

1 December 2008

NATION-BUILDING FUNDS BILL 2008 - NATION-BUILDING FUNDS (CONSEQUENTIAL AMENDMENTS) BILL 2008 - COAG REFORM FUND BILL 2008

Second Reading

Mr BRADBURY (Lindsay) (12:34 p.m.) — I rise to speak in support of the Nation-building Funds Bill 2008, the Nation-building Funds (Consequential Amendments) Bill 2008 and the COAG Reform Fund Bill 2008 and it is with great pleasure that I do so. I begin by noting a couple of the events of the weekend. There were a couple of things that occurred on the weekend that are of some relevance to the bills before us. Of course there was the meeting of the Council of Australian Governments that occurred, and the outcomes of that meeting have been well and truly broadcast right across this country because of the breadth and depth of the reforms that have emerged from that process.

The other event that occurred on the weekend was the passing of Joern Utzon, the great architect who made such a significant contribution to one of our great national icons—the Sydney Opera House. There was a great deal of controversy surrounding the Opera House at the time of its construction. That led to the situation where Mr Utzon was not able to remain in the city of Sydney long enough to see the fruits of his efforts, but indeed we all see in the Sydney Opera House one of the great icons of this country.

The particular difficulties that were associated with the public debate around the building of the Opera House at the time to some extent demonstrate just how difficult it can be sometimes to make longer term decisions when it comes to key items of infrastructure, whether they be economic infrastructure, cultural infrastructure or social infrastructure. Indeed, difficult decisions that are made by governments and the planners may not always be popular decisions in the short term but, if they are long-term decisions, then the fruits of those decisions can be enjoyed by generations to come. That is the essence of nation building. It is about taking those hard decisions to invest public funds in the infrastructure that will not only deliver the services that people require today but will accommodate the needs of our community and our society into the future.

That is why I am very pleased to be supporting the bills that are before the chamber today, because these bills represent two of the common themes of the contribution that has been made by the Australian Labor Party right across this country. They are underpinned by the philosophical propositions that, firstly, what we are about as a party, and what this government is very much about, is delivering a nation-building agenda, building the infrastructure that our nation not only requires today but will require into the future. The other theme is that we are committed to modernising our Federation. It goes without saying that, if we were to sit down and draw up the Constitution today, we would be starting from a very different point to our founding fathers, who contributed to that debate in the lead-up to Federation in 1901.

If we were sitting down and we had the opportunity to pick up the pen and to draft the Constitution today, it is most unlikely that we would have such a thing as states in our Constitution. To some that might be controversial, but the people I talk to in my community understand that our community, our society, our internationalised society has moved on to a point where a greater focus at the national level on a range of initiatives is something that is always to be welcomed. We are seeing that as part of the agenda that is being pursued by this government. Many of the elements that came out of the COAG agreement that was reached on the weekend demonstrate that we are serious about breaking down some of those barriers that exist only because of the drafters of the Constitution being bound by the circumstances of the time—those circumstances of course being that the colonies came together to form a Federation and the rights of those colonies needed to be protected.

I will just reflect on one of the initiatives that were being pursued over the weekend, which related to the registration of business names. In this day and age it is hard to understand why the registration of a business name needs to be as complex a task as it is. Being required to register with some nine jurisdictions is simply not acceptable. It creates barriers that are unnecessary and unworkable. This is just one example of the rail-gauge economics that the Federation-modernising agenda of this government is designed to address.

I use the events of the weekend as the basis to enter into a more in-depth discussion about these bills. I think the significance of what is to be achieved under these bills is of tremendous relevance, and we see that significance on a daily basis. In fact, we saw the significance of it just on the weekend. I note that in large part the government's commitment to these funds was driven by our commitment to tackling the economic circumstances that existed when we were in opposition. Many of these announcements—indeed, the Building Australia Fund in particular and the establishment of Infrastructure Australia, which has already occurred—were about initiatives that we were promoting as an opposition on the basis that we needed to do something as a nation to address some of the critical infrastructure shortages that our nation was facing. The Reserve Bank, on no fewer than 20 occasions, specifically mentioned the impact of inaction by the federal government and the impact on inflation. In doing so, it very often highlighted the infrastructure bottlenecks and the shortages that occurred as a result of the failure of the previous government to invest.

