



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES
MATTERS OF PUBLIC IMPORTANCE

Economy

SPEECH

Thursday, 10 March 2005

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

SPEECH

Date Thursday, 10 March 2005
Page 99
Questioner
Speaker O'CONNOR, Brendan, MP

Source House
Proof No
Responder
Question No.

Mr BRENDAN O'CONNOR (Gorton) (4.09 pm)—We know that the job of the Leader of the House is not always easy. To have to listen to the drivel spoken by this Leader of the House because the Treasurer cannot front up to the dispatch box and explain to this place and to the Australian community why this government spent \$66 billion during the election campaign is a disgrace. The fact is that the Treasurer of this country should be here to account for that expenditure. We know this government is not about taking hard decisions; it is about taking easy ones. This government is about taking decisions in its own interest.

In a very famous radio interview on 14 May 1986, then Treasurer Paul Keating said:

If this government cannot get manufacturing going again and keep moderate wage outcomes and a sensible economic policy, then Australia is basically done for, we end up being a third-rate economy ... Then you have gone. You are a banana republic.

We all remember those words. Why did he make such an extraordinary claim? Keating made that claim because he knew that a large current account deficit was a sign of a government not doing its job. He knew that a large current account deficit was a nail in the coffin for any national economy. Over the next decade Australia, under the stewardship of the federal Labor government, experienced a doubling of the volume of exports and a quadrupling of manufactured exports. Indeed, as Tim Colebatch, the economics editor for the *Age*, remarked recently:

Had those trends—

those Labor government trends—

continued, by now the current account problem would be behind us.

That is what a leading economist said very recently. What has happened as a result of the government's failure to act? By failing to continue the reforms of the Hawke-Keating years, since 1997 the average growth of export volumes has slumped to three per cent every year and manufactured exports to five per cent. What is the Treasurer's explanation for this policy failure? It is extraordinary. Apparently, the reason manufacturing exports have risen just five per cent in the last three years compared with the 52 per cent growth in Labor's last three years in office is because of the congestion at the Dalrymple Bay coal loader. That is the reason there is a 40 per cent difference between the growth under Labor and the growth under this government in the last three years. The government cannot be honest with the Australian public and cannot be honest with itself about the problems that we face. No wonder we are not going in the right direction.

I was looking last night at an IMF world economic outlook chart. Compared with OECD countries, in absolute terms Australia's current account deficit is the fourth-largest in the world. If you actually treated the Eurozone as one entity, it is the third largest. That is in absolute terms. If you look at the current account balance as a percentage of GDP, now in excess of seven per cent of GDP, arguably Australia now has the worst current account deficit in the OECD.

These are the fundamental problems that this government fails to act upon. This Treasurer has failed to act on the problems that were beginning in the mid-eighties, which were acted upon then by the then Treasurer; this Treasurer—this 'Kmart Keating'—has failed to act upon the problems. The statistics on government spending—Commonwealth own-purpose spending—are very revealing. It is very interesting to see where the spikes in spending have occurred. The first of the three largest spikes since 1982-83 occurred in that year, 1982-83, before the election in March 1983. Who was the Treasurer in 1982? John Howard, and he presided over the largest Commonwealth expenditure as a proportion of GDP. The next two spikes in expenditure were in the 2000-01 financial year and the 2004-05 financial year.

Effectively, what you have seen are three large spikes over 20 years. On each and every occasion, the Prime Minister of this country has been involved—twice as Prime Minister and once as Treasurer. The only difference between the 1982-83 situation and the last two was that he was not so successful in buying the voters off to

get into office. But, in terms of irresponsible decisions by government, they were all the same. Once we look at those forms of expenditure by this government and at the current account deficit, we know this government is not about good public policy; it is about buying its way back into office. That is what it has been doing since 1996, so I think it is very important to put down for the record what the government should be focusing upon.

In question time today we heard the Prime Minister talk about the fact that this government has been focusing on skills. That is not true; this government has not focused upon skills. Look at every employer survey in the last five years. When employers were asked what the major problem was, they did not talk about the Australian Industrial Relations Commission or about labour regulations. They said they had problems finding people with proper skills. That is the problem. It has been there for a very long time—it certainly precedes the rushed announcement for the Australian technical colleges proposal—and the government failed to act to respond to the skills shortages when employers were crying out for the government to do something. Then the Prime Minister has the cheek and temerity to come into this place and expect the members of this House to believe that he has been serious about skills shortages. The fact is that he has not been serious. He has failed the community. He has failed those potential workers who cannot find jobs, not necessarily because the jobs are not out there but because they do not have the appropriate skills for the jobs that are actually in demand.

I say to this government that it is about time it focused on the real issues and expended proper expenditure on infrastructure and skills. In the event that the government does that, I think we will see some improvements in the current account deficit and hopefully some improvements in other economic indicators. I think the government has failed entirely in responsibly looking after the economy. Certainly, it is the case that we have had some success in terms of a decline in unemployment levels. I am the first to concede that if there is a decline in unemployment levels it should be acknowledged, and I acknowledge that decline. But many independent commentators have concluded that many of the benefits that have occurred in the last nine years are a direct result of the hard decisions made by Labor administrations. It is one of those ironies in political life, I suppose, that this Prime Minister has been a beneficiary of those decisions.

What the Prime Minister should be doing is taking a leaf out of the book of those administrations and bringing about serious economic reform, but he has no interest in that. First and foremost, this Prime Minister has a self-interest. He wants to stay in the Lodge and in Kirribilli House—and wherever else he stays; he might go for a third house soon. The fact is that he will want to stay for as long as he can. There are a number of points of distinction between the current Treasurer and the Treasurer back in the 1980s. We know that the Prime Minister may have many challenges in this country but I do not think he is going to be challenged by the Treasurer, because the Treasurer of this country has a heart the size of a split pea. He does not make hard economic decisions and he will not make politically hard decisions. I have to say that both of them have failed the Australian people and failed to make the right decisions to deliver the outcomes required for this country. I stand today to say that it is about time this government started focusing on the real issues that have been affecting the people in this country. It is about time the government started focusing on people who need to get jobs. It is about time the government started to focus on the skills required for those people to get into jobs. Instead of blaming everybody else, instead of finding other culprits, this government should make the necessary hard decisions now. (*Time expired*)