



Speech by

Mr S. SANTORO

MEMBER FOR CLAYFIELD

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**APPROPRIATION (PARLIAMENT) BILL
APPROPRIATION BILL**

Mr SANTORO (Clayfield—LP) (11.55 a.m.): In this contribution to the second-reading debate on the Appropriation Bills before the House today, I wish to focus on the broad issue of jobs, apprenticeships and traineeships. I particularly wish to compare the job promises made by the Labor Party prior to the election and, in particular, during the election campaign, to the performance and the expected performance of the Government as evidenced within the Budget that we are considering today. I also wish to review the commitments made by the Labor Party in Opposition in relation to apprenticeships and traineeships and consider how and if their promises and the expectations that they created are delivered by the Beattie Government's first Budget. I will leave the more technical and detailed analysis of the Department of Employment, Training and Industrial Relations budget to the deliberations and opportunities that will be made possible by the Estimates committee processes.

In common with other speakers who have preceded me in this debate, I commend the Government for bringing down a Budget that in many ways reflects many of the policy directions and priorities of the Borbidge/Sheldon coalition Government. However, in the vital area of jobs, I believe that this Budget has departed fundamentally from the sound job strategy contained in the coalition's Budget and has instead built within the Budget framework initiatives that will fundamentally reduce the ability of the Queensland economy and particularly the private sector to create new, long-term, sustainable jobs.

Before elaborating further, I wish to again reiterate the comments made by the Leader of the Opposition and the Leader of the Liberal Party in relation to the proud record of job

creation of the coalition Government. Suffice it to say that under the coalition Government, the following was achieved in the area of job creation and the unemployment rate: the creation of 97,700 new jobs by the Queensland economy, mainly in the private sector; the achievement in March 1998 of the lowest unemployment rate in nearly eight years of 8.3%; and a reduction in the unemployment numbers in the 12 months May 1997 to May 1998 by 19,600 and the creation by the Queensland economy of 33.2% of the nation's full-time employment growth and 41% of part-time job growth during the same period. On the other hand, under the Goss Labor Government—six years of "hard Labor"—the following was achieved under that Government: Queensland's highest unemployment rate of 11.1% in July 1992, the loss of 58,000 Queensland jobs and an increase in the unemployment rate of 65%. So the Labor Party has real form when it comes to job creation and the unemployment rate. Unfortunately for Queenslanders, it is all bad form. Even more unfortunately for Queenslanders, many of the members of the Goss Labor Government are back in the saddle again as Ministers in the Beattie Labor Government. It is obvious from the contents of the Budget that we are considering here today that they have not learned anything as to how to go about creating real, long-term, sustainable jobs.

We heard during the election the Premier's and the Labor Party's catchcry of "jobs, jobs, jobs". We are still and constantly hearing the Premier talk about his continuing obsession with jobs, jobs, jobs. However, the commitment as evidenced in the Budget to this jobs, jobs, jobs obsession is very limited and, indeed, practically non-existent. In fact, the Beattie Labor Government in its own Budget admits defeat

when it comes to its unemployment forecast that it sets at 8.75%, exactly the same as the coalition's 8.75% forecast in its May Budget. Not one indication exists in the Beattie Labor Government's first Budget that the unemployment rate is trending towards the fanciful 5% target that the Premier expounded ad nauseam during the election campaign and has continued to expound since then. Of course, the crime is made even worse when we have a close look at the employment growth forecast, which has been revised down from the 2.5% forecast contained in the coalition's May Budget to 2.25% in the Beattie Labor Government's Budget. To compound this sad and sorry situation, the Government also fails to deliver any real momentum in other vital aspects of the Budget where job creation momentum should be a strong factor.

The coalition's record Capital Works Program of \$4.825 billion has been reduced to \$4.8 billion, a \$25m reduction; yet the Beattie Labor Government claims that its Capital Works Program will generate 1,000 extra jobs. In the same breath, it anticipates underspending its Capital Works Budget by at least \$300m.