That is the background that gave rise to the need to invest in infrastructure and the creation of the Building Australia Fund, which is one of the three funds to be created under the nation-building bills. Obviously circumstances have changed somewhat since we proposed the creation of the Building Australia Fund, but I would propose to the House that, in the same way as it was the key area of our national economic circumstances that needed to be addressed by proposing the creation of this fund over a year ago, it continues to be the key area today, notwithstanding the change in economic circumstances. Indeed, the government is very actively making the point—and it is a point that needs to be made—that the pursuit of these funds and the investments that will be made and delivered out of these funds form a central part of our strategy to try and invest in the economic circumstances that exist in this country at the moment and to try and generate more economic activity so that we can do what we can to protect our economy against the global financial crisis as it spreads across the world. Notwithstanding the change in circumstances, it is just as true today as it was over a year ago, when we proposed the establishment of the Building Australia Fund, that we as a nation need to invest in these key areas of infrastructure—areas that have been neglected—because it is in our national economic

interest.

The announcement specifically in relation to the creation of the three funds was made when the Treasurer handed down the budget earlier this year. The budget papers clearly set out the envisaged parameters of these funds. The three funds being established under the Nation-building Funds Bill are: firstly, the Building Australia Fund; secondly, the Education Investment Fund; and, thirdly, the Health and Hospitals Fund. The Building Australia Fund is largely there to address the key infrastructure shortages in areas such as transport and communications. We have heard much talk about broadband. I listened with great interest to the comments of the member for Cowper in relation to the government's proposals for a national broadband network. I simply say this: in the same way as I mentioned the Sydney Opera House and the challenges that mark investment in any great infrastructure for our nation, these things are not easy. If they were easy, then the former government would have done more than it did in the 11 years that it was in office.

In fact, one of the honourable members, in previous discussions before the House, made the observation that the former government's approach to securing a solution on the broadband situation was simply the 'Borat solution'. The 'Borat solution' is a reference to Kazakhstan, which is one of the three nations that Australia was to be included amongst as having the lowest and the slowest broadband speeds in the world. That is the legacy we have been left with, but as a government we are determined to do what we can. These are not easy challenges to confront. We live in a country that is full of vast expanses and it is difficult to deliver this sort of technology right across our country, but we are committed to doing what is possible to deliver those services to people. We are committed to delivering it not selectively to those in cities or the urban or outer metropolitan areas but to all Australians, where that is possible. Certainly that process is one that we continue to pursue.

Beyond communications infrastructure, there is transport—rail, roads and ports—and water and energy. These are key areas of infrastructure where there has been insufficient investment from the federal government. I know that the member for Cowper speaks for many on the other side when he leads this refrain: these are matters of state responsibility and really the states have failed in these areas. One of the central realities that we deal with in this place, and right across this country in the national debate, is the notion of vertical fiscal imbalance. It is a complicated way of saying that the states do not have the capacity to raise as much revenue as the federal government, but they have the just as great, if not greater, burden of delivering services to communities right across this country. That is a fairly simple and enduring proposition that has only been exacerbated over time as the Federation has progressed. Perhaps that is another reason why we could not include the states as separate entities as part of the Constitution if we were sitting down and redrawing it today.

We live with the realities that we have, and certainly, in confronting those realities, we say that vertical fiscal imbalance is something that must be confronted. That is why the Commonwealth government has to take more of an interest in these matters of national importance, in delivering the infrastructure that our nation needs—not just because the states do not have the money to do it, which is partly the result of our constitutional arrangements, but also as a recognition of the fact that these are national issues. The failure to invest in national projects of an infrastructure related nature has an impact on the national economy in the same way that it had an impact on the national economy by driving up inflation as a result of those shortages that the Reserve Bank warned against on so many occasions.

