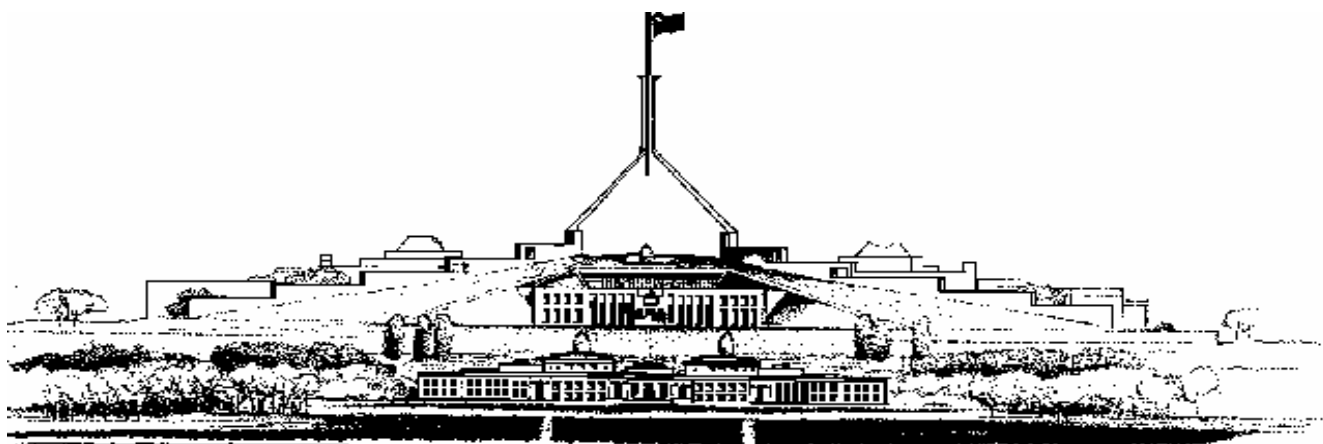




COMMONWEALTH OF AUSTRALIA

**PARLIAMENTARY DEBATES**



# House of Representatives

## Official Hansard

**No. 8, 2008**

**Wednesday, 18 June 2008**

FORTY-SECOND PARLIAMENT  
FIRST SESSION—SECOND PERIOD

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES



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### SITTING DAYS—2008

Month	Date
February	12, 13, 14, 18, 19, 20, 21, 22
March	11, 12, 13, 17, 18, 19, 20
May	13, 14, 15, 26, 27, 28, 29
June	2, 3, 4, 5, 16, 17, 18, 19, 23, 24, 25, 26
August	26, 27, 28
September	1, 2, 3, 4, 15, 16, 17, 18, 22, 23, 24, 25
October	13, 14, 15, 16, 20, 21, 22, 23
November	10, 11, 12, 13, 24, 25, 26, 27
December	1, 2, 3, 4

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**FORTY-SECOND PARLIAMENT  
FIRST SESSION—SECOND PERIOD**

**Governor-General**

His Excellency Major General Michael Jeffery, Companion in the Order of Australia, Commander of the Royal Victorian Order, Military Cross

**House of Representatives Officeholders**

*Speaker*—Mr Harry Alfred Jenkins MP

*Deputy Speaker*—Ms Anna Elizabeth Burke MP

*Second Deputy Speaker*—Hon. Bruce Craig Scott MP

*Members of the Speaker's Panel*—Hon. Dick Godfrey Harry Adams MP, Hon. Kevin James Andrews MP, Hon. Archibald Ronald Bevis MP, Ms Sharon Leah Bird MP, Mr Steven Georganas MP, Hon. Judith Eleanor Moylan MP, Ms Janelle Anne Saffin MP, Mr Albert John Schultz MP, Mr Patrick Damien Secker MP, Hon. Peter Neil Slipper MP, Mr Peter Sid Sidebottom MP, Mr Kelvin John Thomson MP, Hon. Danna Sue Vale MP and Dr Malcolm James Washer MP

*Leader of the House*—Hon. Anthony Norman Albanese MP

*Deputy Leader of the House*—Hon. Stephen Francis Smith MP

*Manager of Opposition Business*—Hon. Joseph Benedict Hockey MP

*Deputy Manager of Opposition Business*—Mr Luke Hartsuyker MP

**Party Leaders and Whips**

Australian Labor Party

*Leader*—Hon. Kevin Michael Rudd MP

*Deputy Leader*—Hon. Julia Eileen Gillard MP

*Chief Government Whip*—Hon. Leo Roger Spurway Price MP

*Government Whips*—Ms Jill Griffiths Hall MP and Mr Christopher Patrick Hayes MP

Liberal Party of Australia

*Leader*—Hon. Brendan John Nelson MP

*Deputy Leader*—Hon. Julie Isabel Bishop MP

*Chief Opposition Whip*—Hon. Alex Somlyay MP

*Opposition Whip*—Mr Michael Andrew Johnson MP

*Deputy Opposition Whip*—Ms Nola Bethwyn Marino MP

The Nationals

*Leader*—Hon. Warren Errol Truss MP

*Chief Whip*—Mrs Kay Elizabeth Hull MP

*Whip*—Mr Paul Christopher Neville MP

Printed by authority of the House of Representatives

### Members of the House of Representatives

Members	Division	Party
Abbott, Hon. Anthony John	Warringah, NSW	LP
Adams, Hon. Dick Godfrey Harry	Lyons, Tas	ALP
Albanese, Hon. Anthony Norman	Grayndler, NSW	ALP
Andrews, Hon. Kevin James	Menzies, Vic	LP
Bailey, Hon. Frances Esther	McEwen, Vic	LP
Baldwin, Hon. Robert Charles	Paterson, NSW	LP
Bevis, Hon. Archibald Ronald	Brisbane, Qld	ALP
Bidgood, James Mark	Dawson, Qld	ALP
Billson, Hon. Bruce Fredrick	Dunkley, Vic	LP
Bird, Sharon Leah	Cunningham, NSW	ALP
Bishop, Hon. Bronwyn Kathleen	Mackellar, NSW	LP
Bishop, Hon. Julie Isabel	Curtin, WA	LP
Bowen, Hon. Christopher Eyles	Prospect, NSW	ALP
Bradbury, David John	Lindsay, NSW	ALP
Broadbent, Russell Evan	McMillan, Vic	LP
Burke, Anna Elizabeth	Chisholm, Vic	ALP
Burke, Hon. Anthony Stephen	Watson, NSW	ALP
Butler, Mark Christopher	Port Adelaide, SA	ALP
Byrne, Hon. Anthony Michael	Holt, Vic	ALP
Campbell, Jodie Louise	Bass, Tas	ALP
Champion, Nicholas David	Wakefield, SA	ALP
Cheeseman, Darren Leicester	Corangamite, Vic	ALP
Ciobo, Steven Michele	Moncrieff, Qld	LP
Clare, Jason Dean	Blaxland, NSW	ALP
Cobb, Hon. John Kenneth	Calare, NSW	Nats
Collins, Julie Maree	Franklin, Tas	ALP
Combet, Hon. Gregory Ivan, AM	Charlton, NSW	ALP
Costello, Hon. Peter Howard	Higgins, Vic	LP
Coulton, Mark Maclean	Parkes, NSW	Nats
Crean, Hon. Simon Findlay	Hotham, Vic	ALP
Danby, Michael David	Melbourne Ports, Vic	ALP
D'Ath, Yvette Maree	Petrie, Qld	ALP
Debus, Hon. Robert John	Macquarie, NSW	ALP
Downer, Hon. Alexander John Gosse	Mayo, SA	LP
Dreyfus, Mark Alfred, QC	Isaacs, Vic	ALP
Dutton, Hon. Peter Craig	Dickson, Qld	LP
Elliot, Hon. Maria Justine	Richmond, NSW	ALP
Ellis, Annette Louise	Canberra, ACT	ALP
Ellis, Hon. Katherine Margaret	Adelaide, SA	ALP
Emerson, Hon. Craig Anthony	Rankin, Qld	ALP
Farmer, Hon. Patrick Francis	Macarthur, NSW	LP
Ferguson, Hon. Laurie Donald Thomas	Reid, NSW	ALP
Ferguson, Hon. Martin John, AM	Batman, Vic	ALP
Fitzgibbon, Hon. Joel Andrew	Hunter, NSW	ALP
Forrest, John Alexander	Mallee, Vic	Nats
Garrett, Hon. Peter Robert, AM	Kingsford Smith, NSW	ALP
Gash, Joanna	Gilmore, NSW	LP
Georganas, Steven	Hindmarsh, SA	ALP

### Members of the House of Representatives

Members	Division	Party
George, Jennie	Throsby, NSW	ALP
Georgiou, Petro	Kooyong, Vic	LP
Gibbons, Stephen William	Bendigo, Vic	ALP
Gillard, Hon. Julia Eileen	Lalor, Vic	ALP
Gray, Hon. Gary, AO	Brand, WA	ALP
Grierson, Sharon Joy	Newcastle, NSW	ALP
Griffin, Hon. Alan Peter	Bruce, Vic	ALP
Haase, Barry Wayne	Kalgoorlie, WA	LP
Hale, Damian Francis	Solomon, NT	ALP
Hall, Jill Griffiths	Shortland, NSW	ALP
Hartsuyker, Luke	Cowper, NSW	Nats
Hawke, Alexander George	Mitchell, NSW	LP
Hawker, Hon. David Peter Maxwell	Wannon, Vic	LP
Hayes, Christopher Patrick	Werriwa, NSW	ALP
Hockey, Hon. Joseph Benedict	North Sydney, NSW	LP
Hull, Kay Elizabeth	Riverina, NSW	Nats
Hunt, Hon. Gregory Andrew	Flinders, Vic	LP
Irons, Stephen James	Swan, WA	LP
Irwin, Julia Claire	Fowler, NSW	ALP
Jackson, Sharryn Maree	Hasluck, WA	ALP
Jenkins, Henry Alfred	Scullin, Vic	ALP
Jensen, Dennis Geoffrey	Tangney, WA	LP
Johnson, Michael Andrew	Ryan, Qld	LP
Katter, Hon. Robert Carl	Kennedy, Qld	Ind
Keenan, Michael Fayat	Stirling, WA	LP
Kelly, Hon. Michael Joseph, AM	Eden-Monaro, NSW	ALP
Kerr, Hon. Duncan James Colquhoun, SC	Denison, Tas	ALP
King, Catherine Fiona	Ballarat, Vic	ALP
Laming, Andrew Charles	Bowman, Qld	LP
Ley, Hon. Sussan Penelope	Farrer, NSW	LP
Lindsay, Hon. Peter John	Herbert, Qld	LP
Livermore, Kirsten Fiona	Capricornia, Qld	ALP
McClelland, Hon. Robert Bruce	Barton, NSW	ALP
Macfarlane, Hon. Ian Elgin	Groom, Qld	LP
McKew, Hon. Maxine Margaret	Bennelong, NSW	ALP
Macklin, Hon. Jennifer Louise	Jagajaga, Vic	ALP
McMullan, Hon. Robert Francis	Fraser, ACT	ALP
Marino, Nola Bethwyn	Forrest, WA	LP
Markus, Louise Elizabeth	Greenway, NSW	LP
Marles, Richard Donald	Corio, Vic	ALP
May, Margaret Ann	McPherson, Qld	LP
Melham, Daryl	Banks, NSW	ALP
Mirabella, Sophie	Indi, Vic	LP
Morrison, Scott John	Cook, NSW	LP
Moylan, Hon. Judith Eleanor	Pearce, WA	LP
Murphy, Hon. John Paul	Lowe, NSW	ALP
Neal, Belinda Jane	Robertson, NSW	ALP
Nelson, Hon. Brendan John	Bradfield, NSW	LP
Neumann, Shayne Kenneth	Blair, Qld	ALP

### Members of the House of Representatives

Members	Division	Party
Neville, Paul Christopher	Hinkler, Qld	Nats
O'Connor, Hon. Brendan Patrick John	Gorton, Vic	ALP
Owens, Julie Ann	Parramatta, NSW	ALP
Parke, Melissa	Fremantle, WA	ALP
Pearce, Hon. Christopher John	Aston, Vic	LP
Perrett, Graham Douglas	Moreton, Qld	ALP
Plibersek, Hon. Tanya Joan	Sydney, NSW	ALP
Price, Hon. Leo Roger Spurway	Chifley, NSW	ALP
Pyne, Hon. Christopher Maurice	Sturt, SA	LP
Raguse, Brett Blair	Forde, Qld	ALP
Ramsey, Rowan Eric	Grey, SA	LP
Randall, Don James	Canning, WA	LP
Rea, Kerry Marie	Bonner, Qld	ALP
Ripoll, Bernard Fernand	Oxley, Qld	ALP
Rishworth, Amanda Louise	Kingston, SA	ALP
Robb, Hon. Andrew John, AO	Goldstein, Vic	LP
Robert, Stuart Rowland	Fadden, Qld	LP
Roxon, Hon. Nicola Louise	Gellibrand, Vic	ALP
Rudd, Hon. Kevin Michael	Griffith, Qld	ALP
Ruddock, Hon. Philip Maxwell	Berowra, NSW	LP
Saffin, Janelle Anne	Page, NSW	ALP
Schultz, Albert John	Hume, NSW	LP
Scott, Hon. Bruce Craig	Maranoa, Qld	NP
Secker, Patrick Damien	Barker, SA	LP
Shorten, Hon. William Richard	Maribyrnong, Vic	ALP
Sidebottom, Peter Sid	Braddon, Tas	ALP
Simpkins, Luke Xavier Linton	Cowan, WA	LP
Slipper, Hon. Peter Neil	Fisher, Qld	LP
Smith, Hon. Anthony David Hawthorn	Casey, Vic	LP
Smith, Hon. Stephen Francis	Perth, WA	ALP
Snowdon, Hon. Warren Edward	Lingiari, NT	ALP
Somlyay, Hon. Alexander Michael	Fairfax, Qld	LP
Southcott, Andrew John	Boothby, SA	LP
Stone, Hon. Sharman Nancy	Murray, Vic	LP
Sullivan, Jonathan Harold	Longman, Qld	ALP
Swan, Hon. Wayne Maxwell	Lilley, Qld	ALP
Symon, Michael Stuart	Deakin, Vic	ALP
Tanner, Hon. Lindsay James	Melbourne, Vic	ALP
Thomson, Craig Robert	Dobell, NSW	ALP
Thomson, Kelvin John	Wills, Vic	ALP
Trevor, Chris Allan	Flynn, Qld	ALP
Truss, Hon. Warren Errol	Wide Bay, Qld	Nats
Tuckey, Hon. Charles Wilson	O'Connor, WA	LP
Turnbull, Hon. Malcolm Bligh	Wentworth, NSW	LP
Turnour, James Pearce	Leichhardt, Qld	ALP
Vaile, Hon. Mark Anthony James	Lyne, NSW	Nats
Vale, Hon. Danna Sue	Hughes, NSW	LP
Vamvakinou, Maria	Calwell, Vic	ALP
Washer, Malcolm James	Moore, WA	LP



### **Members of the House of Representatives**

<b>Members</b>	<b>Division</b>	<b>Party</b>
Windsor, Anthony Harold Curties	New England, NSW	Ind
Wood, Jason Peter	La Trobe, Vic	LP
Zappia, Tony	Makin, SA	ALP

#### **PARTY ABBREVIATIONS**

ALP—Australian Labor Party; LP—Liberal Party of Australia;  
Nats—The Nationals; Ind—Independent

#### **Heads of Parliamentary Departments**

Clerk of the Senate—H Evans  
Clerk of the House of Representatives—IC Harris AO  
Secretary, Department of Parliamentary Services—A Thompson

## **RUDD MINISTRY**

Prime Minister	Hon. Kevin Rudd, MP
Deputy Prime Minister, Minister for Education, Minister for Employment and Workplace Relations and Minister for Social Inclusion	Hon. Julia Gillard, MP
Treasurer	Hon. Wayne Swan MP
Minister for Immigration and Citizenship and Leader of the Government in the Senate	Senator Hon. Chris Evans
Special Minister of State, Cabinet Secretary and Vice President of the Executive Council	Senator Hon. John Faulkner
Minister for Trade	Hon. Simon Crean MP
Minister for Foreign Affairs	Hon. Stephen Smith MP
Minister for Defence	Hon. Joel Fitzgibbon MP
Minister for Health and Ageing	Hon. Nicola Roxon MP
Minister for Families, Housing, Community Services and Indigenous Affairs	Hon. Jenny Macklin MP
Minister for Finance and Deregulation	Hon. Lindsay Tanner MP
Minister for Infrastructure, Transport, Regional Development and Local Government and Leader of the House	Hon. Anthony Albanese MP
Minister for Broadband, Communications and the Digital Economy and Deputy Leader of the Government in the Senate	Senator Hon. Stephen Conroy
Minister for Innovation, Industry, Science and Research	Senator Hon. Kim Carr
Minister for Climate Change and Water	Senator Hon. Penny Wong
Minister for the Environment, Heritage and the Arts	Hon. Peter Garrett AM, MP
Attorney-General	Hon. Robert McClelland MP
Minister for Human Services and Manager of Government Business in the Senate	Senator Hon. Joe Ludwig
Minister for Agriculture, Fisheries and Forestry	Hon. Tony Burke MP
Minister for Resources and Energy and Minister for Tourism	Hon. Martin Ferguson AM, MP

**[The above ministers constitute the cabinet]**

**RUDD MINISTRY—*continued***

Minister for Home Affairs	Hon. Bob Debus MP
Assistant Treasurer and Minister for Competition Policy and Consumer Affairs	Hon. Chris Bowen MP
Minister for Veterans' Affairs	Hon. Alan Griffin MP
Minister for Housing and Minister for the Status of Women	Hon. Tanya Plibersek MP
Minister for Employment Participation	Hon. Brendan O'Connor MP
Minister for Defence Science and Personnel	Hon. Warren Snowdon MP
Minister for Small Business, Independent Contractors and the Service Economy and Minister Assisting the Finance Minister on Deregulation	Hon. Dr Craig Emerson MP
Minister for Superannuation and Corporate Law	Senator Hon. Nick Sherry
Minister for Ageing	Hon. Justine Elliot MP
Minister for Youth and Minister for Sport	Hon. Kate Ellis MP
Parliamentary Secretary for Early Childhood Education and Childcare	Hon. Maxine McKew MP
Parliamentary Secretary for Defence Procurement	Hon. Greg Combet AM, MP
Parliamentary Secretary for Defence Support	Hon. Dr Mike Kelly AM, MP
Parliamentary Secretary for Regional Development and Northern Australia	Hon. Gary Gray AO, MP
Parliamentary Secretary for Disabilities and Children's Services	Hon. Bill Shorten MP
Parliamentary Secretary for International Development Assistance	Hon. Bob McMullan MP
Parliamentary Secretary for Pacific Island Affairs	Hon. Duncan Kerr MP
Parliamentary Secretary to the Prime Minister	Hon. Anthony Byrne MP
Parliamentary Secretary for Social Inclusion and the Voluntary Sector and Parliamentary Secretary Assisting the Prime Minister for Social Inclusion	Senator Hon. Ursula Stephens
Parliamentary Secretary to the Minister for Trade	Hon. John Murphy MP
Parliamentary Secretary to the Minister for Health and Ageing	Senator Hon. Jan McLucas
Parliamentary Secretary for Multicultural Affairs and Settlement Services	Hon. Laurie Ferguson MP

## SHADOW MINISTRY

Leader of the Opposition	Hon. Brendan Nelson MP
Deputy Leader of the Opposition and Shadow Minister for Employment, Business and Workplace Relations	Hon. Julie Bishop MP
Leader of the Nationals and Shadow Minister for Infrastructure and Transport and Local Government	Hon. Warren Truss MP
Leader of the Opposition in the Senate and Shadow Minister for Defence	Senator Hon. Nick Minchin
Deputy Leader of the Opposition in the Senate and Shadow Minister for Innovation, Industry, Science and Research	Senator Hon. Eric Abetz
Shadow Treasurer	Hon. Malcolm Turnbull MP
Manager of Opposition Business in the House and Shadow Minister for Health and Ageing	Hon. Joe Hockey MP
Shadow Minister for Foreign Affairs	Hon. Andrew Robb MP
Shadow Minister for Trade	Hon. Ian Macfarlane MP
Shadow Minister for Families, Community Services, Indigenous Affairs and the Voluntary Sector	Hon. Tony Abbott MP
Shadow Minister for Agriculture, Fisheries and Forestry	Senator Hon. Nigel Scullion
Shadow Minister for Human Services	Senator Hon. Helen Coonan
Shadow Minister for Education, Apprenticeships and Training	Hon. Tony Smith MP
Shadow Minister for Climate Change, Environment and Urban Water	Hon. Greg Hunt MP
Shadow Minister for Finance, Competition Policy and Deregulation	Hon. Peter Dutton MP
Manager of Opposition Business in the Senate and Shadow Minister for Immigration and Citizenship	Senator Hon. Chris Ellison
Shadow Minister for Broadband, Communications and the Digital Economy	Hon. Bruce Billson MP
Shadow Attorney-General	Senator Hon. George Brandis
Shadow Minister for Resources and Energy and Shadow Minister for Tourism	Senator Hon. David Johnston
Shadow Minister for Regional Development, Water Security	Hon. John Cobb MP

**[The above constitute the shadow cabinet]**

### **SHADOW MINISTRY—*continued***

Shadow Minister for Justice and Border Protection; Assisting Shadow Minister for Immigration and Citizenship	Hon. Chris Pyne MP
Shadow Special Minister of State	Senator Hon. Michael Ronaldson
Shadow Minister for Small Business, the Service Economy and Tourism	Steven Ciobo MP
Shadow Minister for Environment, Heritage, the Arts and Indigenous Affairs	Hon. Sharman Stone MP
Shadow Assistant Treasurer and Shadow Minister for Superannuation and Corporate Governance	Michael Keenan MP
Shadow Minister for Ageing	Margaret May MP
Shadow Minister for Defence Science, Personnel; Assisting Shadow Minister for Defence	Hon. Bob Baldwin MP
Deputy Manager of Opposition Business in the House and Shadow Minister for Business Development, Independent Contractors and Consumer Affairs	Luke Hartsuyker MP
Shadow Minister for Veterans' Affairs	Hon. Bronwyn Bishop MP
Shadow Minister for Employment Participation and Apprenticeships and Training	Andrew Southcott MP
Shadow Minister for Housing and Shadow Minister for Status of Women	Hon. Sussan Ley MP
Shadow Minister for Youth and Sport	Hon. Pat Farmer MP
Shadow Parliamentary Secretary Assisting the Leader of the Opposition and Shadow Cabinet Secretary	Don Randall MP
Shadow Parliamentary Secretary Assisting the Leader of the Opposition in the Senate and Shadow Parliamentary Secretary for Northern Australia	Senator Hon. Ian Macdonald
Shadow Parliamentary Secretary for Health	Senator Hon. Richard Colbeck
Shadow Parliamentary Secretary for Education	Senator Hon. Brett Mason
Shadow Parliamentary Secretary for Defence	Hon. Peter Lindsay MP
Shadow Parliamentary Secretary for Infrastructure, Roads and Transport	Barry Haase MP
Shadow Parliamentary Secretary for Trade	John Forrest MP
Shadow Parliamentary Secretary for Immigration and Citizenship	Louise Markus MP
Shadow Parliamentary Secretary for Local Government	Sophie Mirabella MP
Shadow Parliamentary Secretary for Tourism	Jo Gash MP
Shadow Parliamentary Secretary for Ageing and the Voluntary Sector	Mark Coulton MP
Shadow Parliamentary Secretary for Foreign Affairs	Senator Marise Payne
Shadow Parliamentary Secretary for Families and Community Services	Senator Cory Bernardi

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*Wednesday, 18 June 2008*

**The SPEAKER (Mr Harry Jenkins)** took the chair at 9 am and read prayers.

**MEMBER FOR ROBERTSON**

**Ms NEAL** (Robertson) (9.00 am)—Mr Speaker, on indulgence, members of the House will be aware of an incident that occurred at Gosford on 6 June. There is a police investigation underway relating to this incident. I have been fully cooperating and will continue to fully cooperate with this investigation. Subsequent to the conclusion of these legal proceedings I will make a statement to the parliament.

**PROTECTION OF THE SEA  
LEGISLATION AMENDMENT  
BILL 2008**

**First Reading**

Bill and explanatory memorandum presented by **Mr Albanese**.

Bill read a first time.

**Second Reading**

**Mr ALBANESE** (Grayndler—Minister for Infrastructure, Transport, Regional Development and Local Government) (9.01 am)—I move:

That this bill be now read a second time.

The Protection of the Sea Legislation Amendment Bill 2008 will implement in Australia the protocol of 2003 to the International Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage, generally known as the supplementary fund protocol.

The bill also introduces amendments to the Protection of the Sea (Prevention of Pollution from Ships) Act 1983, known as the MARPOL amendments, and amendments to ship levy legislation relating to the definitions of an ‘Australian port’ and ‘collector’.

The supplementary fund protocol was adopted by the International Maritime Organisation in 2003 and entered into force internationally on 3 March 2005. The protocol will enter into force for Australia three months after the lodgement of the instrument of accession with the Secretary-General of the International Maritime Organisation.

Australia is currently party to a two-tier liability and compensation scheme applying to pollution damage resulting from oil spills from oil tankers. The first tier is established by the International Convention on Civil Liability for Oil Pollution Damage, 1992, known as the civil liability convention. The second tier is established by the International Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage, 1992, known as the 1992 fund convention.

Under the first tier, compensation is payable by tanker owners and/or their insurers, known generally as protection and indemnity (P&I) clubs. However, tanker owners are able to limit their liability with the liability limit depending on the size of the tanker.

If the compensation costs resulting from an oil spill exceed a tanker owner’s liability limit, then compensation above that limit is payable by the International Oil Pollution Compensation Fund, known as the IOPC Fund. However, the amount of compensation payable by the IOPC Fund is itself limited so that the maximum amount payable by the tanker owner and the IOPC Fund is approximately \$350 million—as at 22 May 2008.

In recent years, significant spills from oil tankers overseas have proven that the maximum amount of compensation afforded under the two-tier scheme is insufficient to provide full compensation for all claimants. By way of examples, in the *Nakhodka* oil spill off the coast of Japan in 1997, the *Erika*

spill off the coast of France in 1999 and the *Prestige* spill off the coast of Spain in 2002, the amount of funds available under the then two-tier regime proved to be insufficient to provide full compensation for all claimants. As a consequence, claimants only received a pro rata amount of their approved compensation amount.

For Australia, a significant spill of oil from an oil tanker would be devastating if it were to pollute our many fragile marine ecosystems such as the Great Barrier Reef or the Ningaloo Reef.

To date, Australia has suffered a number of marine incidents involving oil tankers.

The most notable incidents involved:

- The *Princess Anne-Marie* off the Western Australia coast in July 1975 when approximately 15,000 tonnes of oil was spilt; and
- The *Kirki* off the Western Australia coast in July 1991, when approximately 18,000 tonnes of crude oil was released after the bow fell off the vessel. Serious pollution of the West Australian coast was avoided due to the dual combination of severe weather conditions and the effects of the Leeuwin current in dispersing the 7,900 tonnes of oil lost during the initial stages of the spill off Cervantes and Jurien Bay.

While the clean-up costs in the above incidents fell within the limit provided for under the civil liability convention and were consequently paid by the oil tankers' insurers, a large spill of heavy crude oil from an oil tanker in an environmentally sensitive area could necessitate extensive clean-up and restoration costs which might require drawing on the IOPC Fund. This figure could increase substantially in areas involving extensive commercial fishing and tourism interests, where potential claimants may seek

to recover compensation for loss of income. This figure could exceed the IOPC Fund limit.

The supplementary fund protocol creates a third tier of compensation for damage resulting from spills of oil from an oil tanker, so that the maximum amount payable increases up to \$750 million special drawing rights per incident, approximately A\$1.3 billion—as at 22 May 2008.

The supplementary fund will be financed through levies on public or private entities in receipt of more than 150,000 tonnes of contributing oil per year in contracting states. Levies for the supplementary fund will only be collected after an oil spill occurred and after the first two tiers of compensation are exhausted.

This bill will ensure that compensation to Australian victims following an oil spill from a tanker incident is maximised and that adequate financial resources are provided for clean-up costs, economic loss, property damage and to help with the natural recovery of Australia's affected marine environment.

It is also important from a global perspective that Australia becomes a contracting party to the Supplementary Fund Protocol because our ratification will add support to the protocol and will encourage more countries to become parties.

I am pleased today to be introducing this important legislation which will enable Australia to join those countries that are already parties to the Supplementary Fund Protocol of 2003. These countries include France, Germany, Greece, Italy, Japan, the Netherlands, Spain and the United Kingdom.

This bill complements the Protection of the Sea (Civil Liability for Bunker Oil Pollution Damage) Bill 2008, which I introduced into the House during the autumn sittings of parliament. That bill ensures that compensation will be available for anyone who suffers

damage or loss as a result of the leakage of bunker oil from a ship other than an oil tanker.

Australia is a party to the International Convention for the Prevention of Pollution from Ships 1973, known as MARPOL, and has implemented all six technical annexes to MARPOL, which deal, respectively, with the prevention of pollution by the discharge of oil, noxious liquid substances in bulk, harmful packaged substances, sewage, garbage and air pollution from ships.

The legislation giving effect to MARPOL in Australia is the Protection of the Sea (Prevention of Pollution from Ships) Act 1983 and the Navigation Act 1912. The amendments will implement changes to Annexes I, III and IV of MARPOL, make miscellaneous amendments to the requirements for maintenance of garbage record books and allow regulations under the Protection of the Sea (Prevention of Pollution from Ships) Act 1983 to prescribe penalties of up to 50 penalty units. As well, the amendments substitute a new subsection 9(4)—the defence provision—to better reflect the requirements of Regulations 15 and 34 of Annex I of MARPOL.

The bill also substitutes a new definition of the term 'Australian port' to mean a place appointed, proclaimed or prescribed as a port under the Customs Act 1901, or under a law of a state or territory, in the Marine Navigation Levy Collection Act 1989, the Marine Navigation (Regulatory Functions) Levy Collection Act 1991 and the Protection of the Sea (Shipping Levy Collection) Act 1981.

It is becoming more frequent for ships to load and unload offshore without entering a port. Ships calling at offshore installations and ships unloading cargo offshore gain the benefit of Australia's ship safety and environment protection services and the national aids to navigation network. However, as they

do not call at Australian ports, they may dispute their liability to pay the relevant levies for these services.

The amendment will put beyond doubt that a place adjacent to an installation, or indeed a place to which a ship comes for the purposes of unloading cargo, even if that place is not immediately adjacent to land, can be a 'port' if so prescribed under the Customs Act 1901.

While this bill does not prevent shipping incidents that may result in oil pollution, Australia has a rigorous Port State Control Ship Inspection Program conducted by the Australian Maritime Safety Authority to monitor compliance of foreign ships entering Australian ports with international safety and environment protection standards. In the highly unlikely event that an incident involving an oil tanker occurred, the measures provided for in this bill will ensure that victims of oil pollution damage are able to obtain prompt, adequate and effective compensation.

The main purpose of this bill is to provide for compensation in the case of an oil pollution incident. It will also play an important role in the protection of the marine environment. An effective liability and compensation scheme, as established by the bill, is a basic component of any comprehensive marine pollution response regime.

The proposed amendments set out in the bill will improve the robustness of Australia's maritime environment regulatory regime and provide clarity and consistency across existing legislation.

Debate (on motion by **Mr Randall**) adjourned.

**THERAPEUTIC GOODS  
LEGISLATION AMENDMENT  
(ANNUAL CHARGES) BILL 2008**

**First Reading**

Bill and explanatory memorandum presented by **Mr Shorten**.

Bill read a first time.

**Second Reading**

**Mr SHORTEN** (Maribyrnong—Parliamentary Secretary for Disabilities and Children's Services) (9.12 am)—I move:

That this bill be now read a second time.

This bill makes a number of amendments to the Therapeutic Goods Act 1989 and the Therapeutic Goods (Charges) Act 1989 relating to the collection and imposition of annual charges and the implementation of exemptions from a liability to pay annual charges because of low-value turnover of therapeutic goods.

Generally, therapeutic goods are required to be registered, listed or included on the Australian Register of Therapeutic Goods before they can be lawfully imported into, manufactured in, supplied in or exported from Australia. The Therapeutic Goods Act usually requires a person to obtain a manufacturing licence in order to manufacture therapeutic goods in Australia. Annual charges are payable for maintaining entries in the register and for manufacturing licences issued under the Therapeutic Goods Act.

The current provisions fix the dates for payment of annual charges on the commencement of the registration, on the listing or inclusion of a medical device in the register or on the commencement of the issuing of a manufacturing licence. In subsequent years, the annual charges are payable on these anniversary dates. In general, these due dates can only be amended with the consent of the relevant sponsor or the manufacturer of therapeutic goods.

Currently there are around 50,000 registrations, listings and inclusions in the register that are liable for an annual charge. In addition, a significant number of new entries are made in the register every year. It is therefore an arduous task for the Therapeutic Goods Administration, the TGA, to issue a separate invoice for each register entry and to seek payment of the annual charge on the date of regulatory approval in the first financial year and on the anniversary date in the subsequent years.

The bill therefore proposes amendments to include the fixing of a uniform date for the payment of annual charges for all financial years after the year in which the initial charge is paid. For newly entered goods in the register, the bill allows some flexibility for working out the payment dates in accordance with the regulations, instead of on the commencement dates for the entry of goods in the register. Some of these changes have already been implemented administratively, such as setting the date for payment of annual charges for goods already entered in the register as 1 October of the relevant financial year, and therefore would not affect stakeholders adversely. These changes will provide administrative efficiency for both the TGA and stakeholders.

Sponsors with low-value turnover of therapeutic goods are currently entitled to an exemption from the liability to pay annual charges in relation to those goods. Some concerns have been raised in relation to the transparency of the exemption. The Australian National Audit Office also recently raised some concerns on the lack of ability of the TGA to review the eligibility of sponsors applying for, or who have been granted, exemptions. Under the current provisions, the TGA does not have power to seek evidence verifying the eligibility of persons applying for, or who have been granted, the exemption

for paying annual charges for low turnover of therapeutic goods.

The amendments set out in the bill are proposed to address those concerns and will provide for greater clarity, transparency and accountability in the processing and the granting of this exemption. New provisions allow the making of regulations to require a statement by an approved person supporting claims for the exemption, and provide powers to obtain additional information from the applicant or the person who has already been granted an exemption.

In addition to other technical and consequential amendments, the bill also makes it clear that an annual charge can be set at nil amounts. The amendments set out in the bill are proposed to commence on 1 July 2009.

I commend the bill to the House.

Debate (on motion by **Mr Randall**) adjourned.

**GREAT BARRIER REEF MARINE  
PARK AND OTHER LEGISLATION  
AMENDMENT BILL 2008**

**First Reading**

Bill and explanatory memorandum presented by **Mr Garrett**.

Bill read a first time.

**Second Reading**

**Mr GARRETT** (Kingsford Smith—Minister for the Environment, Heritage and the Arts) (9.17 am)—I move:

That this bill be now read a second time.

The Great Barrier Reef Marine Park and Other Legislation Amendment Bill 2008 will put in place a modern, future-focused regulatory framework for securing the long-term protection and ecologically sustainable management of the Great Barrier Reef.

The Great Barrier Reef is the world's largest and most complex coral reef ecosystem and is indeed one of our great national treas-

ures, extending approximately 2,300 kilometres along the Queensland coast and covering an area of over 344,400 square kilometres. The Great Barrier Reef contains unparalleled biological diversity and globally unique ecosystems. Its significant natural values are internationally recognised through its inclusion on the World Heritage List. The Great Barrier Reef supports substantial economic activity. Tourism generates approximately \$6 billion per annum, recreational activities \$554 million per annum and commercial fishing \$251 million per annum. The reef is also used for a wide variety of non-commercial purposes, such as research, public enjoyment, traditional owner cultural practices and Defence Force training.

Coral reefs, including the Great Barrier Reef, have been specifically identified by the Intergovernmental Panel on Climate Change as areas where climate change impacts will occur. We have already seen this through bleaching events. We are fortunate in Australia that the Great Barrier Reef is well preserved compared to reef systems elsewhere in the world. This makes it a drawcard for domestic and international tourists but its iconic status also has the potential to make it an international symbol for the impacts of climate change.

The government is addressing the impacts of climate change through initiatives aimed at increasing the resilience of the Great Barrier Reef and through measures to reduce greenhouse gas emissions. The release of a vulnerability assessment in relation to climate change and the Great Barrier Reef, the Great Barrier Reef Climate Change Action Plan 2007 to 2012, and the \$200 million Great Barrier Reef Rescue Plan demonstrate the level of importance the government is giving to this threat.

The Great Barrier Reef Marine Park Act 1975 is a key component in the framework

for protection of the Great Barrier Reef. The act provides for the creation of the Great Barrier Reef Marine Park and establishes the Great Barrier Reef Marine Park Authority. The authority is responsible for managing the marine park and advising government on matters relating to the marine park.

The Great Barrier Reef Marine Park Act has been in place for over 30 years. It was groundbreaking legislation at its inception and it has served its purpose well. However, a 2006 review of the act found that it is now starting to show its age and that substantial updating is required to put in place a regulatory framework capable of meeting the challenges of the next 30 years and beyond.

A great deal has changed since inception of the act in 1975. The Great Barrier Reef Marine Park has been progressively established. The Capricornia section of 12,000 square kilometres was the first area to be declared in 1979 and the last 10 coastal areas were declared in 2001 to give us the marine park of today that covers some 344,400 square kilometres. Use of the marine park has steadily increased and will continue to do so.

In 2004, a zoning plan establishing a comprehensive network of zones and a high level of protection was put in place throughout the marine park. The zoning plan provides a strong framework for protecting the Great Barrier Reef and ensuring use is ecologically sustainable. Delivery of this framework requires a modern, robust regulatory system providing 'on the ground' administrative and enforcement capability. This bill will put in place such a system.

In 1999, the Environment Protection and Biodiversity Conservation Act (EPBC Act) was established as the Commonwealth's primary environmental law. The Great Barrier Reef Marine Park Act and the EPBC Act are poorly integrated and overlap in places,

for example in environmental impact assessment, and this places unnecessary imposts on business and the community. Moreover the Great Barrier Reef Marine Park Act provides minimal flexibility for enforcement action and for penalties to vary according to circumstances. There are also gaps in the protection offered by the Great Barrier Reef Marine Park Act, for example, in relation to responding to emergencies presenting a risk of serious environment harm. The bill will address these issues.

Finally, the Great Barrier Reef Marine Park Act is simply out of date. For example, it does not recognise the world heritage status of the Great Barrier Reef or incorporate concepts such as ecological sustainability and the precautionary principle. The bill will update the act to reflect modern realities and approaches to environmental protection and management. This bill will put in place a robust, comprehensive, regulatory framework for the Great Barrier Reef fit for meeting the challenges of the future.

The bill will establish a modern framework for administration of the act and for management of the marine park that is integrated and aligned with the EPBC Act and other relevant legislation. It will put in place robust and streamlined environmental impact assessment and permit arrangements. It will enhance investigation capacity and allow for a more tailored and flexible approach to enforcement and compliance. It will encourage responsible and ecologically sustainable use of the marine park by ensuring appropriate incentives are in place and management tools are available.

I now turn to specific elements of the bill. The bill places the Great Barrier Reef Marine Park Act on a modern footing. The objects of the act are updated to focus on long-term protection and ecologically sustainable management. Administration of the act and man-

agement of the marine park will be guided by modern concepts such as ecologically sustainable use and the precautionary principle, as well as protection of the world heritage values of the Great Barrier Reef. The bill improves integration and alignment of the Great Barrier Reef Marine Park Act with other relevant legislation—notably the EPBC Act but also Queensland legislation. This will reduce regulatory and administrative red tape and facilitate a more consistent and integrated approach to environmental regulation and management by the Australian and Queensland governments.

The bill establishes the EPBC Act as the primary basis for environmental impact assessment and approval arrangements applying to the marine park. In doing this it recognises the Great Barrier Reef as a matter of national environmental significance, providing a strong legal basis for protection. The best practice environmental impact assessment provisions of the EPBC Act include streamlined assessment processes, statutory time frames for decision making, transparency mechanisms and opportunities for public involvement. The changes will remove circuitous and, at times, duplicative arrangements. The Great Barrier Reef Marine Park Authority will continue to be responsible for managing activities in the marine park.

The bill establishes a consistent and robust environmental investigations regime for the marine park through the EPBC Act. The EPBC Act provisions were reviewed and updated in 2007. Under the changes in the bill, inspectors appointed by the authority will be able to use a single set of powers to investigate compliance with both acts. The bill establishes a broader range of enforcement mechanisms. This includes a civil penalty regime, expanded availability of infringement notices for minor offences and administrative enforcement options backed

by legal enforceability. This provides flexibility so that enforcement action can reflect the particular circumstances of each contravention, allowing legal requirements to be enforced more efficiently, effectively and fairly.

The bill includes a number of measures designed to encourage responsible use of the marine park and compliance with relevant laws. Penalties are amended to ensure they are neither too lenient nor too harsh. Aggravated offence and civil penalty contraventions are established, carrying higher maximum penalties differentiated from base offences and contraventions which carry lower penalties. This will help provide adequate deterrence while ensuring that penalties are not excessive for minor offences.

A range of alternative and additional sanctions will be available. For example, a person convicted of an offence could be ordered to take steps to publicise their conviction or remediate any environmental harm caused by their action. Perverse incentives will be removed by ensuring that people are not able to profit from illegal behaviour. Park users will be expected to be aware of their location within the park and the rules that apply. Executive officers of corporations, permit holders and fishing licensees would be expected to exercise due diligence in ensuring that people under their supervision comply with legal requirements. Such measures recognise that deterrence is the most efficient approach to compliance.

The bill introduces an environmental duty requiring marine park users to take reasonable steps to avoid or minimise any environmental harm associated with their use of the park. Breach of this duty would not be an offence but could be enforced through administrative means. As happens at state level, this duty will facilitate a flexible and collaborative approach to the achievement of

desired environmental outcomes. Guidelines, best practice standards and industry codes of practice will articulate what is required to meet this duty. The bill enhances the capacity of the Great Barrier Reef Marine Park Authority to respond to emergency incidents presenting a risk of serious harm to the environment of the marine park. This complements the powers of other emergency response agencies such as the Australian Maritime Safety Authority.

Finally, the bill addresses a specific election commitment of the government to restore an Indigenous member to the Great Barrier Reef Marine Park Authority. This requirement was removed by the previous government in July 2007. There are more than 70 traditional owner groups along the coast from Bundaberg to the Torres Strait who have a long and continuing relationship with the sea country of the Great Barrier Reef. The knowledge and perspective of persons with expertise related to traditional use of the marine park, and Indigenous issues more generally, is invaluable in achieving ecologically sustainable management of the Great Barrier Reef.

The Great Barrier Reef is undisputedly one of the world's most important natural assets. It is the oldest living system in the world and began to form over 600,000 years ago. The Great Barrier Reef as we know it today has evolved since the last ice age—that is, over a period of 6,000 years. It is the biggest single structure made by living organisms and is large enough to be viewed from space. No wonder it is one of the richest and most complex natural systems on earth. The Great Barrier Reef is home to 1,500 of the world's marine fish species, over a third of the world's soft coral species and six of the seven species of marine turtles. It is also home to one of the world's remaining populations of dugong—a species that has been listed internationally as vulnerable to extinc-

tion. This bill demonstrates the Australian government's commitment to securing the future of the Great Barrier Reef and strengthens our capacity to preserve this important feature of our nation's and the world's heritage for future generations.

Debate (on motion by **Mr Randall**) adjourned.

### **OFFSHORE PETROLEUM AMENDMENT (GREENHOUSE GAS STORAGE) BILL 2008**

#### **First Reading**

Bill and explanatory memorandum presented by **Mr Martin Ferguson**.

Bill read a first time.

#### **Second Reading**

**Mr MARTIN FERGUSON** (Batman—Minister for Resources and Energy and Minister for Tourism) (9.30 am)—I move:

That this bill be now read a second time.

The amendments which I am introducing today in this bill will enable carbon dioxide to be stored safely and securely in geological storage formations deep underground in Australian offshore waters under Commonwealth jurisdiction.

This government is committed to comprehensive action to tackle climate change, whilst maintaining Australian jobs and economic prosperity. We are committed to a portfolio of responses, including development of renewable energy sources and a focus on improving efficiency in energy consumption.

Carbon dioxide capture and geological storage, or CCS, holds great potential as a method of avoiding the emission of carbon dioxide and other greenhouse gases into the atmosphere. Geological surveys have indicated that the storage formations in offshore waters made available by these amendments have the potential to securely store hundreds



of millions of tonnes of carbon dioxide for many thousands of years. These quantities represent a significant proportion of Australia's greenhouse gas emissions, and CCS has the potential to substantially reduce Australia's emissions. The amendments I am introducing today enable a key component of the CCS process, geological storage, to be actively developed by industry proponents. Companies are keen to identify suitable storage sites to match their parallel development of carbon dioxide capture from coal or gas powered electricity generation and from other industrial and extractive processes.

The bill focuses on the provision of access and property rights for greenhouse gas injection and storage activities in Commonwealth offshore waters and provides a management system for ensuring that storage is safe and secure.

The types of geological formations that have stored oil and gas and, in some cases, carbon dioxide for millions of years are the same or similar to the storage formations proposed for greenhouse gas storage. Petroleum and greenhouse gas operations are therefore likely to operate in similar regions. The amendments seek to balance the rights of this new storage industry with the rights of the petroleum industry in a manner that encourages investment in both industries. The proposed legislation recognises the need to:

- provide greenhouse gas injection and storage proponents with the certainty needed to bring forward investment; and
- preserve pre-existing rights of the petroleum industry as far as is practicable to minimise sovereign risk to existing titleholders' investment in Australia's offshore resources.

In 2005, the Ministerial Council on Mineral and Petroleum Resources, or MCMPR, endorsed high-level regulatory guiding prin-

ciples for carbon dioxide capture and geological storage in Australia. Following consultation with relevant Commonwealth agencies, the Offshore Petroleum Act 2006 was identified as the most appropriate vehicle for implementation of a greenhouse gas injection and storage regime in Commonwealth waters. This was consistent with the MCMPR principle that 'existing legislation and regulation relating to assessment and approval processes for CCS be identified and modified and augmented where necessary'. The MCMPR agreed that use of the Offshore Petroleum Act allows for the establishment of a consistent, long-standing and effective regulatory framework for greenhouse gas injection and storage activities to ensure both the existing petroleum industry and the newly emerging injection and storage industry can co-exist in Commonwealth offshore waters. Both industries apply similar technology for access to the subsurface pore space where their interests will sometimes overlap. Use of the Offshore Petroleum Act 2006 allows the use of existing regulatory frameworks for the many activities that both industries will have in common, such as conducting seismic surveys and drilling wells. It also covers regulation relating to health and safety, and environmental management (other than greenhouse gas monitoring) through the Offshore Petroleum Act management of the environment regulations.

The bill includes consequential amendments to a range of other bills, almost all of a technical nature, involving changes to the name of the act and to numbering references. The fees and levies acts associated with the Offshore Petroleum Act will be amended in separate bills to include greenhouse gas activities. Specifically, these bills address annual fees, registration fees and safety levies.

The bill introduces amendments that provide the underlying framework from which detailed regulations specific to greenhouse

gas injection and storage will be developed. Work on these regulations and guidelines has already commenced. It is anticipated that development of the regulations and guidelines will involve further consultation with stakeholders.

The bill has been introduced prior to the completion of an inquiry by the House of Representatives Standing Committee on Primary Industries and Resources. The committee will provide recommendations to the Commonwealth, in particular, on whether the legislation strikes the right balance in recognising pre-existing rights while enabling access to offshore areas for safe and secure storage. By introducing the bill at this stage the government does not prejudice the outcome of that committee's investigation. The government is expressly committed to giving full consideration to any recommendations the committee might make. It is for this reason that further consideration of this bill will not occur until after the committee reports to the House. Suitable amendments could then be considered in light of the government's response to the committee's recommendations.

The bill provides for the release of areas for exploration in Commonwealth offshore waters. Decisions to offer exploration areas for greenhouse gas injection and storage activities will take into account impacts on other users of the area. Key users aside from the petroleum industry include the fishing industry, shipping, defence and submarine telecommunication cables. The concerns of these other users will be considered in the same manner as they currently are for petroleum activity under the Offshore Petroleum Act. That is, special notices concerning the titleholder's obligations and the rights and interests of others are provided as part of the acreage release package. These notices identify other users and the nature of their activities, and the actions that the titleholder will

need to take so that offshore operations are carried out in a manner that does not unduly interfere with other rights and interests. Native title will also be dealt with as required by the Native Title Act 1993.

Environmental matters will continue to be covered through legislation such as the Environment Protection and Biodiversity Conservation Act 1999 and the Offshore Petroleum Act Management of the Environment Regulations.

The proposed legislation will allow exploration for greenhouse gas injection and storage sites. If the proponent is able to satisfy the responsible Commonwealth minister that an identified site is safe and secure, the legislation provides for injection and storage of a greenhouse gas substance at a rate and total volume agreed by the responsible Commonwealth minister. Initially, the greenhouse gas substance will be prescribed to consist overwhelmingly of carbon dioxide so as to be consistent with the Environment Protection (Sea Dumping) Act 1981. The act provides for the meaning of a greenhouse gas substance to be extended in the future should the injection and storage of other greenhouse gases be permitted under that act.

International developments in carbon capture and geological storage are being closely tracked through Australia's involvement with international bodies such as the Carbon Sequestration Leadership Forum and the International Energy Agency. While Australia is very much at the forefront of developing comprehensive legislation, these bodies have been used to inform the development of the proposed regime. Australia's experience is also being shared with other countries. Indeed, successful demonstration of carbon capture and storage technology in Australia will greatly enhance the prospects for the application of CCS in other countries that emit much greater quantities of greenhouse

gases, and thereby provide an opportunity for globally significant reductions in greenhouse gas emissions.

In closing, I refer to the need for urgent action in addressing climate change, and the significant role that these amendments may play in developing one of the available methods of reducing greenhouse gas emissions. Large-scale projects for capturing and concentrating greenhouse gases involve investments of many hundreds of millions, or billions, of dollars. Several large-scale projects have already been considering their requirements for geological storage for some years. While recognising the complexities needing to be addressed by this bill, the proponents are also eager to gain access to areas so that they can commence detailed assessment of storage formations.

This bill provides that access, and will play a key role in accelerating the development of a carbon capture and geological storage industry. In so doing, it provides a significant opportunity to tackle climate change in a way that protects Australian jobs and maintains our economic prosperity. I commend this bill to the House.

Debate (on motion by **Mr Randall**) adjourned.

**OFFSHORE PETROLEUM (ANNUAL FEES) AMENDMENT (GREENHOUSE GAS STORAGE) BILL 2008**

**First Reading**

Bill and explanatory memorandum presented by **Mr Martin Ferguson**.

Bill read a first time.

**Second Reading**

**Mr MARTIN FERGUSON** (Batman—Minister for Resources and Energy and Minister for Tourism) (9.43 am)—I move:

That this bill be now read a second time.

The Offshore Petroleum (Annual Fees) Act 2006 requires the registered holder of petroleum titles held under the Offshore Petroleum Act 2006 to pay an annual fee for each year of the term of the title.

This bill amends the Offshore Petroleum (Annual Fees) Act 2006 by adding greenhouse gas titles to the titles in respect of which annual fees are payable.

I commend this bill to the House.

Debate (on motion by **Mr Randall**) adjourned.

**OFFSHORE PETROLEUM (REGISTRATION FEES) AMENDMENT (GREENHOUSE GAS STORAGE) BILL 2008**

**First Reading**

Bill and explanatory memorandum presented by **Mr Martin Ferguson**.

Bill read a first time.

**Second Reading**

**Mr MARTIN FERGUSON** (Batman—Minister for Resources and Energy and Minister for Tourism) (9.44 am)—I move:

That this bill be now read a second time.

The Offshore Petroleum (Registration Fees) Act 2006 imposes fees for the registration under the Offshore Petroleum Act 2006 of transfers of petroleum titles and approvals of dealings in petroleum titles.

This bill amends the Offshore Petroleum (Registration Fees) Act 2006 by adding greenhouse gas titles to the titles in respect of which transfers and dealings will attract the imposition of registration fees.

I commend this bill to the House.

Debate (on motion by **Mr Randall**) adjourned.

**OFFSHORE PETROLEUM (SAFETY  
LEVIES) AMENDMENT  
(GREENHOUSE GAS STORAGE)  
BILL 2008**

**First Reading**

Bill and explanatory memorandum presented by **Mr Martin Ferguson**.

Bill read a first time.

**Second Reading**

**Mr MARTIN FERGUSON** (Batman—Minister for Resources and Energy and Minister for Tourism) (9.46 am)—I move:

That this bill be now read a second time.

The Offshore Petroleum (Safety Levies) Act 2003 imposes a safety investigation levy, safety case levy and pipeline safety management plan levy in respect of petroleum facilities and petroleum pipelines in Commonwealth waters and in state and Northern Territory designated coastal waters (that is, in the waters covered by the Commonwealth, state and Northern Territory Offshore Petroleum Acts).

This bill amends the Offshore Petroleum (Safety Levies) Act 2003 by extending the imposition of those levies to greenhouse gas facilities and greenhouse gas pipelines. In the absence of applicable state or Northern Territory legislation, the levies will extend only to greenhouse gas facilities and pipelines in Commonwealth waters.

I commend this bill to the House.

Debate (on motion by **Mr Randall**) adjourned.

**GOVERNANCE REVIEW  
IMPLEMENTATION (AASB AND  
AUASB) BILL 2008**

**First Reading**

Bill and explanatory memorandum presented by **Mr Burke**.

Bill read a first time.

**Second Reading**

**Mr BURKE** (Watson—Minister for Agriculture, Fisheries and Forestry) (9.47 am)—I move:

That this bill be now read a second time.

Today I introduce a bill which will amend the Australian Securities and Investments Commission Act 2001 to improve the financial management and administrative governance arrangements of the Australian Accounting Standards Board (known as the AASB) and the Auditing and Assurance Standards Board (known as the AUASB).

The bill will amend the financial framework of these boards by transferring them from the Commonwealth Authorities and Companies Act 1997 (or the CAC Act) to the Financial Management and Accountability Act 1997 (or the FMA Act). The bill will also make consequential changes to the functions of the Financial Reporting Council (known as the FRC).

Transferring the boards from the CAC Act to the FMA Act will enhance the existing governance arrangements. The CAC Act is not suited to the AASB and the AUASB as they do not serve a commercial purpose—rather, their purpose is to develop high-quality accounting and auditing standards for the private and public sectors.

In addition, under the current governance arrangements, the FRC is responsible for a range of administrative functions relating to the AASB and the AUASB. However, these functions are more appropriately managed by the agencies.

The bill addresses these concerns and proposes a new governance structure which improves existing accountability and governance arrangements of the AASB and the AUASB.

The FMA Act better reflects the role of the AASB and AUASB, as they do not serve a

commercial focus. The FMA Act also provides a rigorous framework for the management and expenditure of public money generally.

The bill does not change the current statutory functions performed by the AASB and AUASB with respect to the development of accounting and auditing standards. The bill contains measures solely to enhance the financial and administrative arrangements of the boards.

Consequential changes will be made to the FRC's functions in relation to the approval of financial and administrative matters. This will allow the FRC to focus primarily on determining the broad strategic direction of the AASB and the AUASB.

The bill also ensures that the AASB and the AUASB are brought into line with similar measures to improve the governance and transparency of other agencies, such as the Australian Securities and Investments Commission and the Australian Prudential Regulation Authority.

This will result in greater consistency of governance arrangements across Commonwealth bodies.

Finally, I can inform the chamber that the Ministerial Council for Corporations was consulted in relation to the amendments to the laws in the national corporate regulation scheme, and has approved them as required under the Corporations Agreement.

I therefore present the explanatory memorandum to the bill and commend the bill to the House.

Debate (on motion by **Mr Randall**) adjourned.

## **GOVERNOR-GENERAL AMENDMENT (SALARY AND SUPERANNUATION) BILL 2008**

### **First Reading**

Bill and explanatory memorandum presented by **Mr Byrne**.

Bill read a first time.

### **Second Reading**

**Mr BYRNE** (Holt—Parliamentary Secretary to the Prime Minister) (9.51 am)—I move:

That this bill be now read a second time.

This bill will set the annual salary to be payable to the next Governor-General and remove references in the Governor-General Act 1974 to the superannuation surcharge which was discontinued in 2005.

On 13 April it was announced that Her Excellency Ms Quentin Bryce AC would be appointed as Australia's next, and first female, Governor-General following the retirement of His Excellency Major General Michael Jeffery AC CVO MC (Rtd). Ms Bryce will be sworn in on 5 September 2008.

### **Salary**

Section 3 of the Constitution precludes any change to the salary of a Governor-General during the term of office. Therefore, whenever a Governor-General is to be appointed, changes to the salary of the office must be made by way of amendment to the Governor-General Act 1974 prior to the appointment.

The salary needs to be set at that time at a level that will be appropriate for the duration of the appointment. Although the appointment is at the Queen's pleasure, a five-year term is considered usual.

The salary proposed in the bill is consistent with the convention applying since 1974 under which the salary of the Governor-General has been set with regard to the sal-

ary of the Chief Justice of the High Court of Australia. The government forecast the Chief Justice's salary over the next five years using wages growth projections. I note that the Chief Justice's salary is determined annually by the Remuneration Tribunal, a body that is independent of government.

In setting an appropriate salary regard was also given to the Commonwealth funded pension that the Governor-General Designate will be entitled to receive during her term in office. This is at the request of the Governor-General Designate and is in line with the precedent established by Sir William Deane in 1995, who asked that his salary as Governor-General be set to take account of the non-contributory pension he received under the Judges' Pensions Act 1968 after retiring from the High Court. Major General Jeffery in 2003 took the decision to donate his military pensions to charity during his term of office as Governor-General.

The proposed salary of \$394,000 per annum, combined with Ms Bryce's existing pension, will maintain the traditional relativity between the Chief Justice and the Governor-General.

### **Superannuation**

In amending the act to set a new salary, the government has taken the opportunity to remove references in the act to the superannuation surcharge. Section 4 of the Governor-General Act 1974 was amended in 1997 to implement the superannuation surcharge and amended again in 2001 to bring the application of the surcharge into line with community standards.

The superannuation surcharge was subsequently discontinued in 2005. The bill to give effect to the abolition of the surcharge, the Superannuation Laws Amendment (Abolition of Surcharge) Bill, amended a number of acts but not the Governor-General Act 1974.

While this bill amends the act to remove the superannuation surcharge for future Governors-General, it does not affect the continued application of the surcharge to those former Governors-General to whom the surcharge applied.

I commend the bill to the House.

Debate (on motion by **Mr Randall**) adjourned.

## **COMMITTEES**

### **Public Works Committee**

#### **Reference**

**Dr KELLY** (Eden-Monaro—Parliamentary Secretary for Defence Support) (9.55 am)—I move:

That, in accordance with the provisions of the *Public Works Committee Act 1969*, the following proposed work be referred to the Parliamentary Standing Committee on Public Works for consideration and report: Australian SKA Pathfinder radio telescope in Geraldton-Greenough and in Murchison Shire, Western Australia.

The Australian government has provided funding to CSIRO for the design, construction and operation of the Australian Square Kilometre Array Pathfinder—ASKAP—radio telescope. ASKAP will be the fastest survey radio telescope in the world. The ASKAP telescope will deliver world-leading performance in applications including cosmology, understanding transient phenomena in the universe and obtaining a deep understanding of the galaxy in which we live. It is proposed that ASKAP will be constructed on the Murchison Radio-Astronomy Observatory in the mid-west of Western Australia, a site identified internationally as one of the world's best sites for radioastronomy.

The ASKAP telescope has confirmed Commonwealth funding of \$111 million. In addition to the Commonwealth funding, the Western Australian government has allocated \$4.08 million to support the radioastronomy projects in the mid-west of Western Australia.

lia. The Australian government, in collaboration with the government of Western Australia, has determined that CSIRO's construction and operation of ASKAP is an essential component of Australia's positioning to host the international Square Kilometre Array, or SKA, radio telescope project. The SKA is a proposed \$1.8 billion international project under development by scientists from 50 institutions across 19 countries, including Australia, New Zealand and other countries across Europe, Asia, Africa and the Americas. The SKA will be one of the largest scientific projects ever undertaken anywhere in the world.

In 2005, in response to a call for proposals by the International SKA Steering Committee, Australia, Argentina, China and South Africa submitted proposals to host the SKA. In September 2006, Australia and South Africa were shortlisted as being acceptable sites. A final decision on the site of the full SKA is expected in 2011-12. Construction of the antennas and infrastructure for the ASKAP needs to commence in mid-2009 in order to meet project milestones to influence SKA technology and site selection decisions and to maintain Australia's current world-leading position in radioastronomy. I commend the motion to the House.

Question agreed to.

**TAX LAWS AMENDMENT (ELECTION COMMITMENTS NO. 1) BILL 2008**

Cognate bills:

**INCOME TAX (MANAGED INVESTMENT TRUST WITHHOLDING TAX) BILL 2008**

**INCOME TAX (MANAGED INVESTMENT TRUST TRANSITIONAL) BILL 2008**

**Second Reading**

Debate resumed from 17 June, on motion by **Mr Bowen**:

That this bill be now read a second time.

**Mr KEENAN** (Stirling) (9.58 am)— Before I was interrupted by the adjournment last night, I was outlining to the House that the ALP has come up with a plan to make Australia a financial services hub for our region. I was saying that I thought it was a terribly good plan, a very sensible thing for us to do, and of course it was something that the coalition government had been pursuing for 11 years before the Labor Party came across it as a great idea. Extraordinarily, this measure seems to be the extent of what they believe will make Australia a hub within our region. They do not say anything about possibly reducing personal tax rates further, as the coalition had been doing for a number of years; they do not talk about making the regulatory regime better—again, improvements that were pursued extensively by predecessors in the roles of Treasurer, Assistant Treasurer and parliamentary secretaries of the previous government. The reduction in the withholding tax seems to be the extent of their vision. I have not even got to the most absurd part of that yet, but I will in a moment.

I note that the draft regulations that were published for this legislation actually exclude some of the most important players in our region. They exclude Singapore, Korea, Malaysia and the Philippines. They also exclude some players outside of the region: Switzerland, Austria and Belgium are countries that we have treaties with, but it was judged that we do not have an effective exchange of information with them. This measure is designed to make us a hub within the region, but it excludes some of the most important players in our own region.

Now I want to turn to what I think is the most extraordinarily silly part of this legislation. If you are a foreign investor in America, the UK or Japan and you decide that you

would like to invest in Australian property trusts—and we reduce unilaterally our rate of withholding tax here in Australia—then what will happen is that your tax rate will go up correspondingly in your home jurisdiction. So let us just say you are a Japanese investor and you want to invest in Australian property trusts. We unilaterally reduce our rate, but that means that your tax liability will go up in Japan. If that is the case, there is absolutely no incentive for any individual to invest extra funds in Australia under this measure. This is the absurdity of it. It gives no incentive for individuals to actually invest under these circumstances. Essentially, what we are doing is taking money out of the pockets of the Australian taxpayer and directly transferring it from the Australian Treasury to treasuries in other parts of the world. Perhaps the US Secretary of the Treasury will write to Wayne Swan and thank him for this free gift that he has given taxpayers in his country. Sadly, it is something that will cost Australian taxpayers but will not enhance the investment environment in Australia one iota. That is the absurdity of this measure.

I will move on to a little bit of the background about what the coalition did. We were always concerned to make Australia as competitive as possible in the international arena. We asked the Board of Taxation to review our international tax arrangements with a view to seeing where we are competitive and where we are not competitive. They came back and they recommended that net rental income distributed by property trusts to nonresidents be taxed at a rate of 30 per cent, subject to a reduction of 15 per cent on a reciprocal basis in double taxation agreements. The recommendations sought to reduce the compliance burden on trustees, who were required to withhold tax at various rates according to the non-resident investor's circumstances. The coalition government ac-

cepted the board's recommendations, which were some of the many recommendations that were designed to promote Australia as a global financial services centre.

Despite alternative rates of withholding tax applying for basically the last decade, what we have witnessed in Australia is a substantial inflow of foreign money into Australian property trusts. So it does not appear that this rate of withholding tax was necessarily a barrier for investment. Indeed, you could probably make the case that commercial property in Australia is pretty well awash with investment in many cases. In fact, commercial property has proved to be an extraordinarily good investment over the past 10 years. The withholding tax rates have not seemed to be a barrier to foreign investors wanting to invest in those trusts in Australia.

I will conclude by referring briefly to the second measure contained within this bill—a measure we consider important. It will exempt the recipients of the Prime Minister's literary award from income tax. The opposition support this measure. We think it is a sensible measure. We would have been very happy to split the bill to pass these measures straightaway. That offer was made by the shadow Treasurer to the Treasurer on Monday but, unfortunately, we have yet to receive any acknowledgement or response to that correspondence, which I think is a shame, because I would have liked that measure to have passed this House straightaway.

The Labor Party has completely misled the Australian people about what this measure would cost. This measure is essentially going to take money from the Australian Treasury and give it away to foreign treasuries for no corresponding benefit to the Australian investment environment. We are just taking money from our pockets and giving it



to foreign governments for no good reason. What they will do is correspondingly increase the tax liability of individual investors in their home jurisdictions. So why would it be an incentive for individuals to invest in Australian property trusts? That is the absurdity of this measure.

The opposition believes it is appropriate that some of these issues are aired. I would very much like subsequent speakers in this debate to explain to us why this 7½ per cent rate is appropriate. The government is grudgingly giving the coalition's tax cuts in this budget but, apparently, the government believes that the only other people who are worthy of a tax cut are foreign investors in Australian property trusts, who will gain no net benefit, because their tax liability will just go up within their home jurisdiction.

I think these are the sorts of questions that would be appropriately referred to a Senate committee. I, therefore, move:

That all words after "That" be omitted with a view to substituting the following words: "whilst not declining to give the bill a second reading, the House:

- (1) calls for the provisions in the bill relating to managed investment trust income to be referred to the Senate Economics Committee for review, thereby enabling greater understanding of why the withholding tax regime should particularly favour foreign investors in property trusts; and
- (2) urges the Government to ensure that the provisions in the bill relating to the exemption of the Prime Minister's Literary Award be put forward in a separate bill that can be dealt with more quickly".

This is a \$630 million measure. It is the only tax cut given, with the exception of the coalition's tax cuts, in the budget. Let the Senate have a look at this legislation and go out into the community and try to find out why it is that this government seem to favour foreign investors in Australian property trusts over

any other form of investor in Australia and why it is that they believe it is appropriate to transfer funds directly from the Australian Treasury to foreign treasuries for absolutely no net benefit to Australia.

**The DEPUTY SPEAKER (Hon. BC Scott)**—Is the amendment seconded?

**Mr Lindsay**—I second the amendment.

**Mr COMBET** (Charlton—Parliamentary Secretary for Defence Procurement) (10.08 am)—I would also like to speak on the Tax Laws Amendment (Election Commitments No. 1) Bill 2008 and related bills. I will focus specifically on the reduction in the rate of withholding tax contained within the relevant bill. It is intended of course, as was outlined in the introduction of the bill, that this will contribute to the growth in what is already Australia's third largest sector—that is, the finance and insurance sector. The legislation also represents another election promise fulfilled by the government—a promise that was first announced by the now Prime Minister when Leader of the Opposition in his budget reply last year. I think, to put it in some historical context, the bill represents the latest contribution by Labor to the growth of the funds management industry. This is a contribution that Labor has made to the economy stretching back to the 1980s, and I will go over a bit of the history later.

The bill, as we have heard, replaces the 30 per cent withholding tax regime that predominately applies to distributions of Australian source rental income and capital gains from Australian property trusts. Once fully implemented, foreign investors in countries from which Australia has an effective exchange of information on tax matters will be subject to a new final withholding tax of 7½ per cent on their distributions. It is the effective exchange of information on tax matters that I think the member opposite who spoke previously was referring to in relation to

various countries that may effectively be excluded from the final withholding tax rate of 7½ per cent—and there are good reasons for that that have already been addressed.

Importantly, restricting the reduced withholding tax rate to countries with which Australia has an exchange of information agreement will ensure that the reduced rate is not abused and will encourage foreign jurisdictions to enter into exchange of information agreements with Australia. That is the purpose: to try to engage countries in that discussion and negotiation and to have reciprocal taxation understandings through exchange of information agreements. The reduction in the taxation revenue that is involved in this change should, at the end of the day, be thought of and seen as it is: an investment in the future of the financial services industry in this country. I think that is an extremely important objective. The purpose of the bill is to encourage growth in the funds management industry in Australia. Taxation revenue will grow at the lesser rate of the withholding tax as the industry and the financial services sector itself expands.

To put some of this in an economic context domestically and internationally, it is important to note that Australia now has the fourth largest onshore managed fund market in the world. In 2007 Australia had \$1.36 trillion in consolidated funds under management, including \$128 billion in Australian property trusts. The finance and insurance sector contributes more than seven per cent of GDP. It is an extremely important part of the Australian economy now. This makes it the third largest industry in the Australian economy, behind manufacturing and property and business services. It employs approximately 400,000 people and contributes \$30 billion in taxation revenue. Lateral Economics estimates that the funds management industry may account for 40 per cent of the economic contribution of the finance and

insurance sector. This puts the contribution of funds management to the economy at over three per cent of GDP. To put that in a bit of context as well, the funds management industry is therefore bigger than the agricultural, hospitality, utilities and communications industries. Any measure by government, such as those contained in these bills, to support the growth in that sector is extremely important economically and will have a significant impact over time.

As a result of the growth of the industry, we have in Australia a very skilled financial services workforce strategically placed in the Asian time zone. We have a very stable economic environment and a regulatory regime that is well respected internationally. Corporate governance in this country, albeit that there are always continuing opportunities for improvement in this area, is well regarded in general internationally. However, when you look at some of the economics of the industry, and in particular the international engagement and investment in Australian managed funds, you see that less than three per cent of the fees derived by Australian managed funds are attributable to foreign investment. According to the ABS, this ranks the financial sector as 27th out of 35 industries in terms of export performance. The current 30 per cent withholding tax rate—and this is the point that the member for Stirling, who spoke prior to me, needs to consider—is one of the reasons why Australian managed funds struggle to attract foreign investment. This is not mere conjecture; anyone in the funds management industry in Australia could attest to that fact. With the reduction in the withholding tax, one would expect an increase in foreign investment in Australian managed funds thereby increasing fund size and export in services.

Put in a historical context, this reform is another that will build upon the contribution that the labour movement has proudly made

to the development of the funds management industry in this country. The introduction of compulsory superannuation provided the domestic base for the industry, and the measures contained in this bill will help boost the industry's export potential. Compulsory superannuation, it needs to be recalled—because this history is sometimes lost—was the result of a concerted campaign by the labour movement. You have to remember that, back in the early 1980s, most working people did not have a superannuation account. Superannuation was largely restricted to people at an executive level in the private sector and to some limited areas of the private sector for workers generally, such as in the industry in which I worked for some time, the coal industry, and also in the stevedore and maritime sectors. Of course, many in the public sector at a state and federal level also had a superannuation benefit. But the fact of the matter was that millions of working Australians had no access to retirement savings through a superannuation system.

The growth of the compulsory superannuation system since the 1980s has resulted in millions of Australians amassing retirement savings, increasing their quality of life in retirement and relieving financial pressure on the Commonwealth pension system. In fact, over the last 20 years, the universal superannuation system has been the single most important mitigating factor in preventing widening wealth inequality. It has been an extremely important social and economic reform and it has built a large amount of national savings—the savings within the Australian funds management industry.

Part of the changes that were made as a result of the campaigns by the union movement in particular in the 1980s to achieve universal superannuation were the establishment of an accumulation fund and a move away from defined benefits. These are

extremely important achievements. It is relevant to note that it was very effective too: at a time when there were higher inflationary pressures, in the second half of the 1980s, the achievement of the superannuation contributions at an industrial level contributed to the alleviation of some of those inflationary pressures through the trade-off between wages and super contributions by employers.

In fact, Accord Mark II, as it was then identified in 1986, began the process of really building the universal superannuation system. A three per cent superannuation contribution was ultimately agreed to in 1991 after a subsequent accord between the ACTU and the Keating government. As a consequence of that agreement, the universal superannuation system, through the super guarantee, was introduced by the Keating government in 1992, and that laid the basis for the contribution level that now applies across the workforce at the rate of nine per cent of people's earnings.

Until the labour movement undertook these reforms, superannuation was beyond the wildest expectations of most working people. Not only do most working people now have a superannuation account that is building towards supporting their standard of living in retirement but the other result, to come back to the focus of this bill, is that these reforms led to the growth in the financial services industry that we have today. The domestic financial services market has grown by more than 460 per cent since 1992, and the pool of funds is forecast to grow to \$2.5 trillion by 2015.

I saw and participated in this growth in the work that I did over the years representing working people as a union official and particularly as the leader of the ACTU. I also sat for many years as a trustee of one of Australia's largest superannuation funds, Australian Super. It has in excess of \$30 billion in funds

under management and 1.3 million members and account holders.

The industry superannuation movement collectively has built very large wholesale funds management businesses, an industry superannuation property trust, a funds management business that invests strongly in infrastructure within the country and also a bank known as Members Equity Bank that I was privileged to serve as a director. In fact, part of Members Equity's business is one of the largest infrastructure wholesale funds management businesses in the country behind Macquarie Bank.

All of these are extremely important reforms that have been achieved, and we need to continue to build and support the growth in the funds management industry. The measures contained in this bill will build upon the legacy of the establishment of the industry and assist in making Australia a funds management hub in the Asia-Pacific region.

Access Economics in fact released a report last year highlighting the export potential of Australian funds management. The report found that, if there were no policy changes, by 2010 the financial services industry would export \$1.5 billion out of total sales for the industry of \$50 billion—and that is not a significant proportion, of course. However, if the share of exports in the sector were lifted from the current three per cent to 10 per cent, Access Economics found that exports would actually reach \$4.8 billion, GDP would be \$1.9 billion higher and an extra 25,000 jobs would have been created—all by lifting exports, in effect, in this part of the services sector. This is what the bill is designed to do.

This country has a great opportunity to be the Asia-Pacific financial services hub. Australian funds under management are roughly the same as funds under management for the

rest of Asia combined, minus Japan. It is an extremely important industry and we have the skills within Australia now to continue to expand it and have a greater export focus. This is vital to diversifying the economy. While we are enjoying the best export prices for our resources sector in many years, it is unlikely that that will last forever. Unlike the previous government, the Rudd Labor government is not content to leave Australia in a position of such heavy reliance on commodity prices. Just as we are investing in the future of Australian manufacturing, we are investing in the future of the services sector and, in particular, through this legislation, the export potential of the financial services sector. The boost in this area will be very timely.

In the last six years of the Howard government, despite the resources boom and record improvements in terms of trade, total export revenues grew at an average annual rate of only 5.8 per cent, compared to 10.7 per cent in the previous 18 years following the floating of the dollar in 1983—a poor performance on this front by the Howard government. As a result, the Howard government's legacy is 70 consecutive months of goods and services trade deficits. No government in history has presided over such a run. In fact, the trade deficit for the December quarter of 2007, the last quarter of the Howard government, was \$6.9 billion, the worst on record. Again I emphasise that this is in the context of high commodity prices, where we have had a tremendous lift in the terms of trade. We in Australia, though, also have a record current account deficit, at over 6.9 per cent of GDP, and soaring foreign debt of \$616 billion at the end of the Howard government's period. It is worth considering that, if commodity prices returned to their long-term average, we would see a current account deficit closer to 10 per cent of GDP. This is clearly unacceptable. The agenda of

the Rudd Labor government, including the measure contained in this bill to reduce withholding tax, is aimed at strengthening our trading performance by supporting the diversification of our economic performance, particularly in the export of services.

You really have to ask why more emphasis was not placed on this issue by the Howard government. In fact, it was always a curiosity to me in my former roles outside parliament, and with my involvement in the funds management area, that so little was done during the Howard and Costello period to boost retirement savings, build national savings even further and address the inter-generational issues that former Treasurer Costello used to speak about but not do a great deal about. The only measure that I can recall of any credit in an attempt to address the retirement savings issue was the super-annuation co-contribution, but in general this was an area of significant policy failure under the Howard-Costello government. They did not, I believe, make enough public policy effort to build the funds management sector and, in particular, provide a greater incentive for foreign investors to invest more in the Australian funds management industry. Continuing policy reform is therefore important if we want to see the Australian funds management industry grow, increase its international competitiveness and become more export oriented. For that reason, I commend the bill to the House.

**Mrs MOYLAN** (Pearce) (10.25 am)—The changes to international taxation arrangements began with the review conducted by the Board of Taxation in 2003. The aim was to reduce the compliance burden on trustees, who were required to withhold tax at various rates according to the nonresident's investment circumstances. This involved rates from 29 per cent to 45 per cent for individuals. If Australia was to carve out a place as a global financial services hub, these

changes were pivotal to attaining that goal. Notwithstanding the rates and complexity of withholding tax, Treasury were advised that there was a substantial flow of foreign investments into the Australian property trusts. We have just heard from the honourable member for Charlton that Australia is fourth in the world in terms of its property trust holdings. The coalition government accepted the Board of Taxation's recommendations, and the 2007 legislation set a single rate of 30 per cent to be withheld by funds. If a tax return were lodged in Australia, the nonresident investor's effective rate of tax would be subject to relevant deductions. If the nonresident elected not to lodge a tax return in Australia then the rate would remain at 30 per cent of gross income, which seems to me to be a reasonable proposition. The legislation simplified tax but did not make it any lower for a foreign investor than for an Australian company.

To prevent double taxation and tax evasion, Australia has forged tax agreements with over 40 countries and sought their cooperation in enforcing taxation laws. Double tax agreements were made with Japan in 2007, and negotiations were underway under the coalition government with the Netherlands and Germany in relation to Australian sourced real property income paid out by a property trust up to 15 per cent of the amount derived. The proposed unilateral reduction in withholding tax by Australia reduces our bargaining power in the negotiation of future double taxation agreements.

The property market in Australia has been very robust. However, world events, including increased petrol prices, with all the flow-on effects, may see a contraction of development in the future. Rather than give out overgenerous additional tax breaks to foreign investors, the Rudd government should reconsider some of the 2008 budget measures it has announced, such as the one to change

the GST, which will cost the Australian industry \$620 million over the forward estimates. You really have to wonder what is going on here. Why are we favouring foreign investors? We know that foreign investment is important, but why would you want to favour foreign investments and make them pay less tax than Australian companies and Australian people pay? It really beats me.

While the coalition recognised the need for change and accepted 17 of the Board of Taxation's recommendations, the Tax Laws Amendment (Election Commitments No. 1) Bill 2008 and cognate bills which we are debating today require further scrutiny, with particular reference to the following points. Under this proposal there will be no reduction in the withholding tax on dividends and interest. In fact, foreigners will face higher withholding tax after 2010-11. Placing a lower withholding tax on income from property trusts, which is usually rent and capital gains, when reducing withholding tax on dividends or interest is more likely to encourage investment and promote Australia as a global financial centre. The lack of logic in this ought to be challenged. In evidence given to the Senate Standing Committee on Economics in regard to the Tax Laws Amendment (2007 Measures No. 3) Bill 2007, IFSA and the Property Council of Australia recommended a final withholding tax rate of 15 per cent. Even IFSA recommended that the rate fall to no less than 12.5 per cent, which is a higher rate of withholding tax than the government is now proposing in this bill. So even the property organisations, which are there to look after the property industry, were not recommending reductions to such a low figure, which is out of kilter with what the Australian people would be expecting to pay.

To have a Labor government, and the Prime Minister in particular, the supposed friends of the Australian working family,

suggest that a reduction in tax on overseas investment should be made is hard to fathom. They really only needed to impose a minimum reduction, but not only have they gone below the 15 per cent; they have taken this tax rate down to seven per cent. I am just amazed. We saw the Labor government justifiably expressing concern in the lead-up to the election about cost-of-living pressures on Australian families. It was one of the things that, I am sure, attracted families to electing a Rudd Labor government. They made so many commitments to taking those cost pressures off Australian families. We now know that that was just rhetoric, as there has been absolutely no action to truly address the cost pressures on Australian families since the election—unless you take the Treasurer's interesting little snippet on how to shop effectively in his latest newsletter, which we heard about in question time yesterday. It was laughable.

Yet here we are today discussing a proposed amendment to the tax laws, in the Tax Laws Amendment (Election Commitments No. 1) Bill 2008, the Income Tax (Managed Investment Trust Withholding Tax) Bill 2008 and the Income Tax (Managed Investment Trust Transitional) Bill 2008, giving generous deductions to foreigners while many Australians are hurting as they struggle to make ends meet. I just find this extraordinary. Many Australian working families, some of whom are in my electorate of Pearce, are also small business owners and primary producers. The feedback from my constituents has been that it is becoming increasingly difficult for owner-operators to keep their head above water amongst the ever-escalating costs associated with running a business, particularly the cost of fuel, as well as other goods. And consider the poor old primary producers. In Pearce they tell me they have had massive increases in the cost of chemicals and fertilisers, which are neces-

sary to harvest a crop. They cannot harvest a crop without them. We rely on them as food producers of the nation and they are doing it tough. Here we are giving away money, more money than is necessary to do the job, to foreign investors.

I say: let's reduce the burden of tax on Australians—on Australian families, on Australians primary producers and on Australian business. Let's get down and do the job and let the government get down and do the job that they were elected to do. For us to be here today in a position to make things a little easier for Australians hard hit by the pressures of the rising cost of living and the rising cost of doing business and debating a bill that provides overgenerous tax relief to foreign citizens and companies ahead of our own truly puzzles me. On the ALP website, the Prime Minister says he believes that Australia is the lucky country. As the great Italian Renaissance artist Benvenuto Cellini said, 'Let everyone witness how many different cards fortune has up her sleeve when she wants to ruin a man.' We should not forget that things can turn very quickly and we have an obligation and a duty to make sure we are doing everything to shore up our own economy and to make sure our own people are taken care of. That does not mean ignoring the importance of foreign investment in this country. We cannot afford to do that in a global economy. It is one of those things we have to do, but we do not have to give foreign investors more than is necessary.

Offering higher tax breaks to foreign investors seems to me pointless when they will just be hit by taxes by their own governments at a later date, so any gains they have made from this will be diminished and they will feel no benefit. Meanwhile, Australians struggle to get dealt a decent hand by the Labor government. It certainly seems that the Labor government have no intention of supporting Australian small business owners.

This is evident in the recent treatment of the solar panel industry. We heard the pre-election cries of, 'We're going to fix the greenhouse gas problem,' 'We're going to deal with the climate change issues,' and, 'We're going to support small business.' So what do they do? The first thing they do when they get into government is to remove the \$8,000 solar panel rebate, which was vital in helping many people to install solar power in their homes and, indeed, to make significant reductions in greenhouse gas emissions. On top of that, small businesses are now shedding contracts and going out of business, and jobs are being lost, and ultimately the environment will be worse off. So it was a hollow promise.

In looking at these amendments we must consider all the repercussions of any decision we make. Australia does not want to discourage foreign investment—far from it. I agree with the member for Stirling, the shadow Assistant Treasurer, who was just at the dispatch box, in that any moves to give tax relief in order to promote Australia as a regional financial hub must be done with due process and consultation in order to get the best possible result. We want to maintain Australia's reputation as a financial services centre, a reputation that was built and enhanced during the 11 years of the Howard government. But, despite the high rate of withholding tax, the Treasury advised our government that there were still substantial flows of foreign investment into Australian property trusts—in other words, the withholding tax rate was no barrier to investment in property trusts in Australia by foreign interests. The question is: do we need to go over the top in giving tax breaks to foreign investors? I say we do not. We should rather provide further support for Australian families, small businesses and primary producers.

We understand that Prime Minister Rudd has been courting foreign investment in the

past week by promising \$35 million of taxpayers' hard-won money to foreign multinational companies. The Prime Minister wants to be seen to do the right thing; however, the hard-earned dollars of the Australian taxpayer will go straight into the pockets of overseas interests. I fail to see how this is the right thing for Australian workers and small business owners. The government is under a lot of pressure—we understand that, and rightly so—because the engine for the Toyota Camry hybrid will be fully imported, unlike the current Australian-made Camry engine. The government is now trying to pretend that the \$35 million grant will encourage research and development in the automotive industry. Surely the government could have contributed this money to the Holden hybrid technology program. For those of you not aware, Holden has joined forces with Australia's largest scientific research agency, CSIRO—which, by the way, has had money cut from its research programs by this government—to produce a unique electric/hybrid prototype vehicle.

This vehicle showcases Australia's ingenuity, provides a testbed for evaluating future technologies and offers a glimpse into the automotive future. The prototype hybrid power train has the potential to reduce fuel consumption by up to 50 per cent. Consequently, hydrocarbon emission levels would be dramatically reduced, making a real contribution to the protection of our environment. This uniquely Australian technology is designed to power a full-sized family car, the kind most Australians prefer to drive.

To a self-confessed economic rationalist such as the Prime Minister, such a large investment in local industry and ingenuity would be a far more logical decision. However, the Prime Minister has proved himself not to have the most rational economic judgement, and that is coming to the fore

very early in this government's administration.

This brings me back to the proposed tax law amendments. With Australia experiencing record property prices—prices which have seen many younger buyers priced out of the market, not to mention those who are on fixed and low incomes in this country—Australia does not need to encourage further pressure on the Australian property market. I do not think that this is necessary. Monday's *Sydney Morning Herald* reported that house prices are tipped to rise next financial year as Australia's fastest population growth in two decades outweighs the effect of higher interest rates. On top of that, we have heard that the government proposes to massively increase migration into this country. I know of people who have had to consider living in their cars or going into refuges because they simply cannot find a place to lease. You will have 30 people trying to lease the same property in Sydney. You have got to pay six months rent in advance to get a lease on a property, and it is not much different in my state of Western Australia, where property values for rental properties alone have increased by about 40 per cent—they have nearly doubled in cost.

How on earth can a person on a disability pension of \$270 a week even pay their rent? No wonder we have got 100,000 homeless people on the streets of our cities every night in this country. It is a disgrace. So why would we want to add to the pressures of the Australian property market?

The other point that I think has not been made and must be made is that, in the 2008 budget that has just been announced by the Labor government, there are measures there which aim at reducing incentives to buy properties. These include the changes to the GST, a tax once referred to by the current Prime Minister as the highest form of fiscal



vandalism. They do not mind now using the GST to up the revenue base so that they can then swish some money across to tax breaks for foreigners—that is perfectly okay: ‘We will rip it off the local Australian market, and we will swish it across here for foreign investors and give them a few tax breaks.’

I know a few Australians who would like to have a few tax breaks. I know a few people on disability support pensions who would like a bit more support. This measure in the Rudd Labor government’s budget will actually cost the Australian property industry an estimated \$620 million. That is what the tax measures in the 2008 budget will do. It appears that the Prime Minister and the Labor government do not know if they are Arthur or Martha in their ability to make rational economic decisions, and this is hurting Australians everywhere.