If these alterations to the coalition's Budget are not enough in terms of undermining the 5% unemployment target of the Beattie Labor Government, we also have some other major alterations to the coalition's Jobs Plan, which included private sector incentives of \$40m in stamp duty and land tax concessions. In fact, this omission from the Labor Government's Budget, in other words the abolition of employment-creating tax concessions, is nothing less than ideological travesty by a Labor Party in Government that is still very much obsessed with pursuing extreme ideological objectives and a great amount of social engineering.

I turn now to the issue of apprenticeships and traineeships and how the Budget has catered for extra trainees and apprentices. I particularly wish to compare the Labor Party's commitments prior to the election with what it is now delivering and compare that with what the coalition was delivering in its May 1998 State Budget. Honourable members will recall that prior to the election the Labor Party promised 500 new Government apprentices over three years, 6,000 public sector traineeships over three years, 600 apprenticeships and traineeships within the public housing sector, a requirement that 10% of all employable hours be undertaken by apprentices and trainees as a standard part of the new State Government capital works contracts, and a \$2,000 cash bonus to private sector employers or group training schemes for each additional apprentice employed in the areas of skills shortages to generate 7,500 positions over three years, and a Community Jobs Plan that would produce 8,980 work placements for long-term unemployed persons with a minimum of six

months' duration on essential capital works community and environmental projects. All this is to be delivered at a cost of \$92m per annum; a total of 24,480 positions—trainees, apprenticeships and job placements—over three years.

The Budget makes for very interesting reading indeed, for it seems to indicate that the apprenticeship and trainee numbers that I have just cite as election promises are, according to the Budget papers, not additional trainees and apprentices, as the Premier and his shadow Minister led many Queenslanders to believe during the campaign, but are indeed part of the growth in apprentices and trainees that was occurring under the coalition Government. To illustrate this, I refer to TAFE Queensland and the training division budgets and outputs detailed within the DETIR Ministerial Portfolio Statements. The coalition's 1998-99 Budget for TAFE Queensland, excluding the user choice and competitive tendering aspects of the budget, was \$281.803m. The ALP Budget allocation to TAFE Queensland is \$296.591m—an increase of approximately \$15m. Of course, most of this increase is taken from the competitive tendering bucket. The coalition's training division 1998-99 budget allocation was \$265.226m whereas the Labor Government's budget allocation increases this by just over \$10m to \$275.617m. Of course, we have a new employment division budget of \$45,779m, making for a total training, TAFE and employment budget of \$617.987m—an increase of \$70.9m excluding competitive tendering and user-choice moneys.

When we look at the outputs of this expenditure, a very serious situation becomes obvious. In the Labor Government's Budget, total TAFE enrolments are expected to come in at 343,712, which is the same—and I stress, the same—as the figure included in the coalition's Budget. Expected student contact hours increase only marginally from 24.2 million in the coalition's Budget to 24.7 million in the Labor Government's Budget. This next-to-nothing increase in output at a TAFE Queensland level is at a cost of over \$15m.

The situation becomes even more alarming when we consider the Budget forecast for apprentices and trainees. The actual output for the 1997-98 year under the coalition Government was 34,694—a record achievement and an achievement that is the envy of Australia when it comes to the output of apprentices and trainees. The coalition Budget made a further and significant commitment in terms of funding and increased the predicted output to 40,000 apprentices and trainees. But the Labor Party's Budget provides for a decrease of 5,000 to 35,000 apprentices and trainees.

When we consider the forecasts in relation to student contact hours, a similar and alarming situation is obvious. The coalition budgeted for an

expected 43.7 million student contact hours to be delivered and the Labor Party Budget shows a decrease to 42.28 million student contact hours.

