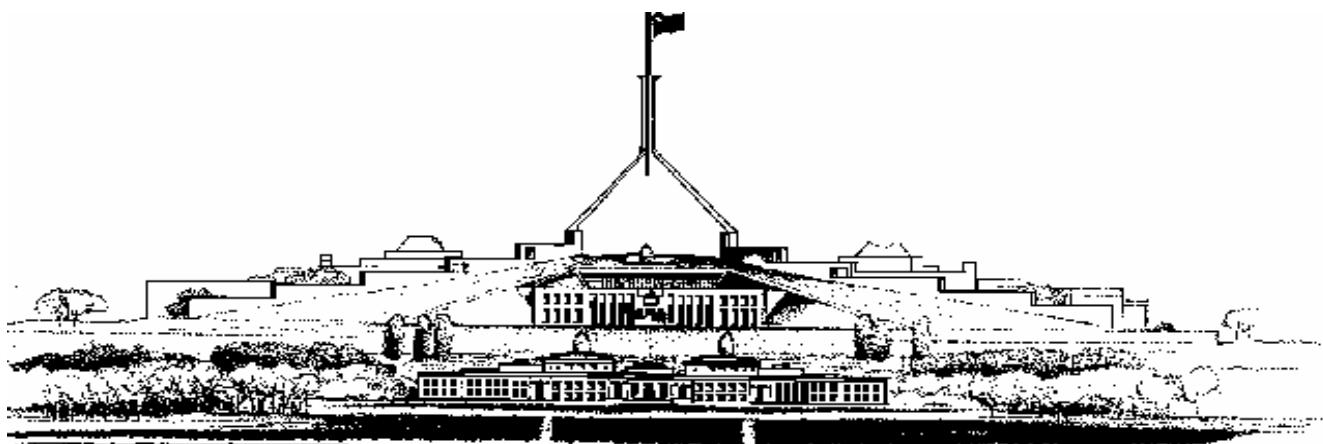




COMMONWEALTH OF AUSTRALIA

**PARLIAMENTARY DEBATES**



# House of Representatives

## Official Hansard

No. 17, 2008

Tuesday, 25 November 2008

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

**Governor-General**

Her Excellency Ms Quentin Bryce, Companion of the Order of Australia

**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, Mr Peter Sid Sidebottom MP, Hon. Peter Neil Slipper 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. Malcolm Bligh Turnbull 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

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### 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
Briggs, Jamie Edward	Mayo SA	LP
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
Chester, Darren	Gippsland, Vic.	Nats
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
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

### Members of the House of Representatives

Members	Division	Party
Georganas, Steven	Hindmarsh, SA	ALP
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

### Members of the House of Representatives

Members	Division	Party
Neumann, Shayne Kenneth	Blair, Qld	ALP
Neville, Paul Christopher	Hinkler, Qld	Nats
Oakeshott, Robert James Murray	Lyne, NSW	Ind
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
Vale, Hon. Danna Sue	Hughes, NSW	LP
Vamvakinou, Maria	Calwell, Vic	ALP



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

<b>Members</b>	<b>Division</b>	<b>Party</b>
Washer, Malcolm James	Moore, WA	LP
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 Finance and Deregulation	Hon. Lindsay Tanner MP
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 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	The Hon Malcolm Turnbull MP
Shadow Treasurer and Deputy Leader of the Opposition	The Hon Julie Bishop MP
Shadow Minister for Trade, Transport, Regional Development and Local Government and Leader of The Nationals	The Hon Warren Truss MP
Shadow Minister for Broadband, Communications and the Digital Economy and Leader of the Opposition in the Senate	Senator the Hon Nick Minchin
Shadow Minister for Innovation, Industry, Science and Research and Deputy Leader of the Opposition in the Senate	Senator the Hon Eric Abetz
Shadow Minister for Infrastructure and COAG and Shadow Minister Assisting the Leader on Emissions Trading Design	The Hon Andrew Robb AO, MP
Shadow Minister for Foreign Affairs and Manager of Opposition Business in the Senate	Senator the Hon Helen Coonan
Shadow Minister for Finance, Competition Policy and Deregulation and Manager of Opposition Business in the House	The Hon Joe Hockey MP
Shadow Minister for Energy and Resources	The Hon Ian Macfarlane MP
Shadow Minister for Families, Housing, Community Services and Indigenous Affairs	The Hon Tony Abbott MP
Shadow Special Minister of State and Shadow Cabinet Secretary	Senator the Hon Michael Ronaldson
Shadow Minister for Human Services and Deputy Leader of The Nationals	Senator the Hon Nigel Scullion
Shadow Minister for Climate Change, Environment and Water	The Hon Greg Hunt MP
Shadow Minister for Health and Ageing	The Hon Peter Dutton MP
Shadow Minister for Defence	Senator the Hon David Johnston
Shadow Minister for Education, Apprenticeships and Training	The Hon Christopher Pyne MP
Shadow Attorney-General	Senator the Hon George Brandis SC
Shadow Minister for Agriculture, Fisheries and Forestry	The Hon John Cobb MP
Shadow Minister for Employment and Workplace Relations	Mr Michael Keenan MP
Shadow Minister for Immigration and Citizenship	The Hon Dr Sharman Stone
Shadow Minister for Small Business, Independent Contractors, Tourism and the Arts	Mr Steven Ciobo