Bringing this amendment in the way it has been brought is a bit of sleight of hand, in actual fact. It is to cover a mistake that Labor made with costings. The former Treasurer, the member for Higgins, pointed out, when Labor last year announced their \$105 million policy in relation to this legislation we are debating today, that they had made a huge miscalculation in the costs. It amounted to about a \$400 million blunder. Treasury’s most recent update put the figure at \$505 million. The data used by Labor during the election as a base for the costing, according to Treasury, was ‘volatile’. It certainly is.

That money would go some way toward alleviating some of the cost pressures facing people in the Australian community. It is not difficult for us to see why these amendments should be subjected to further scrutiny to avoid further hurting Australian taxpayers. The best course of action is, I believe, as the shadow Assistant Treasurer, the member for Stirling, has recommended: to refer the first

part of this legislation to a Senate committee for further scrutiny.

As I said, this Labor proposal does not reduce the withholding tax on dividends and interest. Dividends and interest paid to foreigners will face a higher withholding tax after 2010-11. To promote Australia as a global financial centre, reducing the withholding tax on dividends and interest is a much smarter move than reducing the withholding tax on property trust income. This very amendment seems to be a token gesture from Labor in at least some part, so I support our shadow minister, the member for Stirling, in his recommendation that this legislation should go forward to the Senate for further scrutiny.

**Mr MARLES** (Corio) (10.43 am)—I rise to speak in support of the Income Tax (Managed Investment Trust Withholding Tax) Bill 2008, the Tax Laws Amendment (Election Commitments No. 1) Bill 2008 and the Income Tax (Managed Investment Trust Transitional) Bill 2008. Before I get into the substantive arguments in relation to those, I would like to welcome the students of the North Narrabeen Public School, who are present here today on my left, and the students of the Cambridge Park Primary School, who are on my right. I welcome them to Canberra, to this parliament and to this House, and I hope that they enjoy their time here.

I find this a very comforting debate. It is comforting because it is a debate about the engagement of this country with the rest of this world and a debate which completely characterises the positions on international engagement which have been taken by both the Liberal Party and the Labor Party since the Second World War.

This legislation is about trying to create a financial services hub based in Australia, levering off what is a very strong domestic

industry and turning it into a financial services hub for the Asia-Pacific region. It looks at the suite of withholding tax rates which apply to the various earnings which can be achieved in this country, making them consistent with and competitive with the rest of the world. When you look at those tax rates, you see that most of the earnings which can be achieved by a foreign investor in this country are taxed at a rate largely consistent with and competitive with the rest of the world with the exception of one—that is, the rate of withholding tax which applies largely to property trusts, currently at 30 per cent and right out of kilter with the rest of the world. That means there is a significant hurdle in place to developing this country as a financial services hub for the Asia-Pacific region. Ultimately, this legislation is about reducing that tax rate to one much more consistent with and competitive with the rest of the world, so that we can build upon what is a very successful domestic industry and create this country as a financial services hub for the Asia-Pacific region.

The other side oppose this legislation. In doing so they use phrases like ‘tax breaks for foreigners’. When the Liberal Party have looked beyond our shores over the last half-century, essentially they have been scared. Instinctively their heads have turned 180 degrees and looked inwards. They have been incredibly insular; whereas, we see opportunities for our people which can be achieved when we go beyond our own shores. We see possibilities for our own people here by engaging in the rest of the world. When the Liberal Party look beyond our shores, they see threats. When we look beyond our own shores, we see opportunities. When they talk about tax breaks for foreigners, we see jobs for Australians. That is one of the fundamental differences which have characterised the Labor Party and the Liberal Party since the Second World War. This legislation is abso-

lutely about Australia engaging with the rest of the world, levering off a very successful domestic industry to create a wonderful opportunity for our people and a very exciting opportunity for a new export industry in this country, which is why I am so excited in speaking today.

In a moment I will go to the funds management industry in Australia and what this opportunity represents for them, but before doing that I will go through the specifics so that it is clear what these bills are seeking to do. These bills apply to fund payments which, excluding dividends, interest and royalties, cover the distribution of Australian source net income of Australian managed investment trusts to foreign residents. The particular focus is on Australian source rental income and capital gains from Australian property trusts.

This legislation seeks to give rise to a change in the rate of tax incurred by managed investment trusts in accordance with section 55 of the Constitution. The bill which gives effect to this change is the Tax Laws Amendment (Election Commitments No. 1) Bill 2008. In this bill, the current non-final withholding tax rate for property trusts of 30 per cent will, in a staged way, ultimately be replaced by the final withholding tax rate of 7½ per cent. The difference between non-final and final is important because it goes to the issue of why the particular levels of tax have been chosen. It is important to understand that this is a staged transition. It will not happen overnight. In the first year after this bill gets royal assent, the reduction in the tax rate will be from 30 per cent to 22.5 per cent as a non-final withholding tax amount. In the second year, it will reduce further to 15 per cent as a final withholding tax and in the third year and thereafter it will come down to the ultimate goal of a 7½ per cent final withholding tax rate.

The difference between non-final and final under the current regime, which is a non-final regime, is that companies or investors are allowed to claim tax deductions against that 30 per cent, so ultimately they can bring that tax rate down. As a final tax regime, which is what we seek this to be, there will not be the ability to claim deductions. Technically, that means the reduction of the tax rate is not as large as it seems, which gives some explanation to the queries from the other side about why we have gone for a rate of 7½ per cent rather than 15 per cent. It is important to understand that the reason we have changed from a non-final to a final withholding tax regime is that many foreign investors found that engaging with our tax regime in a situation where they had to claim tax deductions was often complex and difficult from where they stood. In effect, we are reducing the tax rate to make it more competitive and more consistent with the rest of the world. By shifting from a non-final regime to a final regime, we are also making it a far simpler tax regime and one which is much easier to engage with for foreign investors. In that sense, it is a very important reform as well. That is why, ultimately, we will come to a rate of 7½ per cent.

There is another important point to be made in relation to this bill. That is, the reduction in the tax rate will apply only to entities who are residents of information exchange countries, as defined in the Income Tax Assessment Act 1997. Information exchange countries are countries with whom Australia has an information exchange agreement. Where those agreements exist and where we can verify absolutely the legitimacy of the foreign investors in our system, beneficial tax rates will apply, but where we do not have such an agreement in place, the current 30 per cent rate will be in place. Making that differentiation obviously is an important public policy stance because

it encourages countries to engage in such an agreement with us. The one country talked about a lot in this debate is Singapore, with whom we do not have such an agreement. It is hoped we will reach an agreement with Singapore so that foreign investors from Singapore can enjoy the benefits of our new tax regime. It is an important point to make because it sends a strong signal that Australia is not tolerant of international tax evasion and avoidance. We send that the signal by making it clear that we will tax at a higher rate foreign investors from countries which do not have such an agreement with Australia.

Another technical point is that this new tax regime, of which these bills are a part, will apply to distributions received directly from managed investment trusts and indirectly from custodians and other entities. That is a point worth noting. The provisions in relation to indirect flows expand the current non-final withholding tax regime, which is currently limited in application to indirect flows through custodians only. So there is an increase in the breadth of this regime and, in increasing the breadth of the regime, we will make it consistent with the final withholding tax arrangements which currently apply to dividends, interest and royalties. If you like, there is some housekeeping to be done to the way this bill is constructed so that it is more consistent with the tax regimes which apply to other earnings that exist in this country for foreign investors.

These bills seek to facilitate the emergence of this country as a funds management hub for the Asia-Pacific region and in doing so we will turn our very strong, vibrant domestic industry into one which has an export capacity and which derives export earnings. It really is one of the most exciting opportunities that exist in this country today for the development of a new export based industry. The Prime Minister in August 2006, as the

then shadow minister for foreign affairs and trade, addressing the Investment and Financial Services Association conference signalled the Labor Party's intent to develop this area of Australia's financial services industry. In a sense these bills represent the fruition of that vision.

Australia obviously has a number of really significant natural advantages and attributes in this area such that we can become a financial services hub for the Asia-Pacific area. Firstly, this country enjoys a very skilled workforce. Secondly, we have a strategic location in the Asia-Pacific time zone, and that is very important in being able to engage in real time with countries like Japan, China and Korea. Thirdly, Australia has a stable economic environment and a very well-respected regulatory regime. All those kinds of stable conditions will naturally attract foreign investors to this country. Fourthly, really significantly—and it is in a sense this fact that gives us the opportunity to develop this export industry from the existing domestic industry—right now Australia has the fourth largest onshore managed fund market in the world and currently the largest in Asia. We are clearly punching well above our weight. In December last year Australia had \$1.36 trillion in consolidated funds under management—a very significant amount of money indeed. That total includes approximately \$128 billion in Australian property trusts, which would be the subject of this change to the tax regime.

It is important to understand why we have such a large managed fund industry in this country already. It is basically as a result of the reforms brought in by the Hawke and Keating governments during the 1980s and 1990s that put in place comprehensive occupational superannuation in this country through the establishment of the superannuation guarantee legislation and the establishment of industry superannuation funds. It

was a Labor reform in the 1980s and 1990s which gave the platform for this wonderful opportunity for our country in 2008.

As much as we will hear those on the other side of this House saying that when John Howard was in power they thought this was a great idea as well and they were doing all they could to bring it about, the fact of the matter is that they did very little to bring it about. Of that enormous managed fund money which currently exists in Australia, less than three per cent of the fees can be attributable to foreign investment. So, as large as a domestic industry as this is, what we are earning from that industry in an export sense from foreign investment in Australia is absolutely pitiful. That reflects the record of the Howard government over the last 12 years in relation to this opportunity. The fact of the matter was they were scared to look overseas and they did not see this opportunity. As a result, those 12 years are lost. That is why it is so important that this government act now to build upon this industry and to create a dynamic export based industry in Australia.

These bills will provide Australia with one of the lowest withholding tax rates in the world, in line with the withholding tax rates currently in operation in the United States, the Netherlands and Hong Kong. It is hoped that, as a result of that, we can attract a significant amount of foreign investment to this country. I think it bears to spend a moment thinking about how the international foreign investment market works. By definition, we are talking about funds which are very liquid and are able to be diverted to one country or another. When you are talking about earnings, you inevitably are talking about people making decisions on the basis of what is the best marginal rate of earnings. So getting the tax regime right, putting our country in a position where we have an attractive tax regime for international investors to invest in

this country, is absolutely critical in attracting that investment to this country. Small changes can make very large differences. That is why this legislation is so important.

The 2007 estimates suggest that the global managed funds industry will top US\$60 trillion before the end of this decade, increasing from the current US\$50 trillion. Funds under management in Asia are expected to grow by 14 per cent over the next decade. The growth of China provides an incredible opportunity to develop Australia as a financial services hub and makes this such an important time to act upon this initiative.

Access Economics, using its in-house general equilibrium model, has suggested that the potential benefits that this type of reform could bring to the overall economy by 2010 include an additional 25,000 jobs. This is a huge industry development that we are talking about, including 3,500 jobs in the finance sector. Ultimately, they make the estimation that this could add as much as 0.3 per cent to overall GDP.

This is a very exciting opportunity. It is very important that we get our tax regime right. That we have not got it right over the last 12 years stands as a legacy which condemns the former Howard government for failing to see this opportunity and failing to build upon it. But, of course, it ought to be no surprise to anyone in this room or to the Australian people, because the Liberal Party are ultimately the party of economic laziness and it is Labor who have been the party of financial reform. This reform is ultimately not about radical thinking; it is actually about intent listening—listening to industry experts and taking their advice to develop good policy. The Howard government had over a decade to provide this type of reform but, as in so many other areas, they were far more concerned with the election cycle than they were about the long-term future of this country.

This was a ball in the air that they simply dropped. This is just an issue that they completely missed.

This new regime is one of the many measures which are being put in place by the Rudd government to try to construct a future for our country which goes beyond the existing mining boom. There is enormous growth potential in the financial services industry in this country. This is a fantastic and exciting opportunity to make Australia a financial services hub in the Asia-Pacific region. Now is the time to entice those funds to this country and now is the time to develop this industry. For those reasons, I very much commend these bills to the House.

**Mr KATTER** (Kennedy) (11.01 am)—The advice provided to me is that we are also talking here today in the debate on these tax bills about treasury bonds. I will stand corrected by the frontbench if I am wrong, although I do not think the frontbench is with us today. I see the problem in Australia today very clearly because I represent the mining sector in this parliament. The mining sector I represent is probably the biggest of any member of parliament in this place. It is certainly amongst the top three. Once upon a time, the government would provide a joint user facility, whether that was a power station, a railway line or a port. The finance for the joint user facility was provided by the government. We found in Queensland that this was a very lucrative experience. It may have been that we had very good government and we got it right. When we provided a facility for Gladstone, for example, it may have been that we got it right. When we provided the railway line to Mount Isa, it may have been that we got it right. When we provided the railway line back from Collinsville through areas such as Moranbah, it may have been that we got it right. I would not say that; I would say that the philosophy was right.

We have a situation where the Lady Annie phosphate project, which will be one of the biggest phosphate deposits in the world, has to find the money for a slurry pipeline or a railway line to get its product out. It has to find the money for a port. That port will be there for hundreds and hundreds of years. That port will service the people of Northern Australia for hundreds and hundreds of years, as the ports of Townsville, Gladstone and Brisbane have. Hundreds and hundreds of people utilise the benefits that flow from the construction of a port. To ask a single company and a single project to meet the entire cost of creating a port is ridiculous. Any government that would seriously advocate that as the regime and mechanism by which the country can move forward is being quite ludicrous.

I have to say in fairness to the current government that their rhetoric is very attractive. They have said, 'We will provide \$20,000 million for the provision of infrastructure.' The last government did not have that policy at all. They had some political one-offs. The current government are quite right in criticising them. The incredible \$600 million that went into the railway line from Adelaide to Darwin was a most extraordinary allocation of money. It was simply to rescue the South Australian Liberal government, which it failed to do. From my experience, because I am not going to act holier than thou, the governments in the eighties that I was an integral part of did those things, but I thought they were counterproductive. In the end, I thought that trying to buy votes was counterproductive. A classic example was in my own electorate where the government spent some \$360 million in the election before last trying to get rid of me. I recorded one of my highest votes ever because people were insulted and offended by that. That \$600 million was for a railway line that goes from nowhere to nowhere through the great-

est desert on earth and there is not a single, solitary export item that I can think of that would go out through the port of Darwin, with the exception of uranium. But the amount of uranium going out could be contained in a space about a quarter of the size of this chamber. It is very valuable, but it is very small. One person could take it out in a truck.

We are being told that reducing this withholding tax for foreign corporations will somehow be good for Australia. My belief somehow is that it will be good for foreign corporations. Excuse my naivety but, after watching these sorts of things for 35 years, my cynical viewpoint is: who is getting the money? The last time we did something like this, the Liberal and National parties removed the capital gains tax on foreign corporations, so their hypocrisy in coming into this place howling and wailing about this measure is really quite extraordinary.

Capital gains tax was removed for foreign corporations by the last government. The ALP want to act holier than thou, but today they are doing exactly what the Liberals did. They give us great rhetoric about how they opposed it and how it is disgusting to give a free kick to foreign corporations—and then voted for it in both this House and the Senate, exactly the same as the Liberals are doing here. We have had great speech after speech condemning the government for giving a free kick to foreigners, and then they are voting for it. Is it any wonder that people hate politicians? Is it any wonder that we enjoy one of the lowest rankings of respect of any category of people in Australia?

At the time, I said: 'Why are you doing this? Why would you give this extraordinary free kick to foreign corporations? Are you trying to encourage them to take over the Australian economy?' Let me be very specific. I represent a mining area, and in fact

for the first time in probably 20 years our traded balance of payments is in a surplus. We exported a greater value of goods than we imported for the first time in maybe 20 years, and that is because of an explosion of mineral prices. Base metals have gone up about 320 per cent and coal has gone up about 120 per cent. So we have suddenly skyrocketed through the roof with our traded exports, and yet our current account is at its worst level in Australian history and one of the worst levels of any country on earth. The Liberal government left us with a legacy of the worst balance of payments of maybe any country on earth. If you exclude the Third World countries, then we come in about last on that list.

How is it that your traded commodities can show a positive and yet your current account shows a negative? I will explain to you why, Mr Deputy Speaker. Look no further than our own company Xstrata, which is run by really wonderful people in Australia. I want to put that on the record. It is run by really wonderful people who everyone, without exception, has immense respect for. But Xstrata came in much against the advice of Vince Gauci and the board of slithering Sydney suits, as I call them—those clever people that run Australia, make all the decisions for Australia and are listened to in this place much more than any of you members of parliament are listened to. I tried to explain ethanol. I said, 'Let's say 20 members of parliament go in and give every logical reason why we should do it,' and then one of these slithering Sydney suits goes into the room. Who do you think they are going to listen to? He is a big powerful head of—I don't know—one of these banks or corporations.

There are the most extraordinary events in the Westpac bank. A lady there, on the figures in the paper, has made \$93 million for herself in the last six years. The first bank

she ran collapsed and the collapsing bank is going to be purchased as an asset by the bank she is now running, and I read in the papers how marvellous she was! She was described as 'the happy dragon'. I do not mean to condemn the lady—I don't even know the lady—but I can tell you that there is a culture out there that is extremely evil and extremely destructive for this country.

Let me go back to Xstrata. They were running at a profit—do not quote me on the figures. It was about a \$40 million or \$50 million profit they were running internationally and they had expenditure in Australia of about \$1.5 thousand million. So on an expenditure of \$1.5 thousand million they had this tiny narrow profit margin. So the hawks from overseas swooped and picked up Xstrata. What happened is that metal prices went up 350 per cent, so the \$1.5 thousand million income suddenly became a \$4.5 thousand million income. But all that stays in Australia is the \$1.5 thousand million. The traded assets are great stuff. Australia is exporting all these minerals and making this huge amount of money, but it just comes in and goes straight overseas to the owners.

Basically, the six major mining companies in Australia were all Australian owned 15 years ago. The Keating government and, I regret to say, because I have very great respect for John Howard, the Howard government are responsible for seeing that all six of those mining companies are now predominantly overseas owned. So the huge profits and windfall wealth that should have come to this country never came to this country because this place supinely allowed every single one of those companies to be taken over by foreigners. And what we are seeing here today is a facilitation of more takeovers—exactly the same as the last government facilitated takeovers. When after three days of frustration I could not find a single logical reason why the capital gains tax was being

removed, one of the advisers sheepishly—his conscience got to him—said, ‘Mr Katter, I must say that this was all done in the two-month period that the Coles takeover was in the pipeline.’ If you were going to take over Coles and you knew you were not going to suffer any capital gains tax, then that was an enormous incentive for a foreigner to take over Coles. If you were one of the people selling Coles then you were going to make enormous profits out of that decision.

The Packer empire was apparently manoeuvring in a similar manner at the time. Whether the media reports were fair to them or not I do not know, but I do not blame a person for trying to make a quid. Anyone who says they are not is a damned liar or a fool—one of the two. So I do not condemn those people for doing that, but I do condemn the people in this place, who should make the rules so that that personal profitability will result in a greater wealth for the Australian people. But our rules are working in exactly the opposite direction. People should really do a bit of homework before they come in here. The opposition spokesman came in here and he said, ‘We are the low-taxing party.’ The Liberal and National Party is the low-taxing party. Well, I would hate to see a high-taxing party!

**Mr Farmer**—You’re looking at them now.

**Mr KATTER**—No, no. I take the interjection because you people have to know that you took taxation from \$110,000 million a year to \$364,000 million a year. So I would wipe the smile off my face if I were you. You skimmed the Australian public for \$265,000 million a year.

If you say, ‘GDP increased; so we’re entitled to more taxation because of the GDP,’ I say that GDP only increased by \$514,000 million to \$952,000 million. So the people of Australia had an 80 per cent or 90 per cent

increase in their income but had a 350 per cent increase in their taxation. So, if I were you, I would not be smiling and I most certainly would not be opening my mouth and inviting the obvious retort that you were going to get.

I hate to say this—I hate to admit it—because Mr Keating was amongst my pantheon of really bad leaders of this country. He would probably rank amongst the three or four worst! He would be up there with Joe Lyons, as one of the great disasters that this country has produced. Whitlam was only in government for a little while, so he could not do much damage in his time, but I do not want to insult him by leaving him out of that illustrious group of dreadful prime ministers. The more I read history books and look at what happened, the greater respect I have for the Fraser government. When they left office taxation was at \$42,000 million. Under Mr Keating it more than doubled, to \$110,000 million. But the last mob, in a shorter time frame, had taken taxation to \$365,000 million. So, when we are trying to measure people by taxation levels, if I were from the Liberal or National parties I would be hiding in the toilets at this moment, in the middle of this debate.

I return to the substantive debate, that Australia will profit by this—that there will be huge money and we will become the financial hub. That really worries me greatly. It is the same sort of thinking that referred to Japanese bladders and called thongs Japanese riding boots. It was the same sort of attitude that said that the Japanese should not be taken seriously militarily when, if you had done any sort of study, you would know that their navy was not much smaller or less formidable than the American navy. In fact, by the time the Japanese had finished with the American navy the Americans had only one battleship and one aircraft carrier left in the Pacific Ocean. They could not defend Guam



because they had nothing to defend it with. All of their battleships, destroyers, cruisers and aircraft carriers had been sunk. They were at the bottom of the ocean. The great difference was that, whilst the Japanese lost a large number of their aircraft carriers at Midway, the Americans could reproduce theirs; the Japanese could not. But the idea that they were somehow inferior to us almost cost us the invasion of this country.

The same dreadful thinking is abroad here—that somehow God is an Englishman or that somehow we are cleverer than all of the Asian nations and we will be the financial hub of Asia. I do not think anyone is seriously considering that we are going to be the financial hub of Europe or America but I think the background thinking to this is that we are somehow going to be the financial hub of Asia. Well, this is a very dangerous mode of thinking. It is a very dangerous mode of thinking, indeed.

If you are making your decisions on the basis that somehow we are going to be such really important people in Asia—they will have terrific respect for us!—I strongly suggest that you go and read the little black book that was handed out to all in the Japanese southern army. It said: ‘Three hundred thousand Europeans think they can rule an empire of 400 million Asians. Well, they can think again, because we’re going to throw them out.’ Whilst the Japanese may have lost the war they most certainly succeeded in throwing the Europeans out of Asia. Before the war the Dutch ruled Indonesia. Before the war South-East Asia was ruled by the French. China was ruled by the European powers—and that is, in fact, why Japan went to war. India was ruled by the British. The Philippines was ruled by the United States. After the war the only stupid country that tried to go back in was France, and that led to 54,000 Americans losing their lives in Vietnam. That happened because the French

were so stupid as to try and go back in and reimpose themselves.

So it is dangerous thinking that is abroad. This dangerous thinking is again—as with the thinking on tariffs—giving our competitors a free kick. We give them, in the field of agriculture, a 33-metre start over 100 metres. I have lost some of my speed but I think I could still take out Linford Christie over 100 metres if I were given a 30-metre start. Yet we expect all of our farmers to run off a handicap of 33 metres and still compete over a 100-metre race. The average OECD support level is 49 per cent. The support level in Australia is just about zero. So what we are saying is: ‘You blokes are good. You’re 50 per cent better than your competition.’ Well, I have news for you. The late and great Ron Camm, from Queensland, was one of the founders of the coal and aluminium industries of Australia—Sir Joh Bjelke-Petersen’s right hand, if you like. Ron Camm said, ‘Five per cent differential in international trade is an unbeatable head start, and we’re not giving anyone five per cent.’ But this place has given them 50 per cent head start. And each day I walk into this chamber there is more legislation coming down which gives all of our competitors more and more of a head start.

In the field of ethanol the Americans are driving their cars at 81c and buying their grain for \$170 a tonne. We are driving our cars at 150c and paying \$250 a tonne for grain, simply because this place does not have the brains and the commitment to look after its own people. As Henry Lawson said—and I conclude on this note—‘Let us look to our own.’ (*Time expired*)

**Mr BRADBURY** (Lindsay) (11.22 am)—I rise in support of the Tax Laws Amendment (Election Commitments No. 1) Bill 2008 and related bills that are before the House. These measures are in fact an important part of the

government's strategy to attract more investment into the country. Not only is it about investment but it is about jobs and local jobs. There has been much discussion in the debate and some of it has dwelt upon the racial elements of this particular series of measures. The constant reference to foreigners is something that I think does not really allow the debate to be conducted in an objective fashion. When we are talking about the particular taxpayers that are likely to be the immediate beneficiaries of these measures they are nonresident investors, but those nonresident investors will be the individuals and the entities that will be contributing capital towards industry in this country.

While matters of race are sometimes important to men and women, I have to say that when it comes to global capital there is much more interest in rates. That is why the significance of this particular measure is to reduce the withholding tax rate on managed investment trust income by taxing particular distributions arising from managed investment trusts. Perhaps the best way of describing the particular types of distributions involved is to say they are distributions other than those that would otherwise be characterised as dividend, royalty or interest income. There has been much discussion in this debate about listed property trusts, but of course the legislation is broader than that. It is not just about listed property trusts; it is about managed investment trusts, as defined in the bills.

The particular measures that are contained in these bills that I rise in support of involve the lowering of the current rate of withholding tax of 30 per cent in a staged fashion. The first stage will involve a reduction to 22.5 per cent, followed by a reduction to 15 per cent and then a further reduction to 7.5 per cent, which will take our rate of withholding tax for these types of distributions to one of the lowest, if not the lowest, rate in

the world. That will be a very clear signal, a marker, to global capital that this is a place to invest—that Australia is a country where you are able to invest and you are able to get a reasonable rate of return without being sluggish with excessive levels of tax, as may be the case in other jurisdictions.

A number of comments were made earlier in the debate that I would like to address, one by one. Firstly, I feel it is appropriate to go through and comment on some of the third-party endorsements that this bill has received from particular players in industry, many of whom have been calling for these measures for some time. Mr Richard Gilbert, the Chief Executive of the Investment and Financial Services Association, IFSA, said:

I was shocked that the move was better than the election target. It was a pleasant surprise. When you look at the package, it's brilliant.

It is brilliant because it goes further than the election announcement, taking our rate to a level that is much lower than that of most of our trading partners, making Australia a more attractive destination for overseas investors looking to invest in the particular types of funds and projects that are in contemplation under the bills.

We have also heard Mr Trevor Cook, the Executive Director of the Property Council, state:

This is world's best practice. This will increase the competitiveness of the Australian REIT sector and its ability to attract capital. The joy comes from the fact that the government has committed to aggressively attacking the issues.

That is true: this is a government that is very much committed to attacking those barriers to foreign investment. If we are to be internationally competitive then it stands to reason that we must have rates of taxation that are amongst the lowest in the world. Certainly this is a particular series of measures designed towards ensuring that in respect of

these types of distributions we will be delivering one of the lowest rates of withholding tax in the world.

Mr Stephen Dunne, the Chief Executive of AMP Capital, said:

Reducing their withholding tax for foreign residents will strengthen Australia's competitiveness as an international investment centre.

That is precisely the point that the government is making. Mr Jeremy Duffield, the Managing Director of Vanguard Investments, said:

This single initiative delivers a vital fillip to Australia's credentials as a regional investment centre—

once again, that echoes the views of the government—

allowing our local industry to attract greater capital inflows through a sharpened competitive edge.

And Mr Peter Verwer, the Chief Executive of the Property Council of Australia, said:

This reform has come at a critical time for the real estate funds industry, which is facing increased global competition for capital and a tightening market.

That is a point worth reflecting on: significant changes are proposed in these bills, but they are also timely in the sense that there is a squeeze out there for funds. It is a tight market and we hope, and we certainly believe, that this measure will go some way towards increasing the pool of funds available for investment here in Australia.

Significant benefits flow from having Australia as a serious player in financial services. The ambition that the government has of creating some of the big cities in Australia in particular as hubs for financial services and managed funds is an ambition that we are very much committed to. This particular range of proposals is one of the first instalments towards trying to achieve that ambition. The significance of this, of course, is having more money flowing into this country

for investment and more money flowing into managed investment trusts in this country. We heard from previous speakers—the member for Corio and the member for Charlton—that in Australia we have a managed funds industry that is first rate. We are punching well and truly above our weight internationally. This is an area in which we have a comparative advantage in terms of the skills of our local residents, but that also begs the question: what do we need to do in order to consolidate that industry? What do we need to do in order to expand the range of opportunities in that particular space, in that particular industry?

An initiative such as this will not only bring more capital into this country; it will provide more jobs, and those jobs will be in a highly skilled sector of the global economy. That is an important point to make because, from my observations over the many years that I have been both a participant and an observer of the public policy debate in this country, the perils of globalisation have been much lamented by people on all sides of the House and, indeed, by many beyond the walls of this House.

With globalisation there clearly come many challenges but also some great opportunities. In providing an internationally competitive tax regime in relation to withholding tax in respect of distributions from managed investment trusts, as a nation we are able to position ourselves in such a way as to take advantage of some of those potential benefits of globalisation. In essence, that is what this is about. It is about investing in our nation's future and investing in our capacity as a nation to become a regional hub when it comes to financial services, managed funds and the managed funds sector.

I would like to turn my attention to some of the comments that were made, in particular, by the opposition spokesperson on these

matters, the member for Stirling. I note that the member for Stirling concentrated in large part in his speech on a very simple proposition: how can this government come forward, after providing very little tax relief to Australians, and offer this huge tax windfall to foreigners? That is, in essence, the major critique that has been put forward by the opposition. Thankfully, when they were in government, in some respects they took a more far-sighted approach to these things. They were a little more cognisant of our national interest and they were a little more broad-minded when it came to having genuine debate about how we as a nation can invest in our future and secure a future for ourselves in the global economy. Unfortunately, as with many things we have seen from the coalition since they have been in opposition, they really have been forced to revert to the populist pit that many oppositions that have preceded them have fallen into.

In relation to those criticisms about taxation, I have to say that it is slightly more than a minor oversight on the part of the member for Stirling to ignore the fact that the budget will deliver \$46.7 billion worth of tax cuts to Australians. The sort of money we are talking about in these bills is approximately \$600 million over the next four years. Just to debunk this argument that all the freebies and concessions are being offered to foreigners and that local people do not get a cent, let us just focus on the facts. Commencing on 1 July, \$46.7 billion in income tax cuts alone will be delivered to Australian families.

There are a range of other measures—depending on how you define a tax concession or preferential tax treatment—that clearly would fall within the scope of the budget that we have just handed down that deliver additional benefits to Australian people, to many working families and to many people in need throughout our community. For example, there are the childcare tax re-

bate and the education tax refund. Rebates and refunds of this nature, in large part, are to be characterised as providing tax relief. In addition to that, we have the first home saver accounts. Apart from delivering a co-contribution in respect of savings put aside by first home buyers, this initiative also provides a tax incentive, a tax concession, in terms of the tax treatment of the earnings on the funds set aside in the first home saver accounts. In total, the first home saver account initiative involves a commitment of \$1.2 billion over four years. So there is \$46.7 billion for the tax cuts, \$1.6 billion for the childcare tax rebate, \$4.4 billion for the education tax refund and \$1.2 billion for the first home saver accounts. In fact, there were additional tax initiatives that provided tax relief to Australian people. The National Rental Affordability Scheme is an initiative that delivers tax concessions, or tax credits, to investors who invest in providing affordable housing, delivering rental housing at 20 per cent less than the market value. There are other initiatives, but that particular initiative means another \$623 million.

We are talking about billions and billions of dollars worth of tax relief that has been delivered. And that does not take into account some of the other initiatives that this government has supported in terms of transfer payments and direct payments into the pockets of pensioners, carers, seniors and many other Australians in need. The reality is that the budget just handed down has delivered a significant amount of the wealth that has been collected by government back into the hands of the people who put it there in the first place—and that is predominantly Australian taxpayers. So to come into this place and suggest that a \$600 million initiative over four years is somehow the only contribution that this government is making to providing any tax relief is not only disingenuous; it is just plain wrong. The member

for Stirling knows it. But I have noticed that he has been rather lax when it comes to the truth on these matters in relation to a number of these bills that have come forward in his portfolio area.

I want to address another issue that was raised—that is, the critique brought forward by the member for Stirling. It had, perhaps, a little more substance than the earlier critique. He said that some of our trading partners are not listed in the draft regulations so therefore this is just a sham—there is no way at all that this could possibly be a measure involved in making Australia some financial services hub. The reality is that he is right—there are some jurisdictions within our region that are not listed in that draft regulation. The reason they are not listed in the draft regulation comes back to one of the really important aspects of these bills—that is, these bills are directed towards also improving overall levels of information exchange between jurisdictions when it comes to tax matters. We are determined to make sure that, in our dealings with other countries, whether it be through bilateral means—and traditionally that is the way in which we deliver greater certainty when it comes to information exchange—whether it be through information exchange protocols or whether it be through the double tax agreements themselves, we are committed to delivering robust information exchange procedures.

It is our expectation that the extent to which we as a nation are prepared to share information with other jurisdictions should be the benchmark that others reach. If they are not prepared to reach that then the disadvantage to their residents will be that they will not get the benefit of the reductions in withholding tax that are proposed under these bills. That seems pretty fair to me, and I think most fair-minded Australians would say that that is fair. We want an initiative that brings more money into this country and

provides more jobs—more high-skill jobs—but at the same time we do not want to be giving a free ride to investors abroad who may be involved in practices that are not necessarily above board or the most scrupulous. The best way to ensure that is to make sure that there is some sort of oversight. The best way of achieving that is to have information exchange that is rigorous.

Another criticism brought forward by the member for Stirling was that he said this delivers no real benefit in tax terms to the investor so therefore it is a tax concession that does not and will not achieve any additional inflow of capital into this country. His argument for that is that if you are paying less tax here then ultimately the money in the hands of the nonresident investor will be taxable within their home jurisdiction. Well, that is true but there is a false premise upon which that assertion rests—that is, that all taxpayers are paying tax within other jurisdictions and in particular within their home jurisdiction. What it ignores is that many of the pension funds—and, let us be realistic about it, they are one of the targets when it comes to this legislation; we are looking to target some of those big pension funds around the world that are cashed up and looking to invest; they are the principal targets of this legislation—are either taxed at a low rate or tax exempt within their own jurisdiction. So the argument brought forward has absolutely no application at all when it comes to these particular entities. It might be a subtle point but it is a really significant one when we have a look at the impact of this measure and whether or not it will deliver on the government's ambitions, and I believe that it will.

In closing, I wish to conclude by saying that this is an important plank in the government's attempts to establish Australia as a financial services hub. We have the expertise. We are strategically located within the Asian time zone, or sufficiently proximate to

most of those time zones in order to be a regional hub. In addition to that, we have a robust regulatory regime and a very stable economic and political context within which investment can occur. These are some of the selling points on which we must compete with the rest of the world. There are other players within our region that are actively pursuing the title of being the regional hub when it comes to financial services and the managed funds sector. If we are to compete with those, we need to be proactive; and these are proactive measures that will deliver real gains in our efforts to secure our place as a regional hub when it comes to financial services and the funds management sector in the global economy.

**Mr LAMING** (Bowman) (11.41 am)—To summarise as I close the debate today on the Tax Laws Amendment (Election Commitments No. 1) Bill 2008 and cognate bills, we are effectively considering the reduction of withholding tax from the 30 per cent that it is at the moment down to 22½ per cent, 15 per cent and, curiously—and this is what this debate has focused on—7.5 per cent from 2011. I know that we are all very busy and that the member for Lindsay will be departing shortly. I think he succinctly stated where much of this debate has focused: why are we reducing taxes on foreign entities investing in Australian property trusts to the extraordinarily low level of 7.5 per cent? His answer to that very key question put by the member for Stirling was that many of these investors are pension funds who are low-tax or no tax entities from other countries. That is correct. So any investor who effectively moves into the Australian market gets a credit for the tax that they are paying, once back in their home country. Many of those institutions as described, pension funds, are exempt. But effectively they are extensions—many of them publicly owned, publicly controlled or quasi-controlled—of foreign treasuries. That is the

very point that the member for Lindsay arrived at. If we are trying to attract foreign investors into the managed trust sector in Australia, which is very significant but at the moment 97 per cent Australian, will they be attracted by this measure?

There are two types of entities out there. One of them, as the member for Lindsay described, is predominantly tax-favoured overseas pension funds, which are effectively sending back, in many cases, the profits of their enterprises to maintain pensions in overseas countries. They are an extension of government. This is the very point. In this global tax debate where we are looking for some form of level playing field, IFSA and the Property Council of Australia just said, ‘Get us to 15 per cent, where we can be globally competitive and where we are roughly the same as other competing sectors.’ What we on this side of the House do not understand is why you would drop the tax rate to 7½ per cent by 2011. At that rate of dropping tax you might as well move it the following year to zero, because that is what has happened in the three previous years. This may well be a \$630,000 tax expenditure by this government, having already in just six months instituted some extraordinarily painful taxes to raise about that much revenue, but, in this tax expenditure on forgone collection to Treasury, we need to be asking exactly why in an international tax environment we need to do it at all.

Who are we helping here? With any policy change, we start by defining the problem. Is our property sector struggling? Is our property sector not overheating? Is there a skills crisis for people in the construction industry that could be aggravated by expanding that sector? I will accept that a \$1.3 trillion property sector could move to \$2.5 trillion, but is it the intent of the legislation to further overheat that sector? Most of these investors do not go into residential property,

I accept, but it is one sector, be it residential or commercial. We are yet to even define the problem that this legislation is fixing. Everyone here agreed to drop withholding tax to 15 per cent; there is no quarrel. My question is about dropping it further to 7.5 per cent.

I think we have to rewind to April last year when the then Labor opposition costings were around \$15 million for this. But that has now been disputed by Treasury. There is this regular revision when the government realise that their figures do not match up with Treasury's figures. We saw this with private health insurance. We saw this with the alcopops minute that was dutifully sold by the health minister as a health initiative when it was just a tax grab.

For those who are tuning in, we are talking about charging 7.5 per cent withholding tax in 2011 to entities that invest in Australian property trusts. I sure wish I could get 7½ per cent. There are a lot of working Australian families who would like to pay 7½ per cent. The whole intention of the election campaign last year was to find ways of helping working families, but this is something that actually takes money out of their hands. It is \$630 million over four years that is not being collected for working families.

You can almost see the strategists sitting in a circle, the member for Charlton among them, thinking, 'How can we intellectually distort this debate and turn it into an argument about the labour movement?' And he almost succeeded. But it is the labour movement that sees \$630 million evaporate from the pockets of working families through this simple measure, and it has virtually gone unnoticed and unreported. Can you imagine sitting down and saying, 'We may well be helping Japanese working families to invest in our managed investment funds—Japanese millionaire families may well be benefiting'? But now we have had

the admission that most of the investors are pension funds that often have extraordinarily close and quasi connections to their own treasuries.

So this tax expenditure just transfers money that should be collected in Australia but is not, and then the entities that should have paid the tax simply go home and get a credit. They say, 'Before you tax me, I get a credit on everything that I've left behind in Australia.' Whether it is 15 per cent, 10 per cent or seven per cent, it does not matter: they still pay tax on the difference at home. So, instead of collecting it for Australians, you are giving it away to the South-East Asian economies. I am not talking about Singapore, Malaysia and Korea, which already have direct tax agreements with us; I am talking about all the others with whom we have these understandings to exchange information on tax. To me, that is just not smart.

As a humble backbencher I come in here to hear the contributions of those in the government just to try and understand why you would want to tax these kinds of transactions at 7½ per cent. The case that has been prosecuted so far is: 'We need to grow this nation as a financial hub.' That is a very hard thing with which to disagree. You will get everyone agreeing on that. But if you truly wanted to achieve that then I think you would want to reduce the tax on dividends, interest and royalties. This is a discount on tax upon income, and income is basically rent and capital gain. That is not going to be of enormous interest. What is going to be of enormous interest to investors are the dividends, the interest and the royalties. Why not have the legislation pertaining to those areas? It does not and that defies explanation.

We know that here in Australia we have a booming housing and commercial property sector. It is going strong. The member for

Macarthur, here in front of me, is from a part of Western Sydney where you can barely find a builder, where rates for people in construction—and I do not begrudge that—are at all-time highs. We do not have a problem to fix here. We already have a booming property sector which will expand simply by dropping the rate to 15 per cent. The debate today is about the need to move it to 7.5 per cent, creating an enormous tax distortion.

The forward estimates that were rolled out today do not even account for secondary effects. They only account for the tax that is not collected by dropping the rate. They do not account at all for the distortions that will be achieved by lowering these rates to 7½ per cent. Now, you may well have more entities wanting to invest, and I put it to the government: do we really desperately need that in the property sector at the moment? I am all for foreign investment—there is no problem with that—but I have to keep the whole thing in balance.

In the tax system, you need to be looking at areas in which there are tax expenditures and lost opportunity. With this legislation, you are simply creating one such area. You are creating a loophole for others to scratch their heads about in the years after 2011 when these very low tax rates will remain for foreign entities from South-East Asian countries to invest in the property market. That is the simple question that I would really like someone from the government benches to answer.

Six hundred and thirty million dollars is nothing to sneeze at. That is the kind of tax measure that has already been introduced with the famous or ill-fated alcopops tax. Was it really necessary to slug every single trackie- and singlet-wearing worker who loves a Bundy and Coke in the name of stopping binge drinking and yet forgo the same amount of money in this barely publicised

measure? The answer is no. The answer is that the government did not need to give it away. It did not need to make this foolish slip from 15 per cent to 7½ per cent. I challenge anyone on the other side right now to tell me anything else that is taxed at 7.5 per cent, apart from some minor state duties. If you are fishing around and looking for a favourable tax rate, one has just been created by the government with barely a whimper.

We had the member for Charlton linking the labour movement to the important growth of compulsory super savings, but at the same time they are bleeding out the back door in payments to foreign treasuries. That is where this money ends up. I respectfully differ and say we could do a lot with that money here in Australia. We could do a lot for working families. I did not see, last year, bumper stickers on the backs of utes saying, 'you'll rate a tax discount if you're a foreign investor in our managed trusts'. I did not see that bumper sticker. So why don't we look at this level again and ask if there is any need to go beyond the international standard of between 10 and 15 per cent? Finding a rate below 10 per cent is extraordinarily difficult. Mr Deputy Speaker, you need to go to one country and one country only, and that is Singapore, to find that they are actually moving their rate up from 10 per cent, not down. Their listed trusts, a small number of them, are taxed at 10 per cent but they are actually going to move to 20 per cent.

So what kind of signal is this? Is it a signal to say that we are a financial hub? If it is, you need to rewrite the legislation and incorporate dividends, interest and royalties. If you are serious about making Australia a financial hub, I will give you a list of 50 things, which will be non-controversial on both sides of the House, to do to achieve that. There is no disagreement on the need to set the rate at 15 per cent.



There has been a lot of discussion in the last six months about overpromising and underdelivering. I wonder if this is a tiny hoax being run by the government to give themselves a moment of space to be able to debate that fairly superficial argument that they are now the economic managers of choice and that they are about being pro-globalisation, acting in the national interest and being progressive about tax policy. If the government are serious about that, I would respectfully put this suggestion to them: let us start working on Australian company taxes for small businesses out there which still pay 30 per cent; let us start working on income tax, which the Howard government, over 10 years, ramped down to record low levels with strong economic management; let us start working with ordinary Australian families and reducing tax there. With the greatest respect, I see nothing here but an exercise in tax flight and the earnings from the Australian managed property fund sector going directly to the coffers of other countries and their treasuries.

If we are going to drive the demand side by dropping tax rates to 7.5 per cent, we are going to encounter a few other issues as well. These are natural distortions, so that those who seek out the lowest tax rates merely move into a sector that, I have already made the case, is completely overheated. It is not that I do not want to see a strong property sector, but the way to do it is not by creating a 7.5 per cent tax level. All that the government had to do was to take the Treasury advice and accept that they got their figures wrong in April last year. Then we would not even be having this debate today. You would probably find that there would be no disagreement and that you could not even find speakers to talk about the bill, it would be so non-controversial. There is no doubt that we support the move to 15 per cent. You only have to go onto the web and have a look at

the royalty percentages set by each of the economies in our region to know that 15 per cent fixes the problem. So I find it absolutely unbelievable that we come to the end of this debate and that that simple proposition has not been contested. That proposition is that we simply move funds to near neighbours and sovereign states and to their treasuries, because that is effectively what is going to happen. The other thing that has not been modelled at all by the government is whether even one extra dollar will arrive in our sector from overseas investors under this measure. I have made the case already. These investors effectively gain a credit for whatever tax they pay in Australia, so moving it below 15 per cent may well be utterly futile.

In the last couple of weeks we have heard about an Asian union from the Prime Minister, something akin to the EU. It was timed just prior to a visit to Japan. We have heard about eliminating nuclear weapons from the globe, another massive project from the Prime Minister. There may well be coming, in the next week or so, plans for the first Australian to land on the moon or the first manned project to Jupiter. What is the next really big-ticket item from the government? We have had these completely defocused thought bubbles on global issues, and yet we see money leaching out through the back door in measures such as this. Right now, what we are looking for, I think, is just something that helps Australian working families and not something that helps Japanese working families or Japanese retirees. It is a simple proposition, and I challenge the government to answer that simple question.

There is something we also had from the previous speakers on the other side. I have to quote the member for Charlton: 'You really have to ask why more emphasis was not placed on this issue by the Howard government.' I think that the tax record of the Howard government speaks for itself. I think that

the evolution of Australia as a financial hub and the fact that the member for Corio has acknowledged that Australia is the fourth largest onshore fund management sector in the world is evidence of that. Allow me to ask the question: where is the problem once we move these levels to 15 per cent, a move which was completely non-controversial? I do not see a reason for going below 15 per cent. Those on this side see significant challenges and distortions and, effectively, a tax loophole from doing so. I would put it to the other side that the only way to truly understand the implications of this decision is to refer it to a Senate committee for further analysis, and it would be that movement that I would support.

**Mr HALE** (Solomon) (11.57 am)—I rise today to make my contribution to this debate on the Tax Laws Amendment (Election Commitments No. 1) Bill 2008, the Income Tax (Managed Investment Trust Transitional) Bill 2008 and the Income Tax (Managed Investment Trust Withholding Tax) Bill 2008. On the night of the budget the Treasurer outlined clearly to the people of Australia that this budget has been designed to meet the somewhat big challenges that we face. He went on to say:

It is a Budget that strengthens Australia's economic foundations, and delivers for working families under pressure.

It was paramount that this budget be:

... the responsible Budget our nation needs at this time of international turbulence, and—

inflationary pressures—

at home.

A Budget carefully designed to fight inflation, and ensure we meet the uncertainties of the future from a position of strength.

We have the highest inflation in 16 years, and those opposite still do not acknowledge that. They still do not acknowledge that this is a problem. It is amazing that the member

for Bowman singled out comments made by the member for Charlton. The member for Bowman just said that the government should take advice from Treasury. That is an amazing thing to say because the former government would not listen to advice on inflation. They would not listen to advice from the Reserve Bank on spending.

This legislation is very important. As part of its commitment to establish Australia as a regional financial hub, the Rudd government has acted to dramatically improve the competitiveness of Australia's managed funds industry. This legislation will substantially reduce the level of withholding tax from a non-final rate of 30 per cent to a final rate of 7.5 per cent on certain distributions from Australia's managed investment trusts to foreign-resident investors. These arrangements will make Australia's withholding tax rate one of the most competitive in the world and provide a significant boost to Australia's ability to compete globally. They will ensure that Australia's property trusts are well placed to attract foreign investment now and into the future. This will provide a major boost to Australia's goal of becoming a financial hub of the Asia-Pacific region and goes beyond the commitment made during the election.

This bill is extremely important for the people of Solomon, the people I represent. It is vitally important because of our ideal geographical proximity to these markets. As I said in my first speech about the people of Darwin and Palmerston, Solomon is home to people from all corners of the globe, and this diversity has shaped our part of the world for the better. People of 80 or more different nationalities live in my electorate. The influence that Territorians of Chinese origin have had in Darwin and Palmerston is profound. With a history in the Territory stretching back over 100 years, one has only to take a walk around Darwin or visit any of the many

markets to understand how this presence has enriched Darwin and Palmerston. I had the pleasure of having the Prime Minister at the Rapid Creek markets on Sunday and his reception was something akin to that of a rock star. We had one protester and probably about 1,000 or more people turn up just to see him. It is through encouraging and fostering relationships that we maintain and build on our business community.

The Solomon business community is a perfect example of fostering and building business relationships. At any business function in Darwin there is truly a multicultural mix of individuals—people of Chinese, Greek, Italian and Indonesian backgrounds, to name but a few—and the creative juices often flow when trying to cater for a function. This type of coming together of the business community and building on existing relationships and forging new partnerships is how we can improve the managed funds sector and our place in the financial world.

Australia is internationally recognised as one of the major markets for managed funds. The Australian funds managed industry manages more than \$1.4 trillion in assets. The industry is expected to continue its strong growth, with assets under management estimated to exceed \$2.5 trillion by 2015. The Australian property sector is a key part of this industry. In spite of Australia's strong regulatory regime and reputation for funds management, less than three per cent of industry fees are derived from exports—that is, from foreign residents investing in Australia's managed funds. Industry has advised that this is in part due to the existing non-final withholding tax rate predominantly applying to rental income and capital gains from taxable Australian properties, which is higher on average than withholding rates imposed by other countries. In order to improve the industry's export ability, the government is introducing a new withholding

tax regime. The new withholding tax regime will apply to fund payments that are distributions of Australia's source net income, other than dividends, interest and royalties, of Australian managed investment trusts to foreign residents. It will cover distributions made directly from the managed funds to foreign residents, as well as distributions made through other intermediaries. Distribution of dividends, interest and royalties will continue to be covered by the existing final withholding tax arrangements. However, to support the integrity of the arrangements, and in keeping with the government's commitments to minimise international tax evasion and avoidance, the nature of the new withholding tax regime will vary depending on whether the foreign investor is resident in a jurisdiction with which Australia has effective exchange of information arrangements on tax matters. Residents of these jurisdictions will be subject to a 22.5 per cent non-final withholding tax for fund payments of the first income year, a 15 per cent final withholding tax for fund payments of the second income year and a 7.5 per cent withholding tax for fund payments of the third and later income years.

For the first income year, as an interim measure, investors resident in the exchange of information jurisdictions will be eligible to claim a deduction for expenses relating to fund payments. The net amount will be subject to tax at a new rate of 22.5 per cent. The list of jurisdictions with which Australia has an effective exchange of information will be outlined in the regulations. Residents of other jurisdictions where we do not have an effective exchange of information will be subject to a 30 per cent final withholding tax, with effect for fund payments in the first income year. Restricting the reduced withholding rate to countries with which Australia has exchange of information agreements will ensure that the reduced rate is not abused. It

will also encourage foreign jurisdictions to enter into information exchange agreements with Australia—an encouragement for them to get on board.

Australia may never be a London or a New York, but we can be an Asian financial hub if we make the most of our advantages and get serious about reforming uncompetitive and complex tax and regulatory rules. Doing this will ensure that Australia becomes a world leader in financial services into the future. It shows we are serious about combating international tax evasion and avoidance. As I have highlighted previously, Darwin is ideally located to be in the front line of the push to a major boost to Australia's goal of becoming a financial hub in the Asia-Pacific region. This budget, unlike the previous government's budget, provides a strong emphasis on Northern Australia, on business and on the role we play as a nation in boosting Australia's goal of becoming a financial hub in the Asia-Pacific region.

It was quite interesting on Sunday that the Prime Minister did meet with 35 or so local businessmen in a casual environment in Parliament House in Darwin, and the interaction of ideas was amazing. The Prime Minister spent an hour with these people and they really did appreciate his interest in the north of our country. It is about his third visit since becoming Prime Minister and, from my point of view, I hope that he pulls in on his way back from Asia on all occasions. He is very well received by the business community up there. This is the first Labor budget in 12 years and the Prime Minister and the Treasurer have delivered for the people of Solomon in this budget. This budget will be good for families and this bill is good for business.

Schedule 2 to this bill amends the Income Tax Assessment Act 1997 to exempt from income tax the Prime Minister's Literary Awards. On 22 February 2008 the Minister

for the Environment, Heritage and the Arts called for entries for the inaugural Prime Minister's Literary Awards and announced that these awards would be tax exempt. This amendment ensures that no income tax is payable on the Prime Minister's Literary Awards. The 2008 Prime Minister's Literary Awards are a new initiative that will be held annually. The Prime Minister's Literary Awards are a way of celebrating the contribution of Australian literature to the nation's cultural and intellectual life. This measure will ensure that the prize is tax free. We cannot really expect the winner of an award not to receive the full benefit of the award. The Prime Minister's Literary Awards provide an annual cash prize of \$100,000 in each of the two literary award categories, for a published fiction book and for a published non-fiction book—fantastic awards that recognise the importance of literature to the nation's cultural and intellectual life, an importance I know only too well.

Both my parents and my sister are teachers, a combined teaching experience of over 80 years. It has not always been good for me, particularly growing up, when as a young fella I might have wanted to slack off a bit on my school work. I was always kept in line and it was not always easy for me to break away to go and have a kick of the football. I was able to at times, but I certainly grew up in a household that greatly valued education. I think we need to recognise the contribution that people make to education and they should not be taxed for that contribution.

It is really important that we receive a good education, and this award recognises the importance of writing and encourages people to engage in the craft of writing. Books are an integral part of our society; they are the legacy that authors leave to the world. This schedule needs to be passed to ensure the winners of the Prime Minister's

Literary Awards are not financially disadvantaged for winning the award. And as I have said, the new managed investment arrangements will dramatically improve the competitiveness of the Australian managed investment trusts and also emphasise our government's commitment to combating international tax evasion and avoidance. I commend this bill to the House.

**Mr HAYES** (Werriwa) (12.09 pm)—Before I commence to speak on the Tax Laws Amendment (Election Commitments No. 1) Bill 2008 and related bills, let me compliment the member for Solomon on his contribution. From what I have seen on the paddock so far, I can attest that he has gone out to play football on more than one occasion.

This bill delivers on a very important election commitment, one that will slash the withholding tax rate that applies to non-resident investors. Schedule 1 of this bill will replace the existing 30 per cent non-final withholding tax regime applying to certain distributions from Australian managed investment trusts to foreign investors with a new final withholding tax regime. It is the final stage in the implementation of an election commitment first announced in last year's budget reply by the now Prime Minister. This is the final stage in implementing what was then discussed as being a positive development of sound industry within this country.

The importance of this measure to Australia's future prosperity should not be underestimated. This measure aims to help Australia become a funds management hub in the Asia-Pacific region. It will certainly do a wonderful job in boosting our export earnings and in further developing an industry that we are excelling in at the present time. It will ensure that Australia remains a world leader and at the cutting edge of funds man-

agement. The financial services industry makes a large contribution to Australia's wealth and has the potential to contribute even more to our economy.

I recall that back in 1992 there was a hue and cry—and you will recall it too, Mr Deputy Speaker—when negotiations took place between the Keating government and the ACTU associated with the introduction of compulsory superannuation. You will recall, Mr Deputy Speaker, that that was based on a trade-off of a three per cent gain in lieu of a four per cent productivity rise. I know there was a hue and cry about that and I know the now opposition—and they were in opposition then, too, by the way—opposed it every step of the way. They thought it was huge impost on the economy. We have heard the doom and gloom speeches before, but they resounded back in 1992.

Let me tell you what has occurred since then. By 2007 this country had amassed almost \$1.4 trillion in consolidated funds under management, including around \$128 billion in Australian property trusts due to the compulsory superannuation which was introduced by the Keating government. Much of our economy—much of our future and our kids' futures—was very much built on those decisions back in 1992 to go forward in this country; not to simply be a country built on mining and on resources but to be a country built on the intelligence of being able to manage funds, develop our infrastructure as a consequence and provide well-paying jobs, professional positions in many cases, for our kids. Australia has built up a fantastic reputation in funds management with a well-respected and experienced regulatory regime. We have certainly developed a skilled and professional workforce. Australia is geographically very well strategically placed in the Asian time zone to capitalise on this for the benefit of this industry.

Amazingly for a country of its size, Australia has a number of natural advantages in funds management. We are the fourth largest onshore managed fund market in the world. This puts us in a reasonably unique position due to the huge size of funds under management. However, regrettably, less than three per cent of funds derived from Australian managed funds are attributable to foreign investment. This small amount is mostly derived from investors from a very narrow base of funds, particularly from the United States and the United Kingdom. The current high 30 per cent withholding tax, which was imposed by the former government, is one of the reasons why Australian managed funds struggle to attract foreign investment. It very much acts as a disincentive for using the professional facilities of our funds management. It is 'lead in the saddle' when it comes to developing this industry to truly international proportions.

The financial services sector has an immense untapped potential for growth, particularly in the Asian region. Just consider that we have many Asian economies which are booming at the moment. Many of their industries and certainly many of their people are looking for investment opportunities. Australia sits well to receive those funds and manage their money. This measure will make our managed funds more competitive by giving Australia one of the lowest withholding tax rates in the world and by boosting foreign funds under management in this country. Apart from creating professional accounting and legal jobs in this country, managing these funds will also create downstream investment opportunities and property based infrastructure.

This new regime applies to funds payments—broadly, the distribution of finances sourced as income in this country, other than the dividends, interest and royalties—and will be managed by Australian based and

operated funds. It will primarily apply to the distribution of Australian sourced rental income and capital gains, ostensibly from Australian property trusts. The rate of withholding tax under this new regime will depend on the residency of the foreign investor. Where a foreign investor is a resident of a country with which Australia has an effective exchange of information on tax matters, the tax rates will be 22.5 per cent for funds payments for the first income year following royal assent, 15 per cent for funds payments for the second year of income and 7.5 per cent for funds payments in the third and later years of income. For the first income year, as a transitional measure of this arrangement, foreign investors resident in EOI countries will be eligible to claim deductions for expenses associated with deriving their income.

Residents of countries with which Australia does not have effective exchange of information will be subject to the 30 per cent withholding tax. That is designed to ensure and encourage integrity of the measures of taxation and, quite frankly, it sends a very clear message to those governments that we will not tolerate tax evasion and avoidance and we will not be a centre for that. However, we will move to build up our industries to a proportion where they justifiably have the reputation of being internationally competitive and are also internationally renowned as the best fund managers.

Restricting the reduced withholding tax to countries with which Australia has an exchange of information agreement really does ensure that funds invested in Australian managed funds will not be abused. It ensures that there are appropriate compliance regimes for the management of these funds and it opens us up to be internationally competitive in a part of the world in which we think we can make a very solid contribution in funds management.

This week I had the opportunity to visit a number of the schools in my electorate to talk about another part of opening up the future for young people. The Rudd Labor government has committed \$1.2 billion for computers in our schools as part of the digital education revolution. This is about providing students with the appropriate technologies they need to use as learning tools to equip them to go into the modern workplace in a vastly modern world. As a matter of fact, today the student leaders from Macquarie Fields High School, James Meehan High School and the Lurnea High School are visiting me and I hope to show them around Parliament House. But, more importantly, I hope to impress upon them that the decisions we are making in government are not just for the here and now but, like the decisions that Paul Keating made in 1992 in opening up the prospect of compulsory superannuation, for the future. We are making decisions with a view to giving this country a very clear future. In the case of the withholding tax, we are making a decision which will create an internationally based industry of massive proportion.

The position of funds management is crucial. As I said, it is the final stage of a commitment that was given in the budget reply in 2007. This now brings this matter to fruition. Unlike what was put up by the other side, this is about developing the unique characteristics of the Australian based funds management industry. We are well placed to extend that industry and we are well respected in that area. This bill will be responsible for the growth of many professional jobs into the future. This will see the Australian industry not only managing the \$1.4 trillion that it has now as a result of compulsory superannuation but also growing astronomically based on the reputation that we have already established. I commend the bill to the House.

**Mr BOWEN** (Prospect—Minister for Competition Policy and Consumer Affairs, and Assistant Treasurer) (12.22 pm)—I thank all honourable members who have contributed in this debate. However, I am particularly disappointed and surprised by the response of the opposition on this measure. I had thought that the opposition might use this as an opportunity to recant their opposition to the cut in the withholding tax rate. I had thought that they might come in here and say on reflection that they support this measure to build Australia as a financial services hub. I had thought they might take a sensible approach. I was wrong and I am disappointed about that. The opposition have shown a particularly inward-looking, short-sighted and, frankly, xenophobic approach. If they had welcomed the government's measures I would have welcomed their support in a bipartisan fashion. If they had welcomed these measures, I would have invited them to join with the government in promoting Australia as a financial services hub. Instead, they have chosen to play politics on this matter. They have chosen to take a cheap and populist road and not a forward-looking and visionary road.

It is little wonder that they have lost the mantle of the more economically responsible party in Australia. There is little doubt that they are no longer seen as the party best able to manage Australia's long-term economic future when they engage in stunts and rhetoric like they have this morning. I will deal specifically with the matters raised by the shadow Assistant Treasurer, who joins us in the chamber.

The shadow Assistant Treasurer made much of the fact that this is a tax cut for foreigners—and that is right: it is a tax cut for people choosing to invest money through Australian financial services. He chooses to engage in the cheap, populist line that this is a tax cut for foreigners, and shame on the

opposition for doing so. We could all do that. We could all engage in cheap populism. When the previous government removed capital gains tax for foreign investors in Australia the then opposition—the Labor Party—could have engaged in a cheap, populist attack on that. We did not. This opposition has sold out its economic credibility for a cheap, populist attack. That is particularly disappointing. I had expected better from the opposition.

*Mr Keenan interjecting—*

**Mr BOWEN**—I will be dealing with costings. Providing leadership means taking a long-term view that we need a competitive tax regime. The previous government gave Australia the highest withholding tax rate in the world—30 per cent. They thought that was competitive. We took the view that that was unacceptable. The opposition seems to have the view that that continues to be acceptable. It is completely unacceptable to the government. Australia should not have the highest withholding tax rate in the world. We went to the election with a commitment to reduce the withholding tax to a rate more in line with world standards—15 per cent. During the budget we decided we could do better. We decided we could take Australia from the highest withholding tax rate in the world to effectively the lowest in the space of three years. Why did we do that? Because you do not create a financial services hub with tinkering. You do not create a major policy reform by working around the edges. We took the view that if we could give Australia the lowest withholding tax rate in the world this would be a major advance in making Australia the financial services hub of Asia. We took the view that a withholding tax rate of 7½ per cent was an appropriate way to promote Australia as a financial services hub.

The shadow Assistant Treasurer, the member for Stirling, had this to say about the 7½ per cent rate:

As far as I am aware, nobody within the industry was actually calling for the rate to be 7½ per cent and I would be fascinated if the government could actually provide any evidence of anybody who thinks that this was an appropriate response.

The member for Stirling said:

... I would be fascinated if the government could actually provide any evidence of anybody who thinks that this was an appropriate response.

I am more than happy to assist the member for Stirling, because this is what he has asked for:

... nobody within the industry was ... calling for ... 7½ per cent and I would be fascinated if the government could actually provide any evidence of anybody who thinks that this was an appropriate response.

He has asked the question; he will get the answer.

*Mr Keenan interjecting—*

**Mr BOWEN**—You cannot ask a question and then say you do not want to hear the answer. This is what the Investment and Financial Services Association had to say about the 7½ per cent rate:

The decision to lower the withholding tax rate is critical to the maintenance of high levels of long-term, offshore capital flows into Australia. The management of these flows by Australian funds managers will enable additional investment into Australian infrastructure and property assets. The clear message to the world is that the new government is serious in working to enable Australia to continue to develop as a major financial services centre in the region.

Vanguard Investments said:

‘Vanguard is pleased to hear the Treasurer, the Hon. Wayne Swan, has announced a significant phased reduction in the withholding tax rate. This single initiative delivers a vital fillip to Australia’s credentials as a regional investment centre, allowing our local industry to attract greater capital



inflows through a sharpened competitive edge,' said Mr Jeremy Duffield, Managing Director of Vanguard.

AMP Capital said:

AMP Capital Investors Managing Director Stephen Dunne said the Government's plan to reduce the withholding tax from 30 per cent to 7.5 per cent will enhance the continued growth of the Australian funds management industry.

"Reducing the withholding tax for foreign residents will strengthen Australia's competitiveness as an international investment centre."

That is just a sample. The shadow Assistant Treasurer asked the question. Now he has received the answer. He said that nobody from industry had said that 7½ per cent was an appropriate response. He asked for anybody who thinks this was an appropriate response. The shadow Assistant Treasurer asked the question. Now he has received the answer.

The opposition have engaged in a number of other elements in their debate today, which I am more than happy to deal with. Firstly, the shadow Assistant Treasurer said the previous government had a policy of a financial services hub and that we had plagiarised it. But he searched and searched for a policy initiative to back that up. A financial services hub is not a slogan. You need a program. You need a policy; you need more than a slogan. They had a slogan; we actually have a policy and a program. They opposed our proposals to reduce the withholding tax rate against all the evidence that that was an appropriate and necessary policy initiative to promote Australia as a financial services hub. The other thing that the honourable member for Stirling said was, 'This is all they've got: they're going to reduce the withholding tax rate and that's it.' He showed his woeful ignorance of the government's initiatives. He forgot, chose not to mention or does not know that the government has sent a reference to the Board of Taxation for a managed

investments tax regime. That will be one of the most substantial rewrites in Australia's history of this part of the tax act.

Other countries have developed a specifically designed, fit-for-purpose managed investments tax regime. The previous government failed to do so. We have acted. In the meantime, the Treasury has been consulting with industry on dealing with some of the more anomalous and troublesome elements of division 6C of the act. A discussion paper was issued, and we will be releasing shortly the results of that discussion paper and the government's proposed policy response. That, again, has been broadly welcomed. The shadow Assistant Treasurer said this would provide not just a tax cut for foreigners but a boost to foreign treasuries. Again, the shadow Assistant Treasurer has shown he is not on top of his brief—unfortunately. The vast majority of people—including the big institutions that we are seeking to gain and the big overseas pension funds—generally speaking do not pay tax in their home institution. Generally, big pension funds do not receive any tax credit for the withholding tax paid from Australia. The shadow Assistant Treasurer is, unfortunately, not on top of his brief. Basic research would have corrected that anomaly in his understanding.

The opposition has, justifiably, raised the question of costings. What it has not outlined is this. Firstly, this is a different measure from what was proposed by the opposition. We are going to 7½ per cent—so, yes, it is more expensive. I do accept that. And I do accept there are other issues. I do accept this is a very difficult area for anybody to cost, as the Treasury itself indicates.

*Mr Keenan interjecting—*

**The DEPUTY SPEAKER (Hon. DGH Adams)**—Member for Stirling, this is not a committee!

**Mr BOWEN**—The Treasury has appropriately taken a very conservative view of the costings. It is true to say the industry has a very different view of what the costings will be. The Treasury has assumed in its costings a gearing rate of zero, as is appropriate that the Treasury do. The industry has a very different view of the gearing rate. Time will tell what the costings will sort out. As is noted in the budget papers—and the shadow Assistant Treasurer may or may not have read the particular budget paper—the Treasury acknowledges that this costing does not take into account increased investment that would flow out of the withholding tax cut. It does not take into account second-round effects. Of course we stand by the Treasury costings. Treasury has taken a very conservative approach, and it is appropriate the government adopts a very conservative approach. Others take the view that the cost will be much lower. I pass no judgement. Time will tell what the costing will be. The government looked very closely at the costings and took the view that, even with the more expensive costing, this was an appropriate and necessary policy response and we are very proud of it. We are very disappointed that the opposition has taken such a Hansonesque, narrow, inward-looking and shameful approach to this matter.

I will refer now to the opposition's call for this legislation to be referred to a Senate committee. Again, the shadow Assistant Treasurer appears ignorant of the fact that the Senate economics committee has already looked at it in some detail. The Senate economics committee members said that, according to the transcript of the evidence, their analysis of the previous government's changes was one of the most worth while and interesting they had done. The shadow Assistant Treasurer appears ignorant of the fact that the Senate economics committee has already examined the rates of withhold-

ing tax in Australia in some considerable amount of detail. We are normally more than happy for our policy proposals to be examined by the Senate economics committee. But the opposition are proposing, by referring this to a Senate economics committee, to abandon the 1 July start date. It would be impossible, in my mind, to have the Senate economics committee examine the case and still have a 1 July start date. If the opposition want to put in jeopardy the 1 July start date, it is their decision. Be it on their heads. They will have to justify to the funds management industry and to the Australian people why they are delaying this very important initiative in making Australia the financial services hub of Asia. If they wish to do that, they will have the power if they can convince their Senate colleagues to support it. It will be up to them. But they will have to justify it. I am not going to justify it. I want to see it in place on 1 July. They have to justify it.

Can I also refer to the opposition's request to the government to split this bill in two—that is, 'We accept that the Prime Minister's Literary Awards should not be taxed and that that should be in place by 1 July, so please split the bill in two.' We have a different view. We have the view that both measures should be in by 1 July, so will not be agreeing to the opposition's request.

**Mr Keenan**—We gave you the opportunity. You didn't even respond.

**Mr BOWEN**—I am responding now. They both should be in place by 1 July. The opposition says it is appropriate that we not tax the Prime Minister's Literary Awards. We obviously agree; it is our legislation. The Commissioner of Taxation will not seek to collect tax on the Prime Minister's Literary Awards, even if this bill has not passed the parliament by 1 July. As is always the case, the tax commissioner takes the view that, if legislation is before the parliament and both

sides have indicated they will support it, the fact it has not passed will not mean he will actively seek to collect the tax. There will be no real time effects of the delay on the Prime Minister's Literary Awards being made tax free. If anything, it is frankly much more important that the withholding tax cuts be passed by 1 July. We will pursue this. We will press vigorously in this place and in the other place for this to be in place by 1 July. If the opposition wishes to take a different view, I am sure it will be more than happy to explain to everybody interested in this matter why it is proposing to hold up this very important tax reform.

Australia as a financial services hub is more than a slogan. It takes hard work, it takes initiative, it takes boldness and it takes a government prepared to make the tough decisions and not to take the cheap, populist Hansonesque route that the opposition appears to be taking. What we can do is make Australia a place where young people who are thinking about a job in the financial services sector or thinking about playing a role in a major financial services hub do not feel obliged to move to New York or London. We will not be New York or London—we are not suggesting we will be. If people wish to move to New York or London to work in a major financial services hub, that is great. I hope they bring their skills back to Australia when they are finished. But a young person should not feel obliged to do that. They should feel that they can work in Australia, which is on a par with Hong Kong, Singapore, Dublin or Luxembourg as a financial services centre.

We have an industry in Australia which has been built up. We have an industry in Australia which is very good at this. It has the fourth largest pool of funds under management in the world—not per capita but in the world—because of the superannuation reforms of the Hawke and Keating govern-

ment. We have an industry which has built up great skills but which does not export those skills, because we have an industry which has been saddled with an uncompetitive tax regime which the party of free enterprise over there chose to give them. We have an uncompetitive tax regime where we have big superannuation funds and pension funds around the world looking at where to invest their money and they say: 'Well, Australia is pretty good at this. They have got a well-developed superannuation system. Australia is in a strategic time zone, placed between the United States and Asia. Australia has a well-respected prudential regulation system. Australia has stable government and a stable democracy. It is a good place to invest. Why don't we invest our money in Australia? Because the withholding tax rate is 30 per cent.' Yet around the world the average is 15 per cent, and some countries are as low as 10 or 7½ per cent.

Why don't we give this industry a break? Why don't we say to this industry: 'We will give you a level playing field'? Why don't we say to this industry: 'You go out and win the business; why don't you export more than 2½ per cent of your capacity?' Why don't we say to this industry: 'It is up to you, you go and do your job, but we'll give you a level playing field; we'll give you a tax system which allows you to compete'? Those opposite will give them a tax rate of 30 per cent—and shame on them! Shame on them for holding back an industry that wants to compete on its own. It is not asking for government assistance, it is not asking for special favours, but it is asking for a tax regime which allows them to be competitive. That is exactly the tax regime this government will give them and it is a tax regime that those opposite stand against.

**The DEPUTY SPEAKER (Hon. DGH Adams)**—The original question was that this bill be now read a second time. To this the

honourable member for Stirling has moved as an amendment that all words after ‘That’ be omitted with a view to substituting other words. The question now is that the words proposed to be omitted stand part of the question.

Question agreed to.

Original question agreed to.

Bill read a second time.

### **Third Reading**

**Mr BOWEN** (Prospect—Minister for Competition Policy and Consumer Affairs, and Assistant Treasurer) (12.41 pm)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

### **INCOME TAX (MANAGED INVESTMENT TRUST WITHHOLDING TAX) BILL 2008**

#### **Second Reading**

Debate resumed from 4 June, on motion by **Mr Bowen**:

That this bill be now read a second time.

Question agreed to.

Bill read a second time.

#### **Third Reading**

**Mr BOWEN** (Prospect—Minister for Competition Policy and Consumer Affairs, and Assistant Treasurer) (12.42 pm)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

### **INCOME TAX (MANAGED INVESTMENT TRUST TRANSITIONAL) BILL 2008**

#### **Second Reading**

Debate resumed from 4 June, on motion by **Mr Bowen**:

That this bill be now read a second time.

Question agreed to.

Bill read a second time.

#### **Third Reading**

**Mr BOWEN** (Prospect—Minister for Competition Policy and Consumer Affairs, and Assistant Treasurer) (12.43 pm)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

### **COMMONWEALTH SECURITIES AND INVESTMENT LEGISLATION AMENDMENT BILL 2008**

#### **Second Reading**

Debate resumed from 4 June, on motion by **Mr Bowen**:

That this bill be now read a second time.

**Mr TURNBULL** (Wentworth) (12.43 pm)—The Commonwealth Securities and Investment Legislation Amendment Bill 2008 will enable the Commonwealth to increase the stock of Commonwealth government securities on issue by \$25 billion to \$75 billion. The government has announced its intention to increase the stock of Commonwealth government securities in 2008-09 by \$5 billion on top of the current planned issuance of \$5.3 billion that replaces maturing stock. The bill will also widen the investment mandate to enable the government to invest the proceeds of Commonwealth government securities in Australian dollar denominated debt instruments of investment grade. Consistent with that, it will also enable the Australian Office of Financial Management to accept a broader range of collateral when lending Commonwealth government securities.

It is important in the context of considering this bill to remember that we would not be having this discussion today were it not

for two great achievements of the previous government. It was the Howard government that paid off Australian federal government debt. That is why there was a debate back in 2002 about whether Commonwealth government securities should continue to be issued, because, plainly, the Commonwealth, in terms of its own activities, did not need to be borrowing money anymore—and the Commonwealth, of course, is now a very substantial net lender. But, as we all know, the discussion and the debate, both within the industry and within government, came down with the correct conclusion that it was important to maintain an issuance of Commonwealth government securities so that, among other things, it was possible for the financial markets to have that risk-free benchmark of Commonwealth government securities against which other rates and risks were assessed and calculated.

The fact that we are having this debate is the consequence of that great achievement. It is very, very rare in the developed world today to have a government which has paid off all of its debt, and that was done through prudent financial management over a long period of time—with solid surpluses paying off the \$96 billion of debt that was left to us by the Labor Party.

Of course, the previous government did not just pay off that debt. It also looked into the future and asked: what are the liabilities of the Commonwealth that are borne upon the shoulders of future generations for which provision has not been made and for which an assumption has just been made that they will be paid out of the tax revenues, by people who are at school today or who are even as yet unborn, in the years and the decades to come? At that time there was around \$96 billion of unfunded superannuation liabilities to Commonwealth public servants and defence personnel. Peter Costello then put \$40

billion, ultimately—it is now well over that—into the Future Fund so that there was a solid base providing a source of finance to pay for all of those liabilities into the future. We took that burden off the shoulders of future generations. We took off the shoulders of the current generation the burden that Paul Keating had left us with and took off the shoulders of future generations the unfunded liability. That is the context in which we are having this discussion today.

It is also salutary to recall 17 February 2003. That was the day that Australia's AAA credit rating was restored by Standard and Poor's. That closed the chapter on Paul Keating's 'banana republic'. We remember when our foreign currency credit rating was downgraded in 1986 and 1989. It was restored to AAA under the leadership of the previous government. So we have a very benign challenge at the moment before us with this bill, because we have a government with no net debt, a government that does not need to borrow for its own purposes and a government that, because of the work of its predecessors, has funding available to cover the hitherto unfunded liabilities to public servants' superannuation in the future.

And so we now ask ourselves whether the parliament should approve this bill, which will expand the amount of Commonwealth government securities that can be issued from \$50 billion to \$75 billion. It is, in the view of the opposition, a reasonable expansion. The financial markets have expanded greatly since 2002. Naturally the economy has expanded greatly and there is a need voiced by all of the participants in the debt market for this measure. So we have no objection to the expansion in the amount of Commonwealth government securities that can be issued.

However, there is a very important change that we do need to discuss at some length. At

the moment the proceeds of our bond issuance is managed by the Australian Office of Financial Management, part of the Treasury. Since 2003 those proceeds have been invested in deposits with the Reserve Bank of Australia. That remains the practice today. There is no formal delegation or instrument, but that was the government's policy, stated in the budget at the time by the then Treasurer, and that is what the AOFM does today.

Under the current provisions of the Financial Management and Accountability Act 1997 there is a list of authorised investments in which the Treasurer is entitled to invest the funds of the Commonwealth. That includes debt instruments issued by foreign countries, by state governments and by financial institutions—like the World Bank, whose members consist of foreign countries—but it notably does not include debt instruments issued by private sector participants. The substance of the change in this bill is to amend section 39(10) of the Financial Management and Accountability Act to enable the Treasurer to invest in, in addition to the other types of securities—and I am referring now to new subparagraph (b)(iv)—‘debt instruments denominated in Australian currency with an investment grade credit rating’.

The bill also provides, in new section 62A of the Financial Management and Accountability Act, that the Treasurer will delegate to the relevant officials in the Treasury to undertake his powers and functions and investment under this act. Under proposed section 62A(2) of the bill, a new section in the Financial Management and Accountability Act:

The Treasurer may, by signed instrument, give directions in relation to either or both of the following:

- (a) the class or classes of authorised investment in which public money may be invested;

- (b) matters of risk and return.

It goes on in new section 62A(3) to say:

The Treasurer must not give a direction ... that has the purpose, or has or is likely to have the effect, of directly or indirectly requiring a delegate or delegates to allocate financial assets to a particular company, partnership, trust, body politic or business.

The delegation must be tabled in each house of parliament no later than 15 sitting days after it is given. That is referred to in subsection (6).

The concern that many people will have—and it is a concern that the opposition has—is that the consequence of this element in the bill is to expand the range of debt instruments in which the Australian Office of Financial Management can invest to include debt instruments which are by definition riskier, and indeed significantly riskier, than Commonwealth government securities, which are by definition risk free. There is a considerable temptation here for the government or, indeed, for any government—with this expanded range of opportunities to invest—to borrow, as it can do, at the risk-free rate that is available to the Commonwealth as the sovereign government and to then invest in riskier debt instruments which will deliver a significantly higher yield. One needs to look only at the wide range of publicly traded debt instruments in Australia at the moment to see that between the Commonwealth government's cost of borrowing and what it could earn by investing in debt instruments that fall within the new provisions proposed herein—a spread of 150, 200, 300 basis points—is a very significant spread and a very significant moneymaking opportunity. It is of considerable concern to us that this temptation could lead a government—this government in particular—into using this exercise to chase yield and, therefore, to take on substantial risk.

Plainly, if the government takes this on, engages in risky investment and loses money, it will be held to account—and it will be held to account by the opposition. We caution the government very soberly, and without any hint of political rancour or rhetoric, that this is taking on significant additional financial risk—or, at least, potentially taking it on. It is important in our view that before this bill is dealt with in the Senate the investment mandate—that is, the direction under new section 62A(2), which sets out the class or classes of authorised investment in which public money may be invested and the matters of risk and return—should be tabled prior to this bill being debated in the Senate. It is very important that the government lets us know—which it has not done—what its intentions are. We know exactly what the status quo is and exactly what the policy of the previous government was, which was that these funds should be invested on deposit with the Reserve Bank of Australia. There is clearly no credit risk there, but there is also no mark-to-market risk. We have seen in Australia in recent times, and around the world in fact, extraordinary volatility in terms of yields and spreads for debt instruments of all issuers, and in particular many issuers that would fall into this category—bank debt, for example, has seen incredible volatility compared to the experience of only a year or so ago. That volatility is reflected in the mark-to-market value of the bonds concerned, and that will have a very significant impact on the mark-to-market balance sheet of the Australian Office of Financial Management, and losses—and, indeed, gains—can be equally volatile.

It is very questionable whether that is an appropriate way to be investing these Commonwealth government funds, given the historically conservative and prudent nature in which they have been invested to date. There is a temptation to chase yield and incur

greater risk and it is a temptation that we trust the government will resist in the interest of a prudent and conservative management of these assets of the Commonwealth. In order to enable the parliament to consider this bill in a fully informed fashion, I ask the Treasurer to table the proposed direction under new section 62A in the Senate before the legislation is considered. His preparedness to do that will obviously have considerable influence on the attitude of the opposition and senators in the other place. With those reservations, we commend the bill to the House.

**Mr NEUMANN** (Blair) (1.00 pm)—The contribution by the member for Wentworth in relation to the previous government's alleged payment of public debt was interesting. It is very easy to reduce debt when you privatise public assets, when effectively you de-fund the stock of public housing, you fail to adequately invest in public education, you fail to pull your weight on public health and hospital funding and you de-fund wonderful programs like the Commonwealth dental scheme. That is the legacy of the previous government on economic management.

I support the Commonwealth Securities and Investment Legislation Amendment Bill 2008, which strengthens the efficient operation of the treasury bond market and allows for the issuing of more treasury bonds and the extension of collateral for lending. The bill amends various pieces of legislation and confers additional borrowing authority on the Treasurer to issue Commonwealth government securities. It provides legislative authority to increase future issuance by up to \$25 billion. It broadens the scope of the Treasurer's power to invest and extends the range of assets in which the Treasurer may invest. It gives authority to the Treasurer to enter into securities-lending arrangements and further extends the range of assets that are considered acceptable as collateral on a securities-lending-arrangement basis. It al-

lows for the Treasurer to delegate these powers to the relevant government officials.

The bill is part of the Rudd government's package to strengthen our financial markets. I speak in support of the bill because the measures therein will serve to strengthen our treasury bonds market and our futures market. It will provide for the safe investment of the proceeds of increased issuance, in conjunction with the management of the government's cash balances, using a wider range of high-quality investment instruments. The bill is essential to the government's commitment to ensure the effective operation of our nations' financial markets. As the Assistant Treasurer, Minister Chris Bowen, has already said in the House, the measures in this bill will:

... help maintain the role played by Treasury bonds in the smooth functioning of Australia's financial markets.

An efficient government bond market is key to enhancing the operation of the broader Australian financial system and reducing our vulnerability and exposure to adverse shocks. As many in the House will be aware, the strong Australian economy and exchange rate on the one hand and global credit anxiety on the other have intensified demand for treasury bonds. As a consequence, bonds on issue have become more tightly held and strong demand in the face of fixed supply has significantly reduced liquidity in the treasury bond market. This bill will permit the Commonwealth government to issue more treasury bonds freeing up an increasingly tight market in securities.

A liquid treasury bond market is an important component to ensure a strong Australian financial market. Currently, the treasury bond and treasury bond futures markets are used in the pricing and hedging of a wide range of financial instruments and in the management of interest rate risks by market

participants. Treasury bonds are used as the benchmark to set interest rates beyond the short end of the yield curve because of the risk-free nature of security. This capacity to hedge reduces risk premiums and consequently reduces capital costs in the economy. This is good to reduce inflation. These markets are critical to ensuring that Australia's financial system is resilient to the market shocks that inevitably emerge and that we have seen recently overseas. As Treasurer Wayne Swan stated on 20 May:

The existence of an active and efficient bond market alongside the banking system strengthens the robustness of Australia's financial system and reduces its vulnerability to adverse shocks.

A lack of liquidity in the treasury bond market due to short supply can make it difficult to accurately price contracts in the bond futures market. To this end, it can lead to reduced confidence in the pricing process and undermine the value of the futures market. This can increase the costs associated with managing financial risks, ultimately leading to higher costs and we do not want more inflationary pressures. An efficient treasury bond futures market allows market participants to hedge their interest rate risk and ensure lower and less volatile costs of capital. Recently our financial markets have been exposed to the impact of the credit and liquidity concerns sparked by the US subprime housing crisis. We have all witnessed events over there where the durability and vibrancy of the Australian financial markets have assisted our financial system to weather the turbulence associated with the problems in the US subprime market.

In many respects, the subprime crisis has provoked a shift in financial markets to less risky, higher quality financial instruments in global financial markets. It is this financial environment which has encouraged investment in Australia. It has also seen an increased demand for Australian treasury



bonds and this has proved beneficial to the Australian economy. The Rudd government are committed to strong fiscal discipline and that is why we are introducing this bill—to ensure the treasury bond market continues to operate effectively and play a crucial role in Australia's financial market.

We do not live in isolation, neither do our financial markets. We live on a continent wedged between the Indian and Pacific oceans—at the foot of Asia. As far as finance is concerned, we may as well be in London, New York or Hong Kong. We are not an island financially. We operate in a global community. We need to do everything we can to be an important player in the world financial system and to grow our financial markets to become an even more vital participant.

Currently, the ceiling on fixed coupon treasury bonds on issue is \$50 billion. It has been at that level for the past five years. While the volume of bonds on issue has remained fixed for the past five years, other Australian financial markets have grown substantially over this period, and so has our economy. We have moved on.

As I said, as far as the global credit concerns are impacting on Australian treasury bonds, it has become a tighter market. It is now estimated that three-quarters of the \$50 billion of Australian treasury bonds on issue are held offshore, predominantly by very large institutions which do not often trade these securities. The demand for high-quality securities has increased with the demand for bonds. As a direct consequence, treasury bonds remain available on issue but they become more tightly held. It is increasingly difficult for dealers in some lines of stock to get hold of those treasury bonds and maintain an active market in them, and we do not want our markets corrupted.

To ensure the market continues to operate effectively, it is clear that we must issue more treasury bonds. The bill before us seeks to raise the ceiling to \$75 billion, with the amount and the timing of new issuances depending on market concerns and needs. This will allow an increase in the volume of fixed coupon treasury bonds on issue by about \$25 billion over their current level, and this cap will provide the government with flexibility to sustain liquidity in the treasury bond market and respond to shocks in global financial markets while concurrently ensuring an appropriate limit is placed on the maximum amount which can be issued.

Currently, except for short-term borrowing needs, there is no authority for the Treasury to borrow money in a manner which increases the amount of outstanding debt issued by the Treasurer. The new borrowing authority will permit the Treasurer to borrow money by issuing Commonwealth government securities up to \$75 billion on the face of Commonwealth government securities on issue. As stated in the May budget, the government intends to add \$5 billion to the treasury bond issuance of \$5.3 billion, with market conditions monitored to determine whether future issuance is required. This will take the total stock on issue to \$54.6 billion.

The funds raised by the additional issuance of Commonwealth government securities are not for spending. The proceeds from the increased issuance will be managed and invested by the Australian Office of Financial Management, which invests surplus Commonwealth cash in term deposits with the Reserve Bank. The bill will extend the range of permitted investments to include investment-grade debt securities and widen the collateral requirements when bonds are borrowed by market players for short periods of time.

Under the current legislation, only Commonwealth government securities are accepted. The reforms in this bill will better align the range of assets accepted as collateral with those accepted by the Reserve Bank in its market machinations. Those on the opposite side of the House should be firmly in support of this bill because it is consistent with the former coalition government's decision made in the 2003-04 budget to maintain the market for Commonwealth government securities. At that time, the former government noted that it should issue further securities to support the treasury bond futures market but did not do anything about it.

