



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

Main Committee

APPROPRIATION BILL (NO. 1) 2007-2008

APPROPRIATION BILL (NO. 2) 2007-2008

**APPROPRIATION (PARLIAMENTARY
DEPARTMENTS) BILL (NO. 1) 2007-2008**

APPROPRIATION BILL (NO. 5) 2006-2007

APPROPRIATION BILL (NO. 6) 2006-2007

Second Reading

SPEECH

Wednesday, 30 May 2007

SPEECH

Date Wednesday, 30 May 2007
Page 168
Questioner
Speaker King, Catherine, MP

Source House
Proof No
Responder
Question No.

Ms KING (Ballarat) (10.42 am)—I would like to add my thoughts as well. I think the member for Lindsay will be a missed asset in this place, I would have to say. In debating the Appropriation Bill (No. 1) 2007-2008 and cognate bills, I want to start by focusing on the Howard government's economic performance and how its failure to address issues of infrastructure, investment, climate change and skills shortages, and their failure to lay down a future foundation for economic growth, reflect a government that has run out of ideas—a government that expects to get re-elected on its past performance, not on what it is planning to do for the future of Australia.

The government has wasted an opportunity with this budget to lay down the foundations for future economic prosperity. As with last year's budget, the government has focused on fixing its political problems, not on fixing Australia's long-term economic prosperity. It is a budget stuck in the past: following the same old, tired formula of picking off a few groups to reward with one-off payments but failing to address the underlying problems.

Australian families are worried about their future. Those of us who live in regional Australia are particularly worried because we are often the first to bear the brunt of governments getting things wrong. Those of us who rely heavily on manufacturing jobs are particularly vulnerable when we have a government which has failed to invest in promoting future productivity in that sector. In regional Australia, we can see our manufacturing jobs disappearing around us, and we can see what rising petrol prices are doing to our local industries. We see the decline of our infrastructure, with much of what is needed well beyond the means of our local councils to repair. The government has always been more about spin than substance.

Over the coming months Australians will be bombarded by political propaganda the likes of which they have never seen before in this country. It has already started: coming to a TV set, cinema, newspaper and radio near you, courtesy of the Australian taxpayer, is the government's \$112 million, so far, 18-campaign media blitz. This budget and the accompanying advertising campaign are all about the Howard government positioning itself for the election at the end of the year rather than positioning Australia for the next 20 years. Australians know that the resources boom will not last and they are asking the government: 'What is next? What are you doing to build our future prosperity? What are you doing to boost workforce participation and productivity? What are you doing to help us compete against India and China? What are you doing to make sure that we get a chance to get a better job, higher pay and better opportunities for our kids, not lower wages and worse conditions?' They were looking for a government prepared to roll up its sleeves and get stuck in on these issues.

The lack of vision and the complacency of the Howard government are starting to reveal themselves in the Australian economy, and this is absolutely true when we come to the critical challenge of the level of our foreign debt. It is true that the government's net debt has been paid down, but it is also true that our net foreign debt was \$521 billion in December 2006 and is growing by nearly \$50 billion a year. Foreign liabilities have risen to 60 per cent of GDP. HSBC Chief Economist John Edwards has warned that the cost of servicing that debt will grow faster than national income unless the trade performance is turned around. As it stands, Australia's higher debt places upward pressure on interest rates as the perceived risk of lending to Australia increases. Australia has the second highest interest rates in the OECD. Australia's current account deficit is the highest in the OECD despite record commodity prices. The government tries to argue that foreign debt is private debt, implying that it has nothing to do with the government and, by extension, that it will have no impact on the economy. That is simply not true. As the IMF has said, the build-up of external debt, although mainly held by the private financial sector, could leave Australia potentially vulnerable to shifts in market sentiment. It is our capacity to compete in the global economy and the pressure that foreign debt places on interest rates that are the problem. Add to this the burden that is placed on future generations to service foreign debt and the government should be extremely worried about it.

