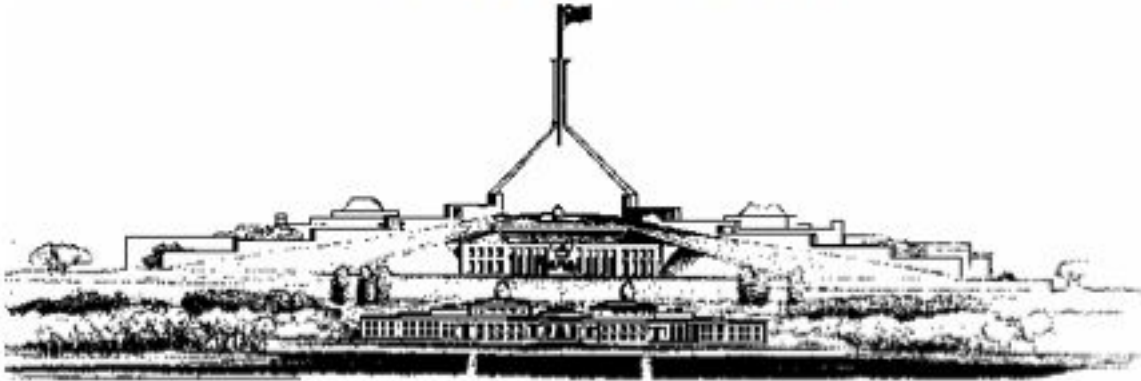




COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



THE SENATE

BUDGET 2008-09

SPEECH

Thursday, 13 March 2008

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Senator EGGLESTON (Western Australia) (3.42 pm)—I move:

That the Senate:

- (a) notes:
- (i) the concern of Australians given the impending budget cuts proposed by Labor's razor gang;
 - (ii) that Labor is showing with its backflips and ill-conceived proposals that it has no idea how to run our trillion dollar economy; and
- (b) calls on Labor's razor gang to ensure that no Australian will be worse off when the Budget is delivered in May 2008.

Today we are speaking on a motion related to the budget and the economy, something we on this side, as parties in the coalition, recognise as the foundation upon which all other achievements in all other areas rest. We all know that the best policy counts for little when there is little money to put it on the ground and when social development is held back by a lack of basic needs. Let me start by saying that no other party in this parliament can lay claim to such a great economic record as our coalition government had.

Since the election of the Rudd government, all we have heard is how bad things are. One of the terms regularly used when justifying these impending budget cuts to the Australians who depend so much on good economic management is 'the Howard legacy'. The problem with this term is that they have been using it with a negative connotation. However, as far as its legacy in terms of the budget and the economy goes, the coalition government is very proud of its achievements in this area. With budgets and the economy being measured mainly in numbers, we can safely say that our claim of a first-class economic legacy is backed by the numbers.

As a member of the previous government, it is with pride that I go through some of the many achievements of the coalition during our time in office. Firstly, average GDP growth from 1996 to 2006 was 3.6 per cent. As an achievement, this is even more

impressive when you compare it with other developed countries, such as the United States, with average growth of only two per cent; the United Kingdom, with growth of only 2.8 per cent; and Germany and Japan, with growth of 1.4 and 1.2 per cent respectively. For the time that we were in government our budget and our first-rate economic management saw our GDP grow over 10 years at a rate of 1.3 per cent higher than the OECD average. The coalition government presided over the longest and strongest sustained period of growth in Australia's history, despite numerous challenges such as the Asian financial crisis and September 11. The effects of these were greatly felt by many economies around the world.

With such a record, it should come as no surprise that the then opposition began copying our policies to the point that the phrase me-tooism came about, and they continue to do so in many ways. You cannot get this kind of growth without lowering unemployment, which is a win for Australia and a win for those individuals who were brought back into the workforce. Since coming into power in 1996 the coalition government, through macro and micro reform, saw around 2.2 million extra Australians enter the workforce, with 60 per cent of these new jobs being full-time jobs. From an unemployment rate of 8.2 per cent in March 1996, the coalition, through its first-rate budgets and economic management, saw the unemployment rate in this country drop to 4.3 per cent in August 2007, the lowest it had been since 1974. We also managed to reduce the number of long-term unemployed to 66,700 by August 2007, around a third of the number that there were when we first came into power.

All of these jobs would mean little if people were paid inadequately, but during its term of office the coalition saw real wages rise by 21.5 per cent. This is a great achievement for workers, especially given that wages in this country fell in real terms by 1.8 per cent only over 13 years. So after 13 years of budget management the Labor government, which refers to itself as the workers' party, has brought to the table a drop in wages and an unemployment rate during the period until 1996 that was almost twice as high as it is today. Most are aware of the union campaign during the previous election campaign about Your Rights at Work. In my view, it is hard to have rights at work if you do not have a job, and for those who saw their real

wages go backwards, where were their rights?

Another great budget achievement of the coalition was our management of Labor's mismanagement of government debt. We managed to completely pay back the \$95.8 billion debt that had accumulated under the previous Labor government. By paying back that money we saved billions of dollars in interest payments, with the interest bill for the 1996-97 period totalling \$8.4 billion. Now, the current Labor government is boasting about the \$642 million in programs that its razor gang has managed to axe. Those savings are over the next four years and represent only one-fourteenth of the interest bill generated by the previous Labor government's debt in only one year.