In keeping with the government's commitment to sound fiscal management, the increased issuance of treasury bonds will not negatively impact the government's financial position overall. This is principally because the issuing of bonds on issue and the increase thereof will be offset by the increase in financial assets on the government's balance sheet from the proceeds of the additional issuance. The budget surplus which the Treasurer announced in May this year will in fact mean the government does not need to issue securities to finance spending. This is yet again a demonstration of the economic responsibility of the Rudd government.

The bill before us today amends the Financial Management and Accountability Act 1997 to broaden the Treasurer's investment powers by removing the restriction of only being able to invest for the purpose of 'managing the public debt of the Commonwealth' and extending, of course, the range of authorised investments in relation to which the Treasurer may invest public money. This aligns the Treasurer's investment powers with those of the finance minister under the Financial Management and Accountability Act 1997.

The bill extends the range of eligible investments which the Treasurer can make under that act to include the investment-grade securities and allow the Treasurer to give directions to delegates on classes of authorised investments and matters of risk and return. The bill provides for the delegation to Treasury officers of the Treasurer's investment powers. It provides that the Treasurer may give directions on the classes of authorised investment in which the investments may be made and on matters of risk and return. This will allow the Treasurer to set limits and provide guidance on the exercise of the investment powers by delegated officials.

A safeguard the bill provides is that the Treasurer must not give a direction which has the purpose or will have the effect of requiring delegates to invest in a particular company, business or entity. This provision will ensure investment decisions are made on appropriate investment criteria and are beyond reproach.

The bill outlines any assets which may be required to be high-quality, investment-grade securities. These include state government securities, securities issued by banks and other deposit-taking institutions, and Australian-dollar-denomination, AAA-rated, asset backed securities.

I do not share the member for Wentworth's concern about temptation. I do not share his anxiety in this matter. I think the bill is appropriate on this particular issue and I think the safeguards are adequate. Under the proposed bill, proceeds from the increased issuance will be managed and invested by the Australian Office of Financial Management in conjunction with its present cash management activities. Essentially, under the proposed bill, the Treasurer may invest public money on behalf of the Commonwealth in a broad range of authorised investments. Debt instruments denominated

in Australian currency with an investment-grade credit rating are included on that list of authorised investments.

The bill seeks to allow a wide range of collateral to be accepted. Since 2004, the Australian Office of Financial Management has operated a securities-lending facility on behalf of the Treasurer which allows financial market participants to borrow treasury bonds for short periods when they are not readily available from other sources. Currently, when financial market participants seek to borrow, other Commonwealth government security is required as collateral. This facility is designed to enhance the liquidity and efficiency of the treasury bond market by improving the capacity of bond market intermediaries to make two-way prices. Currently, only Commonwealth government securities are accepted as collateral. This has had the effect of constraining access to the facility when such securities have been in short supply. Under the current legislative arrangements, the securities-lending facility operates using the Treasurer's investment powers under the Financial Management and Accountability Act.

In the bill, a separate authority is provided for the Treasurer to enter into a securities-lending arrangement concerning Commonwealth government securities. The bill stipulates that collateral must be received for any securities lending and outlines the list of collateral that may be accepted, including cash and investment-grade securities. A requirement of the bill is that the Treasurer provides a direction on the kind of collateral which may be taken from the categories listed in the bill. The list is sufficiently wide as to cover the same assets as the Reserve Bank of Australia accepts as collateral in its market operations. Hence my disagreement with the member for Wentworth on that issue as well.

However, under the bill a new standing borrowing authority would permit the Treasurer to borrow money by the issuing of Commonwealth government securities denominated in Australian currency, subject to a limit of \$75 billion on the total face value amount. Under the proposed legislation, explicit legislative powers are prescribed for the Treasurer, specific classes of collateral are outlined and a maximum amount of Commonwealth government securities is capped.

In addition, there are interest withholding tax arrangements in the bill. The final element of the package is to change the interest withholding tax arrangements for state government bond issuance. Under the bill, bonds issued by state governments will be eligible for exemption from interest withholding tax. This will act as an encouragement to investment in state government bonds. It is predicted that certain changes in this regard will increase the liquidity and improve the depth of state government bond markets. It could result in a small reduction in revenue received by the Australian government, but it will add to the attractiveness of state government bonds and allow them to make a greater contribution to financial market stability.

The Rudd government is committed to making Australia the financial services hub of Asia. Reducing withholding tax rates is important and I urge those opposite not to hold up the legislation that is being dealt with by this House and the Senate. Labor governments are reformist by nature. We believe in free enterprise. Those on the opposite side of the chamber purport to do so, but we have proved to be the party of free enterprise. We are the party which will build the long-term future of this country. All too often, those on the opposite side of the House have been on the side of oligopoly. They have all too often been in favour of socialisa-

tion of losses and privatisation of profits. All too often, those on the side of those who manipulate prices are not on the side of the consumer. Witness their opposition to Fuelwatch and their unwillingness when in office to empower the ACCC concerning price gouging. It was a Labor government which gave us the Trade Practices Act, which has so helped consumers, has promoted free and fair markets and has enhanced competition across a whole range of industries. It was the reformist Hawke and Keating governments which internationalised our economy. It was those governments which deregulated the financial sector in the 1980s and 1990s. It was a Labor government which lowered tariff barriers. We floated the dollar and we built the highly successful superannuation industry in this country. We set the foundation for the economic growth which we have enjoyed for most of the last two decades.

The Rudd government are committed to ensuring that our financial markets continue to perform solidly. This is why we are introducing this bill which is so reformist at its core. The measures in this bill will prove to strengthen the markets for treasury bonds, contribute to the effectiveness and efficiency of Australia's financial markets and, most importantly, contribute to the resilience and robustness of our financial system. It is for these reasons that I commend the bill to the House.

**Mr ROBERT** (Fadden) (1.19 pm)—The government is looking to amend the Commonwealth Inscribed Stock Act 1911, amongst others, to allow the Treasurer, on behalf of the Commonwealth, to issue Commonwealth government securities in Australian currency up to a maximum amount of \$75 billion, an increase of up to \$25 billion. Furthermore, the Commonwealth Securities and Investment Legislation Amendment Bill 2008 will remove some limitations on what the Treasurer can invest the proceeds of the

bond raising in, allowing BBB securities to be acceptable investments.

The bill is supported, although there are a range of possible concerns that warrant the parliament's attention. It is interesting to reflect—especially after what the member for Blair had to say as he sought a revisionist version of history—that the volume of government bonds reached a staggering \$114 billion in 1997 due to the previous Labor government's profligate spending and typical Labor poor economic management. It is a fact that, because they could not balance a budget, \$114 billion in cash was raised to fund debt, debt payments—which reached as high as \$8 billion per annum—and Commonwealth cash flow. So you will forgive my hearty chuckle when the member for Blair has the hide, effrontery and blatant audacity to walk in here and lecture this parliament on how the Labor Party is apparently the party of free enterprise, the party of responsible economic management and the party that has invested in and built the nation. Plunging the nation into recession, causing the nation, through the Commonwealth, to have to raise \$114 billion in bonds to fund their massive debt and causing a banana republic does not sound like responsible nation building, free enterprise or sound economic management to me.

In vast and absolute contrast, in the last 12 years the \$114 billion in bond issuance was slowly reduced to \$50 billion as the Howard government stopped Labor's policy of Australia living beyond its means, paid off Labor's staggering \$96 billion of debt, reduced the interest payments that were \$8 billion per annum and, of course, put in place the \$60 billion Future Fund to account for unfunded liabilities.

In 2002 the Treasurer, the member for Higgins, undertook a study as to whether the Commonwealth should continue with a

Commonwealth government securities market, as the Labor debt was almost paid off and bond issuance for the purpose of raising cash for government purposes was no longer required. In the 2003-04 budget it was agreed that the Commonwealth government securities market would remain, in response to the market need for liquidity, especially for AAA rated securities. Thus \$50 billion was kept as the bond market, though the bond market changed from raising cash to fill budget holes brought on by the previous Labor government to providing tradeable commodities and ensuring adequate and diverse liquidity in the financial markets. The Australian Office of Financial Management manages the bond issuance and long-term investments of bond-raising proceeds and to date has only really invested in cash on deposit with the Reserve Bank.

It is important to realise that the only reason that this Labor federal government can move to increase the bonds on issue is that the Commonwealth government currently enjoys a AAA rating put back in place by the previous government after the rating was downgraded twice by the previous Labor government. The previous Labor government, the member for Blair had the hide to say, was nation building, believed in free enterprise and had put the nation on the right path. I am not too sure what path the nation was on at the time, but may I suggest it was not the right one. Now the government is looking to increase the securities, the bonds on offer, by up to a further \$25 billion, though it is noted that the Australian Office of Financial Management believes the market needs only a further \$5 billion in liquidity. There are no plans to issue the other \$20 billion in bonds, though of course this bill will allow the Treasurer to issue those if and when the liquidity of the market requires it.

The purpose of treasury bonds, of course, is that they are a medium- to long-term debt

security that carries an annual rate of interest fixed over the life of the security and generally payable six monthly. They continue to be issued in order to maintain an active treasury bond market and to support the market in treasury bond futures contracts. These two markets are used in the pricing and hedging of a wide range of financial instruments and in the management of interest rate risks by market participants. They therefore contribute to a lower cost of capital in Australia, as the absence of a Commonwealth bond market could make financial markets less diverse and less resilient to the inevitable international and domestic shocks that come around. Treasury bonds therefore provide important anchors for Australia's financial systems, principally to provide liquidity.

The intent of the bill is in effect to allow the Commonwealth to borrow up to \$25 billion more through bond issuance—funds the Commonwealth does not need—using the Commonwealth's AAA status and invest these funds in debt instruments with status as low as BBB, thereby taking a margin in the process. Discussions this morning with the Australian Office of Financial Management indicate that the investment strategy will be conservative, with a yield in the order of a quarter to a half a per cent—enough, apparently, to cover the cost of the bond-trading apparatus. They have ruled out that this is a yield-chasing exercise. The government is stating that it will ensure the Commonwealth's balance sheet remains neutral, as cash or securities raised through the bond issue are liabilities—that need to be paid back—though the cash or security invested as a result of the proceeds of the bond issuing are of course assets.

The government is also looking to change the parameters to allow investment-grade credit-rating debt instruments. This effectively allows BBB or above investments. The ASX website defines investment-grade

credit-rating debt instruments as 'adequate capacity to meet financial commitments with adverse economic conditions or changing circumstances more likely to lead to a weakened capacity of the obligor to meet its financial commitments'. Changing the type of debt instruments opens the Commonwealth to higher levels of risk, though investment-grade credit rating debt instruments are almost wholly issued by either governments or financial institutions such as major banks like Westpac or NAB.

The bill does require the Treasurer to provide an investment direction to the Australian Office of Financial Management, which exists within the Treasury, under the proposed changes to the FMA Act in section 62A(6). This direction, as well as the maximum total face value of stock and securities that may be on issue, must be presented to the parliament. It is understood that this investment direction is currently being drafted and is not available for the parliament to pursue as this bill moves through the lower house. It is difficult to be wholehearted in support for a bill without seeing what advice the Treasurer will provide on how the potential total, \$75 billion of taxpayer funds raised from a bond issuance, may be invested in BBB rated investments. In that respect, I join the member for Wentworth in calling on the Treasurer to ensure that investment direction is available prior to the Senate passing the bill.

It is acknowledged that the bill does provide a range of safeguards preventing the Treasurer from allocating financial assets to any particular company, partnership, trust, body politic or business. It is important, though, that the parliament keeps in mind and uses it as a form of caution that much of the money lost in investment products through the subprime crisis around the world had BBB or higher status. They were investment-grade products. Hundreds of bil-

lions of dollars have been lost by investment-grade products being found wanting. This concern is further exacerbated by the fact that there is no overarching investment strategy or return required for the \$40 billion Labor slush fund and no requirement that the fund be managed by the Future Fund guardians.

The other concern is that bonds will likely be used to fund the Labor state borrowings—borrowings that, on face value, it would seem difficult for some states to ever repay. Queensland currently is \$30 billion in debt, rising to \$55 billion by 2010. Interest payments are currently \$1.78 billion for 2007-08 and Treasury estimates are that interest payments will be \$3.2 billion for the Queensland state government in 2010-11.

Queenslanders are currently paying \$5 million a day in interest alone. As Queensland continues to borrow heavily, because of their lack of saving and lack of economic management, it looks as if that state is heading down the same path that the Hawke and Keating governments took the nation down—towards a banana republic. With little signs of fiscal restraint evident anywhere in the Queensland state Labor government, it is difficult to see how Queensland will ever repay this ever-increasing debt burden being left to the children of today. If the Commonwealth provides loans to the states via the proceeds of the bond issuance, as is likely, there is a risk that Queensland and other state Labor governments may never be able to repay them, short of significantly increasing tax on the various men, women, boys and girls who live within those respective states.

In supporting the bill and in calling on the Treasurer to ensure that the investment mandate is presented to the Senate prior to the passing of the bill, I urge the parliament to be cautious. This bill should not be used to chase yield. The bond market is about liquid-

ity. The concept of the Australian Office of Financial Management enjoying a yield of one-quarter per cent to half a per cent to cover the cost of the bond market apparatus makes some sense, yet issuing bonds to raise funds at AAA status to invest in BBB status—the same status that saw hundreds of billions of dollars disappear in the subprime debacle—needs to be done cautiously. We must maintain a bond market in terms of market liquidity; we must not move towards chasing yield as opposed to ensuring liquidity.

**Mr SWAN** (Lilley—Treasurer) (1.31 pm)—I would like to thank all those members who have taken part in the debate on the Commonwealth Securities and Investment Legislation Amendment Bill 2008. This bill will strengthen the efficient operation of the treasury bond market by increasing treasury bond issuance and extending the collateral accepted for securities lending of these bonds. These measures will help maintain the role played by treasury bonds in the smooth functioning of Australia's financial markets.

The treasury bond and treasury bond futures markets are used in the pricing and hedging of a wide range of financial instruments and in the management of interest rate risk by market participants. They thereby contribute to the lower cost of capital in Australia. That is why this is quite an important bill. Without these markets the financial system would also be less diverse and less resilient to the shocks that can emerge from time to time. This has been demonstrated particularly over the last six months when markets in this country provided important anchors for Australia's financial system as it responded to the impact of credit and liquidity concerns sparked off by the subprime housing crisis in the United States. The government is committed to ensuring that the treasury bond market continues to have sufficient

liquidity to operate effectively and therefore play this important role in the Australian financial system. There could be no time when it is more important than now.

This bill provides a new standing authority for borrowing through the issuance of Commonwealth government securities subject to a limit on the total volume of securities on issue at any time not exceeding \$75 billion. This bill will allow an increase in the volume of fixed coupon treasury bonds on issue by around 25 billion over their current level. In 2008-09 the government will add around \$5 billion to the treasury bond issuance of \$5.3 billion that was already planned and detailed in the 2008-09 budget.

The increased issuance of treasury bonds will not adversely affect the government's overall financial position since the increase in the bonds on issue will be offset by an increase in the financial assets on the government's balance sheet. The returns on these assets also offset the interest costs for the increased issuance.

The bill will also provide for a modest extension in the range of eligible instruments—which the previous member was talking about before—that the Treasurer can make under the financial management to include investment-grade debt securities and provide for the Treasurer to give directions to delegates on the classes of authorised investments and matters of risk and return.

This will enable the Australian Office of Financial Management to improve the returns on Commonwealth assets whilst also better managing costs and risks. But I do take on board the comments of the shadow Treasurer and the honourable member opposite. It has been suggested that these proposals could lead to a significant increase in risk being taken on by the Commonwealth. This is simply not correct. The proposals contained in this bill were strongly recom-

mended to the government by the Treasury secretary. They will support the efficient functioning of the Australian financial market. They will provide for a modest extension in the range of eligible investments that the Treasurer can make under the Financial Management and Accountability Act. This will allow the Australian Office of Financial Management to invest in grade debt securities in addition to RBA deposits—that's true.

Investments in grade debt securities are considered by financial markets to be of high quality. This will enable the Australian Office of Financial Management to improve the returns on Commonwealth assets whilst also better managing costs and risks. The point—and this responds to the point made by the honourable member opposite and the shadow Treasurer—is that the policy of the government of investing in high-quality assets is more conservative than the mandate given by the previous government to the Future Fund—and that is deliberately so.

In conclusion, these various measures will strengthen the markets for treasury bonds and the futures contracts that depend upon them. They will therefore contribute to the effectiveness and efficiency of Australia's financial markets more broadly and to the resilience and robustness of our financial system. So these measures demonstrate the government's determination to ensure the efficient operation of Australia's financial markets. I commend this bill to the House.

Question agreed to.

Bill read a second time.

Message from the Governor-General recommending appropriation announced.

### Third Reading

**Mr SWAN** (Lilley—Treasurer) (1.36 pm)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

## EVIDENCE AMENDMENT BILL 2008

### Second Reading

Debate resumed from 28 May, on motion by **Mr McClelland**:

That this bill be now read a second time.

**Mr PYNE** (Sturt) (1.37 pm)—I am pleased to speak on the Evidence Amendment Bill 2008 in the House today, representing Senator George Brandis SC, our esteemed colleague in the other place, who is responsible for the carriage of this particular bill through the parliament. Of course, it will get detailed consideration and a comprehensive response from him in the Senate when it reaches that place, but in the meantime I am happy to report that the opposition support this bill going forward. We do of course believe that it needs to be considered by a Senate committee. A number of issues and objections to the bill were raised by particularly the New South Wales Bar Association and us. The New South Wales Bar Association have indicated that their objections have been met, but because of the issues they originally raised we believe that it would be sensible for this bill to be properly considered by a Senate committee.

The bill seeks to enact the joint recommendations of the Australian Law Reform Commission, the New South Wales Law Reform Commission and the Victorian Law Reform Commission in their *Uniform evidence law* report of December 2005. The ALRC inquiry was commissioned by the then Attorney-General, the Hon. Philip Ruddock MP, the current father of the House. The inquiry also consulted the law reform bodies of Queensland, Western Australia, Tasmania and the Northern Territory, and the members of the ALRC who participated included Justices Kenny, Kiefel and Weinberg. The report recommended amendments to the uniform evidence acts relating to the exami-



nation and re-examination of witnesses before and during proceedings, the hearsay rule and its exceptions, the opinion rule and its exceptions, the coincidence rule, the credibility rule and its exceptions, and privileges including client legal privilege. The recommendations have already been enacted in New South Wales.

On preliminary examination, the bill adheres fairly faithfully to the recommendations of the report. The majority of these recommendations clarify and harmonise the rules of evidence, and we do not consider them to be controversial. However, there are some recommendations that the bill does not seek to enact and there are some proposed amendments that vary from those recommended in the report. The recommendations not addressed by the bill relate to the creation of new professional confidentiality relationship privileges. These would be qualified and considered by the court on a case-by-case basis. These matters would be better considered in terms of the recent ALRC report on legal professional privilege, entitled *Privilege in perspective*, of January 2008, and will doubtlessly be the subject of a later bill.

There is also variance with the report's recommendation relating to the self-incrimination privilege arising in the context of civil search and freezing orders. The variation is more mechanistic than substantive but, again, requires further consideration. Also of note are the provisions extending so-called spousal privilege to de facto couples, including same-sex couples. The response to the report has been low-key. However, as I said at the beginning of my remarks, the New South Wales Bar Association has indicated that it opposed some of the report's recommendations, particularly as they relate to the test of competence of witnesses, examination of witnesses, and as-

pects of hearsay and opinion evidence. These issues are too complex for detailed consideration at this time because of the short notice upon which this bill has been introduced but appear to be suitable for consideration by a Senate committee. For that reason, while the opposition supports the bill so far, we do that is subject to its consideration in more detail by a Senate committee. I recommend that course of action to the parliament.

**Mr PERRETT** (Moreton) (1.41 pm)—The ever-evolving nature of Australia's legal system has seen incredible change in our courts and the legal profession over the last 107 years of Federation. At Federation there were fewer than 3,000 lawyers spread throughout Australia—and that is not why we call them the 'good old days'—and there were only four universities in Australia that taught law, with fewer than 100 law students throughout Australia. But today, in 2008, how things have changed. Now there are more than 56,000 lawyers—

**Mr Pyne**—Never enough.

**Mr PERRETT**—I say that having been a solicitor of the Supreme Court myself. And I take that interjection. With 56,000 lawyers—that is obviously the size of a big town in your electorate, Deputy Speaker Scott—there is more than one lawyer for every 350 people in Australia. That is a lot of lawyers; that is a lot of wigs. Just to add to that, there are now more than 27,000 law students enrolled at 28 different universities throughout Australia. I am not taking anything away from law students, having been a law student myself, and I would not want to upset the member for Braddon who sits alongside me, because his son Julian Sidebottom is doing law at the University of Tasmania law school. I am not casting any aspersions on any of these students or their motivations or aspirations. As I said, I was once one of them and my wife, Lea Scoines, is currently a law student—one

of the 27,000. Nevertheless, when you add the 27,000 and the 56,000 lawyers already in the ranks, that will swell the legal ranks to more than 80,000 people, which is a pretty decent sized electorate, I guess. It is therefore appropriate that Commonwealth laws respond to and adapt to these significant changes in the legal profession—from 3,000 up to the now 80,000 lawyers. Obviously there is a lot more cause for lawyers to do work.

One of the great tenets of our Westminster system of government is the rule of law. It is equally as important as our parliament, I would suggest, in terms of protecting our democratic freedoms. The rule of law ensures that everyone, regardless of their rank or office, is subject to the same legal and judicial processes. It does not matter if they are a battler from Rocklea in my electorate or a millionaire from Bronte. It does not matter what their profession is or where they come from in life; they are all treated the same in the eyes of the law. That is why the statue of justice is blind. Everyone is treated the same.

The rule of law is very important. We are not Zimbabwe. Nobody gets to suspend the operation of our institutions because they are worried about how it might affect them. We are all subject to the same conditions. No one is above the law and everyone must be treated fairly before the law. This strong legal principle has ensured good government in Australia for more than 100 years. The reality is, however, that Australia has changed significantly. Where there are duplications and inefficiencies in the legal systems, these costs are always passed on to the consumers—to the lawyers' clients, normally. So it is important that we make the Australian legal system as simple as possible and as efficient and fast as possible. There is an old saying that when justice is delayed justice is denied. It is a maxim, however,

with weighty resonance. If we look at some of the horrible examples over the years—such as David Hicks, who spent all of that time languishing in a prison—it throws out the notion of habeas corpus, which the Magna Carta advanced all those years ago.

The Evidence Amendment Bill before the House amends the Evidence Act 1995 to ensure that some states mirror these evidence laws. I say as a Queenslander that it is unfortunate that Queensland is not a part of this, but this is still an important first step. In making these amendments, this bill implements the recommendations of the *Uniform evidence law* report. Historically, state governments have retained much autonomy when it comes to legislative powers and laws. In horse and buggy times, when the Federation was crafted, that was totally appropriate. But, as I have indicated, things have changed and times have changed significantly. These powers are still guaranteed in the Australian Constitution, although federalism, as thought of by the founding fathers, has morphed significantly since the Constitution was drafted. Constitutional amendments, High Court decisions, changing interpretations of the Constitution and an increasing overlap of public policy areas at both levels of government have seen a shift in some elements of legal power away from the states.

A modern Australia is also much more interconnected through efficient travel and digital communications. Most modern companies do not see state borders. Increasingly, the residents of our states travel easily between the states. Mr Deputy Speaker, I think the town of Mungindi is in your electorate. I have played football against Mungindi, and the people of Mungindi did not see the river as being part of the border—except perhaps on state of origin night! People on the Gold Coast too travel easily back and forth be-

tween the states—the only inconvenience being when daylight saving occurs.

**Mr Slipper**—And New Year!

**Mr PERRETT**—And at New Year, which is a good time for Queenslanders because we get to have two New Year's Eve parties. That is true. As an example of the way things have changed, I have an AFL tipping competition on my webpage. When I was growing up I had no understanding of what AFL was—I was a rugby league tragic—but things have changed so much that I thought it would be inclusive if I had an AFL tipping competition. That shows how much the nation has changed since the days when the Federation was formed. Obviously federalism has served Australia well for more than 100 years—although I think many people are starting to realise that it could function even better. 'The blame game' is a phrase I heard often during the election campaign, but it is true that the Rudd government are committed to eliminating it. People do not care what level of government is responsible for which service; they just want a better, more efficient, more relevant government system. That is why the Rudd government have looked at, for example, addressing policy and regulatory duplication that leads to inconsistency and unnecessary complexity. Community and businesses face higher compliance costs as a result of multiple jurisdictions. This leads to public confusion about which level of government is responsible for what service. That was a part of the blame game that was played so often throughout Australia, but hopefully it is something to be consigned to the dustbin of history because, when it comes to all these inefficiencies, who bears the costs? More often than not it is the mum and dad, the battler, the consumer.

That is why it is great to see so much progress on this front over the last few years. For example, during the 1990s, efforts began

to harmonise some policy and regulatory areas through the Council of Australian Governments, and I commend the former government and state governments for the great work that was done in that forum. I would especially like to commend former Attorney-General Ruddock on his efforts in the legal area. We have also seen greater national cooperation on rail, electricity, food standards and environmental protection. However, even these agreements have in some cases led to more complex arrangements between the federal and state authorities. Nevertheless, the Rudd government and our state counterparts are committed to a new era of cooperative governance.

This brings me to the main purpose of this bill, which is to harmonise state evidence laws. The Australian, New South Wales and Victorian law reform commissions found the uniform evidence laws were working well and that there were no major structural problems with the laws. You may have noted that I have not mentioned the Queensland Law Society, of which I am a member. However, I did speak to Sean Reedy from the Queensland Law Society and he indicated that he saw this legislation as being a part of the common-sense approach to achieving uniformity across Australia. But obviously these things take time and need a step-by-step approach. However, the recommendations from the Australian, New South Wales and Victorian law reform commissions were aimed at finetuning the evidence acts and developing uniform laws that are more coherent, more accessible and less complex and reform unsatisfactory and archaic aspects of the common law.

Greater national uniformity in evidence laws will have the most impact for courts, legal practitioners and business. Obviously once it comes to them they will not have to then pass those costs on to their clients and increase their bills. I repeat that, obviously, I

am not having a go at lawyers or any of the people I formerly worked with in law firms. This efficiency will be there especially for interstate matters for those practitioners who work on interstate matters. It is not uncommon for companies to cross state borders. I will give one sad example of that which, unfortunately, occurred in my family. My brother Timothy Perrett, when he lived on the Gold Coast, was working on the Twin Towns Services Club—which, as anyone who has been to that club knows, is right on the border. In fact I think that at one stage the crane might have actually swung into Queensland from New South Wales while they were constructing that facility—I am not sure if that is a true story but it is one that has been told to me.

Unfortunately, on 29 November 1996 one of those cranes that my brother was working on, that he was directing the load in—he was working for a Queensland company 10 metres over the border in New South Wales—collapsed and killed the two men standing right beside him, Rod and Wayne. He asked me to remember them. Obviously there were lots of complications in that case. Not only were there deaths but my brother was also seriously injured. In pursuing compensation, because he was 10 metres over the border it was very hard to get a law firm to deal with the matter. In fact he had to deal with a Sydney law firm to go that 10 metres over the border, because of the problems with different WorkCover schemes and the like. I am very aware that this is just one example from 1996, but there are lots of other examples out there of companies which go back and forth across the borders or whose interests are national.

This bill introduces a number of reforms to finetune the evidence laws around the country—for example, the new section 41(1) lists the types of questions that must be disallowed. This includes questions that are: mis-

leading or confusing; unduly annoying, harassing, intimidating, offensive, oppressive, humiliating or repetitive; or put to the witness in a manner or tone that is belittling, insulting or otherwise inappropriate. Section 41(1) also expands the definition of disallowable questions which have no basis other than a sexist, racial or ethnic stereotype to include stereotypes based on age or mental, intellectual or physical disability. This initiative, when it eventually flows through to Queensland, will be especially appreciated in my electorate of Moreton, which is a very multicultural electorate, where one in three voters were born overseas.

I also welcome the provisions in this bill to make the hearsay rule more responsive to Aboriginal and Torres Strait Islander oral tradition. This is a great initiative where we are able to be more responsive to the particular nuances of that Aboriginal and Torres Strait Islander oral tradition, which has delivered so much richness to Australian culture. The intention is to make it easier for the court to hear evidence of traditional laws and customs where to do so is relevant and appropriate. This bill also pays special attention to evidence given by children and vulnerable witnesses. It makes it easier for children and elderly people with a cognitive impairment to give evidence, promotes use of narrative evidence and controls cross-examination.

As I said earlier, my wife is actually a law student at the moment but she does also have a day job. For the last 19 years she has worked in child protection. Unfortunately in child protection no-one phones up and says, 'Everything's fine here.' They normally phone when there is a crisis, and unfortunately that means, humanity being as it is and at its worst, she has to spend a lot of time interviewing children. One of the many skills she has is the ability to interview children. She has other strange skills such as knowing how old a bruise is and all those

other horrible skills that come with child protection work. As I said, she has been doing it for 19 years. It is a very tough job. In fact there was an article in the *Courier Mail* on the weekend by Darrell Giles which said:

New figures reveal that there have been almost 150 assaults and 375 threats against child safety officers in Queensland since 2005.

Obviously it is a pretty harrowing time when people knock on the door to interview children. Another example of this comes from an article in the *Sydney Morning Herald* which talks about the two babies who starved to death in suburbia. This took place in my electorate. Obviously it is a horrible tragedy. Who would have thought that the lives of Lily Rose and Zadie Vincent Matthews-Jackman would come to that. That is one of the things that child protection workers have to deal with. So any amendment to allow evidence that comes from children to be brought into court earlier or more easily is a good thing as far as I am concerned. This bill clarifies that a trial judge is not to give a warning about the reliability of the evidence of a child solely on account of the age of the child and also allows an appropriate warning to be given where the court is satisfied that a party has suffered a significant forensic disadvantage.

I also welcome the compellability provisions to replace the definition of de facto spouse with the gender neutral term 'de facto partner' to ensure same-sex and non-cohabiting couples are able to object to giving evidence against their partner in the same manner that married couples are able to. This important amendment is in keeping with our commitment to entrench equality in Australian law and follows the passing of the Same-Sex Relationships (Equal Treatment in Commonwealth Laws—Superannuation) Bill 2008, which is still awaiting the blessing of those opposite. I am sure they will find it in their hearts to do the right thing in terms of

bringing into force this legislation. I am hoping that the opposition will eventually see that decency and fairness are more important than cheap political expediency. This bill also alters the admissibility of expert evidence to allow courts to refer to expert opinion when considering the competence of witnesses and to provide a new exception to the credibility rule where a person has specialised knowledge based on the person's training, study or experience—such as a child protection worker, as I mentioned previously.

Various provisions of the Evidence Act 1995 refer to a 'lawyer' without clarifying whether the term requires the person to hold a current practising certificate or whether it is sufficient that the person is admitted on the roll of the relevant court—something which would apply to many of the members in the chamber at the moment; the place seems to be full of lawyers. This bill amends paragraph 33(2)(c) to ensure that the section applies to lawyers with a valid—

**The SPEAKER**—Order! It being 2 pm, the debate is interrupted in accordance with standing order 97. The debate may be resumed at a later hour and the member will have leave to continue speaking when the debate is resumed.

#### QUESTIONS WITHOUT NOTICE

##### Economy

**Mr TURNBULL** (2.00 pm)—My question is addressed to the Treasurer. I refer the Treasurer to the Sensis consumer report released today, which shows that consumer confidence has fallen by 26 percentage points since November and is now at a record low. I also refer the Treasurer to the recent Westpac-Melbourne Institute consumer sentiment index, which shows that consumer confidence has dropped 23.3 per cent since November. Will the Treasurer confirm that these falls in confidence reveal growing anxiety about job security and the

ability of the government to manage Australia's \$1.1 trillion economy?

**Mr SWAN**—No, they do not reveal that at all. What they actually reveal is the impact of the international financial turbulence from the US subprime crisis. What they really reveal is the impact of eight interest rate rises in the last three years. That is what they reveal. What they reveal is the impact of inflation at a 16-year high, the legacy of those opposite and something for which they refuse to accept any responsibility whatsoever. Of course, what such reports will also reveal in the future is the fact that we have an opposition that is intent on economic vandalism—economic vandalism in the Senate this morning, with measures to delay the introduction of this budget, which will cost the bottom line of the surplus \$280-odd million. All those Liberal and National senators voted for higher interest rates in the Senate this morning. They voted for irresponsible spending. But those opposite simply do not get it when it comes to responsible economic management. They think you can go on spending irresponsibly and have no impact on inflation and no impact on consumer confidence.

Who was the author of this act of economic vandalism in the Senate this morning? We all know it was the member for Wentworth. Now, we heard about the member for Wentworth yesterday from his sponsored focus groups, and in the press today—

**Mr Tuckey**—Mr Speaker, I rise on a point of order. I want to refer you to standing orders 88, 89, 90 and 91 relating to disorderly conduct. If you want disorderly conduct in this place, let that peanut carry on with matters that have nothing to do with the question.

**The SPEAKER**—The member for O'Connor will leave the chamber for one hour.

*The member for O'Connor then left the chamber.*

**Mr Randall**—Mr Speaker—

**The SPEAKER**—The honourable member for Canning, as a Western Australian, should not follow the example of his colleague!

**Mr SWAN**—Nothing could affect confidence into the future more than an irresponsible act of economic vandalism such as what we saw from the Liberal and National parties in the Senate today. Of course, this is the strategy of the member for Wentworth. I hope he has had some time to explain to the opposition leader why focus groups were being conducted on his resume, on his website, on his post-budget address.

**Mr Hockey**—Mr Speaker, I rise on a point of order relating to relevance.

**The SPEAKER**—The Treasurer will respond to the question and he will move towards concluding his answer.

**Mr SWAN**—I was asked about confidence, and I was talking about the irresponsible actions of the Liberal and National parties in the Senate and the impact of them on confidence. Who was the author of this strategy in the Senate? We have a bit more information on the member for Wentworth from that focus group. We have actually got the answers that the people gave.

**Mr Hockey**—Mr Speaker, I rise on a point of order. Again it relates to relevance.

**The SPEAKER**—Whilst the question is going to matters of ability to manage a \$1.1 trillion economy, I think that the Treasurer is stretching his answer and I will ask him to get back to responding to the question and concluding his answer.

**Mr SWAN**—Mr Speaker, it was a question about confidence, and nothing could be more damaging to confidence than the acts of the Liberal and National parties in the

Senate—delaying the budget and ripping \$280 million or \$290 million off the surplus. And why is this happening? Some of those respondents can tell us. When asked about the member for Wentworth, they said he had no real substance.

*Honourable members interjecting—*

**The SPEAKER**—Order! The Treasurer will resume his seat. Order! Those on the front bench on my right will contain their excitement!

**Mr Stephen Smith**—Brendan is moving for an extension of time!

**The SPEAKER**—The Minister for Foreign Affairs! You are usually so well behaved, although a Western Australian! And all apologies to other Western Australians—especially the member for Hasluck, to whom I give the call.

#### **Western Australian Gas Explosion**

**Ms JACKSON** (2.06 pm)—My question is to the Prime Minister. Will the Prime Minister update the House on the government's response to the recent gas explosion in Western Australia?

**Mr RUDD**—This is a serious matter for Western Australia, and therefore it is a serious matter for all Australians. The shutdown of the Apache Energy natural gas facility at Varanus Island in WA continues to have a significant impact on the supply of natural gas to WA consumers and to business. The Varanus Island facility supplies about 30 per cent of all WA's natural gas needs. The latest advice I have is that the facility may be out for a number of months. This has the potential to affect the livelihoods of individuals—many workers—as well as businesses.

I think that people in the east have not quite caught up with the severity of the impact which this is having across the WA economy. It is huge. Several WA mining and industrial companies, including exporters,

have been forced to scale back production because of cuts to gas supplies. Clearly it is important that we work closely with the WA government to assist in managing the impact of this on individuals directly affected by the gas outage, as well as communities.

If there is a significant impact on WA economic activity, on growth and on exports from that state, given WA's crucial significance to the overall performance of the Australian economy, there will be wash-through for us all on this over time, but in WA right now it is being felt directly. I spoke with the WA Premier, Alan Carpenter, earlier today to discuss the situation. The Premier has established a gas supply coordination group involving some Commonwealth government agencies, and we believe that that is an appropriate reflection of the level of coordination between the two governments. The group also includes a number of key state government agencies and peak industry bodies such as the Chamber of Commerce and Industry Western Australia, the Chamber of Minerals and Energy of Western Australia, the Western Australian Meat Industry Authority and the Western Australian Local Government Association. The gas supply coordination group, which is headed by the Director-General of the Western Australian Department of the Premier and Cabinet, has been asked to focus on a range of supply challenges—including industry concerns that gas shortages will result in shutdowns and business closures, potential job losses, the effect on essential services including food supplies and hospitals and insurance challenges—as well as the overall effect on future economic growth and the mining industry.

The Commonwealth will continue to work with the Western Australian state government on the impact across the economy. The Minister for Defence agreed, on Friday last, to surrender an order of six megalitres of diesel

for the Royal Australian Navy, which allowed the BP refinery at Kwinana to concentrate on bolstering diesel supplies for Western Australian industry over the coming week. The defence minister has also advised that, if a need arises for additional diesel supplies to be made available, he will consider releasing volumes from the strategic reserve. We will also invoke the provisions of the Liquid Fuel Emergency Act if required. This act provides the Australian government with the authority to prepare for and manage a national liquid fuel supply emergency. During such a situation, the Minister for Resources and Energy can control the production, transfer and stock levels of crude and liquid fuel. We are engaged with the WA government as to the need for this course of action, and at present we are advised by the Premier that action involving the invocation of that act is not required at this time.

I have also had discussions with the Premier, Alan Carpenter, about the impact of this gas crisis in Western Australia on individuals and local communities. The Deputy Prime Minister and Acting Prime Minister announced last week that the government had made available JobSearch support through Centrelink for those who may be directly affected as a result of the rupture. Furthermore, the government will maintain close contact with the Western Australian government as it undertakes its own needs analysis of what the impact will be for individuals who lose their jobs and the roll-on impact for families and for community organisations. We stand ready to assist the Western Australian government in dealing with this huge impact, which will flow down to the individual level. Once that needs assessment is concluded, both the Premier of Western Australia and I will make further announcements about further assistance which may be necessary from the Commonwealth government.

**Dr NELSON** (Bradfield—Leader of the Opposition) (2.11 pm)—Mr Speaker, on indulgence, I strongly associate the opposition with the actions taken by the Australian government in relation to this disaster in Western Australia. We support the decisions taken by the Australian government to support Western Australian families and businesses and we encourage all Australians to appreciate very much the gravity of the situation for Western Australians and for Australia.

#### **Economy**

**Mr TURNBULL** (2.12 pm)—My question is addressed to the Treasurer. I refer the Treasurer to the Sensis consumer report released today, which shows that consumers expect the greatest expenditure increases to be in groceries and bills and that high and rising costs of living are the biggest reason why consumers are worried about the future in every state and territory. I also refer the Treasurer to yesterday's minutes of the recent Reserve Bank board meeting, which said that 'should expectations of high ongoing inflation begin to affect wage and price setting' behaviour the neutral stance of monetary policy 'would need to be reviewed'. Does the Treasurer accept that he has dashed confidence and provoked job insecurity by exacerbating inflationary expectations and egging the Reserve Bank on to hike interest rates with his intemperate refrain, 'The inflation genie is out of the bottle'?

**Mr SWAN**—I completely reject such ridiculous accusations from those opposite. It just shows how irresponsible and out of touch they are. Those minutes from the Reserve Bank board yesterday were a very sensible discussion of what is going on in the Australian economy. If you look at what has been going on with confidence and you read closely the Reserve Bank board minutes, you will find the backup for what I just said in



my previous answer. What is going on out there? Let us be very serious about analysing this: firstly, record high international oil prices and petrol costs; secondly, the highest inflation in 16 years; thirdly, eight interest rate rises over three years; and, of course, ongoing international financial market turmoil. That is what the government has been dealing with for the past six months, and we inherited from you inflation at a 16-year high, and on day one we put up our hand and accepted responsibility for doing something about it responsibly.

What we have had from the opposition during this period have been completely irresponsible and reckless actions, such as the action that we had in the Senate this morning—completely reckless and showing that those opposite have no appreciation whatsoever of what we must do as a country to combat inflation, to maintain sustainable growth and to get interest rates down in the long term. They have no appreciation of that at all.

Of course, we are getting some appreciation of why they have no appreciation, because those people in the focus groups really had the Liberal Party nailed. When they were asked about the member for Wentworth, one said, 'He uses situations for his own advantage.' The next one said, 'He bleeds people dry.'

**The SPEAKER**—Order! The Treasurer is starting to debate the matter.

**Mr SWAN**—The irresponsibility of this opposition is there for all Australians to see and they should be condemned for their behaviour in the Senate.

#### **Social Services: Income Definition**

**Ms CAMPBELL** (2.15 pm)—My question is to the Minister for Families, Housing, Community Services and Indigenous Affairs. Is the minister aware of concerns amongst public benevolent institutions and other

charities about changes to income definitions? What are their origins?

**Ms MACKLIN**—I thank the member for Bass for her question and for her particular concern for the charities operating in her electorate, who are doing such an outstanding job for some of the most disadvantaged people in this country. I have been made aware of concerns among many public benevolent institutions and other charities about the impact of the former government's changes to income definitions. These are changes that were introduced by the previous government as part of wide-ranging child support reforms. The changes were detailed two years ago in the Howard government's 2006-07 budget. I will refer to the specific measure in the budget papers from 2006-07. It says that the government—and this, of course, is referring to the previous government:

... will align the income definitions used to calculate Child Support and Family Tax Benefit.

It goes on to say:

The FTB income definition will be broadened to include the gross value of reportable fringe benefits rather than the net value used at present.

That is what was said back in 2006-07, when we had a number of people opposite sitting around the cabinet table who would have taken this decision, including the Leader of the Opposition, who, of course, knew all about it. I want to make it absolutely clear that these changes were part of major changes that the previous government wanted to make to child support.

What we know is that very little of the impact of this was made clear by the previous minister. I will read from the former minister's fleeting mention of this measure in his second reading speech back in September 2006. He said:

The gross value of reportable fringe benefits, rather than the net value, will apply for family tax

benefit, as it already does for child support. The changes to income for family tax benefit will also apply for childcare benefit.

That is all that was said about this in the second reading speech. Not a word was said about the impact of this measure and how it could hurt people working in public benevolent institutions or in other charities. Now it is the case that the full impact of this measure is becoming clear.

I want to reassure those people who are doing such an outstanding job working in public benevolent institutions, in charities or in other parts of the non-government sector that we on this side of the parliament—the new government—certainly value the work that they do. They are working with some of the most disadvantaged people in our community.

We are also aware that salary-packaging arrangements are a very significant measure for attracting and retaining staff in the not-for-profit sector. That is why this government intends to take action to address these concerns as a matter of urgency. We are now looking at all of the options that may be available to us to assist the not-for-profit sector to make sure that they are not hurt by these changes. It is our intention to finalise our policy position by the end of this financial year. The changes are due to come into effect on 1 July, so it is imperative that employees in the not-for-profit sector get some reassurance before then.

I do want to say, though, to people working in the not-for-profit sector that the payment system through Centrelink is, of course, extremely complex and technical. Centrelink payments are organised months in advance, so I would ask people who are listening today—and whom we are also in touch with—to bear with us as we find the best way through this issue. We are committed to making sure that people working in

these public benevolent institutions are not hurt by the former government's changes. We do need to find a solution to this problem and I want to give a reassurance to those working in these organisations that we are committed to urgent action on this issue.

The previous government left these important workers in the lurch. They did not explain publicly what they were doing and how it would impact on the not-for-profit sector. This government, by contrast, is very different. We intend to clean up the former government's mess and we will work with the not-for-profit sector, not undermine it.

**Mr Abbott**—Mr Speaker, I seek leave to table the explanatory memorandum of the 2008 budget bill in the minister's portfolio showing that her legislation is implementing this rip-off of working families.

Leave not granted.

#### **DISTINGUISHED VISITORS**

**The SPEAKER**—I inform the House that we have present in the gallery this afternoon members of the Appointments Committee of the Parliament of Ghana. On behalf of the House I extend a very warm welcome to the members.

**Honourable members**—Hear, hear!

#### **QUESTIONS WITHOUT NOTICE**

##### **Economy**

**FRAN BAILEY** (2.22 pm)—My question is to the Prime Minister. I refer the Prime Minister to his statement in this House yesterday that the main reasons for the historic collapse in small business confidence in federal government policies were interest rates and inflation. Prime Minister, according to the Sensis business index report, the key reason for this collapse in confidence was that the government's policies worked against small business. Prime Minister, are you aware of the injury your government's poli-

cies are causing to small business and their employees?

**Mr RUDD**—Small businesses are the backbone of the Australian economy. Therefore, it is important, as small businesses are key members and participators in the economy, that this government implements a policy of responsible economic management. The core elements of responsible economic management are to ensure that we put downward pressure on inflation and downward pressure on interest rates. If you fail to do that, what happens is the reverse—interest rates go up, it affects economic activity and growth and then it affects employment. That is why this government, since the beginning of this year, has embarked upon a clear-cut strategy to fight the fight against inflation. We will continue that fight, even in the absence of support from those opposite. If we fail to do that effectively, the roll-on consequences of further interest rate rises for small business in particular would be very bad indeed. That is why the government has a clear-cut policy on a \$22 billion surplus. That is why those opposite are conducting, by reverse strategy, a \$22 billion raid on the surplus. The second important contribution which we can make in terms of the impact of small businesses out there earning a living and working hard for their families and for the Australian economy is the work that I referred to yesterday by the Minister for Small Business, Independent Contractors and the Service Economy, and that concerns—

*Opposition member interjecting—*

**Mr RUDD**—I take the interjection, which said that dealing with deregulation is in fact motherhood. I do not think it is motherhood. Dealing with deregulation affects the ability of businesses to conduct their daily business. They say it is motherhood to come up with a proposal which says: ‘Why can’t we just have a single registration of a business name

system in Australia rather than six or eight of them? Why can’t we have a system in this country where we move towards a seamless national economy and a seamless national market so that small businesses can grow into medium businesses and can actually expand their operations to different jurisdictions across the country?’ That is why we are engaged—

**The SPEAKER**—Order! The Prime Minister will resume his seat. Does the member for McEwen have a point of order?

**Fran Bailey**—Yes, I do, Mr Speaker, on relevance. The Prime Minister is failing to answer the question and I ask that you direct him to answer the relevant question.

**The SPEAKER**—The member for McEwen will resume her seat. The Prime Minister is responding to the question.

**Mr RUDD**—The third element which I would draw to the attention of the honourable member for McEwen is this: if you speak to small businesses across the country about the impact of the compliance burden of Work Choices on small business, in particular their five-minutes-to-midnight invention of a fairness test and the impact which that had right across the economy in overall business compliance costs, all of these things add together when it comes to your ability to run a small business successfully. So let us aggregate the scorecard. We come into government with inflation running at 16-year highs. We come into government with 10 interest rate rises in a row. We come into government with them having promised that interest rates would be kept at—

**Government members**—Record lows!

**Mr RUDD**—Record lows. Why didn’t they enter the chorus of response that interest rates would be kept at—

**Government members**—Record lows!

**Mr RUDD**—I don't think it was kept at record lows. After 12 years in office there was a failure to act on the overall cry of business for some form of regulatory reform which enables them to get on with the job of running their businesses successfully. Then, as the ultimate icing on the cake, an industrial relations system was imposed in the last period of that government which became more complicated than that of the Soviet Union as a result of the impossible burden which it placed on business and their ability to get simple answers from the regulatory authorities as to whether they were in, out, on top of or underneath the multiple requirements—

*Mr Hockey interjecting—*

**Mr RUDD**—which the member for North Sydney introduced in a flight of blind panic on the eve of the election. So, when we talk about confidence for small business, can I say that the inheritance from those opposite is spectacular in its dimensions in contributing to an overall impact on the ability of business to do its job and, as a consequence, that that does impact on confidence. What we, by contrast, are doing is embarking on a clear-cut strategy on dealing with the budget surplus, a clear-cut strategy on dealing with business deregulation and an industrial relations system which gets it right in terms of a proper balance between fairness and flexibility, including the business sector.

#### **Budget**

**Mr SIDEBOTTOM** (2.27 pm)—My question is also directed to the Prime Minister. Will the Prime Minister inform the House how a strong budget surplus helps to fight rising interest rates, particularly in my electorate of Braddon, and what today's developments in the Senate mean for the budget surplus?

**Mr RUDD**—If we look at the overall global problem of inflation, the governments

of the world basically divide into two categories: those which are taking on the inflation challenge and those which are seeking to run away from it. Those opposite join the latter group whilst we on this side of the House are very much in the business of doing what government can to bring down inflationary pressures. If you have inherited 16-year-high inflation rates—because that is the objective economic record of the member for Higgins, a 16-year-high inflation rate; there is no disagreeing with that as it is a fact—then the challenge is what you do about it. You could put your head under the carpet—that is what those opposite are pretending to do at the moment—and blame a Labor government that has been in office for six months after they had 12 years to address supply side constraints in the economy. They had 12 years to deal with the other factors impacting on inflation, like skills and infrastructure, and they did nothing, and in six months—mysteriously—all these things have come home to roost for us, the new Australian Labor government. That is their thesis. It does not even bear logical scrutiny. Serious economic commentators around the world describe the inflation challenge as real. The OECD's most recent economic outlook on 4 June states:

To avoid rising inflation expectations causing strong wage growth, monetary conditions need to be kept tight until domestic demand and price pressures have moderated sufficiently. In this context, the stabilising role that fiscal policy should play is welcome.

Fiscal policy is budget policy. What is the cornerstone of budget policy? Whether you have a surplus or whether you have a deficit; whether you are going to run a \$22 billion surplus or conduct a \$22 billion raid on that surplus. We can go also to the minutes released by the Reserve Bank on 3 June. They state:

Members observed that the budget surplus as a ratio to GDP was noticeably higher for 2007/08 and 2008/09 than had been expected in the Mid-Year Economic and Fiscal Outlook last October; at that time, a surplus of a bit over 1 per cent of GDP had been projected for both years. Measured in terms of the change in the surplus, fiscal policy was expected to impart a mildly contractionary effect on the economy in 2008/09.

You see, responsible economic analysts, regulators and commentators recognise that inflation is a problem and that fiscal policy has a role to play. We on this side of the House have developed such a fiscal policy. The contrast lies in what has happened in the Senate today. The Leader of the Liberal Party—that is, before the member for Wentworth makes his move—has directed his colleagues in the Senate to act in a way which has the effect of stripping away \$300 million worth of real money from the budget surplus. A few hours ago in the Senate the coalition used its majority to defer the votes on several key budget measures. This is not an academic exercise; this is a real exercise involving real money—\$300 million. It depends entirely where those opposite now go in terms of future votes in the Senate. A \$300 million assault on the bottom line means that the task of reducing the overall burden on outlays will become much harder in the future. This is real money. It affects the bottom line. Therefore, I will be looking very keenly to those opposite to come up with any proposal by way of spending cuts.

Have we on this side of the House heard a proposal yet for a single savings initiative from those opposite? I cannot remember one from the last budget or the one before because their simple recipe for the future has been, 'Get out the printing press, print some more money, off you go!' It has been as irresponsible as that because their spending initiatives have not been accompanied by savings initiatives. We have come up with bil-

ions of dollars of savings initiatives on this side of the House. What is pathetic, Leader of the Opposition, is this: you fail to engage seriously in the economic debate. As those who stand up and seek to represent themselves as the alternative government of Australia, you are required to say, 'We will save here, here and here in order to fund the following initiatives.' By contrast, the Liberal Party, who once said they were the party of natural economic management, say, 'We will spend, spend and spend.'

Labor comes up with a \$22 billion surplus. Those opposite make a \$22 billion raid on that surplus. I draw the Leader of the Opposition's attention to the action of his colleagues in the Senate. Today has been D-day in the Senate. The Liberal Party have voted against budget measures in the Senate. As a consequence, we will now achieve at least a further \$300 million real assault on the budget bottom line. Those opposite stand condemned for this gross act of economic irresponsibility.

#### **Budget**

**Dr NELSON** (2.30 pm)—I ask the Prime Minister, in response to that answer and the purported centrality of fighting inflation to his government's budget, could he quickly remind the House of the published budget forecasts for inflation for the next two years and the projections beyond that in his budget this year?

**Mr RUDD**—For the period ahead, as I recall them, the numbers have been adjusted: on the inflation front, we have been running at about 4.2 per cent. When it comes to the period ahead, we expect that inflation will moderate, from memory, to 3.75 and for the year following I do not have those figures in front of me.

**Dr Nelson**—On a point of order, Mr Speaker: if I could assist the Prime Minister who may be misleading the House—

**The SPEAKER**—You cannot do that. The Leader of the Opposition will resume his seat.

*Opposition members interjecting—*

**The SPEAKER**—Order! In a very vigorous debate yesterday, I was reminded of the importance of question time to our democracy. I would hope that we will get full cooperation about the importance of democracy by at least treating each other with respect and listening in silence.

#### **Budget**

**Mr BIDGOOD** (2.32 pm)—My question is to the Treasurer. What are the implications for the surplus of decisions taken in the Senate to delay the passing of important budget initiatives and where did these decisions come from?

**Mr SWAN**—I thank the member for his question. The government has budgeted for a strong surplus to put downward pressure on inflation and to put downward pressure on interest rates, and also to ensure a buffer against international financial turbulence. We have also been able to put in place the essential investment to build the productive capacity of our economy and to build productivity into the future. We have also put in place tax cuts and our \$55 billion working families support package that will give a very significant boost to household incomes after 1 July. There has been some commentary about the Reserve Bank board minutes, from which I quote:

As in previous meetings, the central issue was that, over the past year, inflation has picked up to an uncomfortably high rate, against a background of limited ... capacity.

Those opposite would like people to believe that suddenly inflation skyrocketed on the morning of 26 November last year.

**Ms Gillard**—And interest rates.

**Mr SWAN**—And interest rates. Of course, it did not. The legacy of those opposite is inflation at a 16-year high. It has fallen to those on this side of the House to tackle that challenge. Our budget did precisely that—building a \$22 billion surplus which is now being vandalised in the Senate by those opposite. Of course, we know why that is the case: it is at the instigation of the member for Wentworth. If he spent more time thinking about policies to fight inflation than asking people about his haircut, the inflation-fighting surplus that we have put in place would not have been voted against today. But it gets worse than that. We know why the focus group was taking place. We have got the real answer. We got it from Tony Abbott on 3AW yesterday. This is what Mr Abbott had to say about his leader—

**The SPEAKER**—The Treasurer will refer to members by their titles.

**Mr SWAN**—This is what Mr Abbott, the member for Warringah, had to say about his leader:

... that is not to say that everyone is entirely optimistic at all times about the future, because, look, we've done it very tough, but at the next couple of—

**The SPEAKER**—Order! The Treasurer will resume his seat. The member for Ryan has a point of order.

**Mr Johnson**—Mr Speaker, a point of order—relevance.

**The SPEAKER**—The Treasurer has concluded his answer.

#### **Workplace Relations**

**Ms JULIE BISHOP** (2.38 pm)—My question is to the Prime Minister. I refer the Prime Minister to his answer yesterday regarding working days lost through strikes and industrial action in the first three months of this year:

... these things come in seasons and in sequence.

Given that in the first equivalent season of 2007 there were 6,900 days lost yet in the first season of 2008 there were 42,800 days lost, can the Prime Minister explain this six-fold increase in working days lost under his Labor government?

**Mr RUDD**—What the Deputy Leader of the Opposition conveniently ignores is the termination point of collective agreements. They come in groups, often in large concentrations, and as a result you may find industrial activity increases at those times. I also return to the other argument I advanced yesterday in this discussion. It goes back to the overall supply of labour—both skilled labour and unskilled labour. Having received 20 warnings from the Reserve Bank on an inadequate supply of labour, an inadequate skills supply in the economy and a lack of infrastructure, and having had 12 years to act on this, I would have thought that those opposite, when they had the opportunity to in government, would have done something by way of a radical investment in skills strategy and a radical investment in infrastructure; instead, they did not. On the question of skills, this government, quite apart from the other initiatives contained in the budget, has now created Skills Australia and will be advancing through the establishment of an \$11 billion education investment fund which in part will deal with the future of the TAFE and training system in the country—

**Ms Julie Bishop**—What about strikes and industrial action?

**Mr RUDD**—If you are looking at the question of industrial activity, it goes to the overall supply of labour, the overall supply of skilled labour and the termination point of industrial agreements. When you have a large number of agreements terminating at about the same time, it follows that industrial activity may tip up at that particular time. What I am saying to those opposite is that, if

you are looking at the overall industrial relations equation, you should do it with a proper debate about the overall supply and demand for labour and skilled labour, as well as the particular arrival of industrial instruments which come up for renewal and negotiation, which is what is occurring at present.

#### **Economy**

**Mr SULLIVAN** (2.41 pm)—My question is to the Minister for Finance and Deregulation. Will the minister outline to the House the economic consequences of failing to tighten fiscal policy?

**Mr TANNER**—I thank the member for Longman for his question. The government has significantly tightened fiscal policy in order to fight inflation and put downward pressure on interest rates. That has been acknowledged by the Reserve Bank in its minutes that were published yesterday where it referred to the budget as having a ‘mildly contractionary effect’. For the benefit of the opposition, that is code for putting downward pressure on inflation and interest rates. The opposition’s approach, by contrast, is to erode and undermine the surplus by blocking and delaying budget legislation in the Senate. The net impact of the actions that the opposition is taking in the Senate would be to significantly reduce the surplus, to allow more public money to be in circulation and to therefore pump up inflation and put upward pressure on interest rates—in effect, to return to the fiscal settings that were previously in place under the member for Higgins and the former government where government spending was increasing at five per cent per annum in real terms.

It appears the opposition disputes the argument that the government is putting forward that it is necessary to have a tight budget and a strong surplus in order to put downward pressure on inflation and interest rates. I admit it is sometimes difficult to tell

because the positions advocated by members of the opposition seem to change on an almost daily basis. They are very carefully avoiding stating a position on the overall state of the economy. They are very carefully avoiding stating an overall position with respect to the surplus and what is the right position for the settings of the overall positioning of fiscal policy. But occasional comments from members of the opposition do suggest that they dispute the notion that putting downward pressure on interest rates and inflation is necessary and they dispute the notion that tightening fiscal policy will do that.

Earlier this year we had the member for Wentworth saying that the inflation threat was a 'fairytale'. That was followed in very quick order by the Leader of the Opposition suggesting it was a 'charade'. This was punctuated by bizarre suggestions such as those from the member for Mayo that we should spend hundreds of millions of dollars building a giant arts edifice somewhere in the Adelaide Hills. Then, more recently, there were some rather peculiar claims by the two people who were in charge of fiscal policy in the previous government: the member for Higgins and the Leader of the Opposition in the Senate. The Leader of the Opposition in the Senate, Senator Minchin, said on *AM* on Monday that blocking or delaying the government's budget initiatives in the Senate 'won't affect the government's fiscal position whatsoever'. One would wonder why one needs savings initiatives if it does not matter whether or not they happen. Then the former Treasurer, the member for Higgins, as quoted in the *Financial Review*, warned against 'excessive fiscal tightening in response to inflation'.

Even today we have seen the member for Wentworth suggest that somehow the government's response to the threat of inflation is in itself the cause of the inflationary prob-

lem that we inherited from the former government. The trouble is that we are getting no coherent position from the opposition on fiscal policy at all. What we are seeing is just a random process of sniping at various government initiatives, all of which are part of a broad strategy to have a strong surplus to put downward pressure on inflation and interest rates. The party that once prided itself on its so-called fiscal discipline and fiscal rigour is degenerating into a completely incoherent rabble on economic policy.

It is turning into a rather bad episode of *Grumpy Old Men*. They are unable to cope with the loss of power and the loss of relevance. They are having lunch, they are playing golf, they are on cruise ships, they are fighting amongst themselves, they are undermining their leader and they are complaining about how difficult life is on \$127,000 a year. When they do occasionally engage in the bigger issues in public debate, all we get is a random selection of whinges, gripes and nostalgic reminiscences, the political equivalent of the grumpy old men on TV complaining about the weather, the bad service in restaurants—

*Opposition members interjecting—*

**The SPEAKER**—Order! The Minister for Finance and Deregulation will resume his seat. I will give him the call when the House comes to order.

**Mr TANNER**—Unfortunately, these people are in control of the Senate. They are using their control of the Senate to vent their frustrations and to lay waste to the government's fiscal strategy and the position that is being taken to put downward pressure on inflation and interest rates. The government is committed to ensuring that we tackle the inflation problem and that we put downward pressure on interest rates. The random acts of sabotage and disruption that the opposition are engaged in in the Senate will do nothing



other than erode the efforts of the government to put downward pressure on inflation and interest rates.

The opposition that at first refused to acknowledge there was a problem, and then said that the problem was caused by the incoming government, now does not quite know what the issue is or what the circumstances are and is trying to destroy the government's fiscal strategy. It is long overdue for the opposition to decide what its position is on the fiscal settings, what it thinks should be done with respect to inflation and interest rates and to allow the government's fiscal position to take effect in order to do the job that the Australian people want—and that is to put downward pressure on inflation and interest rates.

#### **Pensions and Benefits**

**Dr NELSON** (2.48 pm)—My question is to the Prime Minister. With skyrocketing rents and cost-of-living pressures under your government, how can a single aged pensioner be expected to live on \$273 a week?

**Mr RUDD**—There is an interesting piece of logic in what has just been put forward by the Leader of the Opposition. It assumes that the budget outcome for a single aged pensioner is worse than what it was 12 months ago when the Leader of the Opposition and the cabinet put forward their response for pensioners, carers and working families and a whole range of other tax income support measures. This government has brought forward a set of measures worth some \$5.2 billion for those seniors receiving payments.

*Mr Simpkins interjecting—*

**The SPEAKER**—The member for Cowan is warned.

**Mr RUDD**—This includes extra payments for seniors—in particular, the one-off payment that we referred to before. For the first time the utilities allowance has been

increased from its previous rate of \$123 per annum to \$500. That is a significant advance. As the government has indicated before, pensioners, carers and those on DSP payments are experiencing great difficulty when it comes to cost-of-living pressures. That is why I have indicated many times in this chamber that the future of income support payments from retirement income payments will be considered by the Henry commission of inquiry as well.

I go back to the premise of the Leader of the Opposition's question. He is arguing about the inadequacy of the age pension as it exists now six months after those opposite left office. Pensioners, like everyone else, have experienced 10 interest rate rises in a row, record high inflation in 16 years and, last year alone, an increase in petrol prices by 33 per cent. Those opposite would argue that these cost-of-living pressures mysteriously emerged in the last six months and that somehow this government's budget measures which have enhanced pension payments are somehow worse than those which were brought in 12 months ago by those opposite.

I suggest that if the Leader of the Opposition wishes to be a responsible participant in the debate about the future of retirement incomes policy, including the pension, he does so responsibly on the basis of the facts rather than simply throwing forward one set of assertions after another instead of reflecting on what has changed materially against the level of the pension, the ways in which it is indexed, the way in which we have handled the one-off payment, the way in which we have increased the utilities allowance and why we are now having this matter considered for the long term for pensioners and carers through the activities of the Henry commission.

#### **Electoral Laws**

**Mr MELHAM** (2.51 pm)—My question is to the Minister for Finance and Deregula-

tion representing the Special Minister of State. What steps are being taken by the government to improve the accountability, integrity and transparency of the electoral laws? Are there any threats to these reforms?

**Mr TANNER**—I thank the member for Banks for his question. The government is committed to a transparent and accountable electoral system and to strengthening our democracy and the electoral practices that underpin that. In order to pursue that, the government will be issuing a green paper on electoral reform in two parts in the second half of the year to examine other ways of improving our democratic practice in Australia, because democracy means more than just the superficial structures; it is also the mechanics, the process ensuring that we can all participate equally in our overall democratic system.

At the moment there are some urgent repairs required. We have, therefore, introduced the Commonwealth Electoral Amendment (Political Donations and Other Measures) Bill 2008 to fix some of the more serious loopholes in the existing system. The opposition, because it unfortunately has the numbers in the Senate, is sending this bill to a committee with a reporting date of 30 June 2009.

This bill contains five urgent measures to clean up problems which have been identified with the current funding and disclosure regime. These measures include ensuring that all donations to political parties and candidates over \$1,000 are subject to proper public scrutiny, reducing the \$10,500 disclosure threshold that now exists. It also includes a twice yearly reporting regime through the Australian Electoral Commission. It also bans overseas and anonymous donations and prevents political parties and candidates making a profit from public funding.

The government wants to implement all of these measures by 1 July this year and therefore make the management of the new regime as straightforward as possible for the Australian Electoral Commission over the financial year 2008-09. The measures are straightforward and uncontroversial, or so they should be and so we believe they ought to be. For 2004-05, when the donation disclosure threshold was \$1,500, there were 1,286 donor returns lodged with the AEC. For the following financial year, 2005-06, when the previous government raised the disclosure threshold to \$10,000, only 317 donor returns were lodged. In the space of a year the number of donor returns subject to public scrutiny dropped by three-quarters. In the following year, 2006-07, the number of donor returns dropped again to 194—less than one-sixth of the number of donations disclosed when the threshold was \$1,500 in 2004-05.

No-one, we believed, could reasonably argue that transparency, disclosure and tightening the rules of public accountability are bad things, and nobody could disagree with the need for proper disclosure of sources of funding for election campaigns—or so we thought. But it appears that the opposition and Dr Nelson, the member for Bradfield and Leader of the Opposition, have a problem with this bill. It reflects a longstanding dynamic in Australian politics on these issues: the Liberal Party will always seek to restrict access to the right to vote and always seek to restrict disclosure of political donations. These are the two fundamental positions that always prevail in debates about electoral reform in this country.

The opposition is clearly against transparency, accountability and strengthening democracy, and this bill is being sent to the never-never of a prolonged Senate committee process which is not due to report for over a year. Therefore, the reforms cannot be

passed by the Senate until roughly September 2009 at the earliest, when the government believes the bill should be put in place by 1 July this year. The opposition wants to delay those reforms until at least September of next year. That is a whole year's worth of a big pile of extra secret donations. That is a whole year's worth of potential for further corruption. The opposition should think very seriously about its position on this issue. I urge the Leader of the Opposition to rethink the opposition's position. The figures speak for themselves: as these rules have been changed by the Liberal Party in government, so the level of transparency and disclosure has disappeared. We are about to reverse that and the opposition should support the changes to the legislation.

#### **Pensions and Benefits**

**Mrs BRONWYN BISHOP** (2.57 pm)—My question is to the Prime Minister. Will the Prime Minister explain why his government is cutting the entitlement to the partner service pension for spouses of Australian veterans who can no longer work?

**Mr RUDD**—I am unaware of the measure to which the honourable member refers.

*Opposition members interjecting—*

**Mr RUDD**—I am not. So I would be happy to provide an answer later in question time or as the information becomes available to me. If instead the member would prefer to address the question to the Minister for Veterans' Affairs, I am sure he would be happy to answer.

**Mrs Bronwyn Bishop**—If the Prime Minister wishes to pass the question to the Minister for Veterans' Affairs, we would be happy to have the answer. It is amazing that he does not know his own budget.

**The SPEAKER**—Order! The member for Mackellar will resume her seat.

**Mr GRIFFIN**—I thank the honourable member for her question. The member refers to a minor amendment to the budget.

**Opposition members**—Minor!

**Mr GRIFFIN**—Well, it is minor because this measure impacts on a small number of veterans' spouses in a situation where the circumstances they face have in fact changed. There are two aspects to this. One is the issue of the change in the age of eligibility for the partner service pension—moving it from the age of 50 up to the situation of when the actual service pensioner themselves qualifies. That is bringing it in line with the advantage and the recognition of the service of veterans as it is currently understood. The circumstances are that there was a study done back in the thirties with respect to—

*Opposition members interjecting—*

**Mr GRIFFIN**—This is the basis of the eligibility. If you understood anything about this issue, you would know what we are talking about here. The circumstances were that there was a study done into the life expectancy of members of the First AIF. It showed that there ought to be a premium as a result of service because of the impacts of service. That premium was recognised at that time and the premium was some five years. That gave service pensioners—those with qualifying service—access to the service pension, which is effectively the age pension in their case, some five years earlier.

However, the circumstances around partners of those service pensioners is such that they access it at 50. It is an anomaly. It is a situation where, by changing this anomaly, it affects somewhere in the region of fewer than 400 people in the next year. I share the concerns of the shadow minister with respect to the impact on those who are dealing with veterans who have severe disabilities. The usual way of noting the question of severe

disabilities with respect to veterans is the disability pension rate that they receive. If you are a TPI or a partner of a TPI then you still get access to the service pension, as you do now. There is no change. If you are in a situation where you have dependent children and therefore there is a significant carer's role in that respect, there is no change. If you are in a position whereby—

**Mrs Bronwyn Bishop**—Mr Speaker, I rise on a point of order. The point of order is on relevance—

**The SPEAKER**—Order! The question was in order and the minister's answer is in order. It would assist if the chamber heard the answer in quietness.

**Mr GRIFFIN**—The fact of the matter is that the impact here will not be severe for many veterans. There are alternative sources of income support for those who may be caring for a veteran.

*Opposition members interjecting—*

**The SPEAKER**—Order! It would really assist—and now I have the right word—if the minister were heard in silence.

**Mrs Gash**—He's not telling the truth.

**The SPEAKER**—Order! The member for Gilmore is simply not assisting by that, and I will warn her.

**Mr GRIFFIN**—If a veteran is not a special rate pensioner but has significant disabilities, there will be access to carers payment, which is the same with respect to the actual payment level. There are alternatives there for people if they require it.

**Mr Baldwin**—You just shafted them.

**The SPEAKER**—Order! The member for Paterson!

**Mr Baldwin**—He shafted them.

**The SPEAKER**—Order! The member for Paterson is warned!

**Mr GRIFFIN**—I might add that anyone who is already in receipt of this payment with respect to their age will not be affected at all. The second measure relates to the question of a change of circumstances around an individual whose marriage has broken down. Currently, if a veteran and their partner were in a de facto relationship and that relationship ends, the circumstances are that a partner service pension ceases to be paid. With this change, if a marriage breaks down, if there is clear evidence of that breakdown and if the breakdown is in excess of 12 months, the situation for those veterans and their partners will be the same as for those who are currently in de facto relationships. The situation there again does not affect a large number of veterans and their partners. And do not forget that, in this situation, they are no longer their partners. We have occasions at the moment on which a partner service pension is being paid to more than one partner—in some cases, two or more partners—of a particular veteran. Paying a compensation benefit in that circumstance is not reasonable and not fair.

The other thing we need to remember here is that if someone is planning retirement at the age of something like 50 on the partner service pension, which is effectively the age pension, and in a situation where they are not calling on alternative possibilities with respect to work, they may be severely impacted in their long-term ability to financially support themselves into retirement. These changes are sensible. They are in line with community standards and, I might add, they are part of what this government has had to do to do something about the overall budget situation that we have been left with. I think that, in those circumstances, it is a reasonable position to be taken. There are safety measures in place for those who would be affected and, in those circumstances, I support the measure.

### Child Care

**Mr GIBBONS** (3.05 pm)—My question is to the Minister for Education, Minister for Employment and Workplace Relations and Minister for Social Inclusion. Would the minister detail contrasting approaches to managing childcare fees? Are there opportunities for a broad coalition of support for putting downward pressure on childcare fees?

**An opposition member**—What about ABC Learning?

**Ms GILLARD**—That is a very good question and I will be answering it for you, actually. Thank you very much. Obviously in this House yesterday and in recent days we have been discussing the government's commitment to making a difference in child care—making a difference on affordability, accessibility and quality. On a day on which the only themes apparently tying together the questions from the opposition are hypocrisy on the one hand and confected outrage on the other, I think it is a good day to remind ourselves about the facts in the area of child care.

On the question of affordability, the demand side, government's assistance to working parents, this is a government that has budgeted for, and is going to deliver, an increase in the childcare tax rebate from 30 per cent to 50 per cent, a benefit that is not income tested but will be available to working families using child care from 1 July and which will mean more relief for them—more dollars in the purses and wallets of Australian working families. What do we hear from the opposition on this area? Absolutely nothing. Had they been in government, of course, this measure to assist working families would not have been delivered.

Then there is the question of transparency. The government is going to ensure that parents can access a website that tells them

about fees, availability and quality. According to today's opposition, transparency is something that they do not believe in; transparency is something that they do not care about. This is where the hypocrisy comes in, because of course the former minister for families, Mr Brough, when he said he aspired to introduce a national childcare management system, said the aim of it was to provide the best information on childcare supply, usage and demand data that had ever been available in Australia for families. Those who used to believe in transparency apparently now do not believe in transparency. But the one thing we know about the former minister for families and community services, Mr Brough, is that he never delivered what he promised to deliver, and it falls to this government to make sure that working families have this information.

And then there is the question of the supply side. Yesterday I talked in the House about the government's plan to ensure that there are up to 260 new childcare centres around the country. What do we hear from the opposition? When the present Leader of the Opposition was asked, 'What would you think about the idea of government setting up government funded childcare centres in the vicinity of private centres which have increased their fees by too much as a means to put pressure on them?' he said, 'It sounds like an expensive waste of taxpayers' money to make a political point.' New childcare centres, new places and providers selected on the basis of a track record of affordability are things that the Leader of the Opposition is not committed to. He wants to make sure that working families around this country cannot find child care when they need it.

And then there is the question of the broad hypocrisy of the opposition about these issues. Now, apparently they feel the pain of working families. The Leader of the Opposition is so overcome by this emotion from

time to time he can hardly move. But I and I believe many members in this House would recall a time when the present Leader of the Opposition sat on this side of the parliament. When he did sit on this side of the parliament, he used to sit with the former member for Richmond, Larry Anthony, now replaced of course by the Minister for Ageing. Larry Anthony was in fact his junior minister.

**Mr Hockey**—He wasn't.

**Ms GILLARD**—All right. He was on the government front bench with the Leader of the Opposition. Are you denying he was a minister?

*Dr Nelson interjecting—*

**Ms GILLARD**—Apparently the Leader of the Opposition was never sitting over here. But when the Leader of the Opposition was sitting over here with Larry Anthony, down the bench, let us just look at the track record on affordability. In that time when Larry Anthony was there and the Leader of the Opposition was there, there was a 33 per cent increase in childcare costs to families, according to the ABS.

I have been asked about ABC Learning from the opposition backbench, interestingly. This is the same Larry Anthony who, after losing his seat, went straight into a director's role in the private childcare industry—and who for? Maybe you can supply the answer for me. Of course as a director of ABC Learning, where annual reports tell us that Mr Anthony received a \$60,000 director's fee and a further \$125,000 in consultancy fees from one provider—\$185,000 for some part-time work, earnings of a former Howard government minister from the childcare industry. Now, of course, we have his colleague sitting here saying that increasing competition and supply in child care is apparently an expensive waste of taxpayers' money to make a political point. Australian working families who want child care, who

want it affordable and who want it at decent quality standards know this is a government that is acting to make a difference and this is an opposition without an idea and with a track record of failure.

**Mr Albanese**—Mr Speaker, I rise on a point of order. During the Deputy Prime Minister's response to that question, the Leader of the Opposition made an offensive remark across the table.

**Mr Hockey**—What was that?

**Mr Albanese**—It was to call her a 'stupid idiot', and I ask that it be withdrawn.

**The SPEAKER**—I am not in a position to rule because I did not hear a remark. But if there was a remark it would have to be withdrawn.

**Dr Nelson**—Mr Speaker, just to assist you: if I have said anything at all which is in any way offensive to the Deputy Prime Minister, I withdraw.

**The SPEAKER**—I thank the Leader of the Opposition. Order! I understand that the member for Warringah and the ministers are having a good-natured conversation, but it is denying the member for Barker.

#### **Murray-Darling River System**

**Mr SECKER** (3.13 pm)—My question is to the Minister for the Environment, Heritage and the Arts. What is the government going to do about the environmental disaster developing in the Coorong and Lower Lakes?

**Mr GARRETT**—I thank the honourable member for his question. The government is aware of reports in the media that the Murray-Darling Basin governments have ignored scientific advice on the critical state and watering needs of ecosystems in the Lower Lakes and the Coorong. We are aware that that report was prepared by the South Australian Murray-Darling Basin Natural Resources Management Board. I remind the House again that the Australian government

has already committed to spending \$3.1 billion as part of Water for the Future. We have already completed the first-ever federal government water purchase program, which will put 35 billion litres back into the Murray when water is available.

**Mr Hunt**—When it is available.

**Mr GARRETT**—I advise the member that in March the Murray-Darling Basin Ministerial Council agreed to spend some \$6 million to pump water into Lake Albert to manage the impact of low water levels in the lake in order to stabilise acid sulfate levels. It is also the case that the council noted at its most recent meeting that, if dry conditions continued, it might be necessary before its next scheduled meeting to consider implementing other interim options.

The ongoing drought is placing stress on communities, industries and the environment, particularly those that are dependent on the River Murray. The government is well aware of that issue, but it needs to be stated clearly in the House that this problem is made more difficult by the lack of available water. In the period from 1997 to 2006 inflows to the Murray River averaged some 49 per cent below the pre-1997 long-term average. Storages in the southern basin are at all-time lows. We have just experienced the fourth driest autumn on record, and the outlook for the remainder of the year is not good. Put simply: there is very little water in the basin at the moment and management options for the Lower Lakes and the Corong are limited.

The commitment of the government to address these issues is absolutely resolute. We have committed \$6 million for emergency measures for Lake Albert and a further \$5 million to identify the extent of the threat posed by acid sulfate soils and other critical water related threats. Additionally, the basin commission is developing a range of me-

dium- and long-term risk management plans to deal specifically with the Lower Lakes and a report will come to the ministerial council in November 2008. The drought is putting pressure on all aquatic ecosystems. As a consequence, the government is fully committed not only to the \$3.1 billion in water purchases but particularly to addressing these critical issues that have been identified at the present point in time.

#### **Alcohol Abuse**

**Ms RISHWORTH** (3.17 pm)—My question is to the Minister for Health and Ageing. Will the minister outline to the House the government's approach to binge drinking? Are there any obstacles to tackling this significant issue in our community?

**Ms ROXON**—I thank the member for Kingston for her question. I know that, as a health professional before she came to this place, she is particularly concerned about this issue. I think everyone in the House would be aware by now that the government are particularly concerned about the rates of binge drinking in the community. We are worried about a drinking problem and drinking patterns across the country that are costing us \$15 billion every year. We are worried about the number of young women aged 18 to 24 being hospitalised for alcohol abuse that has doubled in less than a decade. We are worried that in New South Wales the number of alcohol related assaults has doubled over the last decade to more than 20,000 assaults.

But there are some in the community who are not worried about this issue, and most of them are sitting on the opposition benches. We know that the Leader of the Opposition's scientific approach to binge drinking is 'when you're really getting stuck into it'. Compare that with the Newcastle local area commander, Mr Charles Haggett, who says 'the higher levels of intoxication have re-

sulted in higher levels of alcohol related crime'. We know that the member for North Sydney does not think there is a problem. On 30 March he said:

... I don't think you should overplay it. Let's not go over the top.

New South Wales Police Commissioner Andrew Scipione has described alcohol abuse as an 'enormous' national problem. He said:

Something like about 70 per cent of every police engagement with a member of the community in the streets of NSW has alcohol as a factor.

We know the member for Warringah heartily agrees. A few days ago he accused the government of moral panic on this issue and just yesterday in that interview on 3AW, among the entertaining antidotes that he shared with us about his views of the Leader of the Opposition and others, he said:

Despite this being an issue of concern to parents, health experts and police commissioners it's a beat-up, not to put too fine a point on it.

Contrast that with what Northern Territory Police Commissioner Paul White said:

We're witnessing a disturbing national trend towards greater levels of binge drinking by young people ... Too many young men are drinking heavily and think they're bullet proof, so end up getting involved in fights ... while drunk.

In case you are in any doubt about the opposition's flippant approach to binge drinking, I will tell you one more story about the opposition. I am sorry that the member for Hinkler is not here because I have to confess that when I was walking the halls of parliament in the last few weeks I walked past the member for Hinkler's office. I might say that the member for Hinkler last night said he does not want a \$5 million GP superclinic in his electorate. I wonder whether there is any electorate over here that might have one instead. In passing, he says he does not want one.

*Opposition members interjecting—*

**Ms ROXON**—Imagine my surprise, coming across in the window of the member for Hinkler's office a life-sized bear. It was not just an ordinary bear; it was actually a white polar bear. It was quite a famous bear—the Bundy bear; the only bear in the country which has his whole life committed to promoting alcohol.

*Opposition members interjecting—*

**Ms ROXON**—Perhaps not the only bear.

*Opposition members interjecting—*

**The SPEAKER**—Order! When the House comes to order, question time will continue. The Minister for Health and Ageing will bring her response to a conclusion.

**Ms ROXON**—I certainly will. The point is that we have the opposition with alcohol advertisements in their offices in the parliament; you have us, with the police commissioners, with the parents and with the health professionals, trying to tackle this problem. You and the distillers are the only ones who don't think it is a problem.

#### **Murray-Darling River System**

**Mr JOHN COBB** (3.23 pm)—My question is to the Minister for the Environment, Heritage and the Arts. Minister, I refer to the Victorian government's proposal to pipe up to 110 billion litres of water annually from the Goulburn River in the Murray-Darling Basin to Melbourne. Will the minister use his powers to reject this proposal, which will have disastrous impacts on the environment and on agriculture?

**Mr GARRETT**—I thank the honourable member for his question. The powers that the Commonwealth has in relation to this matter are confined to matters of national environment significance under the relevant EPBC Act, and I will make a determination on whether there are any impacts on matters of national environment significance in assessment of that particular proposal.



### War Graves

**Mr CRAIG THOMSON** (3.24 pm)—My question is to the Minister for Defence Science and Personnel. Would the minister update the House on the results of the excavation activities at Pheasant Wood and the presence of remains of fallen Australian soldiers from the Battle of Fromelles?

**Mr SNOWDON**—I thank the member for Dobell for his question. Mr Speaker, as you would be aware, in accordance with the project intent and contract with the Glasgow University Archaeological Research Division, the Pheasant Wood site has now been closed. Last Friday, on 13 June, a ceremony was held to acknowledge the significance of the ground and to allow the local community to pay respects to those Australian and British soldiers who have lain buried at this site since the Battle of Fromelles in July of 1916. The ceremony was attended by representatives of the British government; the Australian Army; His Excellency Mr David Ritchie, the Australian Ambassador to France; the Commonwealth War Graves Commission; and the local community. It was also attended by Madame de Massiet, the landowner, who, as you would be aware, Mr Speaker, has offered to gift the land in which these fallen soldiers lie to the Commonwealth War Graves Commission—a gesture which I believe all of us in this place are grateful to acknowledge and which I am sure we would all thank her for.

**Honourable members**—Hear, hear!

**Mr SNOWDON**—Moreover, it is a mark of respect typical of the people of France for the loss of so many Australian lives at the time in defending their homeland. The ceremony has also marked the successful completion of the excavation. GUARD was commissioned, as you would be aware, Mr Speaker, to confirm the presence or otherwise of human remains at the site; to deter-

mine, if possible, the nationality of those remains; to estimate their number; and, finally, to assess their condition. All of these purposes have been achieved. In fact, along with the discovery of the remains in six of the eight burial pits that were excavated, the archaeological team has located numerous First World War artefacts, amongst them Australian Rising Sun collar badges and two British General Service buttons. This is sufficient for GUARD to confirm that Australian and British soldiers killed at the Battle of Fromelles on 19 July 1916 are present in the pits—that is, that they were never recovered during the 1920s and have remained undisturbed for those 92 years.

The number of individuals buried at the site may be as high as several hundred, although we await the detailed report due from the archaeologists to give us a more accurate assessment of the figures. I would point out that this exploratory excavation only exposed 20 per cent of the surface area of each pit, which measure 10 metres by 2.2 metres. It was never intended to be an exhumation. I need to make that very clear. As a result of the nature of the excavation, none of the remains were disturbed in any way.

As to what is to happen next, the future of the site—the future of these fallen Australian heroes, who have so long lain unacknowledged on French soil—is not a decision for us alone. We cannot act unilaterally. We need to be mindful of our obligations and mindful that British remains also rest at Pheasant Wood. Future decisions on possible identification and commemoration of remains will be made in agreement with the French and British governments and in consultation with the Commonwealth War Graves Commission pursuant to a 1951 treaty.

I should point out that since 1917 the policy of member nations of the Commonwealth War Graves Commission has been that, if

remains from the two world wars are recovered, they are buried in the closest Commonwealth war grave. I have already spoken twice to the British Under-Secretary of State for Defence and Minister for Veterans, the Hon. Derek Twigg, and will continue to work with him and his government through the next steps. I also know and fully appreciate the incredible interest that so many families hold in this site—families who have long wondered about the fate of their uncles, their grandfathers, their great-grandfathers and their great-uncles. I can assure those families that their interests will figure highly as the governments talk and as we study the technical assessment which has been undertaken by GUARD once we have received it.

We all know—and this House certainly knows—that this discovery at Fromelles is momentous. Already, the site has received several significant visitations from people travelling to Fromelles. I point to the Minister for Trade, who visited the site a week or so ago; as well as the former Prime Minister, Mr Howard; and the British minister to whom I have referred, Derek Twigg. I want to publicly commend everyone whose professionalism and dedication have brought us to this point. The work, by its very nature, has been very difficult in the muddy conditions and—I have to say—very emotionally draining on all those involved, particularly the excavation team and the Australian project team. I want to again in this place thank Major General Mike O'Brien, who has coordinated the Army effort over the past weeks. It would be remiss of me if I did not commend again the tireless efforts of Mr Lambis Englezos and his supporters for their dedication in finding the missing at Fromelles. We are all very much indebted to them all. In conclusion, it is worth pointing out that, as a result of the work of Mr Englezos and his relationship with the community at Fromelles, on the anniversary of the battle—on

19 July this year—a replica of Cobbers, a statue at Fromelles, will be unveiled at the shrine in Melbourne. That will be an event of significance, I am sure you will agree. I will keep the House updated as the scientific reports and intergovernmental negotiations continue.

#### **Member for Robertson**

**Ms JULIE BISHOP** (3.32 pm)—My question is to the Prime Minister. I refer the Prime Minister to his answers to my questions yesterday regarding the member for Robertson. What advice did the Prime Minister's office provide to the member for Robertson or her office before her media statements regarding the Iguana Bar incident?

**Mr RUDD**—I am unaware of what advice may have been provided. I am just unaware. Can I say to those opposite on this matter that the Deputy Leader of the Opposition stood in this place yesterday and asked a question about these affairs. She said:

I refer the Prime Minister to his statement at a press conference in Japan on 9 June, in answer to questions about the member for Robertson, when the Prime Minister said:

... I understand my office has been in contact. And ... I understand she has issued a statement ...

The member for Curtin continued:

Given that the member for Robertson did not issue a statement until the following afternoon of 10 June, what involvement did the Prime Minister's office have in the preparation of that statement?

