



**Sharon Grierson MP
Federal Member for Newcastle**

**Appropriation Bills (Nos. 3 & 4) 2006-07
Second Reading
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Ms GRIERSON (Newcastle) (11.19 a.m.)—Appropriation Bill (No.3) 2006-07 and Appropriation Bill (No. 4) 2006-07 are before us. These are top-up bills which provide additional budget appropriations of \$1.8 billion. Appropriation Bill (No. 3) deals with the ordinary annual operating services of government—additional funds to all the departments and agencies implementing policy—and Appropriation Bill (No. 4) deals with tied grants to the states and non-operating equity injections and loans.

Labor is of course supporting these appropriation bills to enable the government to continue its work. But I also rise to support the amendment that has been moved by the member for Melbourne, which condemns the government for its poor performance in securing Australia's long-term economic fundamentals, reasserts Labor's opposition to the government's draconian industrial relations changes and highlights the flawed budget documents and Charter of Budget Honesty election costing process.

The government claims it has been a very good economic manager. The fact is it has not. The government has benefited greatly from the resources boom and it has definitely benefited from the superannuation reforms of the Keating years that have injected so much saving for investment into our economy. But, unfortunately, in riding the booms and Labor reforms, it has continued to waste the opportunities that this has presented to our economy.

These bills, like so much of the legislation that comes before this House, are part of a now well-entrenched pattern on the part of the Howard government of ever-growing wasteful spending and wasting of opportunities. Over the past few years we have seen the government engage in a giant spending spree, generally but not always linked to the election cycle, that has been built on the enormous boost to Australia's national income that has derived from the minerals boom. But the government continues to squander these dividends of prosperity. It is not investing for Australia's long-term future and, in particular, it is misusing its authority to spend money in a variety of ways that are designed purely to win political support for the government and to reward its supporters or particular interest groups instead of funding projects that actually deliver long-term sustainable investments in our communities and our national economy - projects that benefit everyone over the long term.

This is not a government that is focused on serving the long-term interests of the nation. I think we need to highlight some of the wasted opportunities and mistaken priorities of this government and underline the social and economic costs of such gross negligence. Australia's persistently large current account deficits and spiralling half-trillion-dollar foreign debt are just not sustainable. Australia's current account deficit is one of the highest in the OECD despite record high commodity prices.

You need only look at Australia's trade statistics to expose the lie that this government has been a good economic manager. It has been lucky. The Howard government has racked up the worst trade performance in Australia's history. In December, the most recent figure, a monthly trade deficit of \$1.3 billion was recorded, and this was the 57th consecutive trade deficit in a row. This is the longest uninterrupted period of trade deficit on record.

When Labor was in office, in every year between 1983 and 1996 we were able to average on an annual basis eight per cent growth in exports. How does that compare with what the current government has achieved? Despite a record resources boom it has averaged growth of only four per cent, if you take the whole 10 years that it has been in office and for which the records apply, and just one per cent over the past five years, unfortunately. It is a woeful performance.

Australia is stuck in a trade rut at a time of 30-year record high prices and demand for minerals. Australia is dependent on a narrow range of commodity exports. Unfortunately, service exports remain weak. Since 2000 the performance of elaborately transformed manufactures has collapsed along with productivity growth. The Howard government has done nothing after the reforms of the Hawke-Keating years, except of course introduce Work Choices.

A recent OECD report, released yesterday, said that Australia's productivity was well below that of leading nations and its employment rates for low-skilled and older workers was relatively poor. I think that is worth dwelling on. In my area, Newcastle, we have experienced much change and restructuring in industry, including the corporatisation of utilities like telecoms, and we have seen rapid increases in mature age unemployment. Older men were forced out of their jobs and their lack of skills keeps them out of new employment, and they have fallen off the government's statistics altogether. They no longer apply for jobs. Their partner may work or they have become welfare dependent. It is pleasing that the OECD have recognised that employment rates for low-skilled and older workers are relatively poor in this country. At a time when the utilisation of labour is reaching the maximum, we have people that we have left behind.

Australia's performance in high-technology industries is also being eroded by underinvestment in universities, TAFE and training. The Productivity Commission's *Report on government services 2006* showed recurrent public spending on vocational education and training had dropped by 3.1 percent in 2004. The Howard government has turned 300,000 Australians away from TAFE since 1998. The number of VET—vocational education and training—students has decreased by 6.6 per cent between 2000 and 2004. And this is not because they are out there getting jobs. Teenage and youth unemployment remains around 25 per cent in my electorate. Government recurrent spending per student hour fell from \$20.18 in 2000 to \$19.12 in 2004.

In my own electorate, university fees have grown so much since the introduction of HECS in 1989 that federal funding to the University of Newcastle only just outstrips its earnings from students. The federal government contribution this year will be about \$140 million—just \$10

million more than what is expected to be collected from student fees. Universities are now finding almost half of their funding by shifting the financial burden onto students and their families. Nearly two in five of this year's undergraduate intake could be meeting the full cost of their education.