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

### **SHADOW MINISTRY—*continued***

Shadow Minister for Financial Services, Superannuation and Corporate Law	The Hon Chris Pearce MP
Shadow Assistant Treasurer	The Hon Tony Smith MP
Shadow Minister for Sustainable Development and Cities	The Hon Bruce Billson MP
Shadow Minister for Competition Policy and Consumer Affairs and Deputy Manager of Opposition Business in the House	Mr Luke Hartsuyker MP
Shadow Minister for Housing and Local Government	Mr Scott Morrison
Shadow Minister for Ageing	Mrs Margaret May MP
Shadow Minister for Defence Science and Personnel and Assisting Shadow Minister for Defence	The Hon Bob Baldwin MP
Shadow Minister for Veterans' Affairs	Mrs Louise Markus MP
Shadow Minister for Early Childhood Education, Childcare, Status of Women and Youth	Mrs Sophie Mirabella MP
Shadow Minister for Justice and Customs	The Hon Sussan Ley MP
Shadow Minister for Employment Participation, Training and Sport	Dr Andrew Southcott MP
Shadow Parliamentary Secretary for Northern Australia	Senator the Hon Ian Macdonald
Shadow Parliamentary Secretary for Roads and Transport	Mr Don Randall MP
Shadow Parliamentary Secretary for Regional Development	Mr John Forrest MP
Shadow Parliamentary Secretary for International Development Assistance and Shadow Parliamentary Secretary for Indigenous Affairs	Senator Marise Payne
Shadow Parliamentary Secretary for Energy and Resources	Mr Barry Haase MP
Shadow Parliamentary Secretary for Disabilities, Carers and the Voluntary Sector	Senator Cory Bernardi
Shadow Parliamentary Secretary for Water Resources and Conservation	Senator Fiona Nash
Shadow Parliamentary Secretary for Health Administration	Senator Mathias Cormann
Shadow Parliamentary Secretary for Defence	The Hon Peter Lindsay MP
Shadow Parliamentary Secretary for Education	Senator the Hon Brett Mason
Shadow Parliamentary Secretary for Justice and Public Security	Mr Jason Wood MP
Shadow Parliamentary Secretary for Agriculture, Fisheries and Forestry	Senator the Hon Richard Colbeck
Shadow Parliamentary Secretary for Immigration and Citizenship and Shadow Parliamentary Secretary Assisting the Leader in the Senate	Senator Concetta Fierravanti-Wells

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*Tuesday, 25 November 2008*

**The SPEAKER (Mr Harry Jenkins)** took the chair at 1.20 pm and read prayers.

### **FAIR WORK BILL 2008**

#### **First Reading**

Bill and explanatory memorandum presented by **Ms Gillard**.

Bill read a first time.

#### **Second Reading**

**Ms GILLARD** (Lalor—Acting Prime Minister) (1.21 pm)—I move:

That this bill be now read a second time.

I rise today one year on from the election of the Rudd Labor government to deliver on a promise Labor made to the Australian people. Today we deliver the creation of a new workplace relations system, one that allows Australia to grasp the promise of the future without forgetting the values that made us who and what we are.

Over a century ago at Federation, Australians decided that we would be different to other nations—democratic, yes, with parliamentary institutions, judicial independence and individual rights similar to those of the other great democracies like the United Kingdom and the United States of America, but without their wide social inequalities.