That is the question asked yesterday. Again:

Given that the member for Robertson did not issue a statement until the following afternoon of 10 June ...

Therefore, the inference is this. I made a statement in Japan on 9 June and referred to the fact that a statement had been issued. The member for Curtin is saying that the facts were that there was no statement from the

member for Robertson until 10 June. That is just untrue. You stood in the chamber yesterday making a complete untruth, and you stand condemned for it.

#### **Regional Partnerships Program**

**Mr BUTLER** (3.34 pm)—My question is to the Minister for Infrastructure, Transport, Regional Development and Local Government. Would the minister outline any further evidence of taxpayers' funds being flushed away under the previous government's regional funding program?

**Mr ALBANESE**—We on this side of the House are committed to nation-building infrastructure and we are committed to promoting regional development. It is true that we have been very critical up to this point of the former government's approach, which funded ethanol plants that did not exist, cheese factories that closed down and rail lines that burnt down. But this question provides me with an opportunity to really lift the lid on just how bad the Howard government's approach to infrastructure and regional development was.

Less than a month before the election was called, the previous government approved \$60,000 under Regional Partnerships for a project in the town of Lock. Lock is a small town on the Eyre Peninsula in South Australia. It has a population of some 290 people. It has one hotel, a supermarket, a school, a police station and a post office. The Howard government approved \$60,000 for the renovation of one more building in the town of Lock. Regional Partnerships was meant to have lofty goals. When the Howard government created it, they said it was about 'facilitating local investment' and 'promoting links between industry, government and communities'. In fact, Regional Partnerships was so crooked it had an S-bend in it. The \$60,000 was approved by the former government to renovate a dunny—a toilet—in the town of

Lock. Both sides of the House would agree that toilets are pretty essential. But, when it comes to the divisions between the Commonwealth, the state and local governments, what business is it of the Commonwealth to be building toilets in small communities in South Australia?

When it comes to the 290 residents this was a rolled-gold throne, because to produce this toilet it cost \$206 for each man, woman and child who lives in Lock. I thought this was a bit odd so I asked the department what the basis for the approval was. It turns out that it was not approved by the department. The department had a look at the Regional Partnerships program guidelines and determined that the dunny in Lock did not meet the guidelines because toilets are clearly a local government responsibility when it comes to public parks. It also did not satisfy the Regional Partnerships program funding criteria so the department recommended against it.

You would think that would be the end of the matter—but no. You had the minister, the member for Lyne; Jim Lloyd, the former member for Robertson; and Gary Nairn, the former member for Eden-Monaro, sitting around the ministerial office thinking: 'How do we promote regional development? How do we really do something for regional Australia? We'll approve \$60,000 for this dunny in Lock! And we'll overturn the guidelines and the departmental recommendation to do this'. I thought to myself: why would they do something so outrageous? And then I had a look at the electoral map, which was the basis for all their decisions, and I found that the town of Lock is in the electorate of Grey, which had a retiring member, Barry Wakelin. They had polling coming out saying that they were very vulnerable because the sitting Liberal MP was retiring. So a month out from the election the Howard government knew that they were up a certain creek without a

paddle—and they were prepared to do anything. They did not just throw the kitchen sink at this proposal; they also threw the dunny! A government that for 12 years ignored serious investment in infrastructure, nation-building and regional development was prepared to flush away taxpayers' dollars on this proposal. The fact is that you have to make choices in budgets. You make real choices. There are finite amounts of funds. And what we saw from those opposite was a preparedness to use taxpayers' funds as if they were their own funds. This is such a serious issue because it indicates exactly how malevolent they were with taxpayers' funds. This government will take regional development seriously. The former government stand condemned for their short-term, politically opportunistic approach.

**Mr Rudd**—Mr Speaker, I ask that further questions be placed on the *Notice Paper*.

#### PERSONAL EXPLANATIONS

**Mr NEVILLE** (Hinkler) (3.41 pm)—Mr Speaker, I wish to make a personal explanation.

**The SPEAKER**—Does the honourable member claim to have been misrepresented?

**Mr NEVILLE**—Yes.

**The SPEAKER**—Please proceed.

**Mr NEVILLE**—In question time today, the Minister for Health and Ageing made two disparaging remarks about me that were totally untrue. In the first one she said that I promoted binge drinking. I have never endorsed binge drinking—in fact, I have promoted responsible drinking, which RTDs from the company in question have made a considerable contribution to. In the second one the minister criticised my choice of window display—the Bundy bear—which I have had in place for at least two terms of parliament. The display has never attracted any question. It is a light-hearted symbol of my

town and it has taken the product in question to the sporting community, to Australia and to the world—and I am proud to represent that company.

**Ms MACKLIN** (Jagajaga—Minister for Families, Housing, Community Services and Indigenous Affairs) (3.42 pm)—Mr Speaker, I wish to make a personal explanation.

**The SPEAKER**—Does the minister claim to have been misrepresented?

**Ms MACKLIN**—Yes.

**The SPEAKER**—Please proceed.

**Ms MACKLIN**—In the *Financial Review* on 13 June there was a report stating that my office had recommended Mr Bruce Donald for a contract with the Office of Evaluation and Audit. The report stated that Mr Donald is a long-term friend of my senior advisers. This report was based on unverified and baseless accusations made by Senator Eric Abetz during Senate estimates. Senator Abetz is wrong.

**Ms JULIE BISHOP** (Curtin) (3.43 pm)—Mr Speaker, I wish to make a personal explanation.

**The SPEAKER**—Does the minister claim to have been misrepresented?

**Ms JULIE BISHOP**—Yes.

**The SPEAKER**—Please proceed.

**Ms JULIE BISHOP**—Today in question time the Prime Minister called me a liar. The Prime Minister produced a statement, dated 8 June, by the member for Robertson. I am unable to find any evidence of that statement being released on 8 June. The media coverage is on 10 June. I ask that the Prime Minister produce evidence that that statement was released on 8 June.

**Mr RAMSEY** (Grey) (3.44 pm)—Mr Speaker, I wish to make a personal explanation.

**The SPEAKER**—Does the honourable member claim to have been misrepresented?

**Mr RAMSEY**—Yes.

**The SPEAKER**—Please proceed.

**Mr RAMSEY**—The Minister for Infrastructure, Transport, Regional Development and Local Government has just accused the previous government of trying to buy votes.

**The SPEAKER**—Order! The member for Grey must show where he has been personally misrepresented. Unless the member for Grey can do that, he must resume his seat.

**Mr RAMSEY**—The minister made the implication that the votes were bought on my behalf in the town of Lock. As the minister pointed out—

**The SPEAKER**—The member for Grey cannot debate the matter. I think he has made his point.

#### QUESTIONS TO THE SPEAKER

##### Question Time

**Mrs BRONWYN BISHOP** (3.45 pm)—Mr Speaker, my question relates to an answer given by the Minister for Families, Housing, Community Services and Indigenous Affairs earlier today. The answer, by any clear definition, was a statement to the House and it ought to have been made at the end of question time and it ought to have been able to be responded to by her opposite number, the member for Warringah. I would ask, Mr Speaker, if you would consider—

**The SPEAKER**—Regrettably, I talked about consistency earlier in the week and I am not going to respond to that question because I really do think that members should only be putting questions about administrative matters to the Speaker and that those matters should be taken up with me at the time. I remind the member for Mackellar that the response from the minister was in fact a response to a question that she raised, and it would have been inappropriate for her to ask

it to be made via a ministerial statement. There was a point of order raised by her on relevance, which is really the only point of order that can be raised about a question. I ruled that the question was in order—

**Mrs Bronwyn Bishop**—Mr Speaker, I was referring to the very long statement that the minister made in answer to a question from another member, which by any definition was a statement to the House.

**The SPEAKER**—I apologise if I got my wires crossed. The member for Mackellar should have raised this with me at the point it occurred, but if she had raised it I would have said that the question asked of the minister was in order and that the response was to the question and was in order. I appreciate that there are varying views about whether responses to questions enter into being ministerial statements, but in any case we are coming to a collision regarding ministerial statements, given that there will be another couple today.

#### AUDITOR-GENERAL'S REPORTS

##### Report No. 41 of 2007-08

**The SPEAKER** (3.48 pm)—I present the Auditor-General's Audit report No. 41 of 2007-08 entitled *Management of personnel security—follow-up audit*.

Ordered that the report be made a parliamentary paper.

#### DOCUMENTS

**Mr ALBANESE** (Grayndler—Leader of the House) (3.49 pm)—Documents are presented as listed in the schedule circulated to honourable members. Details of the documents will be recorded in the *Votes and Proceedings*.

#### MINISTERIAL STATEMENTS

##### Indigenous Legal Funding

**Mr DEBUS** (Macquarie—Minister for Home Affairs) (3.49 pm)—by leave—Today

I am pleased to announce that the government will provide an additional \$6.3 million to Aboriginal and Torres Strait Islander legal services to help them meet the extra demand that they are facing. Indigenous Australians remain one of the most disadvantaged groups in Australia and experience high rates of contact with the legal system. This will allow providers to purchase properties in regional and remote areas to help them attract and retain staff. In Western Australia, for example, the average rental for a property in Karratha or Port Hedland is more than \$1,000 a week and in some locations rental properties are only available to people employed in the mining industry. The funding I announce will provide:

- \$2.75 million for the Aboriginal Legal Service of Western Australia
- \$515,000 to Aboriginal Legal Service (NSW and ACT)
- \$800,000 to Aboriginal and Torres Strait Islander Legal Service (Queensland South)
- \$895,000 for South Australia's Aboriginal Legal Rights Movement (ALRM)

all to purchase or upgrade property to provide accommodation and offices for staff.

The ALRM chief executive, Mr Neil Gillespie, today welcomed this additional funding. He said that in addition to purchasing properties in remote locations, the funding will also help attract ALRM staff to regional and remote centres. This funding is on top of an additional \$300,000 that will go towards meeting the immediate demands of child protection as a result of the Mullighan report into child abuse on the APY lands. There is also an extra \$140,000 for computer upgrades for all of these services. A further \$900,000 has been set aside for the expensive Indigenous cases fund. This fund is administered by the Attorney-General's De-

partment and allows any legal service to apply for extra funds for expensive or high-profile cases.

This is the second round of one-off funding announced by the Rudd government. In April this year an extra \$4.9 million was provided to help ease the financial pressures that many legal services have been facing. It included:

- \$2.4 million for much needed capital expenditure on office accommodation requirements and the installation of air conditioning, particularly in rural and remote areas.
- \$1 million for the Aboriginal Legal Service of Western Australia, which is facing increased workloads as a result of the work of the Indigenous Justice Taskforce in that state. That funding was in addition to \$300,000 already provided to the Western Australian Aboriginal legal service.
- \$1 million was provided to service various community courts including Murri, Koori and Nunga.
- The expensive Indigenous cases fund received an extra \$500,000.

The government understands the pressure many service providers are facing. Aboriginal legal services provide an essential service to Aboriginal and Torres Strait Islander people. They play a unique role in the provision of culturally appropriate services to meet the legal advice and representation needs of their clients. As I have said, Indigenous Australians remain one of the most disadvantaged groups in Australia and they continue to have absolutely unacceptably high rates of contact with the law and justice system. As a consequence, those providing legal assistance are operating in an environment of very heavy demand upon their services. Solicitors and field officers in these legal aid agencies work

long hours—often in remote locations—travel lengthy distances in the service of their clients, and the services they provide go beyond simple advocacy in court. Those lawyers are required to also be social workers, linking clients into Centrelink or housing or family and community services departments. They are required to be diagnosticians, directing them to appropriate health professionals, and career counsellors, steering them into appropriate rehabilitation and employment services. Tragically, by the time these clients finally access legal assistance, those additional support services are often required at an emergency level. Often the defendant's life has unravelled so far that the burden remains for the solicitor to sort out the crisis when that person appears before court.

That is why this government is committed to closing the gap on Indigenous disadvantage; to achieve targets in health, education, affordable housing and employment. Community safety and access to justice are also important elements in overcoming Indigenous disadvantage. Eleven years of neglect by the previous government has left this government with a lot of catching up to do. It cannot be done overnight, and there are always competing demands for funds, but both the Attorney-General and I will be working with our state and territory colleagues through the Standing Committee of Attorneys-General to promote the consideration of Indigenous and mainstream legal aid as well as community legal centres, and to promote the consideration of Indigenous law and justice issues by all governments.

I ask leave of the House to move a motion to enable the member for Sturt to speak for six minutes.

Leave granted.

**Mr DEBUS**—I move:

That so much of the standing orders be suspended as would prevent Mr Pyne speaking for a period not exceeding 6 minutes.

Question agreed to.

**Mr PYNE** (Sturt) (3.55 pm)—It is a pleasure to follow the Minister for Home Affairs and I thank him for his courtesy in allowing the opposition to continue the practice of responding immediately to the ministerial statement. It is unfortunate, however, that the minister felt the need to make a partisan attack at the end of his ministerial statement. For 11 years the previous government had Indigenous affairs front and centre when it came to its policy priority areas. Addressing disadvantage in Indigenous communities should be an area where a bipartisan commitment to solving the very real problems is put before any petty politics of the day. But a partisan approach to Indigenous affairs is unfortunately what we are coming to expect from this government—the same government that announced a bipartisan war cabinet on Indigenous housing in order to get great headlines but then excluded the opposition from any real involvement and declined to make use of the very capable services of the Hon. Mal Brough. Further, it is remarkable that the minister accuses the previous government of providing insufficient funding to this area when the Attorney-General's Department portfolio budget statement in the minister's own area clearly shows that funding to output group 1.7—Indigenous law and justice and legal assistance programs—has been cut by \$12.9 million from last year. This \$6.3 million in one-off funding is really playing catch-up to the reality that this area is not able to cope with the required efficiency dividend.

It is a fact that petty partisan politics will never solve the problems of Indigenous disadvantage in Australia, and with that in mind the opposition welcomes this funding boost

of \$6.3 million to Aboriginal and Torres Strait Islander legal services to help them meet the extra demand that they are facing. The Commonwealth began providing funding to Indigenous legal services in 1971 when the Liberal government of the day first provided a grant to the New South Wales Aboriginal Legal Service. In the decades since, programs providing legal services to our First Australians have been expanded and built upon to the point that in 2007-08 the government was making outlays in the area of \$336.9 million.

This is a group of Australians who the minister rightly described as experiencing unacceptably high rates of contact with the law and justice system. The previous Howard government's philosophical approach to this issue is summarised in a 2006 document entitled *Policy directions for the delivery of legal aid services to Indigenous Australians*:

The primary objective of the Legal Aid for Indigenous People program is to improve the access of Indigenous Australians to high-quality and culturally appropriate legal aid services, so that they can fully exercise their legal rights as Australian citizens.

Commonwealth support for legal services takes a number of forms, including legal aid for Indigenous Australians, community legal services and pro bono services, grants of financial assistance to Aboriginal legal services and family violence prevention legal services for assisting Indigenous adults and children who are the victims of family violence or who are at immediate risk of such violence. There are also prevention, diversion, rehabilitation and restorative justice programs to divert Indigenous Australians away from adverse contact within the criminal justice system, and law and justice advocacy activities for the advancement of the legal rights of Indigenous Australians.

These are important responsibilities within the Commonwealth's range of activities. We

must work closely, as ministers in the previous government attempted to do, with our state and territory counterparts. I note that \$300,000 of the money announced by the minister today will go towards meeting the immediate demands of child protection as a result of the Mullighan report into child abuse on the Anangu Pitjantjatjara Yankunytjatjara Lands—otherwise known as the APY lands—in my great home state of South Australia. The opposition particularly applaud this funding, and we hope that it will spur the Rann government into immediate action, in contrast to their approach that has been thus far characterised by interminable delay, followed by promises of action, followed by a great deal of media activity and sound bites, followed by nothing.

Four years ago, the Rann government promised to embark on a radical intervention in the APY lands. Nothing came of it. After I visited the APY lands in 2006 with the then Minister for Health and Ageing, the member for Warringah, we proposed immediate responses, which were met with indifference by our South Australian government counterparts. Upon receiving the Mullighan report, Premier Rann said on 5 May that he would need another three months to plan the detail of his response and some 12 months to move extra police into the area. It is not good enough and the South Australian government needs to lift its game.

In relation to the other \$6 million of grants which the minister has announced, I would like to place on record the opposition's support for the various programs which these grants will be supporting. In welcoming the minister's announcement today, may I say that the opposition hopes that in future the government will stop using Indigenous disadvantage as a political football. The only way we can improve the lot of our First Australians is to work together.



### National Product Safety Reform

**Mr BOWEN** (Prospect—Minister for Competition Policy and Consumer Affairs, and Assistant Treasurer) (4.00 pm)—by leave—I wish report to the House on the important agreement reached between the Commonwealth and the states on 23 May 2008 in Auckland on a single national product safety regime across the country.

This is an area in which reform has been debated for years. In 2002 the Consumer Products Advisory Committee (CPAC) received a report from an officials meeting which examined the existing administrative arrangements and practice amongst jurisdictions in relation to product safety. Despite being an agenda item on the Ministerial Council on Consumer Affairs (MCCA) since August 2003 and all of the six ministerial council meetings since then, up until last year, there was no progress and no move to a national product safety law.

There are not too many things as important and vital to consumers as product safety. Consumers look to our product safety laws for effective and swift protection, enforcement and remedies against unsafe products. It is also important that we look, where possible, to reduce the compliance and red tape burden on business. These reforms address one of the 27 regulatory hot spots outlined by COAG and the Business, Regulation and Competition Working Group.

When it comes to product safety, currently, there are approximately 117 product ban orders and approximately 60 mandatory standards adopted by the federal, state and territory governments. Furthermore, only nine per cent of bans and standards currently apply in a majority (five or more) of jurisdictions. None of these bans or standards applies across all jurisdictions.

While our economic and competition laws have become increasingly national in nature

in response to growing national consumer product markets, our product safety laws have failed to keep up. This is an unacceptable state of affairs in an Australian economy with sophisticated businesses and consumers in the 21st century. On 23 May, at the Ministerial Council on Consumer Affairs the Commonwealth, state and territory governments reached a landmark agreement that will see the creation of a single, national product safety law and framework.

Once the new national product safety framework is in place, finally, consumers and business will look to the national law and be covered by national permanent safety standards and bans. These reforms will provide significant cost savings for business and provide greater protection for consumers by streamlining the responsibilities of the Commonwealth and the states and territories.

Apart from a single, national product safety law, other features of the new framework will include:

- giving the Commonwealth sole responsibility for making permanent product bans and safety standards;
- joint Commonwealth-state enforcement of the national law, and;
- an interim ban power for state and territory consumer affairs ministers in the event of a localised product safety hazard.

The revised arrangements will be in place during 2010. Between now and 2010, MCCA, in conjunction with COAG, will develop the legislative and administrative changes necessary to implement the system. The revised regulatory arrangements will be underpinned by an intergovernmental agreement between all Australian jurisdictions. The IGA will set out the processes by which the product safety law can be changed and will facilitate communication between juris-

dictions. The IGA will ensure that product safety regulation remains harmonised into the future.

Prior to 2010, MCCA is also making improvements within the existing regulatory arrangements, to ease the regulatory burdens on business and provide clarity to consumers. MCCA is undertaking a thorough review of existing product bans and mandatory standards, to align, to the extent possible, the bans and mandatory product safety standards that apply across jurisdictions.

Under the project, each jurisdiction, respectively, and after a thorough risk assessment, will revoke all ban orders that:

- apply in one or two jurisdictions;
- were made more than 10 years ago (and have not been reviewed in the last 10 years); and
- where a breach of that ban order has not been detected for more than 10 years.

In addition, in January 2008, the states and territories agreed, through MCCA, to mirror existing Commonwealth mandatory safety standards, as quickly as possible.

Australian consumers expect swift action to be taken to remove dangerous products from the Australian community, as soon as possible and regardless of which state or territory those hazards are first identified in. To this end, I recently announced that Ms Ruth MacKay would head up the ACCC's new Product Safety Branch. The new product safety branch continues the consumer watchdog's strong focus on product safety at the national level.

In the past 18 months, the ACCC enforcement of product safety standards and bans has led to approximately:

- 16 enforceable undertakings;
- four cases taken to litigation; and

- in late 2006, a prosecution resulting in record penalties of more than \$800,000.

Mr Speaker, when it comes to product safety I note the comments of the shadow minister for consumer affairs. On 8 May this year he made the following comments:

Rudd is caving in to the states who will retain the existing fair trading offices. The states are protecting their own vested interests instead of helping to deliver lower prices to consumers and less red tape for business.

These comments force me to confirm to the House that the states and territories would continue to have fair trading offices under the Productivity Commission's report into Australia's consumer policy framework and its recommendation for a single law, multiple regulator model under a new single, generic consumer law.

The suggestion that you would just abolish state and territory fair trading offices and take over all of their functions is quite absurd. It also carries a price tag of approximately \$526 million a year.

I also note that it proved impossible for the previous government to deliver this type of reform, partly because they did not have a minister for consumer affairs, which signals to consumers, businesses, as well as the states and territories, that the Commonwealth had no real concern about consumer policy. This state of affairs saw a parliamentary secretary represent the Commonwealth at MCCA and, therefore, no-one at a senior level in the government to argue for the necessary pro-consumer reforms.

The ministerial council that convened in Auckland on 23 May was indeed historic, not just because of the landmark agreement that was reached between the federal government and the states and territories on product safety, as important as that was. What was just as important was the renewed

sense of optimism in taking the reform agenda forward.

I am also pleased to report that following the handing down of the Productivity Commission's report into Australia's consumer policy framework, the Ministerial Council on Consumer Affairs agreed on a road map towards COAG in October where Australian governments will reach an agreement on consumer policy issues ranging from consumer credit and unfair contract terms, to simplifying alternative dispute resolution arrangements, and removing business compliance costs through reforms to industry-specific consumer legislation.

The Productivity Commission estimates that its consumer policy package would provide a net gain to the community of between \$1.5 billion and \$4.5 billion a year in today's dollars. The federal government does not underestimate the difficulties in reaching the goal of a single, generic consumer law; however, it is a major reform and a worthwhile one.

I would like to thank all of the state and territory ministers for their cooperation on national product safety reform. This is an agreement that will benefit both consumers and businesses alike. This is a significant breakthrough in reforming consumer protection laws in Australia and will be to the benefit of both consumers and business. I commend the national product safety reform to the House.

I ask leave of the House to move a motion to enable the member for Cowper to speak for seven minutes.

Leave granted.

**Mr BOWEN**—I move:

That so much of standing orders be suspended as would prevent Mr Hartsuyker speaking for a period not exceeding 7 minutes.

Question agreed to.

**Mr HARTSUYKER** (Cowper) (4.08 pm)—We on this side of the House welcome moves towards a single national product safety regime. We continue to have reservations about whether what it proposes goes far enough in the broader context. We trust this is only the first move towards rationalising federal and state legislation in general. There are great benefits to be drawn from rationalisation, for consumers, business and the Australian economy as a whole.

Product safety is an important issue for every consumer. We all need to have confidence that the goods we buy are safe and, if they are found not to be so, we need confidence that an efficient system exists for prompt and thorough recall. Under the current system with differing state regimes, we run the risk of confusion, with the possibility of products being declared safe in one state and unsafe in another. Clearly, with nearly all products being sold interstate and many being imported, the current state of affairs does not work to the advantage of the consumer.

The Assistant Treasurer has drawn attention to the gaps in the current system and the fact that none of the current bans or standards apply across all jurisdictions. This is clearly not satisfactory for consumers and, with many children's products being imported, parents will, I am sure, welcome the move towards a single national regime. We look forward to examining the details of the national product safety law and its implementation. The Assistant Treasurer can rely on the support of the opposition for measures which genuinely improve the position of the consumer, be they in relation to petrol, groceries or child care. However, there are two areas of the Assistant Treasurer's statement with which I would like to take issue.

Firstly, he noted that this measure has been on the agenda of the Ministerial Council on Consumer Affairs since 2003 without

any progress. Indeed, many issues have been on the agenda of COAG and the ministerial council for some time without progress. I hope the Assistant Treasurer has also drawn to the attention of his colleagues in the state governments this sad lack of progress. It was quite clear that, during the tenure of the coalition government, it was a point of principle for the state representatives on COAG not to agree to any progress on the rationalisation of responsibility between the two levels of government, whatever the potential benefit. But, if progress on product safety represents a change of heart on the part of state governments, it would be churlish of us to do anything other than welcome it. So I hope the change of heart is permanent and I look forward to a similar announcement from government in the areas of workers compensation and occupational health and safety, for instance.

Secondly, the Assistant Treasurer referred to fair trading offices remaining in the control of the states and territories under the Productivity Commission's recommendation for a single law, multiple regulator model. As long ago as February 2006, the Productivity Commission made it clear in its report on product safety that its preferred approach was the establishment of a single law and single regulator requiring the referral of existing state and territory powers to the Australian government. The single regulator would be the ACCC. Let us turn to volume 2, chapter 2, section 4.3 of its report on consumer policy framework issued earlier this year, to which the Assistant Treasurer referred. Under 'Who should enforce the new generic law?' it says:

The choice between the two options—

a single national regulator or the current approach of separate regulators in each state and territory—

is finely balanced.

The report said:

The ... advantages of a one regulator model are that it should help to:

- ensure that the intent of the single law ... was not undermined by unwarranted variations in enforcement approaches ...
- preclude wasteful duplication of regulatory effort where the same issue is needlessly pursued by more than one regulator ...
- allow for the linkages between consumer and competition policy to be reflected in all enforcement of the generic consumer law, rather than only in the ACCC's more limited current enforcement remit in the consumer policy area.

The report goes on to say:

Further, the Commission is sceptical about the contention that a single national regulator would be intrinsically less well placed or inclined to apply the new national generic law to local issues. Under the current regime, the ACCC's focus has sensibly been on applying the consumer provisions in the TPA to nationally significant issues. But there is no inherent reason why an appropriately tasked and resourced national regulator could not effectively apply the new law at the local level.

The report states:

... the multiple regulator model—

favoured by the Assistant Treasurer—

does have one important advantage. There are synergies ... between the role of State and Territory Fair Trading Authorities in enforcing the generic consumer law and their other regulatory roles.

But it is fair to say that the balance of advice from the Productivity Commission, in not just one but two reports, was in favour of a single regulator. Against that background, it comes as something of a surprise to read the final recommendation in this year's report:

... for the time being ... the new national generic law should be jointly enforced by the Australian Government and the States and Territories.

I note that the commission states that a single regulator has intrinsic merit, especially in the longer term. The Assistant Treasurer has also mentioned that the price tag for taking over fair trading offices would be \$526 million a year. The Productivity Commission puts the annual budget for the eight state and territory generic consumer regulators at more than \$300 million:

It was put to the Commission that, based on the current experience with shifting responsibility for trade weights and measures to the national level, these transfer costs could be considerable. Such costs could be reduced through a staged process, drawing on the experiences from similar transfers that occurred in the 1990s in the corporations and financial services areas. But this does not negate the more general point that the transactions costs of the resource transfers required to ensure effective application of the new generic consumer law to local issues under a one regulator model (or to deal with constitutional issues), must be factored into the overall benefit cost calculus.

Finally:

In the Commission's view, the ACCC would be the logical choice as the regulator for the new national generic law under a one law, one-regulator model. It has extensive experience in enforcing the TPA—on which much of the new generic law will be based—across all jurisdictions.

A reading of these two reports makes it quite clear which option the Productivity Commission preferred. It is also quite clear that the government could not wring any more concessions out of the state and so has left the job half done.

Just look at the *Financial Review* for 8 May in which the New South Wales Minister for Fair Trading, Linda Burney, is quoted as saying that the state offices have had to be part of the enforcement regime. (*Time expired*)

## BUSINESS

### Consideration of Private Members' Business Report

**Mr PRICE** (Chifley) (4.15 pm)—I present the report of the recommendations of the whips relating to the consideration of private members' business on Monday, 23 June 2008. Copies of the report have been placed on the table.

*The report read as follows—*

Pursuant to standing order 41A, the Whips recommend the following items of committee and delegation reports and private Members' business for Monday 23 June 2008. The order of precedence and allotments of time for items in the Main Committee and Chamber are as follows:

Items recommended for Main Committee (6.55 to 8.30 pm)

#### PRIVATE MEMBERS' BUSINESS

##### Notices

**1 Mr Trevor:** To move—That the House:

- (1) recognises the 100 year centenary of Australian Rugby League and its contribution to Australian society, culture and community; and
- (2) congratulates and recognises the contributions of players both Indigenous and non-Indigenous, volunteers, officials, parents, children and others who have made this sport a truly great contributor to Australia as a nation.

*Time allotted—35 minutes.*

*Speech time limits—*

*Mr Trevor—5 minutes.*

*First Opposition Member speaking—5 minutes.*

*Other Members—5 minutes each.*

[Minimum number of proposed Members speaking = 7 x 5 mins]

*The Whips recommend that consideration of this matter should continue on a future day.*

**2 Mrs Hull:** To move—That the House recognises:

- (1) there is a rising rate of HIV infection in Australia with around 1000 new HIV infections per year;
- (2) there are more Australians living with HIV/AIDS than ever previously experienced;
- (3) Australia requires a new and innovative strategy for a model of service delivery in prevention, reduction, and long term treatments of HIV/AIDS;
- (4) attention must be given to the provision of better access to HIV/AIDS services for rural and regional communities;
- (5) it is crucial for Australia to be a leader in the international fight against the spread of HIV/AIDS;
- (6) a new international strategy for Australia needs to be developed;
- (7) more resources and funding is critical to the future success of Australia's HIV/AIDS strategies; and
- (8) all policy and decision makers have an obligation to ensure HIV/AIDS sufferers and their families are given the best possible options for long term health management.

*Time allotted—40 minutes.*

*Speech time limits—*

*Mrs Hull—10 minutes.*

*First Government Member speaking—10 minutes.*

*Other Members—5 minutes each.*

[Minimum number of proposed Members speaking = 2 x 10 mins and 4 x 5 mins ]

*The Whips recommend that consideration of this matter should continue on a future day.*

**3 Mr Ripoll:** To move—That the House:

- (1) notes that:
  - (a) urban planning is an essential part of dealing with Australia's future growth and addresses important areas such as jobs, housing, infrastructure and sustainable transport;
  - (b) urban planning requires broad participation from all tiers of government and various sectors to help shape future directions and developments;

- (c) urban planning fosters quality planning which will create sustainable Australian communities which produce social, cultural, economic and environmental benefits for all; and
  - (d) if the nation is to have an agenda for prosperity—both economic and social—we must search for long term solutions; and
- (2) supports:
    - (a) positive initiatives by the current Government to address future growth such as the establishment of Infrastructure Australia; and
    - (b) policies, projects and initiatives that deliver long term solution for Australia's future planning needs and not for each electoral cycle.

*Time allotted—remaining private Members' business time prior to 8.30 pm*

*Speech time limits—*

*Mr Ripoll—5 minutes.*

*First Opposition Member speaking—5 minutes.*

*Other Members—5 minutes each.*

[Minimum number of proposed Members speaking = 4 x 5 mins]

*The Whips recommend that consideration of this matter should continue on a future day.*

### **Items recommended for House of Representatives Chamber (8.30 to 9.30 pm)**

#### **COMMITTEE AND DELEGATION REPORTS**

##### **Presentation and statements**

##### **1 STANDING COMMITTEE ON LEGAL AND CONSTITUTIONAL AFFAIRS**

Reforming the Constitution: A roundtable discussion

The Whips recommend that statements on the report may be made—all statements to conclude by 8:40pm

*Speech time limits—*

*Each Member—5 minutes.*

[Minimum number of proposed Members speaking = 2 x 5 mins]

**2 PARLIAMENTARY JOINT COMMITTEE ON CORPORATIONS AND FINANCIAL SERVICES**

Shareholder engagement and participation

The Whips recommend that statements on the report may be made—all statements to conclude by 8:50pm

*Speech time limits—*

*Each Member—5 minutes.*

[Minimum number of proposed Members speaking = 2 x 5 mins]

**3 PARLIAMENTARY JOINT COMMITTEE ON THE AUSTRALIAN COMMISSION FOR LAW ENFORCEMENT INTEGRITY**

Inquiry into the Annual report of the Integrity Commissioner 2006-07

The Whips recommend that statements on the report may be made—all statements to conclude by 9 pm

*Speech time limits—*

*Each Member—5 minutes.*

[Minimum number of proposed Members speaking = 2 x 5 mins]

**4 PARLIAMENTARY JOINT COMMITTEE ON THE AUSTRALIAN CRIME COMMISSION**

Inquiry into the Australian Crime Commission Annual Report

The Whips recommend that statements on the report may be made—all statements to conclude by 9:10pm

*Speech time limits—*

*Each Member—5 minutes.*

[Minimum number of proposed Members speaking = 2 x 5 mins]

**PRIVATE MEMBERS' BUSINESS**

**Notices**

**1 Mr Hunt:** To present a bill for an act to make provisions for the better operation of the solar rebate scheme. (Save Our Solar (Solar Rebate Protection) Bill 2008.)

Presenter may speak for a period not exceeding 5 minutes—pursuant to standing order 41.

**2 Mr Georganas:** To move—That the House:

- (1) acknowledges the important contributions of cleaners across Australia as recognised through the International Day for Cleaners in June 2008;
- (2) recognises that cleaners require jobs that provide them with basic economic security, enough time to do their jobs properly, and respect in their workplaces as essential elements of these reforms;
- (3) supports the call for a fair go for cleaners across Australia; and
- (4) congratulates all cleaners for the work they have done in promoting the 'Clean Start' campaign and the rights of cleaners across Australia.

Time allotted—remaining private Members' business time prior to 9.30 pm

*Speech time limits—*

*Mover of motion—10 minutes.*

*First Opposition Member speaking—5 minutes.*

[Minimum number of proposed Members speaking = 1 x 10 mins and 1 x 5 mins ]

*The Whips recommend that consideration of this matter should continue on a future day.*

Report adopted.

**MATTERS OF PUBLIC IMPORTANCE**

**Economy**

**The SPEAKER**—I have received a letter from the honourable member for Wentworth proposing that a definite matter of public importance be submitted to the House for discussion, namely:

The Government's failure to address cost of living and other economic pressures faced by Australians and the consequent collapse in consumer and business confidence

I call upon those members who approve of the proposed discussion to rise in their places.

*More than the number of members required by the standing orders having risen in their places—*

**Mr TURNBULL** (Wentworth) (4.16 pm)—Right at the heart of this government is an emptiness, a gulf, a void, a vacuum, between the rhetoric and the reality and between empathy and action. For all of last year, the Prime Minister wandered around Australia, around petrol stations, supermarkets and hospitals, expressing his great concern for rising prices and for hospital waiting lists. When he was not doing that, he was being followed by the member for Kingsford Smith, now his Minister for the Environment and Heritage, with a couple of solar panels strapped to his back, ready to set them up in any park to give a lecture on climate change. What have we seen since election day? We have seen a million people driven out of public hospital insurance onto public hospital waiting lists. We have seen the solar photovoltaic industry destroyed in one stroke. The props that Peter Garrett took around the country have been abandoned. Their use has passed. Now the government can show its real character. We have seen again and again its total impotence in dealing with rising prices and the economic challenges of our times.

Today we had one excuse after another from the government. Why has business confidence collapsed? Why is consumer confidence at record lows? The Treasurer and the Prime Minister stood up and said: 'It is because of international factors. It is the international shock of rising oil prices.' Let us look at an international shock. Let us look at 9-11. Following the September 11 terrorist attacks in New York when the two mightiest buildings in the centre of the world's financial markets were destroyed, when we in the West appeared to be facing an existential threat from terrorism, the Westpac consumer sentiment index fell from 107.6 to 99.5. But by the next month it had rebounded and by January it was 110. That was an international shock; that was a blow and an existential

threat to our existence which challenged financial markets and communities. We felt we were no longer safe, and again and again politicians and commentators said, 'The world changed forever.'

The confidence of Australians changed forever too in November last year. Since the Rudd government came to office, that self-same consumer sentiment index has dropped by 23.3 per cent. It is now at its lowest level since December 1992. The Rudd government has done more damage to Australian consumer confidence than the 9-11 attacks in New York in 2001. Why is that so? It is because of a lack of leadership. Confidence has to be based on consistency and competence. Yet what we see from the new government is a void, a vacuum. Where is the substance? Where is the consistency? Where is the predictability? We have a Treasurer who for six months in the lead-up to the budget said he was going to make sweeping cuts to expenditure. He was going to reduce aggregate demand dramatically and drive down inflation. He said he was going to deliver a budget that would deliver pain. He said it would be good for us, but that it was going to be a budget that would hurt. Instead, he delivered a budget which increased spending and increased taxes. He wimped out. He could not do it. He could not take the heat. The reality could not match his rhetoric because he did not have the courage of his own convictions. So it was that Goldman Sachs said, which the Treasurer cited as an endorsement and it was faint praise indeed, 'The best thing that can be said about this budget is that it does not make inflation any worse.' That was one of the kindest things said about it.

But it was not the only example of this yawning gap between rhetoric and reality, between the empathy that the government portrayed when it was in opposition and the action today. Last year petrol price rises were John Howard's fault. They were all John



Howard's fault, according to the Prime Minister, Mr Rudd. This year it is international factors. Last year there was not a petrol station forecourt which he did not drape himself over, weeping tears of compassion for the embattled motorists. He would fix it all. He was not just going to deal with macroeconomic policy. He was not just going to deal with inflation. He was going to stop petrol going up—and not just petrol but groceries as well. He went around and around the country citing long lists of prices. But we do not hear about them today. No, we do not, because what we have had today is nothing—the gap, the nothingness, the emptiness, the lack of principle, the lack of substance, the lack of policy.

We have had Fuelwatch—an extraordinary contradiction of principle. We have a Prime Minister who said that he would put the advice of Treasury front and centre in his work in government. The mandarins of Canberra, a class from which he comes himself—he is a public servant—would give the advice to the government and it would be heeded, and yet what do we know? That every single department with any expertise in this matter, including his own, told the government: 'Don't do it. It will put prices up. It will reduce competition. It will make things worse.' And the best they can wheel out is Graeme Samuel, who himself does not say it will reduce prices. No, Graeme Samuel says it is all about the website. It is so people can find out where the cheapest petrol is. Of course, you have to fix the prices; otherwise, by the time people get to the petrol station they might have moved. This is a weak, insipid justification for an extraordinary intervention in the free market. This comes from a Prime Minister who claimed to be developing policy based on evidence, and yet what we found was a policy that was based on nothing more than a desperate desire to be seen to do something.

How oversold, how betrayed do Australian motorists feel? They know that this man positioned himself as the person who could reduce petrol prices, and instead he does nothing. Like Chauncey Gardiner in *Being There*, he likes to watch. This is the Prime Minister that likes to watch. Indeed, it is all about being there, and Peter Sellers is an inspiration for the Prime Minister. One wonders what the role of Dr Strangelove in the nuclear proliferation initiative might have been. But I think the real model is Chauncey Gardiner, just sitting there, watching and talking, talking about problems. When these great challenges of living standards and prices and battles with ever-rising prices and pressures are brought to bear, what does the Prime Minister do? He talks about the problem. He is a watcher of problems. He is not a doer and he has betrayed the Australian people by his inaction. This inert nothingness at the centre of his government is the reason why we have seen all of these indices of consumer confidence and business confidence collapse.

But it is not all bad for the government. Things could be worse. The latest Sensis business index, which surveys small and medium enterprises, shows that there is one government in Australia in which small and medium enterprises have less confidence than the Rudd government. It is, of course, Morris Iemma's government in New South Wales. So things could be worse. He could have slipped down below Morris Iemma. Having said that, Morris Iemma has been at it for a long time and is ably assisted by his many colleagues, including Mr Della Bosca.

But we have to go back and look at the cynicism of the Prime Minister. He went to speak at Melbourne's Cranbourne Secondary College on 11 July last year and he talked about the CPI for a while. He said:

A cursory look at the CPI, however, indicates that much of this data is captured by the statisticians

but that it often gets diluted when we focus on the aggregate CPI figure of a typical basket of goods and services.

He said:

It is clear that our families don't go out each week and purchase a car, computer, or a plasma TV—for which prices have generally been falling—but they do buy their milk, bread, cereals, vegetables, fruit, and drinks every week—for which prices generally have been rising faster than the general CPI.

So he delivered the very clear message that he was going to be able to do something about this. He would act, just as he would act with petrol. Yet what have we seen? In March 2008 the CPI release showed that the price of milk had risen by 2.4 per cent in the quarter, cheese 3.4 per cent, bread four per cent, poultry nearly five per cent, electricity six per cent, child care four per cent, automotive fuel 5.4 per cent, and preschool and primary education nearly six per cent. All of these prices are rising and rising, and yet all we have in the Lodge is Chauncey Gardiner, watching away, being there. He has got there. He has got into that position and all he can do is watch.

This country desperately needs leadership. Confidence has collapsed not because of international shocks. We have had them in the past. Could there be a worse international shock than 9-11? If you think about it, the single most horrific shock we have had to our system since the Second World War was this existential threat from terrorism, because suddenly we feared that there could be buildings coming down in Sydney or Melbourne and bombs, dirty bombs. Terrorism was at our doorstep, and then we Australians felt it ourselves in Bali. It is an existential threat to Western society—and yet that threat itself did not impact upon consumer confidence, upon the confidence of Australians in their economic circumstances, as much as has the advent of the Rudd government. That is be-

cause, in 2001, John Howard was Prime Minister. In those days we had a government of substance, where the Treasurer spoke about what was going to be in the budget and he delivered. It was a government where there was consistency, clarity and coherence.

Instead, what we have now is a confusing void and these extraordinary thought bubbles. What are we to say about a Prime Minister who stands up in front of an enormous audience in the Great Hall of this parliament and says that he wants to have an Asia-Pacific union and then compares it to the European Union? He does say that it will not be an identikit to the European Union but he gives the clear impression, in everything he says, that we should be heading in that direction—to some form of political union: open borders, common currency and shared political institutions. It is an extraordinary leap. It was derided and laughed at the following day by his Labor predecessors, Bob Hawke and Paul Keating. It was genuinely unhinged.

Then we learnt that the man he had sent off to lead the negotiations to bring this great vision—this thought bubble of his—into reality had only been told about this the previous day. So what does that say to us about the substance, the principle and the competence of the government? These confidence ratings—this plummeting business and consumer confidence—are a vote of no confidence in this government. It reminds us that confidence is a fragile thing, and once it has been thrown away it is very hard to regain. (*Time expired*)

**Mr BOWEN** (Prospect—Minister for Competition Policy and Consumer Affairs, and Assistant Treasurer) (4.31 pm)—I regret to say the honourable member for Wentworth has reached new heights of sophistry. We heard all about consumer prices and about how badly consumer confidence has fallen. Presumably it has fallen spontaneously since

25 November! It has fallen spontaneously in Australia against international trends.

We heard from the shadow Treasurer that the fall in consumer confidence in his view has nothing to do with international trends, the subprime crisis, global financial turbulence or the oil-price shock that is being experienced around the world. He said that this is all down to the new government.

Of course, the budget predicted a slowdown in global growth. The budget predicted tighter credit conditions and that significantly higher interest rates would be expected to impact on Australian growth and therefore on Australian consumer confidence. That is what this government's budget predicted would happen. But if you listened to the member for Wentworth you would think two things. Firstly, you would think that everything was rosy—just dandy—on 24 November. Secondly, you would think that the rest of the world is going along just fine. If you listened to the member for Wentworth you would think consumer confidence was rising just before 24 November. You would think interest rates were falling. In fact, the Leader of the Opposition thinks interest rates were falling before 24 November. That is what he said at the dispatch box a few days ago—that interest rates were coming down. That comes as a great shock to the many millions of Australian mortgage holders.

If you listened to the member for Wentworth, you would think that the opposition thought inflation was falling just before 24 November. That is why the honourable member for Wentworth said that in his view under the Howard government inflation was 'mission accomplished'. That is why the member for Higgins, the former Treasurer—said that we had inflation just where we wanted it. That is why the former Prime Minister said that Australian working families had never been better off. And that is

why the member for Mayo said yesterday, in an interjection—I am not sure if it is reflected in *Hansard*, and I am not sure that all members heard it, but I heard it—that the Howard years were a golden era.

*Opposition members interjecting—*

**Mr BOWEN**—I am sure he will not deny it. He said that the Howard years were a golden era in terms of economic management. The opposition have engaged in a collective delusion that everything was going along just fine and dandy, that Australian working families had never been better off and that if they had been re-elected on 24 November consumer confidence would have continued to increase. There are a few inconvenient facts for those opposite. The consumer index in relation to confidence started to fall in May 2007, from 123.9 points to 110. That did not happen on 25 November but in May 2007. So the fall had begun under the previous government.

Was it all their fault? No. Oil was going up, petrol was going up and there was starting to be some international economic turbulence—not anything like what we have considered over the last few months.

**Mr Turnbull**—Mr Deputy Speaker, I rise on a point of order. Can the Assistant Treasurer table that? The document I have shows consumer confidence peaking in November 2007.

**The DEPUTY SPEAKER (Hon. BC Scott)**—There is no point of order. The Assistant Treasurer has the call.

**Mr BOWEN**—Confirmation! Everything was rosy, they think. Everything was fine just before 24 November.

**Mr Turnbull**—Mr Deputy Speaker, I seek leave to table the *Sensis Consumer Report* from June 2008, which shows confidence trends over the past five quarters.

**The DEPUTY SPEAKER**—You can try to table that document at the end of the speech.

**Mr BOWEN**—I am trying to prove the point that those opposite think everything was going along just dandy. The other suggestion from the honourable member for Wentworth was that consumer confidence has nothing to do with international trends. You would therefore expect that Australia would be the only country which had experienced these types of falls in consumer confidence over the last few months. That is the logical conclusion from the honourable member for Wentworth. Well, let us check the facts. What has happened to consumer confidence in the United States of America? We have heard much from the member for Wentworth about how bad it is that consumer confidence is at the lowest level since 1992. And the Deputy Leader of the Opposition interjected to say that ‘it’s extraordinary’ that it is at the lowest levels it has been since 1992. Well, where do you think United States consumer confidence is at the moment? It is at the lowest level since 1992. Isn’t that amazing? Consumer confidence has fallen to the lowest level since 1992.

Consumer confidence is down in Europe, down in the United Kingdom and down in New Zealand, and it is all due, apparently, to the Rudd government! The people of Brussels, The Hague and Lucerne have been waking up saying, ‘I’m very worried about Wayne Swan and Kevin Rudd and what they’re doing to the international economy.’ The people of Auckland and Wellington have simultaneously been rising up and saying, ‘I wish Kevin Rudd would get petrol prices under control.’ The people of Minnesota and Connecticut have all been concerned, as they read the *Daily Telegraph* online, about what is happening in the Australian economy, and it has been affecting their consumer confidence! That is the proposition the honourable

member for Wentworth seriously puts before the House today—that this has nothing to do with international trends, nothing to do with the international shock; it is all the fault of the Rudd Labor government. We are good but we are not quite that good, I must confess to the House!

In all seriousness, governments are looked to by their people to make a difference. We have seen oil prices at record levels throughout the world. I think the member for Wentworth would acknowledge that oil prices are at the highest level that they have been; they are at a record high. I think the member for Wentworth would acknowledge that those oil prices have flowed through to prices in Australia, Europe, the United States and every other comparable country in the world. I think the member for Wentworth would acknowledge that there are cost-of-living pressures in every country in the world at the moment. I think he would acknowledge that, or maybe he would suggest that inflation is a fairytale or a charade—I am not sure. I think he does acknowledge that inflation is high around the world. What do people do? They look to their government for leadership. They look to their government to put downward pressure on inflation. They look to their government to rein in public spending. They look to their government to get public spending under control.

It is a well-known economic principle that when you are in recession governments should spend more, and when you are booming governments should reduce their expenditure. But the previous government had the determined policy to spend their way out of the boom. That was their policy: ‘We’ll just keep spending through the boom.’ There were increases in government spending of 4½ per cent a year, on average, for the past five years—that was their policy. We have a different policy. We have got government spending back under control. We have re-

duced government spending as a percentage of GDP to its lowest level since 1989-90. What does the Reserve Bank think about that? We heard yesterday that the Reserve Bank board minutes—the official record of the central bank of Australia—note that, since their last meeting when considering what to do with interest rates, the federal government had brought down a budget which was ‘mildly contractionary’, contrary to the suggestion made by the honourable gentleman opposite.

The other thing that the Reserve Bank Governor said in a speech last week was that this government was letting fiscal policy assist monetary policy, that this government was allowing the automatic stabilisers in the economy to work. In his words, he said, ‘That was helpful’—the Australian government is finally getting fiscal policy to help monetary policy; the federal government is finally getting the budgetary process to put downward pressure on interest rates and downward pressure on inflation. Those guys opposite had been determined to spend their way out of the boom. They knew how to get out of the boom: ‘We’ll just keep throwing money at it,’ they said. That was their policy.

We have a slightly more rigorous approach. We have a policy of reducing government spending as a percentage of GDP to put downward pressure on inflation. They still just do not seem to get it. In the other house, as we speak, they are still trying to increase government expenditure. They are still trying to reduce government revenue, reduce the budget surplus and put more upward pressure on interest rates, perhaps to deliver another 25 basis point increase. The honourable member for Wentworth, based on his previous experience, would no doubt say that the impact on the community has been overdramatised: ‘It’s not that bad an increase in interest rates. It doesn’t have that much of an effect,’ he says, ‘It’s all overdramatised.’

The mortgage holders of Western Sydney do not think it is overdramatised. Small businesses struggling with debt to run their business do not think it is overdramatised when you have an interest rate increase, when a government in this nation does not support the Reserve Bank, does not give the Reserve Bank the assistance it needs and does not get fiscal policy actually moving in the same direction as monetary policy.

The other important thing that this government has done is provide some relief to the people doing it tough. That is why we have had low- and middle-income tax cuts. But there was relief not just for them. There was the introduction of the education tax rebate; the increase in the childcare rebate from 30 per cent to 50 per cent—a very significant reform, helping families with kids at childcare centres, which is one of the biggest costs facing families; the introduction of the first home saver accounts to help young couples in particular save the money for their first home; and the increase in the utilities allowance for pensioners to help pensioners who are doing it tough. A typical family with a couple of kids will be \$52 a week better off after 1 July as a result of this budget. Or, for example, a couple on \$58,000 with two children aged 10 and 13 who are not in child care would increase their income over a year by \$2,775. That is real assistance for working families, that is real assistance for people doing it tough, as opposed to—and this is something we did not hear about from the member for Wentworth; I cannot possibly think why—a 5c a litre petrol cut which would result in about \$2.50 a week at a cost of \$2 billion. No wonder they have lost the mantle as Australia’s responsible managers of the economy; no wonder the Australian people have come to the conclusion that those guys opposite cannot run an economy. They did not just come to that conclusion on 24 November; they have confirmed it. Talk-

ing about consumer confidence, what about confidence in their economic management? That is what has gone through the floor since the honourable member for Wentworth has sat in this place as the alternative Treasurer of the nation. That is what has plummeted; that is what has really gone down.

We have seen a massive turnaround in economic management. Who is respected as the economic managers of this nation? They know. The honourable member for Wentworth just criticised us for it. He said, 'You hear a lot of empathy from this government. You hear a lot of empathy for people doing it tough.' Well, I acknowledge that you did not hear much about that from the previous government. I acknowledge that what you heard from the previous government was a Prime Minister who said Australian working families have never been better off. That was their official policy: Australian working families have never been better off, so while we are at it let's attack their working conditions.

There are some things we have not heard about the Sensis report that was released today. We have not heard any quotes from the opposition about what the Australian people think about Work Choices, how they are more confident in the workplace and how they now think that their working conditions are better protected. We have heard no quotes from the member for Wentworth or from the member for Curtin because that is not very comfortable reading for those opposite. We have heard all about the Sensis report but nothing about what the Sensis report says about Australia's working conditions, nothing about what the Sensis report says about what the Australian people thought about Work Choices and what they think about this government's response. This government's response is to say that Australian people deserve some protection in the workplace—that Australian families that are doing

it tough deserve to have their penalty rates, their working conditions and their salaries protected; that Australian working families deserve a bit of help from the government in the workplace; that this is not a government which sits around the cabinet table trying to think of ways to attack their working conditions but a government which sits around the cabinet table actually debating ways to help them. That is the difference that the Australian people have and that is what is recognised in the comments in the Sensis report about Work Choices and workplace relations. It is a ringing endorsement of this government's approach when it comes to workplace relations.

The honourable members opposite did nothing about cost-of-living pressures when they sat on these benches because they did not recognise they had a problem. They had a mindset which said Australian working families had never been better off. They had a mindset which said it was 'a golden era'. They had a mindset which said: 'We do not care about interest rate increases, because they are overdramatised.' They had a mindset which said it is mission accomplished about inflation. And what is inflation? It is an impact on Australian working families and cost of living. They had a mindset that said: 'We just don't care.' They say we are being too empathetic. They say we are hearing too much empathy from the Australian government. Well, we make no apologies for it, because it stands in stark contrast to those who preceded us. It stands in stark contrast to the arrogant approach that we had from the former Prime Minister, the member for Higgins and the member for Wentworth. It stands in stark contrast and it will continue to, because we will continue to stand up for Australian working families.

**Mr Turnbull**—Mr Deputy Speaker, I seek leave to tender the Sensis Consumer Report of June 2008, which shows that consumer

confidence was at net 61 per cent in November and has fallen ever since.

Leave not granted.

**Mr IRONS** (Swan) (4.47 pm)—The member for Prospect keeps referring back to the previous government. I wonder whether he forgets that he is actually in government now and this is what the Australian people are looking for—for him to provide some leadership and head them in a direction to regain consumer confidence.

On 11 June, the Westpac-Melbourne Institute Consumer Sentiment Survey results were released. It showed that the level of the index fell by 5.6 per cent in May from a figure of 89.9 down to a figure of 84.7 in June. This is the lowest level this index has been since December 1992, coincidentally when Labor were last in office. This is also the fifth straight month it has come in at below 100, which, also coincidentally, is a time frame falling within the Rudd government's current term in office. This index is an indicator that the government should be taking notice of. It is an indicator of their economic performance and an indicator of the Australian public's confidence in what they are doing. In this House yesterday I heard the member for Wakefield repeatedly trying to bring the Newspoll results to the attention of the opposition leader. Maybe the member for Wakefield should be more concerned about recognised economic indicators than about a poll that changes on a daily basis. This index has been kept since September 1974 and is recognised throughout Australia in the business sector, and companies make decisions affecting their directions based on this index.

In this House yesterday I saw some amazing events, and one of them was when the Prime Minister left the chamber during question time to check his Oxford or Macquarie dictionary. He came back to the chamber and, in his most charming schoolmasterly

manner, he proceeded to tell us the meaning of the words 'pattern', 'behaviour' and 'unacceptable'. It is good to see he likes to get his facts correct and, as he was kind enough to enlighten the members of the opposition with the meanings of his words in Japan, I would like to take the opportunity to enlighten the government members on a few words and their meanings. The first word is 'consumer' and a definition of that is: 'a person or organisation that uses a commodity or service'. I guess the Treasurer would know all about consumers as he gives them advice in his newsletter on how to save money with the so-called 'Pricewatch: Top 10 tips' segment.

The ripper in all that was the No. 7 tip, which tells the consumer to 'ask for products not on the shelf'. Doesn't that just inspire us with some consumer confidence: the federal Treasurer giving tips on shopping and then telling consumers to try and buy things that are not there? This brings me to the next word I would define for the government members and that is 'confidence'. The dictionary states: 'trust or faith in a person or thing'. The latest index figures show that this government, only six months after the election, has lost the confidence of the electorate. So when did the consumers of Australia start to lose this confidence? It was not six months after the election but only two months. In October 2007, the index was 115.3. By January 2008, it had dropped to 103.1 and then dipped below 100 in February for the first time in over 12 months.

During the election campaign Mr Rudd and Mr Swan told everyone they were economic conservatives and that the expectations of the electorate and consumers of Australia were that grocery prices were going to go down, fuel prices were going to go down, housing affordability was going to be fixed and the cost of child care would be reduced. The 2008-09 federal budget has done nothing

ing to address these platforms upon which the Rudd government keeps saying that they were elected. Instead, six months into his term as Prime Minister, Kevin Rudd capitulated and announced on 22 May 2008 that he has done all he can do to address the problems he promised to fix and that, under federal Labor, prices will continue to rise. Mr. Rudd said:

We have done as much as we physically can to provide additional help to the family budget, recognising that the cost of everything is still going through the roof: cost of food, cost of petrol, cost of rents, cost of childcare.

It is little wonder the consumer confidence index has plummeted. In my time as a football coach, I spent many years convincing teams and the team players of their abilities and providing them with a confident outlook on their game plans, skills and futures, both as players and in their lives. Never in my time as a coach did I talk down their abilities or give them negative thoughts. You may well ask why I never spoke negatively. The answer is easy: you will get the result that you set through the tone of your dialogue. If you talk positively, that is what you will get. If you talk negatively, that is the mindset that is adopted by the players and that is what you will get: a negative result. This government from day one has adopted this negative mindset. In particular, the Treasurer went about talking down the economy, talking about an inflation genie, talking about infrastructure bottlenecks and talking about interest rate rises; it was like the sky was falling in. And just on interest rate rises, it appears as though John Howard was correct when he stated:

... interest rates would always be lower under a coalition government.

There is nothing I or the Australian public have seen to indicate anything else.

The Rudd government was so intent on creating a doom-and-gloom mindset in the

electorate, just so it could point the finger at the previous government, that it inadvertently created a downward spiral effect on consumer confidence that it could never have foreseen. The Treasurer never saw the effect of his talking down the economy and the consequences he would create by blindly pursuing cheap political gain. This collapse of consumer confidence lies squarely at the feet of our Treasurer and the government. As the Treasurer and as a leader he needs to create an environment of positive attitude for the consumers of Australia, both domestically and commercially, to turn this collapse of confidence around.

The Rudd government released its first budget on 13 May this year and squandered an enormous opportunity. It was an opportunity for the Rudd government and federal Labor to finally prove they were the economic conservatives they claimed to be in the lead-up to the 2007 federal election. Instead, the Rudd government delivered a stereotypical Labor budget that was high-taxing and high-spending, yet tried to win a few brownie points by playing on the politics of class envy. It is now undeniable that, under the Rudd government, the cost of living has risen and is continuing to rise, and with this the consumer confidence of ordinary Australians has plummeted to levels our nation has not seen in more than a decade.

There have been numerous opportunities to lift consumer confidence over the past months but it just has not happened. Why not? First of all the budget inspired no consumer confidence. Then our Prime Minister heads to Japan and announces a hastily put together deal with Toyota. It was so hasty that Toyota had no idea about the funding they were going to receive. The Prime Minister gives away \$35 million of federal taxpayers' money (a) to a company that did not need the money to do the deal and does not know what to do with the money and (b) to



import old technology while the rest of the world will be getting the newer version of the imported motor. That sort of deal will create no consumer confidence, and most of the people in business who I have discussed this with thought it was a joke. To quote one of them: 'Well, this is what happens when you put a bureaucrat in charge of a trillion dollar economy. Where do I line up to do a deal with the Prime Minister?' Until the government understand that they are dealing with an educated electorate, it does not matter how much spin they put on even poor commercial deals, the Australian public will see through that spin and we will continue to see the collapse of consumer confidence in this government.

In May this year, the Prime Minister visited Western Australia and had a photo opportunity with a local kids' football team. The local community newspaper, the *Southern Gazette*, reported that the Prime Minister's visit 'brought with it reassurance for local families struggling with the housing affordability crisis'. Just like prior to the election, in the article the Prime Minister uses carefully managed words to give the impression that his government is doing something to fix the housing affordability problem in Western Australia. Yet, if you read the article carefully, nowhere is there mention of what the Prime Minister and his Labor team actually plan to do to fix the problem.

We have a Prime Minister who continually tries to fool the Australian people and whose every word has to be carefully read and re-read to see where the deception lies. In the article the Prime Minister says, 'During this period of great economic growth in WA it's important that families are not left behind in the rush but are given support, such as through the provision of affordable housing.' He went on to say, 'The federal government, in partnership with government

at all levels, wants to help keep the cost of community infrastructure down and as a flow-on effect also keep down the cost to homebuyers.'

It is all well and good for the Prime Minister to recognise that there are major challenges facing community infrastructure and to want to keep the costs down to make housing more affordable. However, what the people of Australia are looking for from this government is not recognition that there is a problem with high costs of living but rather an actual plan to be formulated and put into action. There is nothing in what this government is doing to inspire confidence in the domestic or commercial sectors. I for one fail to see how the Prime Minister tossing a football around with a local high school team, as he did for the community news article in my electorate, and pretending to empathise with people suffering under the crisis, is in any way helping to actually redress the housing affordability crisis affecting Western Australians and constituents in my electorate of Swan.

In summary, the government have contributed to the collapse of consumer confidence by talking up doom and gloom. This collapse in confidence can only be blamed on the Rudd government. When elected to office the Rudd Labor government gave the impression that they had a plan for easing the cost-of-living pressures for working Australians. We were led to believe that grocery prices, inflation, fuel costs and housing prices would all fall under Labor. We are not even a year into the Rudd government's first term in office and already the Australian people have lost confidence in this government's ability to run the national economy. The reports are out. Consumer confidence has fallen to levels this nation has not seen since December 1992, and for the fifth straight month the figures have come in below 100. The Australian people's lack of

confidence in the Rudd government's ability to run our economy and live up to their election promises is fostering a national economy where consumers have lost confidence, and, in turn, so have our businesses. The Australian public expects and should get more.

**Mr BUTLER** (Port Adelaide) (4.56 pm)—The pearl of wisdom I was able to derive from that last contribution was that if you think positive thoughts then inflation will come down. Frankly, the opposition has a hide to lecture this side of the House on economic pressures and the cost of living. The opposition has developed a sort of creationist view of the economy—the economy was created on 25 November by some higher being apparently sympathetic to the Labor Party; that higher being created an economy with capacity pressures just to make it difficult for people in Australia; that higher being created an economy with skill shortages, with price pressures. Well, we are realists about the economic situation facing Australian working families and those doing it tough. We have a plan to deal with it. But we are also honest enough to face up to the fact that there are some very serious economic pressures that were not created on 25 November but rather have been building for a very significant period of time.

Some of those pressures are international. As much as the member for Wentworth likes to brush that off, some of them are international—and over which we have limited control. Others are a legacy of the former government's lackadaisical approach to the capacity constraints that were facing the economy. They are the last people entitled to lecture us. They did nothing about those constraints. They are out of touch. Those things that we do try to do to help working families deal with cost-of-living pressures—such as those that the Treasurer was revealed to have been talking to his community about—are

ridiculed by persons opposite like the member for Curtin. What is so ridiculous about advising people to look for specials? The member for Curtin might not need to do that, but most working families do.

This is a familiar position that the Labor Party finds itself in because this is exactly the position it was in in 1983 when it last came to government. This side of the House have done this before. Again we have a comprehensive plan to deal with the economic pressures that we have inherited. The centrepiece of that plan is the budget. What is the opposition's response to the budget? To try to trash it just to score some political points, to delay the budget at a cost to it of \$284 million, thereby creating further upward pressure on inflation and interest rates, and to throw around uncostered promises just to save the leadership of Dr Nelson. They have been throwing around uncostered promises, with no savings proposed to match things like the excise tax proposed by the government.

On this side of the House we know that we have to deal seriously with these pressures. Some are international pressures and we need to face up to the fact that they require, in some part, an international response. Key among them obviously is oil. The price increases are as bad as they have been at any time since the 1970s. We now have an even more challenging situation than we faced in the 1970s, which was essentially a temporary supply side shock. We now have a demand side problem and we need to look at it as such. It is not one that was created on 25 November but is one that has been building for many years. What did the last government do? Nothing on petrol. What have we done? We have done two things at a local level. We have appointed a petrol commissioner to expose those who are profiteering from the oil crisis and we have legislated for Fuelwatch to do all that we can to help con-

sumers find the lowest cost fuel that they can. We have also recognised that, to a very significant degree, this is an international problem that requires international pressure. We are sending our Minister for Resources and Energy to the Jeddah summit to continue the push for OPEC to boost supply that the Prime Minister started last week.

Food again is a significant international price problem. It is not something that is created in Australia but is something that is going to require a structured and international response. The average Chinese person now eats more than twice as much meat as they did 20 years ago. For every extra kilogram of meat that a Chinese person eats, between three and eight extra kilograms of grain is required to feed the animal. We are looking at an increase of more than tenfold in the grain required to go into the extra meat consumption just for China. This is a very significant problem that cannot be dealt with flippantly, as seems to be the case with the opposition.

These are pressures over which we have limited control, but that just makes it even more important to get the economic policies right. Prices did not start climbing because of the election of the Labor government. The ABS stats for the calendar year 2007, over which the member for Higgins essentially presided, showed that rents in that year went up 6.4 per cent, health costs went up by over four per cent, vegetables went up by 8.6 per cent, bread went up by 8.8 per cent, milk went up by 10.1 per cent, education costs went up by over four per cent and transportation went up by 5.6 per cent. What was the previous government's key policy to boost consumer confidence in the face of those price pressures? Work Choices! Consumers are doing it tough, so let us attack their penalty rates! Consumers are doing it tough, so let us take away their shift loadings and their public holidays! We know that for 10 years

the last government argued against every single proposal for a national wage increase for more than two million award wage workers. We also know that, if the government submission to the national wage case over the last 10 years had succeeded, award wages would now be \$50 per week lower than they currently are. That was its policy for boosting consumer confidence.

In the face of those pressures, did the previous government use the surpluses that it had been reaping from the resources boom to ease the pressure on low- to middle-income families? No, it did not. If you look at the budgets from 2004 to 2006 you will find that people on an income of \$20,000 received a total tax cut over those three budgets of between \$7 and \$13 per week. People on \$150,000 over those same three budgets received a tax cut of \$226 per week, as well as significant superannuation benefits that largely went to higher income people. That was the budgetary response to consumer pressures by the former government. What are we doing with tax cuts? As the Assistant Treasurer pointed out very clearly, our tax cuts are weighted to low- and middle-income families who are doing it tough under the current prices pressure. They are weighted to those people who are doing it tough and not weighted to the top end of town.

One of the other key economic pressures facing consumers is in the area of housing. Again this is not something that was created by that higher being on 25 November. This has been building for years and the last government did nothing except maybe inject a bit more froth into the housing bubble. Between 2000 and 2005, the housing market in Australia got to a position where the price-to-rent ratio was some 70 per cent higher than the 25-year average to those years. No wonder rents are climbing at an astronomical rate. What did the previous government do about those pressures facing Australian fami-

lies? It did nothing. By contrast this government has a comprehensive housing plan. It is looking at supply issues around Commonwealth land and has a serious housing affordability plan. Creating a housing ministry was a very good step that the last government might have thought of, but we have a plan to ease housing pressures as well.

What else is this government doing to deal with these pressures and to try to boost consumer confidence in the face of a very significant economic challenge? We are targeting cost relief for working families. The childcare tax rebate is perhaps the best example of that. We have increased the childcare tax rebate from 30 per cent to 50 per cent and we are paying it on a quarterly basis, not some 18 months after the costs are incurred. We are paying it on a quarterly basis, which is important in making sure that families are not out of pocket for more than a few weeks. We are also making sure that the fiscal settings are in balance. In contrast to the opposition, which seems hell-bent on trying to trash the budgetary position of this government, we thought, as attractive as it might have been to do more spending, it was important for households that 1.5 per cent of the economy be put to surplus in this budget. We have done that. I am sure that it was very tempting for the Treasurer and the cabinet to look at more spending programs to ease these pressures, but in the long term the government did the right thing in making sure that this budget, as the Reserve Bank minutes confirmed yesterday, put downward pressure on inflation, not upward pressure. Australians are being buffeted by some serious international inflationary pressures combined with a legacy of inaction left to us by the previous government. Is it easy? No. Are Australians hurting? Yes. Do we have a plan? Yes. Do those opposite have the right to lecture us on economic responsibility? No way. *(Time expired)*

**Mr JOHN COBB** (Calare) (5.06 pm)— We are discussing the cost-of-living pressures and the economic issues that face Australia at the moment, or more particularly the fact that the current government is not addressing them. When you talk about the cost-of-living pressures and what goes with them, nothing is more at the heart of or more central to them than the cost of fresh food and, more particularly, the ability of Australia's farmers to produce that fresh food, and food and water security. I do not think there is any doubt that food and water security—whether treated either as one issue or as two separate issues—are two of the defining global issues of the 21st century. The world's major food-producing regions have been hit with climatic issues over the past year, with the ever-present threat of disease and everything that goes with that affecting the major agricultural producers. There are also global food shortages. These are all happening now. In fact, our Prime Minister has been demanding action from the global community on the issue of food security and yet, at the same time, he and his ministers, his government, are doing anything but ensuring our long-term food security, particularly our long-term fresh food security.

We are faced at the present time with the drought. Over the last six to eight months this has led to a spiralling of food prices, particularly fresh food prices. There is a very real danger that with the government's water and agricultural policy, or lack of one, we will go from a natural drought—that is, once it does rain, there is water—to a man-made drought. We are facing the very real prospect of a man-made drought along the Murray-Darling system and, as a consequence of that, we could have permanently increased fresh food prices in Australia, because most of that fresh food, as you would be aware, Mr Deputy Speaker Scott, is produced along the Murray-Darling Basin. If

anyone thinks that it is out of order to suggest that bad government policy can lead to drastic food shortages or spiralling prices in the supermarket, then you only have to look at what happened to a lot of African countries. It has also happened in South America in the past and it could happen in Australia if we continue to treat Australia's farmers and Australia's water as though they were simply a political intellectual exercise.

In talking about the cost-of-living pressures and about fresh food prices, I have to talk about the Murray-Darling Basin. I have to talk about the National Plan for Water Security. We had a plan which was going to guarantee the nation's food security and lead to sustainability in the basin. What the new government and in particular the new minister, Senator Wong, seem to be looking at is only one aspect of that—that is, pulling water out. At the moment she is buying water without putting a drop of water back into the system.

When you look at the policies being pursued, you see that, yes, obviously the drought is the main reason for spiralling food prices in Australia over the past six to 12 months. But that situation is going to be incredibly worsened because, on one hand, Senator Wong just spent \$50 million—or we assume she did—on buying water. I would be very surprised if that \$50 million or the water that was bought with it is anything but air space, because if anybody who had an allocation at the time—and apart from high security that has not been used, no-one does—needed money that badly, they would sell the temporary transfer rights for almost as much as the licence is worth in this time of shortage and still have the allocation or the licence. On the other hand, at the same time that Senator Wong is doing that without putting any water back in the river, she is quite happy to give Victoria— (*Time expired*)

**Ms COLLINS** (Franklin) (5.12 pm)—If we are going to discuss government failure to address the cost-of-living and other economic pressures faced by Australians, we really need to be talking about those opposite, because they, as the previous government, are the only ones who have failed to deal with the costs of living. They received warnings on inflation from the RBA. While the RBA was trying to act responsibly in trying to put downward pressure on inflation, the response we had from those opposite in the lead-up to the last federal election campaign was to throw money at electorates they thought they could win. They went on a spend, spend, spend campaign and that was their response to economic pressures faced by Australians.

But as a previous speaker said, the most appalling thing that they did was introduce Work Choices. Work Choices stripped away the basic entitlements and conditions of workers. This really showed just how out of touch they were. Their failure to address these pressures faced by Australians resulted in their loss on 24 November. They seem to think the troubles that people are experiencing and the rising prices magically appeared the day after the federal election—they did not. Apparently, now even the drought appeared on 25 November, but who is to know?

To members who sit on this side of the House now, and to anyone paying attention, it was obvious that a string of interest rate rises would have a devastating impact on the lives of Australians. However, the federal government at the time just were not interested in dealing with the problem. Instead, they were making promises they could not keep. They were throwing money at electorates that they thought they could win, without any fiscal consequences whatsoever. We also had the Assistant Treasurer remind us of what another of the former government's

responses was to this—to say that working families have never been better off.

In stark contrast, federal Labor was in touch with local communities. We were in touch with the issues facing Australians and our response was delivered in our election commitments and the federal budget. It was a \$55 billion families package that included \$46.7 billion in tax relief directed at low- and middle-income families, the people who need it most. The federal budget delivered an increase in the childcare tax rebate from 30 per cent to 50 per cent, also increasing the cap from just under \$4½ thousand to \$7,000 per child per year and, for the first time, we are paying it quarterly rather than making the families wait for reimbursement of the money that they have already spent. We have also recognised that families need more support with education costs. We have introduced the education tax refund. This will help with the education expenses of those in families that are currently receiving the family tax refund. It will provide up to \$375 for each child in primary school and \$750 for each child in secondary school.

As further acknowledgement of cost-of-living pressures, this government is also doing something to help those who are doing it tough. We are extending the eligibility criteria for the utilities allowance to now cover carers and disability pensioners as well as those who are already in receipt of the payment. Not only did we expand the eligibility criteria; we also increased the amount paid to people. We have quadrupled it, in fact, to \$500 a year. To further help with regular bills, we are now paying this allowance in quarterly instalments also. We are giving people, those who are doing it tough, more in this one quarterly instalment than those opposite offered them for a whole year.

This government has acted and will continue to act to ensure that working families,

working Australians and those doing it tough are assisted. It is recognition that people are dealing with rising prices, rising interest rates and rising inflation. Federal Labor are prepared to act and we have acted. To combat rising fuel prices, we have proposed the Fuelwatch scheme. It is a scheme that offers greater transparency in the often murky world of petrol pricing. I note that Mr Greg Goodman, the chief executive of the RACT, or the Royal Automobile Club of Tasmania—which is the peak motoring body in my home state—says, in reference to Fuelwatch:

My own view is that the proposed fuel watch program will empower motorists in Tasmania by giving them information on which they can make informed choices.

That is right. It will give consumers the information they need to make informed choices. It will give the consumers the same information that the oil companies already have. What is so wrong with that?

What are the opposition doing? They are blocking it. The Liberal Party in the Senate is also blocking other legislation designed to help those needing assistance. This government has been working within the constraints of the current world economic situation to ensure that those needing assistance are given it and it is also giving Australians an economically responsible budget to put downward pressure on inflation and downward pressure—

**The DEPUTY SPEAKER (Hon. BC Scott)**—Order! The time for the discussion has expired.

**NATIONAL HEALTH AMENDMENT  
(PHARMACEUTICAL BENEFITS  
SCHEME) BILL 2008**

**Returned from the Senate**

Message received from the Senate returning the bill without amendment or request.

**TAX LAWS AMENDMENT (2008 MEASURES No. 2) BILL 2008****Consideration of Senate Message**

Bill returned from the Senate with amendments.

Ordered that the amendments be considered at the next sitting.

**EVIDENCE AMENDMENT BILL 2008****Second Reading**

Debate resumed.

**Mr NEUMANN** (Blair) (5.18 pm)—I rise to speak in support of the Evidence Amendment Bill 2008. As someone whose background is as a lawyer for about 25 years, I have always taken a keen interest in issues associated with law reform and I am pleased to see the Rudd government is taking national leadership in this particular area. I am also pleased with the amendments contained in this bill, which comes out of the Standing Committee of Attorneys-General. The Evidence Amendment Bill 2008 and the Judiciary Amendment Bill 2008 are clear examples of the Rudd government working closely with the states and territories to achieve real progress for our country in areas of law reform. The evidence bill is based on a model adopted by the Standing Committee of Attorneys-Generals. It supports the uniformity of evidence laws in Australia and, of course, will improve efficiencies when it comes to courts, legal practitioners and business. The reforms make it easier for children and for people with intellectual disability to give evidence before courts. In addition, they provide greater flexibility to courts considering evidence given by people from an Aboriginal or Torres Strait Islander background concerning their traditional laws and customs.

Already the New South Wales state government has introduced reform legislation; I understand that Victoria, Western Australia

and the Northern Territory intend to join the uniform Evidence Act as well. As a Queensland, I am looking forward to the day when my own state parliament joins the uniform evidence scheme to advance the harmonisation of these laws. I urge the Queensland Attorney-General, Kerry Shine, to carefully consider this matter and I urge the Queensland government to sign on to the national approach.

All jurisdictions should strive for a uniform, coherent and accessible approach to evidence law. When this is achieved, complexity will be reduced and so too will costs that are associated with juggling two evidence regimes in non-uniform evidence jurisdictions. It will improve access to justice. There will be more transparency in court proceedings, and litigants in person will find court proceedings less baffling and bewildering. Explaining to Australians without a law degree the wonders of the legal oddities and eccentricities of Australian federalism is always a challenge. The history of law reform in this country has had some considerable successes, such as defamation law, corporations law and family law; but those reforms have been too few and far between.

I concur with the Attorney-General's assessment that this bill is 'an important step in evidence law reform'. Manifestly, this bill demonstrates the Rudd government's continued commitment to uniform evidence law across the nation. It will have a positive impact on our courts, legal practitioners and other people associated with the courts system. While many of the amendments proposed in this bill are largely technical, the reforms provide a clear benefit for the broader community, who access courts on a daily basis. You only have to go to a local Magistrates Court, the Federal Magistrates Court or the Family Court to realise that the Australian public accesses courts every day. For those people, this reform will have a tan-

gible impact on their dealings and interaction with our courts system. This bill seeks to amend the Evidence Act 1995 to harmonise evidence law based on the *Uniform evidence law* report by the Australian, New South Wales and Victorian law reform commissions and to amend the Amendments Incorporation Act 1905 to provide a presumption that certain printed and electronic versions of acts, including compilations, are an accurate record of those acts.

I am very impressed with this bill, and I have had a good look at it. In schedule 1 it implements a number of key reforms relating to the hearsay rule, the admissibility of expert evidence, compellability provisions, new exceptions to the hearsay and opinion rules, evidence given by children and vulnerable witnesses, admissions in criminal law proceedings, coincidence evidence, the credibility of witnesses, advance rulings and evidentiary matters, and warnings and directions to juries.

As I said, the impetus for this bill is found in the *Uniform evidence law* report prepared after the inquiry by the Australian and New South Wales law reform commissions, which was released on 8 February 2006. This report was completed over 18 months and involved consultations with every state and territory, and more than 130 written submissions were made. That is quite considerable. The report recommends finetuning acts and promoting uniform evidence laws so as to make them more coherent and accessible. The report also recommends that more archaic aspects of the common law be reformed and made less complex.

The bill has been developed in consultation with states and territories through a working group formed by the Standing Committee of Attorneys-General. The standing committee endorsed their model at their meeting in July 2007. The bill before the

House today diverges from the model bill proposed by the standing committee in only two respects. First, it does not introduce a professional confidentiality relationship privilege. Second, it does not extend existing client legal privilege and public interest immunity to pre-trial proceedings. As outlined by the Attorney-General:

The government notes they are significant issues and we will be considering these matters separately.

I think the approach is worth while. This is because, of course, in December 2007 the Australian Law Reform Commission released a report known as *Privilege in perspective*. That report recommended that a separate act be created to cover various aspects of the law and procedure governing client legal privilege claims in federal investigations. As the Attorney-General announced, these issues will be considered when the response to this report is delivered.

This bill before the House today amends the Evidence Act 1995, which in itself was a significant reform. I was practising in federal law and family law at the time and I welcomed that act. It made my life a lot easier as a practising lawyer. This reform will make those people currently practising in jurisdictions across Australia far happier than they have been in the past. It implements the majority of the recommendations made by the uniform Evidence Act report. The harmonisation of Australian jurisdictions is extremely important in law reform. In his speech, the member for Moreton talked of a number of difficulties that were experienced in areas of contract and tort and other areas. Certainly, those areas are quite vexatious when it comes to dealing across various states. Limitation periods are different across states. The law is very difficult and getting uniformity when it comes to law reform is extremely important.



I turn to the hearsay rule. A key feature of this bill is the changes it makes to the hearsay rule. The bill provides further guidance in the definition of hearsay evidence. Hearsay evidence is used in a lot of federal courts, mainly in interim proceedings, often given on information and belief, particularly in the Federal Magistrates Court as well as in the Family Court. We have some legislative permission when it comes to the Family Law Act for hearsay, particularly from children, to be given in final hearings. But hearsay is a very dangerous concept in any court, particularly in criminal law. This bill clarifies the rule against hearsay, which currently states that it prevents evidence of a previous representation from being admitted for the purpose of proving a fact that the maker intended to assert by the representation. The main rationale for that, of course, is to avoid any unfairness caused by the admission of representations made by witnesses who cannot be cross-examined in court. It is a matter of fairness, opportunity and justice.

The bill proposes amendments to clarify the test to be applied in determining whether a person intended to assert the existence of facts contained in a previous representation. The new test of intention is a good one. It says that the test to be applied should be based on:

... what a person in the position of the maker of the representation can reasonably be supposed to have intended—

having regard to the representation. What did they mean? Did they intend that to be the case? An examination of the circumstances in which the representation was made is also available. It is an important reform. The policy of the act and particularly this bill is to include unintended assertions from the rule against hearsay.

There are new exceptions to the hearsay and opinion rules as well. The bill seeks to

introduce new exceptions to the hearsay and opinion rule in, for example, the case of evidence of Aboriginal and Torres Strait Islander traditional law and custom. This is particularly important. This amendment rejects the notion that orally transmitted evidence of traditional law and customs should be prima facie inadmissible. I think this amendment is very important because in those cultures that is the way stories are told. In other cultures that is the case as well. But in the culture that we have had in this country since 1770, and certainly since legislation was accepted from the British jurisdiction in 1828, we have really accepted the written word. But it is not the case that we should exclude Aboriginals and Torres Strait Islanders from giving evidence in this way—accepting oral histories concerning the very form of traditional law and custom. Indigenous tradition should be respected and I warmly welcome this particular amendment. The intention is to make it easier for courts to hear evidence of traditional laws and customs when deemed relevant and appropriate to the issue before the courts. The new section 78A provides an exception to the opinion rule in section 76 by inserting a new provision. Now a member of an Aboriginal or Torres Strait Islander group will be able to give an opinion about the existence or otherwise or the content of traditional lives and customs of the group to which they belong. It is an area of nondiscrimination which is being put into this bill, and I warmly welcome it.

I turn now to non-hearsay purpose. A new section, 60(2), operates to allow evidence admitted for a non-hearsay purpose to be used to prove facts asserted in the representation whether the evidence is firsthand or second-hand hearsay or even more remote. This is an important reform and I think it is important to ease the passage of evidence being admitted in court. I think it is a good reform.

I want to turn now to the admissibility of expert evidence. The bill before us provides that, when a court is determining if a person is competent to give evidence, the court may inform itself in the manner it thinks fit, including by referring to the opinion of an expert. There will be a new exception to the credibility rule where a person has specialised knowledge based on their training, study or experience. This provision is not there to supplant the court's role in determining a witness's competence. It has always been the case and should always be the case that the court has that role. Rather, it is intended to emphasise that the court may have recourse to expert assistance. I have to say, based on the many cases I did and argued over the years, that I think it would have been very good if many of the judges and federal magistrates had sought expert assistance at times, and sometimes they did not seek it enough. The rules concerning expert evidence will be liberalised and broadened, and this new approach will allow more expert evidence to be adduced in litigation. That is always a good thing.

In relation to compellability, the bill proposes changes to the manner in which the Evidence Act addresses de facto couples, particularly in the context of whether the de facto partner of an accused may be compelled to give evidence. The bill replaces the words 'de facto spouse' with 'de facto partner'. The bill ensures the terminology is gender neutral and applies to same-sex couples. This section recognises that couples in relationships of intimacy, love and commitment should not be forced to give evidence against one another unless the interests of the community require it. Moreover, it recognises that persons are unlikely to be reliable and accurate witnesses if they are forced to testify against their partner. Those of us who practise in family law or criminal law can attest to that fact. Therefore, the effect of this

current amendment is not only to protect the family relationships of potential witnesses but to ensure the accuracy and reliability of evidence that is placed before any court. The changes in relation to de facto relationships also apply to same-sex couples, as I said. This is to ensure that the rules of evidence are not discriminatory and that they do not prevent the court from ensuring the quality of evidence before it is of the highest possible calibre and reliability. This reform in relation to same-sex couples enhances the work which is being done by the government to remove same-sex discrimination from a whole range of Commonwealth laws. This includes the legislation introduced just over a week ago to end discrimination against same-sex couples and their children concerning superannuation entitlements. Additionally, it is an acknowledgement that it should never be the business of our courts to alienate couples and family members from one another unless there is a compelling reason to do so.

I want to turn now to the evidence given by children and vulnerable witnesses. Courts often fail to give child witnesses the credibility they deserve. Courts and particularly juries often labour under a misconception that the evidence of children is inherently less reliable than that of adults. In criminal trials in which I have been involved over the years, judges have given directions and general warnings regarding the unreliability of evidence of child witnesses. Anyone who practises in the area of criminal law and family law knows that there is plenty of research around that shows that the cognitive development and memory skills of children are very good. My experience as a lawyer is that children remember good things and bad things which happen to them just as clearly as adults do. Children are often more honest in their evidence; their innocence helps them a lot. The wiles of adults often mean that

they give evidence which is selective. It must be conceded, though, that children sometimes are more open to suggestion and manipulation by authority figures.

The new section 165A prohibits a judge from warning or suggesting to a jury that children as a class are more unreliable witnesses or that their evidence is more unreliable than that of adults and therefore requires more careful scrutiny. The warning given so often in criminal law matters that it is dangerous to convict on the uncorroborated evidence of a child witness will be gone under this new section. But this does not mean that judges cannot warn or advise juries that a particular child who is giving evidence in a particular case may lack credibility or be unreliable or that there should be a need for caution in relation to that particular child's evidence.

There are a number of other reforms to make it easier for children and people with a cognitive impairment to give evidence, to promote the use of narrative evidence and to control cross-examination of vulnerable witnesses. Already in a number of jurisdictions, particularly in courts exercising federal law, there are creative approaches to hearings. As an example of that, I cite the children's cases program used in the Family Court and the Federal Magistrates Court where the judge, with the lawyers and often the other parties, sits and talks with the people involved. It is very open and transparent and gives people the opportunity to speak in a way that they would not otherwise think a court would operate. I am pleased that the standard question and answer format for giving evidence for some witnesses—namely, children and people with an intellectual disability—will change. The reform will have particular significance for those who are vulnerable, particularly those who have been victims of crime. As I have said, I strongly believe it is erroneous to believe that the evidence of a

child is inherently less reliable than that of an adult and it is imperative in proceedings that all relevant information is before the court.

In the few minutes I have available I just want to deal with a couple of other issues. Expert evidence in relation to child behaviour and development is very important. The report I referred to before found that courts show an ongoing reticence when it comes to many cases in admitting evidence of this nature. Expert evidence often relating to testimonial capacity, the credibility of a child witness, the beliefs and perception of a child and reasonableness of the same were discounted. This type of evidence is critical in many cases in criminal and family law matters. The new section 79(2) clarifies the exception covering expert evidence relating to child behaviour and development, especially in the case of sexual assault.

There are a number of other worthy amendments in this legislation—evidence relating to credibility of witnesses, advance rulings on evidentiary matters and admissions in criminal law proceedings. They go a long way towards the reforms that the Rudd Labor government is undertaking in relation to judicial appointments and transparency and in making the court system more user-friendly. I applaud the Attorney-General for yesterday enhancing access to justice in the federal law jurisdiction by announcing the Commonwealth courts portal, which must be seen as an important reform going hand in glove with this particular reform. The portal itself will allow users to undertake electronic transition and it will help also— (*Time expired*)

**Mr DREYFUS** (Isaacs) (5.38 pm)—I rise in support of the Evidence Amendment Bill 2008, which, as you have heard from the member for Blair, is concerned with amendments to the rules of evidence. The rules of

evidence applied in Australia regulate the conduct of disputes in courts and tribunals. They determine the evidence which is admitted and the shape of both the form of proceedings and how courts and tribunals go about deciding disputes. The rules of evidence are a very important part of our system of justice.