Just as worrying is our trade deficit. As of March 2007 Australia's trade deficit is \$1.6 billion, the 60th consecutive increase in a row. In the context of the greatest resource boom in 50 years, which has seen resource prices double over the past three years, Australia still cannot get our trade balance into surplus. In the past five years, manufactured exports have recorded growth of 0.4 per cent a year, compared to 16 per cent under Labor.

Again, there is nothing in the budget to assist our manufacturing sector. Content to ride on the productivity gains generated by Labor's comprehensive economic reform program of the 1980s and early nineties, the government has failed to position Australia to generate the next phase of productivity growth. That failure is hurting regional economies.

Regional economies are also feeling the brunt of the Howard government's failure to address the skills shortage. It is one of the most serious issues facing our economy. Across industries and across the nation, the consequences of the government's failure and skills policy inertia are being felt. It is not as if the current circumstances are a surprise to anyone; employers have been shouting for some time now that they cannot access skilled labour. But what has the government done about it during its term in office? It has restricted, not expanded, training opportunities for Australians, turning some 300,000 Australians away from TAFE alone since 1998. The government's only solution has been the Australian technical colleges—and they are failing. Australian technical colleges will only produce their first qualified tradesperson in another three years, and even then will produce fewer than 10,000 by 2010. We need 200,000 skilled tradespeople today. The government has announced three more of these colleges in the budget. The Howard government's Australian technical colleges are simply too little too late, after a decade of underinvestment which has resulted in the current skills crisis.

In his budget in reply, Kevin Rudd announced that a Labor government will implement a \$2.5 billion trades in schools program over 10 years to build new trades training centres and upgrade existing facilities and equipment in all of Australia's 2,650 secondary schools—whether they be government or non-government schools. Each secondary school in Australia will be eligible for capital funding of between \$500,000 to \$1.5 million to build trade workshops, computer laboratories and other facilities to expand vocational education and training opportunities. Schools will be able to apply to build metal workshops, commercial kitchens, automotive workshops, plumbing workshops, graphic design labs as well as ICT laboratories. And they will be able to purchase equipment, including drills, grinders, wood and metal turning lathes, ovens, soldering and welding equipment and computers. Instead of the government's failed piecemeal Australian technical colleges approach—an approach, I might add, that has been of zero benefit to young people in Ballarat—Labor's policy provides for first-class technical training in every secondary school in the country.

In other areas of education, Commonwealth recurrent funding to universities has fallen by a third from 0.9 per cent of GDP in 1996 to just 0.6 per cent today. Over the last 11 years, Commonwealth government investment in education has fallen from two per cent of GDP in 1995-96 to 1.6 per cent of GDP—including the measures announced in the budget. The budget papers disclose that education spending as a proportion of total government expenditure will fall from 7.7 per cent in 2005-06 to 7.4 per cent in 2010-11. This reduction in education investment is not set to change. Despite the government's grandstanding over the endowment fund, the fund is not \$5 billion to universities; it is the annual income stream of only \$300 million that has to be distributed over Australia's 38 universities. This means that each university would receive, on average, an annual payment of \$8 million. Considering that some universities have spent over \$100 million on one research facility alone I am just not convinced that the University of Ballarat is going to be a major beneficiary of the endowment fund. The budget also increased HECS fees for 50,000 students studying accounting, economics or commerce. With HECS debts blowing out to over \$75 million in the Ballarat electorate alone, it is hard to argue that increased fees are not a major disincentive for prospective students in my district.

The cold reality is that the Howard government has, as a proportion of total revenue, reduced its contribution to our universities. Commonwealth grants to the University of Ballarat have decreased from 59 per cent of its revenue in 1996 to 34 per cent in 2004. That shortfall in funding—the decline in Commonwealth funding—is being made up by individual students and their families. This budget is clearly not being driven by any government plan for an education future when the government's investment in education as a proportion of total spending falls over the next four years.