And our Australian version of fairness began with industrial relations:

- with the concept of the living wage, determined first in the Harvester judgement;
- with the idea that people's democratic rights don't cease when they step onto the factory, shop or office floor;
- with the recognition of the need for time for family, relaxation and community; and

- with an end to divisive industrial conflict.

Before the November 2007 election, this set of values—which instil the essence of the Australian genius for fairness and enterprise—was attacked by the values contained in Work Choices.

The philosophy that underpinned Work Choices said, essentially: make your own way in the world without the comfort of mateship, without the protections afforded by a compassionate society, against odds deliberately stacked against you—no safety net; no rights at work; no cooperation in the workplace to take the nation forward.

More than anything else, the 2007 election was a contest between these two visions of what Australia should be. And in November 2007 the Australian people settled the matter once and for all. They chose to be true to the Australian ideal of a fair go. Their decision cost a Prime Minister not only his government but his seat in the House.

They chose to reject Work Choices and all it stood for, and to put in its place the promises Labor made in its policy statement Forward with Fairness. They gave the Rudd government the strongest possible popular mandate for the introduction of this bill.

One year on from our election, the Rudd government now delivers in full on these promises.

The bill being introduced today is based on the enduring principle of fairness while meeting the needs of the modern age. It balances the interests of employers and employees and balances the granting of rights with the imposition of responsibilities. The bill delivers:

- a fair and comprehensive safety net of minimum employment conditions that cannot be stripped away;

- a system that has at its heart bargaining in good faith at the enterprise level, as this is essential to maximise workplace cooperation, improve productivity and create rising national prosperity;
- protections from unfair dismissal for all employees;
- protection and hope for a better future for the low paid;
- a balance between work and family life; and
- the right to be represented in the workplace.

These rights are guaranteed by the legislation and overseen by a new industrial umpire, Fair Work Australia, that will operate with independence and balance.

Reflecting the government's commitment to cooperative workplace relations, this bill is the product of an unprecedented degree of consultation with employer and employee representatives and state and territory governments.

One century on from Federation, and one year on from the election of the Rudd Labor government, this bill takes the Australian value of the fair go and builds around it a new workplace relations system ready to meet the needs of this nation in the 21st century.

It is a good bill for employees, for employers, for families and for the economy.

Only Labor could have introduced this bill because only Labor believes that the ideal of fairness should lie at the centre of our national life.

This bill is shorter and simpler than Work Choices. It is easier to read and apply and it is set out in six easy-to-follow parts.

#### **OBJECTS OF THE BILL**

The principal object of the bill recognises the government's intention to provide a bal-

anced framework for cooperative and productive workplace relations that promotes national economic prosperity and social inclusion for all Australians.

This bill guarantees a safety net of fair, relevant and enforceable minimum terms and conditions for Australian workers that can no longer be undermined by the making of statutory individual employment agreements of any kind, given such agreements can never be part of a fair workplace relations system.

The bill aims to achieve productivity and fairness through enterprise-level collective bargaining underpinned by the guaranteed safety net, simple good faith bargaining obligations and clear rules governing industrial action.

This bill seeks to assist employees to balance their work and family responsibilities by providing for flexible arrangements.

This bill ensures freedom of association and recognises that employees have the right to be represented at work by a union. The bill contains protections against discrimination.

#### **TERMS AND CONDITIONS OF EMPLOYMENT**

##### **The safety net**

The bill provides for a comprehensive safety net of minimum wages and employment conditions that cannot be stripped away. The safety net is in two parts.

The National Employment Standards comprise the 10 legislated employment conditions governing essential conditions such as weekly hours of work, leave, public holidays, notice and redundancy pay and the right to request flexible working arrangements.

Modern awards are currently being developed by the Australian Industrial Relations Commission.

Modern awards will build on the National Employment Standards and will cover a further 10 subject areas, including: minimum wages, arrangements for when work is performed, overtime and penalty rates, allowances, leave and leave loadings, superannuation and procedures for consultation, dispute resolution and the representation of employees.

#### **Individual flexibility arrangements**

The bill provides that each modern award must include a flexibility term to enable employers and employees to negotiate an individual flexibility arrangement to meet their needs that may vary the application of specified award terms. The bill provides strict protections to ensure that any such individual agreement is entirely voluntary and that an employee cannot be disadvantaged.

#### **Modern awards and employees on high incomes**

The government recognises that awards have less relevance to employees earning high incomes. Under the bill, an employer and an employee who is guaranteed to earn more than \$100,000, indexed, may enter a written guarantee that results in a modern award not applying. The bill includes a number of important protections to ensure employees enter such an arrangement voluntarily.