Before going to the provisions of the bill, I will start by looking at some of the history of the legislation to which this bill makes amendments, the Evidence Act 1995. The Evidence Act 1995 was a very important milestone in the development of the Australian legal system. It represented a culmination of a task that was commenced by the Australian Law Reform Commission with a reference given to it in July 1979. Before then, the rules of evidence were largely part of the common law developed over many centuries by courts, particularly in the United Kingdom and, after settlement and the establishment of the rule of law in this country, by Australian courts. The rules of evidence could not in any sense have been described prior to the passage of the Commonwealth Evidence Act 1995 as coherent, nor were they well-structured. One English commentator, CP Harvey, described the law of evidence in these terms:

Founded apparently on the propositions that all jurymen are deaf to reason, that all witnesses are presumptively liars and that all documents are presumptively forgeries, it has been added to, subtracted from and tinkered with for two centuries until it has become less of a structure than a pile of builders' debris.

That is a colourful way of describing the law of evidence but an accurate one. The complexity and need for substantial reform were well recognised, but the courts did not engage in the systematic reform that was needed, probably on the basis that it was a job for the legislature.

Stephen Odgers, who is one of Australia's pre-eminent experts on the law of evidence, notes in the introduction to his excellent text in relation to the history of the legislation:

For many years, no legislature was prepared to take on such a mammoth task. However, the 1979 reference to the Australian Law Reform Commission created the possibility of comprehensive rationalisation and reform of the law of evidence.

The 1995 act is based on the Australian Law Reform Commission's several reports produced over eight years through to 1987.

The reference given in 1979, as I have indicated, was to inquire into the possibility of comprehensive rationalisation and reform of the law of evidence. Running through to 1987 there were a series of research reports and discussion papers, an interim report and then a final report in 1987 produced by the Australian Law Reform Commission. That final report contained draft legislation.

The report was then followed in 1991 by the introduction of legislation by both the Commonwealth and New South Wales governments, which was substantially based on, albeit differing in some respects from, the Australian Law Reform Commission's draft legislation, and in that same year, 1991, the Standing Committee of Attorneys-General gave in-principle support to a uniform legislative scheme throughout Australia.

In 1993 both this parliament and the New South Wales parliament passed an evidence bill which was to come into effect from 1 January 1995. Those acts are virtually identical and are often described as the uniform evidence acts. The Evidence Act which is to be amended by this bill, of course, applies in federal courts and, by agreement, in courts in the Australian Capital Territory. The Evidence Act of New South Wales applies in proceedings before New South Wales courts and in some tribunals.

In 2001 Tasmania passed legislation that essentially mirrors the Commonwealth and New South Wales acts, with some minor differences, and in 2004 Norfolk Island passed legislation that essentially mirrors the Evidence Act of New South Wales. As yet, no other state has adopted similar legislation, but there is a strong movement towards the harmonisation of evidence laws in other states which will be based on the uniform evidence acts. My home state of Victoria agreed in 2007 to introduce a uniform evidence act, and it is to be hoped that Victoria and other states will move quickly to adoption of the uniform evidence legislation.

Uniformity in this area, as the House has heard from the member for Blair and other speakers on the bill, is a very worthwhile aim. Certainly, as a practitioner I know that I can speak for every Australian lawyer and say that it would be far easier to have a single, uniform set of rules of evidence. At present, it is entirely possible for a practitioner to represent a client in the Federal Court in a civil trial, which is governed, of course, by the Commonwealth Evidence Act, and at the same time be representing the same client in a criminal trial arising from the same set of events in a state Supreme Court or a state court, where the trial is covered by quite different state rules of evidence. And it is not just practitioners who are troubled by having to juggle the different rules of evidence from day to day; all Australians should be able to work with a single set of rules for reasons of accessibility, to be able to determine what the law is and, simply, for comprehensibility.

There is not time to deal in any detail with the bill's provisions, many of which are complex, so to anyone who wishes to see a long explanation of some of the reforms that are contained in this bill I can commend the report of the law reform commissions—that is, the Australian Law Reform Commission, the New South Wales Law Reform Commis-

sion and the Victorian Law Reform Commission, who jointly produced the 2005 report on which the bill is based. Before I turn to some of the provisions in this bill, I would acknowledge the work of the legal, policy and administrative officers of all of those law reform commissions who laboured on that report. I would also like to acknowledge the exceptional work of the members of the divisions of the three law reform commissions who worked on the 2005 report. I particularly wish to draw attention to the depth of their experience and their level of eminence in the legal profession, because this should give additional assurance to this parliament of the quality of the recommendations in the report on which this bill is based.

The division of the Australian Law Reform Commission which worked on the inquiry that produced the 2005 report included Professor David Weisbrot, the president of the commission; Professor Anne Finlay; Professor Les McCrimmon; Professor Brian Opeskin; notably, Justice Susan Kiefel, then a judge of the Federal Court but now a judge of the High Court of Australia; Justice Susan Kenny, formerly a judge of the Victorian Court of Appeal, and a serving judge of the Federal Court; and Justice Mark Weinberg, then a judge of the Federal Court of Australia but very recently appointed to the Victorian Court of Appeal.

The division of the New South Wales Law Reform Commission which worked on the inquiry included Justice Michael Adams, a New South Wales Supreme Court judge; Judge Christopher Armitage, at the District Court; James Bennett SC, a deputy Crown Prosecutor; Greg James QC, who is now President of the Mental Health Review Tribunal in New South Wales; Acting Judge Angela Karpin of the New South Wales District Court, who is currently a deputy president of the Administrative Decisions Tribunal; and Professor Michael Tilbury.

The division of the Victorian Law Reform Commission which worked on this inquiry included, again, a very eminent group of lawyers: Justice David Harper of the Victorian Supreme Court; Professor Marcia Neave, then the chairperson of the Victorian Law Reform Commission but now a member of the Victorian Court of Appeal; Iain Ross, who has recently been appointed a judge of the Victorian County Court; and, last but absolutely not least, Justice Tim Smith of the Victorian Supreme Court for whom working on this reference, I suspect, would have been a matter of particular personal satisfaction because Justice Smith was the commissioner in charge of the original work of the Australian Law Reform Commission through the 1980s which led to the report upon which the legislation which came into effect in 1995 was based.

The 2005 report on which this bill is based is indeed a credit to all involved in its production, and we should feel particularly indebted to the serving judges who found the time despite their work as serving judges to contribute to the report.

I will turn to some of the recommendations of the law reform commissions' report which led to the provisions that we see in the Evidence Amendment Bill 2008. It is worth noting that the recommendations of the law reform commissions' report are based on very wide consultation and indeed on the experience of 10 years of operation of the Commonwealth and New South Wales legislation in federal courts and in New South Wales courts respectively.

Before I do that, I will note the provenance of the report because it has a real significance over and above the recommendations that it contains. It is an unusual situation for the Australian Law Reform Commission to be required to work in conjunction with state law reform commissions, as oc-

curred here—in this case, the Victorian Law Reform Commission and the New South Wales Law Reform Commission. The reason the report was produced in this way was that both of those state law reform commissions were conducting similar inquiries into the operation of the uniform Evidence Act, the Victorian inquiry being directed to determine whether or not it was appropriate to introduce the uniform act in Victoria. As I have indicated, the final report, which is entitled *Uniform evidence law*, completed by these three law reform commissions, was submitted to the Commonwealth Attorney-General and the New South Wales and Victorian attorneys-general on 5 December 2005. It was tabled in this parliament and the Victorian parliament and released in New South Wales on 8 February 2006.

The purpose of the inquiry was to identify and address any defects that had been disclosed in the nearly 10 years of operation of the uniform evidence acts and to maintain and further the harmonisation of the laws of evidence throughout Australia. The significant conclusion of this joint inquiry was that the uniform evidence acts were working well and that there were no major structural problems with the legislation or with the underlying policy of the acts. While, as anyone who reads the weighty report will note, there were some areas of concern identified—and they are addressed in the report—the commissions concluded that a major overhaul of the uniform evidence acts was neither warranted nor desirable. It would seem to me that that kind of conclusion, after an inquiry of the length and depth of this one, should add impetus to the push for uniformity of evidence laws throughout Australia.

There are many recommendations in the report. Most of them are taken up in the bill now before the House. It is to be noted that the New South Wales parliament has already passed legislation that will implement the

recommendations of the report. The Attorney-General, in introducing this bill, indicated that a majority of the recommendations, incorporated as they have been in model evidence provisions produced by the Standing Committee of Attorneys-General through to 2007, will be implemented by the bill. There are a couple of exceptions to that, the first being the provisions and recommendations dealing with a general confidential relationships privilege and the provisions extending client legal privilege and public interest immunity to pre-trial proceedings. As the Attorney-General has explained, the government is still considering its response to the Australian Law Reform Commission's recommendations relating to client legal privilege claims in federal investigations, which are dealt with in the very recently tabled report *Privilege in perspective*, which the Attorney-General tabled in January 2008. It deals with client legal privilege in a great deal more detail than the 2005 joint report of the law reform commissions, and that is why it is appropriate that there not be immediate reforms and changes to the uniform Evidence Acts in respect of that subject. I also note, as did the Attorney-General in introducing the legislation before the House, the election policy commitment made by the Australian Labor Party in a policy entitled *Government information: restoring trust and integrity*. That made commitments in respect of so-called journalist shield laws. Again, I look forward to working on implementation of those particular commitments. It is a set of further reforms that will make some changes to the uniform evidence acts.

I see that I am not going to have anything like the necessary time to deal with the provisions introduced by the bill before the House. However, I would like to mention the provisions which deal with competence. Competence is an area which shows perhaps better than any other area how much change

there has been in the law of evidence over the last two or three centuries. In the 17th and 18th centuries the common-law rule, which to modern eyes seems an extraordinary one, was that parties to litigation were regarded as incompetent to give evidence. Presumably the position was motivated by a fear of manufactured evidence. That position was not changed for civil cases until the UK's Evidence Act 1851, and in criminal cases it was not until the end of the 19th century that the accused was allowed to give evidence for the defence in all criminal cases. So anyone would see that we have had a very substantial shift from the position over the last couple of centuries to the position that we now have—a possibility of accused persons giving evidence for the defence in all criminal cases—and, of course, it is accepted now by everyone that parties to litigation, both the plaintiff and the defendant and those associated with them, are entirely able to give evidence. (*Time expired*)

**Mr HAYES** (Werriwa) (5.58 pm)—The Evidence Amendment Bill 2008 marks an important step in evidence law in reforming the Evidence Act 1995 to harmonise evidence law based provisions giving form to the *Uniform evidence law* report of the Australian, New South Wales and Victorian law reform commissions. This bill also amends the Amendments Incorporation Act 1905 to provide a presumption that certain printed and electronic versions of the act, including compilations of the act, are an accurate record of those acts. That will in turn lead to greater efficiency and make it a little easier for our legal colleagues in the administration of justice and for the courts themselves.

In 2005 the New South Wales and Victorian law reform commissions were asked to inquire into the operations of the uniform evidence law regime. This inquiry was conducted over an 18-month period, with numerous consultations held right across the

nation, and I am advised that 130 written submissions were taken from a wide range of individuals, organisations and professionals. As a result, a working group comprising representatives of all jurisdictions, with the exception of Queensland, considered and developed a model set of provisions with a view to creating greater national uniformity in evidence laws. This culminated in the report *Uniform evidence law* and this bill directly arises out of that report.

The commissioners found that the uniform evidence laws were working well and that there were no major structural problems with the laws or the underlying policy. However, they did recommend that there would be a number of finetuning aspects, if you like, to the Evidence Act and promoted uniform laws which are more coherent and accessible and less complex and which reform some of the probably more unsatisfactory and more archaic aspects of the common-law provisions.

In developing the bill, the Commonwealth has worked constructively with the states and territories through the Standing Committee of Attorneys-General. The standing committee established a working group to advise ministers on reforms arising out of the report. They also considered the report's recommendations and developed model evidence provisions with a view to creating greater national uniformity in evidence laws. The model was considered by a panel of experts established by the Standing Committee of Attorneys-General, which recommended some of the modifications. In July 2007 the standing committee endorsed the final model bill.

The reforms in this bill will do a number of things, including promoting harmonisation between Australian jurisdictions; increasing the efficiency of our courts, legal practitioners and businesses; and, in turn, benefiting those in the community who have occasion

to access those courts. This bill implements the majority of the Standing Committee of Attorneys-General's model evidence provisions. However, it does not include the provisions regarding the implementation of a general confidentiality relationships privilege or the provisions extending the right of client privilege and public interest immunity to pre-trial proceedings. These matters have been well canvassed in the media of late but they are all subject to a further investigation. As I understand it, a report was compiled by the Australian Law Reform Commission, entitled *Privilege in perspective*, and tabled by the Attorney-General earlier this year. Given that the report made some significant recommendations in terms of the government, it is yet to be finalised. That being the case, the matters subject to that report have not been included in the direction of this bill. Many of the amendments proposed in this bill are largely technical. The bill contains a number of important reforms, including amendments to make it easier for the giving of evidence by children and people with cognitive impairment—and that is something I would like to address briefly during my short contribution to this debate.

The bill addresses the misconception that evidence from children is inherently less reliable than evidence from adults. Specifically the bill provides that a trial judge is not to give warnings about the reliability of the evidence of a child solely on account of the age of the child. In fact, recent research undertaken tends to indicate that, quite frankly, for some time in our legal system, a child's cognitive and recall skills have been undervalued. For example, the Australian Law Reform Commission and particularly the Human Rights and Equal Opportunity Commission, in their joint report entitled *Seen and heard: priority for children in the legal process*, note that very young children are able to remember and retrieve from memory



very large amounts of information, especially when the events are personally experienced or regarded as highly meaningful. These reforms have particular significance for a child witness when the child may have been the victim of the offence. The bill recognises that the standard question and answer format for giving evidence, particularly by children, may be somewhat unsuitable. That being the case, the bill seeks to promote the use of constructive narrative as opposed to leading a witness and to control cross-examination of vulnerable witnesses. It gives the court the flexibility to receive the best possible evidence in any trial. This bill introduces a duty on the court to disallow improper questions put to a witness during cross-examination, and this includes questions which may be misleading or unduly harassing, intimidating or offensive. It will replace those provisions of the existing act which permit a court to disallow such questions. Therefore, it imposes a duty.

For those reasons, I do commend the bill. I think what this bill does is highly significant in bringing about uniformity amongst our criminal justice jurisdictions. Certainly, it puts at the forefront the procedure for taking evidence from children and persons of intellectual impairment. It gives great weight to the use of narratives in adducing evidence, as opposed to direct cross-examination. This will be of great significance, as it has now been adopted by most jurisdictions throughout Australia, and it will serve to be the model by which criminal justice, particularly in relation to children related criminal matters, will proceed across the country. On that basis, I commend the bill.

**Mr McCLELLAND** (Barton—Attorney-General) (6.08 pm)—in reply—I would like to thank members for their contribution to the debate. The Evidence Amendment Bill 2008 is a significant step towards the harmonisation of evidence laws throughout Aus-

tralia. The model Uniform Evidence Bill underwent extensive consultation both through the development of the Australian, New South Wales and Victorian law reform commissions report *Uniform evidence law*—and I congratulate them on their work and thank them in particular for their report—and the Standing Committee of Attorneys-General. In addition, a number of Commonwealth law enforcement and regulatory agencies were consulted by my department about the model provisions.

The amendments in this bill are largely technical and will have most impact on the courts and on legal practitioners. Promoting uniform evidence laws will increase efficiencies for the courts, legal practitioners and business, which, in turn, will benefit the broader community accessing the courts. The bill contains a number of important reforms, including amendments to make it easier for children and people with a cognitive impairment to give evidence by promoting the use of narrative evidence and disallowing improper questioning of vulnerable witnesses under cross-examination.

One of the most significant aspects of these reforms is provisions which will make it easier for children and people with an intellectual disability to give evidence before the courts. This is of particular significance where a child witness has been the victim of an offence and may know their offender. The reforms will also give courts greater control of cross-examination, including, for example, of victims of sexual assault. Of course, the changes do not alter existing discretions for the court to exclude evidence which may be unfairly prejudicial, misleading or confusing but, as mentioned, will provide greater accommodation for the needs of vulnerable witnesses in the context of the broader objectives of securing justice.

In addition to technical amendments, the bill also updates compellability provisions to provide that same-sex couples will be able to object to giving evidence against their partner in a criminal proceeding in the same way that currently exists for a married couple or a cohabiting de facto spouse. This implements part of the government's announced reforms to remove discrimination in Commonwealth legislation against same-sex couples and their children. Likewise, de facto partners who may not cohabit but are in a genuine de facto relationship will have the same right to object to giving evidence against their de facto partner in a criminal proceeding as currently exists for a married spouse. This will cover situations where de facto partners are living apart as a consequence, for instance, of one partner working interstate. We believe these amendments reflect contemporary community views on this issue.

The bill also amends the exceptions to the hearsay and opinion rules so that oral evidence of the traditional laws and customs of an Aboriginal or Torres Strait Islander group is no longer treated as prima facie inadmissible when this is the very form by which these laws and customs are maintained—in other words, they are handed down from generation to generation orally by way of story and recount. This amendment will make it easier for the court to hear evidence of traditional laws and customs where relevant and appropriate. These amendments move away from a focus on whether there has been a technical breach of the hearsay and opinion rules because the evidence is handed down, as I have indicated, in oral form rather than in a written form and will instead focus on whether particular evidence is reliable.

The opposition has indicated its general support for the bill, and I welcome that. However, the opposition has referred the bill to a Senate committee for further consideration. Of course the government have no ob-

jection to that course of action when you are dealing with a technical subject matter, but, given the extensive consultation and consideration that has already been undertaken in the development of the bill itself, we are disappointed that the opposition has sought to set a reporting date of late September. We would certainly like the legislation passed earlier than that.

In conclusion, as the introduction of this bill highlights, the Commonwealth is committed to working with states and territories to achieve harmonisation of evidence laws across Australia. The New South Wales government has already passed evidence reform legislation based on the model provisions endorsed by SCAG. Indeed, I received particular representations from the New South Wales Attorney General, John Hatzistergos, encouraging the Commonwealth to move in the same direction. I congratulate and commend him and the New South Wales government on that move. I understand Victoria, Western Australia and the Northern Territory have also indicated that they are considering joining the uniform Evidence Act scheme. Again, I would certainly encourage those jurisdictions to follow through on that commitment.

The bill is an important step in progressing harmonisation of evidence laws across Australia, and I am keen to encourage all jurisdictions to implement the model Uniform Evidence Bill. This will result in a more uniform, coherent and accessible approach to evidence law, and reduced complexity and costs associated with juggling two evidence regimes in non-uniform Evidence Act jurisdictions. It will make legal practitioners more mobile and more effective as they travel around Australia and appear in separate jurisdictions.

I will certainly be encouraging Queensland and South Australia to join the rest of

the nation by joining the uniform evidence acts scheme. When this occurs, the further harmonisation of the laws will be significantly advanced. Before I finish, I would like to table some minor amendments to the explanatory memorandum which address some cross-referencing issues that were in error in the primary explanatory memorandum.

Question agreed to.

Bill read a second time.

### Third Reading

**Mr McCLELLAND** (Barton—Attorney-General) (6.15 pm)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

## MILITARY MEMORIALS OF NATIONAL SIGNIFICANCE BILL 2008

### Second Reading

Debate resumed from 15 May, on motion by **Mr Griffin**:

That this bill be now read a second time.

upon which **Mrs Bronwyn Bishop** moved by way of amendment:

That all words after “That” be omitted with a view to substituting the following words: “whilst not declining to give the bill a second reading, the House:

- (1) notes that the bill creates a new category of memorial—namely a Military Memorial of National Significance;
- (2) notes that this new category of memorial, unlike ‘National Memorials’ under the National Memorials Ordinance 1928:
  - (a) does not attract ongoing maintenance funding;
  - (b) must not be located in the national capital; and
  - (c) involves a decision of the Minister and the Prime Minister rather than the bipartisan Canberra National Memorials Committee;

(3) acknowledges as correct the stance of the previous Government that National Memorials, pursuant to the 1928 Ordinance, can only be located in the national capital; and

(4) condemns the Government for:

- (a) playing politics with the veteran community;
- (b) claiming in the Budget Papers that it will declare the Australian Ex-Prisoners of War Memorial in Ballarat a national memorial when it has not done so; and
- (c) misleading the veteran community by claiming to have met an election commitment to declare the Ballarat Memorial a national memorial, when the Government has failed to do so”.

**Mr ROBERT** (Fadden) (6.16 pm)—I rise to support the Military Memorials of National Significance Bill 2008, cognisant of the amendment moved by the member for Mackellar. The bill seeks to provide a mechanism to enable a memorial that is outside the ACT and meets certain criteria to be recognised as a military memorial of national significance. I do so recognising that this is a new category, as the new government now agrees with the opposition that it is not possible to make a memorial outside the ACT a national memorial under the 1929 ordinance, hence the new category called ‘military memorials of national significance’. I also note the broad community support for this measure, while noting the RSL’s desire to see maintenance included in the bill, which it is not.

The genesis of this bill is that the Prime Minister personally promised that the very worthwhile Australian ex-prisoner-of-war memorial in Ballarat would be made a national memorial, which by virtue provides maintenance funding. Indeed, the Prime Minister, as quoted in the *Age* on Thursday 28 June 2007, whilst he was visiting the ex-prisoner-of-war memorial, said he would:

... move anything ... to ensure that this is properly recognised as a national war memorial.

Prime Minister, you have misled the veteran community, as a new category of memorials has had to be created, and there can be no maintenance attached to these memorials. Maintenance will be the responsibility of the relevant state or local authorities, as the bill makes it clear that no funding is attached. I guess the Prime Minister could not move anything after all. It was interesting to note, though, that in question time today the Minister for Veterans' Affairs, Mr Griffin, made it very clear what the government can move with respect to veterans affairs—and that is to rip \$110 million out of veteran entitlements. Thirty-three million dollars was ripped out by raising the partner pension age from 50 to a massive 58.5 years of age; \$77 million was saved by ensuring that partners of veterans, if they separate, lose the spouse pension 12 months after the separation. And, in a particularly insidious move by the Minister for Veterans' Affairs, in a bill that was classed as uncontested and non-contentious was hidden a pro rata mechanism, so that a veteran who was a reservist or was working part time would receive only pro-rata part-time compensation.

On the one hand the Prime Minister and his Minister for Veterans' Affairs moved to create a military memorial of national significance to honour prisoners of war and others who have served, as more memorials come on line, yet on the other hand they moved \$110 million of veteran entitlements simply as a budget saving mechanism when the budget has a \$22 billion surplus. It is, in my opinion, unconscionable.

By way of history, between the Boer War at the turn of the last century and the Korean War in the 1950s, 34,737 Australian service men and women were incarcerated in prisoner-of-war camps across the globe. Approximately 8,591 Australian military per-

sonnel were captured by German and Italian forces during World War II, predominantly in North Africa, Greece and Crete. Over 22,000 Australians were captured in the Pacific theatre in World War II. Thirty-six per cent of them would perish—8,031 died in captivity in some of the most horrific conditions. Furthermore, 29 Australians were captured in the Korean War. It is also interesting to note that a prisoner of war is not entitled to receive the Victoria Cross, even if their acts of bravery would otherwise deem them eligible. They would receive the George Cross. Under the imperial awards system, the British Defence Medal was given for over 180 days of service, but service as a prisoner of war was not included in that imperial medal award. Why is it so, when over 34,000 Australian prisoners of war were incarcerated and were still, while in captivity, fighting their enemy at every chance? A number of Australian prisoners of war were shipped to the Japanese mainland proper and put in munitions factories and mines and continued the fight against the enemy through sabotage and other means. Why, in such circumstances, is bravery not rewarded through a Victoria Cross but only through a George Cross? It is something I intend to take up with the parliament at a future date.

Looking back in history in recognition of the unique ordeal of the prisoners of war captured in the Pacific in World War II, the former Howard government made a one-off cash payment of \$25,000 to all living Australian prisoners of war and civilian detainees and internees who were held by Japan during World War II. This ex-gratia payment was also made to the surviving widows and widowers of former prisoners, acknowledging those who lost their spouse to the POW camps or supported their partner on their return from the war. The payment was made to eligible veterans, civilians, widows and widowers who were alive on 1 January 2001.

In those cases where an eligible recipient had died since that date, the payment was made to their estate.

May I reiterate that this is in absolute stark contrast to the Labor budget just handed down that ripped \$110 million out of veterans entitlements, even though there was a \$22 billion surplus. If you ever wanted to know which side of politics actually respects, esteems and values the veteran community, you only need to compare these two acts. One is an act of generosity, acknowledging the suffering of POWs who served in the Pacific theatre; and the other is an act of unconscionable conduct, ripping \$110 million away from those who are least able to afford to have it taken from them.

By way of war memorials across the rest of the nation, my own electorate of Fadden has a number of significant war memorials that I wish to bring to the attention of the parliament. The Coomera War Memorial; the Labrador Memorial Hall; the Nerang War Memorial; the Honour Roll and Memorial Wall at the Nerang Services Club, which is on the border, of course, of Fadden and the neighbouring electorate of Moncrieff; the Pimpama School of Arts Honour Roll; the Upper Coomera War Memorial; the Upper Coomera CWA Hall Honour Roll; the Upper Coomera CWA Hall, which was originally the Coomera District War Memorial Hall before the name change; and, of course, the Pimpama and Ormeau War Memorial. This particular memorial was built thanks to the locals raising the funds to honour those who served in WWI, including the six local men from the Pimpama and Ormeau area who lost their lives. The memorial was originally by the road and was relocated to the church grounds. In 1995 the original Pimpama/Ormeau digger was relocated to Miles Historical Village War Museum in the Darling Downs and replaced with a new digger. The inscription on the memorial states:

They gave their all. Let you who pass, saluting here their names, see that through you no slur, nor stain, nor shame falls on the land for which they gave their lives—Australia.

It is a very suitable inscription that the parliament would do well to remember, especially the current government, when it looks to meet the needs of our veterans.

They gave their all. Let you who pass, saluting here their names, see that through you no slur, nor stain, nor shame falls on the land for which they gave their lives—Australia.

The Australian Ex-Prisoners of War Memorial situated adjacent to Lake Wendouere honours more than 35,000 Australians who were held prisoner from the Boer War through to the Korean War. It was conceived by Ballarat sculptor Peter Blizzard and designed as a journey, with footpath stones cut into the shape of railway sleepers to symbolise the Burma railway built by Australian POWs during the Second World War. The monument is completed by six huge basalt obelisks listing the names of POW camps where Australians were held. It is important because, as Lord Byron once said:

For there are deeds that should not pass away,  
And names that must not be forgotten.

Associations today continue to keep the memory alive of those over 35,000 Australians who were incarcerated fighting for their country. Let me acknowledge Mr Norm Anderton MBE, the President of the Gold Coast District of the Queensland Ex-POW Association. It is my tremendous pleasure to join the member for Moncrieff and the member for McPherson as co-patrons of this very worthwhile organisation that seeks to care for, to honour and to meet the needs of former prisoners of war.

War memorials do not praise war; they honour people. In this vein it is suitable and appropriate that I honour some of the people who work hard in the Coomera Oxenford

RSL Sub Branch in the cause of veterans, notably the president, Norm Kelly; the chaplain, Len Harrop, and his wife, who provide so much support; and the other branch members who work tirelessly.

I support the Military Memorials of National Significance Bill 2008. Anything we can do to honour our veterans is incredibly worth while. We do not honour war, we do not praise combat; we honour people. And whilst not declining to give the bill a second reading, I support the second reading amendment proposed by the shadow minister.

For there are deeds that should not pass away,  
And names that must not be forgotten.

The 35,000 prisoners of war, Australian men and women across the globe—their deeds should not pass away; their names will not be forgotten.

**Mr GRAY** (Brand—Parliamentary Secretary for Regional Development and Northern Australia) (6.28 pm)—I rise to speak today in support of the Military Memorials of National Significance Bill 2008. This bill not only acknowledges the significance of the Australian Ex-Prisoners of War Memorial in Ballarat but creates an opportunity to give recognition to other significant memorials throughout the country. Rockingham, in my electorate, holds the second-biggest Anzac morning march—past west of Adelaide. The City of Rockingham Returned Services League, currently headed by the very capable Trevor Soward, does a fantastic job in organising a truly inclusive commemorative day. Rockingham, however, is a Navy town, so this year was, of course, special due to the recent discovery of the HMAS *Sydney*. In Western Australia the discovery of the *Sydney* evoked memories of a time of dark days—days of great peril, of love and of loss.

The month before the *Sydney* engaged the *Kormoran* off the Western Australian coast, John Curtin courageously assumed the Prime Ministership of Australia. In the two years of war up to 19 November 1941 about 2,000 Australian service personnel died. The loss of the *Sydney* in a few hours of action off Australia's own coast increased that number by 645—no small proportion. The following three years would see a further 37,000 die. The next three months saw Pearl Harbor and the bombing of Australia's northern shores at Darwin, Wyndham and Broome. In the lead-up to Anzac Day, I spoke to a number of current and former Rockingham residents about the loved ones that they had lost on the *Sydney* that fateful day in 1941. I spoke to Leslie Taylor, who told me of the loss of his 21-year-old brother, Able Seaman Kenneth George Taylor. Les is 84 this year. He donated \$100 towards the search effort when he heard they were looking for the *Sydney*. 'I wanted them to find her,' he said. For Les, finding the *Sydney* has at last set his mind at rest about his brother. Barbara Woods was only 14 when she heard that her brother Ray might be lost on the *Sydney*. Barbara remembers the telegram, the confusion and the search for her 22-year-old brother. Barbara told me of her sense of relief at finally knowing what happened to Ray.

As we speak, Trevor Soward and the RSL at Rockingham are already preparing for 19 November, the anniversary of the date the *Sydney* went down, to organise a local commemorative event to the men lost in 1941. I encourage all members of this place to discuss with their local RSLs and their Navy clubs ways to commemorate the 645 men of the *Sydney*. I visited the HMAS *Sydney* memorial at Mount Scott in Geraldton recently. It is a fitting tribute, and it should qualify under this legislation for recognition as a memorial of national significance.

In thinking about places and events of national significance, I must acknowledge the port city of Albany in the Great Southern region of Western Australia. For years Albany has been my family's preferred summer holiday haven. There are good reasons why Albany is significant to the Anzac story and there is definitely more than enough reason why an Albany memorial should be considered for recognition as a memorial of national significance. The Anzac legend was born on the shores of modern day Turkey on 25 April 1915, when the Australian and New Zealand Army Corps invaded the Gallipoli peninsula. This daring but unsuccessful campaign ended after eight months and over 25,000 Australian casualties, with over 8,000 deaths. Albany's role in this story may not be automatically clear, but I, like many who are residents of the Great Southern, often think of Albany and Anzac in the same thought. Albany is significant for two reasons. Firstly, the troops who were to die, be wounded or survive the shores of Gallipoli assembled off Albany and departed Australia from this harbour, with the first convoy departing on 1 November 1914. Secondly, the Anzac Day dawn service—which is now a part of our cultural heritage—traces its roots back to a service held on Mount Clarence in Albany.

The troops involved in the Gallipoli campaign were from the length and breadth of Australia and New Zealand. Each state and New Zealand supplied a quota of troops, who made their way by sea to the rendezvous point off the port of Albany. The ships began to assemble from 24 October 1914. When they arrived in King George Sound, Albany, the troops were not allowed ashore, although many did get a trip to land to take part in marches or other organised excursions. Charles Bean, war correspondent and historian of the First World War, describes in great detail the final departure of our young men from our Australian shores. He writes:

At 6.25 on the morning of November 1st, in bright sunlight, with the harbour glossily smooth, the *Minotaur* and *Sydney* up-anchored and moved out between the sun-bathed hills to sea. At 6.45 the central line of ships (known as the 'first division' of the convoy) started, the inshore ship (*Orvieto*) leading, and each of the others turning to follow as the line passed them. Half an hour later the second division of transports followed; then the third; finally the New Zealanders in two divisions.

By 8.55am all 36 transports (26 Australian and 10 New Zealand) with their three escorting cruisers had set off.

The ship *Sydney*, which Bean referred to, is of course HMAS *Sydney I*, the predecessor to the *Sydney II* sunk off the Western Australia coast in November 1941. The first *Sydney* was a distinguished light cruiser that, as it was protecting the Anzac convoy, sank the German ship *Emden* near the Cocos Islands—not so far from the location where the *Sydney II* went down 27 years later. For many of the troops who fought at Gallipoli, Albany was the last that they ever saw of Australia. That spring morning at dawn, Albany townspeople lined the shores and assembled on the summit of Mount Clarence, overlooking Princess Royal Harbour and King George Sound, to watch the convoy carry the men to war. Local Albany boy John Swain was one of the men who left with the first convoy, bound for the shores of Anzac Cove where, on 25 April 1915, he was in one of the first waves of soldiers to hit the beach. After being severely wounded in the hip while climbing the steep scrubby hills of Gallipoli, with casualness he wrote home to his mother, reassuring her that he was all right. 'The bullet broke no bones, only made a clean hole right through and both wounds are healing up nicely,' he said, adding that he did his bit before being wounded.

Albany clergyman Reverend Arthur Ernest White did much to promote the commemoration in Albany of the sacrifices of the

Anzacs. After being shipped back to Australia, having been gassed and wounded on the Western Front, Reverend White was given permission to hold a special requiem mass for the battle dead at the altar of St Johns Church in Albany. After the service, he and some of the Albany townspeople climbed to the summit of Mount Clarence. As he looked out over the harbour, he said:

Albany was the last sight of land these Anzac troops saw after leaving Australia's shores and some of them never returned. We should hold a service (here) at the first light of dawn each Anzac Day to commemorate them.

Reverend White is not well known in Australian history, but the tradition that he established endures today as the dawn service. It is a tradition that grows stronger every year. The people of Albany remember well their role in the Anzac story. Following in the tradition set by Reverend White, today they hold the dawn service on Mount Clarence at the Desert Mounted Corps Memorial and a street parade and memorial service on the foreshore. I have attended the dawn service. It is the most moving dawn service in Australia. I have been to many dawn services throughout the country, and I think we do a good job of acknowledging the sacrifice made by our service men and women and their families. The Perth service draws an impressive crowd and Canberra's, of course, is the national service. But the Albany service would have to be the most poignant, the most touching, of all.

Standing on Mount Clarence looking out across Princess Royal Harbour as the sun slowly rises over the archipelago, you can visualise the Anzac soldiers sailing to war. At the end of the service, two boats come from either side of the heads and launch symbolic flares into the dawn sky. There is rarely a dry eye on Mount Clarence. Albany's link to the Anzac story and the well-organised and inclusive service make it a truly worthwhile

event to attend. If you cannot get to Gallipoli, you must witness a dawn service at Albany. In the Western Australian parliament, the local member for Albany, Peter Watson, is proud of the strong relationship that exists today between Albany and Gallipoli. In fact, the Mayor of Gallipoli and the Mayor of Albany signed a friendship agreement on Anzac Day in 2003.

After the Anzac Day parade on 25 April 2008, work began on a memorial to the fallen soldiers of the First World War. The City of Albany and the local Returned and Services League have long held a plan to make Albany a national centre of Anzac commemoration. They are right to do this. We in this place should support their initiative. Albany was the last port of call for those who forged the Anzac legacy through their sacrifice and struggle—the last port that they saw Australian shore from. Three-quarters of those who sailed in the first convoy would eventually return to Australia wounded. Thousands more would not return at all.

This bill provides the perfect avenue to recognise Albany as it should be recognised. Albany is perfect as a site for a memorial of national significance. Likewise, I believe that the 100th celebration of the Anzac landing will be an event of great national significance. I believe that the commemorations should begin not on 25 April 2015 but on 1 November 2014 and that they should begin at Albany.

As a final note, I would like to share more words that Reverend White recited as he stood overlooking King George Sound as a wreath floated slowly out to sea, in an event that created the first dawn service. He said:

As the sun rises and goeth down we will remember them.

I commend the bill to the House.



**Mr MORRISON** (Cook) (6.39 pm)—I rise to support the motion before the House. In doing so, I wish to pay tribute to all those heroic Australians who have served as prisoners of war. More specifically, I wish to do this by drawing attention to the experiences of four remarkable Australians who live in my electorate of Cook and by telling their story in this place—a story that will resonate with the experience of so many others; an experience that produced in them a unique character, of which we are all beneficiaries. In preparing to speak on the Military Memorials of National Significance Bill 2008, it was my honour and privilege to spend time with these men, to listen to their stories and to be humbled by their sacrifice.

The generations of Australians who have served, as the Leader of the Opposition often says, in our name, in our uniform, under our flag, to protect our values, whether in hostile or peacekeeping situations, occupy a special place in Australian society. This is no more true than for those Australians who became prisoners of war, forced to suffer the indignities and abuses of imprisonment at the hands of the most ruthless of captors. This bill and the recognition afforded to the memorial at Ballarat provide further recognition of the unique standing of Australians who have served as prisoners of war. It is fitting that we recognise them through this memorial. It is disappointing that what was promised by the government to recognise this memorial, as the member for Mackellar noted in her remarks, has not been delivered. The expectation knowingly and willingly created by the Rudd government, then in opposition, was to create a national memorial, which would carry with it ongoing funding for maintenance. This expectation has not been met in this bill. I do not wish to detract from the tribute paid to our prisoners of war by making further reference to this point, but as we mark this occasion it is important to hold

the government to account for its failure to honour that pledge.

In 2004 Don Collumbell, aged 83, travelled to Ballarat to attend the opening ceremony for the memorial we recognise in this bill today. Don grew up in what he described as a ‘kids’ paradise’ on the Burraneer Bay peninsula not more than 100 metres from where my family and I live today. He attended Cronulla Public School and later Hurlstone Ag as a boarder and went to work for the MSB in Circular Quay in 1937. In September 1942, Don signed up with the Air Force. His father was a war veteran and would not let him join the Army, and there were no Navy ships for him to sign up with at the time. So the Air Force it was for Don. At that time Don had never set foot in a plane, let alone taken to the sky.

Don was sent to Bomber Command in the UK, where he trained as a navigator for 12 months. After completing training he crewed up at the local pub—the Coach and Horses—with two other Aussies, including the pilot, a Brit from Yorkshire, a Kiwi and a Welshman. It was not long before Don was flying missions in a Halifax over Germany. Life expectancy in Bomber Command was not something you talked about. Don said: ‘If you dwelt on it you couldn’t carry on.’ Boarding school had toughened him up, but all of this was put to the test in the months that followed.

In late January 1944, 16 aircraft set off on their first mission to Berlin. Don thinks it was their 13th overall mission. Thirteen minutes from the target they were attacked by a fighter that took out their hydraulics, meaning they would have to open the bomb bay manually. They pressed ahead and were hit by a second fighter, causing the leading edge of the wing to catch fire. At 20,000 feet Don and the crew bailed out over the suburbs of Berlin. The Aussie pilot from Glenelg and

the wireless operator from Yorkshire did not make it. The sky was filled with aircraft, exploding shells, searchlights and smoke. Don described the situation as 'a bit daunting'. He landed in an elderly lady's backyard, where police later arrived and took him and his Kiwi bomber mate away, with 200 to 300 people in the street waiting to lynch them. Don said it was his first drive in a Mercedes convertible.

After interrogation, they were sent to a camp, where there were 1,400 air force personnel in the main compound, including 100 from the RAF. After D-Day, things tightened up, and with the Russians approaching their position they were moved—first to a nearby port, where they were put aboard the *Insterburg* for a journey down the Baltic, where Don did not drink for four days. At port, some were chained together and sent by train to another camp. The rest, including Don, were run, not marched, along the road with prisoners dropping their gear in order to keep up. There was one guard for every three prisoners. The Germans' plan was to get them to make a break for it into the woods, where machine guns were set up to open fire. Thankfully, the Allied camp leader could speak German and instructed everyone to hold their ranks. They were then put into confined quarters, nine to a group, for four weeks, after which time they were put back on the road and marched a further 1,000 kilometres to a location near Hanover.

Soon after the Allied advance guard came through, the war was over and Don made his way back to the UK. Don returned to Sydney in September 1945, saying it 'needed a good coat of paint', and his wife, whom he had married in London before his capture, followed in January 1946. Don took up his place once again at the MSB, where he found a sympathetic workplace, supported by colleagues who were also veterans and a supervisor who had lost two sons in the war.

Don and his wife lived together in the shire for the next 50 years, making their own contribution to building our local community together with so many other World War II veterans who joined Don in the shire after the war. Don's wife passed away 11 years ago. Don remains an active member of the Cronulla RSL sub-branch where he is held in high regard, taking the opportunity wherever he can to pass on his own experiences for the benefit of future generations.

William 'Bill' Thornton was born in Western Australia in 1919 and grew up on a dairy farm before his family was evicted in the 1930s when, after a rabbit plague during Great Depression, they were unable to meet their interest payments. He left school at 14 and seven years later, in April 1940, with his father's consent Bill joined the AIF. He travelled to the Middle East for training in the desert as an anti-tank gunner. His service took him to Bardia, Tobruk, Tokra—where his unit was visited by the then Prime Minister Bob Menzies—and then to Crete, in what he described as 'the worst battle a person could ever go through'.

Despite having victories over the Germans in Brekleyan and Retamon, where Bill was stationed, his unit was defeated in Melamie. The night before Bill's capture German tanks rolled into Retamon. They were ordered to evacuate to their last position, but Bill did not make it and was captured in a cornfield in May 1941.

After five weeks in a Turkish barracks in northern Greece, with barbed wire, poor food, searchlights, patrols, vermin and lice—and where escapees were punished by standing for hours in the sun—he was put onto a train to Germany. There were 50 prisoners per truck. Diarrhoea was spreading and sanitation was non-existent. Several prisoners escaped by jumping from the moving train. The Germans responded by promising to

shoot the remaining prisoners if anyone else jumped. In November 1941, Bill was put in a 10-man working party where for six weeks they worked in summer clothes, with one blanket at night, in the middle of a German winter to drain a frozen swamp. Bill admits that if it were not for the arrival of the Red Cross packages that finally caught up with him and his fellow prisoners he doubts he would have survived.

Like my grandfather's brother Len, Bill served out the remainder of the war as a prisoner of war working as an indentured farm labourer, during which time he broke both wrists and injured his back in an accident. The POW hospital had one doctor, two orderlies and 200 British and Australian troops needing care. Despite his injuries, he was then forced back to labour with a gun to his head.

At the end of war he marched for three weeks to get to Munich on four days of rations. He said he saw many terrible things along the way. One incident he relayed to me was when he saw two teenage girls accept a lift from a German convoy only to then observe an American fighter fly over and take the convoy out.

He came home to Australia and, in 1950, he married his wife, Nancy. They moved to the shire and lived there together for the next 52 years. Sadly, Nancy died in 2002. Bill studied accountancy and worked for the Department for Works in New South Wales as well as the federal Taxation Office. He was also a local coach for the Miranda Magpies soccer club.

Bill and Nancy had five sons and two daughters, 14 grandchildren and two great-grandchildren. Bill will turn 90 next year and lives in Miranda. Some weeks ago, when I asked him at the Miranda RSL what message he wanted to relay about his time as a POW,

Bill simply said, 'I've seen too much injustice.'

Roy Kent was a POW held by the Japanese in Changi and then Kuching in northern Borneo. Roy and his elder brother were sent to an orphanage when he was only five years old, following the separation of their parents during the Great Depression. Eventually Roy and his brother were reunited with their mother after she remarried. They went to live in Newcastle, where Roy decided that school was not for him and he dropped out, aged 15 years.

Roy enlisted in the Army after the Dunkirk evacuation, when he was only 17 years and three months old. He had lied about his age, much to his mother's annoyance, telling the recruitment officers he was in fact 21. After several months of training in Australia, Roy was sent to Singapore and, as part of the 2/20 battalion, headed north up the Malay Peninsula to Port Dickson.

After Pearl Harbor the Japanese landed at Kota Bahru near the Malaysian-Thai border. The Australian diggers found themselves with weapons that were totally inadequate to defend their positions. Orders were given to evacuate to Kranji airfield where every man was to get out as best he could because they were completely surrounded by the Japanese. Roy and several other soldiers loaded themselves into a truck and made for Kranji. Roy was lying on the floor of the truck and was hit in the arm by a passing bullet. Eventually the truck could go no further, as a bullet had hit the radiator, so they made for a casualty clearing station that had been established in a rubber plantation. Roy's wound was treated and he was shifted by ambulance to the 13th Army General Hospital at Serang. During his stay in hospital, he watched the Japanese bombers and artillery blast Singapore, as he said, 'to buggery'. He was now behind enemy lines.

After the surrender, the Australians were sent to Changi Barracks by truck. After his wound had healed, Roy was passed fit for a work detail. On 28 March 1943, just after Roy's 19th birthday, he and his brother were put on E Force, which consisted of 500 men bound for Sandakan to reinforce B Force. They sailed from Singapore and arrived at Kuching on the island of Borneo. It was here that he saw out the rest of the war in the camp called Batu Lintang.

After the war Roy returned home and recommenced his employment with David Jones. He took on a variety of other jobs, but he soon found himself working as a barge master for the Australian Petroleum Company in Papua New Guinea. Roy eventually married Margaret. After the birth of their first child the couple returned home to Sydney in 1955. Roy found new employment with Stannard Brothers driving a workboat engaged with the construction of the Kurnell oil jetty, which supported the new Kurnell oil refinery. Roy was to work on Botany Bay in the shire for the next 30 years. For some of this time Roy and his family were living on the waterfront at Kurnell. Eventually he would buy a house of his own at Miranda with the benefit of a war service home loan. Roy and Margaret had two other children, one of whom they lost tragically at age 13. After his retirement, Roy and his wife, Margaret, travelled extensively in Australia and abroad. Roy is now 85 and he lives in Sylvia.

George Forwood was born in Ramsgate. He joined the AIF at 16 years of age in Martin Place. He said:

We used to see the troops sailing out through the heads and we used to wave to them and it just got you, and I decided then that I would go with them. I was that type of kid, always looking for an adventure.

George's father did not approve as he was a First World War veteran, who had been

gassed in France. George said he did not mince any words in telling him about what he should expect in war. George said:

My dad said he would go and see the army to get me pulled out. I said, 'If you do that I will go and join up under a different name.' Soon after, he told me he was quitting his job to join up and be with me. He went to the same training camp I was at but the day after I had left. Our trains passed in the night.

George was put in the 8th Division. He arrived in Singapore in 1941 and they were first attacked by the Japanese in December. George contracted scrub typhus and was in hospital when he was captured by the advancing Japanese. He said:

I was in a coma and, when I came to, the Japanese were bombing around the hospital. Because I couldn't get out of bed and there was stuff flying all around me two sisters—

he said with a smile—

laid on top of me to protect me. Word came through that the Japanese were outside the hospital and they were going to come through and anyone who wasn't a patient they were going to shoot. There was an Indian regiment and some of them ran into bed so they wouldn't get them. The Japanese came in and tore all the blankets off us, took away the people who weren't sick including the Indians and shot them.

George was then put in a prison camp after a fortnight and reunited with some mates who thought he was dead. George said, 'After six weeks, our body muscles began to deteriorate because we were on just a rice diet.' George contracted severe haemorrhoids soon after and had to be operated on by Australians doctors working without sufficient supplies. They didn't have enough anaesthetic and the doctor was halfway through the operation when it wore off. He told the doctor he could feel everything, and he had to bite on a stick and have two men hold him down.

George's next move was to Thailand to work on the Thai-Burma railroad. POWs

were stuck in a rice truck on a train without enough room to sit down. They had turns to squat down. There were eight to 10 days of that, day and night. The train never stopped. He said:

If you wanted to go to the toilet you had to have your mates hold onto your arms as you went outside the door. You had just a bowl of rice for breakfast and dinner. Meanwhile anything that crawled or climbed in trees like monkeys you would pounce on and eat to stay alive.

When put to work on the railway, George said you always had a mate to share the work. If one was sick, the other would take over. This went on until the war finished. He said:

If you showed any sign of sickness you would get a belting because the Japanese didn't like you getting sick. I fell from a bridge while putting sleepers on top of a bridge. When I came to, a Japanese guard said to me, 'Back to work,' and I had to get on with it. There was no place for anybody who was sick. If you were sick and could not go to work you were put on half rations.

He went on to say:

A lot of the poor buggers who went down on half-rations didn't survive. Your body just wouldn't keep going. You never thought of death, even though it was all around you. We could be talking together at night time and wake up in the morning and there's no response. Your mate is dead beside you. You become hardened to it. I was so young; it was an experience for me. I grew up in the prison camps. I went from 17 to 21.

When the railroad was finished, George was kept there with 50 Australians to do the railway maintenance work. George and his fellow prisoners endured being bombed and machine-gunned by Allied forces during this time.

During the railroad construction, POWs built a bridge and deliberately did it so poorly that when the first train went over it would fail. However it turned out that the POWs were loaded into the first train to go across, and George was on board. He said he

could hear the wood creaking and thought they would plunge to their deaths. Eventually they made it over the bridge and apparently it stayed up for years.

At the time of the surrender, a Japanese captain came over and he told them the war was finished. He said, 'Very sorry for what you have been through.' In commenting on this, George simply said, 'which was a lot of BS, you know'. They were eventually moved to another camp and allied supplies were dropped from planes. A couple of days later, they were in bed and could see a lot of women coming down in uniforms. As it turned out it was Lady Mountbatten. She said, 'What's wrong with you boys? Are you all sick?' One of George's mates, who was naked, got up to show her. She was devastated and had tears rolling down her face, and she made sure they all had clothing. George also met Admiral Mountbatten not long after, describing him as 'a real gentleman'.

On his return to Sydney, George was met by his father, mother and younger brother at Central Station. He did not recognise them. George could not sleep when he returned. He would just sit in the corner of the room and smoke. He could not stand anyone near him. George first went back to live with his family in Mortdale, arriving when he was 21. He eventually attained work as a linesman on telegraph poles and spent most of his life in the St George district before moving to the shire.

George still drives his car around town and lives with his wife, Norma. They have been married for many years. George is 83 years old. George said:

Living in the jungle, you become an animal, but you do change eventually. I still have dreams about the war. They are things you can't get rid of, because you have no idea how a human being was treated by another human being. I haven't been back there and I wouldn't go back. There's

too many memories and I lost too many mates up there.

Before concluding, I would like to honour a number of others. I do not have the time to tell their stories in this place but their stories are equally remarkable. These men are currently with the Miranda and Cronulla RSL sub-branches: Alex Barker, Basil Barrett, Joe Byrne, Bob Chapman, Jack Howland, Rudy In Den Bosch, Alfred Jacobs, Mic Jordan, Herbert Lamb, Paul Lavallee, James Lillington, Alick Moroney, Bill Minto, John Salter, Ron Smith, Arthur Toms and Eric Wilson.

In closing, I would like to quote Sir John Carrick, a former senator for New South Wales, a former distinguished minister, the longest-serving General Secretary of the Liberal Party of New South Wales and, most significantly, a former Japanese POW. In an article some years ago he said:

For those of us who were there and survived, a great and enduring learning experience. For everyone, a reminder that totalitarian forces must not be allowed to grow strong. Lest we forget! Forgetfulness and complacency are the rogue genes of democracy.

**Mr PERRETT** (Moreton) (6.57 pm)—Before I commence, I commend the member for Cook for his contribution. It was great to listen to. I am quite humbled after that to stand to speak about the Military Memorials of National Significance Bill 2008 before the House.

Australia has a long and proud tradition of honouring and remembering our war heroes. Our war memorials are an important part of this tradition. They ensure that history is not forgotten and tell the stories of Australians at war, which is really our national story, the Australian national story. As all Australians would know, we have never declared war on anybody initially, but we have always been prepared to go to war. That conundrum, I guess, is the Australian story. War memorials provide a focal point for reflection on this

and commemoration of those who have paid with the ultimate sacrifice in these foreign wars.

War memorials are found at gathering places for events such as Anzac Day and Remembrance Day. Even though I am a new MP, I have gone to a lot of Anzac Day ceremonies, which I have always enjoyed, but it was particularly poignant and enjoyable going as an MP. It is up there with citizenship ceremonies in defining what Australia is all about. I again commend the work of all the RSL members in my electorate who have done such great work on Anzac Day and Remembrance Day in ensuring that we will remember.

In Canberra national memorials, like the Australian War Memorial, are recognised for their national significance and, of course, their location in the ACT. Who has not been moved when touring the Australian War Memorial and seen that honour roll and that long, long list of people who have made the ultimate sacrifice?

I am very pleased to speak in support of this legislation as it will enable the Australian Ex-Prisoners of War Memorial in Ballarat to be declared a military memorial of national significance, and it will be the first memorial outside Canberra to be so recognised. The bill will also provide an avenue for other memorials throughout Australia to be recognised as national memorials. Presently, only memorials on 'national land' can be submitted for consideration as national memorials. The authority to approve national memorials lies with the National Memorials Committee, chaired by the Prime Minister. This authority is derived from the National Memorials Ordinance 1928.

The Australian Ex-Prisoners of War Memorial in Ballarat holds the names of more than 35,000 prisoners of war, from the Boer War to the Korean War. I could mention

many of the prisoners of war who reside in my electorate of Moreton, and certainly in my visits to, and talks with, the Sunnybank RSL, the Sherwood-Indooroopilly RSL, the Stephens RSL and the Yeronga RSL I have heard many amazing tales, always told in a self-effacing way. But, rather than select a couple of people from my electorate, I am actually going to talk about two gentlemen—or one in particular—from my hometown, which is a little bit west of St George, between Dirranbandi and St George. Two brothers who signed up from there—I think they have actually got Dirranbandi written on their sign-up papers in World War II—were Gordon McCosker and Jack McCosker. I do not know Jack well at all. He was captured in Germany and what was notable about him was that his family had basically conducted a memorial service because they had assumed that he was dead.

Jack's brother, Gordon Joseph McCosker, serial number QX11185, played a big part in my life. As a young boy in primary school I went to school with his son Paul—and I hope his other sons are listening tonight because I know when I spoke to his widow, Betty McCosker, she told me that she would tell all of her children. I used to spend a lot of time out at their property at Dundee. I spent many, many weeks and months out at Dundee because Betty is very good friends with my mother and mum still goes out there to spend time at Dundee. In fact, I think I earned my very first dollar ever—and it was a dollar note—in about 1971 cleaning out the shearing sheds during shearing time at Dundee. Unfortunately I did not keep it, but I do remember it very well and what it felt like in my hand. But, for all of the time that I was out there in the 1970s and growing up, Gordon McCosker, ex-prisoner of war, never talked about the fact that he was a POW. He never told his story, and in fact his widow Betty said tonight that Gordon basically

never talked about it. In fact, I got quite a shock, in year 12, when I saw Gordon at an RSL service. That was the first indication that I had had that he had military service. Not only was it military service but he had been captured at Singapore. He was in Changi and worked on the Burma railway and, having heard from the member for Cook of the horrors that were experienced, I can understand why perhaps it was not something he talked about. Instead he just came back to the land and worked hard all his life. But his name is on the Ballarat memorial.

This memorial recognises the bravery and sacrifice for their country that people like Gordon Joseph McCosker and his brother Jack endured. The memorial was completed in February 2004 and it was the first memorial to prisoners of war that specifically honoured all Australian POWs from all conflicts. In other words, the Ballarat memorial is national in every way except for its location, which is beyond the borders of the Australian Capital Territory. It was for this reason that the Prime Minister committed to recognise the memorial as a national war memorial. This bill delivers on that election commitment.

The government has also provided \$160,000—in keeping with its status as a national war memorial—to help maintain the Ballarat memorial appropriately. I have not yet seen the memorial, but it is certainly something that is on my list of things to do. I must note that, unfortunately, the previous government refused repeated requests to recognise it as a national memorial. Their reasoning, as I understand, was that they believed it could not legally be done—which was obviously technically correct. Thankfully, we are able to look beyond the black letter of the law to the intent and what was right and honourable, and so we have this legislation before the House.

It is no small feat to amend legislation, but the very persistent, very vocal and currently, I think, still very pregnant member for Ballarat has proved that it can be done. Incidentally, I do wish the member for Ballarat well in her confinement in the time ahead. On that note I also thank the member for Ballarat and the Minister for Veterans' Affairs for their efforts in bringing this legislation to the parliament. The Ballarat community also deserves praise for their efforts to honour our POWs in this way. As I said previously, this bill also puts a mechanism in place for other memorials throughout Australia to become military memorials of national significance. The mechanism is there; however, I stress that this process is separate to the National Memorials Ordinance 1928, which will continue to oversee the recognition of national memorials in the ACT.

The Minister for Veterans' Affairs, with the written approval of the Prime Minister, may declare military memorials of national significance outside of the Australian Capital Territory. This bill will in no way undermine the significance or the status of national memorials in Canberra. Nor should we expect a free-for-all because memorials must meet strict and thorough criteria to even be considered national memorials. For example, the memorial must be of an appropriate scale, design and standard in keeping with the nationally significant status—and I should note here that the Ballarat memorial is an impressive 130-metre black granite wall; the memorial must be a memorial for the sole purpose of commemorating a significant aspect of Australia's wartime history—obviously commemorating all POWs, from the Boer War through to today, is something worth doing in terms of all the sacrifice that the names on that memorial acknowledge; the memorial must have a major role in community commemorative activities; and the memorial must observe Commonwealth flag

protocols. These criteria will ensure that only deserving memorials are afforded national significance status.

With the exception of the Australian Ex-Prisoners of War Memorial in Ballarat, an application will be required for the declaration of future memorials. The bill also puts in place a further safeguard to protect the status of national memorials. It gives the Minister for Veterans' Affairs the power to revoke a declaration, should a memorial cease to meet the legislated requirements—although, in terms of Australia's history of honouring our dead and those who have sacrificed for and served this country, I find it hard to believe that that would ever occur. Still the mechanism is there. The war memorial in Ballarat holds a very special place not only for the Ballarat community but also, even more so, for all Australians—it is a place we should visit to commemorate the 35,000 POWs, from the Boer War to the Korean War, whose names are on that monument. This legislation not only recognises the national significance of the Ballarat memorial but also ensures that military memorials throughout Australia can be esteemed with national recognition into the future. I commend the bill to the House.

**Mr LINDSAY** (Herbert) (7.09 pm)—The Military Memorials of National Significance Bill 2008 is significant. It is significant in that it recognises the need for Australians to be able to recognise throughout the country the service of the men and women of the Australian Defence Force. But it is also significant because it actually breaks a commitment that the Labor Party made at the last election and it underlines a misleading of the veterans community of this country. The commitment previously made during the election was that there would be a national memorial in Ballarat. But, as we all know, that is in fact not possible; it is not possible to have a national memorial in Ballarat. So



this bill creates a new category, which is a military memorial of national significance. The veterans community in Ballarat and the veterans community in Australia will be disappointed to know that, in fact, by an artificial device, we are going to have a memorial in Ballarat which is not as was intended and as was promised at the last election.

The Rudd government have been very active in telling the community they are going to deliver on all of their election promises. Well, this breaks an election promise. It is really sad that I have to stand up in this House and express concern about breaking a promise to the veterans community and to the men and women of the Australian Defence Force, because defence is traditionally a non-political area—it is traditionally an area where all of us, on both sides of the House, support what we do in the name of our nation under our flag. But it has to be said that this is a broken election promise that we are putting through the House tonight. I am sad about that. I am also sad that really no funding has been provided for these sorts of things, because as we all know without money things do not happen. That will create some difficulties.

I note also that the previous speaker indicated quite correctly that the Minister for Veterans' Affairs may declare a memorial of national significance, and then he added: with the approval of the Prime Minister. Why is our country running continually, in everything it does, on the approval of the Prime Minister's office? I think we have all noticed, I think the government ministers have noticed and I think the media have noticed that nothing happens without the central control of the PMO. That is really debilitating for the mechanisms of government—to have everything run by and approved by the PMO just slows everything down. It is not, I guess, a good mechanism for government in this country.

What I would like to tell the parliament about tonight is Jezzine Barracks in North Ward in Townsville. Jezzine Barracks has a long, famous and worthy history in the order of battle of the Australian Defence Force. It is the home of the Kennedy Regiment and it has been there since before the turn of the last century. I was a key figure in making sure that, when 11th Brigade—the reserve brigade in the north—decided that they would relocate from Jezzine Barracks to Lavarack Barracks in Townsville, we would gift the whole of Jezzine Barracks, except for the military museum and the brigadier's house, to the community for community purposes. One of those possible community purposes is to have a memorial of national significance in the north, and I will come back to that in a moment.

The significance of the gifting was that the previous government promised \$5 million to refurbish the headquarters, 31st Battalion, RQR, so that it could be turned into a modern Army museum; the current museum, which is on the headland at Kissing Point, at the fort there, would move down to its new location; and the headland would be restored to what it was originally, when it was set up to defeat the Russians if they came to invade Australia. It sounds like Fort Queenscliff, and I guess that it is. We gifted the land, which was worth about \$25 million in my estimation—prime land in North Ward in Townsville—and we made that available to the community. On top of that we made a commitment that, if the council put in \$10 million, we would put in \$10 million to redevelop the land; and, if the state government put in \$10 million, we would put in a further \$10 million. So all up the package was worth about \$50 million, to provide the most magnificent bookend to Townsville's Strand, to be enjoyed and used by the community.

I return to the memorial of national significance. In thinking about what kind of memorial you would put in this sacred place, there are a couple of choices, in my view. You could have a memorial to the Battle of the Coral Sea, which was a turning point in World War II in the Pacific and was run out of Townsville. That would be a very significant memorial, in which I am sure the Americans would be interested in participating because they were so crucial to that battle. Equally, we could have a memorial to Australia's ready deployment force, 3rd Brigade, which operates out of Lavarack Barracks in Townsville, Australia's largest Army base. It is the ready deployment force, the online battalion that is tasked with being able to move anywhere within 24 hours. Most recently, when we had to deploy to the Solomon Islands when there was further unrest there, from go to whoa it was 18 hours. To get to nobody at Lavarack Barracks and everybody in the Solomon Islands took 18 hours, a magnificent response. Indeed, virtually all of Australia's overseas deployments in the first instance in the last 20 years have come out of Townsville, and that is to everywhere: Somalia, Rwanda, Timor, the Solomon Islands and Iraq.

I think either of those two memorial proposals that I am making here tonight would be fitting, and I would suggest my community would certainly support either, but personally I would like to see a memorial to the men and women of the Australian Defence Force in Townsville who have been part of Australia's ready deployment force.

On Monday in Townsville I was privileged to attend a welcome home for the troops. This was a welcome home for 5th Aviation Regiment, which runs Australia's Black Hawk helicopters and is soon to run Australia's MRH90 heavy-lift troop helicopters and the Boeing CH47 Chinooks. We have got the Black Hawks in Timor and the

Chinooks in Afghanistan. At the welcome home, about 80 troops arrived back from Timor. I made no bones about it: our nation most admires the work that the men and women of the Australian Defence Force do, particularly those from Townsville. It was quite poignant. The families were there waiting for the troops, both men and women, to return. Outside I saw a grandma and grandad and their grandson, young Declan, who had a bunch of flowers because his mum, Lieutenant Brooke Bailey, was coming home from Timor. It was my privilege, in the welcome home—which is done privately, not with the families—to call out Lieutenant Brooke Bailey from the group and present her with the bunch of flowers that Declan had brought to the airport. They wanted me to do it. There was a universal cheer when that happened, but what it also indicates is the family nature of the men and women of the Australian Defence Force today and how important families are when they are deployed overseas.

When this bill passes the parliament, I will be recommending to the committee charged with planning the redevelopment of Jezzine Barracks in Townsville that it consider the establishment of a military memorial of national significance at Jezzine Barracks. I will recommend that it consider a memorial either to the Battle of the Coral Sea in World War II or to the current ready deployment force that so well serves our nation from Townsville. I commend the bill to the House.

**Mr RAGUSE** (Forde) (7.22 pm)—It is interesting to hear the member for Herbert's comments on the return of soldiers from Iraq. In fact, I have done a similar meet and greet, and it was very much a great opportunity to pay tribute to and thank those men and women who have served our nation and to see the excitement of their families after their return from their long absence—and I take the point of the flowers; that was a very great gesture.

I speak tonight in support of the Military Memorials of National Significance Bill 2008. This bill recognises the Australian Ex-Prisoners of War Memorial in Ballarat, which is another election commitment honoured by the Rudd government. The purpose of this bill is also to provide a mechanism that will enable a memorial which is located outside the Australian Capital Territory and meets specified criteria to be recognised as a military memorial of national significance. This means that many military memorials will be recognised and that Australia's visible military history can be assured. The Prime Minister, then Leader of the Opposition, committed himself in June 2007 to recognising the Ballarat memorial if Labor won government. The Minister for Veterans' Affairs stated on 19 March 2008:

The Australian Government will soon be able to deliver on its election commitment to recognise the Australian Ex-Prisoners of War Memorial in Ballarat as a memorial of national significance ...

He said:

It is fitting that Ballarat's Australian Ex-Prisoners of War Memorial is the first memorial accorded national status under this ... legislation.

The explanatory memorandum to the bill says:

The Bill will provide a mechanism to honour the Government's election commitment to declare the Australian Ex-Prisoners of War Memorial in Ballarat, to be a national memorial. National memorials are recognised under the National Memorials Ordinance 1928 and are restricted to memorials within the Australian Capital Territory. This Bill will recognise the national significance of the Australian Ex-Prisoners of War Memorial ... and will enable, in the future, other memorials that meet specified criteria, to be recognised as a Military Memorial of National Significance.

I am hoping that this new legislation will ultimately do very well for electorates like mine. As I have said on many occasions, the electorate of Forde is quite a diverse elector-

ate. We go from the high urban density in the northern end to the sprawling farmlands of the south, but within that, of course, sits the people who make up the community. We as a nation and as a community have given a certain level of respect, and pay tribute very regularly, to people who have served this country and to those who have made the ultimate sacrifice. So, for me and the electorate of Forde, there is so much significance.

Growing up in a family that had many military personnel, including decorated personnel, going back to just after the Boer War, I grew up with oral history to a large degree and with a lot of the memorabilia that come with that. My father tragically died 20 years ago—he was a World War II veteran—and the stories and the understanding that I had of his service and the actions that he took during and after the war, and certainly the way that he paid tribute to his comrades in the years following the war, are interesting. Interestingly enough, I realise now that a lot of people from his era—certainly those who went before him in earlier campaigns—are no longer with us, so it is very important that we find ways of ensuring that we can maintain an understanding of our past.

The electorate of Forde has a very rich military history. Many in the House would probably not be aware of just how rich that history is, although many would know the names that I am going to mention in this speech tonight. You might find it surprising, Mr Deputy Speaker, that during the Second World War 20,000 American soldiers from the US 32nd Infantry Division were based at Camp Cable. Camp Cable is located between the townships of Logan Village and Jimboomba. That is now quite a populous region of some 10,000 people. From 1942 to 1943 there were 20,000 American soldiers who resided there. If you compare that to the population today it is quite significant.

In July 1942 the American 129th and 120th Field Artillery Battalions of the 32nd Infantry Division left Adelaide for their new camp, which initially was called Camp Tamborine because it is adjacent to Tamborine Mountain and Tamborine Village. Most of the personnel were sent overland by train, but others were sent by liberty ships. In brief explanation, the liberty ships were cargo ships that the US built for the British and also used themselves—in this case, for moving troops. Three days after departure, off the New South Wales coast, one of the liberty ships was torpedoed on its journey from Adelaide to Brisbane by a Japanese submarine. We know from the Battle of the Coral Sea and other actions that there was a lot of Japanese and enemy activity in the region. The only death, luckily, was that of 25-year-old Sergeant Gerald O Cable, Service Company, 126th Infantry, from Michigan. When the 32nd moved into the new camp at Tamborine, they decided to call it Camp Cable after the late Gerald Cable. After the war a Department of Main Roads engineer, Mr FS Parkes, suggested that a cairn of remembrance be erected to remember the Americans who served at Camp Cable. Other than these small memorials, there are no longer any visible signs of Camp Cable except for this shrine, which was erected near the original main entrance to the camp. The plaque reads:

**CAMP CABLE**

**THEY PASSED THIS WAY**

1942-1944

In the area, if you look at some of the earlier drawings and paintings of some of the local artists, you see that they capture a lot of the activity of the American troops while they were there. There are another couple of memorials that make up this area of Camp Cable near the original entrance. One is dedicated to Robert Dannenberg, who trained at

Camp Cable and later lost his life in December 1942 in New Guinea. Another small stone was erected to remember a mascot dog called Vicksburg from Vicksburg, Mississippi. The dog was killed in a road accident at Southport in 1944.

The US 155th Station Hospital was also located at Camp Cable. The camp was evacuated during the battle of the Coral Sea and was a staging point for a lot of the actions in North Queensland. The 155th Station Hospital at Camp Cable was built on some high ground above the Albert River. There was a dental ward, an operating theatre, a barber shop, a mess hall, a kitchen, a PX store, nurses quarters, a motor pool, a hot water boiler house, a steam boiler house, a tennis court, a recreation hall and a sewage treatment plant. We are talking about 1942 and 1943 and 20,000 men. As I said, there is just no evidence of this having been in the region other than these particular memorials. The camp was built by an Australian civilian group, possibly the Civil Construction Corps, who had their own self-contained camp area adjacent to the hospital. Going on from that, and adjacent further down the road, is an area very well known to many people, the township of Canungra. Canungra is the location of a large military establishment called the Kokoda Barracks.

Debate interrupted.

**ADJOURNMENT**

**The SPEAKER**—Order! It being 7.30 pm, I propose the question:

That the House do now adjourn.

**Barker Electorate: Public Transport**

**Mr SECKER** (Barker) (7.30 pm)—I have had the honour to represent a large rural and regional electorate for long enough, and indeed I have lived in rural and regional Australia for long enough, to know that the failure of public transportation will have nega-

tive effects on our communities. Tonight I draw the attention of the House to the pending closure of bus services in my electorate, namely Coorong Coaches. Let me say that this is not the public transport of cities; it is a Monday to Friday, once a day in each direction bus service to Meningie and the Southern Mallee.

This bus service took children from Meningie to school in Murray Bridge and provided the only transport and assistance for the elderly to access local banks, chemists and grocery stores within Tailem Bend, Karoonda, Pinnaroo and Lameroo. Coorong Coaches took the elderly and community members with a disability to the hydrotherapy pool. It took older Australians who cannot drive and disadvantaged Australians who can no longer afford to run a motor vehicle to the optometrist, chiropractor, TAFE, unemployment schemes and day care for children and provided access to connecting transport services through to Adelaide for specialist medical services not available locally. It also took volunteers to their unpaid roles of contributing to the local community.

Coorong Coaches ran this service at a loss, because its operating costs exceeded the inadequate subsidy from the Rann Labor state government. The Rann Labor government subsidy was never increased to match the increase in bus sizes or services provided. Indeed, the Rann Labor government advice was to revert back to a 20-seat vehicle in the Meningie service and revert back to two days a week on the Southern Mallee. Coorong Coaches were unwilling to indiscriminately throw 20 children off the school bus and nor would they see the community disadvantaged, so they ran these services at a loss.

Coorong Coaches have been notified by the Rann state government that their services will be discontinued from 30 June this year.

The new contractor will not operate these services. The loss of this critical public bus service will contribute to the decline in the economy of the region. The lifestyle of residents and business owners is adversely affected when people lose their mobility. In Adelaide, as indeed in cities across Australia, there is much outcry when one service is lost or they have to suffer the inconvenience of waiting an extra 10 minutes for the next service. In today's *Australian*, there is a deal of complaint about northern suburbs Melbourne residents having to stand up on their city-bound trains. Rural and regional residents in my electorate do not have the daily transport services available to city people. They still pay taxes and registration fees and, because they travel greater distances, they contribute a great deal in fuel taxes.

Recent ABS data reports that households in rural areas typically had the highest average weekly expenditure on transport. One desperate constituent contacted me today to tell me that the Coorong Coaches service took her child with special education needs to school in Murray Bridge from her home in Meningie, 70 kilometres away. She said that, without the bus service, which finishes at the end of the month—just a couple of weeks away—her nine-year-old son would simply be unable to attend school. She cannot afford to commute 300 kilometres a day by car and she cannot afford to sell her house and move, but her son's special needs mean he cannot attend the local school.

Last week Premier Rann announced his bombshell promise of billions of dollars towards public transport. While the registration and insurance charges of all South Australians will rise—including those of the rural and regional residents of my electorate—none of the funding is intended for rural and regional South Australia. It is all earmarked for metropolitan Adelaide. Most country businesses operate on a small scale and can-

not compete on an equal footing with large city based operators who are able to scoop the cream off the best jobs. Coorong Coaches is one of these. However, these small businesses are still required in rural and regional areas to service the population in that area, so they need to be supported at all levels and kept solvent. When governments place untenable conditions on small businesses, as the Rann Labor government has done, and withdraw subsidies, businesses like Coorong Coaches must withdraw their unprofitable services. (*Time expired*)

#### **Dobell Electorate: Rugby League**

**Mr CRAIG THOMSON** (Dobell) (7.35 pm)—I rise to put the case to the rugby league clubs based in Sydney that it is time they faced reality and moved to the Central Coast. We have nine rugby league teams crowding the Sydney market at the moment and playing before empty stadiums but, on the Central Coast, we have a growing population who are dying to have a rugby league team there. We know it can be done on the Central Coast, because we have the success of the Central Coast Mariners—and what a success they have been. They have twice been runners-up in the three years of the A league and have twice won the preseason competition.

When the Mariners play at the Gosford stadium they play to a packed crowd every week. If you compare the sorts of crowds that we get at the Bluetongue Stadium at Gosford who come to see the Mariners with the empty stadiums that we see throughout Sydney at which the NRL clubs based in Sydney are playing, you will see that it is time the clubs bit the bullet and moved up to the Central Coast. We have the infrastructure, and we have the supporter base. In fact, the Bluetongue Stadium is recognised as being the best regional stadium in Australia. It caters for 20,000 fans, so it is the right size

for the population base that we have on the Central Coast, and we know that at we can fill it.

It is not just the Mariners that lead people on the Central Coast to know that we can have our own rugby league team and successfully support it. A couple of years ago with the World Cup rugby we were able to get three games on the Central Coast. These games were not the most attractive of games. In fact, I think the most attractive game was Namibia versus Romania, one that is hardly likely to cause a lot of Sydney fans to come along and see the game. But at Bluetongue Stadium at Gosford it was a sell-out. We had 20,000 people there to watch that game. We had 20,000 people to watch all three games in the World Cup rugby union.

It is the same when the rugby league does come to the Gosford stadium. Recently, we had the Melbourne Storm and South Sydney playing. Again, they played before a packed audience. The Sydney clubs need to face the reality that they do not have the supporter base. We look at other codes and the success that they have in Sydney, and less is best. We see the success of the Sydney Swans. That is just one team that is in the town, and that is what is needed with rugby league. With rugby union, we just have the Waratahs, and that works equally well. Look at what happened on the Gold Coast and how successful that franchise has been with the Gold Coast Titans. The Central Coast is a very similar region that can have the same sort of success.

The Central Coast has a history of being a nursery for rugby league. It has a very strong local competition, known as the Health Services Union Cup. It is a competition that has thrived over many years. We have had clubs who participate in the statewide Jim Beam Cup, and we have had a lot of success. In fact, the premiers of the statewide Jim Beam Cup in the last two years have been the fa-

mous Entrance Tigers. They are a magnificent team, and they have done the Central Coast proud in the last two years by winning the Jim Beam Cup.

People on the Central Coast deserve to have a national rugby league team. They deserve to have one that they can call their own, and we know that people on the Central Coast will come to watch it. We also know that it is not just politicians who say this. John Singleton has made repeated calls for a club to move to the Central Coast. Mr Gallop, the CEO of the National Rugby League, has in fact offered \$8 million for a club to relocate to the Central Coast. They know that the Central Coast should have a club and deserves to have a club, and it is in the interests of rugby league throughout Australia that there be a club based on the Central Coast that can be supported by the people of the Central Coast.

#### **Dunkley Electorate: Roads**

**Mr BILLSON** (Dunkley) (7.40 pm)—I note the contribution of the Melbourne Storm to the State of Origin, our emancipated team to support the State of Origin, and it is good to see the talent getting a chance to flourish.

I rise tonight to add to some comments I made earlier today about the despair and the increasingly desperate state of traffic movement through Frankston. I particularly draw attention to what is a bittersweet moment fast approaching our community. In a bit over a week, EastLink will be opened. It is a magnificent piece of engineering infrastructure, and I commend all those involved with its construction regardless of their association. They seem to have done a very good job in a very short time frame.

The bitterness, though, is that we were all promised a toll-free Scoresby Freeway. Unlike your community, Member for Maribyrnong, to the north of the city and those to the west, my community and those

to the south and the south-east of Melbourne are the only ones who pay to use the arterial ring road. That cannot be good news for our community. Our working families cannot be pleased about that either and the cost pressures that that puts on those involved in those big commutes. In terms of attracting investment to our community, the cost penalty of being the only part of the Greater Melbourne area that is obliged to pay tolls on an arterial ring road is certainly lead in the saddlebag we could do without.

What we could also do without is the inaction of the state Labor government in relation to the intersection at Frankston-Cranbourne Road at the end of the Frankston Freeway. EastLink, for those who are not aware, is going to interconnect with the Frankston Freeway just north of Seaford. What we do not have is a plan at this stage to relieve the traffic pressures that are already profound and causing great delays and frustration at that intersection. And they will be added to by around a 25 per cent increase in traffic volumes.

I mentioned earlier in this House that the state Labor government had waved around a \$20 million announcement saying that it planned to do some alleviation works and all we have to show for that some two years later is the press release. But it does bring into sharp attention the need for the Frankston bypass, an important piece of infrastructure. I think it is an essential piece of infrastructure—and few argue against its need—and one that can be carried out with sensitivity to the local environment, to the neighbourhood amenity and also in terms of the longer term interests of the community that I represent and those further down the Mornington Peninsula.

What we do not need are tolls. We do not need more tolls punishing our community. We do not need people living some 60 kilo-

metres away from the CBD paying a toll which many often link to congestion pricing as you get nearer to the CBD or you are on the autostrada or autobahn on some world-class freeway running between major capital cities in continental Europe or the like. Sixty kilometres out of the downtown Melbourne area is not the place for tolls. We need the Frankston bypass. We need it as a freeway but not as a feeway. We do not need another feeway that punishes our community.

We can look at the case for it being built without tolls. The Bracks government, as it was then, promised and wrote to all my constituents saying that the Scoresby Freeway would not be tolled, only then after the election to turn around and impose a toll on the basis of shortage of money even though they were rolling in cash. If you look up and down the Scoresby corridor you can see Dandenong, not far from my community. They were gifted a Dandenong bypass. If you look further up the corridor, to Knox, you can see the Knox light rail extension. If you go further up the corridor, up towards Ringwood, you can see the toll-free interchange there, almost a compensatory project for the hardship and the harm caused by the imposition of tolls. What do we get down our way? Nothing. Because we have Marcel Marceau state members of parliament more interested in representing the Labor brand than standing up to the Labor government representing our community. So we have got nothing. Here is an opportunity to remedy some of the harm and hardship of that betrayal.

Premier Brumby was the Treasurer at the time when the toll decision was introduced. He could make good—he has a lot of ground to catch up on in our community—and make sure that this project is carried forward as a freeway, not a feeway. He could make sure that the very important EES process takes into account the important alignment issues

through the Pines flora and fauna reserve and make sure that those communities in residential areas around Lakewood and Tahnee Lodge have proper sound protection barriers. I have been assured by SEITA—the people carrying out the EES—that all of this will happen. He can make sure that Centenary Park Golf Club is not adversely impacted upon by this project and he can make sure that the land use planning issues that accompany this project are properly worked through. I am optimistic that all that can happen, but I fear—and I share the fear of many in our community—that we are going to be duded again by the state Labor government. When we need a freeway, it looks like we are going to get a feeway. We have seen local councillors float this idea. We have to kill that idea off and get what we deserve. (*Time expired*)

#### **Dawson Electorate**

**Mr BIDGOOD** (Dawson) (7.45 pm)—I would like to put on the record tonight the thanks of the people of Dawson for the visit of the Prime Minister and the cabinet to Mackay North State High School on the afternoon of Sunday, 29 June 2008, enabling the community to have direct grassroots contact. I would encourage all my constituents to come along. From southern Townsville to South Mackay it is 19,000 square kilometres, and all are welcome. We welcome so much the fact that this is a government with new ideas and new approaches to the way of doing business with people. No longer is federal government remote in the south of this great nation; it is going out and meeting people where they are—on their doorsteps and in their workplaces. No longer do the people have to travel huge distances down to the south of this great land; the federal government is coming to the people. This is good news and the people of Dawson thank the Prime Minister and the cabinet for coming on 29 June.



As far as I am aware, this has not happened before. This really is a first. This really is a new government with a new approach. As far as I know, the previous Prime Minister visited the seat of Dawson only once in 11 years. He flew in, went to a sugar shed meeting and then flew out as quickly as he came in. I could be wrong. There might have been one other time when he came in, of which I was not aware, and I am prepared to stand corrected if proved wrong. But I can tell you that this Prime Minister has a whole new perspective on the way of doing business and taking democracy seriously. In the two years from May 2006, Kevin Rudd, now the Prime Minister, has visited the seat of Dawson three times. This visit will be his fourth visit, his second as Prime Minister. The people of Dawson know that they are being heard by their Prime Minister and by the government of Australia. Once again I say thank you on behalf of those people.

In February, Mackay suffered severe floods, as did other parts of the seat of Dawson, including Proserpine, the Whitsundays, Bowen and Ayre. The Prime Minister was quick to act. He instructed that \$1,000 per adult and \$400 per child be released in emergency funding. That had an immediate impact in helping people to try to recover their lives and their livelihoods, as well as helping business.

There are great things happening in Dawson, and one of the greatest things is the resource boom. The Queensland Resources Council has said that by the year 2015 we will need an extra 15,000 resource jobs. Cane has an exciting future. We have the possibility of ethanol adding value to sugar and possibilities for cogeneration and biofuels. These are exciting times for people in the seat of Dawson. With tourism we have an excellent opportunity with the Baz Luhrmann film *Australia*, which is coming out in November. This is an excellent opportunity,

and there are no greater places to bring people than to Mackay, the Whitsundays and Bowen. As you know, Bowen was one of the principal places where filming took place. We are excited in Dawson that our seat is going to be showcased to the world through the filming that took place in the town of Bowen. This government truly does recognise the contribution of the seat of Dawson to the bottom line of the national economy. Whether it is resources, cane or tourism we are an important part, and we know that this Prime Minister is taking the seat of Dawson seriously.

#### Alcohol

**Mr NEVILLE** (Hinkler) (7.49 pm)—In the House today, the Minister for Health and Ageing attacked me. It was the subject of a personal explanation. Let me reiterate that I do not promote binge drinking—in fact, quite the contrary. I promote responsible drinking, and there is ample evidence that RTDs—or premixes as they are sometimes known, especially those based on long-standing distilled spirit drinks—deliver a measured volume of alcohol. People can pace themselves, people can drink responsibly and people can drive responsibly. For example, a can of XXXX Gold beer has an alcohol-by-volume reading of 3.5 per cent. It has the same volume of alcohol as the grey label Bundy Gold at 3.5 per cent. Why should one be taxed at 32c and one at \$1.25? It is exactly the same volume of alcohol. Why then would a responsible government pick on distillers, especially when RTDs—which the Minister for Health and Ageing has made such a meal of over recent weeks—are only 10 per cent of the market whereas 50 per cent of the market is beer? RTDs are only 10 per cent of the market. Let me break that 10 per cent down even further: 75 per cent of those RTDs are dark spirits—dark spirits like Bundaberg rum, Johnnie Walker and the more responsible well-known

distilled alcoholic drinks—not alcopops, as the minister would have us believe. They are consumed not by young girls but largely by men over 20 years of age. That is the nonsense we have been subjected to in this House over recent weeks. I defy the minister to come to the dispatch box and dispute that.

I will tell you what it is all about, Mr Speaker. I offended the minister by telling her that her \$5 million superclinic program, which she is equivocating on day after day—‘Oh, it’s up to \$5 million. It might not be a bright new building; it might be a renovation. We might have other people delivering it’—is an old rehash of the Whitlam community health schemes, which were a failure. She knows I am onto it. She knows that doctors in Bundaberg want to get their own clinics up to strength. There is no need to put another layer of health bureaucracy over Bundaberg. For the record, I have not opposed it, but I have said that the \$5 million could be spent more effectively.

Bundaberg Rum has been in Bundaberg for 120 years. It is a great employer. Rum is a derivative of the sugar industry. It is a quality manufactured product. It is a major employer in my town and through its parent company, Diageo, throughout the world. Diageo, I might add, has invested \$24 million in the distillery, including a state of the art multimedia tourism centre, which sees 80,000 tourists a year pass through it. It is a very important part of Bundaberg’s tourist profile. Bundaberg Rum also has great resonance in the history of Australia. The flat bottle that you see—about a quarter or a third of a bottle of rum—used to go in the saddle pack. You did not have cold wines and cold beers out on the stock routes, but you could have a product, Bundaberg Rum and sometimes Bundaberg OP Rum, that you could mix with water. It was a favourite drink of graziers, jackaroos and stockmen. It is part of our outback history. It is also part

of our war history, with the Australian and British navies. It is also part of our sporting history. There is no greater promoter of sport in this country than Bundaberg Rum, with their support of rugby league and rugby union. And, for the information of the minister, who is so intent on health outcomes, it also promotes adult rugby league for male fitness. Bundaberg Rum is a big contributor, too, to surf-lifesaving. It gives \$200,000 a year to Landcare. The attack was unwarranted. (*Time expired*)

#### **Australia Deliberates Project**

**Mr LAURIE FERGUSON** (Reid—Parliamentary Secretary for Multicultural Affairs and Settlement Services) (7.55 pm)—Last year I had the privilege of participating in the Australia Deliberates project. The goal of the project was to assess the current state of knowledge and attitudes about relations between Muslims and the wider community in Australia. It was undertaken by Issues Deliberation Australia/America. IDA is a not-for-profit, non-partisan political psychology and public policy think tank run by US based Australian Dr Pam Ryan.

The project was financed by the USA based Silverton Partners Philanthropic Foundation and the Myer Foundation. Qantas and the *Australian* newspaper provided in-kind support. The consultation and research involved more than 1,700 Australians. There was active participation by noted Australians, such as Bob Hawke, Ian Sinclair and Ray Martin, as well as prominent Muslim community members. Most importantly, the research was informed by the opinions of more than 1,000 ordinary Australians from Muslim and non-Muslim backgrounds. The proceedings were written up into a valuable document and recorded in a film titled *Beyond Belief—Muslim and Non-Muslim Australians Deliberate*. I and the honourable member for North Sydney will be hosting a

screening of the film at the Parliament House Theatre next Tuesday night.

