



**Sharon Grierson MP
Federal Member for Newcastle**

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BUDGET APPROPRIATIONS BILLS

Ms GRIERSON (Newcastle) (6.56 p.m.)—I rise to speak on [Appropriation Bill \(No. 1\) 2007-2008](#) and the cognate bills. These budget bills seek \$59 billion for the ordinary annual operating services of government, \$10.1 billion for tied grants and other funds to the states and \$170.7 million for the three parliamentary departments. [Appropriation Bill \(No. 5\) 2006-2007](#) and [Appropriation Bill \(No. 6\) 2006-2007](#) also seek \$554.9 million and \$259.2 million respectively in additional appropriations. I support Labor's amendment, which condemns the Howard government for failing to secure Australia's long-term economic fundamentals, despite record high commodity prices and rising levels of taxation. Perhaps most disappointing is the way in which the Howard government has let this nation's productivity levels flag so alarmingly. The 2007 federal budget papers indicate that Australia's productivity growth will decline from the end of the next financial year. Australia's productivity actually went backwards for the first six months following the commencement of Work Choices and is presently at just 1.5 per cent compared to a historical average of 2.3 per cent. Amazingly, we have a boom economy where productivity has stalled. What a mockery that makes of the assumptions underlying Work Choices. One of those assumptions was detailed in former Minister Andrews's second reading speech on the [Workplace Relations Amendment \(Work Choices\) Bill 2005](#), when he said:

"A central objective of this bill is to encourage the further spread of workplace agreements in order to lift productivity and hence the living standards of working Australians."

Work Choices has done nothing to lift productivity and, while that may be a surprise to the government, it is not a surprise to us. That is why our amendment condemns these extreme industrial relations laws, which lower wages and conditions for many workers and do nothing to enhance productivity, participation or economic growth.

A real approach to lifting economic growth and productivity would be investing in infrastructure—not only hard infrastructure but also knowledge and social infrastructure. In terms of hard infrastructure, though, Newcastle provides a striking example just off its coastline in the form of a coal ship queue of some 60 ships. The coal chain from the Hunter Valley mines to the port of Newcastle is incredibly complex. Over 300 jobs were lost in the region recently when coal companies scaled back production in preparation for the reintroduction of the capacity-balancing system. The real problem in the Hunter is that demand exceeds infrastructure capacity, but the political problem has been the failure of this government to take sufficient responsibility

for infrastructure audits, planning or funding. For the Hunter Valley coal chain there is no simple solution. Investment is needed at the mine heads, in the rail assets that move the coal to Newcastle, in the rail lines themselves, in coal loader terminals and the deepening of the port. Every one of the managers and owners of the coal chain infrastructure, government and private, needs to continue to improve their contribution and commitment. It is not simple, but it is vital for our nation's productivity that we get it right.

Similarly, with the fastest growing regional airport in the nation, Newcastle has a growing need for investment in the road and rail infrastructure to link our region to the nation and to the world. Again, several players could do more, but without federal government leadership the outcomes will be less than desired. In the areas of social and knowledge infrastructure, Labor condemns the Howard government for failing to attend to the long-term relative decline in education and training investment, thereby undercutting further workplace productivity. Funding for education as a proportion of GDP is expected to decline to 1.6 per cent next year, down from two per cent in 1995-96. Our overall investment in education puts this country in 18th position on the OECD tables. This is simply not good enough from a government that has had 11 years of economic good times in which to invest in productivity gains through education.

After Labor launched our education revolution this year, the Howard government has finally decided to play catch-up in this budget, and we welcome that. But we are not the only ones who are suspicious of the Howard government's sudden so-called commitment to education. Ross Gittins wrote last week:

"...I'd have said the one thing Howard wasn't on about was education. Not at any level—school, vocational education and training, or university."

Gittins goes on to remind us that under Whitlam in 1974 about 27 per cent of Commonwealth schools grants went to private schools and about 70 per cent to government schools. This was roughly in proportion to each sector's share of students. Now, under the Howard government, public schools get 31 per cent of the money while private schools get 69 per cent. This is despite the fact that public schools still have two-thirds of students. I have no problem with Commonwealth funding to private schools and I am committed to Labor's policies of maintaining that funding. But I do think we can do better in our commitment to government school funding, the choice for two-thirds of our students.