#### **Reviewing modern awards**

The bill requires Fair Work Australia to undertake four-yearly reviews of modern awards to ensure that they maintain a relevant and fair minimum safety net and continue to be relevant to the needs and expectations of the community.

The bill allows adjustments to modern awards between the four-yearly reviews in limited circumstances, such as to deal with changes in the work value of classifications

or to deal with pressing new circumstances affecting a particular award.

#### **Minimum wages**

The bill provides for minimum wages in modern awards to be reviewed every year by a specialist minimum wages panel within Fair Work Australia. The minimum wages in modern awards will override any lower rates in an enterprise agreement made under the bill.

The bill also requires Fair Work Australia to make a national minimum wage order to provide minimum wages for all award-free employees.

#### **Special provisions for outworkers**

The government is aware that outworkers are an acutely at-risk sector of the Australian workforce and require special protections, so the bill ensures that awards may include special provisions dealing with outworkers. I also flag the government's intention to carefully examine the provisions of the bill concerning right of entry to investigate breaches of entitlements to ensure the bill provides an effective compliance regime for at-risk workers in the textile, clothing and footwear industry. The government will seek necessary refinements to the bill concerning this matter through the Senate processes.

#### **Equal remuneration**

The bill strengthens the equal remuneration provisions to include the principle of equal remuneration for work of comparable value.

#### **Transfer of business**

The bill provides for a simpler and fairer scheme to deal with the transfer of employment rights and obligations if there is a 'transfer of business' and a new employer takes on employees of the old employer.

**ENTERPRISE AGREEMENTS**

The bill provides a new framework for enterprise bargaining which does not use any concept of union or non-union agreements. Instead, an agreement is made when approved by a valid majority of the employees to whom it will apply. A union that acted as a bargaining representative during the negotiations may apply to be covered by the agreement.

This new framework is premised on good faith bargaining and recognises that most workplaces already bargain in good faith without any intervention. However, where this does not happen, the bill empowers Fair Work Australia to make orders to ensure compliance with the good faith bargaining requirements.

**Bargaining for single interest employers**

The principle category of bargaining is for single interest employers at the level of the enterprise. Single interest employers include joint ventures, common enterprises, related bodies corporate and employers specified in a single interest employer authorisation or declaration. A single interest employer authorisation or declaration can be made to bring certain very limited types of employers with a strong commonality of interest (such as franchisees of the same franchisor, or employers who receive substantial public funding) into this stream, but only where those employers seek to be allowed to bargain together.

In the single interest bargaining stream, employees have the right to take protected industrial action. Employees may only take protected industrial action where they are genuinely trying to make agreements at the enterprise level. Pattern bargaining is not permitted.

Fair Work Australia is empowered to make certain kinds of orders as part of its oversight of the bargaining process.

**Majority support orders**

Firstly, the bill provides that where an employer refuses to bargain with its employees an employee bargaining representative can ask Fair Work Australia to determine if there is majority employee support for negotiating an enterprise agreement. If so, the employer will be required to bargain collectively with its employees in good faith.

**Scope orders**

Secondly, the bill provides that Fair Work Australia may make a scope order if it is satisfied that bargaining for a proposed enterprise agreement is not proceeding efficiently or fairly because the group of employees to whom a proposed agreement will apply has not been fairly chosen.

**Good faith bargaining orders**

Thirdly, the bill sets out good faith bargaining requirements that a bargaining representative for a proposed enterprise agreement must meet, including: attending, and participating in, meetings at reasonable times; disclosing relevant information; responding to proposals; giving genuine consideration to the proposals of others and giving reasons for responses to those proposals; and refraining from capricious or unfair conduct that undermines freedom of association or collective bargaining.

The bill specifies that the good faith bargaining requirements do not require a bargaining representative to make concessions during bargaining or to reach agreement on the terms that are to be included in the agreement. Parties are entitled to take a tough stance in negotiations.

In the very unusual case where a negotiating party completely ignores good faith bargaining orders, the other party may apply to Fair Work Australia to intervene and to make a workplace determination. This will ensure

there is no advantage to be gained by flouting the law.

### **Multi-employer bargaining**

The bill provides that where employees and employers genuinely wish to bargain on a multi-employer basis they will be free to do so. Protected industrial action and good faith bargaining orders are not available in these circumstances.