I have also spoken previously in this place about the need for infrastructure investment to boost regional economies. We all have projects in our electorates that could assist us. In my electorate, it is improvements to the Western Highway and particularly Anthony's Cutting. The upgrades would bring great benefits to the local community, businesses and any motorists that travel along the Western Highway. The upgrades to Anthony's Cutting will save travel time, reduce accidents, reduce greenhouse gas emissions and save money. VicRoads economic modelling has indicated a benefit of \$5.50 for each \$1.00 spent on capital maintenance over 30 years. DOTARS, in a draft strategy for the Melbourne-Adelaide corridor, earmarked the upgrades to Anthony's Cutting as one of the short-term priority works that should be completed along the corridor. The number of accidents that occur along Anthony's Cutting is double the state average. It is estimated that work at Anthony's Cutting will

result in 197 fewer accidents, including a reduction of one fatality and 11 serious injury accidents. Anthony's Cutting remains one of my greatest priorities and I will continue to lobby alongside the Western Highway Action Committee to secure the funding for this project. We were disappointed that it was not funded under AusLink in this budget. I only hope that the Howard government looks at this project on its merits rather than through the political prism that it used for the Strategic Regional Roads Funding Program.

I and four local government areas in my electorate were extremely disappointed when the Howard government was caught red-handed pork-barrelling marginal coalition electorates while vital infrastructure projects in Labor electorates were ignored. The City of Ballarat, Moorabool Shire and Golden Plains Shire all had funding for vital infrastructure projects knocked back. Coalition electorates received \$119 million of the Strategic Regional Roads Funding Program while Labor electorates only received \$57 million. In Victoria, there was only one Labor electorate that received any funding at all, while eight coalition electorates were flooded with funding. The Howard government has ceased to govern in the interests of all Australians. They are now only governing in their own interests.

The pork-barrelling of coalition seats is systematic of a desperate government willing to say and do anything to stay in power. It is outrageous that not one cent of the additional \$250 million for the Strategic Regional Roads Funding Program has gone to Labor electorates in regional Victoria. The City of Ballarat, Moorabool Shire and Golden Plains Shire all had vital upgrades knocked back. The City of Ballarat had funding knocked back for Gillies Road and Bells Road, the Moorabool Shire had funding knocked back for Yankee Flat Road and Golden Plains Shire had funding knocked back for the Mount Mercer Road. All of these projects would have greatly improved the standard and safety of these roads and would have been of great economic benefit to our region. It is extremely disappointing that the Howard government has yet again overlooked key infrastructure projects in our district.

Ballarat needs a government that assesses infrastructure projects on their merits, not on whether they can get votes out of it. This blatant pork-barrelling shows a complete disregard for due process and for our local motorists. Labor want to take the politics out of infrastructure funding. In my community, we are happy to have our infrastructure projects stand on their cost-benefit merits, but in the past we have been overlooked and have had our projects bypassed while projects with less cost-benefit merit in Liberal and National Party held seats have been funded. We want to establish a body, Infrastructure Australia, to take the politics out of infrastructure decisions.

I turn now to talk about the important infrastructure area of broadband. We are faced with the ridiculous situation in country Victoria where every time a community or small regional town wants to access ADSL they have to petition Telstra through its expression of interest system to try to get enough people to signal that they want ADSL before Telstra will even listen. Telstra sets arbitrarily high targets and, even when a community manages to get enough signatures, they have to wait until government subsidies are provided to Telstra before Telstra will do anything. Now we are caught up in the fight between Telstra and the government over its regulatory regime and the amount of financial assistance the government is prepared to chip in to improve regional broadband.

High-speed broadband should be available as a matter of course. We are excited in country Victoria if we get relatively slow ADSL, but we should expect even better speeds than that. When it comes to high-speed broadband, Australia's performance is woeful. The government's answer is to go cap in hand to Telstra to try to reach agreement over funding for what, frankly, will be an entirely inadequate service that is only available in capital cities. The government is vulnerable on this issue and there is a very real danger that it will give in to Telstra's demands, potentially setting us back decades when it comes to having a national broadband network as opposed to the patchwork solution we have currently.

