was always our money, not the government's. It was supposed to be used wisely, not squandered. The Prime Minister is pitching it as a "mateship" tax even though mateship is about helping people, not taxing them. Mates choose to help; they're not coerced. Mateship comes from people, not from government. It's not the money so much as the principle. People resent being ordered to pay what they'd gladly give of their own volition especially by a government so reckless with taxpayers' money. Invoking a disaster to justify a tax compounds the allegedly wooden demeanour that Julia Gillard showed during the floods with a tin ear afterwards.

Along with the non-existent mining tax agreement, the East Timor detention centre that will never happen, the climate change people's assembly which didn't survive the post election deal with the Greens, the Epping-to-Parramatta railway line that had already been announced and cancelled several times and the claim that fake Julia had become real Julia, this is yet another Gillard decision which calls her judgment into serious question.

Only a prime minister who's out of her depth would seek to exploit people's generosity to flood victims to win acceptance for yet another new tax. The Prime Minister would herself have led the condemnation of Coles and Woolies, for instance, were they to use their \$5 million flood donations as a justification for raising prices. Despite this, she apparently can't grasp the rip off involved in taxing people in order to be generous to them. Donors will pay the tax. Volunteers will pay the tax. Even some victims may pay the tax because they have lost property but not qualified for Centrelink payments.

There's a world of difference between a levy to fund unavoidable extra spending when there's no fat in the budget and the Gillard government's latest raid on people's wallets. There's about \$2 billion uncommitted in various funds such as the Building Australia Fund, about a half billion dollars that the government is committed to budgeting for the National Broadband Network (plus tens of billions in government guaranteed borrowing), at least a billion dollars left in the Building the Education Revolution and about a billion dollars to buy back water which is no longer in short supply. As the Prime Minister conceded at the National Press Club, there is certainly further spending that could have been reduced or deferred for flood reconstruction without the need for a new tax.

It's hard to imagine that \$1.8 billion worth of savings can't be found from a budget in excess of \$350 billion a year. Yesterday, one commentator likened it to a man with \$350 in his pocket being unable to find \$1-80 for an unforeseen expense. So, if the Prime Minister is prepared to drop this tax, in a spirit of national unity,

the Coalition would sit down with the government to negotiate that \$1.8 billion in extra savings. For a government that is always calling on its opponents to agree with it, in a spirit of bi-partisanship, here is a real opportunity to work cooperatively to see off another tax grab. If the Prime Minister is serious about ending the blame game and trying to put behind her the mismanagement and evasion of responsibility that has marked government programmes such as roof batts and school halls, she'd take up this offer.

Of course, it would be easier to get the budget back into surplus by 2012-13 with additional tax revenue but the promise to eliminate the deficit within three years never contained any fine print about contingencies. The government was supposed to restore a surplus from its previously announced sources of revenue, not to scabble for new revenue to cover the sorts of additional expenses that prudent governments and prime ministers with a better understanding of public administration could have anticipated. It's not as if this is the first or even by all measures the worst flood (albeit the most expensive one) that Australia has ever faced.

A prime minister who's unconvincing when responding to a natural disaster is unlikely to solve the much more politically and administratively complex problems that she had previously set herself to fix. At some point, the independent MPs who returned the government to office could start to reconsider their decision. If the mining tax is still unresolved in a year's time, or has been dropped, the carbon price and the mechanism for imposing it is yet to be fixed, the boats are still coming and there is no East Timor detention centre, tax reform has been squibbed, the Murray Darling basin plan is in the too hard basket, and hospitals remain unreformed, it won't just be the Labor Party's political integrity that will be questioned but that of the independents who have kept Labor in office.

As John Howard used to say, today's reforms drive tomorrow's prosperity. The Hawke/Keating government deregulated financial markets, floated the dollar, cut tariffs, began privatisation and introduced enterprise bargaining. The Howard/Costello government reformed the waterfront, cut government spending to produce consistently large surpluses, reduced industrial disputation almost to nothing, introduced work-for-the-dole, and ended automatic entitlement to cash handouts.

It's the reforms of previous governments which have enabled Australia to come through the Global Financial Crisis relatively unscathed, not the spending spree of the current one. Thanks to these reforms, the boom in China and India has been of more benefit to us than to any of our competitors. For a quarter century, Australia has had national governments that were prepared to risk political unpopularity in a good cause and to take tough decisions in the national interest.