The bill provides it is unlawful to coerce an employer to make a multi-employer agreement or to discriminate against the employer if they do not make a multi-employer agreement or they have not made such an agreement.

### **Bargaining for the low paid**

The bill provides a new scheme of bargaining for low-paid employees. There is significant evidence that enterprise bargaining benefits employees, employers and the economy and we want more Australians to benefit from it. Currently, many employees in industries like child care, community work, security and cleaning struggle to bargain effectively with their employers. To facilitate the entry of these types of employees and their employers into enterprise bargaining, the bill provides for a special low-paid bargaining stream.

Protected industrial action is not available, but Fair Work Australia will have the obligation to facilitate the making of agreements and will play a hands-on role to get the parties bargaining. For example, Fair Work Australia may convene and chair conferences, help to identify productivity improvements to underpin an agreement and generally guide the parties through the negotiating process.

The bill provides for the possibility of a workplace determination in the low-paid stream in two circumstances: by agreement or if there is no reasonable prospect of an

agreement being made. In the latter case, access to a workplace determination is subject to strict criteria, including that there is no enterprise agreement in place and that the employment conditions of the employees are substantially those set out in the safety net. When making a determination, Fair Work Australia must consider how productivity in the business may be improved and the need to maintain the competitiveness of the employer.

### **Representation in bargaining**

The bill provides that employees are entitled to have their union represent them in bargaining or can appoint another person, such as a colleague. Employers may also appoint a bargaining representative.

The bill also requires employers be required to give written notice to all employees of their right to be represented in the bargaining when the employer initiates bargaining or if a majority support determination, low-paid authorisation or a scope order is made.

### **Agreement content**

The bill provides that all matters pertaining to the relationship between the employer and its employees, as well as to the relationship between the employer and a union representing those employees will be able to be the subject of bargaining.

Agreements can also deal with the deduction of wages for any purpose authorised by the employee and contain terms dealing with how the agreement will operate. This means salary sacrifice and payroll deduction arrangements and terms setting out how the parties agree to conduct negotiations for a replacement agreement can now be included in agreements.

The bill provides that only terms that are about the relationship between the employer and the employee will be able to be the subject of protected industrial action. For exam-

ple, employees will not be permitted to take protected industrial action in pursuit of a claim that the employer should make a donation to a charity or should start to manufacture a particular product.

#### **Required agreement content**

The bill provides that, in order to be approved by Fair Work Australia, an enterprise agreement must contain:

- a flexibility term that allows individual flexibility arrangements, subject to specified protections;
- a dispute settlement process that must involve either Fair Work Australia or another person or body independent of the parties and that provides for the representation of employees in the process; and
- a term providing for consultation with employees about major workplace changes and that provides for the representation of employees in that process.

#### **Approval of agreements**

The bill provides that Fair Work Australia must not approve an agreement that includes terms that are inconsistent with unfair dismissal, right of entry, National Employment Standards and the general protection provisions of the act. Fair Work Australia must also be satisfied that:

- the employer and a valid majority of the employees to whom the agreement will apply genuinely agree to the agreement; and
- each employee would be better off overall under the agreement in comparison to the relevant modern award.

#### **Workplace determinations**

There are times when, despite their best efforts, parties cannot reach agreement. To assist the parties, the bill enables Fair Work

Australia to exercise broad conciliation powers at the request of one of the parties.

Provided the parties have bargained in good faith, the bill provides that they will be able to walk away without having a settlement imposed on them.

Where the parties agree, the bill provides that Fair Work Australia may also make a binding determination on matters in dispute.

In those limited circumstances where protected industrial action is occurring in a bargaining context that has a particularly negative or dangerous impact, the bill provides scope for Fair Work Australia to resolve the dispute by making a workplace determination.

Firstly, the bill incorporates the longstanding capacity for a workplace determination to be made where industrial action is threatening (or would threaten) to endanger the life, personal safety or health or welfare of the population or part of it or to cause significant damage to the economy.

Secondly, a new ground in the bill for the making of a workplace determination is where protracted industrial action is causing significant economic harm to the bargaining participants, or such harm is imminent. This provision is intended to apply only to the very small number of disputes where industrial action continues for an extended period, where the employees and the employer suffer greatly and yet the parties are so entrenched in their positions that there is no prospect of a breakthrough in negotiations.

