

# Hawker Britton

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## *Labor Government and the Post-Election Outlook*

**Occasional Paper**

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## Labor Government

On 7 September 2010, the two Independents – Tony Windsor and Rob Oakeshott – both announced that they would support a Gillard Labor minority government. The decision came after two weeks of negotiations with the major parties, resulting in an agreement with Prime Minister Julia Gillard.

## Composition of the House of Representatives

The new composition of the House of Representatives is as follows:

ALP	LIBERAL/NATIONAL	INDEPENDENT	WA NATIONAL	GREEN	TOTAL
72 seats	72 seats	4 seats	1 seat	1 seat	150 seats

Labor won 72 seats at the 2010 federal election<sup>1</sup>. An Agreement between Labor and the Australian Greens, announced on 1 September 2010, secured the Greens Member Adam Bandt's vote for Labor. The following day the Independent Member for Denison, Andrew Wilkie, also announced that he had decided to support Labor, taking the total number to 74 seats. Two of the three remaining Independents' votes (Windsor and Oakeshott) gives Labor a total of 76 seats, a majority in the House of Representatives, and enables the formation of a minority Government.

The Independent Member for Kennedy Bob Katter and the Western Australian National MP Tony Crook indicated they would support Mr Abbott, though Mr Katter also indicated he would provide "stability" to whomever formed Government. Mr Crook withdrew his support for Mr Abbott once Labor formed Government and on 27 September 2010 indicated that he would sit as an independent.<sup>2</sup>

## The Independents-Labor Agreement

Prime Minister Julia Gillard made an Agreement with Independents Rob Oakeshott and Tony Windsor that they will ensure supply (i.e. support the passage of money bills). The Agreement includes a \$9.9 billion package for Regional Australia focusing on regional infrastructure, health and hospitals and education. The Agreement will deliver a net impact on the budget of \$43 million as it is offset by savings measures. The package includes :

- National Broadband Network extensions.

<sup>1</sup> It should be noted that the Victorian seat of Corangamite is still in doubt, although Labor's Darren Cheeseman leads the count. See <http://vtr.aec.gov.au/HouseDivisionFirstPrefs-15508-207.htm>.

<sup>2</sup> Maiden, S., 27 September 2010, 'Blow for Nats as maverick opts to sit as independent', *The Australian*, available online at <http://www.theaustralian.com.au/national-affairs/blow-for-nats-as-maverick-opts-to-sit-as-independent/story-fn59niix-1225929717215>.

- Regional health investments.
- Regional education investments.
- A \$1.4 billion Regional Infrastructure Investment.

It also includes a number of existing regional commitments in telecommunications, local government, agriculture, water, health and education.

## **Agreement on Parliamentary Reform**

The Independents, the Labor Party and the Coalition announced on 6 September 2010, that they had reached agreement on parliamentary reform. Some of the key areas of reform include:

- The role of the Speaker.
- Question Time.
- Recognition of traditional owners.
- Private Members' Bills.
- Pre-legislative scrutiny by committees.
- Extra sitting days for Parliament.
- 'Automatic pairing' of MPs for voting in Parliament.
- Electoral funding and political advertising.

These reforms are discussed in further detail on p.7.

## **The Greens-Labor Agreement**

For further details about the Greens-Labor Agreement see [://www.hawkerbritton.com/hawker-britton-media/federal-act/378/greens-labor-agreement.htm](http://www.hawkerbritton.com/hawker-britton-media/federal-act/378/greens-labor-agreement.htm).

## The post-election outlook

The Gillard Labor Government will now commence its first term, which will likely be focused on managing economic recovery, implementing the reforms agreed with the Independents and the Greens, delivering election commitments and continuing reform in key policy areas such as health and taxation.

A list detailing the Government's legislative agenda is available at [://www.hawkerbritton.com/hawker-britton-media/federal-act/386/government-legislative-agenda---spring-2010-sittings.htm](http://www.hawkerbritton.com/hawker-britton-media/federal-act/386/government-legislative-agenda---spring-2010-sittings.htm).

### Managing economic recovery

One of the Government's main priorities will be managing the economic recovery and returning the Budget to surplus in 2012-13. It is clear that the outlook for the Australian economy is positive. From the Pre-Election Fiscal Outlook (PEFO):

"Australia's economy is expected to continue to recover from the Global Financial Crisis over the next few years. The Australian economy is expected to grow by 3 per cent in 2010-11 and 3¼ per cent in 2011-12, returning to around full capacity over the next year. Fiscal and monetary stimulus is being withdrawn and there are early signs that private sector activity is picking up, although the transition to private sector led activity is proving to be a little slower than expected. Business investment — particularly mining investment — and exports are expected to strengthen over 2010-11 and 2011-12, driven by a substantial boost in the terms of trade and ongoing strong demand for Australian non-rural commodities."<sup>3</sup>

The Government will continue to operate within its real spending growth cap of 2 per cent (as per the 2010-11 Budget).