One of the big budget headlines was the government's plan to put \$5 billion into a Higher Education Endowment Fund, the interest on which will be used each year to fund university capital works. Again we welcome that commitment, but it will certainly not fully repair the damage to universities after 11 years of neglect. Distributed across Australia's 38 universities, the fund might provide an average of \$8 million a year per university. To put this into perspective, the University of Newcastle identifies that it needs to invest about \$140 million in infrastructure over the next five years, and \$40 million is perhaps all the endowment fund can provide. A key proposal is for a joint clinical research centre with the Hunter Medical Research Institute. This proposal is costed at \$90 million, and we were disappointed to see nothing for it on budget night,

especially given that half a billion dollars was shared around 14 other medical research institutes. However, I am pleased to note that the government went a small way to rectifying this with a \$3.5 million grant under the Capital Development Pool program a few weeks later. But we are still \$34.5 million short and we will be seeking those funds so that our researchers can keep punching above their weight, as they have been doing for some time. I also have concerns about the ability of smaller regional universities like ours to attract funding under the endowment fund. With universities required to provide matching funds to increase their chances of getting a grant, I am concerned that it will be those richer universities and those with already established alumni and philanthropic networks that will benefit the most. I hope that will not be the case and I will strongly support the right of regional campuses like the University of Newcastle to compete on an equal basis with the sandstone universities.

I spoke in the House the day after the budget and gave an indication of my disappointment with other aspects of the education budget and of the benefits of Labor's education revolution. Since then, Labor has announced further planks in that revolution: firstly, a national Asian languages and studies in Australian schools program to work with the states and territories to promote the study of languages such as Japanese, Indonesian, Mandarin and Korean in high schools; and, secondly, a 10-year \$2.5 billion trades training centres in schools plan, which will see new trades centres built in Australia's 2,650 secondary schools—not a replacement for TAFE and not a competitor for TAFE, but preparing young people very early with the best facilities in their very own schools. These two programs are part of Labor's comprehensive approach to fixing the Howard government's skills crisis by training our people to compete not only in the towns and cities of our nation but also in our increasingly globalised world.

There is no more potent symbol of globalisation than the internet. It has become indispensable for students, for businesspeople and for families. Unfortunately, the Howard government's failure to provide national leadership on a high-speed national broadband network symbolises just how out of touch it is with the way Australians work, play and communicate. Since 2000 in the Hunter, the number of businesses with their own website has almost doubled and the number which place and receive orders over the internet has more than doubled. Eighty-one per cent of households now have a computer and 63 per cent of them use it daily. Household internet access in the Hunter has almost doubled to 71 per cent since 2000. However, only 48 per cent are connected via broadband. Sadly, there are people in my electorate, in suburbs like Shortland and Thornton, that still cannot access ADSL broadband. The government is not interested in dealing with this issue, only in applying bandaids like its metropolitan broadband black spots program, which spent \$1.3 million on administration and only \$200,000 on providing broadband services. That is keeping us very busy in our electorate offices.

Labor believes that government should be in the business of nation building and that is why we are committed to establishing a national broadband network in partnership with the private sector that will be up to 40 per cent faster than most current speeds. Labor is committed to bringing high-speed broadband to every household in this nation.

Australians need a national high-speed broadband network to boost productivity growth and build long-term economic prosperity once the mining boom has subsided. But the Howard government has squandered the mining boom, as evidenced in this nation's persistently large current account deficit and booming foreign debt. At a time of record high commodity prices, the budget's prediction that the current account deficit is set to blow out to a record \$65 billion, or six per cent of GDP, is a sure sign of missed opportunities. We are living through the greatest resource boom in living memory, yet every year for the past five years we have been importing more than we export. We have had 60 monthly trade deficits in a row.

Part of the way in which we can foster export success is by expanding and encouraging research and development to move Australian industry up the value chain. Unfortunately, this government is spending less on public research as a proportion of GDP, down from 0.4 per cent of GDP in 1996 to 0.29 per cent now. Growth in business investment in research and development has also slowed under the Howard government, growing at less than half the rate it enjoyed under Labor. Our vision to correct this slide includes 10 Enterprise Connect innovation centres to connect businesspeople with ideas people. These centres will be supported by innovation councils for key sectors to develop long-term strategic approaches to improving productivity. Labor will restore the Chief Scientist to a full-time position and we will bring responsibility for innovation, industry, science and research within the one department.

The government's package, while containing some worthy initiatives, does not actually offer a coherent vision. Its Australian industry productivity centres appear to be a copy of Labor's Enterprise Connect centres, but with less money. Its extension of eligibility for the premium R&D tax concessions is welcome, but it does nothing about red tape or the issues around the tax offsets \$1 million spending cap. Similarly, while there is \$32 million over four years for small one-off commercialisation grants with a streamlined application process, applicants for the other \$200 million a year in commercial-ready funding are stuck with the existing red-tape burden, a burden that actually turns many people away from applying. The Building Entrepreneurship in Small Business program has been extended, I see, but for only one year, until the end of 2008-09. So I am not convinced by the government's global integration statement and I am not sure the innovative businesses and manufacturers in my region, that are looking for real support to compete globally, will be convinced either.