The deliberation was a unique project insofar as it examined Muslim settlement in a manner not attempted anywhere else in the world. It sought to engender understanding of the key issues impacting on Muslim settlement in Australia through extensive dialogue. The findings of the deliberation are consistent with my long-term interaction with and understanding of the Muslim community. That community is characterised by high levels of cultural diversity in areas such as heritage, interpretation of religion and daily social mores. One of the most promising aspects of the deliberation is that participants tended to genuinely shift their position in a positive manner after interaction. That was accomplished by a comparison of the views of those participating before and after this interchange. This applied to non-Muslims positively changing their perception of Muslim Australians and Muslim Australians also gaining an enhanced perspective on the key issues affecting the mainstream of the community. The findings of the deliberation are essential reading for policymakers, journalists, community workers and others. I found it a very rewarding experience to have been a personal participant.

Some of the key findings of the deliberation include the following. There has been a proliferation of mutual misunderstanding and lack of knowledge by both Muslims and non-Muslims in Australia. False perceptions and lack of understanding fuels a mutually reinforcing negative spiral—fear of the ‘other’ and aggressive behaviours feed stereotypes on both sides which may work as self-fulfilling prophecies. As we have seen recently at Camden, these kinds of motivations can be manipulated by some for political purposes. Young Australian Muslims, most of whom are born in Australia, are becoming increasingly alienated because of the relent-

less questioning of their degree of ‘Australian-ness’. Stereotypes and prejudice are fuelling a widening of the divide from both sides, not just in Australia but globally. Australia’s foreign policy in the Middle East—Iraq, Israel, Palestine, Lebanon—is very relevant to how Muslims and non-Muslims relate to each other in Australia. The language of political leaders is seen to have a direct impact on the level of racism in the wider Australian community. Negative media coverage that perpetuates misunderstandings and misperceptions of Islam and Muslims to the West affirms stereotypes not true of all Muslims. I note that the Department of Immigration and Citizenship has recently furthered the funding provided by the previous government for some work being undertaken by two universities to try and inform the media in this country as to the degree to which they have discriminatory coverage and ways in which they might improve it. Finally, fear, stereotypes and prejudice break down with learning about the ‘other’ and getting to know the other. There is willingness by the majority in both the mainstream Australian community and the Australian Muslim community to be ‘good neighbours’ and ‘good Australians’. Neither group seems to know how to reach out to the other, but the willingness to do so is there.

**House adjourned at 8 pm**

*Wednesday, 18 June 2008*

The **DEPUTY SPEAKER (Ms AE Burke)** took the chair at 9.30 am.

### **STATEMENTS BY MEMBERS**

#### **Cowan Electorate: Wheelchairs for Kids**

**Mr SIMPKINS** (Cowan) (9.30 am)—I recently visited the Wheelchairs for Kids workshop in Wangara within my electorate of Cowan. The purpose of Wheelchairs for Kids is to assemble and then donate wheelchairs to disabled children around the world in order to improve their quality of life. I visited the workshop to recognise and thank the many volunteers for their outstanding work. They donate their time and effort to assemble the wheelchairs and then to prepare them for shipment overseas to disabled children in 60 countries. Since the Wangara workshop began assembling the wheelchairs in 1998, more than 14,000 have been shipped around the world to children in countries such as Vietnam, Cambodia, Benin, China, Kenya, East Timor, Mongolia, Tanzania and many more. Leading the way with Wheelchairs for Kids is the inspirational community leader Brother Ollie Picket AM, ably assisted by Bob Sheridan and Ted Melvin. But they could not achieve the phenomenal result of more than 14,000 wheelchairs without the efforts of a great band of volunteers. But before naming those volunteers I should also make a special mention of the critical role played by the Rotary Club of Scarborough. They helped establish the workshop and continue to provide critical support.

I would also clearly state for the record that the team at the Wangara workshop of Wheelchairs for Kids, and specifically the volunteers, demonstrate the greatest examples of Australian volunteerism. The volunteer work they do for disabled children living in circumstances of extreme disadvantage around the world represents the very best in the Australian character. It was an honour for me to be able to meet them and thank them for their work.

On the day, I personally thanked volunteers who live within Cowan. They are Ted and Jean Melvin, Fay and Bernie Leach, Jill and Stan Broom, Kevin and Maureen Cunningham, Chris and Jenny Jansen, Geoff Bedford, John Brennan, Jack Buck, Bill Burns, Charles Cole-Bowen, Bill Culbertson, Bill Daking, Tony Freeman, Barry Haines, Barry Hayes, Frank Howe, Soubhi Jabbour, Don Kidson, John Linney, Tom Lowes, Ron Marshall, John McGregor, Colin Pearson, John Rae, Bob Ruscoe, David Rushton, Brian Williams, Ron Wood and Ray Opie. These men and women are outstanding Australians and I am very glad to take this further opportunity here in the parliament of Australia to thank them for the work they do for the children in need around the world. It is my hope that Wheelchairs for Kids in Wangara continues on into a very long and productive future.

#### **Royal Australian Air Force Base Amberley**

**Mr NEUMANN** (Blair) (9.33 am)—I want to speak briefly today about the expansion of the RAAF base at Amberley. A couple of Fridays ago I had the privilege of being there and looking at the expansion that is taking place and talking to the personnel at the base. It is a superbase, actually, and its terrific stage 3 redevelopment is estimated to cost \$331.5 million. As I said, it is a major military base in Queensland, particularly for Ipswich, and we really welcome it. The primary role of the base is to be the home base and to provide full operational maintenance support for the precision strike element of the Air Combat Group. It also supports the strategic lift capability and it has the C17s there. These are marvellous planes—they

can take Leopard tanks in the back and about 500 personnel. I had the privilege during the election campaign to be there with the then shadow minister for defence and look at these marvellous machines. I am pleased that the previous government was involved in that process and that we are also expanding the air capability at the RAAF base at Amberley.

The stage 3 redevelopment will deliver essential facilities to support the population increase at the base. The redevelopment will include improved security and the relocation of residential, mess, recreational and support facilities at the base. I had a look at the live-in accommodation and it looks pretty good to me. I also had a look at the physical training centre, which will improve the physical fitness of personnel at the base. Mind you, I have played a lot of RAAF personnel in sporting fixtures over the years and, whether it is touch football, football or basketball, they are all pretty fit and I look forward to playing them in the future. It will be terrific. We will have tremendously fit personnel at the RAAF base at Amberley and they will participate in the sporting life of the community of Ipswich as well. I also look forward to trying out the new liquid dry breathing oxygen facility, which I think is going to be a fascinating activity for me in the future. I look forward to the member for Oxley coming and trying it out with me as well.

I want to also comment on the fact that we have the F111s at the RAAF base at Amberley and we have agreed to locate the Super Hornets there. As the federal member for Blair, I would like to say that the locals look forward to the Super Hornets being housed at the RAAF base at Amberley. We are very supportive of our defence families in the Ipswich and West Moreton area. We look forward to the investment by the Rudd government to develop the base there and the Australian Super Hornet facilities project. Like the F111s, which we in the local area affectionately call the flying pigs, the Super Hornets will make a significant contribution. The football team is called the Ipswich Jets and the basketball team is called the Ipswich Force, so the RAAF base at Amberley is dear to the heart of the people of the Ipswich and West Moreton community. I welcome the investment in the area. (*Time expired*)

#### **Dunkley Electorate: Roads**

**Mr BILLSON** (Dunkley) (9.36 am)—Last weekend there was a community celebration on EastLink, a piece of infrastructure that links our two communities. By all accounts it was a wonderful day and a great credit to those who constructed that magnificent piece of infrastructure. The story about it, though, is a little bit different. You will all remember that one of the first things that I was involved with, along with other colleagues, over a decade ago when I came to this place was making the case for the Scoresby Bypass, a project that was so crucially needed and so essential to our communities. Madam Deputy Speaker Burke, I recall some of your predecessors being very active about that project.

We were upbeat that the community support meant that the then attitude of the state government that it was unnecessary would be overturned, and there was a sigh of relief amongst the eastern and south-eastern communities of Melbourne. We remember that the argument being run by the state government was that a hotch-potch of upgrades of existing road infrastructure, like putting stents in the transport arterial network servicing our community, would be enough. We all knew that that was not going to be enough. In successfully arguing that case we saw the state government of Victoria get on board.

And who could forget Premier Bracks? After all the concern that there was a secret plan to impose tolls, we sensed this was coming. Premier Bracks in the lead-up to an election wrote

to everybody in my electorate saying: 'Dear Dunkley resident'—or whatever the state electorate was where that person was living—'rest assured there will be no tolls on the Scoresby Freeway. This is my solemn promise.' That did not last very long, did it? We now know that, of all the metropolitan communities in Victoria and around greater Melbourne, the only ones paying to use the arterial ring-road are those in the east and the south-east. Shame on Labor for such a blatantly misleading exercise with purely political motives that has let down my community dramatically.

We then got to the point about the traffic impacts of that down at Frankston, where the freeway stops. We argued that there would be a 25 per cent increase in traffic, but, no, that would not be the case at all! We now know that the traffic modelling that is available confirms our concerns. We were pointing to the need for a bypass. Again state Labor in Victoria said there was no need for a bypass: 'We will come up with a little scheme that will relieve the pressure at that intersection.' Who can forget the press release issued by the then Minister for Public Transport, wholeheartedly supported by the local state Labor members of parliament, saying that there would be some treatment? Let me read it:

A re-elected Bracks Government would commit \$20 million to improve traffic in and around Frankston by upgrading the Cranbourne-Frankston Road/Moorooduc Road intersection ...

It talked about the terrible casualty crash rate and the unacceptable delays in traffic. We were going to get a grade-separated turning lane. We are a bit over a week away from the opening of EastLink, but all we have to show for that transport intersection work is this press release. This press release is dated 30 October 2006. Shame on the state Labor government. It needs to speak up for our community. (*Time expired*)

#### **Housing Affordability**

**Ms GEORGE** (Throsby) (9.39 am)—I have previously raised in parliament, on behalf of the people I represent, concerns relating to the issue of housing affordability. I just want to make some comments about that matter following the budget and to commend the Minister for Housing for her efforts in addressing a major social and economic problem.

The 2006 census found that, in my region of the Illawarra, nearly 11,000 households were technically suffering from mortgage stress. That is not surprising, because, as we know from the figures, the average home now costs in the order of seven times the average annual wage, up from about four times a decade ago. On top of that, housing is becoming more expensive, with the average first home buyer mortgage more than doubling in the past decade, to an average of \$228,000 at the start of the year.

Unfortunately, homeownership, which in the past has often been seen as a matter of security, is increasingly becoming a matter of stress for the 1.1 million families across Australia classified as being in housing stress. The flow-on of that means that people are now stuck in the rental trap and finding rental vacancies on the decrease and rents going through the roof. Surveys in my electorate of Throsby indicate that over 40 per cent of households who rent privately are in rental stress as well. After more than a decade of neglect by the coalition government, I am pleased that the Rudd Labor government has an ambitious housing policy agenda. That was reflected in the outlays in the recent budget.

Our goals are ambitious. There is not a silver bullet and we cannot resolve the problems overnight, but we have backed our commitments with a significant outlay in the order of \$2.2

billion to address a range of supply- and demand-side issues. The measures include the first home saver accounts, which will be tax-effective mechanisms for saving for your first deposit, the National Rental Affordability Scheme, an audit of surplus Commonwealth land, the Housing Affordability Fund and the National Housing Supply Research Council, which will publish an annual report analysing the adequacy of construction and land supply. Obviously land supply is a major issue.

In my local area, great store is being placed on opening up land for housing in West Dapto and Shell Cove. In that regard, I have had discussions with my two local councils, urging them to apply in a competitive process to access funds under our \$500 million Housing Affordability Fund, which addresses the two important cost components: infrastructure charges and levies and 'holding costs'. I am hopeful that this fund, together with our investment in the new first home savers accounts, will make the dream of homeownership more achievable in the decades ahead. (*Time expired*)

#### **Stirling Electorate: Balga Senior High School**

**Mr KEENAN** (Stirling) (9.42 am)—I rise to draw the attention of the House to a group of very impressive young people in my electorate, at the Balga Senior High School, who are facing adverse circumstances but are continuing on with their education. I would just like to explain to the House why. We often hear about problems that are faced by young people in our society, such as drugs, alcohol and the rising cost of living—not the least of which is housing, of course—and all of this can take its toll on young people. What we must remember is that most young people in Australia go on to be great successes.

I would like to talk specifically about a group of teenage mums in my local community who have proved that you can take control of your own fate if you have the gumption to do so. This group are very smart young mums, recently graduated from the Young Parents Program run by Balga Senior High School's Teen Family Centre. Most members will be aware that what happened in the past was that, if you were at school and you found yourself pregnant, generally you had to drop out of school and you would not have the chance to continue with your education.

At Balga Senior High School they are running a specific program for teenagers who find themselves in that predicament. It has given these young mums an opportunity to actually finish their high school education. In some cases they have also gone on to university. There is a childcare centre that operates there so that these young mums can actually continue their education and give themselves the best opportunity going into their futures. This really is a fantastic program. It was funded by the previous government, under the Stronger Families and Communities Strategy. It provides educational workshops and helps people develop independent living skills such as budgeting, cooking and personal skills. It makes young parents better equipped to be parents, whilst also being able to complete their education. This has some pretty impressive long-term implications for my community. If you do not complete high school, we know that your chances of being unemployed are greater and your chances of getting a poorly paid job are greater.

I would really like to congratulate these young mums for taking control of their future and I would like specifically to acknowledge the role played by Balga Senior High School. It is a school that faces unique challenges. It has a very high immigrant population. It often has people coming in with only rudimentary English, so they are often doing remedial English. But

the school has taken on these challenges and it is doing something positive about them. I would just like to specifically mention the hard work done by the parents support coordinator of Balga Senior High School, Laura Allison, who is very much at the heart of the centre. The staff there are extraordinarily dedicated and compassionate. I congratulate them and the students they are supporting.

#### **National Secondary School Computer Fund**

**Mrs IRWIN** (Fowler) (9.45 am)—In yet another promise kept by the Labor government, we saw last week the allocation of the first round of the computers in schools program and I was pleased to see that for the first time in a long while the funding of resources for schools was based on the needs of schools and not on a desire to gain political advantage for the party in government. Having seen the decline in the level of resources in schools in the Fowler electorate relative to other areas, I hope that the model used to allocate computers will be repeated in the allocation of other resources.

In the first round, schools in the electorate of Fowler will receive a total of 2,251 computers. Those schools include seven public schools, two Catholic schools and two independent schools. Of the public schools, Ashcroft High will receive 147 computers, Bonnyrigg High 183, Bossley Park High 326, Cecil Hills High 297, Hoxton Park High 230 and James Busby High 104. Of the Catholic high schools, Freeman Catholic College will receive 316 computers and Mary Mackillop College 242. Of the independent schools, Christadelphian Heritage College Sydney at Kemps Creek will receive 32 computers and Thomas Hassall Anglican College at West Hoxton will receive 144. The provision of these computers through the National Secondary School Computer Fund has been greatly welcomed by schools in Fowler.

Last Thursday I visited Cecil Hills High School, where the principal, staff and students were delighted with the announcement of an allocation of 297 computers to bring the total number of computers in the school close to the target ratio of one computer for every two students. I can also clear up one concern that was raised with me at the time of my visit. Special needs education teachers at the school pointed out that disabled students often found it difficult to use laptop computers because of the small keyboard. I note that the program also includes the provision of desktop computers. While the aim of this program is to prepare Australian students for further education, training and employment and equip them with the skills they need to live, work and succeed in an increasingly digital world, I would stress that the program should—definitely should—include modified computers for special needs students. With computer training, special needs students can have a far greater chance of reaching their full potential. I congratulate the government on this digital education revolution.

#### **Age Pension**

**Mr COULTON** (Parkes) (9.48 am)—I rise to support the call by the Nationals candidate in the seat of Gippsland, Darren Chester, to increase the age pension. The first Labor budget, released just five weeks ago, was a dismal failure, especially for pensioners and carers. What did they get from the government that, prior to the election, promised that it would 'govern for all Australians'? One lousy word from the Treasurer in his budget speech and zero in the tax cuts.

Under pressure, the Prime Minister and Treasurer have since come out with some sort of vague promise on the never-never for pensions to be considered as part of the government's



tax review. That review reports back in 2010. This means nothing for pensioners for years, at best. At a time when we have a surplus of \$22 billion, created by the strong economic management of the previous coalition government, the new Rudd Labor government could not find an extra cent for Australia's aged community. So much for Rudd Labor's promise to govern for all Australians! Yet another Rudd government review does not put food on the table or help pay the heating bills or put petrol in the car. Urgent assistance is needed now.

Darren Chester has supported a proposal by the National Seniors organisation calling for the age pension base rate to be immediately increased to help pensioners struggling with the increased cost of living. He has argued that the single age pension should be increased to two-thirds of the couple age pension rate, adding about \$30 a week to the current single weekly pension of \$273 a week. This proposal would provide immediate relief to some of the neediest in our society today: seniors, particularly single women, trying to make their pension cover the skyrocketing costs of living under the current Labor government. Darren also believes that additional support should be provided for carers of people with a disability and that Labor's new taxes on transport, cars and alcohol should be scrapped as these increases will inevitably flow on to higher grocery prices.

What has been Labor's response? The Prime Minister said last month that his government has done as much as it physically could to provide additional help for people struggling with the cost of living. But Labor's candidate for Gippsland was even more callous, even more out of touch and even more pathetic: Labor's Gippsland candidate branded the call to increase the age pension a 'stunt'. In doing so, he has demonstrated that he will not fight for the people he aspires to represent in Gippsland. He has demonstrated that he will not act to fight for a fair go for pensioners. He has demonstrated that, if he is elected, he will not stand up to his Labor puppet masters; he will simply toe the Labor Party line. He will be just another out-of-touch actor in the Rudd stage show. A quitter is not what Gippsland needs. A Labor puppet is not what Gippsland needs. Gippsland needs someone with the courage of his convictions, someone who will stand up and fight for the people he represents. Gippsland needs a fighter like Darren Chester in federal parliament.

#### **Volunteer Organisations**

**Mr ZAPPIA** (Makin) (9.51 am)—I take this opportunity to speak briefly about the thousands of Australian men and women who voluntarily serve our community through their membership of the organisations Zonta, Rotary and Lions. Every day millions of Australians give their time freely to enrich our nation and to improve the quality of life of others. We often attempt to measure in dollar terms the value they add to society, but in reality you can never place a dollar value on the humanitarian work they do and the lives they touch.

Today I want to focus my remarks on the contributions of the men and women of Zonta, Rotary and Lions. I do so because of the unique nature of these organisations. Over the years I have developed a close relationship with the local branches of these organisations in my own area. In recent weeks, I have attended several of their annual changeovers—and I will be attending a number more—where the outgoing president hands over to the new, incoming president. As the outgoing president reports on the club's activities of the last 12 months, I hear of new examples of the extensive humanitarian projects, both local and overseas, that these organisations are associated with. I also see firsthand the lifelong commitments, in the form of regular meetings and fundraising efforts, that so many of these people make in their

service to mankind—commitments which place substantial demands on both their time and their own money, commitments where the beneficiaries of their efforts are often individuals or communities whom they will never personally see or even know.

Volunteering is always easier to commit to when you can identify with a particular need or where you are personally associated with the outcome and perhaps even share in the achievements of your efforts, but this is not generally the case with the members of Zonta, Rotary and Lions. Furthermore, because of the international nature of their work, international goodwill and cross-cultural friendships are developed, and I see frequent examples of that in my own community in the form of student exchanges and perhaps visits from international delegations of members of these organisations. One has only to look at the code of ethics and objectives of these clubs to understand how they also encourage a set of standards of good citizenship in local communities, and I suggest that we could all learn from their standards.

Millions of lives throughout the world have been improved as a result of the work of the people of the Zonta, Lions and Rotary organisations. I take this opportunity to express my admiration for and appreciation of the tens of thousands of Australians who serve both our community and the international community through these organisations.

#### **Calare Electorate: Cobar Mine**

**Mr JOHN COBB** (Calare) (9.54 am)—It is with no pleasure that I rise to inform the parliament of a very recent announcement in Cobar, the major mining town in the electorate of Calare. CBH has just announced that 220 jobs will be lost. The mine is not closing—it will continue on—but the situation is that falling commodity prices have dropped off. The company is talking about the fact that a lot of these people are employed by contractors doing exploration work. There is absolutely no doubt that the drop-off in commodity prices for copper and the like has an impact, but I think the bigger issue is the rising fuel market, the rising price of diesel and the fact that water is such a huge issue. The current government did promise \$12 million to help alleviate the water situation at Nyngan and Cobar. We have yet to see that foreshadowed in the budget, so that is a real issue. While obviously the shortage of water is not this government's fault, certainly they have to work with and spark the state government of New South Wales into dealing with the issues, and especially their own commitment to alleviate the water issue for Cobar and Nyngan.

Of those 220 people who were mostly employed by contractors, the vast majority are locals in Cobar. Cobar is a tough town, it is a good town, it is a young town, and I have no doubt it will survive this. But the loss of 220 jobs in Cobar has a far bigger effect on the town than the loss of Mitsubishi will have in Adelaide, much as I have sympathy for those people. But if the government can put \$35 million towards a company that did not ask for it—Toyota, to build a new car—then I think they can also look at what a town like Cobar has to deal with when it loses 40 per cent of its workforce out of one mine.

As I have said, this is a tough town. It has a tough council. Ordinarily, as I said, I think a great many of those people would be employed by the other two mines, who are also big employers. We have well over 1,200 people working on the mines there. But, as I said, rising fuel prices are a huge issue for mines, particularly mines that are out in the western areas. With the water situation and the drop in commodities, the people cannot all be employed within the town. Remember, as I said, the vast majority these people are locals doing a local job. (*Time expired*)

**Bonner Electorate: Nathanael House**

**Ms REA** (Bonner) (9.57 am)—I rise to address the Committee this morning to talk about the very serious and increasing issue of youth homelessness but in particular to offer my support to St Bartholomew's youth accommodation centre in Mount Gravatt, more commonly known as Nathanael House. I have had many occasions to visit and talk with the very hard-working team at Nathanael House over a number of years, both in my capacity as a local councillor and now as the member for Bonner, and I am always astounded and impressed by the amazing achievements that this very dedicated team can achieve.

Nathanael House itself is funded and operated by St Bartholomew's Anglican church, which also operates in Mount Gravatt. Its director, Rees Madren, has asked me to inform the Committee that he is very pleased with the direction that the new Rudd Labor government is taking with reference to the homelessness issue in general but, more particularly, with the issue of youth homelessness and youth accommodation. Nathanael House has in fact operated a youth accommodation centre in Mount Gravatt for over 20 years and, in that period, it has seen the number of young people who are homeless across the country double, to 25,000, an issue that no-one in this Committee or indeed in our community can ignore.

For the last few years, the house has been inundated with requests from young people for short-term accommodation and in fact has had to decline as many as 800 requests each year because it is full already. So I was very pleased when Rees, the director, contacted me, after attending the homelessness conference in Adelaide, where he heard both the Prime Minister and the Minister for Housing address the conference on the issue of homelessness, and in particular youth homelessness. He asked me to please pass on his enthusiasm, his encouragement and indeed his praise for the comments he heard.

He is particularly pleased that the Commonwealth government is addressing the issue of crisis housing and accommodation. Of course, in a city like Brisbane, and particularly in the electorate of Bonner, the enormous growth in south-east Queensland is bringing much benefit and prosperity but also the pressures associated with an increasing population. So it is important that facilities such as Nathanael House are supported by this government and that others are also encouraged to get involved in the discussion about homelessness, particularly of our youth. He is particularly pleased that this government is addressing issues of domestic violence and other issues which put increasing pressure on youth homelessness.

**The DEPUTY SPEAKER (Ms AE Burke)**—Order! In accordance with standing order 193 the time for members' statements has concluded.

**APPROPRIATION BILL (No. 1) 2008-2009****Consideration in Detail**

Consideration resumed from 17 June.

**Infrastructure, Transport, Regional Development and Local Government Portfolio**

Proposed expenditure, \$716,598,000

**Mr ALBANESE** (Grayndler—Minister for Infrastructure, Transport, Regional Development and Local Government) (10.01 am)—I am pleased to have the opportunity to support the allocation of expenditure in this portfolio. Since my appointment on 3 December it has indeed been a very busy six months in the job, which culminated in the budget in May. In that six months we have appointed Australia's first ever infrastructure minister. We have created a

new department, the Department of Infrastructure, Transport, Regional Development and Local Government. We have begun setting up the Building Australia Fund, with an initial \$20 billion down payment. That was of course a centrepiece of this budget. We have placed traffic congestion, urban planning and public transport back on the national agenda with the establishment of a Major Cities Unit and the allocation of \$75 million within our first budget to progress planning on eight landmark, congestion-busting, nation-building infrastructure projects.

We have honoured all of Labor's pre-election road and rail commitments in our first budget, bringing forward half a billion dollars to start work at least 12 months early on a number of critical election commitments. I have chaired two meetings of the nation's transport ministers, the Australian Transport Council, and secured agreement on new, fairer road-user charges for heavy vehicles and provided a \$70 million package to tackle heavy vehicle fatalities and lift productivity. Unfortunately, these have been blocked in the Senate at this stage by the coalition, in spite of the fact that this was coalition policy prior to the election and that the process of moving towards full cost recovery for heavy vehicles was begun by the coalition. We have obtained in-principle support for a new beginning for transport, a national action plan for keeping people and freight moving. We have launched a new and innovative road safety program funded in the budget, Keys to Drive, which will provide more than 200,000 free driving lessons to learner drivers and their parents. We have provided the ARTC with \$15 million and asked it to determine, once and for all, the economic merits and financial viability of a second railway between Melbourne and Brisbane, one running through the central west of New South Wales. We have unveiled a fuel consumption label for all new cars sold in Australia which spells out each heavy vehicle's emissions and fuel consumption in both city and highway conditions.

On aviation, we have commissioned Australia's first ever aviation white paper, with the purpose of addressing the industry's current challenges and guiding its growth over the coming two decades. We have finalised a long awaited open skies agreement with the US, secured additional capacity on air routes between Australia and Malaysia and taken an important step towards the liberalisation of air services between Australia and the EU. We have brought in industry experts to review the effectiveness and adequacy of security screening at the nation's airports. We have signed a transport security cooperation agreement with the government of Indonesia. We have reinstated ACCC monitoring of car-parking fees at the nation's biggest airports—Sydney, Melbourne, Brisbane, Adelaide and Perth.

On maritime we have asked a bipartisan parliamentary committee to consult and come forward with recommendations that will revitalise the coastal shipping industry, and we have legislation to deal with the issue of spillages of oil that has been introduced to the parliament just today. On regional development and local government, we have started overhauling and restoring public confidence in the Commonwealth's various regional development programs. We have established Regional Development Australia.

On the legislative program, we have made sure that we have introduced legislation to give Australians flying overseas access to fairer compensation in the event of an airline accident, following nine years of inaction by the previous government, and we have made sure that big oil and shipping companies responsible for oil spills within Australian waters are held financially accountable for the damage caused.

It has been a very big six months, but I am very pleased that we have honoured all of our commitments, including those financial commitments that were made in the budget. I am very proud of the work that my department have been responsible for during the first six months of the Rudd government. (*Time expired*)

**Mr TRUSS** (Wide Bay—Leader of the Nationals) (10.06 am)—I will begin by making a brief observation about the estimates process, particularly since the minister is Leader of the House—and I do this in a genuine spirit of trying to make this process work better. I have been disappointed that this year's estimates process has been largely taken up by speeches by government members which have occupied the time and therefore denied the capacity for opposition members to ask serious questions of the minister and give them an opportunity to give account for their stewardship of their portfolio. I am not suggesting that anybody has broken the standing orders or that the Speaker has ruled inappropriately in those matters, but the spirit and the conduct of the estimates process has changed this year.

It was, I think, a convention that this time was used essentially by opposition members to ask questions of the minister. I have to say that as a minister I quite enjoyed the challenge, even though sometimes I would be found out, including sometimes by the member opposite when he was asking questions of me. But I think we do need to look at the standing orders to make this process meaningful, because it is the only opportunity for members of parliament to ask questions of ministers as a part of the budget process. Whilst I am not suggesting that we follow the Senate line, I think the difference between the two houses' processes has drifted too far and it is an issue that ought to be addressed, perhaps by the Procedure Committee of the parliament.

Let me use my few moments then to ask a series of questions of the minister. I will not spend time rebutting his opening remarks, even though some of them are obviously open to substantial challenge. I want to ask him about road funding and a series of road funding issues. In particular I want to ask him to confirm that all the promises made by Labor during the election campaign will in fact be honoured. If they are to be honoured, how will they be funded? If the money is to come from AusLink 1 and AusLink 2, what will happen to the priorities that have already been developed for AusLink 1 and AusLink 2, which of course were developed in consultation with the states and the Commonwealth? Bearing in mind that the states—Labor states at the present time—pay part of the cost of these projects and so they have been very much involved in the development of those priorities, what is going to happen to those priorities if the government intends to fund its election promises through AusLink?

Does the federal government intend to have the priorities for AusLink changed or are they simply going to override the existing priorities? How did Labor choose its priorities? Were they merit based? Is it just coincidence that most of these new projects are in electorates now held by Labor? Are Labor's election promises to be subject to Infrastructure Australia assessment to determine their relative merits compared with other projects which Labor did not choose? If Infrastructure Australia is genuinely to establish priorities, are all of Labor's election promises to be immune from that process and therefore not subject to any kind of scrutiny?

In that regard, I refer to comments made by the Prime Minister in the Sydney press in February 2007 when he was Leader of the Opposition, when he said that road-funding priorities would be shifted under Labor towards the cities, particularly Sydney, and then the minister's

own statements later that too much money had been spent on roads in regional Australia and that the new government would be moving future funding away from highways in regional areas to city projects.

What projects in non-metropolitan areas are to be axed to fund the new priorities? For instance, could I refer to the Cooroy to Curra project on the Bruce Highway, some of which I acknowledge is in my own electorate? Our highway is still one of the worst and has been identified by the RACQ, and indeed by the Australian roads authorities, as either the worst or near the worst road in Queensland. This is a road from which Labor intends to take \$500 million between now and 2013.

In this same area, I refer to the Ipswich Motorway project. The minister's office told the *Courier-Mail* last week that there was no commitment to fund the Darra to Rocklea section of the highway, and then there was a statement by the Prime Minister that it would in fact be funded. Where is this money to come from? The Prime Minister has suggested that it would come from the Building Australia Fund, but if it does not meet the priorities there it will come from AusLink. Is that AusLink 2 or AusLink 3? The newspaper suggests it is AusLink 3, in which case the money would not be available until some time after 2014. (*Time expired*)

**Mr ALBANESE** (Grayndler—Minister for Infrastructure, Transport, Regional Development and Local Government) (10.10 am)—Can I state to the honourable member opposite that if you are going to start off a contribution in this chamber by talking about the processes here and saying that this should be a process whereby questions are asked and then answered succinctly and that people should have more time to do that, then maybe starting off with a five-minute speech was not the best way to get credibility on that. I make that obvious point.

The fact is that the opposition have had opportunities to ask these questions in parliament but have chosen not to. There were a range of questions asked by the honourable member opposite, including purported quotes, but he did not say where those quotes were sourced from. That suggests to me that they were not really quotes. What I have said clearly is that the Rudd government's approach to transport issues will include a comprehensive attitude towards regional Australia. It is one that recognises that transport issues do not stop when you get to the outskirts of cities. This has been a problem that has been identified with AusLink in the way that it has worked. Businesses, particularly those engaged in our ports, have identified to me that the problem is with the failure of that last five to 10 kilometres of getting freight to port.

The government has a comprehensive strategy to deal with roads. I find it remarkable that the member for Wide Bay, who was the previous minister for transport, has identified a road in his electorate as the worst in Australia, even though he was responsible for transport funding for 12 years of the previous government. There have been exclusively National Party ministers for transport from 1996 until 2007 and yet, six months into the new government, they come into this chamber and they say: 'I have the worst road in Australia in my electorate. Why haven't you fixed it?' That is what they say to the new minister. It is absolutely extraordinary.

I will say this about our promises: our election commitments across the board will be honoured. What is more, they add up. We do not have a situation like that of the coalition. On 20 February the member opposite, the member for Wide Bay, put out a release saying:

... the coalition committed to spending \$3 billion more money than Labor.

Three weeks later, on 11 March, he said in parliament that the coalition had put ‘\$3 billion to \$5 billion towards our commitments for roads’. On 17 March he said that the coalition had promised \$22.3 billion ahead of the election, but the next day he put out a press release saying that they had committed to spending \$31 billion before 2013. So is it \$31 billion or is it \$22 billion? The fact is that their commitments could not be believed because they simply did not add up, whereas on this side of the chamber we actually believe in honouring our commitments. We did that through the budget process.

**The DEPUTY SPEAKER (Ms AE Burke)**—I call the member for Leichhardt.

**Mr Truss**—That is two speakers from the government, one after the other.

**The DEPUTY SPEAKER**—The Leader of the Nationals will resume his seat. I have allowed a question from the government side. I allowed the first question from the opposition side.

**Mr Truss**—But the minister has spoken in between.

**The DEPUTY SPEAKER**—The Leader of the Nationals is reflecting on the chair. I have called the member for Leichhardt.

**Mr TURNOUR (Leichhardt) (10.16 am)**—My question is to the minister and it relates to Infrastructure Australia. I of course come from Cairns in tropical North Queensland. Infrastructure is the backbone of regional and rural Australia, and it is extremely important that we take a long-term view, plan effectively and invest in infrastructure in regional and rural Australia.

I want to take up a couple of issues that the Leader of the National Party has raised because they go to the heart of the out-of-touchness of the National Party. The comments were made that we are only spending in Labor electorates. The reality is that there are no coalition electorates in rural seats north of Bundaberg in Queensland. So what is the Leader of the National Party saying? We should not invest in infrastructure north of Bundaberg? If we go up there, there is the member for Flynn, the member for Capricornia, the member for Dawson, then the Independent in Kennedy and then the member for Leichhardt. The member for Herbert is a Liberal and he looks after a provincial city, not a regional or rural area. So the reality is that we are representing your regional and rural Australia. We are about ensuring that we have good quality infrastructure up there.

The community are excited about the \$20 billion Building Australia Fund. What they are particularly interested in is the fact that that fund is well spent, well planned and invested correctly. An important part of that is Infrastructure Australia. My community are particularly interested in Infrastructure Australia—how that is going to work and how we are going to spend that \$20 billion. I want to congratulate the minister on that. My community are particularly interested in learning more about Infrastructure Australia.

*Opposition members interjecting—*

**The DEPUTY SPEAKER (Ms AE Burke)**—As I have made clear all along, the minister does not necessarily have to respond to each. I think, given the lack of time available, I am going to throw it around and then go back to the minister. I have done that in every other one. I think that is reasonable.

**Mr FARMER** (Macarthur) (10.18 am)—My question is to the minister. Minister, you are on record as stating that the government is not going to build a second airport at Badgerys Creek. Can we have this in writing and can we have this sent to local councils in south-west Sydney and to the state government so that the residents, who have their lives on hold and have had their lives on hold for such a long period of time, can do something with the land out there, which they have owned for such a long period of time, and so that they can realise for their families the value of their properties? If you are serious about a second airport being built to support the demands on Sydney airport, why haven't you committed any funding for it? Where will that funding come from, when will work commence and when will this airport be operational?

I also mention that last year the people of Western Sydney had \$150 million committed by the coalition government to the upgrade of the F5, which would have seen southbound lanes upgraded between Raby Road and Narellan Road. Kevin Rudd, Chris Hayes and the Labor candidate for Macarthur committed \$140 million to the same project and promised to commence work on this road immediately if elected. However, any commitment to this promise seems to have evaporated. Far from there being an improvement in the traffic congestion on the major arterial road between Melbourne and Sydney, things have worsened. You only have to ask the commuters, who have to endure the drive every single morning on their way to work and then of course in the afternoon on their way back home from work because there are not the jobs or the infrastructure out in Western Sydney. They need this infrastructure built and they need it now.

So my question to you, Minister, is quite simply this: when will the Labor government commit to the upgrade of the F5 and by what method will the government fund this upgrade? When will the work on the F5 upgrade commence, seeing that you have been in government for seven months and we have not seen a surveyor out there, let alone any bitumen laid? This is despite a promise by the Labor Party that work would start immediately after the election.

During the election campaign, Labor promised \$140 million to upgrade the road. How has the government costed this? It has been suggested that the upgrade will be substantially more than the \$140 million that was committed. Is that a final costing to it all? What strategies and policies will the government introduce to reduce traffic congestion in Western Sydney? What targets has it set for itself? Exactly when will the government—

*Mr Albanese interjecting—*

**Mr FARMER**—You can come back to me with the answers—that is quite all right. Exactly when will the government act on those strategies and policies? When will the government stop the delay and address these problems? I look forward to the answers, Minister.

*Honourable members interjecting—*

**The DEPUTY SPEAKER (Ms AE Burke)**—I remind everybody that there is a standing order where I can put people out of this chamber, and I am getting to the point where I might do it.

**Mr NEUMANN** (Blair) (10.21 am)—My question draws on the question asked by the member for Wide Bay, who was the former transport minister in the Howard government, and it concerns what has often been talked about as the worst national highway in Queensland—the Ipswich Motorway. The coalition did little on the Ipswich Motorway for 11½ years. Since



the election, we have heard a lot of words and rhetoric from the coalition in relation to the Ipswich Motorway, and certainly the member for Wide Bay has had a bit to say in the media in Queensland. But, really, the Ipswich Motorway upgrade could be characterised as a victim of procrastination under the previous coalition government.

Minister, I want to ask questions in relation to the stages. Each day about 80,000 vehicles drive on that motorway. It is the main arterial road from Brisbane west. It is a major national highway leading off to the Warrego Highway, the Cunningham Highway and the Brisbane Valley. The Dinmore to Goodna section is a stage that currently is not under construction. I want to know when that is likely to happen and what is going to happen in terms of funding commitments there. There is also the Darra to Rocklea section, which the member opposite mentioned. He had a bit to say about that. Minister, I know that you have travelled on that motorway a number of times, coming out to Oxley and Blair, and I know you are familiar with that particular area. Of course, we know the positions of the local councils in relation to that, and the Liberal Lord Mayor of Brisbane, Campbell Newman, strongly advocated for the full upgrade of the Ipswich Motorway from Dinmore to Rocklea. I know that the Queensland National Party and the Queensland Liberal Party have also argued for the full upgrade of the Ipswich Motorway. I know that the Howard government position at the last election was not to upgrade the Ipswich Motorway fully—they wanted a bypass crossing the Brisbane River four times and linking to the Logan Motorway, which would cost about three times as much as the full upgrade, including the section from Dinmore to Goodna.

Minister, I would like to know what is going to happen about the funding commitments. I also ask for your comments in relation to the stages. I would like to find out about the Labor government's commitment on this issue. I know the Prime Minister had a few words to say about this issue yesterday. I made a speech last night in relation to the issue, as did the member for Wide Bay, who interjected and said that they put in hundreds of millions of dollars. If they did, it was precious little and too late.

At the moment there is major road infrastructure work taking place. As you drive along it now, you can see the Goodna to Wacol section and the Wacol to Darra section being done. Minister, I know you were in Ipswich when the Prime Minister came and there was some sod-turning. I would like you to comment in relation to the full upgrade of and funding for the Ipswich Motorway, particularly the fourth stage, which is the Darra to Rocklea section, and also the Dinmore to Goodna section—which, at the moment, is not under construction, but I understand it will happen at some stage in the future.

**Mr ALBANESE** (Grayndler—Minister for Infrastructure, Transport, Regional Development and Local Government) (10.24 am)—I thank the members for their questions and their interest. I particularly thank the member for Blair, who, along with the member for Oxley and the member for Moreton, has been such a strong advocate for the upgrade of the Ipswich Motorway. We know of course that this is a mess that the coalition ignored for many years. The RACQ said in March last year, 'We have been waiting six years for the federal government to take some decisive action in relation to the traffic congestion and safety problems.'

As a result of that, the Rudd government committed to the full upgrade of the Ipswich Motorway—that means from Dinmore to Rocklea. But we have committed over \$2 billion to build the most urgent sections first. As anyone who drives along the road can see, construction is underway. Indeed, construction on the \$255 million Ipswich Motorway-Logan Motorway

interchange is underway, and it will be finished by early 2009. Within 100 days in office, we turned the first sod on the three-kilometre stage 1 Wacol to Darra upgrade. We did that on 2 March. I remember it because it was my birthday and I spent it with my colleagues in Queensland and the Prime Minister on this important road project.

We got this project going within six months of being elected—something the Howard government could not deliver within six years. We also stopped work on the former government's Goodna bypass. This project would have put a six-lane freeway through the back yards of the constituents of the member for Ryan. The project would have cost double Labor's plans to upgrade the Ipswich Motorway from Dinmore to Goodna, and the project was described by Brisbane Lord Mayor Campbell Newman—the most senior Liberal in the country, of course—as a visual blight. This project was overwhelmingly dumped by the people of Ipswich, which is one of the reasons why the member for Blair is here now. They voted for the Ipswich Motorway upgrade and we are delivering.

In this year's budget we allocated \$5 million for planning the Dinmore to Goodna upgrade. Already Queensland's Department of Main Roads has called for construction companies to form an alliance to build it. I expect construction will commence in 2009 and be completed by 2012. Our \$2 billion-plus plan will deliver six lanes from Dinmore to Darra and it will also provide better connections to the train line and the network of service roads that will take up to 25 per cent of traffic off the motorway. Unlike the Goodna bypass, which would have delivered no relief until 2012, the upgrade will deliver progressive benefits as the work is completed. The final section from Darra to Rocklea will be assessed by Infrastructure Australia and it will be considered for funding from the \$20 billion Building Australia Fund or from the next round of AusLink.

We are committed to upgrading this section and it will be done. But it contrasts with the previous government's approach. In their 2020 plan for Australia's transport future, on page 32—remember the great slogan 'Go for growth'?—it said the following:

The removal of the Brisbane Urban Corridor between Darra and Mansfield from the AusLink National Network will remove trucks from local roads by funnelling them onto more suitable connections, such as the Logan Motorway or the Northern Link.

The Brisbane Urban Corridor between Darra and Mansfield comprises the Ipswich Motorway from Darra to Rocklea ...

So not only were they ruling out funding this section now; they were ruling out funding it forever, removing it from the national road network. So they would have provided no money whatsoever for the Ipswich Motorway from Dinmore to Goodna and no money from Darra to Rocklea—no money whatsoever—with this bizarre proposal for the Goodna bypass, which was costly because it was to build four crossings of the same river on a road. Common sense tells you that that was an absurd proposal. It would have delivered no relief until 2012, and they were exposed for that.

**Mr HAASE** (Kalgoorlie) (10.29 am)—My question is brief and to the point, but it is also a fine example of the many situations that were proposed by this government when they were in opposition leading up to the election. They made all manner of statements about the wonderful world that they would create of infrastructure across this nation. They said repeatedly: 'The blame game will be over; there will be no disputes between the federal government and

the state governments ever again. The blame game is over.' The words rang in my ears for weeks, and I thought, 'What a pack of clowns!' And now they have gone on to prove it.

Amongst the promises that were made by your mob when you were in opposition was that you were going to solve the problems of rail separation—grade separation generally—in the Esperance port. You committed \$60 million in the lead-up to the election to separate road from rail to get the Esperance port moving efficiently. You have not funded it. No-one locally has any indication that they are going to get the funding that was promised, that influenced their voting decisions. It is a con; you know it is a con. I expect an answer on that issue.

Another con was the port of Bunbury. You have got the outer ring-road for the port of Bunbury and the access road generally. You committed \$136 million worth of funding pre-election. Where is it in the budget? The good people of Bunbury that voted for a very fine new member for Forrest are wondering where on earth that funding is.

What are you going to do about the 12-month delay between your election and when you will finally sort out what you are going to do about getting funding back into a program similar to the Regional Partnerships program? What are you going to do with ACC boards that are sitting on their hands for 12 months waiting for some funds to get back into those regions? That vital infrastructure that you so fondly speak of, and that you so frequently promised, you never, ever deliver. When are we going to see some funding coming back into a program like Regional Partnerships and see those hard-working boards of area consultative committees being able to get their teeth into some funding that will make a difference in the bush? Minister, you owe it to the people of Australia that you conned before the election to come up with some answers.

**Mr GRAY** (Brand—Parliamentary Secretary for Regional Development and Northern Australia) (10.32 am)—We announced in the budget and prior to it that area consultative committees will transform into Regional Development Australia. Taking place in this building over the last day and over the next 24 hours is a conference of our department, under the auspices of DITR, which is directed to understanding and participating in a regional dialogue, with a set of discussions and papers being presented, on how better to go about the business of regional development in Australia.

It is fair to say that over the course of the last 30 years we have seen regional development as a national government priority move from the initial steps by the Whitlam government under DURD through the labour market programs of the former Hawke and Keating governments and then through the area consultative committee programs and Regional Partnerships of the former government. Each has its own strengths and weaknesses. As we move forward in building Regional Development Australia, we hope to build on the strengths and the knowledge that have been gathered in public administration, in academia and in practical experience not just in Australia but around the world. We have asked the area consultative committees to work hard on the next transformation into RDA. We have promised the area consultative committees ongoing funding to 31 December, on their current levels of funding, to carry out that work. In the forward estimates of the budget there is nearly \$60 million for the ongoing work of RDA, funding which mirrors, replicates and is identical to the funding pool available from the former government for organisations then known as area consultative committees.

Also on budget night we announced changes to the Regional Partnerships program. We announced that we would close the Regional Partnerships program and also the Sustainable Regions Program, which fitted within that. We also announced at that time that we would be pressing forward in the next budget cycle with our local community infrastructure program, a program that will replace Regional Partnerships but will have two substantial differences. The first one is that it will be transparent. The processes for axing it will be clear to all concerned and unlike the Regional Partnerships program it will be compliant with the requirements of the Australian National Audit Office. So it will have transparency and it will have compliance on a level that we have not seen in these programs before.

Most importantly, what we discovered following budget night was something that we had not contemplated. We had not contemplated that in the months prior to the federal election the process of Regional Partnerships announcements by the former government often took the form of a photo opportunity with the minister, a candidate and a piece of paper being handed over sometimes calling itself a cheque. Many community organisations believed that that media event, that stunt, did bring with it actual funding. However, there was a snag. A letter was in the mail advising people that such an announcement, such a media stunt, did not constitute a contract and the contract would be in the mail. Here is the bad news: the contracts were not in the mail; indeed, the contracts had not been signed. In fact, on many occasions the contracts were never going to be signed. Why? Because it was all a stunt.

As a consequence of those measures, we discovered in the week following the budget that there were a range of Regional Partnerships projects which had already commenced work—pouring concrete, building, engaging local contractors—and we had to make a decision based on principle to allow projects to be funded and go on. In the process of doing that we announced 86 projects which were in the not-for-profit category and were to be delivered by local councils. We announced that they would have an opportunity until 31 July to apply to have their contracts concluded and therefore have a chance of having their projects go forward. I table a list of those 86 projects which have an opportunity to apply for contracts to be put in place, provided that work is done by 31 July.

**The DEPUTY SPEAKER (Hon. AR Bevis)**—I call the—

*Mr Farmer interjecting—*

*Mr Haase interjecting—*

**Mr Albanese**—I can respond to some of the questions. Do you want answers or just questions?

**The DEPUTY SPEAKER**—I call the member for Calare.

**Mr Albanese**—Don't they want answers?

**The DEPUTY SPEAKER**—I am simply adhering to—

**Mr Albanese**—Questions were raised by two of their speakers. There were a lot of questions. I have not had an opportunity to answer them.

**The DEPUTY SPEAKER**—I appreciate that. I am in the hands of the members.

**Mr Albanese**—Do you want answers? I am happy if the member for Kalgoorlie and the member for Macarthur do not want answers to their questions.

**The DEPUTY SPEAKER**—If members are seeking the call I will apply the normal conventions and give those people the call. The whips have between them, as I understand it, come to some arrangement about the time intended to be allocated for various portfolio areas. That is in your hands, not mine. If people determine to use that time in a manner that prevents others from speaking or questions being answered that is not something the chair has the capacity to determine. I will apply the normal conventions and if a member is seeking the call I will provide the call accordingly, and if that results in questions not being answered that is in the hands of the members of the parliament.

**Mr Hayes**—Mr Deputy Speaker, I raise a point of order. I would like to make the point that members opposite have pursued the minister this morning with a series of questions. They were not prefaced as being rhetorical questions and I presume they want the minister to answer them. If they want to declare that the questions are rhetorical then we can sit back and relax on this side.

**Mr Haase**—Mr Deputy Speaker, on the point of order: the questions were not rhetorical. I am very happy for them to be addressed in writing by the minister. They will be in *Hansard* and I would very much like this process to move on. I would like my colleague to have the floor.

**The DEPUTY SPEAKER**—I intend to proceed with the debate but I do remind members that the normal process would involve questions and answers. If the way members wish to conduct the debate uses the time in other ways, that is a matter for the members, not for the standing orders or the chair.

**Mr JOHN COBB** (Calare) (10.39 am)—My question is to the Minister for Infrastructure, Transport, Regional Development and Local Government and concerns the 86 projects that were processed and approved. Given that it is going to be at least 12 months, if not 18 months or longer, before you actually provide them with any money and given the fact that a lot of those projects have had an escalation of costs since last November, are you going to give the projects more money—if they need it—than their original application was for? That is question No. 1. Question No. 2 is: given that a lot of those were time-critical as of November—and I am not saying any particular ones or all of them—and had to start their projects, if they have had to begin will you still okay them? You have done nothing about this in eight or nine months and it will be at least 12 or 18 months before they get anything. Will you not penalise them because of your tardiness? My last question is: will you release a list of the 490 projects which were not assessed?

**Mr CLARE** (Blaxland) (10.40 am)—I will be very brief, given the time. Can I use this opportunity to thank the minister for his decision in the last few months to not allow large passenger aircraft to land at Bankstown Airport. My questions relate specifically to page 269 of Budget Paper No. 2, dealing with urban congestion and planning and the money that is being allocated to the feasibility and planning studies to duplicate the M5 East in Sydney. My electorate will welcome this because of the assistance it will provide in making it easier to get to and from the city. I think it will also help with the movement of freight between the airport and Western Sydney. I also place on record my view that more work needs to be done to expand the M5 Motorway. I am sure the member for Werriwa and the member for Macarthur would join me in that. My question to the minister is: can you give us some more detail on that feasibility study and how it will roll out. Can you tell us whether it would be a truck-only

tunnel and, if that is the case, whether trucks would be banned from the existing tunnel, which would improve ventilation; and whether this project would be an opportunity to fix ventilation problems in the existing tunnel.

**Mr ALBANESE** (Grayndler—Minister for Infrastructure, Transport, Regional Development and Local Government) (10.42 am)—I thank all the members for their participation. I will go through the questions that were raised to the best of my ability, given that there are about 40 of them and people did not seem to be interested in answers. I go to the questions that were raised about Esperance—yes, there will be \$60 million funded under AusLink 2 for the Esperance project. This was not matched by the government of which the member was a part; it was in fact ignored.

**Mr Haase**—No-one is suggesting it was. ‘When’ is the question.

**Mr ALBANESE**—AusLink 2, for the member’s benefit, begins in the 2009-10 financial year. Maybe he could get some advice from the member next to him about the way that AusLink funding works, which is that the details are negotiated between the Commonwealth and each state government in bilaterals. The Commonwealth has a commitment to \$60 million for Esperance.

*Mr Haase interjecting—*

**Mr ALBANESE**—Just talk to him; he will explain it to you.

**Mr Farmer**—You are the minister.

**Mr ALBANESE**—And you are the member who asks about roads in Macarthur even though you live in Mosman. There are no roads between Macarthur and Mosman—I can confirm that. Secondly, in terms of the other road project that was asked about, the Bunbury port access road stage 1—

*Opposition members interjecting—*

**The DEPUTY SPEAKER (Hon. AR Bevis)**—Order! We might be in committee, but the standing orders apply and those on my left will listen to the minister in silence.

**Mr ALBANESE**—from Estuary Drive to the South Western Highway at Picton, I refer you to the budget statement ‘Infrastructure Funding for WA Tops \$402 million’, issued on 13 May. It said:

Our \$164.5 million—

which was the bring-forward that we did—

to make an early start on election commitments includes:

... ..

- \$2 million for planning the Bunbury Port Access Road (Stage 1) from Estuary Drive to the South Western Highway at Picton ...

So I say to the honourable member that—

*Opposition members interjecting—*

**Mr ALBANESE**—You have actually got to plan a road before you build it. I know that might be news to those opposite. Once again this is a bring-forward of an early commitment. Those opposite have no plans, no investment, in this area.

The member for Macarthur asked about the F5. It will be funded under our AusLink 2 commitments. He also asked about airports, the Howard government having done nothing over 12 years to deal with Sydney's second airport needs. They leased Australia's major airports and did not spend any of the money on aviation infrastructure, which is why we have got a big problem with a failure of aviation infrastructure. I find it remarkable that the member could raise that issue.

A question was asked about the M5. The budget committed \$5 million towards a total cost of \$15 million for a feasibility study to examine potential improvements to the M5 transport corridor from Port Botany and Sydney airport to south-west Sydney. If the feasibility study finds that this is a viable project, this would alleviate real pressure on the M5. It would allow us to get trucks off the main M5, to ease urban congestion, and to the port.

**Mr Farmer**—Minister, when will the work start?

**Mr ALBANESE**—Indeed, perhaps via the Sydney Harbour Bridge and then linking up with a number of roads and then getting onto the M5 eventually, the member for Macarthur might be able to travel through the dozen electorates in between where he lives and where he chooses to represent.

**Mr Farmer**—Just tell us when it will start!

**The DEPUTY SPEAKER**—You really do not want me to put you out.

**Mr ALBANESE**—This is a major initiative by the government. (*Extension of time granted*) The fact is that the government has put in place its election commitments on each and every one of the issues that have been raised by those opposite. The member for Parkes raised the interesting example of what would happen to the 86 Regional Partnerships projects approved but not contracted which have been tabled by my colleague the Parliamentary Secretary for Regional Development and Northern Australia. The member for Parkes suggested that, because of a delay between approval and contract, there should be extra money provided. That will not occur. The basis of this is that these were approved but not contracted by the former government. One of the projects, in the electorate of Forrest—Morrissey Homestead Inc.—was approved on 23 May 2006.

**Mr Gray**—They have laid the slab. They have built the building.

**Mr ALBANESE**—They did not get around to signing the contract.

**Mr Gray**—The bishop blessed the slab.

**Mr ALBANESE**—The bishop blessed the slab, according to the parliamentary secretary. It is absolutely extraordinary. But it was not completed because the program was dysfunctional. We have the extraordinary situation in which they talk about delay. I look at the dates on which these projects were approved—many of them early in 2007 and many of them, it must be said, just prior to the election being called, just like it happened in 2004. That is what the Australian National Audit Office has identified as being an issue.

There were projects from legitimate community organisations who, through no fault of their own, believed that a contract was about to be fulfilled by the government—projects such as one in Bundaberg which had a sign up on the fence saying it had been funded by the federal government—and it was legitimate for them to think that an agreement had been fulfilled. We wanted to ensure that they had the opportunity between the government's announcement

and 31 July for that contract, as it was offered, to be fulfilled. We are not reopening the process. For those projects that are not time sensitive and that were not ready to be completed, an application can be made under the Regional and Local Community Infrastructure program, which will commence in the following financial year. But these projects will all be subject also to oversight by the Department of Finance and Deregulation. Frankly, that has to be the case when you have projects such as some of the ones that have been approved and provided with funding. One of those was approved on 19 September 2007 for the town of Lock on the Eyre Peninsula in South Australia. It is a \$60,000 project. Would you think that was for really important community infrastructure? Well, this is for the development of a new toilet for the people of Lock. Lock has one hotel, one motel, one caravan park, one supermarket, a school, a post office, a police station, a golf club and a town hall. It got approval for a toilet for \$60,000. Lock has 290 residents, so that is \$206 per person. But the department did not approve funding for this. This is one of the ones where ministerial discretion was used— (*Time expired*)

**Mr FARMER** (Macarthur) (10.53 am)—Given the fact that the Minister for Infrastructure, Transport, Regional Development and Local Government has not answered my question—

**Mr Albanese**—Mr Deputy Speaker, I raise a point of order. The time for this item is over. There is an allocated time for these debates, and I have other business as Leader of the House.

**The DEPUTY SPEAKER (Hon. AR Bevis)**—On the point of order, the allocation of times has, as I understand it, been agreed between the whips on both sides of the chamber. It is not actually determined by the House. Therefore, the times are indicative and not something which the chair can enforce. That does of course mean that if members do not keep to the times that they had themselves agreed then the process of the day will become unworkable, but it is not something that I am in a position from the chair to enforce. The minister has concluded the debate.

Proposed expenditure agreed to.

#### **Broadband, Communications and the Digital Economy Portfolio**

Proposed expenditure, \$1,455,351,000

**Mr ALBANESE** (Grayndler—Minister for Infrastructure, Transport, Regional Development and Local Government) (10.54 am)—The principal budget commitments in the Broadband, Communications and the Digital Economy portfolio are as follows. Before we proceed to questions I want to make an opening statement about the process for establishing the national broadband network. As you are all aware, the process is live. The Department of Broadband, Communications and the Digital Economy and its specialist advisers are currently examining information received in response to the request for proposals. It is of critical importance in a process like this that integrity and confidentiality are maintained to ensure the commercial and policy objectives of the Commonwealth are not compromised. Accordingly, the government will not make any further comments about the process until it has run its course—something I am sure the shadow minister would respect.

This is consistent with the approach taken by the opposition when they were in government. Senator Minchin's position in government when referring to T3 was that consideration of the appropriation bills, including the estimates process, should not be used to do anything to disrupt or damage the competitive process underway. Senator Minchin noted the risk for



inadvertent comment to affect the competitive process and outcome. He was of the view then that committees needed to be mindful of the process underway and that, in the T3 context, questions would be answered once this very significant float had been completed. He said that in *Hansard* on Thursday, 2 November 2006 and on Wednesday, 1 November 2006. With this in mind I will not be commenting about the number of bonds and deeds received or the identity of parties who lodged those bonds and deeds. The RFP is a public document and it clearly sets out the government's objectives for the national broadband network and establishes the criteria by which proposals will be evaluated. It is available for all interested parties to read.

The government has also allocated \$270.7 million for a further four years to continue the Australian Broadband Guarantee program. The continuation of the program provides a safety net for Australians in rural and remote areas who are not able to access a remote comparable broadband service, Australians living in metropolitan black spot areas, and the remaining two per cent of Australians not covered by the national broadband network. The government has committed \$125.8 million over four years to cybersafety measures. The cybersafety initiative will provide practical guides for parents and teachers and improved websites with cybersafety information, and support internet service providers that offer a filtered internet service to all homes, schools and public internet points accessible to children. The initiative will also provide for some \$49 million for a range of law enforcement measures to ensure online safety.

I also want to make some comments in relation to the transition to digital television. The government has announced a \$37.9 million transition strategy to facilitate the switch-over to digital television by December 2013. The strategy will specifically evaluate digital TV transmission and reception issues, including research into reception problems associated with multi-unit dwellings. In addition, funding will also be provided to track public awareness of, and progress with, digital TV conversion and develop labelling for products to assist consumers to switch over. The government will also provide \$2.4 million over the next four years to promote contemporary Australian music through the Australian music radio airplay project. This is an important initiative to promote Australian music on community radio. These measures combined will ensure that Australians gain maximum benefits from advances in technology and the advance of the digital economy.

**Mr BILLSON** (Dunkley) (10.59 am)—I thank the minister representing Minister Conroy for his opening remarks. I understand the line the government ran during Senate estimates and I anticipate that there will be more of the same here. You touched on the process integrity issues surrounding the broadband tender process and I know the minister has been keen to play the probity card when it suited him. Is there any reason then why the minister was prepared to discuss specific issues relating to the national broadband network going to network architecture, structural separation and the like with one of the proponents who have lodged the \$5 million bond just days before the closure of that bond period? Is it a problem with the lack of resources for the probity adviser in keeping across those kinds of interactions that seem to breach the very probity that the minister is so fond of talking about when he does not wish to answer any of the questions?

The second issue around the national broadband network is that Senator Conroy said in September last year:

Labor's carefully costed fibre-to-the-node network is based on a detailed calculation of the number of nodes required to reach 98 per cent of Australians. This includes the number of upgrades of exchanges and pillars into nodes that are required.

Why is it, Minister, that that claim was made yet now we are seeing enormous variations in the cost of this network, many times the amount that the minister claimed it would cost? We have seen the tender process that you are seeking to hide behind not getting fully underway because this very information that the minister claims he has is not available to telecommunications companies to make a bid. So I am just wondering what the basis of that statement by the minister was and, if Labor has all this detailed information that tenderers are interested in receiving so that they can submit a bid, why they just do not simply make that available.

On the same basis, we facilitated the passage of the 'show-and-tell' legislation for the minister after he comprehensively botched the parliamentary process in the Senate, not even allowing enough time for his own amendments to be debated let alone the valuable input from the opposition. That was done with such great urgency because it was said to be needed. Why has he not acted on any of that urgent power that he sought breathlessly to get through the Senate? It seems to make a mockery of the tender process.

Again, while not talking specifically about, as you mentioned, the number of bonds and deeds, and you pointed to people referring to the RFP process, the Auditor-General has drawn the minister's attention to his public statements about noncomplying bids being acceptable and how the minister needs to actually vary the RFP to indicate what is acceptable noncompliance. I am sure that would be of interest to those bidders who have paid their bond. It probably would be of interest to those bidders who may have paid a bond had they known what that acceptable noncompliance was. I ask the minister to address whether that has been taken up by the minister and whether he has respected the advice of the Auditor-General and has done something about his own self-spruiking of non-complying bids, which is actually in contravention of his own RFP process.

Going back to the Tasmanian government interest, they are very focused on the transmission link between the mainland and the island, and the RFP that the minister speaks about encourages state specific bids. By definition, if you are linking Tasmania to Victoria, it involves more than one state and therefore that would be a non-complying bid under his own RFP. But he assured the Senate that everything was in order. How would he know that if he was not aware of the bid of his Labor mate from Tasmania and how would he be able to satisfy himself that it is complying? Again, I would seek some answers on that issue of process probity.

Finally, on the broadband issue, we are very interested in holding the government to account for its commitments to working families. I note that there has been enormous variation in the total project costs for this project and I ask whether the government has any idea of what the total project cost might be, given that the variations are threefold and fourfold. I also point to a recent report that suggested the pathway which the government is pursuing will actually have very adverse implications for working families. The Centre for International Economics in its findings suggested that there would be increased inflation, reduced national growth, lower wages and reduced national consumption. I wonder what modelling the government has done to actually assess the cost impact of its proposals on users and the diminution of choice that seems likely to result. *(Time expired)*

**Mr GRAY** (Brand—Parliamentary Secretary for Regional Development and Northern Australia) (11.05 am)—The issue of broadband and the broadband network is something that was brought into sharp focus in the course of the last 12 months and ultimately became one of the significant reasons for the change of government in November last year. In Western Australia and in my electorate of Brand—the southern metropolitan area of Perth—broadband issues are profound. Broadband issues significantly constrain small business activities. One small business in my electorate is run by a very active businesswoman, Esther Grogan. Her home business is a secretarial service, and she has been desperately in need of a significant upgrade to the broadband connectivity to her home in order for her to carry out her domestic business. I am pleased that through the budgeting process a substantial step forward has been made to create the framework for the delivery of a broadband network that will serve all Australians and, in particular, the southern metropolitan area of Perth.

I am reminded of the importance of government policy and government initiatives interlocking and creating a stronger fabric for strengthening both our communities and our communal activities. Last week in my electorate of Brand we received the very first computers of the computers in schools program. The connection between the computers in schools and broadband availability is obvious. We now have schools with a profound capacity to deliver computers to students, at a ratio of one machine to two students, and we have schools making incredible use of that capacity. Not only can students now take their work home with them via either a laptop or a home connection but parents can enter into a monitoring process to understand better the lessons that their children are undertaking and the progress of their children through the schooling system. What that means is that availability of broadband services to the home is particularly important. It is important for business, for education and for building a society that works in an effective way in the kind of future world that we can all envisage for our kids and for our families.

When I contemplate the rapid expansion of homes through the southern metropolitan area of Perth and the very large number of new homes being built with the expectation that those homes would be connected to broadband services and that families paying top dollar for those lots would be able to access not only good housing but also housing which is connected to a broadband network and at speeds that are meaningful for families, then this particular policy framework, which we announced prior to the election and which we take steps to deliver through this budget, is particularly important. The small businesses in my electorate extend from businesses which operate in the industrial precincts to growing businesses that operate from homes. Having the availability of significant network speeds to be able to carry out business from home and to be able to work in an environment that makes most sense to small business owners is extremely important to people in my electorate. The repeated petitions to my office directed to me particularly by Esther Grogan and her group of small business people bring home in sharp focus the importance of the program of getting broadband connections into communities and homes and allowing these businesses to grow in a way that makes sense to families and to those people who are trying to make those businesses work. I commend the government on the initiatives it has taken so far. I look forward to watching in future budgets as this program grows and we connect our suburbs, our homes, our families and our schools as part of the growing connectivity and connection to the world that is available to them through adequate broadband networks.

**Mr TRUSS** (Wide Bay—Leader of the Nationals) (11.10 am)—I have two quick questions, since the minister chided me last time for using my whole five minutes to ask questions. I refer to the minister's comments in relation to the broadband program and the government's decision to cancel the \$900 million OPEL contract, which would have been delivering broadband services to regional Australians before the end of this year. When can country people expect to first receive some benefits from Labor's plan? What is the current cost estimate of delivering this plan? I note that the government has decided to withdraw the legislation to raid \$2 billion from the Communications Fund which was to go to Building Australia. Does this mean now that Building Australia is only going to be an \$18 billion fund and not a \$20 billion fund? How much of the Building Australia Fund will be used to fund the government's proposed broadband program?

My final question relates to the minister's comments regarding the digital TV conversion and I ask him in particular to make a comment about what the government proposes to do to convert all of the black spot transmitters in Australia, which were funded largely by the previous government, to digital transmission? There are scores of these transmitters, Minister, and some of them are in the cities, in case you think this is only a question about country areas. Will you be providing funding to convert those transmitters to digital transmission?

**Mr ALBANESE** (Grayndler—Minister for Infrastructure, Transport, Regional Development and Local Government) (11.11 am)—I apologise to the shadow minister. If the shadow minister has a brief question, I am prepared to—

**Mr BILLSON** (Dunkley) (11.11 am)—I expect that the minister has to depart to make sure that the forces of evil are in good shape for question time today and I respect the burden of that task and that of the tactics group. He has agreed that if I put some questions down he can come back at a later point in time.

**Mr Albanese**—The word you just used in the Main Committee, Bruce—

**Mr BILLSON**—Yes, I know. There is no suggestion of spirits and I certainly hope that you are not pregnant, and I wish your family well, Mr Albanese, in the good nature that I undertake my work. Those quick questions are: when will adequate broadband services be delivered to the people of Wollondilly including the small businesses that have been completely neglected under the Labor government? How much funding has been allocated to service areas such as Wollondilly and on what date will work commence that will provide equivalent service to the users in Wollondilly and to those in the minister's own electorate of Grayndler?

On the question of the Communications Fund, I am just looking for an explanation as to why the bill was pulled in the Senate last night. My friend and colleague the Leader of the Nationals has touched on that. There is no public accounting for that action. That legislation terminated with no indication about what is being substituted. I trust that the government has seen the good sense and the credible arguments that the opposition brought forward and that there is a reason why you are keeping that Communications Fund, because that is the right thing to do. So some explanation of that would be worth while.

I note the minister's lauding of Infrastructure Australia and the virtue of Infrastructure Australia and I draw his attention to his own speeches in the parliament—and, in fact, those of the minister for communications—and pose the question: why does Infrastructure Australia not have a seat at the table of the so-called 'expert panel'? I also draw the minister's attention to

remarks about the expertise and understanding of the ACCC and ask why they are not on the expert panel. I ask the minister to examine the credibility afforded rightly to the Productivity Commission in areas of public policy development and wonder why they are not included on the expert panel, and I would like an answer to that. In addition to those inclusions of people who could add to the national interest, I ask whether there are plans to have a consumer advocate on the expert panel, because the only things competing for the most neglected status with the national interest with Labor's broadband plan are consumer interests and the challenges that the minister is having in turning election sound bites into sound public policy, and I would like an answer to that also.

In another area of the portfolio, in Budget Paper No. 4 is the allocation to the ABC. I am wondering why there is no provision of \$60 million a year to the ABC to carry forward the Labor government's election commitment to have the ABC adhere to the Australian content requirements expected of commercial channels. Much was made of that commitment by the ALP about the ABC but there is no funding to actually give effect to it. Is that a commitment that is not being carried forward or is there some expectation that budgets will be cut? I also ask the minister to advise on the future, and fate, of the dedicated children's digital channel at the ABC and wonder where that is going. Given that the minister has made a commitment to switch over—

**Mr Albanese**—Is this a stream of consciousness?

**Mr BILLSON**—The minister has recognised the perpetual stream of consciousness and insight that the opposition provides, and I thank him for that acknowledgement. I am just using the time that is available and the space that you have afforded to me. Could you have a look at that? Also, on the question of the cybersafety strategy and the funding that has been cut from that, we are looking for some update and advice on how the minister's so-called clean feed proposal is working. I am aware of the UK experience, which may be of interest to those members opposite, about the shortcomings of this process. I believe the anti-impotence drug Cialis is of interest to some people because, under the British clean feed proposal, the word Cialis was completely contained within the word 'socialist'. I understand some academics in the UK were unhappy that inquiries about socialists and socialism were cut off by the clean feed process because embedded within the word is a pharmaceutical of interest to some. I would also invite the minister to advise what is happening with NetAlert, the tool that helps parents as the primary ones responsible for the care— (*Time expired*)

**Mr Neville**—Mr Deputy Speaker, I was wondering whether the chamber would facilitate a few points I have to add to what my two colleagues have just said.

**Mr Albanese**—I was more than generous; I conceded the call to the shadow minister. I am sorry, but I do have other duties and we are now over time.

**The DEPUTY SPEAKER (Hon. AR Bevis)**—The minister has the call.

**Mr ALBANESE** (Grayndler—Minister for Infrastructure, Transport, Regional Development and Local Government) (11.17 am)—I will respond to some of the stream that came from the shadow minister, the member for Dunkley, who raised countless issues, it must be said. I think it was a cry for relevance from the shadow minister, and I will take it that way. It has been suggested that it is unclear what the government plans to do with the Communications Fund. Nothing is further from the truth. On budget night we announced the Communica-

tions Fund balance will be transferred to the Building Australia Fund. The Building Australia Fund has been established by the government as a financing source for future investment in critical economic infrastructure, including broadband. It is for that reason that the Telecommunications Legislation Amendment (Communications Fund) Bill 2008 is no longer required and has been withdrawn.

The shadow minister has speculated that the telecommunications needs of rural, regional and remote Australia might not be met. I can assure the honourable member they will be. The Building Australia Fund will be used to provide the government's contribution of up to \$4.7 billion for the national broadband network, which is expected to cover 98 per cent of Australian homes and businesses, including the vast majority of people in rural and regional Australia. In addition, \$400 million will also be available from the BAF for regional telecommunications, subject to the government's consideration of the Glasson review. This is in stark contrast to the previous government, which would have provided only around \$400 million every three years to spend on improving telecommunications in rural and regional Australia. Under the approach of the previous government, regional Australians would be waiting 35 long years to reach the same level of investment that the Rudd government is prepared to do right away. The government is demonstrating its commitment to regional Australians by establishing the BAF.

I was also asked about OPEL and the government's decision and announcement on 2 April that the OPEL broadband network will not proceed. This was not a political decision. The government had committed to honouring the funding agreement entered into by the previous government according to its terms. A condition precedent of the contract stated that OPEL would provide coverage reasonably equivalent to 90 per cent of underserved premises identified by the then Department of Communications, Information Technology and the Arts. The Department of Broadband, Communications and the Digital Economy performed an analysis of the detailed testing and mapping undertaken by OPEL.

The department determined that the OPEL network would cover only 72 per cent of identified underserved premises within its agreed coverage area. On the basis of the department's assessment, the government determined that OPEL's implementation plan did not meet the required service coverage and therefore the funding agreement was terminated. Predictably, many opposition MPs, including the shadow minister, have criticised this decision—and he has done it again today. But the fact is that many rural members of parliament, who understand the communications needs of their constituents, supported the government's decision. The former senior National and former Howard government minister Mr Bruce Scott stated that the decision to terminate the OPEL contract was 'quite sensible'.

*Mr Billson interjecting—*

**Mr ALBANESE**—The shadow minister calls his colleague dead wrong; I think in this case his colleague is right and the shadow minister should have a good look at himself. Former National and now popular Independent Tony Windsor supported the decision, noting that fibre-to-the-node infrastructure is the best option. Support for the decision also came from National Party MP John Forrest, who said, 'I did not support OPEL getting this contract in the first place.' So did a range of councils around the nation, including the Central West Regional Organisation of Councils, which covers Parkes, Bathurst and Forbes.

The national broadband network, offering minimum connection speeds of 12 megabits per second, will roll out to 98 per cent of Australian premises, including a significant proportion of rural and regional Australia. For that reason, I commend the budget allocation to the House. *(Time expired)*

Proposed expenditure agreed to.

#### **Agriculture, Fisheries and Forestry Portfolio**

Proposed expenditure, \$811,330,000

**Mr NEVILLE** (Hinkler) (11.22 am)—I am pleased to have the Minister for Agriculture, Fisheries and Forestry here today—and I assure him I come here with no overtones of malice! I want to refer in particular to his extension of EC, and I compliment him on the areas that he has extended it to. But I have a difficulty with what is called the ‘Burnett addendum’, which is a boomerang or U-shaped area that goes around the Burnett region. It takes in, largely, my electorate and that of my colleague the member for Flynn and, to a lesser extent I think, the electorate of the member for Wide Bay. I find that the whole addendum has been included, except the Burnett Shire, not to be confused with the Burnett region, which is now part of the Bundaberg Regional Council, and the City of Bundaberg, which is also now part of the Bundaberg Regional Council.

What I find bewildering is that it takes in the names of the three former shires: Miriam Vale, which you have included in the Burnett addendum, to the north of Bundaberg and Burnett; Kolan—that is, the Gin Gin area to the west, which is in the original Burnett region; and Isis, the Childers area, which comes right across to the southern side of Bundaberg. In other words, the entire Burnett Shire and Bundaberg city are fully enclosed by former shires that have all been included. Yet the Bundaberg and Burnett areas operate the same crops and horticulture, come off the same river systems—the Burnett and the Kolan—and have the same irrigation rules. It will be argued, I am sure, by QR and others in Queensland that, ‘You get four inches or six inches on the coast,’ and that sometimes happens; however, if a drought is to be broken, any rain needs to fall into the catchments of what is known as the Fred Haig Dam and the Paradise Dam that feed the Bundaberg irrigation scheme. All those areas I have just discussed with you—Kolan, Isis and Miriam Vale—will be affected by the new irrigation rules. South of the Burnett River, the allocation is only going to be 10 per cent, so the drought has not broken in the traditional sense of the word.

I appeal to you to have another look at what was formerly known as the Burnett Shire and the City of Bundaberg, because you have included every other area around them without including them. I repeat: they work on the same irrigation scheme, they have the same crops—sugar, fruit and vegetables and so on—and I find it bewildering that you can have all the others in and those two out. My final point is this: as we all know, when you come out of a drought—and I am not denying there have not been good falls of rain in that area in the last three months; there have been—you need a recovery period of about 12 months or more. So would you reconsider the Burnett and Bundaberg areas?

**Mr TRUSS** (Wide Bay—Leader of the Nationals) (11.26 am)—While on the subject of drought, can I ask a couple of questions also about EC and the EC declarations. I welcome, in a general sense, the announcements made by the minister at 4.30 pm at the beginning of the long weekend prior to these declarations expiring. Let me express the view that, firstly, it would have been better if the announcements were made at least a couple of weeks earlier so

that farmers could plan. Secondly, and more particularly, it would have avoided this business where you had Centrelink doing its job correctly, ringing up people to say that their benefits were going to end because that was the only advice that it would have had, when of course most of the people who were rung, in the end, had nothing to worry about. The reality was that their benefits were extended. I think when announcements are left so late it puts people under unnecessary stress. As there are a whole stack of additional announcements that are going to have to be made on exceptional circumstances for expiries in September, I appeal to you to make the announcements a month earlier than occurred in this case.

Whilst also on the subject of drought, can I also ask about the \$20,000 grant made available to people in irrigation areas that have been declared for EC. My advice is that some of these people have been waiting for many, many months for their grants to be provided. I would have thought that this process was well established, that the government had agreed to continue these grants to irrigation farmers who are affected by EC, but it seems that the money is not flowing. I ask the minister to use his good influences to make sure that the farmers who are entitled to receive grants for infrastructure upgrading works et cetera on their properties do get them quite quickly.

I now switch quickly to another subject—and the minister may wish to respond to a number of these questions together—in relation to the future of the SeaNet scheme. SeaNet funding ends on 30 June. It has been in place, I understand, for decades. It has been an excellent cooperative partnership between the industry and the government. I understand that they have had to give notice to their staff that their positions will terminate on 30 June. Frankly, I am somewhat surprised that the government would not be proposing to continue to fund an organisation of this merit. They have done fantastic work in developing things like turtle ex-truder devices and bycatch programs, providing excellent liaison between the industry, in a whole range of environmental areas, and the department. I understand that this industry-government partnership, although sometimes the fishermen felt it was a bit of an intrusion in their lives, did provide an opportunity for them to work constructively with those who have environmental concerns about fisheries for the best interests of the sectors.

As a side point, I understand the government is spending \$380,000 on a rollout of the national system for the prevention and management of marine pest incursions, which, critically, involves, SeaNet. Indeed, all the brochures printed have SeaNet's name all over them, so it would seem rather strange to prepare a campaign built around SeaNet and then not fund the organisation itself.

**Mr TREVOR** (Flynn) (11.30 am)—I have a question for the Minister for Agriculture, Fisheries and Forestry. Can I say before I ask that question that I am very proud to be part of a Rudd Labor government that has introduced a range of initiatives for the bush when it comes to, among other things, agriculture in rural communities. The minister, let me say, Mr Deputy Speaker, with your indulgence, is a great advocate for the bush. They will need one too, not only in the seat of Flynn but throughout the whole of Australia. As I said in my first speech, farmers are the backbone of the Australian community, but they are doing it tough—we all know that. They are experiencing the worst drought in 100 years. Some of them are suffering from floods and all of them face the ugly prospect of climate change.

In my electorate of Flynn and to the south and the west of its borders, severe drought is causing terrible pressures for the farmers in those communities. I am told by a lot of farmers



out there that there will not be a hoof on the ground within three to six months. As the chairman of the Prime Minister's country task force I am acutely aware of their difficulties. I am proud that my government has introduced initiatives in the budget that focus on enhancing productivity, investing in infrastructure such as roads, communications and regional development, and equipping rural communities and industries to better manage the effects of a changing climate.

My question to the minister is: what other measures is the government taking to assist farm families who are in serious financial difficulty or who are recovering from drought while they adapt to changing circumstances, including climate change?

**Mr HALE** (Solomon) (11.32 am)—It is with a great deal of pleasure that I rise today to ask the Minister for Agriculture, Fisheries and Forestry about the significance of the recreational fishing industry and what is in store for it in the Rudd Labor government's first budget. I ask this with pleasure because the recreational fishing industry present in Solomon is significant. It is a significant industry not only for Darwin and Palmerston but for the Northern Territory as a whole. In fact, statistics taken back in 2000 show that some \$25 million was spent directly on recreational fishing, including some \$9 million by visitors to the Northern Territory—quite a significant contribution to our vibrant economy in the north.

It is often quoted that the people of the Territory, and in particular the people of Darwin and Palmerston, have quite a refreshing outlook on life. I suggest that this is a consequence of our unique lifestyle. A major component of our lifestyle is recreational fishing. Being able to go out any day of the week and catch a fish is something that we take for granted up there, and it also makes us the envy of a lot of our southern friends. In fact, as the member for Solomon I am often asked questions by all members of the House about the attractions of the tropical north, and one topic that always comes up is our fishing industry. As a keen fisherman myself I enjoy being able to take my kids out and wet a line when I am not in Canberra.

One of the benefits of living up there is that, generally speaking, it does not matter how bad a fisherman you are, you are able to still catch a fish and take home something in the esky—usually the beer has all been drunk—and, with a bit of luck, you might even pick up a mud crab or two as well, which the member for Flynn would enjoy. So, given the importance of recreational fishing, my question to the minister is: what budget measures is the government taking to help secure the sustainable recreational fishing industry?

**Mr RAGUSE** (Forde) (11.34 am)—I would like to make a few comments today; I will certainly ask a question of the minister but I will make just a few statements up-front. I think people would understand the electorate of Forde, which is an electorate near a capital city but one that is very diverse. It has the combination of a very high density urban area to the north and also, to the south, very large rural holdings. For me it is very interesting to balance those differences within the community.

Our minister is widely travelled and I am pleased to say that he has been to my electorate on a number of occasions. More importantly, in recent times—just last week, in fact—he attended a number of meetings. This is something I am going to reflect on.

I want to re-emphasise aspects of the budget and how they will help communities like those in the seat of Forde and the larger rural holdings as well. I believe this budget provides a major boost to the government's plans for modern, competitive food production industries in

Australia in the face of a growing food crisis. Of course, the production of food is very important. We understand certainly in our community that it is of major consequence; we also understand its consequence for some developing nations, and their concerns. Major initiatives to receive funding include the \$35 million Regional Food Producers Innovation and Productivity Program. This delivers on a key election commitment. This program is part of the government's commitment to nurture the growth of regional food industries and expand the use of new technology. As the minister has previously said, this is about looking right along the production line, not just in the paddock, to see where we can achieve best productivity gains through innovation. It is particularly important in my electorate of Forde.

**Mr Truss**—Have you got a question?

**Mr RAGUSE**—I will take your questions later.

*Honourable members interjecting—*

**Mr RAGUSE**—I know. But I will take your questions later.

**The DEPUTY SPEAKER (Mr S Sidebottom)**—A very good exchange. Through the chair, thank you, but it was a very good exchange.

**Mr RAGUSE**—And I will get to the question. It is very important to substantiate some of the issues and explain how the budget affects my electorate. I am certainly happy for the interjection. It allows me now to continue before I ask my question.

As everyone is well aware, there is a growing global food crisis, and the Regional Food Producers Innovation and Productivity Program is part of the plan to address and meet the challenges of the future. I think this will allow the government to work in partnership with industry to help provide new technologies, processing or production methods and boost export market development. Of course this is very important for my electorate of Forde. The member over here might not understand that it is very important for combination rural-urban seats like mine, so it is on indulgence that I actually talk a bit about this.

This assistance will include dollar-for-dollar grants to regionally based food producers and processors and \$10 million for innovation and productivity in the seafood industry. This is also a vital gain for south-east Queensland. This will help places like the Gold Coast prawn farm which the minister, as I said, visited last week. It will help them expand their businesses and become competitive in the global market.

Rural and regional businesses were a key topic of discussion, as we know, at the Australia 2020 Summit in Canberra but also in the electorate of Forde, where I held a number of those summits. This is all about agribusiness. It will give a flow-through effect to regional and rural economies. This will provide attractive career options for young people in rural and regional communities. Another 2008-09 federal budget initiative is the three-year \$5 million Promoting Australian Produce program to help rural and seafood industries promote their produce. I now get to the question.

*Honourable members interjecting—*

**Mr RAGUSE**—No, before I get to the question—

**Mr Truss**—Get to the question.

**Mr RAGUSE**—I will get to the question; okay. Can the minister explain what the government is doing to encourage the growth of regional food industries and expand the use of

new technology? How is the government promoting agricultural and seafood produce domestically and overseas?

**Mr TRUSS** (Wide Bay—Leader of the Nationals) (11.38 am)—I will ask only one more brief question, because I want the minister to have a reasonable time to be able to respond. Can I thank most of the government members—perhaps not the member for Forde—for in fact asking questions and not wasting the time of the estimates process by making long political speeches, which have destroyed so much of the estimates process this year. My question to the minister is: is the government conducting a review of managed investment schemes, particularly for forestry plantations but also in the wider scene? If so, what are the terms of reference and when can we expect to receive the results of that report? In particular, is it also going to deal with issues such as planning controls?

**Ms CAMPBELL** (Bass) (11.39 am)—I want to touch on forestry this morning and ask the Minister for Agriculture, Fisheries and Forestry some questions on forestry. In my electorate of Bass, and in the Braddon electorate of the Deputy Speaker, Mr Sidebottom, the forestry industry is a major stakeholder. Minister, the major stakeholders in that industry were very pleased that very soon after the election—I think it was about four or five weeks after the election—you came to visit my electorate and gave a talk to them in Launceston. They were very impressed with your honesty and that you wanted to learn a lot about your portfolio, so they are very keen to work with you.

In the north-east, where forestry is significant, I have two mills that employ 300 people. What I would like to draw to your attention today is that those two mills have been in jeopardy for some time now. I have been a great advocate of those mills. I would like to acknowledge the hard work, commitment and dedication of Dean Smith and Eva Down, two people who work at those mills and have led a very strong campaign to keep them afloat. I think we all know that, as is the case for regional and rural communities, in a place such as Scottsdale, if we lose those mills and 300 jobs are lost, there goes a whole community.

I was quite proud that, as one of our key election commitments, a newly formed Rudd government would provide \$1 million to tackle illegal logging. People in my electorate were very pleased about that. Through working with our regional neighbours and within Australia, this will restrict the sale of illegally logged timber.

There were two critical areas where the former government failed to act. They failed to address the skills shortage, which is a problem for a lot of areas across the country but is quite prevalent in the forestry industry. The second area was climate change, which, as we know now, they were very sceptical about. My question to you, Minister, is in relation to climate change and skills shortage. Could you please advise what the measures are we have taken in the budget which will affect the forestry industry? I would also like to ask a question about the \$20 million package we announced for preparing Australia's forestry industry for the future. What will it cover and how will the measures benefit the industry in my electorate? If you could answer those questions I would be most pleased.

**Mr TURNOUR** (Leichhardt) (11.42 am)—I also have some questions for the Minister for Agriculture, Fisheries and Forestry. As the minister and other colleagues know, I have an agricultural background, so it is great to be here today to ask some questions specifically in relation to agriculture and to represent people in my electorate who are farmers, whether in the sugar industry or the grazing industry, and also other members of the agricultural sector I

worked with over 20 or so years in agriculture. My questions go specifically to the Caring for our Country program and also the weeds program. I want to give some background to that as well because I think it is really important that the minister understands a bit about some of the agricultural issues in tropical North Queensland. I appreciate the fact that the minister came up there on one of his first visits as a minister. He met with the member for Kennedy early on as well and got to talk to him about some of the issues down around Innisfail. He also came up and hosted the first meeting of agricultural ministers in Cairns. I think that was a very worthwhile meeting. One of the outcomes was a real strengthening of the focus on climate change. I think that is a very important issue as well. I am sure the minister will touch on that in his responses to some of the questions that I have, particularly in relation to the Great Barrier Reef.