Now in the current economic climate we see that the national implications of inaction would mean that the federal government would not be using its financial resources, the resources of the Australian people, to invest in our productive capacity and our productive future. That is why the government and the Prime Minister, through the announcement of the Economic Security Strategy, identified the acceleration of the bringing forward of investment in these respective funds as part of the government's agenda. We are bringing them forward so that the money being spent will be felt in the real economy, out there in our communities, sooner than what would otherwise be the case, helping to shield us against the impact of the global financial crisis. This year, these bills will ensure that there will be the allocation of \$12.6 billion to the Building Australia Fund.

I turn my comments to the Education Investment Fund. That fund is designed for investment in higher education and vocational education and training. That will involve an investment this year of \$8.7 billion. Funds from that fund have not yet been expended, but I simply make the point that our tertiary education institutions, whether they are universities or whether they are vocational education providers such as TAFE, have been underfunded and have been left in a state that is not befitting of a nation with our aspirations on the global stage. We are a nation that has much to contribute, much to offer, and a nation with a proud history of achievement in the education sphere.

I reflect upon some of the areas where money has been spent since the handing down of the budget by the government earlier this year. I note that, whilst these funds do not specifically come out of the Education Investment Fund, they were something of a down payment, if you like, on what we can expect to receive out of that fund. I note that earlier this year \$15.85 million was given to the University of Western Sydney. It was announced in the budget and was in order to assist with refurbishments out of the government's Better Universities Renewal Fund. There is much to be done and there is a greater capacity to do it with the establishment of the Education Investment Fund.

The Health and Hospitals Fund, of course, is designed and set up for the purpose of providing for investment in health facilities, including renewal and refurbishment of hospitals, medical technology equipment and major medical research facilities and projects. This year \$5 billion will be transferred into that fund. Health is a huge issue. I think we appreciate that, and that is certainly reflected in the nature of the response from the Commonwealth and the states and territories to the COAG meeting on the weekend. The additional resources being deployed to address some of the health needs that we experience within the community recognise just how big an issue health is in our community.

As I talk to people in my local community health continues to be one of the big concerns that people have. There are enormous pressures on the health budget with the ageing of the population, with increases in technology and with a greater capacity to keep people alive for longer, which, of course, is a good thing but comes at a cost. All of these factors, such as the increasing cost of keeping people in hospital throughout those periods of their lives where they require the greatest level of care—in particular, the final days of their lives—are combining to put more and more pressure on our health system. That is a why a greater investment needs to be made in the system.

In terms of the making of payments out of these funds, I simply make the point that it is not just about delivering services and facilities that our community requires, although it is about that in part. It is also about meeting our national economic interest. I quote the Governor of the Reserve Bank, Glenn Stevens, who made some comments to the CEDA annual dinner in Melbourne on 19 November this year. He said:



... if governments are able to so order their affairs as to continue supporting worthwhile—and I emphasise worthwhile—public investment (even if that involves some prudent borrowing); then Australia will come through the present period.

The Reserve Bank, as I mentioned earlier, gave more than 20 warnings to the former government about the need to get inflation under control and to spend on the infrastructure that our economy needed. But even here we see another warning, if you like, from the Reserve Bank, this time straight from the governor—that there is no rule in economics that says that surpluses are always the best course of action for a government to pursue.

Certainly we support the pursuit of a surplus, and we are working hard to deliver one. But, in the end, national economic circumstances will require us to have a flexible approach that meets the needs of the circumstances that we confront. If it is good enough for the Reserve Bank governor to say that there may be a need to meet the investments that our nation requires by going into some prudent borrowing then I do not find it all that remarkable for the government to at least be suggesting that that could be something contemplated in the future. We are certainly not suggesting that the budget is in anything other than surplus at this point in time, but we stand ready to make the contribution in order to ensure that our economy keeps ticking over and that we provide the jobs that our country needs.

I conclude by saying that the COAG Reform Fund is further evidence of this government's commitment to delivering an improved, modernised system of federal relations. Combined with the nation-building initiatives that have been set out in the Nation-building Funds Bill 2008, I know that these will form an important contribution to our overall efforts to not only deliver the services our country and our communities require but do so in the context of shielding our economy from the great challenges that the global financial crisis poses.