Much to our credit, not only did we manage to pay all that money off and have our credit rating upgraded twice to its current AAA rating but we also managed to drop the tax burden from 22.3 per cent of GDP to 20.7 per cent of GDP. In short, the numbers clearly show that the Howard government legacy in terms of our budget and economy means nothing less than history-making growth, more jobs, higher wages, zero government debt, a top credit rating and a lower tax burden. Australians are definitely not worse off for having had the coalition in government and what we are asking today is for the current government to ensure that Australians will not be worse off when the budget is delivered in May. It is an assurance many Australians are anxious to have, given the performance of previous Labor governments.

So how did we do all that we did, and where did this all come from? Despite the ideas that were put forward during the election campaign, economies do not run themselves; they need good policies and hard work. The coalition are fully aware that some of the best work that can come from government is the work that helps Australians work to their best. With this in mind, the coalition brought many well planned and executed policies forward which made sure that when the Australian economy wanted to function it could do so efficiently and competitively with minimum government interference and maximum support. To create such a healthy economic environment there were many areas that needed action, and I would like to discuss some of those now.

To help Australia's exporting sectors, the coalition government worked very hard to complete three free trade agreements with the United States, Thailand and Singapore, bringing the number of completed free trade agreements from only one to four. During its term the coalition also began talks with ASEAN, Malaysia, China, Japan, the Gulf Cooperation Council and other Gulf states. These efforts, aimed at building on the commitments already agreed to in the WTO, will make Australian export industries more competitive by lowering and sometimes eliminating completely tariffs, quotas and other restrictions under which Australian exporters would otherwise have to

operate.

In terms of being worse off from Rudd's razor gang and its budget cuts, it is worth recognising here that the previously mentioned negotiations with Japan on a free trade agreement have been axed by \$1.1 million, which was allocated for the commencement of these negotiations. Given that Japan is Australia's largest trading partner and it has long been, by far, Australia's largest export market, this \$1.1 million saving pales in light of the \$31.6 billion worth of exports from Australia to Japan in 2005. Those figures came from a DFAT study group paper which strongly recommended a free trade agreement, highlighting the fact that in 2005 exports to Japan were greater than those to both China and the United States combined. It is that sort of economic short-sightedness that has so many Australians concerned about what the Rudd government is up to, and warrants today's motion.

Besides making the Australian economy more open, we have produced many reforms that have allowed Australians to better participate in our economy and reap their share of Australia's current prosperity. We helped this happen through welfare reform—through the Welfare to Work program, for example, which played a part in many people coming off unemployment benefits and entering the workforce. This helped address labour shortages, improved their independence and self-confidence, and reduced the welfare burden.

Another great initiative can be found in the Job Network, which provided assistance to all job seekers but was of greatest help to those who were most disadvantaged in the labour market. The success of this initiative can be seen in the large number of placements recorded for all job seekers, with the 12 months leading to the end of February 2007 seeing a total of over 650,900 job placements being recorded. The coalition also introduced workplace reforms which, despite prophecies of doom and gloom, saw real wage increases and the creation of new jobs, most of which were full time.

Not only did the coalition government help Australians to be better off in a purely economic sense; we also helped with programs that helped Australians in areas such as education, health and culture. It is from many of these non-economic areas that concerns about the Rudd government's razor gang are being raised. For example, relatively small amounts of expenditure have already been axed from programs, with little foresight of what it will mean for the economic, social, cultural and environmental health of Australia—many people and industries have already been left worse off.

Examples of such funding cuts, as I have already discussed in Senate estimates, include the \$6 million cut from the Australian Nuclear Science and Technology Organisation for its graduate recruitment pro-

gram. This has far-reaching implications, including implications for the nuclear medicine industry, which will be disadvantaged by these cuts and it will be more difficult for people to obtain radioisotope scans.

Another example of razor gang cuts leaving Australians worse off comes from the reversal of the 2007 drought package, which will see \$10 million of assistance to rural research and development corporations and companies being axed. For a government that is constantly telling people just how much we are going to be worse off with climate change, I find it hard to understand how it justifies axing a program to better equip us to handle climate change and how this is going to make Australians any better off, in particular how it is going to be of any assistance to people of rural and regional Australia.

This is just a quick review of some razor gang actions that have definitely not left Australians better off. There are many more involving cuts to music programs, sports programs, research programs and so on, but time limits me from going through them all.

In conclusion, this country was left with a very fine economy by the coalition government. It is absolute nonsense for them to claim with any credibility that the coalition was lax in its management of the economy or lax in its awareness of the growing problem of inflation. We can only be greatly disturbed, and we have a sense of great misgiving, about the impending budget cuts being proposed by Labor's razor gang. There is no doubt at all that the Labor government is showing a reckless disregard for the interests of many people in this community, as was shown during this last couple of weeks with the proposed cuts to the carers allowance. I feel a great sense of foreboding at the possibility of across-the-board budget cuts which will undermine the wellbeing of many Australians, and perhaps hit most of all the most vulnerable people—people who depend on welfare and the kinds of extra benefits that the coalition government gave them. Strangely, these people are generally traditional supporters of the Labor Party. The people of Australia have every right to be very suspicious of what this government is up to in terms of the actions of its razor gang, and I implore Labor members in the Senate to ensure that there is a sense of responsibility and that the most vulnerable in this community have their interests protected rather than being undermined by this process of the razor gang budget cuts.