As the minister knows, I have worked for a long time in agriculture out in the extensive grazing areas, doing property management planning and business planning with graziers. Weeds are a huge issue out in that part of the world. Woody weeds are impacting significantly on the extensive grazing industry, and farmers and graziers are looking for what government is doing in the current budget to respond to the weed problems and the challenges we have out there. So I am looking forward to getting some response from you particularly in relation to weeds.

The other important area I have worked in relates to the Great Barrier Reef, particularly water quality issues. I know there have been some measures in the budget relating specifically to water quality and the impacts on the Great Barrier Reef, so I would like some feedback on that as well. Out in the extensive grazing areas there are real issues about ensuring that we reduce the amount of sediment that is running off and impacting on the reef. Graziers are doing some great things out there and have adopted some fantastic new farming systems or grazing systems in order to better match the numbers of cattle to the landscape. They are looking at how they can fence off waters, better manage the pastures that they have with the rainfall and in particular take a risk management approach to the way that they are working with the climate. I touched on the issue of climate change earlier on.

Climate change related to the management of their country is directly related to the sort of groundcover that we have and the level of sediment that is running off—or could potentially run off—into the Great Barrier Reef lagoon. It is particularly important that the government provides the appropriate supports to the Caring for our Country natural resource management boards and that it has some significant incentives for farmers and graziers within the budget. I am particularly keen for the minister to touch on that.

The rural and regional areas along the coast from Cairns in my electorate of Leichhardt down to the electorate of Flynn are effectively represented by good Labor, whether that is the member for Dawson, the member for Capricornia or the member for Flynn, who I am glad to see is here—he is also a great Queensland rural and regional representative. Of course, the member for Herbert, who is a Liberal, represents a provincial city there and then there is the Independent Mr Katter. But, effectively, Labor pretty much represents rural and regional Australia north of Bundaberg and it is great to work with those members.

The sugar industry is also looking for outcomes from the budget in terms of supporting sugar farmers to adopt more sustainable practices. I am sure that there are things in the budget in the Caring for our Country program. I think the Great Barrier Reef Rescue Plan is a very

positive initiative. I would really appreciate the minister providing us with some feedback on that.

**Mr BURKE** (Watson—Minister for Agriculture, Fisheries and Forestry) (11.47 am)—I will go through the issues that were raised in the order in which they were raised. Given the sensitivity of some of the issues, I do not want to scan over them, so I may have to request a second or third call to be able to work through all the issues. I first of all want to thank all members for their questions and their contributions, particularly for the sensitivity with which the EC issues were raised. Governments of each side have provided assistance to people very genuinely in need and often in some of the most desperate times of their lives. The way that sensitivity was shown on each side of the House is certainly appreciated.

The member for Hinkler raised EC extension issues, particularly with respect to the Burnett addendum. The best way to answer the member for Hinkler's question is to explain in more detail than I have had the opportunity to do so in this place up until now the precise process that was followed in making those exceptional circumstances determinations. In all cases, the initial assessments made by the National Rural Advisory Committee were made under the current boundaries—that is, the boundaries by area which had previously been the subject of determinations by the previous government, based on applications made to them by the state governments.

When the NRAC advice came back to me, there were two areas which were flagged by them. These were areas where they believed that the state governments in New South Wales and in Queensland may be invited to put forward new boundaries on a more restrictive basis. Given that NRAC determined the boundaries as they were, on balance they did not feel they could remain in EC, so they had to reject them. But they said to flag up in lights that should there be a resubmission by the state governments, they would be willing to have another look at it. The areas that NRAC flagged were the Ashy Downs area in Queensland and the Bourke-Brewarrina area in New South Wales. In advance of making the announcements, I provided advice to the opposition and to the different farming organisations in Queensland and in New South Wales. Following discussions with AgForce and the Queensland Farmers Federation, it was put in fairly strong terms that the Queensland government might be encouraged to also resubmit for the areas surrounding the Lockyer Valley and to have another look at the Burnett addendum. Even though those areas had not been flagged in the first instance by NRAC, they formed the basis of a new submission which came to us from the Queensland government. I referred that to NRAC for advice. NRAC, while they had flagged that there were two areas that they thought might be subject to new boundaries, they were presented with four. In each case, those new boundaries were boundaries that were put forward by the Queensland and New South Wales governments following initial rejection under the old boundaries. On looking at those four new boundaries once they had been provided, NRAC, within a 24-hour period, had been able to hold a meeting by teleconference and recommend that all four new boundaries be accepted for exceptional circumstances. An announcement was made within a very short space of time—I think maybe just over 24 hours—by me that the extensions had been made. That was the order of events.

It is easy for me to misrepresent the Queensland position and say the boundaries that they submitted cut out areas and, therefore, try to blame the states. The truth is that under the old boundaries NRAC had determined that, on balance, they could not be extended for EC and so

the Queensland government had to put forward as best it could a new pitch for fresh boundaries with respect to the Burnett addendum. That is why we have ended up where we have. (*Extension of time granted*)

I think the problems which the member for Hinkler has referred to are real and they go to the fact that EC, as it currently is, and for the bipartisan support that it enjoys, is a system which is not entirely needs based. It is region based in the first instance and then needs based within that. That does create some of the problems to which the member refers. The fact that that is the technical way the system works provides no comfort at all to families who in a purely needs based system would have relief. The transitional income support payment goes a small part of the way there, but it goes nowhere near full EC relief. Certainly I hope that is one of the issues that the reviews currently underway will have a look at. I take in good faith and accept that, under the current regional based system, there will be people who would qualify under a purely needs based system who simply do not when lines are drawn on a map. Therefore, on the question that the member for Hinkler asked as to whether there is a belief that the drought has broken, the NRAC decisions are not whether or not the drought has broken; the NRAC decisions are whether or not they are now looking at a one in 20- to 25-year event and whether or not the recovery has begun. Within that framework, the determinations were made as recommendations to me. On each of the two rounds, I accepted all of NRAC's recommendations.

The Leader of the Nationals asked further questions concerning EC declarations and made the point, which I take in good faith, that earlier would have been better. There is no doubt that is true. You want to give people as much notice as you possibly can. As I said in the chamber a couple of weeks ago, there is always a tension between having the assessment as early as possible and presuming that normal weather patterns will follow and having the assessments done later to make sure that they are accurate. The latter runs the risk of not giving people enough notice. I have been in correspondence with the Prime Minister, trying to work through ways that we can bring forward the dates. We are working through that, but we do not want a situation where the advice from Centrelink does not turn out to be the advice that people end up having to deal with.

The Centrelink delivery issues which have been raised in terms of delays on the \$20,000 grants in irrigation areas is something that I will certainly refer to that agency, which has administration of it, rather than my own department. On the issue of SeaNet, as the Leader of the Nationals is aware, under Caring for our Country we are trying to move to a system where there are funding rounds for which people bid. We are close to announcing quite a large funding round. I have no doubt that SeaNet will be one of the groups wanting to participate in that. The process that we are going through is to have, as much as possible, a competitive tendering process which will hopefully then provide a better way of dealing with some of the issues that were raised by the Australian National Audit Office.

**Mr Truss**—Could you have a look at doing something for them, because they only have a week to go?

**Mr BURKE**—I look at it in the terms in which I have just described. The member for Flynn asked for other members for families while they adapt to climate change. I have referred briefly to the transitional income support, but there is also the project through Australia's Farming Future, which aims to help people, as much as we can, in the preparation for the

challenges that the climate will bring in the years to come. I am sorry to be racing through the important issues that have been raised, but I now have to. The member for Solomon raised issues about recreational fishing. I am aware of the importance of recreational fishing in particular to the way of life in the electorate of Solomon. The Australian government has committed \$2 million over three years to having the formal development and implementation of a recreational fishing industry development strategy. The member for Forde in many ways answered the question in advance of asking it with respect to what we were doing with food production down the whole value chain. The regional food producers grants will certainly go a long way to those benefits down the production chain to which he referred.

The Leader of the Nationals asked about managed investment schemes. During the election campaign we promised that there would be a review of non-forestry MIS. While the promise was made in my portfolio, the appropriate agency to conduct that review is Treasury. Soon after getting the portfolio I wrote to Treasury and they are undertaking the review of non-forestry MIS. (*Extension of time granted*) The member for Bass, whose seat I was privileged to visit very early this term, has made me aware from day one of just how important to north-east Tasmania the forestry industry is and, in particular, the opportunities that come for value-adding through the mills and through downstream processing. The \$1 million to combat illegal logging is an important part of this. Combating illegal logging is complex and I have had some in-depth conversations with my counterpart in New Zealand about how we might be able to do some of this work together. Long-term work on combating illegal logging requires that there be an engagement with China, which is the primary receiver of timber for manufacturing. Once manufactured, it becomes hard to identify whether or not we are dealing with timber which has been illegally logged. With climate change, we often talk about drought purely in terms of farmers, and we need to remember with respect to forestry workers that if a drought kills their crop it is not an annual problem, it is a 40-year problem. The impact of climate change for forestry workers is very real, and the climate change initiatives that I discussed previously go part of the way towards dealing with that.

The member for Leichhardt raised the issues of weeds and the future of weed management. The previous government had not continued the weeds CRC and it was not to be funded after 30 June this year. I am pleased that the government has now been able to announce the establishment of an Australian Weeds Research Centre, which will allow the important work that was previously being done by the CRC to continue to be done for the benefit of people working on the land.

The reef rescue program, which was also raised by the member for Leichhardt, goes further with respect to the need to make sure that part of saving the reef is not just work that is done in the water. A whole lot of work also needs to be done on the land. That is why the largest part of the money dedicated for a single purpose within Caring for our Country on the election promise front was the money provided for the reef rescue program. Natural resource management is exactly that: it is not only management of land or of natural resources on farm or of natural resources on public land; it goes to entire methods of managing natural resources, from our land, to our river systems and all the way through to something as iconic as the Great Barrier Reef. I am happy to commend the appropriations to the House.

Proposed expenditure agreed to.

**Human Services Portfolio**

Proposed expenditure, \$1,828,805,000

**Mr HOCKEY** (North Sydney) (12.01 pm)—I have a number of questions, and I would not expect the minister to be able to answer all of them now but to take them on notice. I am taking a keen interest in this area only because I used to be the Minister for Human Services. I believe that there is a mutual interest in having better service delivery from the government and, therefore, a very bipartisan approach to it. So I hope that a number of the initiatives that were undertaken when I was the Minister for Human Services have continued. I will go through a few of them. If the minister at the table is able to provide information—not immediately but certainly over time—on those initiatives, that would be helpful.

Firstly, in relation to the allocation of funding, I have always had the strong view, even when I was the Minister for Employment and Workplace Relations, that the funding for Human Services should be both capital and recurrent funding. This is a very important fact, because there was resistance from some of the policy agencies, the policy departments, to funding going directly to Human Services for various initiatives. I always, even in the policy department of Employment and Workplace Relations, wanted to give Human Services full control of their budget. So I suspect with a budget allocation of only \$1.8 billion there is still an argument between the policy departments and Human Services about funding allocations. I really hope that Human Services gets the full funding allocation. I ask the minister to bear with me while I go through these things. I know her colleagues want to chat, but going through some of these issues might take more than the initial five minutes.

Secondly, in relation to information technology, I am keen to know what the total budget spend for IT is in Centrelink and across the Human Services agencies and what money is being allocated to the access card mark 2. I still believe in the access card. I know that the government are looking at smartcard technology; they have already announced it, but in a limited form. I think it is a stored value card or some variation of that. I would be interested to know more about that.

Thirdly, sharing is a very important issue. The comments of the Minister for Human Services in an article on 14 June seem rather bizarre to me. The article states: ‘About \$1 million in overdue child support payments will be recovered from more than 500 parents as a result of the merger of the health fund MBF with Bupa Australia’—owner of several health funds. Bupa is required to pay ‘\$2.41 billion to MBF’ as a result of the merger and ‘cross-agency data was used to identify the MBF members who were also in the sights of the Child Support Agency’. I am intrigued to know the background of that. This involves two private sector businesses merging. How can they have data-sharing arrangements? I was also one who believed strongly in the right of Centrelink, Medicare and the Child Support Agency to have full, unfettered data sharing to help address welfare fraud. A classic example of that is Centrelink being unable to identify whether people were genuinely disabled when they were claiming a disability pension. I know there are significant privacy issues here, but I am interested to know what is happening with that.

I understand that, under the changes to Welfare to Work, there are no longer any face-to-face interviews with people to make sure that they actually do go to interviews. I hope and expect that Centrelink is not going soft on people who should be breached for not attending job interviews. I am also interested to know whether there has been any diminution in the job



report program that was set up, where people actually had to carry a book with written evidence that they actually went to job interviews. I think that is very important and I would appreciate the minister finding out the answer to that.

Something that is near and dear to all of our hearts is red tape. The former government made, I thought, valiant efforts to reduce the size and length of forms that Centrelink had. (*Extension of time granted*) The greatest battle I had in Human Services was trying to reduce the number of letters and the forms that people had to fill out and, particularly, the detail required in those forms. I recall one particular form where in order to claim the baby bonus, even though it was at that time non means tested, people actually had to list not only their income—which Centrelink should not have captured as information—but, significantly, all the times over the previous few years that they had been into and out of the country and the exact dates. How that was related to the baby bonus God knows but somehow it had been. The original form to claim the baby bonus was something like 32 pages, which was ridiculous. I really hope Centrelink have not drifted back to the 32-page form, when we got it down to four pages. There was an entire program that we set up to address and reduce the amount of paperwork associated with Centrelink in particular—where the greatest amount of paperwork is—and also some of the others. I would really like to know where that program of reducing the number of forms and letters has gone.

In relation to the Child Support Agency, I am keen to know how it is going with the 1 July reform, which is a very significant reform—and I know it is a very difficult thing. The Child Support Agency does a very good job in very challenging circumstances. There is a huge number of issues that need to be dealt with. I also understand that there is a debt of \$1 billion to the Child Support Agency, which is a huge debt. I am keen to know how it is anticipated that that money will be recovered. That is a very tough ask; I recognise that. Also, the Child Support Agency was in need of significant upgrades to its IT systems, from recollection—I am going back 2½ years. I really hope there is a responsible allocation for the upgrades of its IT systems.

Some very good officials from Human Services have just arrived in the chamber—I say to them that I was just reminding the House that I really hope Human Services is getting the full budget allocation, both capital and recurrent, and that the policy agencies are not taking that money. In fact in the previous government I instructed my policy agency to start arrangements to ensure that Human Services received all the funding, not just the capital associated with its obligations.

In relation to the Child Support Agency, I am very keen to know how that \$1 billion is being recovered. If I can give some gratuitous advice to the Minister for Human Services, it is to be very up-front about some of the challenges that he is facing in the implementation of the bipartisan changes to the child support formula. It was bipartisan policy at the time, and I always found it was useful to continue with that approach. Certainly it should be recognised in relation to the Child Support Agency that it does a very good job and it should meet that challenge in a bipartisan way.

In relation to Medicare, I would be very keen to know how e-claiming is going. I understand that it is quite poor. There was resistance from some parts of Medicare but also from some doctors to e-claiming of Medicare. That is a very significant initiative in reducing the day-to-day operational costs of Medicare. Medicare was also undergoing significant transition

in their offices so that the Medicare offices were also family assistance offices. The end goal we had—if I can indulge for a moment—was to have the harder, more difficult welfare cases in Centrelink and the family payments essentially in Medicare offices. The reason why we wanted to have the family payments in Medicare offices is that they are better located in shopping centres, but also it is a different type of demographic that goes into those Medicare offices. That was very important. That is why they became family assistance offices. Also, they are a different type of staff in the Medicare offices, so it was very important to try to get them to handle some of those more difficult family cases. If you were not aware of this as ministers, the best illustration of that was the rebate for the LPG scheme, which was run by Centrelink but was actually going through the Medicare offices. (*Time expired*)

**Mr RAGUSE** (Forde) (12.11 pm)—My question relates to some of the things that the shadow minister has spoken about today but more precisely to the electorate of Forde. I know the member for Wide Bay did not really want to hear too much in my last statements about my electorate and the people and their concerns, but they are very much related to other issues to do with human services. As I said, it is a diverse electorate, very much rural and with some high-density urban areas. The issues of mobility are large in my electorate and, of course, the use of technology is a very important feature of the budget, and certainly my question will relate to that. If you look at the seat of Forde, which is the Gold Coast hinterland, it is 3,100 square kilometres, which in that region is quite large considering the Gold Coast seats are about 60, 70 or 90 square kilometres. That gives us a whole range of issues in terms of transport and mobility. My question to the minister today really is about plans for making things easier, the use of electronics and, of course, e-claiming and electronic transferring for Medicare claims.

**Mr HOCKEY** (North Sydney) (12.12 pm)—I wish to continue on e-health. In relation to e-claiming, there was significant resistance from the department of health to the implementation of e-claiming, for a whole lot of different reasons—and I am happy to have individual chats with the ministers about that so that they are fully aware of the background. In relation to e-claiming, there was also a push from doctors to receive a clip of financial support to implement it, but there is a very strong argument that doctors get huge benefits out of e-claiming, such as getting the money immediately, not having bad debtor issues and also HICAPS, which is run in relation to obstetricians and a range of others—physiotherapists and so on. There is an e-claiming process that is run by the National Australia Bank that is a very good process. If it works for obstetricians and for a range of allied health professionals as well, there is no reason it could not operate for doctors. So I just make that suggestion as well.

Also we certainly had a push, from our perspective in Human Services, to have mobile doctor provider numbers and for the provider numbers to be not constrained by region but mobile. That would have made a very big difference to regional and rural Australia, particularly for doctors going up to regional and remote areas and not having provider numbers that are constrained by individual areas. The push from Human Services in part was so that doctors going to remote areas could carry around mobile devices—the equivalent of those hand-held devices that operate in restaurants—and you could put in the Medicare card and the doctor provider number would be linked into that hand-held device.

That leads me on to the point where there were initial moves—I know quite difficult—to simplify the MBS item number schedule, which would have made it a lot easier for Medicare.

A lot of doctors did not understand what the correct item number was for billing purposes, and in regional and remote areas, particularly in Indigenous communities where there are a lot of foreign doctors operating—and thank God they do—they did not know exactly which was the right item number and they were undercharging. I would also be keen to know if Medicare have kept their people out in the Western Desert. They had a person located out there and I started a program where they could stay with Indigenous communities and ensure the Indigenous communities had the right item numbers. A Medicare person was located in one Indigenous community west of Alice Springs and, because they were explaining to doctors the right item number, an extra \$¼ million a year was going into that Indigenous community. Because Medicare is uncapped, it is a great way to get real money into those communities simply by the doctors and nurses knowing what the appropriate item number is to list. Medicare was undertaking that, but there were some difficulties getting some Medicare personnel into regional and remote areas. I know that Medicare had a person in Far North Queensland who did a great job and we were trying to get more Medicare people out in the field rather than in the offices. The whole e-claiming area is probably a topic about which I can have a private discussion with the minister. I think there is a very bipartisan agreement that we have to get e-claiming and e-health right and one of the greatest challenges is embedded views within the various departments.

In relation to Australian Hearing, I would be keen to get an update on how the telephone deafness check is going. That was a program that I initiated three years ago with Australian Hearing after seeing it operating in London. This is where individuals can ring a phone number and have a hearing test over the phone. Elderly Australians would benefit most from that. The program was launched and it was probably the best program in the world, so I would be keen to find out how that is going. I would also be keen to get a general update on how the hearing test program is going in Indigenous communities, because Australian Hearing started that program. *(Time expired)*

**Mr TREVOR** (Flynn) (12.17 pm)—Thank you for the opportunity to ask a question of the minister today, Mr Deputy Speaker. My question will be in relation to Medicare. I am delighted, honoured and proud to be part of a government which has delivered a Medicare office for one of the communities in my electorate. As you are probably aware, it covers a distance of some 314,000 square kilometres—give or take an inch or a yard.

*Ms Plibersek interjecting—*

**Mr TREVOR**—My word it does on many late nights coming home at two or three o'clock in the morning after travelling to various rural communities throughout the electorate. To the west of Gladstone is a community called Emerald, a bustling community full of good people, full of hard-working families who are involved in the development of the coal industry in the community of Flynn. Unfortunately for the people of Emerald, for many years now they have not been provided with a Medicare office and substantial difficulties have arisen as a result of that. As I said, I am pleased to be part of a government that has delivered a basic piece of infrastructure to the community of Emerald. The announcement was well received by the community and they are very grateful to the Rudd Labor government for delivering on that pre-election commitment. I would like to ask the minister about the finer detail—that is, when will the Medicare office be opened in Emerald and when will Medicare services be delivered to the community of Emerald?

**Ms CAMPBELL** (Bass) (12.19 pm)—I would like to talk about the income management card but, first, could I ask the minister to pass on my thanks to Minister Ludwig. He will be visiting my electorate at the end of July to open a new purpose-built Centrelink building. There are two of them there at the moment. They will be closing down and everyone will be relocating to the new Centrelink building.

In speaking today and asking some questions in relation to the income management card, I think we are all very well aware that this is being trialled in Western Australia and the Northern Territory at the moment. We know that the existing process is cumbersome; it is paper based and it is particularly hard on small business. We want to change that. Under the budget measures, we are looking at the income management card utilising the EFTPOS network in order to simplify the process for people on income management, and for small business and for Centrelink as well. So at the end of the day this will inevitably reduce red tape. My question to the minister is: could you give us some more detail in relation to this? As we know, this trial is quite significant. It is significant to those areas, but it may have flow-on effects to other areas. I am wondering whether the minister might be able to give me some more detail.

**Mr HOCKEY** (North Sydney) (12.21 pm)—I will not take long because I know that other members want to speak. There are three other things I want to touch on. The first is an update on the status of the drought buses. Again, it is not necessary for you to do it now, but I am keen to get an update on the status of the drought buses—whether they are still operating. They were very important, particularly in the remote communities, and particularly for the women in those communities because the men were often far too proud to raise the issue of needing help. The drought buses were reach-out facilities. They also had the capacity over the longer term to be emergency service providers. One of the challenges we had in Innisfail when the cyclone hit was getting information out and services up there in a timely fashion. So I am keen to find out about the status of the drought buses.

Finally, if I can indulge for a little bit, I would like to place on record my appreciation to Jeff Whalan for his outstanding work as chief executive of Centrelink. When I became the first Minister for Human Services and created the department, we had to make some changes. Moving Jeff from Medicare—as it was the HIC—into Centrelink was a significant task. But Jeff Whalan is one of the most outstanding professional public servants I have ever dealt with. He is a man of immense integrity. He is a genuinely hard-working, loyal and incredibly well-intentioned individual. He won the respect of everyone across the Public Service and I think it is to the loss of the Australian people that Jeff Whalan is retiring as chief executive of Centrelink. It is one of the most difficult jobs in the government.

Matt Miller in the Child Support Agency is doing a fantastic job. That is an incredibly difficult job. Cathy Argall had the position before him and did a very good job at that time as well—now the head of Medicare. I found the human services department itself to be a very good department. It is a very small department with limited resources, but the staff are doing a very good job in very difficult circumstances, particularly when they do not drive a lot of the change. The change comes out of the policy departments. The capacity of Human Services and the agencies to respond to changing policy and to give full and frank advice on the policy meant that the policy was delivered in a far more timely and professional manner. So I really do want to place on record my personal appreciation to Jeff Whalan, who is retiring, and also the appreciation of not just the opposition but also the government and everyone else who

recognises that Jeff Whalan is one of the most outstanding public servants we have seen in Canberra for a very long period of time. We wish him and his family all the very best in the future.

**Ms PLIBERSEK** (Sydney—Minister for Housing and Minister for the Status of Women) (12.25 pm)—Before I start answering some of the questions that the member for North Sydney, the shadow minister, has asked, I support his comments about Jeff Whalan and the excellent work that all of our public servants do. The area of Human Services is a very difficult area. I know that because I was the shadow minister for some time. When the now shadow minister, the member for North Sydney, was the minister, although we did not always agree, I would say that the work that I saw was always very highly professional. I would also like to put on the record that it was very plain that the member for North Sydney was very committed to this portfolio, particularly that project of reducing red tape and forms. I think he and I shared the view about the baby bonus form and having to write down every single entry into and exit from Australia for the previous 10 years for both parents. In fact, I remember calling the department and asking, ‘Why on earth do you need to know this?’ They were asking whether you were an Australian citizen or eligible for social security benefits overseas. Why not just ask that question?

*Mr Hockey interjecting—*

**Ms PLIBERSEK**—Or data-share. I would like to congratulate you on that. In the brief time I have available, I will make a few very brief general comments and then go into some of the specific answers. This year’s Human Services portfolio budget has balanced the need for fiscal responsibility and continued high levels of service delivery for all Australians. It has contributed significantly to our efforts to reduce spending and increase efficiency while maintaining high standards of service delivery. The portfolio has contributed \$1.477 billion worth of savings, including \$280.4 million in 2007-08, and most of those, as you would know—

**Mr Hockey**—A billion, did you say?

**Ms PLIBERSEK**—Yes, billion. Most of those savings are through the abolition of the access card—something that the member for North Sydney was very personally committed to, although it was a terrible policy idea.

The department has delivered on election commitments and is now turning to improving the service delivery system for the 21st century and beyond. Some of the seven major measures that provide extra resources for the department are the Centrelink consolidating technology capability and extra funding of \$13.3 million for Centrelink in 2008-09 to maintain its IT infrastructure from the IT Refresh Project. That measure will ensure the ongoing viability of Centrelink IT infrastructure in 2008-09 by ensuring that equipment and software are replaced as they reach their end of life. For Centrelink call centre supplementation there is additional funding of \$59.1 million in 2008-09. Fraud and noncompliance funding of \$138 million is to expand Centrelink’s compliance activities, which will deliver an estimated net saving of \$589.2 million over four years. On the Medicare Easy Claim increase take-up, we are contributing \$8.6 million over four years for Medicare Australia to simplify electronic claims processes, which will then be rolled out in medical practices. I will go into a little bit more detail about that later in response to the questions.

The member for Flynn asked me about the Medicare office in Emerald. I am happy to inform you that there is funding of \$1.6 million over four years for the establishment of a Medicare office co-located with the existing Centrelink customer service centre in Emerald from 2008. Congratulations to you, Member for Flynn, for campaigning so strongly for that service in your own electorate. The town of Emerald, which I was so happy to visit with you, is obviously a town of terrific people, working hard and getting on with their lives.

On service delivery reform, there is an extra \$10 million for the development of service delivery initiatives in the Human Services portfolio. That funding will allow the Department of Human Services to examine new, better and more cost-effective ways to deliver social and health related services to all Australians. There is an extra \$5.8 million in 2008-09 for Centrelink's role in Close the Gap for the upgrade of Centrelink agency sites in remote regions of the Northern Territory, which will enable customers to continue accessing mainstream services in those remote areas. There are a number of other budget measures that I—

**The DEPUTY SPEAKER (Mr S Sidebottom)**—Does the minister require a little extra time?

**Ms PLIBERSEK**—I would like it.

**Mr HOCKEY (North Sydney) (12.30 pm)**—Perhaps I could just ask one further question. I am keen to know what happened to the Centrelink office in Wadeye. Was one opened there in the end? I do not know. Because of the violence in Wadeye, Mal Brough and I had immense trouble trying to get a Centrelink office open.

**The DEPUTY SPEAKER**—Thank you; that is another question. Minister, do you require a bit more time?

**Ms PLIBERSEK (Sydney—Minister for Housing and Minister for the Status of Women) (12.30 pm)**—Thank you, Mr Deputy Speaker. Perhaps I could have a couple more minutes because we have so many excellent questions and I will not have time to answer all of them. I would just like to run through some of them.

Let me say to the member for North Sydney that there are a number of questions here that require more detailed responses, and I will take them on notice and send them to you because we are running a bit short of time. I just want to clarify: with regard to the stored value card, which I think you called the 'access card mark 2', that is certainly not the way we see it. This debit card is designed to improve income management. The member for Bass also asked about this. With regard to the debit card, the contract is being developed at the moment. We are investing more than \$17 million to improve the delivery of income management by providing a personalised PIN-protected debit card for customers to use when purchasing essential goods and services. Certainly the work on negotiating the contracts for designing the system and so on is well underway at the moment, and I can provide you with more information about that in the future.

You have asked about the data-matching program as well. There are two elements to the data-matching program announced in the budget—that is, data-matching with the banks and the ATO. I think you asked another question about the cross-agency area; I will give you more written information on that. There was a question about whether the government is going soft on shirkers, and that is certainly not the case. We are of course very concerned that people who are able to work do work. We have changed some of the design features of the previous

government's system that drove people into poverty and into homelessness through the lack of flexibility and discretion that was allowed in the case of the eight-week breaching process.

The child support reforms: the letters have gone out relating to the child support reforms. Of course, that is underway at the moment. The mail-out ended on 22 May. Letters were sent to about 1½ million separated parents, who, of course, are responsible for 1.1 million children who are affected by that. With regard to the e-claiming process you asked about, the Australian government is investing \$8.6 million over four years towards streamlining electronic claiming processes. The investment will benefit medical providers and their patients by making e-claiming easier and more efficient, removing the need for patients to visit a Medicare office in person to claim their benefits. We are reducing the workload of medical staff and streamlining the claiming process, so that benefits both the medical staff and the families who are making those claims. The member for North Sydney asked a number of other questions about Australian Hearing, the drought buses and the Centrelink office in Wadeye. Because of time issues, I will get back to you in more detail on those.

Proposed expenditure agreed to.

#### **Immigration and Citizenship Portfolio**

Proposed expenditure, \$1,708,603,000

**Mr ANDREWS** (Menzies) (12.34 pm)—I indicate to the Attorney that I have an extensive list of questions. I appreciate that he is the representative of the Minister for Immigration and Citizenship rather than the minister himself. I ask the Attorney, through the chair, whether I could provide him with my list of questions. That will save the Committee from having to listen to me reading them into the *Hansard*, which would take some time. I ask this on the basis that the Attorney gives me an undertaking that the questions will be passed on to the minister and will be answered in due course. These questions are detailed and obviously it would not be possible for the Attorney to answer them here and now. It seems to me that what I have suggested is the most sensible course, both for the convenience of the chamber and for getting the questions answered.

**The DEPUTY SPEAKER** (Ms AE Burke)—Is leave granted for the questions to be tabled?

**Mr McCLELLAND** (Barton—Attorney-General) (12.35 pm)—I appreciate that course of action and will certainly undertake it. I am aware of my inadequacy insofar as I am representing the minister, so I am very pleased to make that commitment.

**Mr Andrews**—I thank the Attorney for that.

**Ms PARKE** (Fremantle) (12.36 pm)—Attorney-General, I am aware of many cases in my electorate of Fremantle where the temporary protection visa scheme, introduced by the Howard government in 1999, placed genuine refugees in a long-term holding pattern, unable to properly settle in Australia. Refugees are people who have had to flee their homes in situations of persecution and trauma. It is cruel in the extreme to make these genuine refugees then suffer the uncertainty and indignity of not knowing their future, of having their status re-examined every three years, of not being able to access initial accommodation bond assistance to rent a house or to access social security payments, of not being eligible for English language training or for assistance to find a job, and being prohibited from travelling outside of

Australia or for family reunion in Australia. This has meant the separation of families for indefinite periods of time.

Australia is party to the 1951 UN refugee convention, which provides, in article 34, that Australia should facilitate the assimilation and naturalisation of refugees. Many human rights organisations—including the Human Rights and Equal Opportunity Commission, Amnesty International, the Refugee Council of Australia, and Human Rights Watch—have expressed concern that the temporary protection visa scheme is contrary to Australia's obligations under the 1951 refugee convention. A 2002 report by Human Rights Watch on Australia's asylum policy entitled *By invitation only* notes that visas, such as the temporary protection visa, should be reserved for use in mass influx situations where they are given to asylum seekers prior to any determination of refugee status.

I know from my own experience in Kosovo that Kosovo Albanians, during their mass exodus to neighbouring countries in 1999, were given temporary protection visas. This was precisely the situation temporary protection visas were intended to deal with. The Howard government's use of temporary protection visas in Australia after refugee status had been confirmed was a grotesque distortion of the purpose and intent of the temporary protection visa system, and it is only right and just that it be abolished. Attorney-General, can you please provide some further information on the government's decision to abolish the temporary protection visa?

**Mr McCLELLAND** (Barton—Attorney-General) (12.38 pm)—I thank the honourable member for her question and I recognise her experience in international human rights law. I appreciate the input that she has provided for the benefit of the Committee. The temporary protection visa was introduced in October 1999 by the previous government. Abolishing the previous government's unjust and punitive temporary protection visa system for asylum seekers fulfils one of the Rudd Labor government's election commitments.

The temporary protection visa was one of the worst aspects of the Howard government's punitive treatment of refugees, many of whom had already suffered enormously before fleeing their country of birth to seek safe asylum in Australia. Under the previous government's regime, refugees faced further uncertainty and punitive visa conditions after arriving in Australia. The scrapping of the TPV fulfils the Rudd government's commitment to providing refugees with a fair and certain outcome. People found to be refugees will in future receive a permanent visa regardless of how they arrive in Australia.

In addition, about 1,000 refugees currently in Australia on TPVs will have their status resolved and will be afforded the same benefits and entitlements as holders of a permanent protection visa. They will not need to have their protection claims re-assessed, and—provided they meet health, security and character requirements—they will be granted permanent residence in Australia. This will be achieved through a resolution of status visa. This permanent residence visa will allow TPV holders access to the same benefits and entitlements as permanent protection visa holders and will provide people with certainty about their future, enabling them to engage fully in the Australian community. Indeed, many in the Australian community—including in rural and regional Australia—were quite outraged at the situation of TPV holders, including the children of TPV holders, who were part and parcel of school, sporting and community fabrics, and had a precarious future ahead of them.



We need to resolve the status of current TPV holders as a priority. Regulation amendments to implement the decision will be made as a priority by the minister in the first quarter of the 2008-09 financial year. The abolition of temporary protection visas is consistent with the government's broader commitment to treating people in need of protection with fairness and decency. Unlike the previous government's policy, our policies on asylum seekers will be based on the principles of decency and fairness: on the evidence, not on divisive politics.

If we look at the evidence for all of the former government's bluster on temporary protection visas, what they did not tell the Australian people was that almost all of the people granted temporary protection visas have since been granted permanent refugee visas. As at 7 March 2008, 11,126 people had been granted temporary protection. The overwhelming majority—some 9,680—have since been granted permanent visas. The temporary visa was not a deterrent to unlawful arrivals, as described by the previous government. While there was a temporary drop in the rate of boat arrivals after the TPV regime began in late 1990—3,042 boat arrivals intercepted between December 1998 and November 1999, compared with 2,921 boat arrivals in the following December 1999 to November 2000 period—the introduction of the TPV regime did not stop boat arrivals from increasing. From December 2000 until November 2001, 6,540 boats were intercepted. It was a harsh policy, it imposed harsh visa conditions with no appreciable national security benefit and it caused additional suffering to people who had already suffered in their countries of birth, and actually impeded their safe and complete integration into the Australian community. I am pleased to say that policy has been reversed by the Rudd government.

**Mr PYNE** (Sturt) (12.43 pm)—I appreciate that the Attorney-General has come into the Committee himself to take questions on the Immigration and Citizenship portfolio. The questions that I would like to put to him are particularly pertinent to South Australia, and the need for South Australia to attract new migrants—particularly skilled migrants—not only to meet our needs but also to meet challenges in terms of population and the growth of our state. I notice the member for Port Adelaide is in the chamber, and I am sure that he would regard this as a very bipartisan issue, given the need of South Australians for a higher population. Both the state Labor government and the federal Liberal Party have been in lock step over this for the last few years, particularly with my role in the APop—the Australian Population Institute in South Australia—and my work with Kevin Foley in relation to the need to grow our population.

There are a number of areas where the federal government has in the past played, and could again play, a very practical role in attracting migrants to South Australia. One of those I would like to specifically ask the Attorney-General about is reinstating the value to international students of studying in South Australia. Prior to the 1 September changes to the general skilled migration program last year, there was a significant benefit to international students studying in South Australia. It helped South Australia attract a significant increase in the number of international students that studied in Adelaide, because the system awarded applicants with five points for studying in a regional area. While these points are still available under the revised program they do not have the impact and attractiveness they had previously. I will give an example.

Under the old system, a 25-year-old international student studying for a Bachelor of IT in Adelaide would have obtained the following points—60 for skill, 30 for age, 20 for English—

obtaining a minimum of six in each of the four components of the IELTS test—five for Australian qualification and five for regional study, which is a total of 120. By comparison, a student studying in Sydney, for example, would obtain the following points: 60 for skill, 30 for age, 20 for English and five for Australian qualification, which is a total of 115 points.

Under the previous system, this student would need to study in South Australia in order to be eligible for the five points for regional study so that they could meet the 120 points requirement. One of the biggest changes to the new GSM program introduced in September 2007 is in English. Previously, a score of six in each of the four components of the test resulted in 20 points. Now six equals 15 points and seven equals 25 points. Using the same scenario as before but substituting the applicant's score from six to seven in each of the four components of the IELTS test, the results would be as follows in South Australia: 60 for skill, 30 for age, 25 for English, five for Australian qualification and five for regional study, which is 125. Using the same scenario for a Sydney based student, it would be 60 for skill, 30 for age, 25 for English and five for Australian qualification, giving them 120 points in total, therefore wiping out the previous five regional study points that gave South Australia its advantage. It would therefore give the 120 points to the student who might choose to study in Sydney. As we have known in the past, that is often a choice that they make.

I am asking the Attorney, in a rather longwinded and complicated fashion, whether the current government will consider reinstating the advantage that a regional student studying in somewhere like Adelaide would have by altering the points that are available, particularly under the English component of the IELTS test.

**Mr Butler**—Changing what your government did.

**Mr PYNE**—Yes, my government made a mistake on that. I can admit that!

**The DEPUTY SPEAKER (Ms AE Burke)**—Given the time constraints, I call on the member for Moreton to ask his question and then I will hand back to the Attorney-General.

**Mr PERRETT (Moreton) (12.48 pm)**—Many people in my electorate have contacted me to express their dismay at the length of time it takes to sponsor a parent to migrate to Australia. I know when you visited Moreton during the election campaign, Attorney-General, you met some of these people. Moreton is obviously a very multicultural community, where one in three voters come from overseas. Obviously family is important around the world, as it is in Australia. They are very concerned about the length of time it takes. One such family in Moreton who contacted me recently has been waiting more than 10 years for their mother—now aged 75—to be able to migrate from China to Moreton. As the only family member remaining in China, the family was understandably concerned for their mother's health, safety and wellbeing, especially as a 75-year-old. Unfortunately, although this family is working hard it is just not in a position to pay the \$31,000 required for the contributory parent visa, which would fast-track their mother's departure from China. However, despite applying more than 10 years ago, I have been advised that this family will need to wait a further four years before the parent visa is approved. This is not an isolated case. I could list many other people. I could give names of people who have contacted my office since the election, many of whom saw the former member and have trotted out the same desperate case, but obviously their desperation has increased over that time.

There are many other cases: people from Zimbabwe, South Africa, Taiwan, China and Sudan, to name just some of the major groups in Moreton. As I said, I represent an electorate where more than one in three voters was born overseas. I have spoken to many of these constituents in the same situation, eager to be reunited with their families. Can the Attorney-General outline any improvement included in this budget for parent migration?

**Mr McCLELLAND** (Barton—Attorney-General) (12.50 pm)—I will deal with both questions. I appreciate the spirit in which the honourable member for Sturt has asked his question with respect to the skilled migration program generally, but specifically the student migration program and its application in South Australia. With respect to the latter part of the question I can assure him that I will refer his comments and those figures that he presented to the minister and request a detailed response to the specifics. I note it was a change that was made under the former government, but I appreciate the spirit in which the question has been raised.

If I could say briefly with respect to the skilled migration program: it is a priority. All the evidence indicates that Australia is suffering from a skilled labour shortage, which is going to become increasingly acute. That is why the Rudd government has expanded the skilled migration program by an extra 31,000 skilled migrants in 2008-09. This is in fact a 30 per cent increase on the previous year. Overall, the skilled migration program will make up 133,500 places, which totals 190,300 for 2008-09. In addition we will increase the family stream by 6,500 places, which includes an allocation for 4,000 places for parent visas. That is probably a convenient place to break in to answer the question from the member for Moreton. That allocation of an additional 4,000 places through the parent visa program will be welcomed in the community, for humanitarian reasons, to promote family reunions. But the ability for a skilled migrant to bring their parents out is also an incentive. We believe that it will actually be an attraction to what we need to happen—that is, to attract skilled workers to Australia.

The budget provides for 1,000 additional places for the non-contributory parent visa and 3,500 places for the contributory parent visa. These increases will come into effect on 1 July this year. The non-contributory places have increased now to 2,000 places, which is a 100 per cent increase. The contributory parent visa places are up by 85 per cent from 3,500 to 6,500. These increases are expected to cut waiting periods by 15 per cent in some categories. If we had failed to address that issue, it was potentially the case that some Australian families in the non-contributory category would have been waiting for more than 15 years before they could be reunited with their parents. Obviously, the simple ageing process means that at the end of the day that may well have been thwarted. I know in my area, which is quite an extensively multicultural area, that where parents are able to be reunited with their children—in this case they will be skilled and in the workforce—it makes a tremendous difference to the respective family units and indeed their grandchildren. I believe that the community frequently obtains, particularly with close-knit migrant families, as they generally tend to be, a tremendous value in terms of the assistance those parents provide in caring for their grandchildren. So these increases will restore some balance to the structure of Australia's migration program and will reduce the time it takes families to be reunited with their parents. The policy recognises the desire of many Australian citizens and residents to be reunited with their parents, and the social benefits which the honourable member has outlined and which I have noted in reply.

**Mrs MARKUS** (Greenway) (12.54 pm)—I refer to the budget papers that relate to Australian citizenship, particularly output group 2.3 in table 2.2. I refer to the contributions section, where it states:

The Australian Citizenship output will:

... ..

- encourage the community to value citizenship and promote the acquisition of Australian citizenship.

Given that the Labor government has reduced the amount of funding for the promotion of Australian citizenship, how serious is the government about promoting citizenship? And given that the overall budget for citizenship has only increased by 1.68 per cent, according to table 2.2, can the minister confirm whether the government has any intention of watering down or abolishing the current citizenship test which forms part of the process of becoming an Australian citizen? More specifically in relation to the citizenship test, Richard Woolcott, chair of the review of the citizenship test, was quoted in Monday's newspapers as saying the citizenship test was 'still flawed because you can get 19 of 20 questions correct and still fail'. He was referring of course to the mandatory rights and responsibilities questions. Will the government rule out making any changes to the requirement for applicants to answer all three mandatory questions correctly?

**Mr PYNE** (Sturt) (12.56 pm)—At the moment, the age limit for skilled migration is 45. I would like to ask the Attorney whether the government would consider raising the age limit for the skilled migration program from 45 to 50 in regional and low population growth areas like South Australia, because of the advantage that it would give to South Australia in attracting skilled migrants. Our two biggest competitors are Canada and New Zealand for skilled migrants. Both of those countries have a higher age limit than does Australia. I am sure he would agree that people at the age of 50 can still make a useful contribution to working life.

**Mr BUTLER** (Port Adelaide) (12.57 pm)—There has been significant community disquiet around the various temporary skilled migration programs, particularly the 457 visas. Can the Attorney tell us what proposals the government has to improve the integrity of the temporary skilled migration program?

**Mr McCLELLAND** (Barton—Attorney-General) (12.57 pm)—Firstly, dealing with the Australian citizenship test, I can assure the honourable member that the government has no intention of watering down the test. It is true that we have established a review panel. It consists of seven eminent Australians: Richard Woolcott AC, as was noted; Olympian Rechelle Hawkes; SBS Director of Radio, Paula Masselos; refugee advocate Juliana Nkrumah; Australia Day Council CEO, Warren Pearson; former Chief of Navy, Vice Admiral Chris Ritchie AO; and legal expert Professor Kim Rubenstein. They are conducting a review. That committee is consulting with the Australian community and examining aspects of the content and operation of the citizenship test. It is the case that almost 95 per cent of people are passing the test, but we need to assess the impact on some categories. For instance, I think 99 per cent of skilled migrants are passing the test and 91 per cent of family migrants are passing the test compared with 82 per cent of test candidates who came as refugees or under humanitarian programs. We assume that they obviously have had greater disadvantages in life or they would not have applied under those categories, so we need to make an assessment as to whether they are being disadvantaged because of the nature of the test. We also want to look

at whether the material that is being covered in the test and in preparation for the test, most importantly, is helpful in assisting applicants to become better citizens as well as whether the process is equipping applicants with a knowledge of the rights and responsibilities that becoming an Australian citizen entails. In terms of the funding issues, I do not have those figures in front of me but, if the honourable member does not mind, I will refer those issues to the minister for a more detailed response.

In respect of the question from the member for Sturt, I could not disagree, having turned 50 in January of this year, that people are still useful at the age of 50. Personally, I think these age restrictions are often ham-fisted. There would be a range of occupations that a 50-year-old could willingly, happily and competently discharge. I think the days have long gone since St George would have considered putting them in the outside centres. I agree that there is some scope, and I will refer that suggestion to the minister. I think the military, police forces and intelligence agencies have found that senior recruits, while they may not be all that useful in street jobs, can serve a useful role. I think there is a valid point to be communicated to the minister in that context.

In terms of the 457 visa program—and I thank the honourable member for his question—we have appointed an external reference group to examine the program to ensure that it is operating fairly. It is important. It does bring skilled workers temporarily into the country. We are addressing issues such as having three dedicated centres, located in Sydney, Melbourne and Perth, to assist the program's implementation. We are also looking at a situation where low-risk employers and employer groups will have their applications processed faster.

Ms Barbara Deegan of the Australian Industrial Relations Commission is conducting a review to assess whether terms and conditions of employment are being applied equitably to people in this category, to ensure that they do not create a situation where they undercut Australian workers and to ensure that they are not exploited. In that context, we are also ensuring that the minimum salary level is indexed in accordance with the baseline movement in employees' total earnings. That will result in an immediate increase of 3.8 per cent and it will be indexed to ensure that there are not two tiers of workers in the workforce. (*Time expired*)

Proposed expenditure agreed to.

**Sitting suspended from 1.03 pm to 4.08 pm**  
**Attorney General's Portfolio**

Proposed expenditure, \$3,875,155,000

**The DEPUTY SPEAKER (Ms AE Burke)**—I call the member for Dawson.

**Mr BIDGOOD** (Dawson) (4.08 pm)—Thank you, Madam Deputy Speaker.

**Mr Pyne**—Why is he getting the first call? This is the opposition time.

**Mr BIDGOOD**—I was standing first.

**The DEPUTY SPEAKER**—The member will be aware that during this procedure whoever is standing first gets the call. I assure the member he will get a call.

**Mr BIDGOOD**—I have a number of questions for the Attorney-General about the appropriation bill. As the Attorney-General would be aware, preparing for natural disasters such as floods is of critical importance to the people in my electorate of Dawson, which lies on the Central Queensland coast. Earlier this year my electorate, particularly the area around Mac-

kay, was hit by serious floods, resulting in large-scale evacuations and significant damage and disruption. Of course, it is important to recognise that preparing for natural disasters is an issue of increasing urgency for communities across Australia. I am pleased to say that with the election of the Rudd government we finally have a federal government that is prepared to face the reality of climate change and the challenges it poses for our economy and our community. So I ask the Attorney-General: what does the Rudd government's first budget do to assist communities across our nation to become better prepared and more resilient to hazards and disasters such as storms and floods? Finally, it is plainly a sad reality of the times that threats to our community infrastructure come not just from natural disasters but also from human sources, in particular the threat of terrorism from those who wish to do us harm. I ask the Attorney-General if he would outline to the community what the government's budget contains to help with the protection of critical infrastructure from threats, both natural and man-made.

**Mr McCLELLAND** (Barton—Attorney-General) (4.10 pm)—I thank the member for Dawson for his questions and I look forward to visiting his electorate on Sunday week as part of the community cabinet visit to Mackay. I congratulate the member for his excellent and tireless work on behalf of his constituents during the devastating floods earlier this year. I received a number of phone calls from the member during that period, despite the fact that I understand his office was flooded, making representations through me to Emergency Management Australia in my portfolio.

A key priority for the Rudd government is to ensure that all levels of government work together in partnership to prepare for disasters such as the one visited on the honourable member's electorate this year. The better we become at preparing for and mitigating disasters, the less adverse impact they will have on Australian communities. This government understands the impact in particular of climate change, which makes dramatic weather events more frequent and more intense. Both internationally and domestically, it is going to have an impact.

In this context, recent studies into the impacts of climate change show that the intensity, frequency and overall impact of some natural disasters are an inevitability well into the future. That is why this year's budget provided \$19.2 million over the next 12 months to facilitate projects such as structural works to protect against damage, including levies, retarding basins and channel improvements, permanent firebreaks and also disaster warning systems. The funding will be delivered through the Natural Disaster Mitigation Program, administered by Emergency Management Australia.

Of course, this will complement other programs that assist communities such as those for the honourable member's electorate. For example, funding will also be provided to the Mackay region through the natural disaster relief and recovery arrangements, following the flooding earlier this year—and the honourable member made considerable and very forceful representations on behalf of his constituents in that respect. It will include funds for cleaning up and recovery grants for eligible small business and primary producers, as well as personal hardship and stress payments for Mackay region residents.

The honourable member also asked, appropriately, about protecting critical infrastructure against both natural hazards and human threats such as terrorism. Indeed, we have seen the consequences of the gas explosion in Western Australia—that was addressed in question time. There is no doubt that natural disasters and indeed man-made threats threaten critical infrastructure, 90 per cent of which is in private hands. It is therefore important that government

work in partnership with business to build resilience against such threats, including natural and man-made threats—most concerningly, terrorism. We saw this threat vividly evident, for example, in the case of Faheem Lodhi, who was convicted of threatening to attack an electricity supply station.

For that reason, the budget provided an additional \$23.4 million over the next four years to obtain cutting-edge critical infrastructure protection modelling and analysis capability, known as CIPMA. CIPMA is world-leading technology. It is a computer program which enables sophisticated modelling to be undertaken of the consequences of different disasters, to ensure better preparation and more effective responses. The funding in this year's budget will ensure that the current pilot CIPMA program becomes an operational part of Australia's national security architecture. Importantly, industry has been instrumental to the success of the pilot program, and government is committed to strengthening and building on these relationships to ensure that we have a critical infrastructure protection program that is second to none. I thank the honourable member for his interest and his concerns in asking these questions.

**Mr PYNE** (Sturt) (4.15 pm)—I have a series of questions, most of which go to the Minister for Home Affairs. I am grateful that he has decided to come to the Main Committee to go through this important part of the budget process. The first question goes to the announcement in the budget to do with the 500 new sworn Federal Police officers. The analysis that I have done of the budget and this particular announcement indicates that 19 per cent of the funding for this initiative will be spent before the next election, due in 2010—only \$36.7 million, according to Budget Paper No. 2, part 2, page 89. This suggests to me that in the coming year there will be 31 new sworn officers, in 2009-10 there will be 30 and in 2010-11 there will be 39. This means that only 99 of the new officers will be in place before the next federal election. Another 213 would follow in 2011-12 and 188 in 2012-13. I ask the Minister for Home Affairs to confirm, at the appropriate time, whether these figures are in fact correct and whether it is true that only 99 out of 500 new officers will be delivered before the next federal election and that, in fact, the vast majority will be delivered after the federal election, suggesting that this is a heavily back-ended program. If that is the case, could he explain why it is the case. If the answer to that is that they take some time to train, I think that he needs a better and more credible answer than that—with due respect—because obviously many of the sworn officers could be in place within the next three years.

I would also ask the Minister for Home Affairs what the government intends to do and what action it is taking in terms of the police officer shortfall at airports around Australia. There have been numerous reports in the press and elsewhere about the 70-officer shortfall in police officers at airports around Australia. This was a promise that the previous government was building and putting in place over time. The Wheeler review of airport security, released three years ago, indicated a certain number of officers that needed to be put in place. Reports this year suggest that they are 70 short, and the government does not suggest in its budget that this will be solved in the short term. I ask the minister to indicate how the government intends to address this very substantial shortfall.

On the protection of children online from child predators, I note that the government has abolished the previous government's program in relation to the role of the AFP in the online monitoring of overseas child pornography sites, which are, unfortunately, visited by paedophiles and those people who would seek to be paedophiles, with the government cutting the

Protecting Australian Families Online program by \$2.8 million and rebadging it as the cybersafety plan. The opposition does not have any particular objection to the cybersafety plan, quite evidently, but in cutting our program and introducing a new program there has been a \$2.8 million cut. I think you will find that in Budget Paper No. 2, part 2, page 415. This is of great concern to us, and we want to know exactly why the government, at a time when there is even more heightened concern about child pornography, paedophilia and the activities of the sort of scum who prey on children, would cut the program. To many people \$2.8 million would seem not to be a substantial amount of money, but it has meant that the AFP will not be able to continue their very important program of monitoring the online sites that push this kind of disgraceful material. I will leave it there because I will not be able to ask the other questions I have in 26 seconds—I hope I get another opportunity to ask them.

**Mr DEBUS** (Macquarie—Minister for Home Affairs) (4.20 pm)—I will respond to those general questions from the member for Sturt, although possibly not quite in the same order that he asked them. First of all, concerning the recruitment of 500 new police, I point out that the government has, in fact, redeemed its election commitment to increase AFP sworn officer numbers by 500 by allocating \$191 million over five years and by doing so in a manner that is both operationally sensible and financially responsible in the present budgetary circumstances. That is in addition to \$20 million already provided by the government to allow AFP to develop their recruitment and retention strategies.

I point out that the Australian Federal Police Association has applauded the government's commitment to boost sworn police officer numbers. The national president, Jon Hunt-Sharman, said at the time of the initial announcement that the government had demonstrated a clear understanding of police resources and our ability to protect Australians from the dual threats of crime and terror. The commissioner of the AFP said at Senate estimates that the AFP's training college could best cope with the rollout that has been designed in the context of the election commitment—and, as I have said, the Federal Police Association essentially agrees that it will take some time to organise the recruitment of so many officers. It is true—and the government has made no secret of the fact—that recruitment will be modest in the first years and increase rapidly in the later years of that recruitment program. But, as I say, that is the way that it is appropriate, from several points of view, to organise the recruitment process.

I mention also that the budget has included \$49 million extra to support the AFP's child protection operations team, with 91 additional AFP members dedicated to online child protection by 2011. It would be a reasonable thing to be concerned if funding for child protection had been cut, but it has not. The \$2.8 million that the member for Sturt has mentioned concerns only corporate support funds, not operational funds. There is no effect whatsoever by that change on the government's general capacity to deal with the protection of children. There is, in fact, no decrease; there is a significant increase in child protection funding. It may be that I can provide a more detailed technical or financial account of those particular initiatives in order to wholly satisfy the concerns that have been raised.

I turn briefly to the question of the police in airports. As has been indicated, the Wheeler review made a series of recommendations about the so-called unified policing model. The implementation of the Wheeler review is itself kept under review by two processes. One is an ongoing internal review by the AFP and the other is a review by the secretaries Transport Se-



curity Working Group. I believe that includes the secretaries of a number of relevant departments but certainly those of the Attorney-General's Department and the department of transport. The first of those reviews, the internal review by the AFP, is underway. (*Extension of time granted*) It will inform the Transport Security Working Group, which in turn will continue to look at the implementation of the recommendations of the Wheeler report and, I take it, recommend any modifications if they should deem that to be a reasonable thing to do.

Apart from the sorts of vacancies that occur in the course of any operation—that is to say, sickness or people resigning and being recruited; leaving aside those sorts of changes in the numbers—all of the states have committed to the number of police that were required under the Wheeler arrangements, except for Queensland and Western Australia. Queensland will fill 46 existing vacancies by the end of the year. A small number of vacancies continue to exist in Western Australia. But, overall, the proposals of the Wheeler review are in place and are themselves under ongoing review.

**Mr PYNE** (Sturt) (4.26 pm)—In view of the time, I will keep my next series of questions relatively short. The first concern ACLEI, and I refer specifically to the David Standen issue in New South Wales. It is of course a New South Wales Crime Commission issue, but it highlights the very real importance of funding and supporting the government bodies and instrumentalities that oversee our crime-fighting and law enforcement agencies. John McMillan, the former head of ACLEI—I am sure the minister knows what ACLEI stands for, but for the record it is the Australian Commission for Law Enforcement Integrity—said in July last year that ACLEI needed an extra 50 staff to be able to do its job properly, and a substantial injection of new funds. I ask the minister: how many staff does ACLEI have now and how many staff does he believe ACLEI will be able to employ under the funding promised in the budget? I would also ask him how he feels about the promise made by Arch Bevis, the member for Brisbane, when he was homeland security spokesman:

We intend to give teeth to this tiger ... There can be no cloud of uncertainty hanging in the public's mind when it comes to the probity of Australia's law enforcement bodies, particularly those charged with the fundamental task of national security.

Of course, we would agree with that. It appears that the increase in the budget for ACLEI is only about \$750,000 in 2008-09. That will certainly not employ the extra 50 staff that John McMillan, the former head of ACLEI, indicated were necessary. A recent newspaper article said of the current head of ACLEI, Philip Moss, that in Senate estimates hearings recently:

... he admitted that the ACLEI did not have the resources to conduct proper investigations of suspected corrupt officers.

In a recent joint committee appearance, Mr Moss said:

... it will be a quantum leap for this organisation when we get to that stage—if we get to the stage beyond responding to notifications and referrals and get to the point where we more proactively engage these intrusive powers in the detection of corruption and corrupt conduct.

In fact, John McMillan, the former head, said that, because of the resources they had, they could not possibly undertake the kinds of activities you would expect of such an organisation, such as tapping lines. Minister, how can the public have confidence in the government's commitment to supporting the oversight bodies of our law enforcement agencies if they are starved of resources and funds, particularly in the light of the case in New South Wales concerning David Standen, which is not the first case of a breach of trust by a member of an or-

ganisation that should know a great deal more about it. For the minister's elucidation—you seem slightly confused—David Standen is the member of the New South Wales Crime Commission who has been charged with offences.

**Mr Debus**—No. That is Mark Standen.

*Mr Melham interjecting—*

**Mr PYNE**—Mark Standen. It does not matter. We now know who it is. 'Standen' would have been enough. In your career, member for Banks, Standen would have been enough; you would not have needed the extra prompting when you were at the bar.

So I ask the minister whether he can confirm to the public the \$750,000 increase in the ACLEI budget and how much this falls short of the necessary funds that would be required to employ an extra 50 officers. How many officers currently work for ACLEI? How many people will the \$750,000 employ and how can we have any confidence in the capacity of the ACLEI to do its task?

**Mr Forrest**—I rise on a point of order, Madam Deputy Speaker, to seek some clarification, given the late start to this session, on whether you will allow the questioning to continue until 4.40 pm to make up for the 10 minutes.

**The DEPUTY SPEAKER (Ms S Bird)**—My understanding is that they are indicative time frames on this table, so we will continue with this minister.

**Mr Forrest**—Given the fact that the next minister is not present, will you allow the questioning to continue?

**The DEPUTY SPEAKER**—Yes, it will continue.

**Mr DEBUS** (Macquarie—Minister for Home Affairs) (4.31 pm)—As has been indicated, I was not confused; it was the member for Sturt who was confused about the name of that New South Wales officer.

*Mr Pyne interjecting—*

**The DEPUTY SPEAKER (Ms S Bird)**—The member is not assisting.

*Honourable members interjecting—*

**The DEPUTY SPEAKER**—Order! Members will settle down. We have limited time and if the member for Sturt wants an answer to his question I would ask you all to pay attention.

**Mr DEBUS**—It seems obvious enough that, whatever the circumstance with the New South Wales Crime Commission, its oversight would never have been a concern for ACLEI.

**Mr Pyne**—I was using it as an example.

**Mr DEBUS**—We can only observe that the member for Sturt is a late convert to the idea that there should be strong oversight of the operations of the police and similar organisations within the Commonwealth through an integrity commission of this sort. The truth is that ACLEI was only created quite recently and it was created with a very small budget. In this budget, despite the very severe constraints under which we were at the time of framing the document, the funding was increased by 40 per cent. As soon as the new government came to power, it increased the budget of ACLEI by 40 per cent. The funding will jump over a number of years and, as the funding increases, so will the staffing. I have had conversations with the

commissioner, who, I might say, has expressed his delight at last at beginning to receive something like respectable funds.

*Mr Pyne interjecting—*

**Mr DEBUS**—Well, he was able to point out that he will now be able to employ more people than he was able to employ when those opposite were in power. That is indeed what he will do. I understand that there will be three or four more staff during this year—

**Mr Pyne**—Three!

**The DEPUTY SPEAKER**—Order! The member for Sturt asked me to keep people under control. I would ask him to assist in that.

**Mr DEBUS**—and that the numbers will continue to increase. If the honourable member thinks that ACLEI should have had a staff of 50, I can only suggest that it is a pity that he was not saying so last year or the year before.

**Mr PERRETT** (Moreton) (4.34 pm)—I refer the Attorney-General to the appropriation bill that our very civil Committee is considering in detail. Attorney-General, each and every fair-minded Australian would agree that all Australians are entitled to be treated equally regardless of their sex, age, disability, race, religion or sexuality, whatever that might be. Despite this, many Australians have been discriminated against in Commonwealth laws for way too long. In fact the Human Rights and Equal Opportunity Commission report *Same-sex: same entitlements* found that same-sex couples and their children experienced discrimination in 105 Commonwealth laws relating to superannuation, taxation and social security.

I refer the Attorney-General to the government's election commitment to begin removing from Commonwealth laws discrimination against Australians in same-sex relationships. I know that the concept of core and non-core promises is anathema to Kevin Rudd and his government; it is forked-tongue speak for truthful promises and a lie. Therefore, I ask the Attorney-General: what does the budget do to honour the government's election commitments in this area and what steps has the Attorney-General taken to implement these commitments?

**Mr McCLELLAND** (Barton—Attorney-General) (4.35 pm)—I thank the honourable member for his question. It is the case that, for far too long, a group of fellow Australians has been discriminated against. It is about time that that is addressed. State and territory legislatures have removed discrimination on the basis of sexuality, and the Rudd Labor government is committed to doing that. As the first tranche of reforms, I introduced some three weeks ago the Same-Sex Relationships (Equal Treatment in Commonwealth Laws—Superannuation) Bill 2008. That bill will provide equal treatment to same-sex partners in terms of death benefits and taxation concessions and, significantly, to the partner and children of a same-sex partner who has the superannuant entitlement under the fund. The former government, in their 11½ years, did nothing in this area. Regrettably, they will delay the implementation of the laws by reference of this bill to a committee. We had intended to commence the legislation on 1 July 2008.

**Mr Pyne**—You can backdate it.

**Mr McCLELLAND**—I note the honourable member interjecting. He indicated in his speech, in fairness to him, that this legislation was long overdue, and I recognise that. But the trouble with the backdating issue is several-fold. Firstly, it has not been confirmed by the shadow Attorney-General. He said in an interview on Melbourne radio, 'I am not in a position

to give that commitment because no such decision has been made by the coalition.' That is the first point. The second point is that backdating is itself going to cause an injustice because the nature of these payments is that they are usually by way of a fortnightly or monthly annuity—in other words, they provide the income to sustain the family, to pay the mortgage, to pay the grocery bills, and if a superannuant dies there will necessarily be a hiatus until the legislation is passed. The situation raises very complex issues with respect to recovery of funds. The law is that the trustees have an obligation to make payments in accordance with their existing legal obligations. If those obligations subsequently change with the introduction of the reforms, there will be very complicated issues indeed regarding the recovery of payments made currently, under present laws, by the trustees.

So for a range of reasons we would implore those opposite to have regard to the principles involved here and to really do what they can to expeditiously pass this legislation. It is long overdue. There are people who are unquestionably discriminated against and there is a real chance of injustice if the laws are not passed expeditiously.

**Mr PYNE** (Sturt) (4.39 pm)—I have a very brief question, and I thank you for your indulgence, Madam Deputy Speaker; it is not surprising, given the civil nature of this chamber. My question is to the Minister for Home Affairs. Given the sharp increase in recent months, since the beginning of this year, in the importation of cocaine as well as chop-chop, or illegal tobacco, how does he think that Customs will be able to meet that challenge and the attempts by organised crime to bring in huge amounts of cocaine—and I am sure he knows the figures for narcotics, or he can ask his advisers—and chop-chop, given the \$51.5 million cut to Customs in the budget?

**Mr DEBUS** (Macquarie—Minister for Home Affairs) (4.39 pm)—There is not a \$50 million cut in the budget. The actual efficiency dividend will be worth around \$13½ million. We are not talking about \$50 million; we are talking about \$13½ million. Indeed, there are other, new funds within the budget for Customs—for instance, funds to better check containers in small regional ports like Darwin, Launceston, Newcastle and Townsville. So the reality is, and I have been so advised by Customs, that they do not expect to have any diminution of their operations as a consequence of the budget that has been brought down. I say again: the honourable member has rather frequently claimed during the last several months that there is a \$51 million cut—I think he says it is 3.4 per cent—but that is simply not so. As I have said, the essence of the cut, so far as the efficiency dividend is concerned—and there are several other small changes—is that most of the changes that have occurred in the allocations relate to what are technically called changes in the funding profile of existing measures. They are not cuts.

Proposed expenditure agreed to.

#### **Innovation, Industry, Science and Research Portfolio**

Proposed expenditure, \$1,935,213,000

**The DEPUTY SPEAKER (Ms S Bird)**—I call the member for Dunkley.

**Mr BILLSON** (Dunkley) (4.42 pm)—I thank you for that, and for the warmth of the chamber. Congratulations to you, ma'am. My questions to the member for Rankin, the Minister representing the Minister for Innovation, Industry, Science and Research, are quite numerous. I will use the time to basically go through the range of issues that we are facing. I do not

envy the member for Rankin. The industry community have no idea what the government's forward agenda is, and I expect he might be in a difficult situation having to explain some of these peculiar and contradictory decision-making processes. We will see how we go.

*Dr Emerson interjecting—*

**Mr BILLSON**—I thank him for his interjection. I have noticed a rather strange process in this chamber since we have swapped sides, so I am just going with the flow, Sir. Thank you for the encouragement. I recall being on the receiving end of questions, and it was a courteous question and answer process. It seems to be a remarkably different process this year, but allow me to persist, if I may. I thank him for his encouragement.

A couple of issues are of particular interest. One is the Commercial Ready program overseen by AusIndustry. It came as an enormous shock to many in the business community that a program that had offered so much in terms of encouragement for innovation, for new technology development and for the very goals that this new government talks about—and the Commercial Ready program was actually a bit of meat on the bones of those words—had been cut. From contact with businesses not only in my electorate but across Australia, I understand that there does not seem to be any alternative pathway for people to get that assistance. I have had conveyed to me, Minister, examples where AusIndustry officials—whom I have always found to be very professional, very engaging and in touch with enterprises including those in my own community—were reassuring people that they were in the mix, that things were going well and that the decision-making process was the same as it had been, only to be forced to make a rather sheepish phone call a couple of days later to say, 'The program has been axed by this government.'

The work in developing innovations and securing the economic benefits that are derived from them will possibly get some help through to the proof-of-concept stage. So the idea, the innovation and the creative work get to that point. Commercial Ready was then able to pick up that proof-of-concept work, prepare it for the marketplace and actually give it the opportunity to fulfil its potential. With that gone, many industries—not only in my portfolio area of the information and digital economy but beyond—are left wondering; they are left scratching. One of my many questions to the minister is: what do these people do now? There was no consultation about the cancellation of this program. There was no transition period that allowed people to adjust their business strategy. As he would know, it takes some time to develop these innovations and bring them to the point where they not only achieve what they aim to achieve but are prepared for the marketplace.

That leads me to the other areas of questioning. In the area of commercial readiness, what has happened with those programs? What happened at the advisory committee meetings between 28 April and 13 May? Who was there? Also, what actually happened to the applications considered at those meetings that were approved and recommended? There had been some indication given to the companies involved that they were in the mix, only for them to then find out that they had been dropped like a hot spud. They have nowhere else to go and are ringing me wondering whom they turn to.

Never has there been so much fog around an industry as the Rudd government has created for the auto industry. They are being bombarded by inquiries. Seemingly political stunts propel the car industry into the political topic of the day. It has to deal with not only an industry inquiry, for which it does not have the analytical horsepower that the Productivity Commis-

sion could bring, but also a bunch of fellow travellers—who I am sure are very well intended. I wonder where the analysis and policy rigour are coming from for that industry inquiry. They are getting mixed signals. The minister is one day making statements about the despairing climate of manufacturing and other aspects of the industry, only to follow up the next day by saying it is a wonderful, vibrant area of our economy and things have never been better. Which one is it? Which of these interventions into the car industry should the industry be focusing on? The green car fund, with no funding guidelines, has allocated money well in advance of the time frame within which it was indicated those funds would become available. *(Time expired)*

**Dr EMERSON** (Rankin—Minister for Small Business, Independent Contractors and the Service Economy and Minister Assisting the Finance Minister on Deregulation) (4.47 pm)—Thanks for the questions and the spirit in which they have been asked. Commercial Ready was subject to a cut in the budget. There is no doubt about that. It was announced in the budget.

**Mr Billson**—It was axed!

**Dr EMERSON**—You do want the answer? I am just checking.

**Mr Billson**—I am just giving you some encouragement!

**Dr EMERSON**—If you want to make a second speech, we can do that. I will sit down and you can make the speech. That is no problem. Commercial Ready was closed to new grants from 28 April, the date that the minister mentioned. All existing commitments are being met, and they are worth about \$200 million over four years. The total budget savings, as you will see from the budget papers, are \$707.2 million over the four-year period. One piece of evidence—and I know the member in his second question asked about evidence based decision making in relation to Commercial Ready—was a report of the Productivity Commission. It is ironic that the coalition is saying, ‘Well, you should listen to the Productivity Commission.’ The Productivity Commission, in its report of last year called *Public support for science and innovation*, found:

There is robust evidence indicating that the Commercial Ready program supports too many projects that would have proceeded without public funding assistance.

I am answering a question with a question back to the coalition: is it the coalition’s view that the government should listen to some Productivity Commission advice and not to other Productivity Commission advice, to all advice or to no advice? The fact is that Commercial Ready was subject to that budget decision. We needed to do that for reasons of managing a budget fiscally responsibly, and we are doing that. The budget made significant savings and that was always designed, as members opposite would know, to put downward pressure on inflation and therefore downward pressure on interest rates.

If time permitted I would expand on that greatly, but I want to provide information that is of greater value perhaps here in this particular forum. Almost three-quarters of the savings from Commercial Ready in 2008-09 had already been earmarked in the election policy Clean Energy Plan to tackle climate change to offset the government’s new \$240 million Clean Business Australia package. Then, of course, there is the Enterprise Connect network. It is another initiative with \$251 million to provide a national network for manufacturing centres and five separate but interlinked innovation centres.

The shadow minister did ask what other programs are available. Other programs are the R&D tax concession, where businesses have got sufficient income, and the R&D tax offset, where they do not have sufficient income. Then there is the Comet program, which I recall was introduced by the previous government as part of Backing Australia's Ability in 2001. So there are other avenues and other opportunities for business to access innovation programs.

Fundamentally, the government has announced a major national innovation review, and that is being chaired by Dr Terry Cutler. This review will report in the next few months. We have been concerned about inadequate support for innovation in this country and as much by the fairly ad hoc nature of the innovation programs. I think even members opposite would agree that although Backing Australia's Ability pulled in a number of ideas from different places—and that is okay—we can do better than that by having a national innovation system. That is why Senator Carr has initiated that work. Dr Terry Cutler is very competent in this area and I fully expect that we will have a very useful report so that we can take Australia well and truly into the 21st century by building a modern innovative economy.

In relation to the auto industry, I think it is pretty important that the coalition indicate whether or not they actually support the funding of \$35 million from the Commonwealth for the hybrid car. They like to criticise it, but I just cannot get an answer from them. If they really want to criticise it, tell us that they oppose it and here is an opportunity to do so. (*Time expired*)

**Mr PERRETT** (Moreton) (4.52 pm)—I refer the Minister for Small Business, Independent Contractors and the Service Economy to Appropriation Bill (No. 1) 2008-2009 that the Main Committee is considering. As a member for an area that contains a lot of small businesses, which I know the minister knows well because parts of it were formerly in his electorate—Coopers Plains, Rocklea, Salisbury, Acacia Ridge, some of the manufacturing and small business hearts of Queensland, Eight Mile Plains in particular; a lot of innovation is going on in that part of the electorate—after all the red tape of Work Choices, business activity statements and all the various visitations left by the former government, I ask the minister to outline the budget initiatives in relation to business enterprise centres.

**Dr EMERSON** (Rankin—Minister for Small Business, Independent Contractors and the Service Economy and Minister Assisting the Finance Minister on Deregulation) (4.53 pm)—I thank the member for Moreton. He is certainly right in that Moreton is an area on Brisbane's south side built on the hard work and entrepreneurship of small businesses. For the information of members, around one-third of the current seat of Moreton was in the seat of Rankin, so we have a lot of overlap and a lot of familiarity. The Australian Institute for Commercialisation is in Eight Mile Plains. So there is a lot happening that is really good in Moreton, and that is assisted in no small part by the election of the new member for Moreton, who is taking a very big interest in the small business community.

In relation to business enterprise centres, the Rudd government has done what it has done in so many other areas—that is, it has kept its election promises. When I first became the shadow minister for small business it became clear from talking with small businesses that what they would value most highly was the idea of a one-stop-shop advisory centre so that they did not have to go to all of these different places getting advice on how to set up a business, whether to incorporate, whether to be sole traders or partnerships, how to do their GST

from day one and how to do the complicated BAS. They had to be an expert in tax before they could be an expert in small business.

**Mr Perrett**—Especially from overseas.

**Dr EMERSON**—That is right. There were a lot of complexities, including advice on public liability insurance and so on. I thought the smart thing a Labor government could do if it did happen to win the election would be to provide one-stop-shop advisory centres. To my delight, I learned upon further inquiry that indeed these existed around Australia in the form of business enterprise centres. There were 107 business enterprise centres around Australia, so we would not need to invest in the bricks and mortar, which is very expensive; we would need to support them.

When I got more familiar with the management of the business enterprise centres, I asked them what Commonwealth funding they received for providing this one-stop-shop advisory service. The answer was: none. I thought: ‘Surely this could not be true?’ Surely a Liberal-National Party government that says it is the champion of small business was supporting 107 business enterprise centres in suburban and rural and regional Australia? There was not one cent of ongoing funding.

We have made a very substantial down payment on remedying that deficiency. We have been able to fund 36 business enterprise centres—not 107, it is true. What we would need to have done to fund all 107 was divide the available amount by 107 instead of 36. That would have been a very small amount of money and may not have made a lot of difference to individual business enterprise centres. We worked with BEC Australia, the overseers of the BEC network. They provided advice to us. But the decision as to which ones we would fund was ultimately that of the Labor opposition. We funded them in suburban Australia, we funded them in regional Australia and we funded them in rural Australia. For those who might be a little bit cynical about whether we funded them only in Labor seats or coalition seats, there was a press release on budget night which showed exactly where they are. They are distributed around Australia. We are doing what we said: we are funding them on time and in full. The funding starts from 1 July.

We have already established—and I know the member for Banks would be interested in this—some accountability with these business enterprise centres. While we do not want to micromanage, as the coalition government used to do, attaching strings to every dollar that it spent, we do want to make sure that there is proper accountability and transparency, so those agreements are being settled with the business enterprise centres around Australia. I think it is a great development. It is a great initiative for small business. It shows that the Rudd Labor government understands the value of these one-stop-shop advisory services. I can tell you that the business enterprise centres are thrilled with this initiative.

*Opposition members interjecting—*

**Dr EMERSON**—They will be very disturbed to hear the laughter on the part of the members opposite, who obviously think it is a ridiculous initiative. As we approach the next election I will be very interested to see whether they offer extra support.

**Mr CIOBO** (Moncrieff) (4.58 pm)—Just to reinforce a point that the member for Dunkley made: when the minister gives his response to this answer we will be seeking that he withdraw the completely false statement that he made that we on the coalition side were suggest-



ing the BECs are ridiculous, when in fact what we were chuckling at was the ridiculous statement that was made by the Minister for Small Business, Independent Contractors and the Service Economy. I invite the minister to withdraw those comments when he answers the question.

I turn now to the questions that I want to ask the minister about the business enterprise centres. I was first going to inquire what the services that the BECs will be offering are, but the minister has already addressed that. I invite the minister to address each of the following questions in turn. If he cannot answer them in turn, I would be looking for him perhaps to provide answers to these in some other forum or in writing. I acknowledge the minister's agreement to do that and I am grateful for it.

My questions are these. What services being offered by the business enterprise centres are different from the services that were offered through the Small Business Field Officer Program? What are the locations of the 36 business enterprise centres that the Labor Party has chosen to fund? I note that the minister indicated that the Labor Party did in fact choose which of the 36 centres would be funded. Could I also have a breakdown of how many of those 36 centres are in Labor electorates and how many are in coalition electorates? In addition, of the 36 BECs that are being funded, are all 36 already established or are some of them new centres that are yet to receive funding and, if so, will that be in the near future? The minister also indicated that 36 BECs will receive between \$100,000 and \$350,000 a year. On what basis has the exact yearly grant been calculated for each BEC? Has the department undertaken any analysis or investigation as part of determining the exact grant given to each BEC? And what analyses or investigations were conducted or undertaken by the department to determine whether this program would be effective?

In addition, on what basis was the selection of the 36 out of 107 BECs determined by the Labor Party when they came to power? What analysis or submissions did the department conduct, receive or consider when determining how the amount of funding was to be provided to this program? How many small businesses contacted the department or minister requesting the introduction of this program? Did the direction for funding, including the amount, originate in the minister's office and, if not, whereabouts in the Labor Party did it originate? What is the exact status of contracts between the department and each BEC, and have the contracts been executed? How will the success of the BEC program be measured? Finally, what relationship has the department had with the government's Small Business Working Group in the preparation of these service contracts and the initiative for BECs?

**Dr EMERSON** (Rankin—Minister for Small Business, Independent Contractors and the Service Economy and Minister Assisting the Finance Minister on Deregulation) (5.01 pm)—I will not withdraw the previous remarks. You thought it was mirthful when I said that we support BECs. That is a matter of record. In relation to the location of BECs, I will go through them for the benefit of the member for Moncrieff. In New South Wales, the first BEC on my list is the Murray-Hume BEC, which is located in Albury and I think also relates to Wodonga; the Northern Rivers BEC; the Penrith Valley BEC; the Macarthur BEC in Campbelltown; the Clearly Business BEC, in the eastern suburbs of Sydney; Capital Region BEC, which is based in Queanbeyan; the Central West BEC, which covers a number of locations but the electorates are Parkes, Calare and Macquarie; the Central Coast Business Mentor Services at Ourimbah; the St George and Sutherland BEC; and the Hunter Region BEC. In Queensland, they are the

Ipswich BEC, the Townsville BEC and the Caboolture BEC. In Victoria, they are the Box Hill BEC and the Ballarat Business Incubator. In Western Australia, they are the Bunbury-Wellington BEC, the Stirling BEC, the South-East Metro BEC, the Belmont BEC, the East Metro BEC, the South-West Metro BEC and the Coastal Business Centre BEC in Fremantle. In South Australia, they are the Tea Tree Gully BEC, the Inner Southern BEC, Eastside BEC, the Southern Success BEC, the Salisbury Business and Export Centre, the Northern Adelaide BEC, the North West Business Development Centre and the Inner West BEC. In the Northern Territory, it is the Darwin BEC. In Tasmania, they are the Launceston BEC, Business and Employment at Mersey, the Break O'Day Business Enterprise Centre at Saint Helens and the Meander Valley Enterprise Centre at Deloraine. They are all set out in a press release that was issued on budget night. The member could have saved a lot of time if he had bothered to have a look at that press release.

In relation to whether we are funding any BECs that do not exist: no, we have not adopted the practices of the coalition in the 'regional ports' program—where the coalition did, in fact, fund a number of projects that did not exist. We only fund projects that do exist, and all the business enterprise centres that we are funding are existing business enterprise centres. We did operate, for the benefit of the member, on the basis that it would help in the decision making if they were members of the BEC network. I think the member himself could have a look at where business enterprise centres network. I think probably since the election some extra BECs have become members of that network. But that was a guide to us in opposition as to how we determined which ones would receive funding. I think the member himself could have a look at where these are located. I think it is a bit of a waste of time to go through all that.

**Mr Ciobo**—How is it different from BSFO?

**Dr EMERSON**—The member is interjecting about the small business field officers. They are not obviously in exactly the same locations. Never have we asserted that. The small business field officers go out from place to place, as do members of the BEC. A small business field officer tends to be one person. BECs tend to operate as a team. The BECs, as I indicated, provide any sort of advice in relation to setting up a business or expanding a business—legal advice, commercial advice on marketing and so on.

The basis of the decision making was this. We talked to the BEC Australia network and got from them an indication of those BECs they thought were performing well. We used that as a pilot, if you like: if we could back those that were already performing quite well and were well established, that could provide a positive demonstration effect more broadly. In opposition, I am not saying that any of these processes was absolutely perfect—nor in government. Given the finite resources—and the resources were finite because we were not going to continue the spending binge of the previous government—we needed to make decisions. I thought it was better to fund 36 BECs than none.

**Mr BILLSON** (Dunkley) (5.06 pm)—I note that the minister refused to withdraw his quite untruthful account of the opposition's view of the BECs. He refused to withdraw that, and I regret that greatly. I do not know why he would choose to make such false claims when the opportunity was afforded to him.

**The DEPUTY SPEAKER (Hon. Peter Slipper)**—My understanding, having been advised—because I was not here for the exchange—is that the point that was made was a politi-

cal point and not a matter that the Deputy Speaker could require to be withdrawn under the standing orders.

**Mr BILLSON**—That is an interesting account of things. Thank you for that.

**Dr Emerson**—Are you moving dissent?

**Mr BILLSON**—The minister, if he could turn his mind to policy rather than showing his less endearing qualities—

*Mr Tanner interjecting—*

**Mr BILLSON**—It is good that the hubris of the minister for finance has come in on chime. That is terrific! I noticed the minister for small business refused to answer the questions on the allocation of funding in the car industry. My question is related to where that payment is going to be sought.

**Dr Emerson**—Mr Deputy Speaker, I was asked two questions. I answered one in full, and I began to answer the car industry question and then time expired. I am happy to continue.

**The DEPUTY SPEAKER**—We do have, I gather, an informal arrangement whereby certain ministers are here at certain times. I am advised that it is not a matter for the chair to enforce the time limits for each department. Given the fact that individual ministers and colleagues are here to examine expenditure in relation to various portfolios, there has been up until now a courtesy that one understands that there is broadly about half an hour for each portfolio. The minister has just resumed his seat. His interrogation commenced eight minutes late. We are really on half an hour.

**Mr BILLSON**—On what date did the government formally decide to provide Toyota with the \$35 million? What was the decision-making process behind the arrival at that decision? On what date was Toyota formally advised of the government's intention to provide the money? The minister referred to the Commercial Ready program not having the worth he had hoped it would because, according to the Productivity Commission, some projects would have proceeded anyway without the funding that was available under Commercial Ready. How does that logic then carry over to this allocation of funding, when it has been widely reported the project would have proceeded without any funding? On what date was the communication between the minister, his staff and his department and Toyota about the announcement and the press releases issued from both parties? Also, is the funding actually coming from the \$500 million green car fund? If so, from what year is that funding being rephased and where in the budget papers would we seek to find any accounting for the \$35 million that the Toyota grant has identified?

Has the minister's attention been drawn to accounts of the decision published in an article prepared by Paul Kerin where he points to the fact that the carbon emissions from vehicles account for 44 million tonnes per year and even if the Camry's entire annual hybrid production replaced conventional cars, it would cut emissions in Australia by only 0.000015 per cent and that a similar outcome could be achieved by converting only 0.2 per cent of the 12 million vehicle fleet onto LPG? Is the minister aware of the environment, energy, security and health benefits of LPG and is there a plan to extend the grant program to transition away from petrol onto an existing reliable, clean and safe fuel? Has he seen the analysis about the cost of the decision and the impact on vehicle behaviour and on fuel use of the green car decision? Also, have Ford and Holden been advised of the nature of this payment, afforded the courtesy of

some explanation as to what the selection criteria may be and the conditions that are attached to it, and informed about how they, too, could also access some of this funding?

**The DEPUTY SPEAKER**—I am told that actually this portfolio commenced 12 minutes late. The 12 minutes are up but it would only be fair for me to give the minister the opportunity of responding and then, in a spirit of consensus, given the presence of the Minister for Finance and Deregulation, my preference would be then to move on to the next portfolio, if the Main Committee agrees.

**Dr EMERSON** (Rankin—Minister for Small Business, Independent Contractors and the Service Economy and Minister Assisting the Finance Minister on Deregulation) (5.11 pm)—Thank you, Mr Speaker. The series of questions—

**The DEPUTY SPEAKER**—Thank you for the promotion!

**Dr EMERSON**—This series of questions tells us yet again that the coalition is opposed to this funding. I have had occasion to ask this of the member for Sturt and of Senator Brandis, who is the shadow Attorney-General, in the public arena. I have asked them time and time again to indicate whether they support the funding for the hybrid car or oppose it. I think it is about time that we had an answer to that. If you do not want to provide that here, maybe you should go outside—or in parliament tomorrow—and get someone who can actually make a decision, and then indicate whether you support or oppose the funding and the development of a hybrid car in Australia.

For the benefit of members gathered here today, last year in Australia one million cars were sold. Do you know how many hybrid cars were sold? It was 5,000. So 995,000 cars were sold that were not hybrid cars. This is an investment in the production of hybrid cars here in Australia. We consider it is a good investment, not only for the automotive industry but as a contribution to combating climate change. Now, if the coalition is against that, let us know.

There was a series of questions about when various people were told about this funding and so on. The head of Toyota in Japan indicated publicly that this funding was crucial to the decision. The member for Dunkley might feel he knows more about the production of hybrid cars than the CEO of Toyota Japan. I would be interested if he thinks so, but I would think that the CEO of Toyota would be a pretty good authority both on the production of hybrid cars and also on the desirability and support of the funding that has been provided by the Rudd government. There is green car funding for this. This was a pre-election commitment. Yet again you have got an example of the Rudd government saying one thing before the election and doing exactly the same thing after the election. I know that confuses the coalition, but that is the reality. We keep our election commitments, and I do think it is about time that the coalition made it clear whether it supports this project or not.

**The DEPUTY SPEAKER**—Does the honourable member for Dunkley wish to make a brief response?

**Mr BILLSON** (Dunkley) (5.14 pm)—Yes. I am just not certain whether the member for Rankin's intemperance got in the road of actually addressing the question. Is he planning to respond to any of those questions? Or is he just brushing them aside as being immaterial and not suited to his political purposes? I am happy to get an answer on notice. That is perfectly fine but, if there is someone else I should speak to and that would help the coalition understand the basis of some of these decisions, I am happy to go somewhere else. If I could get an

indication of what he plans to do with those quite important, quite serious and quite legitimate questions of interest to many people, that would, I think, help the process.

**Dr EMERSON** (Rankin—Minister for Small Business, Independent Contractors and the Service Economy and Minister Assisting the Finance Minister on Deregulation) (5.14 pm)—There is more than enough information on the public record for the coalition to make a judgement about whether it supports this project or it does not. Therefore, I ask the coalition to make a judgement and to make that announcement, rather than dillydallying about particular dates and so on and who was told before whom. That is not central to the issue of whether the coalition supports this funding or opposes it. Just let us know whether you support or oppose it.