Of course, by now Labor members are beginning to think about what is going to come out of the new employment program within DETIR and may be hoping that the program will make up for the decrease in outputs of apprentices, trainees and student contact hours evident from the Labor Government's Budget. However, I am afraid that the story does not get much better when we factor in the outputs of the employment program. When an additional 5,500 apprentices and trainees are added to the total that I have been quoting, the grand total of apprentices and trainees for 1998-99 is 40,500—only 500 more than what was projected and targeted within the coalition's Budget.

I acknowledge that provision is made to have the 5,800 people either placed in jobs under the Community Jobs Plan or be, as the Budget euphemistically states, "assisted" to gain employment in some other way. This last initiative will contribute to only superficial job growth but will not—I repeat, will not—in the vast majority of cases lead to sustained employment or the development of a quality training system.

So we have evident within the Government's Budget an almost total lack of commitment to increases in apprenticeship and traineeship numbers and a commitment to place in jobs, through artificial and temporary job creation programs, a meagre 5,800 people this year. These figures show clearly that, in practice, the ALP's Jobs Plan is nothing but a farce and the Budget documents underline this claim.

What I have been talking about and what I have been demonstrating is the breaking of a fundamental election promise—this being the commitment, and indeed the Premier's obsession, with jobs, jobs and jobs. I have shown how, during the election, the now Premier and his shadow Ministers sought to create an impression that thousands of new apprenticeships and traineeships would be funded and created by a Beattie Labor Government when the Budget documents show a meagre increase of only 500 apprentices and trainees, which compares abysmally with the record increases that occurred under the coalition Government, particularly in its last year of Government.

Of course, we still have to see the implementation of the building and construction training initiative, provided that the Minister is able to get the Parliament to agree to his intention to raid the portable long service leave levy fund to bankroll this initiative. However, I doubt that this initiative will yield sufficiently significant increases in apprenticeships and traineeships that will make the comparison between the Minister's promises in the area of apprenticeships and traineeships and his performance in Government a respectable comparison.

Members on both sides of the House will also be interested to know what has happened to the promise of payroll tax assistance to employers on the verge of retrenching employees. Members will recall that the then Leader of the Opposition, his then shadow Minister, Mr Braddy, and the shadow Treasurer promised that employers on the verge of retrenching 50 or more people will be refunded \$100,000 in payroll tax in order to stave off such retrenchments. It was stated then that a contingency reserve for employers about to sack more than 50 workers would be available through the \$160m Treasurer's Advance Fund, which would be replenished with payroll taxes. At that time, Mr Beattie said that "certain" measures would be put in place to prevent companies deliberately downsizing to obtain a payroll tax refund.

One would have thought that if such a commitment had been fulfilled in this Budget it would have been mentioned in a very fulsome manner in the Treasurer's Speech, or indeed in the Minister's public statements about his area of ministerial responsibility. However, such a mention is sadly lacking not only in the Treasurer's Speech but also in the Ministerial Program Statements of the Treasurer. In fact, in a footnote to the Treasurer's Advance Account on page 11 of the Treasurer's Ministerial Portfolio Statements, no mention is made of this vital election promise. I suspect that, just like many of the Labor Party's other job promises, this one will also not be honoured.

In fact, the Labor Party's 5% jobs promise was in tatters right from the day it was announced. When in Government, I said—and I still say now—that the ALP's 5% figure was and is a baseless, cynical, vote-catching promise that was propped up by irrelevant documentation, a failure to consider influences on the State labour market, and a payroll tax promise that would apply to only 4% of employers and cost the taxpayer dearly. At the time, I said that the Federal document that Peter Beattie dug up to support his unachievable figure was prepared before the Asian currency meltdown. It refers to the national situation and not to Queensland. When in Opposition, Mr Beattie systematically ignored the many influences on the State's labour market.