Like in the area of innovation, we see in this budget no real reform of our health system to equip it for a future focused on prevention, early intervention, and an ageing population. Despite some welcome initiatives like the new funding for medical research, a new dental school and the Royal Flying Doctor Service grant, the government's health budget is little more than a grab bag of assorted programs with no consistent message or policy direction. Australia's healthcare system is being damaged by this government's ongoing neglect. All the government has to offer the Australian people are short-term political fixes. But these are the same so-called fixes which have created spending blow-outs in key program areas while all the time failing to address any of the critical structural weaknesses around preventative health, medical workforce shortages and

rising health costs. This budget falls well short of resolving our most pressing health problems.

The government's proposed budget scheme for dental care is a good example. The decision of the government to rip out about \$100 million from the public dental sector when it abandoned the Commonwealth dental program in 1996 now sees 650,000 Australians waiting for much needed dental care. Having spent the last 11 years steadfastly denying that it has any responsibility for dental care, the Howard government has now finally decided to put some money back into dental care.

Unfortunately, its idea of a Commonwealth dental health program is extremely limited, reaching only those with a chronic disease, provided it can be demonstrated that their chronic disease will be made worse by their dental condition. Although the program will be welcomed by those who qualify, the point is that very few Australians, fewer than 6,500 people, will actually qualify. Moreover, this is the same program that the government said would cost \$15 million but that has only been able to spend \$1.6 million in the last three years. Why spend another \$370 million on a program that, for the last three years, has failed to spend the money already allocated to it? Why not use this money to help people who have been on the dental waiting list for years?

Regrettably, the health budget was silent on many of the pressing needs for people in Newcastle and the Hunter region. There was no Medicare licence for the PET scanner at the Mater Hospital. This situation makes people turn to Sydney when they certainly need immediate local treatment. There was no good news for the refurbishment of our dementia resource centre either.

Another issue we feel very strongly about in Newcastle is climate change. As a coalmining and export centre, our region is at the pointy end of climate change. We know we are a part of the problem but, as a recent Hunter Valley Research Foundation survey found, our people also want to take steps to contribute to climate change solutions. Unfortunately, there are no large scale practical measures in this budget to help our nation or my region to effectively deal with climate change. In contrast, Labor has already announced that we will ratify the Kyoto protocol, reduce greenhouse gas emissions by 60 per cent by 2050, give households low-interest loans to help install energy efficient measures and help the states fix leaky water mains and pipes.

Of great interest and benefit to my region is another visionary Labor program: the national carbon capture mapping and infrastructure plan. This is one of the first three projects to be funded through the \$500 million national clean coal fund. Labor is committed through this fund to protecting jobs and industry in our region while also acting to combat climate change. It is a delicate balance but it is a vital one that the Howard government is failing to even attempt.

Speaking of failures, the government's budget stands condemned for failing the test of transparency and accountability. The government squandered \$66 billion of taxpayers' money to get itself re-elected in 2004 and it has continued to spend the nation's prosperity like there is no tomorrow. The budget papers show that the government received an extra \$53 billion over four years over and above what was estimated six

months ago and is spending almost all of it. Total government policy commitments in this budget amount to \$72 billion over the next five years, \$6 billion more than their 2004 election spending spree. I think those figures would horrify the Australian public.

Even more worrying, however, is the lack of transparency in budget documents, with loose outcomes and outputs, a deficient Charter of Budget Honesty and insufficient attention to intergenerational costing issues. Labor is committed to reform in this area, ensuring the full transparency and full reporting of financial transactions to the parliament so that all Australians can see where their money is going. I think the Australian people deserve nothing less, but I know every member of parliament here finds it very difficult on budget night to find the information easily, readily or reliably when they first look at those budget documents.

To conclude, there are some projects that the Newcastle community has been sweating on for some time. I was pleased to see \$220,000 in the budget papers allocated for a study on the accommodation needs of our Family Court. This is a start, and the community will keep advocating for improved facilities for families who come from all around the region to use this vital service. But, of course, we have been asking for a Federal Court and that is what we would like to see.

The budget confirmed the extra \$4 million for the refurbishment of Fort Scratchley, one of Newcastle's iconic historical sites and one that has sadly been in a state of decay. The community, the Fort Scratchley Historical Society and our civic and political leaders have finally shamed the government into action on this, six years after it was promised. We are also still waiting for a commitment to upgrading Energy Australia Stadium, and I urge the government to match the commitments that have been made by federal and state Labor to this important project.

Although we in Newcastle are still waiting for important projects, the nation as a whole is still waiting for a budget with a vision for future prosperity beyond the mining boom: a budget that invests in our people through education and invests in our nation through infrastructure, a budget that does not shift blame and cost to states, a budget that acknowledges that Australia is part of a rapidly changing and developing global environment and global community. This certainly does require a change in government to one that is proactive, takes responsibility and shows leadership in the economic fortunes of this country.