



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

Main Committee

APPROPRIATION BILL (NO. 1) 2002-03

Second Reading

SPEECH

Tuesday, 18 June 2002

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Questioner
Speaker Katter, Bob, MP

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Mr KATTER (Kennedy) (8.00 pm)—I rise tonight to speak on Appropriation Bill (No. 1) 2002-03. If the Treasurer is to be judged, as any good manager of a business is to be judged, on whether he balances his books, then we could say that the Treasurer is a very good Treasurer. He is most certainly balancing the books. The newspaper noise that was made about \$1,000 million would have to be regarded as very petty indeed in a budget of \$160,000 million. I venture to suggest that the federal budget includes GST, so we are really talking about \$200,000 million, but that half a per cent, if you like, is neither here nor there.

Having said that, if the Treasurer is to be judged not as the Treasurer of the government but as the Treasurer of the country Australia, then unfortunately, like all the treasurers since 1983, starting with Mr Keating, he must be judged very harshly indeed. I regret to say that, but I think he, like his predecessor treasurers, has a very limited understanding of economics or at least of macro-economics. When the Treasurer is speaking, I often feel like shouting out, 'Mr Treasurer, please read one book on economics. Just do a modicum of research to have a bigger picture understanding of what you're talking about.' It is easy to come into this place and reel off words and figures, but you cannot make premises without backing them up with statistical evidence, however much those figures have been prostituted.

In 1982 this country owed the rest of the world \$18,000 million. This country, for the best part of the last 15 years, has accumulated an increase in that debt of over \$18,000 million. This year it will accumulate an increase in its debt of over \$18,000 million. All of us in this place have heard this fact before, but it bears repeating: in all the history of Australia, this nation had only ever traded so badly or lived off borrowings to the extent that it had accumulated a debt in its whole 100 to 150 year history of \$18,000 million. Yet, in the short space of 20 years from 1982 to 2002, it has increased that debt from \$18,000 million to \$332,000 million.

The current government made a big deal over that debt. They had an advertising trailer that went around Australia, and with each passing day they increased the debt on the trailer. I thought it was an excellent gimmick. It sort of came unstuck because the figures went backwards for a bit. But it was a valid exercise to advertise the increase in the debt, because it was a serious matter.

I carry around in my briefcase a statement from 1987 or 1988—I can provide the date of it for the House—made on a morning ABC program by the then Leader of the Opposition, Mr Howard, who quoted the then Treasurer, Mr Keating, as saying that the current account was then at such a problematical level that this country was in danger of becoming a 'banana republic'. Mr Howard quoted Mr Keating as saying that when the current account was about \$15 billion a year. Mr Howard took the current account under his government to \$33 billion.

But it needs to be said, in fairness to the current government, that they deserve very great praise because they did not use the interest rates to prop up the dollar; so, without the interest rates to prop it up, the dollar fell and, as a result of its falling, our international competitiveness improved dramatically. Brazil, as a poorer nation, has decreased the value of its dollar by 82 per cent in the last two years and we, as a competitor in sugar against Brazil, have most certainly felt the pain of that decrease. In the same period of time our dollar also depreciated, by some 30 per cent. But they did it by government fiat, whereas we were doing it by low interest rates allowing the dollar to fall. So the government must be praised greatly.

But you cannot run a government by simply pressing some macro buttons. It is infinitely more complex than that. At some time or other, you actually have to perform; you have to ensure that your industries are internationally competitive. Looking back on years gone by, I do not hesitate to praise the very great work done by John Button. With the expenditure of a few hundred million dollars, which is a relatively small amount of money—although it is still, of course, a lot of money—he was able to render the Australian steel industry internationally competitive. We started with that industry producing about 80 tonnes of steel per worker per year, compared with Korea producing 250 tonnes per worker and the new plant in Taiwan at Kaohsiung producing 600 tonnes per worker. Under the Button plan, we went to 720 tonnes per worker, and became the most competitive steel industry in the world. John Button pointed out the direction in which a government should travel.

Another more relevant and immediate example that leaps to my mind occurred under the Kerin plan for milk, whereby a 6c levy on milk for home consumption was moved across to boost manufacturing milk. The Kerin plan resulted in some assistance being given to the manufacturing part of the industry, the part that exports. The industry went into exports as a result of the stimulation and assistance that was provided, and took our exports from \$250 million a year to over \$2 billion a year. That is an extraordinary achievement. So we have had these two enormously successful achievements in the Australian economy.

A culture and a philosophy which has dominated this parliament since the time of Paul Keating—the current government most certainly ascribes to the same theories and philosophies—is that of the free market. I have always found it extraordinary that the architects of the free market policies in the Australian government were the ALP, but of course they were. This government has very comfortably moved into their shoes and adopted the same policies. I am sitting here as a member of neither party because I do not ascribe to either of those theories. Hanging on my wall is a picture of 'Red' Ted Theodore, the founder of the labour movement, and a picture of Sir John McEwen. These men were interventionists of the highest order. They were intelligent men. When they intervened, they intervened intelligently. Consequently, Australia is a far stronger place than it would have been without those two very great figures in Australian history.

The current account is still whipping along at about \$20,000 million a year. I do not see any chance for that abating. Australia really only exports two generic commodities: mining and agriculture. They account for 90 per cent, if you want to do a detailed breakdown. Some figures will argue this because there is downstream processing, but that downstream processing would not exist in Australia without the upstream natural resource. So if you cut off cattle, there is no processing into meat. If you cut off copper, there is no copper refinery in Townsville.