Proposed expenditure agreed to.

#### **Finance and Deregulation Portfolio**

Proposed expenditure, \$523,465,000

**Mr DUTTON** (Dickson) (5.16 pm)—My question to the minister is as follows. Minister, the 2008-09 budget historic series shows real spending growth deflated by the consumer price index. Previously, the non-farm GDP deflator was used. Why has the CPI been used, given that a large amount of government spending is not included in the CPI basket?

**Mr TANNER** (Melbourne—Minister for Finance and Deregulation) (5.16 pm)—The answer to the honourable member's question is that what has historically been used as a deflator for the purposes of getting an accurate picture of movement and changes in relative prices, the non-farm GDP deflator, has actually in recent times become quite volatile because of the impact of the mining boom. Therefore, it was felt that there was a better way of reflecting the changes over time, through using the CPI, because there have been considerable fluctuations as a result of the impact of the mining boom and major changes in mineral prices. If you want to see the impact of that, for example, look at the projected nominal GDP figures for the forthcoming financial year.

**Mr DUTTON** (Dickson) (5.17 pm)—I thank the minister for his answer. I also want to ask the minister a question in relation to second-round effects. It appears that second-round effects have been included in the budget measure 'Humanitarian migration program—additional 750 Special Humanitarian Program places from 2009-10'. In this instance it appears that the extra migration will result in additional tax revenue of \$12.1 million. How is this different from the impact on taxation revenue from, say, employing additional staff, given that this would mean that overall employment has increased?

**Mr TANNER** (Melbourne—Minister for Finance and Deregulation) (5.18 pm)—There has been a long-standing debate about this question within the relevant government department. What has happened historically is that the additional revenue that does arise from an increase in migration as a result of increased taxation has been factored into budget estimates because, by definition, it ends up in the totality of estimates about taxation revenue, but it has not been specifically identified. So the only thing that is changing in this instance is that the additional revenue that is expected to flow from a given increase in migration is factored in, as has historically been the case with additional expenditure, because by definition an increase in migration produces both increased spending requirements in Centrelink and various other government programs and also increased tax revenue.

What has previously been the case is that there has been a specific identification of the increased spending obligations that flow but not a specific identification of increased tax revenue. Even though the increased tax revenue was in effect built into the overall estimate of taxation revenue for the government, it was not specifically identified in the measure. All that has changed is that now both sides of the impact of the measure are reported in the measure in the budget.

**Mr DUTTON** (Dickson) (5.20 pm)—I wanted to ask some questions in relation to consumer sentiment. Minister, I refer you to the June 2008 Australian Retailers Index, which is published by the ARA, which states:

Support among Australian retailers for the federal government recorded a dramatic fall during the quarter, falling 28 percentage points over the past quarter.

I just draw your attention to that quote. The relevant point of course is in relation to the federal government. Minister, why has business confidence in the Rudd Labor government fallen so far following this budget?

**Mr TANNER** (Melbourne—Minister for Finance and Deregulation) (5.20 pm)—Perhaps I can just ask for clarification from the shadow minister. My impression is that he referred to the last quarter. Of course, the last quarter ended on 31 March and was, therefore, prior to the budget.

**Mr DUTTON** (Dickson) (5.20 pm)—I am happy to clarify the question for the sake of the minister so that he can directly address that particular quote, because the reality is that the confidence in business and consumers has been falling since November. It certainly fell in the quarter that the minister spoke of. The response so far from the Australian Retailers Association has been that the anecdotal advice from their members following the budget in May is that they expect a further dip, on my understanding, over this quarter as well. I would ask if the minister could confine his remarks to the confidence which has fallen in relation to the federal government, particularly since they have taken control of the Treasury and, in particular, since the May budget was delivered.

**The DEPUTY SPEAKER (Hon. Peter Slipper)**—It is a matter for the minister to confine his remarks as he wishes.

**Mr TANNER** (Melbourne—Minister for Finance and Deregulation) (5.21 pm)—It would appear that we have a false premise underpinning the member for Dickson's question. On the one hand, we are dealing with a survey that relates to the period from 1 January to 31 March this year. On the other hand, he is referring to the retail businesses' response to the federal budget. Unless the retailers surveyed were clairvoyant, presumably they were not aware of what the contents of the federal budget were in relation to survey material that had been elicited from the period 1 January to 31 March.

The view of the government has been outlined on this question during question time both today and on one or two other occasions. We believe that there have been a number of factors which have generally influenced business and consumer confidence that have flowed through into the surveys that the minister and the opposition have raised both today and in question time. They are factors such as the global increase in petrol prices, and the US sub-prime crisis and the credit crunch that that has produced. So you have seen not only interest rate increases, which of course are another factor, but also additional interest rate increases

that have flowed as a result of the US subprime crisis. That is the government's view. I think the opposition's attempt to seek to score cheap political points is underlined by the fact that the member for Dickson here today has suggested that a survey of retailers' attitudes in January, February and March is a basis for determining their views on the efficacy of the federal budget handed down on 13 May—I think that illustrates what the opposition is on about.

**Mr DUTTON** (Dickson) (5.23 pm)—Just to follow up on that issue of consumer sentiment and bearing in mind the remarks that the minister has just made, and leaving aside the issues of interest rates, leaving aside the US subprime crisis and the credit crunch resulting from that, what factors specifically does he believe the federal government has control over which have led to this 28 percentage point drop? Does he believe that there is nothing that the federal government has done which would have undermined consumer confidence to the extent that it has fallen over that quarter, whichever period he wants to look at? If he wants to deal with the period of 1 January to 31 March that is fine. Putting aside those factors, does he accept any responsibility at all, and what are the factors that the federal government itself directly has responsibility for that has undermined that confidence of consumers?

**Mr TANNER** (Melbourne—Minister for Finance and Deregulation) (5.24 pm)—I have nothing further to add to my previous answer. On the question of what the government accepts responsibility for, we accept responsibility for our decisions, we accept responsibility for managing the Australian economy and we accept responsibility for tackling the problems that exist in the economy, including problems that we inherited from the previous government, most importantly the serious inflation problem that we are dealing with. I will leave it up to others to comment on whether or not the responses of the government to those issues are the appropriate responses. That is the right of the opposition and commentators. We accept responsibility for the decisions we make and I am happy to debate any of the merits or alleged lack of merits of any of those decisions.

**Mr DUTTON** (Dickson) (5.25 pm)—I have a question in relation to the price of petrol and the influence that has on consumer confidence. Do you think, as a result of the expectation that was ramped up in the election period of last November and where prices have tracked since then and the fact that the government has not been able to address that expectation, that it has played into consumer confidence falling by 28 percentage points over the first quarter of this year, or would you suggest that Australian motorists' concerns and views about petrol prices—part of which I am sure is reflected in this particular survey finding—be dismissed?

**Mr TANNER** (Melbourne—Minister for Finance and Deregulation) (5.26 pm)—I will answer the member's question but I would point out that these questions are straying into areas that are not really part of my portfolio responsibility. I do not mind answering the questions but it is perhaps worth noting that they are outside my areas of responsibility and they should have been or will be directed to the Treasurer.

**Mr Dutton**—He is not going to come before us.

**Mr Hartsuyker**—He is too scared.

**Mr TANNER**—If you hang around for a while you will get the opportunity to ask him, because strictly speaking they are his responsibility, but I will answer the member's question. It was a little convoluted and confused but, as I understand it, the thrust of the question is that the government when in opposition raised expectations amongst consumers that certain things

would happen and that these things have failed to happen and therefore that has been a factor in the surveys that he refers to. My answer to that suggestion is: no, I do not believe that is the case.

**Mr DUTTON** (Dickson) (5.27 pm)—In relation to the emissions-trading scheme, the government's intention obviously is to start the scheme from 2010. Businesses now are understandably concerned that they have no detail from the government in terms of their own out years budgeting for their firms. Why has the impact of the emissions-trading scheme on the budget not been included in the forward estimates and what do you say to business when they are looking for that detail as they start to plan now?

**Mr TANNER** (Melbourne—Minister for Finance and Deregulation) (5.28 pm)—In the absence of specific decisions about what the emissions-trading scheme will consist of and the dimensions of the scheme—how it will function, what the overall framework will be and how it will be phased in—it is, first, not possible to make forward estimates judgements on the basis of things that are completely unknown and are yet to be determined. Second, my primary responsibility with the forward estimates—and again this is a question about where my responsibilities lie and where the Treasurer's responsibilities lie—relate to government spending. It is true in a narrow sense that there is an element of the emissions-trading scheme issue that relates to government spending. In particular I refer to the fact that we have a review of existing climate change amelioration programs in the government being undertaken by Roger Wilkins. No changes in forward estimates for those programs have been made pending the review, for obvious reasons, as we do not yet know what the content of the recommendations will be.

Clearly, as the implication in the honourable member's question suggests, there is every prospect that some of those programs will change in the wake of new arrangements following the recommendations of that review. But until we receive the recommendations and are able to consider them and respond to them, clearly it is premature to change forward estimates in advance of going through that process. He may well want to ask the Treasurer the wider question, because essentially these questions go more to the Treasurer's responsibility than to mine.

**Mr DUTTON** (Dickson) (5.30 pm)—On the same issue, I wonder whether the minister could advise whether he has seen any modelling or received any advice, verbal or written, from his department in relation to the impact this will have on the emissions of government departments and government owned enterprises. Does he have any idea of what costs there will be in the out years for government emissions under an emissions-trading scheme?

**Mr TANNER** (Melbourne—Minister for Finance and Deregulation) (5.30 pm)—My department does not have a modelling capacity, so I am not aware of any modelling being done. It clearly will be an issue that, along with all other organisations, both my department and the other areas of government will need to give consideration to. But, prior to the government both engaging in wider community consultation in the wake of the Garnaut report, which is expected soon, and developing the details of an emissions-trading scheme arrangement, it is premature for those things to be developed by my department. But clearly that is an issue, and once the process of putting in an emissions-trading scheme regime starts to unfold, then along with all other organisations the government will need to give consideration to how it deals with its own emissions.



**Mr DUTTON** (Dickson) (5.32 pm)—My question to the minister is in relation to the emissions-trading scheme. Has there been any provision in the contingency reserve for likely expenditure for the Commonwealth in relation to the trading scheme? I just refer also again to the part of my question which remained unanswered, and that was in relation to any advice. I understand his response to the aspect of modelling, but has he received any verbal or written advice from the department in relation to the local consequences?

**Mr TANNER** (Melbourne—Minister for Finance and Deregulation) (5.32 pm)—I am not prepared to canvass what advice I do or do not receive from my department, just as a matter of general principle on these things. Sorry, what was the first part of the question again, Member for Dickson?

**Mr Dutton**—Essentially, it was in relation to contingency.

**Mr TANNER**—My apologies—the contingency reserve. I am not aware of a provision being made in the contingency reserve. I am happy to take that on notice. Again I would point out to the member for Dickson that the question of whether or not a provision should be made is in a sense premature because, although the government is committed to the introduction of an emissions-trading scheme by 2010, the question of the very short-term impact of that scheme on the spending—whether it is the government or, indeed, any other organisation—is at this stage not possible to predict because of the details of the scheme not having been determined. So I doubt whether there has been any provision made in the contingency reserve on that front, but I am happy to take that question on notice.

**The DEPUTY SPEAKER**—The minister has given an undertaking to respond on notice and I thank the minister for that, the honourable member for Dickson. I just mention to the Assistant Treasurer that we are running a little late and, on behalf of the Main Committee, I apologise to the Assistant Treasurer.

**Mr DUTTON** (Dickson) (5.34 pm)—Minister, I want to ask you in relation to the efficiency dividend process that took place how many departments applied for an exemption from the efficiency dividend as part of this budgetary process?

**Mr TANNER** (Melbourne—Minister for Finance and Deregulation) (5.34 pm)—I would not say that there were any applications per se but, as you would expect, there were one or two instances—probably fewer than I expected—where individual departments or agencies indicated that they felt that this was going to put considerable pressure on them. In fact, there has probably been a number of instances where communication has come back to me informally either by colleagues or through my department indicating that they felt this might cause them some difficulty. To the best of my recollection, there was no formal application, no formal proposal, brought to the Expenditure Review Committee as such.

It is hardly a great secret that the imposition of a one-off efficiency dividend is going to cause a degree of tension, shall we say, because you have got, inevitably, people with existing arrangements being asked to dig deep to find greater efficiencies. That will be easier in some departments and agencies than in others. But we felt it was necessary, as an important savings measure in order to strengthen the position of the overall budget surplus, to put downward pressure on inflation and interest rates and also to help to push back against what had been a very substantial blow-out in spending, particularly the total head count in the Public Service under the previous government. We had seen the numbers in the overall public sector rise

quite substantially and well in advance of overall employment in the Australian economy since around 2000-01, particularly at the SES level, which rose by something like 44 per cent in that period of about six or seven years. We felt it was entirely appropriate to put that one-off efficiency dividend in place.

The honourable member is probably aware that there are a limited number of exemptions from the efficiency dividend. Most of the defence department is exempted—not all, but most. There are one or two other agencies with relatively specialised functions that are exempt. We have maintained those exemptions. We applied our one-off efficiency dividend on the existing efficiency dividend base, which of course we inherited from the previous government, and we do not challenge or criticise that, but we did not change the base of exemptions.

**Mr DUTTON** (Dickson) (5.37 pm)—Minister, I want to ask you a question in relation to government advertising and government spending. Could you outline to the House the process by which government advertising is approved? Who sits on the committee that discusses the issues before it? What are the criteria by which these decisions are made?

**Mr TANNER** (Melbourne—Minister for Finance and Deregulation) (5.38 pm)—These questions are under active consideration at the moment. I would expect that we would be resolving those matters in the near future. Responsibility has been moved to within my department. There has been very little significant activity on the government advertising front since the election, as you are probably aware. In fact, a number of the budget savings measures that we have taken included previously budgeted advertising measures. These questions that the member for Dickson has raised are under active consideration at the moment and I expect will be resolved in the relatively near future. The member for Dickson will find out when the rest of Australia finds out. We will announce in due course the detail of the new arrangements, but they are under active consideration at the moment.

**Mr DUTTON** (Dickson) (5.39 pm)—Minister, on that same issue, I wonder whether you could outline the process that has taken place between November last year and today, because there have been some advertising programs which have taken place. Could you explain to us the decision-making process that is currently in place?

**Mr TANNER** (Melbourne—Minister for Finance and Deregulation) (5.39 pm)—There have been one or two instances. For example, there were campaigns with respect to SunSmart and so forth which were approved by me on the recommendation of my department.

**Mr DUTTON** (Dickson) (5.39 pm)—I also want to ask a question of the minister in relation to state government debt. The minister has made a number of public comments both in the House and outside in relation to government expenditure of the previous government and of his own. Leaving that aside, would a state government going into debt for recurrent expenditure be good policy? Is that a policy that the minister would endorse? Would a state government going into debt to pay recurrent expenditure for an increase in the number of public servants in a state government department, for argument's sake, have an inflationary or deflationary effect?

**Mr TANNER** (Melbourne—Minister for Finance and Deregulation) (5.40 pm)—It is absolutely clear that that question has nothing to do with my ministerial responsibilities. In fact, it probably does not have much to do with anybody's ministerial responsibilities but, to the extent it does, it would be the Treasurer who the question should be directed to.

**Mr Dutton**—Mr Deputy Speaker, I raise a point of order. It goes directly to comments the minister has made, as I say, both in the House and outside in relation to the issue of inflation. He has spoken about government debt and government expenditure. Of course, that encompasses not just the federal but the state and territory governments as well. It is a comment that he has been happy to make in the past. It relates directly to his portfolio and public statements that he has made. So my question goes to public statements that he has made in relation to these matters and specifically—

**The DEPUTY SPEAKER**—Regrettably for the honourable member for Dickson, there is no veracity in the point of order as the question before the Main Committee is the expenditure of the Finance and Deregulation Portfolio.

**Mr Dutton**—Mr Deputy Speaker, on the point of order: if your ruling is that it is not within this budget measure, I accept that. I accept that the finance minister refuses to answer questions about state debt. He refuses to talk about the inflationary impact of state government expenditure, particularly when they are ramping up significant debt. I accept that he refuses to answer that question.

**Mr TANNER**—You could ask me a question about football too, if you like. That would be out of order.

**The DEPUTY SPEAKER**—I would rule that out of order, Minister, as you would expect me to do. Are there any further questions of the minister? We have about three minutes if we are going to observe the half-hour deadline.

**Mr DUTTON** (Dickson) (5.42 pm)—I want to take the minister back to—

**The DEPUTY SPEAKER**—I have given the call to the member for Dickson, but I gather that the honourable member for Blaxland was seeking the call.

**Mr Clare**—I was.

**The DEPUTY SPEAKER**—I have given the call to the member for Dickson but, in the event that you should seek the call after the minister's response, I will give the call to you.

**Mr DUTTON**—I want to return for a moment to the efficiency dividend process. I wonder if the minister would make available the details of departments which sought an exemption from the efficiency dividend and any details of ministerial correspondence or departmental requests from the minister in relation to programs which would have been cut as a result of the efficiency dividend. If he has to take that on notice, I am happy for that.

**Mr TANNER** (Melbourne—Minister for Finance and Deregulation) (5.43 pm)—The answer is no.

**The DEPUTY SPEAKER**—Does the honourable member for Blaxland wish to ask a question in the Finance and Deregulation Portfolio? The answer being no, I call the honourable member for Dickson.

**Mr DUTTON** (Dickson) (5.43 pm)—I just want to ask a question of the minister in relation to expenses within his own office. I wonder if he could outline to the House the process by which he receives media monitoring advice. Who carries out transcripts—is it done within his department or is it sourced to a third party? On a daily basis, how are the press clips, for argument's sake, delivered to him personally, his chief of staff, his media adviser and other advisers?

**Mr TANNER** (Melbourne—Minister for Finance and Deregulation) (5.44 pm)—The only piece of information I would give in response to that question is that we have cancelled the press clippings to my office. That was why I refused the member's request for the clippings. My understanding is that that happened some time ago—I cannot recall exactly when.

**Mr DUTTON** (Dickson) (5.44 pm)—Just to the question of transcripts, who meets the cost of those?

**Mr TANNER** (Melbourne—Minister for Finance and Deregulation) (5.44 pm)—I would have to take that on notice because I do not believe that anybody is transcribing my media appearances or anybody's in the department. I do not believe that is occurring but I am happy to take that on notice. I do not believe that there is anybody in the department providing that service.

**The DEPUTY SPEAKER**—Before I put the question, I would like to congratulate both the honourable member for Dickson and the minister on the interactive nature of the discussion of appropriations in this portfolio. It is good that not everyone feels it necessary to take every five-minute spot because you can have many questions back and forth.

Proposed expenditure agreed to.

#### Treasury Portfolio

Proposed expenditure, \$3,794,986,000

**Mr KEENAN** (Stirling) (5.46 pm)—I will begin by noting your comments about the interactive nature that the shadow minister just had with the minister. I will invite the Assistant Treasurer—and I understand we are in his hands when it comes to these things. If he feels on top of his portfolio, then I think this is a worthwhile process for the accountability through this parliament. I have been watching this process, and ministers who feel comfortable in their portfolio come in here and they are able to do that. We have had other ministers, who I would consider to be weaker ministers, who have come in and organised dorothy dixer questions. They have taken five minutes to answer every question that has been asked, then obviously with only—

**The DEPUTY SPEAKER (Hon. Peter Slipper)**—I draw the honourable member's attention to the fact that the expenditure before the committee relates to the Treasury portfolio. Does the honourable member for Stirling have a statement to make in relation to the expenditure of the Treasury portfolio?

**Mr KEENAN**—I do have questions, Mr Deputy Speaker and, as I said, I will invite the Assistant Treasurer to answer them in the spirit in which they are asked. My questions are in relation to the strengths of the Australian prudential regulatory system, and obviously APRA is an agency that is funded through this appropriation. I am interested in how APRA assesses the depositor risk in relation to Australian banks, and will the Assistant Treasurer inform the House whether APRA publishes those ratings in relation to depositor risk?

**Mr BOWEN** (Prospect—Minister for Competition Policy and Consumer Affairs, and Assistant Treasurer) (5.48 pm)—APRA is an organisation which answers to both the Treasurer and me, meets regularly with us and updates us on its views in relation to the strength of the Australian financial and monetary system. Certainly, the advice APRA has given both the Treasurer and me is that the fundamentals of the Australian financial system are robust and it has have no concerns about any institution in particular at this point.

As relates to what APRA actually publish, I imagine that, if they publish it, it would be on the public record. I am happy to check that while the honourable member is asking his next question and, if I can, advise him during the night as to exactly what APRA do release or, alternatively, to take on notice the full details of what APRA do release. As I say, what they release is on the public record.

**Mr CLARE** (Blaxland) (5.49 pm)—I want to ask a question of the Assistant Treasurer about online home buyers. The minister will be aware that I referred this matter to his attention in January of this year when I identified half-a-dozen or so companies that were offering to sell people's homes or buy people's homes from them very quickly, avoiding real estate agents in the process. I expressed concern to you at that time that that this was predatory behaviour and that there was a risk that some people were being ripped off in the process, whereby these companies were looking to buy the houses of individuals who were in a vulnerable position at less than market value.

I expressed concern to you at that time that they were targeting people who were under housing stress and had failed to keep up with their repayments. People were being targeted because they had recently been divorced, lost their job or been unwell. At that time you gave me an undertaking that you would refer the matter to the ACCC for it to investigate what actions it considered appropriate in this circumstance. I thanked you for that at the time. On the weekend you were able to provide me with additional information on what the government is doing in this regard to ensure that people are prevented from finding themselves in circumstances where they do not get a fair deal, where they get ripped off by predatory behaviour in the marketplace. I thank the minister for that and would appreciate more detail about his approach to this matter and the actions of the ACCC.

**Mr BOWEN** (Prospect—Minister for Competition Policy and Consumer Affairs, and Assistant Treasurer) (5.50 pm)—Could I use this opportunity to place on the public record my thanks to the member for Blaxland for bringing this to the government's attention. He did bring to my attention some time ago the practice that he refers to of businesses which rely on people being under significant financial stress. They approach those people, or advertise for those people to approach them, and offer to buy their house from them very quickly. In fact, one of the websites indicates that the transaction can take place in a matter of days, not weeks. This is of some concern to the member for Blaxland and to me. Any business model which is based on relying on vulnerable people—people at some considerable risk and stress—is a business model which concerns me and the government greatly.

I did refer the matter to the ACCC. The ACCC have advised me that there is some grounding to argue that the actions referred to would be regarded as unconscionable conduct under the act and they would take appropriate action. The problem, of course, is that there is a very narrow window of opportunity for taking that action. It is very important that people who may have entered into such a transaction but have not yet completed it contact the ACCC immediately because once the transaction is complete the options open to the ACCC are fewer. There is another thing that the ACCC have done in consultation with the government. We feel it is important that people under financial stress are educated and advised of their rights, and we have instigated a new page on the ACCC website known as 'Managing your mortgage', which gives advice to people, particularly about seeking further advice and not making any rash decisions when selling their house. If you sell your house quickly but at substantially

below market value and allow somebody else to then onsell it at substantially more, it gets you out of a very short-term problem but does not solve the problem for you in the long term and can make your problems worse because you lose your house but still have considerable debt.

I am glad the honourable member for Blaxland has taken this opportunity for us to put this on the public record. In both his electorate and mine you see signs advertising this on every second telegraph pole. The honourable member for Blaxland has done a considerable internet search and done considerable research on the different businesses that do this. I must say there are some reputable ones. I do not want to categorise them all as disreputable. There are some businesses which do pay market value. But there are clearly some that do not, and the government will continue to take the appropriate action.

**Mr HARTSUYKER** (Cowper) (5.53 pm)—My question is in relation to Fuelwatch. I ask the Assistant Treasurer: what consideration did he give to those motorists who purchase on ‘cheap Tuesday’, at the bottom of the cycle, who are typically pensioners and low-income earners? Is there any proposal to compensate those motorists for the loss of the bottom of the fuel cycle?

**Mr BOWEN** (Prospect—Minister for Competition Policy and Consumer Affairs, and Assistant Treasurer) (5.53 pm)—The honourable member clearly did not listen to the 13 hours of evidence before Senate estimates—four hours from Treasury and, I think I am right in saying, a full day of evidence from the ACCC. Both the Treasury and the ACCC made it clear that the econometric analysis shows that even if the assumption is that 100 per cent of people buy on the cheapest day of the week, which is generally Tuesday, then they will be better off—less better off than the others who buy on expensive days of the week but still better off. The honourable member for Cowper indicates that the government should compensate people for being better off. That is a concept I have some difficulty with because, as I said, the econometric analysis shows that even people who buy on the cheapest day, even if the assumption is built into the model that 100 per cent of people buy on the cheapest day, are better off.

As I have pointed out in the House, and as both the Treasury and the ACCC pointed out in very considerable evidence against which the opposition was not able to land a blow of any description as to the econometric analysis or the ACCC’s recommendations, the reasons for Fuelwatch are threefold. Firstly, it provides consumers with a lot more information about where they can buy the cheapest petrol. The difference between the cheapest and most expensive petrol in any city on any given day is substantial. It can be as high as 30c a litre. If you can find petrol which is 30c a litre cheaper, that is a considerably greater saving than, say, 5c a litre. That is a considerably greater saving which Fuelwatch would give people the opportunity to make.

Secondly, it deals with information asymmetry, what the ACCC has called as close to collusion as you can be and still be legal, which the ACCC has identified in its very substantial report into the petrol industry in Australia. The third reason is that the econometric analysis showed a slight downward pressure on prices. As I have said several times, and as I indicated even on the day we announced this, you would do this even if there was no downward impact on prices, as long as you reassured yourself there was no upward impact on prices. You would do this even if there were no downward impact on prices, because of the information asymmetry and because of the much greater information given to consumers which currently re-

tailers share amongst themselves. I can confirm the government will not provide compensation to people, because they are actually better off under the modelling.

**The DEPUTY SPEAKER**—As a courtesy to the Parliamentary Secretary to the Prime Minister, I would just like to mention we are running maybe five or six minutes late.

**Mr BRADBURY** (Lindsay) (5.56 pm)—I would like to ask the Assistant Treasurer, through you, Mr Deputy Speaker, a question in relation to taxation policy, which is an area of interest to me in particular. Throughout the course of the election campaign, I know the government—then opposition—made a number of election commitments, but in the course of campaigning throughout my electorate one of the key concerns that people raised with me was the need to improve our taxation system at a number of levels. I think one of the primary concerns is to ensure that we have a fairer system of taxation. The principal concern that people raised in relation to fairness is to ensure that everybody is paying their fair share of tax and that the system has an array of integrity measures in place that ensure that tax is being levied equitably across the board. I would like to ask the Assistant Treasurer to comment on that.

But also the other aspect of what people raised with me is the question of international competitiveness. I know that taxation policy is a key indicator of the international competitiveness of any given economy and there is always a range of measures within the taxation system that can be looked at that will allow us to compare ourselves either favourably or not to other nations on an internationally competitive scorecard.

I would ask that the Assistant Treasurer direct his comments to both questions of fairness, particularly in relation to low- and middle-income earners, and I know that they are the overwhelming majority of taxpayers in my electorate. For a long time they have seen a skewing of where the benefits of taxation policy and tax cuts have been delivered to higher income earners. They are very much concerned that the taxation system—

**Mr Pyne**—That's rubbish! You don't seriously believe that. You're only saying that to impress the minister.

**The DEPUTY SPEAKER (Hon. Peter Slipper)**—Order! There are too many interjections.

**Mr BRADBURY**—They are very concerned that taxation policy under the former government had delivered benefits—

*Mr Pyne interjecting—*

**The DEPUTY SPEAKER**—Order! The honourable member for Sturt will remain silent or I will deal with him.

*Mr Pyne interjecting—*

**The DEPUTY SPEAKER**—Order! The honourable member for Sturt will not defy the chair and will remain silent. Otherwise, it will be necessary for me to deal with him.

**Mr BRADBURY**—In relation to low-income earners in particular, I note that the government has proceeded to implement the low-income tax offset, a policy that I think is long overdue. I think that policy in particular not only will benefit low-income earners in my electorate but will also assist those second partners in families in my electorate. Many of them are being forced back into the workforce as a result of the rising cost of living and the increase that they

are facing through increased interest rates. So I ask the Assistant Treasurer to outline what measures not only deliver on election commitments that were made before the last election but also deliver real benefits in terms of the particular areas of interest that I have outlined, directing benefits to low-income earners and also ensuring that our tax system is internationally competitive.

**The DEPUTY SPEAKER**—While each honourable member does have the opportunity to speak for five minutes, it generally gives the opportunity for more questions to be asked if questions are concise. But it is, of course, a matter for the honourable member who has the call.

**Mr BOWEN** (Prospect—Minister for Competition Policy and Consumer Affairs, and Assistant Treasurer) (6.00 pm)—I am more than happy to give as concise an answer as I can to the honourable member, who is, I must say, somewhat of an expert in taxation matters given his previous professional experience. The honourable member asked me a range of questions. He asked me about fairness, and of course it is important that everybody pays their fair share of tax. The government has given the ATO full support in their measures, such as Operation Wickenby, which are all handled at arm's length and are not interfered with by the government, but the ATO certainly keeps me very regularly updated on progress and in terms of resources. The government has increased the resources to the compliance section of the Australian Taxation Office, which we believe will provide a substantial dividend as well. In relation to fairness, I note the honourable member's comments on the low-income tax offset, which of course I endorse. This budget increases the low-income tax offset from \$750 to \$1,200 and it continues to phase out up until \$30,000. I think one of the great problems in Australia is the high effective marginal tax rates for the lower and middle income areas of the spectrum. We hear a lot about high marginal tax rates at the upper end of the spectrum and that is fair. But we have very punishing effective marginal tax rates for people transitioning from welfare to work. This was one of the major focuses of the Henry review of the taxation system. If we can achieve reform in that area, it will be a major advance for Australia.

**Mr HARTSUYKER** (Cowper) (6.02 pm)—My question is to the Assistant Treasurer on the subject of Fuelwatch. Is the Assistant Treasurer aware of recent research widely publicised in much of the eastern Australian media which showed that a motorist in Perth, who had a typical buying pattern of purchasing fuel once a week, was paying some 1.25c a litre more than a motorist in Melbourne and in the order of 1.5c a litre more than a motorist in Sydney? What are the Assistant Treasurer's views on this research and was it taken into account in any decision that was made by the government with regard to the implementation of Fuelwatch?

**Mr BOWEN** (Prospect—Minister for Competition Policy and Consumer Affairs, and Assistant Treasurer) (6.02 pm)—The evidence taken into account by the government was that done by the independent—

**Mr Hartsuyker**—So you are not aware of this research?

**Mr BOWEN**—I have been going for six seconds, Mr Deputy Speaker. I believe I have five minutes to answer the question. I will try not to take the full five minutes so that honourable members opposite get a fair go, but I will take as long as it takes to answer the question and I will take a little bit more than six seconds if it is okay with the honourable member for Cowper. The government took the advice of the independent regulator, which showed downward pressure on prices as a result of Fuelwatch. It also showed that fuel prices in Perth have on



average been lower than the eastern capitals every month for the first five months of this year. I am aware of the research that the honourable member refers to and I am also aware of who conducted it. I will simply say that we take independent research; we do not take research that is conducted by people who are not independent. We take all evidence into account—as we did. The honourable member for Cowper may choose to outsource his research to others who are not independent; we do not.

**Mr KEENAN** (Stirling) (6.04 pm)—Again I say that the way this particular proceeding is being conducted, as opposed to how it has been conducted by previous ministers, who have not felt need to bring in people to ask dorothy dixers and waste the time available in this committee, speaks volumes.

*Honourable members interjecting—*

**The DEPUTY SPEAKER (Hon. BC Scott)**—Order! The member for Stirling has the call and the minister would like to hear the question.

**Mr KEENAN**—I will list a series of questions, and I will ask the minister to respond to them. I think that is a shame, but if that is the only way it can be done then that is the way that we are forced to do it. In relation to APRA, and in view of the questions that I asked previously, do they pay close attention to the ratings agencies' reports on banks? If so, which one do APRA look at? Did any of the particular Standard and Poor's ratings in the last six months give APRA cause for concern? Does APRA have a responsibility to inform the market and the consumers of particular financial institutions of possible or actual downgrades in a bank's credit rating? How do depositors find out when there is a change in the underlying ratings for a bank in which they have deposits? Would the Assistant Treasurer be concerned if this has occurred and he has not been informed?

**Mr BOWEN** (Prospect—Minister for Competition Policy and Consumer Affairs, and Assistant Treasurer) (6.05 pm)—Of course, APRA is an independent body which conducts its affairs at arms-length—

**Mr Keenan**—Which reports to you.

**Mr BOWEN**—from the government. That is five seconds I have been going.

**The DEPUTY SPEAKER**—The member for Stirling will not interject.

**Mr BOWEN**—I am happy to take the interjection. APRA reports to me in terms of its administration. I do not interfere in the way APRA carries out its prudential regulation process. If the honourable member opposite who seeks my job proposes to interfere, if and when he ever has my job, that is a very interesting revelation. APRA conducts its prudential regulation at arms-length. It, of course, appears before Senate estimates twice a year, at which time the chairman of APRA and the other commissioners take questions. I think I am right in saying from my experience on the committee that they also appear regularly before the Joint Standing Committee on Corporations and Financial Services. I assume that is still the case. I am no longer on that committee, obviously, but I assume it is still the case that honourable members are entitled to ask APRA those questions.

If I could answer the question that the honourable member asked me before: APRA publishes a range of financial statistics about authorised deposit-taking institutions—banks, credit unions et cetera—but it does not publish credit ratings for individual banks as such. I must say I would be somewhat concerned if it did. It is very important that APRA has a full and open

relationship with the banks and other financial institutions which they monitor and that they manage any issues which arise in full consultation with that financial institution. APRA is one of the most respected prudential regulation organisations in the world. It does a very good job, and it is one of the reasons that our economy is going so well. We have withstood the financial turbulence of recent months so well because of the work that APRA does. I note that the United States, for example, has indicated they are interested in following the Australian model.

In relation to the details about whether they take into account rating agencies, that is a matter I am happy to explore with APRA and take on advice. As I stress, APRA—appropriately—conducts its prudential regulation at arms-length from the government. It would be improper for me to say to it, ‘I think you should take into account the rating agencies’—if it does or does not—or, ‘I think you should take into account certain elements of a bank’s operations,’ or, ‘I think you should take into account the following.’ That would be highly inappropriate. APRA is a very respected organisation which is made up of some of the most experienced financial regulators in the country, and it should continue to do its work at arm’s length. I am happy to take on notice the individual questions from the honourable member.

**Mr CLARE** (Blaxland) (6.08 pm)—My question relates to the licensing and oversight of mortgage brokers. The minister would be aware that something in the order of 40 per cent of mortgages are now prepared and organised via mortgage brokers, which is a marked increase over the last decade. My office and I have, because of my interest in this area, received a number of complaints and calls of concern about mortgage brokers from not only residents in my electorate but also people outside of my electorate. One young lady contacted my office a couple of weeks ago and was very upset. She said that a mortgage broker had—

*Mr Byrne interjecting—*

**The DEPUTY SPEAKER**—Order! The member for Blaxland has the call. The parliamentary secretary will refrain from interjecting.

*Mr Keenan interjecting—*

*Mr Byrne interjecting—*

**The DEPUTY SPEAKER**—Order! The member for Stirling and the parliamentary secretary will cease interjecting.

*Honourable members interjecting—*

**The DEPUTY SPEAKER**—Order! I can advise you that you are all taking up the time of the committee. If there are questions you want to ask, the time may expire before you get a chance if this continues. The member for Blaxland has the call.

**Mr CLARE**—The question was only 10 seconds away, but I have a funny feeling that it might be two minutes, the way we are going.

**The DEPUTY SPEAKER**—The member for Blaxland will ask his question.

**Mr CLARE**—My concern is about mortgage brokers. I make the point that the Baird committee in the previous parliament made important recommendations about it. I make the point that a green paper has now been released recommending the licensing and the oversight of mortgage brokers by either APRA or ASIC. I think that is a good thing; I think it is an important thing. Constituents of mine and others have made that point to me; they would like to

see some action. I would like some advice from the minister about what the government's intentions are with regard to the implementation of the recommendations of the Baird committee and, more importantly, the options that are canvassed in that green paper.

**Mr BOWEN** (Prospect—Minister for Competition Policy and Consumer Affairs, and Assistant Treasurer) (6.11 pm)—The honourable member has raised this issue with me previously, and I am aware of his concern about mortgage broking—particularly in his electorate, which is one of the areas of highest mortgage stress in the country. The Council of Australian Governments decided earlier this year that the Commonwealth would take over on mortgage broking. My colleague the Minister for Superannuation and Corporate Law has released to me and other Treasury ministers and the Minister for Finance and Deregulation the green paper that you refer to, in relation both to that and to the Commonwealth taking a broader role. This is something under consideration by the Council of Australian Governments and also, although not deliberately but in a consultative fashion, by the Ministerial Council on Consumer Affairs, on which I sit. We are very interested in taking more of a role in relation to payday lenders and others.

The honourable member is right: the Baird committee recommended a Commonwealth takeover of mortgage brokers. It is something that this government is committed to doing. The green paper goes to that and to a broader schema, and we will respond to the green paper in due course.

**Mr KEENAN** (Stirling) (6.12 pm)—I return to the series of questions that I asked earlier on. I am interested in whether any of the agencies—APRA or any others that he is responsible for—actually inform the Assistant Treasurer if there has been a downgrade to a credit rating for an Australian financial institution.

**Mr BOWEN** (Prospect—Minister for Competition Policy and Consumer Affairs, and Assistant Treasurer) (6.12 pm)—The Chairman of APRA and the other commissioners meet with me regularly—usually once a month though occasionally more regularly; sometimes, due to pressures on them or me, it may be slightly longer than monthly, but usually, on average, it is once a month—and we discuss the state of the Australian financial institutions and they brief me on any issues of concern. Those briefings, as appropriate, are confidential.

**Mr KEENAN** (Stirling) (6.12 pm)—I am really interested in whether the minister actually has information in relation to the status of Australian financial institutions, which I think is a reasonably important thing for the Assistant Treasurer to have knowledge of. If the Assistant Treasurer is not getting that information, I wonder how much confidence customers of these banks can have, and how they are expected to receive this information. If you are an Australian who has a bank account, how are you expected to receive information if the credit rating for that institution has been downgraded?

*Mr Pyne interjecting—*

**The DEPUTY SPEAKER**—Order! The Assistant Treasurer has the call. The member for Sturt will desist from interjecting.

**Mr BOWEN** (Prospect—Minister for Competition Policy and Consumer Affairs, and Assistant Treasurer) (6.12 pm)—I think the honourable member opposite has a fundamental misunderstanding of the role of the Australian Prudential Regulation Authority. The Australian Prudential Regulation Authority does not release credit ratings of individual institutions.

There are credit rating agencies that do that. The honourable member might be aware of them: one of them is called Standard and Poor's and another one is called Moody's—they are the big two; there are probably others. If Standard and Poor's or Moody's changes the credit rating of a financial institution, they make it public.

As I have said, I meet with APRA regularly, the Treasurer meets with APRA regularly and they brief us fully on any matters which may be causing them concern. I can reveal to the honourable member that the consistent briefing that I have received from APRA since taking over the portfolio in November last year is that the fundamentals of Australian financial institutions are sound and that Australian consumers can be confident that the Australian financial system and the component parts of it are in much better shape than those in, say, the United States or the United Kingdom.

**Mr KEENAN** (Stirling) (6.14 pm)—If this information is public, then can I ask the Assistant Treasurer if he is aware of any Australian financial institution having their credit rating downgraded in the past six months?

**Mr BOWEN** (Prospect—Minister for Competition Policy and Consumer Affairs, and Assistant Treasurer) (6.14 pm)—The shadow Assistant Treasurer might be interested in creating turbulence in the Australian financial market; I am not. The briefings that APRA have given me are that the fundamentals of the Australian financial institution are sound and the Australian financial system generally is sound.

Proposed expenditure agreed to.

#### **Prime Minister and Cabinet Portfolio**

Proposed expenditure, \$420,033,000

**Mr BYRNE** (Holt—Parliamentary Secretary to the Prime Minister) (6.15 pm)—In rising to speak briefly on the portfolio budget statements under the Prime Minister and Cabinet portfolio area, I will take this opportunity to make a few points, particularly with respect to the new expenditures that are contained within the portfolio budget document. The Department of the Prime Minister and Cabinet will play a key role in coordinating relevant portfolios, state and territory governments and other stakeholders to progress priorities through the Council of Australian Governments.

The department portfolio budget statements 2008-09 include five new expense measures totalling \$67.3 million over five years, including \$3.9 million in 2007-08 and two capital measures totalling \$1.1 million in 2008-09. The new measures contained within this budget for the Council of Australian Governments are additional resources to support the COAG reform agenda. The government will be providing a total \$25.2 million over five years, including \$0.3 million in 2007-08 of additional funding to support the COAG reform agenda. Of this, \$9.8 million will be provided to the Department of the Prime Minister and Cabinet to provide expanded coordination and secretariat support for COAG meetings, working groups and projects and to meet the requirements of the expanded COAG agenda.

The government provided \$2.6 million in 2007-08 to the Department of the Prime Minister and Cabinet for the Australia 2020 Summit on 19 and 20 April 2008. With respect to the social inclusion agenda, the government will be providing \$14.6 million over five years, including \$1 million in 2007-08, to establish a social inclusion unit in the Department of the Prime Minister and Cabinet. The unit will have a role in policy advice and coordination of the gov-

ernment's social inclusion agenda, operating in conjunction with the new Australian Social Inclusion Board. This measure delivers on the Australian government's election commitment. There is also the cabinet committee secretariat support funding, which is additional funding. The government will be providing \$3.3 million over four years in additional funding for the cabinet committee secretariat within the Department of the Prime Minister and Cabinet. To facilitate the development and implementation of the government's policy agenda, six new cabinet committees have been established and an enhanced role has been given for the Expenditure Review Committee. The additional funding will establish the appropriate level of secretariat and coordination services within the department to support the ongoing operation of the new and enhanced cabinet committee structure.

The Department of the Prime Minister and Cabinet enhanced strategic capability is another portfolio area. The government will provide \$38.1 million over four years to allow the department to take on an expanded role in supporting the government in delivering key priorities. These priorities include the government's commitment to deliver its reform agenda through the Council of Australian Governments and progress initiatives identified at the Australia 2020 Summit. This measure includes \$1 million for IT equipment.

**Mr PYNE** (Sturt) (6.18 pm)—I have a series of questions which I will put to the honourable parliamentary secretary—and which no doubt he will note down and respond to with as much candour as possible! My first question is: when was the new ministerial support unit created within PM&C and what will it do? Was the unit created after consultation with the Prime Minister's office? What appropriations have been allocated to the new ministerial support unit? How many staff will be employed in the new ministerial support unit? What level and duration are the staff positions within the new ministerial support unit? Has the head of the new ministerial support unit been appointed? If so, at what level and for how long?

In general, what is the total number of staff being employed by Prime Minister and Cabinet? In terms of some of the other offices that have escaped the razor gang of PM&C, \$5.2 million is being provided for the creation of the Office of National Security within the department. What is the \$5.2 million being spent on precisely? Has the national security adviser been appointed and will he or she represent the head of the office? At what level and for what duration is his or her contract? In developing the office, apparently care had to be given to the resources supplied by the departments or agencies. What are the resources that the other departments or agencies will be committing to the Office of National Security? Will the Office of National Security be housed in the current Prime Minister and Cabinet building?

The Office of Work and Family has been established and \$7.9 million is being provided for the creation of the Office of Work and Family within the department. What is the \$7.9 million being spent on? In developing the office, apparently care was given to having resources supplied by other departments or agencies. What are the resources that the other departments or agencies will be committing to the Office of Work and Family? What is the \$200,000 worth of capital funding contained within Budget Paper No. 2 for the COAG reform council?

The parliamentary secretary mentioned the enhanced strategic capacity of Prime Minister and Cabinet. This is a new item in Prime Minister and Cabinet, and \$38.1 million is being provided for the department to take on an expanded role in supporting government within the department. What is the \$38.1 million being spent on? It is a very substantial amount of money for supposed enhanced strategic capacity, and I would hope the parliamentary secre-

tary would have details on what exactly that money is being spent on. And \$1 million is being spent, as the parliamentary secretary pointed out, on capital funding for IT equipment. How much IT equipment is being purchased? I am after the numbers and type of IT equipment that is being purchased for this new office of enhanced strategic capacity.

The parliamentary secretary also mentioned the new cabinet committee secretariat support. What will these cabinet committees be doing that was not being done before? What are the names of the six cabinet committees that this money provides funding for? How many staff will be employed with this new funding?

**Mr Byrne**—How many questions is that?

**Mr PYNE**—Nineteen questions.

**Mr KELVIN THOMSON** (Wills) (6.23 pm)—I want to draw to the attention of the Prime Minister, through the parliamentary secretary, the present situation facing pensioners. Last Thursday, there was a group of pensioners from the Moreland Seniors Action Group who had a rally at my office and presented to me a petition concerning—

**Mrs Bronwyn Bishop**—What's that got to do with it?

**Mr KELVIN THOMSON**—If the Liberal Party are not concerned about the situation facing pensioners, it is little wonder they are languishing where they are!

**The DEPUTY SPEAKER (Hon. BC Scott)**—The member for Wills will not respond to the interjection from across the chamber.

**Mr KELVIN THOMSON**—I could do with some protection from interjections, Mr Deputy Speaker.

**The DEPUTY SPEAKER**—You have the protection and you have the call.

**Mr KELVIN THOMSON**—The situation, as outlined by these 1,500 signatures, asks the federal government to increase pension payments. For example, Mr Gino Iannazzo, a 71-year-old Coburg resident, has said that everyday expenses have been increasing—

**Mrs Bronwyn Bishop**—Mr Deputy Speaker, I rise on a point of order: I want to ask you, Mr Deputy Speaker, if you would make a ruling as to the relevance of material that may be brought up in the consideration in detail stage. My understanding is that it must be relevant to the portfolio. This is Prime Minister and Cabinet, and the material that is being discussed by the honourable member would be dealt with in another portfolio. I simply put on the record that the Liberal Party is enormously concerned about pensions, but it is not relevant to this particular debate.

**The DEPUTY SPEAKER**—The member for Mackellar has made her point of order. The member for Wills is asking a question relating to seniors, veterans and pensioners. I would suggest that the Prime Minister has overall responsibility through Prime Minister and Cabinet to—

**Mr Pyne**—You could raise Regional Partnerships.

**The DEPUTY SPEAKER**—I would imagine you could also. The Prime Minister has overall responsibility for all his ministers.

**Mr Pyne**—This is outrageous time wasting!

**Mr KELVIN THOMSON**—The member for Sturt ought to study consideration in detail in *Hansard* for the last 10 years. If he did so, he would find that government members routinely spoke for five minutes during consideration in detail on matters of concern to them and to their electorates. That is exactly what I am doing.

I welcome the fact that the Prime Minister and the Treasurer have acknowledged that pensioners are struggling. I welcome the fact that the government is carrying out a review of the adequacy of pension payments and that in March the Prime Minister indicated that the government would be examining ways to deliver increased financial security to pensioners. I look forward to that review and, more importantly, to action to address the present financial plight of pensioners. The Prime Minister has told the Victorian Labor state conference that Treasury secretary Ken Henry is preparing a report on how we can confront the long-term interrelated challenges of our tax, welfare and retirement income systems, which will include a review of age pensions. I believe it is important that the attention of the Prime Minister is drawn to the situation facing pensioners, which is precisely why I am raising these issues. I am disappointed to see members opposite have no interest in this issue, which is one of the issues confronting senior citizens in our community, who are, in my view, entitled to support and who are, in my view, struggling to make ends meet as a result of increasing prices of electricity, gas, pharmaceuticals, food, petrol—you name it. Prices have been increasing and therefore senior citizens are entitled to support.

The petition which they have presented to me is being presented to the parliament next Monday. I think that it is good that people are pursuing these issues through petitions and other processes. I hope that they continue to do that—that people in my electorate and indeed in other electorates continue to sign these petitions and to make their feelings in this matter clear. It is regrettable that their circumstances were not helped by the previous government, which fitted them up with a GST which has had very adverse effects on their capacity and their spending power. That is very regrettable. (*Time expired*)

**Mrs BRONWYN BISHOP** (Mackellar) (6.28 pm)—My question is to the Parliamentary Secretary to the Prime Minister. It relates to the latest announcement from the Prime Minister that he is going to take over two of the refuelling aircraft that have been purchased for the single purpose of refuelling RAAF aircraft to protect the nation and will fit them out with great luxury—with bedrooms and first-class compartments—and have two of these for his personal movements. I have several questions with regard to this. How will it affect the RAAF's capability, as the planes have been acquired for air-to-air refuelling? What is going to happen if the RAAF requires the planes and the Prime Minister says, 'No, I need them for my comfort'? Does he get precedence? More particularly, I want to know whether PM&C is going to pay for the conversion of these planes—

**Mr Lindsay**—Fifty million dollars!

**Mrs BRONWYN BISHOP**—at \$50 million, as I am reminded by my colleague. Or is Defence going to be made to absorb the \$50 million that it is going to take to convert these functional aircraft needed for the defence of Australia into comfort zones for the Prime Minister, presumably so he can take the butler and probably even the childcare person and the stylist? They will all be very comfortable. We will be pleased to know about that.

I also want to know precisely why it is that, when estimates were on and these questions were being asked about the VIP fleet—two weeks ago this is—the CDF, who is a man who

always tells the truth in a very straightforward way, said that there was nothing planned by way of doing something about the VIP fleet. Then suddenly we have Mr Rudd saying no, he needs to have two new aircraft at his disposal. Considering that the Civil Aviation Safety Authority estimates that the total operating cost of the Airbus A330, the aircraft that are going to be commandeered, is \$6,372.73 per hour—as against the BBJ737 at \$3,309.69—how is this additional cost to be met? Is it again to be the Department of Defence absorbing the cost? While we are on the question, you do love to talk about reducing carbon emissions; what is the carbon footprint that is going to be generated by the comfort zone for the Prime Minister?

**Mr LINDSAY** (Herbert) (6.31 pm)—Mr Deputy Speaker—

**Mr Byrne**—Can I actually get a chance to respond?

**The DEPUTY SPEAKER (Hon. BC Scott)**—The member for Herbert has the call. He is on his feet.

**Mr LINDSAY**—I would like to ask the parliamentary secretary about the government's 10 National Employment Standards, which were announced earlier this year. Do they apply to the Department of the Prime Minister and Cabinet? Is the parliamentary secretary aware that staff in the Prime Minister's office work very long days? They will still be at work now. How is this consistent with the 10 National Employment Standards? The Prime Minister has also made it very clear that he expects the Public Service to work even harder. How is that consistent with the 10 National Employment Standards?

I would also like to ask the parliamentary secretary about the 2020 Summit. What arrangements are in place to action the items that came out of the summit? When can we expect to see those action items? In fact, has the 2020 Summit simply been a talkfest with no action at the end of the day?

**Mr BYRNE** (Holt—Parliamentary Secretary to the Prime Minister) (6.32 pm)—I will start off with the member for Wills and his concern about age pensioners. Whilst those on the other side might be somewhat concerned about the fact that he did not raise that in the appropriate manner, the Prime Minister's office, through the Ministerial Correspondence Unit, does in fact receive a very large number of responses and letters with respect to issues from across a gamut of areas. The fact is that we do deal with some of these issues in correspondence, so I think it was pertinent for the member for Wills to raise that. We do not take constituencies for granted. We do not just ignore certain constituencies, like the previous government did for 12 years, and then write it off and disparage someone—

*Opposition members interjecting—*

**Mr BYRNE**—hang on a second—for raising concerns. We have a legitimate member of parliament that is raising concerns about a constituency, and these constituencies do communicate with the Prime Minister through the Ministerial Correspondence Unit. So it is perfectly legitimate his raising that particular issue.

*Mr Pyne interjecting—*

*Mrs Bronwyn Bishop interjecting—*

**The DEPUTY SPEAKER**—The member for Mackellar and the member for Sturt will remain silent.



**Mr BYRNE**—You may wish to quibble about this. I will address some of your 19 questions. The Ministerial Support Unit is to be established on 1 July. The unit has been advertised nationally and it will be on an officer SES band 2. It is not a new resource. It brings together existing functions of the department such as ministerial correspondence and briefing and the official establishments. We have recommended an independent audit of the department by former ombudsman Rob Maclean with respect to this issue.

With respect to the COAG Reform Council, there are set-up costs of \$2 million for IT and office fit-out. The Commonwealth contributes 50 per cent to the CRC in conjunction with the states. With respect to the Strategic Policy Unit, there is \$38 million for additional staffing, \$1 million for IT and desktop equipment, and an office fit-out of \$495,000 for staff. With respect to the question about the cabinet committee, there are six additional staff positions in the cabinet office.

With respect to the other member's question about the Prime Minister's use of special aircraft, the RAAF manages the fleet in accordance with the principles governing the use of special purpose aircraft circulated to all senators and members in September 2002. The fleet of special purpose aircraft is available for use in various circumstances by other office holders, including the Governor-General, the Minister for Defence, ministers of state and parliamentary secretaries, the Leader of the Opposition and the Deputy Leader of the Opposition, the Leader of the Opposition in the Senate, leaders of the other parties represented in the Senate and presiding officers, some parliamentary committees and delegations, other members of parliament where special circumstances apply, the Chief of the Defence Force and service chiefs, comparable persons visiting Australia representing their nations, state governors and the administrator of the Northern Territory and other persons where the Minister for Defence or the Prime Minister considers it just.

The use of the SPA fleet is totally transparent, with the Department of Defence tabling in parliament twice yearly the scheduled special purpose flights. The schedule for the period January to June 2007 was tabled on 11 March 2008, and we will—

**Mrs Bronwyn Bishop**—Why don't you just say you don't know and get the information to me?

**Mr BYRNE**—You raised the point about the Prime Minister using two aircraft. As I recall, that arose out of a tragedy in Yogyakarta. You may wish to make light of that. There was a request, as I understand, due to the loss of life of Australian journalists that there be two aircraft. If you want to dismiss that and dismiss the loss of lives of Australian journalists travelling with the Prime Minister then on your head be it. That is exactly what you have done. On the refitting: we have no knowledge of the refitting of the aircraft. Trying to score cheap political points on the Prime Minister travelling overseas to undertake the business of the country and to represent the country is pretty reprehensible, but I have come to expect that from you.

**The DEPUTY SPEAKER (Hon. BC Scott)**—Member for Sturt.

**Mr PYNE** (Sturt) (6.37 pm)—Thank you for the call, Mr Deputy Speaker. Since this is a time for opposition—

**Mr Dreyfus**—Mr Deputy Speaker—

**The DEPUTY SPEAKER (Hon. BC Scott)**—The member for Sturt was on his feet.

**Mr PYNE**—I cannot help it if the member for Isaacs is daydreaming!

**The DEPUTY SPEAKER**—He will get the next call.

**Mr PYNE**—The parliamentary secretary did attempt to answer some of the questions that I raised about PM&C, but there were three that he noteworthily left out. One of the most important of those is the enhanced strategic capacity for the department, where \$38.1 million plus \$1 million for capital funding—so almost \$40 million—has been set aside for a new item which we are told is to advise the Prime Minister and cabinet on enhanced strategic capacity. Having been here 15 years, this sounds to me like a very busy empty log into which \$40 million has been stashed to be used as the government wishes to campaign against the opposition at election time—out of PM&C. We would like some specifics about this new enhanced strategic capacity of almost \$40 million. He also completely ignored the issue of the \$5.2 million to establish a new Office of National Security. He ignored the \$7.9 million for the Office of Work and Family. What are these offices? What resources of other departments are going to be provided to these offices? Are they coordinating the re-election campaign of the Rudd government in, we assume, 2010? In particular, what about the enhanced strategic capacity, which the parliamentary secretary has totally ignored? That is a massive spending of taxpayers' money. We would like the details of the numbers of people involved; what exactly they will be doing and what level they will be paid at?

**Mr DREYFUS** (Isaacs) (6.39 pm)—There is no more—

**Mr Pyne**—He refuses to answer.

**The DEPUTY SPEAKER (Hon. BC Scott)**—Member for Sturt, the parliamentary secretary will get an opportunity. The member for Isaacs has got the call.

*Mr Pyne interjecting—*

**Mr DREYFUS**—I am waiting for the member for Sturt to be quiet. There is no more important area of government policy than providing for the safety and security of the Australian people, but that would appear to be a matter which the member for Sturt is not interested in. It is an area which greatly interests me and, for that reason, I felt privileged to be appointed by this House a member of the Parliamentary Joint Committee on Intelligence and Security. That is, of course, the committee that provides parliamentary oversight to the national security agencies: the Australian Security Intelligence Organisation, the Australian Secret Intelligence Service, the Defence Imagery and Geospatial Organisation, the Defence Intelligence Organisation, the Defence Signals Directorate and the Office of National Assessments. The oversight of these agencies by the elected members of this parliament is important because it provides the assurance of accountability of these agencies to the people of Australia.

It is a fact that our nation at present faces serious security challenges—some of them old and well known; some of them new and not so well known—and I refer to the changing nature of the challenges of terrorism; the need to build and sustain regional stability; our ability to support our Pacific neighbours and ensure that failed states do not become the rule for our region; the havoc being wreaked by HIV-AIDS, malaria and tuberculosis both in our region and further afield; and the potential havoc that we would face with a communicable disease pandemic. These kinds of security challenges require us to think with clarity and to respond strategically. They require integrated and well-coordinated policy making at the highest level

of government, which is why I seek to raise these matters in the consideration in detail in this session on the Prime Minister and Cabinet portfolio.

We need to be strategic in how we gather and assess intelligence, in how intelligence informs policy making through the advice provided by our security agencies and in how these policies achieve the national security outcomes that will ensure that Australia maintains security. The recent release of the papers from the Hope royal commission are a reminder that recognition of the need for national security planning and coordination is not new. It was as clear when Hope was considering these matters as it is today. It has been part of the long-term direction of several Australian governments that there be coordination and integration in the security and intelligence area.

Our government made an election commitment to establish an Office of National Security in the Department of the Prime Minister and Cabinet—and the member for Sturt has raised the Office of National Security among the many questions that he has posed to the parliamentary secretary. The Office of National Security is to be headed by a national security adviser and, as has been accepted by the member for Sturt—which I took to be something of a compliment—the government has delivered on our election commitment by establishing and funding this new office. Its objective is to develop, provide advice on, coordinate and integrate comprehensive whole-of-government national security policy and provide strategic oversight on its implementation. The questions that I have for the parliamentary secretary are these. What will be the role of the Office of National Security? How does the role of the office differ from the national security division in the Department of the Prime Minister and Cabinet? Is the parliamentary secretary able to provide the House with an update on the progress of the appointment of the national security adviser who is to head up the Office of National Security?

**Mr BYRNE** (Holt—Parliamentary Secretary to the Prime Minister) (6.44 pm)—I will deal with the issue of strategic policy first and then move on to the issue of the Office of National Security. The question I think that the honourable member asked was: what is the role of the strategic policy unit? The unit will provide advice of a forward-looking strategic nature to the Prime Minister and the government. The unit will oversight and manage project teams engaged in strategic policy development and setting strategic directions. Teams will be variously comprised of staff from the unit, policy divisions and other agencies and external sources such as academics and members of the business and community sectors.

It is expected that the unit will also assist the government to set the strategic policy agenda through sectoral scans to identify needs in areas of future policy development. The unit will form a knowledge hub in relation to strategic thinking and policy development and, in time, disseminate information on strategic thinking within PM&C and the broader Australian Public Service. In full operation, the unit will require about 30 or 40 staff, comprising a core staffing of roughly 20 officers and others drawn—

*Honourable members interjecting—*

**Mr BYRNE**—This from an opposition that used a government advertising unit—I think it was—comprised of seven people that, on my figures, spent something close to \$1.8 billion. You talk about accountability. You are the group of people who should least be talking about accountability within this department given how you ruthlessly used that to spend \$1.8 billion of taxpayers' money without accountability.

**The DEPUTY SPEAKER (Hon. BC Scott)**—Will the parliamentary secretary refer to members via their seat because, when you refer to ‘you’, you are referring to me.

**Mr BYRNE**—My apologies, Mr Deputy Speaker.

**Mr Pyne**—How disrespectful.

**Mr BYRNE**—I am never disrespectful to you, Member for Sturt—not intentionally anyway.

The unit will be sufficiently well resourced to retain external expertise from both government and non-government sources. The final budget of the unit has not been determined. Between now and July 2008 the department is conducting a business planning and budgeting process to determine the final budget. The PM&C will receive \$9.925 million in 2008-09 for this budget measure. The department has conducted a diagnostic audit of the department which will inform the allocation of this funding. The final allocation will be determined following the business planning and budgeting cycle, which is currently underway. I expect the majority of the funding to be used in the set-up, establishment and operation of the strategic policy unit. However, funding will also be used in a targeted way to boost the strategic policy capability of some other areas of the department.

The initial work of the unit has not been determined. The program will be determined in consultation with the Prime Minister. The department has advertised several positions within the unit, including the position of head of strategic policy and implementation, which is the position at deputy secretary level. The department has recruited Mr Simon Miller in an ongoing capacity at the first assistant secretary level to fill the role of executive director of the unit for six months. Mr Miller will have day-to-day management responsibility for the unit, including its establishment. Mr Miller has held various positions within the New South Wales state government, including lead adviser to the Premier and the Treasurer on fiscal policy and deputy director-general of the New South Wales Department of Water and Energy. Recently, Mr Miller has worked with a management consultancy firm.

The member for Isaacs has asked me about the Office of National Security.

**Mrs Bronwyn Bishop**—Did he? He made a statement.

**Mr BYRNE**—Yes, he did actually. It was a very good question.

*Opposition member interjecting—*

**Mr BYRNE**—Well, he is on the intelligence and security committee, which is actually quite an important committee in the parliament.

**Mr Lindsay**—What about my question?

**Mr BYRNE**—We will deal with your questions when we can.

Its role is to develop, to provide advice on, to coordinate and to integrate comprehensive whole-of-government national security policy and to provide strategic oversight in its implementation. This includes liaison with relevant departments and agencies at all levels of government; coordination and integration of national security policy; coordination of national security advice to the Prime Minister and to the NSC; oversight of the whole-of-government implementation of the government’s national security policy; and an increase of focus and insight on emerging issues that may impact on national security.

A key priority of the Office of National Security is to develop the National Security Statement, to outline a holistic approach to national security. The role of the ONS may further evolve following the implementation of any government response to the Homeland and Border Security Review. The ONS builds on the previous National Security Division, which was created by the Howard government. ONS retains all the roles of the National Security Division while increasing its focus on emerging national security challenges, including international security stabilisation and capacity-building operations in fragile and failed states; economic, resources and trade security; impacts of climate change and environmental issues; and security. (*Time expired*)

**Mr LINDSAY** (Herbert) (6.49 pm)—Could I ask the parliamentary secretary to answer the questions that I asked him, please?

**Mr BRADBURY** (Lindsay) (6.49 pm)—I would like to ask a question in relation to community cabinets. I think that the thrust of my question is to ensure that the community cabinet process is being adequately resourced. The reason I ask the question is that I have firsthand experience from the tremendous opportunity that a community cabinet does provide for a local community to engage with government at the very highest levels. In terms of the community cabinet meeting that was—

*Mr Pyne interjecting—*

**Mr BRADBURY**—The member for Sturt was part of a government that were so out of touch that I can understand that the notion of a community cabinet is so foreign to them—that is why ultimately they ended up introducing Work Choices. But we are determined to ensure that we are not going to be a government that ends up being as out of touch as the former government. That is why I think the community cabinet process is so important.

The reason I am asking the question is that the community cabinet process, in my experience, has gone a long way towards bridging some of the gaps, some of the divide, between those of us that are elected to represent our communities and those people out there looking for a voice to be actively represented in government. I have seen firsthand how empowering it is for local community members to meet, to sit down one-on-one with the Prime Minister or one-on-one with the Deputy Prime Minister or any other member of the cabinet and to raise an issue they have been trying to make penetrate the bureaucratic networks of government for many years, in some cases. I think it is a process that empowers individuals within their local communities. It also shows great respect to local communities, as the cabinet comes into the community and provides local residents with those opportunities.

The reason I am concerned to ensure that this process continues and continues to be adequately resourced is that I think expectations have been lifted. Certainly that is the case in my community, a community that was not listened to all that much by the previous government. Work Choices would never have been introduced had the former government listened to the concerns of people within my community. So I am concerned to ensure that, with those expectations having been raised, there will be adequate follow-through.

A number of issues were raised directly with ministers, a number of issues were raised directly with the Prime Minister and we have already seen some of the evidence of the follow-through. I know in particular that one local resident, Mr Craig Midgely, raised some concerns in relation to the cost of living and the impact it was having on his family. He has a family—

his wife and he are looking after four young children—and reflects many of the challenges that local people in my community face. Not only was he listened to on that occasion but subsequent discussions with the Treasurer and the Prime Minister led to him having an impact on the drafting of the budget, which I think is a great thing—that his particular circumstances were taken into account, as a symbol or a representative of many other families within my electorate.

I note also that Ms Catherine Murray was at the community cabinet and raised some important concerns in relation to carers. Not all that long after the community cabinet meeting, the Prime Minister made some additional announcements in relation to carers. Those announcements went very much to addressing some of the core concerns that were raised with the community cabinet meeting.

As I indicated a little earlier, my real concern is to ensure not only that we are out there allowing people an opportunity to provide consultation and feedback to the government but that there will be an effective mechanism by which these particular concerns can be responded to. As a result of those responses, I believe we will be going a long way towards giving people a greater stake in this democracy and giving them a greater stake in the operations of government. My question to the parliamentary secretary is: in what way is this particular process being resourced, and is it being resourced adequately?

**The DEPUTY SPEAKER (Hon. BC Scott)**—The member for Mackellar and everyone is mindful of the time, but I just advise the Main Committee that I as the chair have no capacity to stop the debate, notwithstanding what agreements there may be between whips. If you have an agreement about a time limit, you need to exercise your power as whips with your members. I call the member for Mackellar.

**Mrs BRONWYN BISHOP (Mackellar) (6.54 pm)**—To assist the parliamentary secretary with his answer on my initial questions concerning the commandeering of two RAAF refuelling planes, I would refer to the answer he attempted to give before in which he said that they needed two planes so that they could take journalists. I would tell him that the configuration of each plane is a first-class chamber for ministers and then a business class compartment for journalists and then a bedroom for the Prime Minister—and this is duplicated. So your answer was misleading and it tried to imply that I in fact was not caring about the safety of those people, which was quite unwarranted.

I want to go now to page 284 of Budget Paper No. 2, One National Circuit—adjustment for leasing expenses. It says:

The Government will provide \$4.4 million over five years for office lease expenses of the Department of the Prime Minister and Cabinet to ensure compliance with accounting standards.

I would like to know what precisely is the purpose of the lease. Is this an additional \$4.4 million? What is the overall cost of the lease? How many people will be housed in those premises and who is the landlord?

I would also like to ask you about page 117 of Budget Paper No. 2, Tackling climate change—renewable energy target. I notice that the government is abolishing the energy target established within the Department of the Prime Minister and Cabinet and is transferring it to the Climate Change portfolio. We have already seen that the very efficient rebate system the Howard government put in place for solar panels has been chopped because it was successful.

John Howard said that it would be a demand-driven program and anyone could get the subsidy for the solar panels who wanted to do so because the aim was to get as many residences set up with solar panels as possible. Now I see that the responsibility for renewable energy target, which was established by John Howard within Prime Minister and Cabinet, has been shifted out of Prime Minister and Cabinet. Is this another indication that, although the target has been raised and there is a statement that the amount of money would increase to \$15.5 million, you are claiming a saving of over \$12 million by taking it out of Prime Minister and Cabinet? What is the nature of the intent, and why has it been taken out of Prime Minister and Cabinet? The last question that I will ask of you concerns the COAG process and the additional funds that are being made available to COAG. Do you have specific details of how that additional money is meant to translate into, supposedly, ending the blame game?

**Mr BYRNE** (Holt—Parliamentary Secretary to the Prime Minister) (6.57 pm)—With respect to the questions that have been put to me by members opposite, I am mindful of the fact that we had half an hour allocated for this particular questioning. I am also—in terms of the 10 employment standards from the member for Lindsay—mindful of the fact that we have staff from the Department of the Prime Minister and Cabinet and from the Department of Foreign Affairs and Trade as well. They expected to be here for half an hour and in fact one of them has to leave. May I suggest that I take all of the questions on notice, and we will respond to you appropriately.

Proposed expenditure agreed to.

#### **Foreign Affairs and Trade Portfolio**

Proposed expenditure, \$4,524,405,000

**Mr ROBB** (Goldstein) (6.58 pm)—Firstly, I cannot see the minister. I can see the parliamentary secretary but I cannot see the minister. I would have thought that the minister would have the decency to come to this forum.

**Ms Hall**—You never did in your time. You never did when you were in government.

**Mr ROBB**—I fronted as minister.

**Ms Hall**—You never did when you were in government.

**The DEPUTY SPEAKER (Hon. BC Scott)**—Please assist the chamber, given the time constraints, by not interjecting.

**Mr ROBB**—This is an important part of transparency and accountability. Notwithstanding the capacity of the parliamentary secretary, who I have a high regard for, he is not responsible for many of these areas of foreign affairs, and the minister should be here.

The federal opposition was surprised and disappointed by the Rudd government's first budget—disappointed by the budget in general but also disappointed by the foreign affairs component of the budget. I was amazed that, only weeks after the Prime Minister returned from his 17-day world trip telling everyone that Australia will be more engaged, that Australia is back on the world stage and that Australia will be a creative middle-power activist, the Treasurer then in the budget revealed that the government will cut over 300 jobs that carry out exactly this work—sort of a loaves and fishes effect, I think.

According to the Department of Foreign Affairs and Trade portfolio budget statements, the government is cutting 305 jobs from that specific section of the department with primary re-

sponsibility for developing and implementing foreign and trade policies on matters of international security, trade and policy and global cooperation that advance Australia's national interest. I would be very keen for the parliamentary secretary to explain how the government can ramp up activity in a host of areas across the world and do so when they are cutting 305 jobs from that particular area of the department responsible for those activities. These cuts of staff, as part of the—

**Mr McMullan**—Excuse me, Mr Robb, could you just repeat that last bit? There was a bit of noise before that last comment, the last couple of sentences. I missed the point you made there.

**Mr ROBB**—The point I am making is: how can the government deliver on a whole raft of international initiatives—

*Mr McMullan interjecting—*

**Mr ROBB**—I will go through some of the examples that you have given. Those cuts of 305 are part of a total of \$107 million announced in the forward estimates against the departmental budget. It does make a mockery in a way of the raft of tasks already identified by the Prime Minister and the Minister for Foreign Affairs.

I am also concerned that we have cuts to the teams negotiating the free trade agreements. As well, we have funds, not identified, to continue the government's much hyped whaling surveillance. I am also concerned by the Prime Minister's recent practice of outlining international initiatives without any evidence of thoughtful consideration, without any evidence of detailed preparation, without any evidence of considered diplomacy and without any evidence of common regional courtesies. We have, for example, the Asia-Pacific union, which is hasty, is ill conceived and smacks of policy on the run. Even the chosen envoy was approached only two hours before the announcement and, again, with no detail.

Against that background, my questions to the parliamentary secretary representing the minister are as follows: can the parliamentary secretary inform us when the minister became aware of the Asia-Pacific union initiative? Was it discussed in cabinet? Where in the budget would I find the funding and staff numbers set aside for this prime ministerial whim? What funding and staff will be made available to the envoy, Mr Woolcott? Will there be new resources or will the resources come from the already stretched department? The same questions apply to the Prime Minister's nuclear non-proliferation and disarmament commission. Where is the detail? Where is the funding? Where is the staffing? Where do I look in the budget papers for these items? Are these new funds?

When it comes to other initiatives, the same is true. The attempt to pursue a seat at the UN Security Council: what will this cost; where will the money come from? (*Extension of time granted*) Where are the funds to pursue a seat on that council? What analysis has been done on the likelihood of success? What will be involved in securing that success? What diplomatic efforts will be required? What is the potential cost of this bid? What analysis has been done on the cost? Will the government be considering new embassies and missions to boost its chances of success? And how does this correlate with the government's intention to cut 25 overseas diplomatic jobs?

Finally, the government has signalled its intent to pursue Pacific Partnerships for Development. This should be the parliamentary secretary's sweet spot. How many Pacific partnerships



does the government intend to establish? How will the government go about prioritising which country to pursue Pacific partnerships with? What mechanisms will the government put in place to ensure that Pacific partnerships will achieve their objectives? Are there any Pacific nations that the government has ruled out pursuing a Pacific partnership with? What part of the funding allocation in the budget is expected to be absorbed in pursuing the Pacific partnerships initiative?

**Mr McMULLAN** (Fraser—Parliamentary Secretary for International Development Assistance) (7.05 pm)—With regard to the several matters that were raised, the minister and the government are confident that we have the resources and the structure within the Department of Foreign Affairs and Trade to carry out the government's tasks in accordance with the new priorities that we have set down. Of course we have also in parallel talked about a review of the department, because new governments come in and they have new priorities and they need to be reflected in the manner in which departments and agencies are conducted. But at the moment there is no concern within the government that there is not the capacity to undertake the tasks that have been outlined. I will come back to some of these specifics in a moment, but I am advised that the number of staff in the DFAT negotiating teams with regard to the various FTAs is unchanged. That is my understanding of the situation that relates to one of the specific points that the member raised.

With regard to the role of Special Envoy Woolcott, and with regard to the International Commission on Nuclear Non-Proliferation and Disarmament co-chaired by Mr Evans, these are recent announcements and the funding arrangements are still under consideration between PM&C and DFAT. They have not been finalised. As to what went on inside the cabinet, the minister no more expects me to answer that than I expect to answer it. If I had asked him the previous time, he would not have told me the character of the internal discussions between the minister and the Prime Minister or within the cabinet, and I do not intend to do so.

With regard to the Pacific partnerships, we have announced the first two countries with whom we are in negotiations: Papua New Guinea and Samoa. Those negotiations are well advanced and it is our hope that we will have framework agreements in place for signature at the Niue Leaders Forum. We will outline reasonably soon a timetable for subsequent negotiations, and the Port Moresby declaration outlines that broadly. We are looking at establishing such partnerships eventually with all the countries of the Pacific. As to who has been excluded, at the moment we are not in a position to negotiate that sort of partnership with Fiji. In the long term it is our ambition to do so but we are not in a position to negotiate such an agreement with Fiji at the moment. In the budget and in the forward estimates we have got ample resources to fund the partnerships through the development assistance portfolio.

**Mr ROBB** (Goldstein) (7.08 pm)—I will just pursue some of those points that the parliamentary secretary sought to respond to. In particular, one of the critical elements in this budget was the question of people resources. We did know from the announcement in January that some \$57 million would be cut from the department. There were immediate announcements of staff cuts—I think some 19 positions across the world, including the one serving the UN. It was surprising, given the subsequent announcement of the pursuit of a Security Council seat, to remove specific resources from that area.

I draw your attention to table 2.11 of the Foreign Affairs and Trade portfolio document. It goes on in some detail to explain over subsequent pages the activities under outcome 1:

strengthened engagement with United Nations including by building support for Australia's election to the UN Security Council in 2013-14; advance coordination on key regional issues through the trilateral strategic dialogue; build support for Australian inclusion in any regional security mechanisms arising from this six-party talks; develop further strong relations with Japan et cetera; and strengthen relations in South Asia, particularly high-level political engagement. They are all strategic key initiatives designed to give a large measure of effect to being a creative middle-power activist. Yet when you go to the budget papers it says that average staffing of outcome 1, this very important area, is currently 2,338 and the estimate for 2008-09 is 2,033, a reduction of 305 staff. The department is deeply concerned about the 19 key staff they had to remove in January. In the budget papers, 305 staff are anticipated to be removed in this key area of activity.

**Mr McMullan**—No.

**Mr ROBB**—It is true. If you go to other areas it is counterbalanced; overall the numbers have not changed dramatically because of the Shanghai initiatives. There are a large number of people going to promote world expos, I understand, in Shanghai. That is in terms of overall departmental numbers but what about in terms of the critical areas? And what have we heard since then? In all of these areas that are identified in outcome 1 we have heard of these major initiatives to create the European Union in the Asia-Pacific and to set up a commission for nuclear non-proliferation and disarmament. All of these initiatives—to pursue the UN Security Council seat—presumably require very significant resources. I am very keen to know the detail of all of these initiatives, what work is going in, what staff levels are required. There is no answer given to that. I am sorry, Parliamentary Secretary, but the answer is totally inadequate in that sense. The government need to advise—the opposition needs to know on behalf of the community—how in fact all of these things can be delivered when you are cutting 305 staff out of outcome 1, and when there is no detail as yet on a whole raft of critical initiatives.

**Mr McMULLAN** (Fraser—Parliamentary Secretary for International Development Assistance) (7.13 pm)—I will clarify a number of things that I have been able to confirm. The claim that has been repeated today that 300 staff have been cut from key areas of DFAT is not right. As I am reminded, there is a footnote to the table that the member for Goldstein is referring to which states clearly that the 2008-09 average staffing level figures are based on a different methodology for the allocation of resources across outcomes. So staff numbers have shifted between outcomes because of the changed methodology and measurement, but that is not a reflection of change in jobs; it is just a change in presentation. There is a different table in the budget papers—at the back of Budget Paper No. 1—that talks about staffing level outcomes and that indicates that there will be a net increase in the department staff of 17 in 2008-09. There is also an increase in AusAID, but that is separate. This increase reflects the combination of the previously announced staffing reductions to which the member refers, and I will make a comment about that in a moment, and increases in the staff within the department. It comes to a net plus of 17.

My understanding was and my advice now is that no staff have been withdrawn from the UN mission in New York or other multilateral posts. On the United Nations Security Council candidacy, the government are committed to running a serious campaign for a seat. Much of what we need to do in this initial stage can be done from within existing resources, but in future we will allocate some resources to run a campaign. We regard it as a very genuine at-

tempt. It is a high-priority activity for the government and we are looking for and hoping to receive bipartisan support for it. But in this early stage of the campaign what we need to do can be done from within existing resources.

**Mr ROBB** (Goldstein) (7.15 pm)—I would like to pursue this a little further. I do see the footnote and I understand footnotes. I understand tables. As I read it then and as I read it now—and nothing that the Parliamentary Secretary for International Development Assistance has said changes my view on this—the 2007-08 staff numbers, as per this table and as per the footnote, reflect the changes that have been made in the tasks that refer to outcome 1. I accept that some tasks could have been taken out and some others put in. But my assumption—and I still do not see why this assumption is not true because nothing the parliamentary secretary has said has helped to clarify this—is that the 2007-08 staff numbers would have been adjusted so that there was consistency with 2008-09. In other words, when you go to the subsequent pages which spell out the activities under outcome 1, I assume that the 2007-08 activities have been adjusted in staff numbers to reflect some consistency. So, in other words, it is a nonsense. Why have the table if 2007-08 bears no resemblance if half the jobs are being taken out and another half put in? There must be an adjustment, otherwise there is no transparency and there is no accountability; it is a mockery. And I cannot believe the department would put forward two lines of numbers that cannot be compared. If I am right, that the activities in the subsequent pages are a constant for 2007-08 and 2008-09 and staff numbers have been adjusted accordingly, then could I again have an explanation for the difference in the 305?

I would like to raise some other questions while I have the opportunity. I know the difficulty you might have, but there are still a lot of people scratching their heads that the Prime Minister could have announced an initiative of such great consequence potentially for the region as the proposal for a European Union style structure for the Asia-Pacific. This would cover half the world's population. And this is not something off into the never-never; this is to be achieved within 12 years. I cannot believe that this could have been put out into the public arena and no work had been done on it. So, firstly, I would like to know how much work has been done and what it has cost. Secondly, what work is proposed to be done to carry this initiative of enormous consequence potentially for the region? I would like to know if DFAT was consulted before the proposal was unveiled. I would like to know where the office of the envoy will be. What is his program? What staff numbers will support the envoy? What is his time frame and will he seek to move through different stages of this proposal?

On a similar issue, with regard to the commission for nuclear disarmament, what is the nature of Gareth Evans's role as chair? Is it a paid position? What is the payment of this? Who else will be on the commission? What is the financial commitment that will sit behind this commission? What are the staff numbers and where will they be based? Is there an international presence expected? Will Australia fund a lot of the activities of other participating countries? Will other countries participate? What are the goals of the nuclear commission? Will it start from the view that the United States and others have to give up nuclear weapons? That is a very important proposition. Is that what is being proposed? Did DFAT provide advice on the establishment of the nuclear commission?

**Mr McMULLAN** (Fraser—Parliamentary Secretary for International Development Assistance) (7.20 pm)—I am not sure I can answer all of those in the time available. I will start, but the member might need to come back and remind me of a couple and I will also try to respond

to those. There is a complicated answer to the question about the staffing tables. It is important—and everybody but the member for Goldstein and I will die of boredom with this discussion—and he has raised a point which needs to be pursued in some detail. We have a situation where the 2007-08 and the 2008-09 ASL tables cannot be reconciled because the methodologies are so different. Going forward every year, they will be capable of being reconciled because the new methodology will remain, so you will be able to make that assessment. Until 2008-09 there was an estimate based on what is called the activity based costing model, which was developed back in 1999, that attributed ASL to outcomes apportioned in the same manner as budget allocations. This was developed to enable the department to implement what was then a new financial framework and what operates as the outcome-output reporting model in the budget papers.

The model determined at that time that the department's resources should be allocated to outcomes 1, 2 and 3 according to a 70:20:10 ratio. In subsequent years, PBS reporting annual adjustments to ASL were made to take account of any additional funding or resources received externally or through internal departmental adjustments. The effect has been that over time the picture that is painted is somewhat distorted and ASL, as reported in the PBS, progressively represented a less accurate picture. As a result, the department instituted a new allocation methodology for ASL for the 2008-09 PBS and, as we have discussed, this is noted in the footnote to each of the four outcomes and resourcing tables. The bottom line is that comparisons between 2007-08 ASL and 2008-09 ASL are not valid because the methodologies are so different. The intention is that this will be an accurate attribution and a solid basis for comparison in the years going forward, but this is an initiative that has not just been taken in the last short while. In 2007 there was an internal survey of the output of all Canberra work units which assessed the proportion of ASL allocated to each outcome in each division, and the proportion per division was total to that service as the basis for ASL by outcome. So it is an initiative that goes back to 2007.

We do think it is a more up-to-date estimate. It uses the current data and for Canberra staff is calculated per division rather than over the entire department. Similar things were done with regard to posts; locally engaged staff were surveyed separately. There was an arduous and expensive exercise to set up the 1999-2000 model. It has been consistent, but, after 10 years, it just was not painting an accurate picture. I understand the frustration of the member for Goldstein; I would similarly have found it frustrating in his position in the past. He will understand that I have not actually been inside the department examining this methodology, but I am reliably advised that we cannot make that comparison this year. There is not a way that we can reconcile the two tables; the methodology is too different. I did ask if there was some way I could provide a reconciliation, but it is not possible, so I have to make that point to the member for Goldstein.

The arrangements with regard to the special envoy and with regard to Mr Evans have not been finalised. They will be, and we will make them public at that time. They are matters under discussion between PM&C and DFAT. When they are finalised, we will make them public.

**Mr ROBB** (Goldstein) (7.25 pm)—Perhaps the appropriate response to that explanation is, 'Yes, Minister.' In all seriousness, I think it is totally unacceptable to publish a table which purports to provide a comparison of staff positions for this year and next year which you have

now informed the House is meaningless. It is; it is meaningless. You cannot draw any comparison. I cannot believe that this could be presented in a budget document. What confidence do we have in any of the rest of it? The whole thing is useless, meaningless. I am wasting my time here tonight.

I have come along to find out some facts only to find that there are some very serious initiatives that have been put on the table in the last three weeks that are of great consequence to Australia and the region—initiatives that have potentially enormous costs if they are to be done properly and if we are to ensure that we are not turned into a laughing stock as a country because of the inadequacy of the preparation, the diplomacy that has to be carried out and all the rest of it—and we do not even know what has happened with staff numbers across the department. I cannot trust any of this document now if I want know the resources that are devoted to the diplomatic effort over the next three or four years. It is just unacceptable—totally unacceptable. I am wasting my time.

**Mr McMULLAN** (Fraser—Parliamentary Secretary for International Development Assistance) (7.27 pm)—That is very hard to respond to. I am actually sympathetic to the member's frustration, but it is a change that was initiated before this government came to office. That is not a criticism of the previous government; I think they were probably right in initiating that change, but the transition is difficult. If I were in his position, I would be frustrated as well. But, on the broader question of the Prime Minister's diplomatic initiatives and the public and international response to them, of course there is a lot of water to flow under the bridge. These are all initiatives that will take some time to come to fruition—that is, other than the partnerships, which are proceeding quickly. They have a shorter timetable. They will not be concluded quickly, but some of them are underway now and we will be a long way towards concluding the first two by August.

So far, in my experience in representing Australia by meeting people both here and overseas, the initiatives have been well received. They have been seen as positive. It is up to us, of course, to be good enough to process them, whether they are the initiatives with regard to Mr Woolcott's special envoy proposal, Mr Evans's role with respect to nuclear disarmament or our Security Council bid. All of those so far have been well received and are proceeding—at this very, very early stage of all of them—well. But there will be judgements to be made over the years as they unfold and as resources are applied. At the very least, I can assure the member that the basis for judgement with regard to methodology, ASL and various things will be capable of being assessed in future years because the transition has been made. Of course, as I said, there are other tables in the budget papers that do compare like with like with regard to agency ASL. They do show the numbers that I indicated before with regard to the department proper and the various agencies of the department.

Proposed expenditure agreed to.

Remainder of bill—by leave—taken as a whole, and agreed to.

Ordered that the bill be reported to the House without amendment.

### **APPROPRIATION BILL (No. 2) 2008-2009**

#### **Second Reading**

Debate resumed from 13 May, on motion by **Mr Tanner**:

That this bill be now read a second time.

Question agreed to.

Bill read a second time.

Ordered that the bill be reported to the House without amendment.

**APPROPRIATION (PARLIAMENTARY DEPARTMENTS) BILL (No. 1) 2008-2009**

**Second Reading**

Debate resumed from 13 May, on motion by **Mr Tanner**:

That this bill be now read a second time.

Question agreed to.

Bill read a second time.

Ordered that the bill be reported to the House without amendment.

**APPROPRIATION BILL (No. 5) 2007-2008**

**Second Reading**

Debate resumed from 13 May, on motion by **Mr Tanner**:

That this bill be now read a second time.

Question agreed to.

Bill read a second time.

Ordered that the bill be reported to the House without amendment.

**APPROPRIATION BILL (No. 6) 2007-2008**

**Second Reading**

Debate resumed from 13 May, on motion by **Mr Tanner**:

That this bill be now read a second time.

Question agreed to.

Bill read a second time.

Ordered that the bill be reported to the House without amendment.

**Main Committee adjourned at 7.33 pm**