Among the many influences that Mr Beattie failed to consider are—

- wage levels, flexible work practices and other industrial relations matters;

- Labor's political debt to the ACTU, and the ACTU's support for the living wage claim and centralised wage fixation, which would mean spiralling wages and reduced productivity, costing—not creating—jobs;

- commodity prices for agricultural and mining products;

the fact that the "leaked" Vanstone document relied on by Mr Beattie and his then shadow Ministers focused on manufacturing, which is traditionally located in the southern States and not in Queensland; and

the "Keating report", again relied upon by the then Opposition, which specified accelerated micro-economic reform in order to achieve productivity growth

At that time, the Opposition wanted to roll back micro-economic reform in areas such as electricity. Indeed, I believe that it still wants to do that in areas such as electricity, as is clearly detailed by the statements made by the Minister since being reappointed. In addition, the ALP ignored the realities of the Asian financial meltdown. ALP members say that at the time that economic meltdown was not obvious, despite the fact that the Indonesian dictator who had been in power for over 30 years lost his position as president as a result of it. Mr Beattie and his then shadow Minister said, "We did not realise that Asia was in trouble", even though something so momentous was occurring just north of our borders.

The ALP's ill-conceived payroll tax scheme did not, and still does not, stack up. In reality, it would apply to only 4% of employers and it would cost Queensland taxpayers \$2,000 per employee. Of Queensland's 140,000 employers, only 1% are liable to pay \$100,000 in payroll tax because the coalition has given Queensland the highest tax thresholds in Australia—another very proud boast that we can make. Of the 5,500 Queensland employers who actually employ more than 50 workers, nearly 1,700 fall below the threshold and do not pay payroll tax. Even for the top 1,000 companies that pay payroll tax at the maximum rate, tax for 50 employees on average weekly earnings amounts to only 75% of what Labor promised to give back. Clearly, if implemented Labor's promise could cost taxpayers \$2,000 per employee. That promise would apply to only approximately 4% of employers and it would have to be funded from the pockets of our taxpayers. So much for an imaginative and effective job sustenance scheme!

Of course, when it comes to the Labor Party's record to create traineeships within the Public Service, the experience under the Goss Labor Government is a dismal one. During the election campaign I released a letter from my Labor predecessor, the Honourable Matt Foley, that complains of imposed funding limits that inhibited the ALP Government from providing training for disadvantaged groups. The letter dated 8 March 1995 was to former Labor Treasurer Keith De Lacy. It clearly indicates the limited effectiveness of Labor's attempts in 1995 to provide base-grade public sector training opportunities for 400 trainees. The letter made it

clear that after four years of trying Labor could not get this plan to work for 400 trainees, let alone for the 6,000 trainees and 500 apprentices in Government departments that the Beattie Government promised when in Opposition.

On the issue of traineeships in the public sector, the letter states——

"A 1994 review of entry level training opportunities in the Queensland public sector disclosed a significant decline (from 59% in 1988/89 to 11% in 1993/94) in the proportion of base grade recruits who were under 21 years of age."

Those figures, which come from the review that Labor conducted prior to losing Government, indicated a 48% decrease in training opportunities in less than five years of Labor administration of the public sector. In my view, the figures contained in this letter shatter all the credibility of the Labor Government's plans to create the Public Service traineeships and apprenticeships as promised. The Government will keep that promise only at the expense of private-sector apprenticeships and traineeships or through extra monies being allocated beyond those contained in the Budget.

There we have it: a litany of broken promises and a litany of non-delivery by the new Treasurer and the Government on their most fundamental promise prior to the election, which was jobs, jobs, jobs. When that is combined with the promise to review the industrial relations system and to bring it back to the bad old days of compulsory unionism, union preference clauses and more union power, and when it is combined with the Labor Party's attempts to eventually reform the workers compensation system, which will place even more burdens on Queensland employers, we see nothing from the Government or its Budget but job-destroying policies. The Government's policies are regressive and will act as a disincentive to job creation. In one year's time in this place, we will review the performance of the Budget and the Government, and everything that the Opposition has said about the lack of job creation opportunity contained in this Budget will be vindicated.