In Queensland there has not been one single mining lease issued in the last six years, because the Queensland government have decided that they will not trigger the right to negotiate. The companies cannot trigger the right to negotiate, so there is no right to negotiate, so there are no mining leases occurring in Queensland. It is one of two states that produce all of our mineral wealth. Mount Isa's population has dropped from 30,000 to under 20,000 as a result of the sorts of laissez-faire attitudes and policies of government.

Ironically enough, it was the Labor Party in Queensland that allowed fly-in mining. The big companies and corporations wanted to fly-in mine and that has been absolutely disastrous for the working men of Australia and for the miners of Australia. Industrial unions, such as the CFMEU, have fought a very courageous and very laudable battle against fly-in mining—a battle which they have lost. The net result of it is that these people see their families only rarely and only briefly. The accident rates have skyrocketed in mines throughout Australia. The country areas that once saw jobs come with mining have seen their jobs denuded. Population in the mighty inland city of Mount Isa has gone from 30,000 to under 20,000.

Having said all of those things, the government prides itself on being a low tax government. I think, in fairness, that it has endeavoured to be that. But when you have massive numbers of people tumbling out of the Australian work force because of what is taking place under these policies, someone has to look after them; the public purse has to look after them. We have seen a massive increase in taxation. It amazes me that the opposition has not brought attention to bear upon this fact. The Treasurer has very cleverly taken the GST out of his taxation revenue figures, because he said it applies to the states. But it is a revenue medium introduced by the federal government and applied and administered by the federal government. The state governments did not introduce the GST; the federal government introduced the GST.

The Treasurer, in fairness to him, said that the state governments would reduce their incomes. And pigs will fly! No government getting a windfall from an outside source is suddenly going to decide to cut back all of their revenue sources as a result of that windfall. Surprise, surprise, they didn't. The fact is that taxation has increased from \$147.8 thousand million three years ago to \$158.5 thousand million—a \$11,000 million increase. Since the introduction of the GST there has been a net increase in taxation of \$29,000 million. That makes an overall increase in taxation of \$40,000 million.

Up until last year, the states had reduced their incomes—I have not got the latest figures, which will be much worse than the ones I am quoting—by \$7,000 million. I think you can safely say that this year they will increase their budgets. I do not think anyone is denying that. Let us take last year's figures. There was a \$33,000 million increase in taxation, which is a 22 per cent increase in taxation over three years. Are they entitled to that? The CPI has gone up only 11 per cent, so the CPI does not entitle them to that. Average weekly earnings have gone

up only 10.5 per cent, and obviously that does not entitle them to a 22 per cent increase in their revenue raising. We have seen taxation increase dramatically and, in fairness to the government, it has to. There are now all these people who have to be looked after. They do not have jobs. Under economic rationalist policies, these people are simply tumbling out of jobs like rain from heaven, and it will continue to occur.

If this country depends for its wealth on what it sells overseas, then we are killing the mining goose that laid the golden egg, the coal egg and the iron ore egg. It is arguably already dead in Queensland. In the field of agricultural production, our cattle numbers are down between 10 per cent and 20 per cent on where they were years ago. Our sheep numbers are down between 10 per cent and 20 per cent on where they were 10 or 15 years ago. Our sugar production is down 10 per cent or 15 per cent on where it was 10 years ago. They are just three of the major commodities. The number of dairy farmers in Queensland and New South Wales has already fallen by some 20 per cent in the first two years of deregulation, according to the *Queensland Country Life* newspaper. A quarter of those farmers have already gone to the wall. I have now listed four major industries. I could add to that list many minor industries which I am very familiar with, but I want to mention one industry in particular, the fishing industry. State and federal government decisions have reduced the fishing industry in Queensland by about 30 per cent, and they are not stopping there. If all the micropolicies say that you cannot trawl fish and you cannot farm fish, then there is only one source from which we can get fish—importation. According to the figures that have been given to me, we import \$70 million worth of prawns every year into Australia. When I was the Minister for Northern Development in the Queensland government, we had planned to export \$1,000 million worth of prawns a year. We were simply going on the Thailand model. Over the next 10 years, Thailand increased its production by 100,000 tonnes; Australia increased its production by 1,000 tonnes. The economies of our northern neighbours are going up but our economy is not going like that at all, despite what is argued by the current government.

Built into the GDP are such things as the building of high rises in Brisbane. They do not create any extra wealth for the vast bulk of the Australian population; they just create taller buildings with more prestigious workplaces for all of the super rich element of our society. That money reflects the predatory nature of the shopping centre phenomenon in Australia: we will build a bigger shopping centre than you, and your shopping centre will empty out and die. Bigger and better shopping centres do to some degree increase our quality of life, but that is not the sort of progress that has made this country rich and powerful, as it once was. In the past, the sorts of things you looked at were the Snowy Mountains Authority, which produced some \$10,000 million income each and every year for this country. It is now denigrated by every politician that one runs into in both the state and federal spheres—this terrible thing that we did in instituting this wonderful scheme! I must pay tribute to the Leader of the ALP in the last election campaign, who was asked on the *Business Sunday* program what he was going to do about employment. He paused for a moment to think about it and then said, 'I will answer your question this way: the most wonderful thing that ever happened in this country was the Snowy Mountains Authority,' and so it was. Mr Chifley, Mr Menzies and Mr McEwen should be very proud as the architects of that very wonderful scheme.

We have debated in this country whether we can have a population of 20 million. The Premier of New South Wales tells us that we cannot sustain a population of 20 million. I have on many occasions in this place explained in very great detail that North Queensland alone can sustain a population of 60 million on the Murray-Darling model, because we have six times more water and maybe twice as much arable land. The schemes are there; the wealth and resources are there; the people are there—it is only the will of those in this place that is not there.
(Time expired)