Last year, Labor announced that we would step up to the plate and show national leadership by investing \$757 million over three years and applying the equity from the \$2 billion Communications Fund in a joint venture with telecommunications companies to bring high-speed broadband to 98 per cent of Australian businesses and households. This is not via a patchwork of ADSL, ISDN and satellite but via a high-speed, fibre to the node broadband network across the country.

As an area in regional Victoria, Ballarat has felt the social and economic effects of the drought particularly hard. You cannot talk about the drought without reflecting on the failure of this government to seriously tackle climate change. The Howard government's climate change policy is a farce. There is no national climate change

agenda and there are no time lines, no targets and no real policies to significantly reduce greenhouse gas pollution or to slow energy demand. The government's renewable energy policy is a joke and cannot even be described as a token commitment. Having spent the last 11 years as climate change sceptics, the Howard government would now have us believe that they have had a road to Damascus conversion three months out from the election. This government has been part of the problem and is a significant barrier to Australia dealing with climate change.

In our own district, the effects of climate change are evident. Ballarat's water supply is down to 10 per cent. It is astonishing that this government continues to play politics with the one infrastructure project that will secure Ballarat's water supply. Federal Labor has already announced \$115 million towards the construction of the Goldfields Superpipe project to provide Ballarat and Bendigo with a reliable and secure water supply. Without the Goldfields Superpipe, and if the low flows of recent years and prolonged drought continue, Ballarat will dry up and run out of water. It is time for the federal government to deliver on the superpipe.

The fight for Ballarat's future water supply is currently receiving no help from the self-appointed Liberal duty senator for Ballarat, Julian McGauran, who called the idea whacky. Nor is it receiving support from the Liberal candidate for Ballarat, who called the idea half-baked and ridiculous. Having damaged Ballarat's chances of securing federal funding for the superpipe, the Liberal candidate has been quick to resort to the old favourite of the Howard government—the blame game. Having scuttled our chances of receiving federal funding and despite the fact that the state government and Cental Highlands Water have already put substantial funds into the project, the Liberal candidate is on the record as saying that it would only be out of the goodness of their hearts that the federal government would fund the project and that it should be funded entirely by the states. What the self-appointed duty senator and the Liberal candidate do not seem to understand is that the Australian water fund—

The DEPUTY SPEAKER (Hon. DJC Kerr)—Order! The honourable member for Ballarat will resume her seat briefly. Is the honourable member seeking to ask a question?

Mr Hunt—I am. I would ask—

Ms KING—No, I am not accepting the question.

The DEPUTY SPEAKER—The member for Ballarat declines to accept the question.

Ms KING—What the self-appointed duty senator and the Liberal candidate do not understand is that the Australian water fund was set up to fund projects exactly like this, as it has already done so with the Bendigo section of the superpipe. Why does the Liberal candidate think that it is all right for the federal government to support the residents of Bendigo and fund their vital infrastructure but it is not okay for the federal government to support Ballarat residents? It is extraordinary that, since the \$2 billion Australian water fund was set up in 2004, more than half of the funds remain unallocated. A federal Labor government has already committed to securing Ballarat's future water supply and I again call on the federal government to ignore the Liberal candidate's unhelpful intervention and to do the same.

These are just a few of the areas where the government has failed to demonstrate that it has a plan for the future prosperity of the nation. There are many others. Today, again, in the news—but it has been around for a long time—is the issue of housing affordability. There is the issue of real assistance and incentives to move people to participate in the workforce, instead of the Welfare to Work reforms that are currently hurting many of the people in my district who are already working part time and trying to get ahead and do the right thing. The government's failure over the last 11 years to effectively address the health needs and the social participation needs of our Indigenous Australians also calls them into question.

The DEPUTY SPEAKER—I thank the honourable member for Ballarat—

Ms King—You know that I am going to interject through your entire speech because of your complete lack of courtesy!

Mr Hunt—Good! I am looking forward to it.

The DEPUTY SPEAKER—Order! I call the Parliamentary Secretary to the Minister for Foreign Affairs.