### **RIGHTS AND RESPONSIBILITIES**

#### **General protections**

The bill incorporates the current provisions relating to freedom of association, unlawful termination and other miscellaneous protections into a streamlined and easy-to-follow part titled 'General protections'. In doing so, the bill provides more comprehen-

sive protections for workers in some situations.

The bill's general protections ensure that employees remain free to choose to be represented by a union, provide more comprehensive protections for those participating in collective activities such as representing other employees or bargaining. The bill provides sanctions where a person takes adverse action because someone exercises one of these rights.

The bill will protect employees who are subject to adverse treatment because they have or seek to exercise a 'workplace right' such as being entitled to the benefit of an award or agreement or making a complaint or inquiry.

Employees with carer's responsibilities will also now be protected from discriminatory treatment.

#### **Unfair dismissal**

Under Work Choices, employees in businesses with up to 100 workers could be dismissed for any reason without rights to challenge the dismissal. This resulted in clear injustices and real feelings of insecurity for workers who realised they could be dismissed at any time for no reason.

The bill provides a new scheme of unfair dismissal protections to ensure good employees are protected from being dismissed unfairly, while enabling employers to manage underperforming employees with fairness and with confidence.

Employees of a small business will not be able to claim for unfair dismissal until after they have served a qualifying period of 12 months, while for larger businesses, the qualifying period is six months.

'Operational reasons' will no longer be a defence to a claim of unfair dismissal. However, a dismissal is not unfair if it is for reasons of genuine redundancy.

The bill recognises that small businesses do not have the human resources support that larger businesses enjoy. The bill provides for the publication of a simple Small Business Fair Dismissal Code which, if followed, will ensure a dismissal is not found to be unfair. The code requires the giving of a warning, based on a reason that validly relates to the employee's performance or capacity to do the job, and a reasonable opportunity for the employee to improve his or her performance. The code makes it clear the employer has the right to dismiss, without notice, an employee for serious misconduct.

The process for Fair Work Australia dealing with unfair dismissal applications will be streamlined and simplified.

#### **Industrial action, secret ballots and strike pay**

The bill provides clear rules to govern industrial action. The bill distinguishes between protected industrial action which may legitimately occur during bargaining and unprotected industrial action taken outside of bargaining.

The bill requires employees to approve industrial action through a secret ballot, while streamlining the ballot processes.

When protected industrial action occurs, employers must deduct pay for the actual period of time the employee stopped work. If partial work bans are implemented, employers will be able to issue a notice and deduct a proportion of pay, with any disputes resolved by Fair Work Australia. The bill provides that pre-emptive lockouts taken by the employer when the employees have not taken any industrial action will no longer be protected.

For unprotected industrial action, such as industrial action during the life of an agreement, the bill provides that employees will face a mandatory minimum deduction of four hours' pay.

**Right of entry**

The bill provides a fair and proper balance between the rights of employees and their union to meet in the workplace and the rights of employers to run their businesses without interference.

The bill provides a right for members of a union that is eligible to represent their industrial interests (and potential members of that union) to meet with their union at the workplace during non-working hours for the purpose of holding discussions. No employee can be discriminated against for participating, or declining to participate, in such discussions.

The bill provides that the right to enter premises to hold discussions comes with strict obligations, including the holding of a valid right of entry permit, the giving of 24 hours notice to enter and requirements for conduct while on site.

Unions will continue to be able to investigate alleged breaches of workplace obligations that affect a member or members of the union. This right is subject to strict requirements. Unions will be able to look at and copy employment records of all employees but only where those records are relevant to the suspected breach being investigated.

The bill includes new protections against misuse of information obtained by the union investigating suspected breaches.

**COMPLIANCE AND ENFORCEMENT**

The bill establishes an integrated framework to oversee the new workplace relations system.

**Fair Work Australia**

The bill establishes Fair Work Australia to act as a one-stop shop for information, advice and assistance on workplace issues, by merging the functions currently performed across seven government agencies.

Fair Work Australia will be independent and will be focused on providing fast and effective assistance for employers and employees.

**Fair Work Divisions of the courts**

Fair Work Divisions will be created in the Federal Court and the Federal Magistrate's Court to hear matters which arise under the new workplace relations laws.

The courts will have new and more effective powers to deal with any breaches of the act and entitlements, including the power to make 'any order they consider appropriate' to remedy a breach as well as injunctions to restrain breaches.

A new user-friendly small claims jurisdiction will be provided where the court will not be bound by the rules of evidence and may act in an informal manner.