### National Broadband Network

The Government will continue to implement the National Broadband Network.

- The Government has already introduced legislation to improve competition in the telecommunications sector, including during the transition to the full NBN rollout, which was passed by the House of Representatives and is before the Senate for consideration.
- The Government has also introduced legislation to provide a framework for the installation of fibre and fibre-ready infrastructure in new developments.
- In February 2010 the Government released exposure drafts of the legislation to ensure NBN Co operates on a wholesale-only, open and equivalent access basis.
- The Senate Select Committee on the National Broadband Network tabled its final report on 17 June 2010.
- Further information is available at [://www.nbnco.com.au/](http://www.nbnco.com.au/).

### Minerals Resource Rent Tax

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<sup>3</sup> Pre Election Fiscal Outlook 2010, available online at <http://www.treasury.gov.au/contentitem.asp?NavId=002&ContentID=1858>.

The Government will continue to implement the Minerals Resource Rent Tax and associated reform package related to superannuation and company taxation. It may be included as a subject for debate as part of the Tax Summit in June 2011. The legislation is not due to be introduced until the latter half of 2011.

A detailed paper about the MRRT is available at. [://www.hawkerbritton.com/hawker-britton-media/federal-act/367/minerals-resource-rent-tax.htm](http://www.hawkerbritton.com/hawker-britton-media/federal-act/367/minerals-resource-rent-tax.htm).

### **Regional Australia**

The Independents have negotiated a \$9.9 billion Regional Australia package with the Gillard Government. This includes:

- A commitment to ensure that every community in regional Australia gets fair access to broadband through the National Broadband Network, including giving priority to regional areas as it is rolled out and providing a cross subsidy to achieve a uniform national wholesale price.
- \$1.8 billion Health and Hospitals Fund: A new national round of funding from the remaining balance of the fund to be opened from 1 October 2010. The funding will be available for hospitals in regional Australia and in Tasmania (as per the agreement with Mr Wilkie) only.
- \$41 million from the 2010-11 Budget to upgrade medical services across regional Australia.
- Education Investment Fund: \$500 million dedicated to regional Australia.
- \$66 million Critical Skills Investment Fund: \$66 million will be dedicated to regional businesses and workers.
- \$125 million reward payment for schools that show the most improvement in student outcomes.
- A dedicated Regional Priorities Round of Funding for regional universities and TAFEs from the Education Investment Fund of up to \$500 million.
- \$1.4 billion Regional Infrastructure Investment, including \$800 million dedicated to a new Priority Regional Infrastructure program.
- Regional Cities Program: will provide \$200 million in grants of up to \$15 million for around 15 regional cities to support the construction of around 15,000 affordable houses. The program is due to run for the three years to June 2014, with funding available from July 2011.
- Connecting Health Services package: \$392.3 million to provide Medicare rebates for online consultations, incentives for doctors to provide online consultations, an expansion of the GP after hours help line, and establishing a fund to support training for GPs in using online technologies.

### **Tax Reform**

A Tax Summit will be held in June 2011 in order to have an open debate about tax reform and the recommendations of the Henry Tax Review.

Labor has also committed to establishing a Tax System Advisory Board, to inform the Tax Commissioner and ATO Executive Committee on the strategy and direction of the Australian Taxation Office. This will make the taxation system more responsive, accountable and accessible. A detailed consultation with the community on the Tax System Advisory Board will occur within 2010.

### **Climate Change**

The Greens-Labor Agreement included a commitment to establish a Climate Change Committee by September 2010, composed of relevant experts and representative parliamentarians from all sides who are committed to tackling climate change and who acknowledge that reducing carbon emissions by 2020 will require a price on carbon. The Leader of the Opposition Tony Abbott has indicated that Coalition members would not sit on such a Committee.

Labor also made a number of election commitments related to climate change throughout the election including:

- Cleaner Car Rebate: \$2,000 rebate for replacing pre-1995 vehicles (from 1 January 2011- 2014).
- Carbon Farming Initiative: \$45.6 million investment through the Renewable Energy Fund to help farmers and landowners participate in international markets for carbon credits.
- Establishing a Citizens' Assembly to examine the evidence on climate change, the case for action and a market based approach to reducing pollution, with the purpose of building consensus among the community on climate change.
- Power stations: introducing new emissions standards for all new coal-fired power stations.
- Emerging Renewables Initiative: \$40 million program to support new emerging renewable energy technologies.
- Connecting Renewables Initiative: \$1 billion investment over ten years in electricity networks to connect remote renewable energy sources to the national grid.
- Establishing the \$100 million Renewable Energy Venture Capital Fund.
- National Green Corridors Plan: investment of \$10 million to establish green corridors to prepare native plants and animals and agricultural landscapes for climate change.
- Low Carbon Communities initiative: \$80 million investment provide funds to councils and local organisations to assist with energy efficiency upgrades at local facilities to provide funds to councils and local organisations to assist with energy efficiency upgrades at local facilities.
- Tax breaks for green buildings: \$180 million investment over the forward estimates so that from 1 July 2011 until 30 June 2015 businesses that undertake capital works to improve the energy efficiency of existing buildings will be able to apply for a one-off tax deduction

### **Health Reform**

The Government will continue to implement its health reform agenda.

On 3 March 2010, the Government proposed significant structural reforms to hospital funding arrangements following detailed consideration of the report of the National Health & Hospitals Reform Commission. On 20 April 2010, an agreement was reached between the Commonwealth Government, and all State and Territory Governments with the exception of Western Australia.

Essentially, the Federal Government will take over 60 per cent of funding responsibility for public hospitals by taking back one third of GST revenue and investing it directly in health programs and hospitals rather than the current arrangement of paying this revenue to State and Territory Governments. From 1 July 2010, 'Transition Period' payments will flow to the states to cover extra services such as new beds and doctors.

Further details on the agreement are available at [://www.hawkerbritton.com/hawker-britton-media/federal-act/344/coag-health-agreement.htm](http://www.hawkerbritton.com/hawker-britton-media/federal-act/344/coag-health-agreement.htm).

The Government will also implement a number of election commitments including:

- making a number of significant investments in hospitals around the country such as Royal Darwin Hospital, Princess Margaret Hospital, Townsville Hospital and Cairns Hospital;
- establishing new GP Super Clinics in Geelong, Canberra, the Southern Central Coast, the Northern Beaches and Northam; and
- making investments in mental health, including suicide prevention, men's and young people's mental health.

### **Parliamentary Reform**

As indicated above, the Independents, the Labor Party and the Coalition have agreed to implement a number of parliamentary reforms, including:

- An 'independent' Speaker from the Government and Deputy Speaker drawn from the other side. Both to abstain from party room meetings
- Recognition of traditional owners to come before prayers each sitting day.
- Time limits for questions and answers in question time (questions will be limited to 45 seconds and answers cut off at four minutes).
- More time for individual MPs' speeches.
- More time for private members' bills.
- Tighter focus for parliamentary committees.
- More sitting days for parliament.
- 'Automatic pairing' of MPs for voting in Parliament.

- Pre-legislative scrutiny of legislation. Bills will go to an expanded select committees before being presented to the House for debate.
- Establishment of a Parliamentary Budget Office.
- Establishment of a Parliamentary Integrity Commissioner.
- Formal code of conduct for MPs and Senators.
- Register of lobbyists to go online.
- Changes to political donations, electoral funding and political advertising.

The Greens-Labor Agreement also included a number of parliamentary reforms, including:

- establishing a Leaders' Debate Commission; and
- agreeing to investigate ways of ensuring full three year terms of government;

### **Paid Parental Leave Scheme**

Legislation for the Paid Parental Leave scheme was passed by Parliament on 17 June 2010 and received Royal Assent on 14 July 2010. Australia's first national Paid Parental Leave scheme will start from 1 January 2011. It will provide eligible working parents with 18 weeks of Parental Leave Pay at the National Minimum Wage, currently \$570 a week before tax.

Further information is available at [://www.familyassist.gov.au/news-and-updates/paid-parental-leave-scheme.html](http://www.familyassist.gov.au/news-and-updates/paid-parental-leave-scheme.html).

### **Other**

Other agreed items that will be on the Government's agenda include:

- Afghanistan: holding a parliamentary debate on the war in Afghanistan;
- Referendum: holding a referendum to recognise Indigenous Australians and Local Government in the Constitution.
- Rail: completing an implementation study on high speed rail by July 2011;
- Pokies reform: introducing 'pre-commitment technology' to pokies by 2014 to reduce problem gambling.



## The Senate

The Greens will hold the balance of power in the Senate from July 2011.

Current Senate	No. Seats	Future Senate (from 1 July 2011)	No. Seats
Greens	5	Greens	9
ALP	32	ALP	31
Country Liberal Party	1	Country Liberal Party	1
Nationals	4	Nationals	4
Liberal Party	32 (Coalition 37)	Liberal Party	29 (Coalition 34)
Family First (Fielding)	1	Democratic Labor Party (DLP)	1
Independent (Xenophon)	1	Independent (Xenophon)	1