Since 2007, Australia has largely been a reform-free zone. The only changes worthy of the name "reform" have been the establishment of the MySchool website and the extension of welfare quarantining to all long term unemployment beneficiaries in the Northern Territory. Both were based on the work of the previous government and both were fully supported by the Liberal and National parties. The Coalition will never stand in the way of genuine reform but will implacably oppose bad policy masquerading as reform such as reverting to an expensive government monopoly in telecommunications infrastructure.

Instead, the Rudd/Gillard government's main changes have been to restore union power, squander the surplus, emasculate a privatized Telstra, and try to introduce new taxes. Unlike Bob Hawke and Paul Keating, Kevin Rudd and Julia Gillard have led a parliamentary party comprised of lifelong political operatives who unsurprisingly think that government is better than business at generating wealth. Worse, the Labor movement generally has been contaminated by the Hawker/Britton disease imported from NSW which substitutes managing headlines for getting things done.

It's now more than six months since the Prime Minister declared that the government had "lost its way" and undertook to remedy its own mistakes on border protection, climate change and the mining tax. The mining tax is still unresolved and any tax that raises serious extra revenue is likely to prompt a new war with the miners. Tragedy has been added to ineptitude in dealing with boat people. The only certainty about a carbon price is that it will massively increase people's cost of living, especially power prices that have already gone up 42 per cent since 2007.

There's the Murray-Darling basin plan that the government declared it would adopt in its entirety sight-unseen before the election but which is now in total disarray, with the Authority insisting and the government denying that environmental concerns must come first. As well, there's the tax summit which has been downgraded to a mere forum because a government that can't cut spending can't reform the tax system.

A government that couldn't make a tough decision when it had a parliamentary majority has become almost completely paralysed without one. With an increasingly dispensable prime minister, it's more important than ever that people know how the alternative government would handle the big issues facing our country. The Liberal and National parties should never make Labor's mistake of coming to office without a blueprint for government and should never fall into Labor's trap of becoming a political movement without any discernible values other than to win an election.

As liberals, we support lower taxes, smaller government and greater freedom. As conservatives, we support the family and values that have stood the test of time. As Australians, we respect our fellow-citizens and want our country to be stronger and more united over time. That means lower taxes, fairer welfare, better services and stronger borders. Australia doesn't need more government; we need better government. That's more likely to be provided by a political party with "trust the people" imprinted on its DNA than by one with the basic instinct that government knows best.

If the Coalition were in government, the mining tax would simply be dropped. It won't fix the so-called two-speed economy because you don't speed up the slow lane by slowing down the fast one. It won't raise serious revenue because you don't prosper by killing the goose that's laid the golden egg. Singling out our most successful industry for a penalty tax is a political and economic manifestation of the tall poppy syndrome and essentially tells people that they'll be punished if they succeed.

It was typical of the current government that it should ignore most of Ken Henry's good ideas and latch on to a really bad one. It's true that the mining boom has led to much higher wages for mining industry personnel and a consequent drift of workers from lower to higher paid sectors. The answer is not holding back the mining industry and preventing people from earning more because everyone eventually prospers when successful sectors expand and there's more wealth to go round. When an exodus to the mining industry is making it harder to staff shops, for instance, a smart government finds ways to make retailing less expensive (by increasing the labour supply, for instance) rather to make mining more expensive.

One way to increase the supply of labour would be to implement Henry's recommendations to increase the tax free threshold and to flatten and lower income tax rates. This would improve work incentives for people on welfare who might otherwise find paid work more trouble than it's worth. It would also encourage the people who are most likely to create new businesses and more jobs. Rather than running scared of Henry's recommendation, the government should be looking for ways to flatten tax rates without making middle income earners worse off. It should be looking again at ways to encourage participation and to help people on disability benefits return to work. This, in any event, is what a Liberal National government would seek to do, drawing on the example of the Howard government's reforms.