Education is becoming unaffordable for some, and student debt is already out of control, as one of my constituents from Thornton, in correspondence to me, recently noted:

"Uni fees (are) unbelievably high ... I have a son starting uni this year and am worried about the HECS fees he will have to repay even before he starts taking loans for a home and family later in life. He will already be in debt before he starts."

I hear my own daughter say, 'Mum, we can't afford to have a baby yet. We're both still paying off our HECS fees.' Coupled with housing unaffordability in New South Wales, this is a real problem. They consciously want to pay off their HECS debt, but it is a real burden. I say to them, 'It's the lowest interest rate you'll ever get—forget it.' But it is a huge burden on young people. Another constituent from Beresfield wrote:

"I finished my HSC last year after getting good marks ... now I have deferred Uni for 12 months as I nor my parents can afford to pay for it."

We need to redress the gross inadequacy of current funding arrangements for Australian universities. We need to give our young people a chance. This used to be the clever country; it has to be that again. Education must be at the centre of our long-term strategy for national prosperity. Education is the engine room of the economy. It is the pathway to prosperity for everyone; it is the key to being globally competitive. But for too long we have failed to see education as a core challenge for the economy and a core recipient of the economy.

Australia definitely needs an education revolution—a revolution in the quantum of our investment and a revolution in the quality of our education outcomes. Labor has recently launched a 'New Directions' paper about the central role of education in our country's long-term economic future. We have a goal for Australia to be the best educated country, with the best trained workforce, in the world. It is central to Labor's existence that every Australian have the best opportunity to perform and prosper. It is the Australian ethos, I suppose, that people like me have benefited from parents who both left school before they were 14 and never had the opportunity to have an education themselves. They knew the value of education for their children.

We have also seen the government refuse to act on climate change and, by doing so, fail to protect Australian jobs and the economy. The CSIRO estimates that temperatures in Australia could be up to two degrees hotter by 2030 and up to six degrees hotter by 2070. As a result, we can expect more severe and frequent coral bleaching of the Great Barrier Reef, increases in extreme weather conditions—weather phenomena that could be catastrophic, such as droughts, tropical cyclones and floods—a reduction in run-off entering our waterways and greater incidences of tropical disease. These events will have an enormous impact on our tourism, agricultural and insurance industries, with particular consequences for coastal and regional communities.

This week, we have been able to take a closer look at the government's much-touted \$10 billion program for the Murray-Darling Basin. We know that the inception of this program did not involve the departments of treasury and finance—no economic modelling for this government. We know that the financial statement that was associated with the announcement was just a single page. There have been few occasions in political history when so much money has been committed with such an incredible lack of economic scrutiny. So many questions remain unanswered, yet there is a notional commitment of \$10 billion of taxpayers' money to this program—a program that is undeniably necessary but desperately in need of detailed strategies and economic modelling for it to succeed.

Yesterday it was revealed that Treasury has not made any detailed assessment of the economic impact of climate change. Unbelievable! Unlike the British Treasury, which commissioned former Chief Economist of the World Bank Sir Nicholas Stern to report on the economic implications of climate change, our government says there is no urgent need for Treasury to do so. I wish they would go back and look at the CSIRO reports issued in the late 1980s which outlined the problem and provided projections. The government have had those reports since the late 1980s and, unfortunately, they have just sat on their hands. With Australia's greatest climate change sceptic at the helm, it should be of no real surprise that Treasury does not regard the lack of economic analysis as a pressing issue.

Australia's health system is being damaged by short-term political fixes which have created spending blow-outs in key program areas but have failed to address critical structural weaknesses such as workforce shortages and rising health costs. The Howard government has spent more time on fighting with the states, playing the blame game and cost shifting rather than on fixing problems and dealing with pressing issues such as childhood obesity, the structural changes in health delivery caused by an ageing population and the inequity of funding arrangements for rural and regional areas. The people of Newcastle and the Hunter region continue to go without much needed health resources in the face of wasteful spending by this government. Like the rest of rural and regional Australia, we have acute medical workforce shortages in the Hunter. We need health funding to address the chronic shortages of GPs and specialists, including orthopaedic surgeons, paediatricians, radiotherapists and obstetricians in particular. One of my new constituents from Beresfield recently wrote in response to a survey:

"It is difficult finding a GP whose books are not closed ... newcomers to the area find it difficult getting into a practice."

There is also an urgent need for public health dental services. Hunter public patients face a five-year wait for dentures. I do not think that is in any way fair. We can only be ashamed. A new constituent from Tarro, which was previously in the electorate of Paterson, said:

"One thing I am most concerned about is the availability of dental care. Private is too expensive and the government dental lists are much too long."