Putting a price on carbon does not necessarily reduce emissions. It just makes them more expensive. There is a better way and that's to purchase emission abatements. This is what the Liberal and National parties have proposed: an emissions reduction fund paid for through the budget. Under the Coalition, the cost of reducing emissions is fixed and the mechanism is clear. Under Labor, the ultimate cost is unknown because businesses purchasing emission licences or paying new taxes will factor this into every price in the economy. The more dependent goods and services are on power and transport, the more their prices will rise.

This month has seen the 200<sup>th</sup> boat and the 10,000<sup>th</sup> illegal arrival since the government changed its predecessor's border protection policies. As long as desperate people think that getting to Australia is likely to lead to permanent residency, the people smugglers will have a product to sell, the boats will keep coming and women and children will die at sea. Yes, there are more visa over-stayers than boat people but, as peaceful invasions go, there is a world of difference between people who arrive safely, with identity papers, on scheduled aircraft and those who come unsafely by rickety boat, completely unknown to Australian authorities.

The Howard government stopped the boats and much the same policies could do so again. Instead of bringing boat people to Australia, which is their goal, the government should ensure that they are all processed offshore. Instead of negotiating with East Timor which hasn't got a detention centre and doesn't want one, the government should reopen the one on Nauru which is already there, courtesy of the Australian taxpayer, and which locals are happy to have. Instead of all-but-guaranteeing permanent residency, the government should reinstitute temporary protection visas for boat people found to be refugees so that they can only stay in Australia until it's safe to go home.

If the Prime Minister wants to "move forward" on the issues where the government has lost its way, this is how it could be done. If she drops the mining tax, takes direct action to reduce emissions, and picks up the phone to the president of Nauru, she'll have the full support of an opposition that's demonstrating its credentials to govern.

The Liberal and National Parties fully support a plan for the Murray Darling basin. It was, of course, the former government which set aside \$10 billion to help fund one. It's got to be the right plan, though, not one which is imposed on basin communities and which has created such uncertainty that new economic activity has virtually stopped and house prices in Griffith have dropped 12 per cent.

The current plan should be scrapped and a new process begun that's better in keeping with the spirit of the legislation. Rather than proclaiming essentially arbitrary water savings, the government should work area-by-area to determine how much water better infrastructure could save and how much water farmers would be prepared to sell consistent with maintaining productive capacity. What's needed is a "bottom up" process rather a "top down" one. It's the obvious way for a sensible government to proceed and may ultimately produce as much or more environmental water but it's virtually impossible for a prime minister who has to keep Green alliance partners happy.

Part of the government's problem is the internal split between pragmatists and green-influenced ideologues so often papered over by saying one thing while doing another. As even Kevin Rudd realised, public hospitals should be nationally funded but locally run. Unfortunately, genuine local control and real fee for service undermines the position of the health sector unions and offends the "regulator knows best" instincts of most Greens.

As things are working out, service delivery will still be rationed and the local hospital networks will be scarcely distinguishable from existing area health services. That's if the states ultimately agree to any change at all. Instead, the Commonwealth should drive change by paying an appropriate percentage of the "efficient price" directly to local community hospital boards. That way, reform would not be dependent upon the states' agreement. It would be the unavoidable consequence of the Commonwealth's own policy.

Similarly, the government's announced plans to give schools more power over teacher selection and some capacity to pay better teachers are foundering over union intransigence and socialism masquerading as environmentalism. Teachers will still have to be chosen from the state education departments' lists and extra pay will remain a matter of ticking boxes rather than impressing the principal. As the Coalition sees it, a truly independent public school would be able to choose the best teachers regardless of their current status and pay them whatever the school could afford and whatever the principal thought best.

The danger for the Gillard government is that the recent floods might have highlighted a gulf between the Australian people and their rulers, or at least those in Canberra. The contrast could hardly be sharper between flood ravaged communities which saw a problem, understood the solution and implemented it and a national government that's floundering to deal with last year's issues.

With the Prime Minister promoting lazy policy under the cover of sympathy for flood victims, it's more important than ever that the Liberal and National parties remain advocates for the reforms Australia needs. "Coming together in a time of crisis" should never mean ignoring the fundamental truth that government can't spend a dollar that it doesn't have from taxpayers and that governments are far more likely to waste taxpayers' money than individuals are to waste their own. As 2011 begins, the contrast could hardly be clearer between a Labor Party which can't see a problem without reaching for a tax and a Coalition determined that government should live within its means.

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