The public know the reality. Another new constituent in Beresfield said:

"Bring back the Commonwealth Dental Scheme—it is very important to older people."

These people talk from direct experience. Certainly, they are not fooled. The Howard government abolished the Commonwealth dental scheme in 1997. Labor understands that unattended dental problems can become very serious and cause other health complaints. Labor remains committed to fixing the dental crisis in Australia, but there is no extra money in these appropriation bills to do so.

Other health projects in my region that require investment from the federal government include a Medicare licence for the PET scanner at the Mater Hospital. People still have to go to Sydney to get their PET scan. These scans are an imperative to saving money and lives in the treatment of cancer. Diagnosis, identification and certainly treatment plans are much more efficient if a PET scanner is used. We also lack a Medicare licence for the new MRI scanner at East Maitland, servicing the new areas of my electorate.

A new joint Hunter Medical Research Institute and University of Newcastle research facility is needed at the John Hunter Hospital. Secure, ongoing funds for the GP access after-hours service is needed. It is worth pointing out that the member for Paterson re-announces funding for the GP access after-hours service every year or so and makes it look like he has saved it again from doom, gloom and destruction. He particularly goes out in election years doing that. Let us stop playing those nonsense games and make sure these good services are sustained and that people can have confidence that they will continue. We also need to refurbish the Hunter dementia resource centre and to fund additional Commonwealth medical places at the University of Newcastle.

When you also look at the failure of the economy, you have to say that investment in research and development has been particularly weak. R&D as a proportion of GDP is only 0.89 per cent—nearly half the OECD average of 1.5 per cent. Australia ranks 15th in R&D effort in the OECD tables. Since 1996 business investment in R&D has grown at only 2.6 per cent, while in the previous decade R&D investment grew at 11.4 per cent. Chinese firms are boosting R&D expenditure at a rate of 21 per cent per annum. Look out Australia! Companies such as Merck, Intel and Microsoft spend as much on R&D as the sum of all Australian businesses. Australia has an \$85.4 billion trade deficit in high-technology manufactures—an increase of 13.4 per cent year on year.

Productivity growth is unacceptably sluggish. It is the most important source of economic growth and with declining labour supply growth its importance will increase. The Productivity Commission has estimated that if productivity growth could be maintained at 1990s rates, the decline due to ageing could easily be contained—something we should be trying to do. This calls for more effort on national competition policy, infrastructure reform, skills development, tax reform and cutting unnecessary regulation.

The government's industrial relations legislation is not about improving productivity or workforce participation. The policy aims of the legislation are to strip entitlements and conditions and to remove or reduce safety nets. There has also been an enormous waste of money as the government has spent wildly on advertising after the introduction of Work Choices. The government has a history of wild spending sprees, particularly in election campaigns. It has more than \$20 billion over the forward estimates stashed away in the contingency reserve that it wants to roll out in the lead-up to the election campaign. Standards of accountability are slipping—I note

that the Chair of the Joint Committee on Public Accounts and Audit, the member for Deakin, is in the chamber—and of course accountability for spending is something we take very seriously.

The \$10 billion, 10-year water package contained no detail on the timing of expenditure or whether the projected expenditure is in the forward estimates period or in the never-never beyond the forward estimates. The Howard-Costello government is a big spending government compared to the Hawke government. Locking in spending against a tax base that will be eroded by intergenerational change is inherently risky. Much spending has been wasteful or politically motivated and is unlikely to secure higher levels of productivity or participation. There are also major problems with the transparency of the budget documents, and I think we all struggle with that at budget time.

There are other deserving federal projects that my region would like to have seen included, such as funding for a purpose-built Commonwealth courts complex. We would love a Federal Court building; the Family Court is all we have. Our legal fraternity currently have to go to Sydney to lodge bankruptcy, trade practices and environmental law cases. The pressure on the Family Court is accepted by the Attorney-General, but we do need a Commonwealth courts complex.

We also need an upgrade of our stadium. We are sick of seeing the Treasurer's stadium and a few members' stadiums get money while the Energy Australia Stadium gets nothing. Newcastle's solar city bid is absolutely essential. The Prime Minister is trying to be fearful and cause division in mining communities like mine, but here we have a city that is advanced in R&D technology and solar energy and yet the success of our solar city bid remains unknown.

There are a lot of infrastructure needs in our area and of course broadband remains absolutely critical. One constituent wrote:

"Having just moved into a new housing estate [I am concerned about] the lack of availability of broadband access."

Another Thornton resident said:

"We applied for ADSL Broadband about 2 years ago and are still waiting."

So whilst these appropriations must of course go through, I join with my Labor colleagues in taking the opportunity in this debate to point to the wasted opportunities of the last 10 years. It is about time this government changed its direction. I know it will not, so we must change the government. The Australian people have the opportunity later this year to say: 'Let's have that change. Let's get rid of this government and vote them out of office.'