**Fair Work Ombudsman**

The bill establishes the Office of the Fair Work Ombudsman, with functions including promoting harmonious and cooperative workplace relations and compliance by providing education, assistance and advice.

**TRANSITION TO THE NEW SYSTEM**

It is intended that the bill will commence on 1 July 2009. However, consistent with election policy commitments, the National Employment Standards and modern awards will commence on 1 January 2010.

Separate legislation, the transitional bill, will be introduced in the first half of 2009 to set out transitional and consequential changes to ensure a smooth, simple and fair transition to the new scheme, while providing for certainty.

The transitional bill will:

- ensure that an employee's take home pay is not reduced as a result of the employee's transition onto a modern award by allowing for Fair Work Australia to



make orders to deal with any such matter;

- provide that existing agreements will continue to apply until terminated or replaced by a new agreement made under the new bargaining framework;
- ensure a fair safety net with the National Employment Standards and minimum wages applying to all employees from 1 January 2010, including those covered by existing agreements; and
- allow parties to 'modernise' enterprise awards so that they can continue to operate in the new system and treat Notional Agreements Preserving State Awards (NAPSAs) derived from state enterprise awards in the same way.

#### **NATIONAL SYSTEM FOR THE PRIVATE SECTOR**

The bill will apply to 'national system' employers and their employees, relying principally on the corporations power of the Constitution.

The government is working with the states and territories to achieve a national workplace relations system for the private sector.

The bill will exclude state and territory industrial laws but not in areas such as discrimination, workers compensation and occupational health and safety.

#### **CONCLUSION**

This bill ensures balance and fairness in Australian workplaces.

Work Choices made the mistake of swinging the workplace relations pendulum to the extreme, destroying the employment safety net and stripping away basic industrial rights for employees.

With the introduction today of the Fair Work Bill, Work Choices is tantalisingly close to being gone forever, along with the careers of those who tried to foist it, without

a mandate and without transparency, on an unwilling Australian people.

The world is a lot different to the one in which Australia devised the original conciliation and arbitration system more than 100 years ago. Economic reform, globalisation, new technologies and rising levels of education have rendered the old ways obsolete.

But in this new world, Australians voted for a workplace relations system that delivers a fair go, the benefits of mateship at work, a decent safety net and a fair way of striking a bargain.

That is what this bill does. I commend the bill to the House.

Debate (on motion by **Dr Southcott**) adjourned.

#### **TAX LAWS AMENDMENT (LUXURY CAR TAX—MINOR AMENDMENTS) BILL 2008**

##### **First Reading**

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

Bill read a first time.

##### **Second Reading**

**Mr BOWEN** (Prospect—Minister for Competition Policy and Consumer Affairs, and Assistant Treasurer) (1.52 pm)—I move:

That this bill be now read a second time.

The bill that I am introducing today makes minor and technical amendments to the A New Tax System (Luxury Car Tax) Act 1999, the Taxation Administration Act 1953, and the Tax Laws Amendment (Luxury Car Tax) Act 2008.

These amendments will ensure that amendments to the Tax Laws Amendment (Luxury Car Tax) Act passed earlier this year operate as intended.

These amendments are intended to clarify the operation of the law.

First, they will ensure that luxury car tax refunds are payable to eligible businesses where they actually bear the cost of the luxury car tax regardless of the arrangement used to finance the vehicle.

Second, they will ensure that contracts entered into before 7.30 pm Australian eastern standard time on 13 May 2008 are the relevant contracts for determining the luxury car tax rate of 25 per cent, when subsequent financing arrangements are made.

And, third, they will put beyond doubt that luxury car tax refunds are paid directly to claimants.

In the 2008-09 budget the government took a decision to increase the luxury car tax rate from 25 per cent to 33 per cent with effect from 1 July 2008 as part of the Rudd government's plans to make the taxation system fairer and contribute to a strong fiscal position.

It is because we made those hard yards in the budget to build a strong surplus that we now have the flexibility to respond to emerging international circumstances.

The increase was passed by the parliament in September with a number of amendments from non-government senators.

The technical amendments I am introducing today will clarify the law to ensure that these amendments operate as intended.

These amendments are required to provide clarity and certainty to car buyers, finance companies and car dealers and I strongly urge the opposition to support the bill.

Full details of this bill are contained in the explanatory memorandum. I commend the bill to the House.

Debate (on motion by **Dr Southcott**) adjourned.

**FAMILIES, HOUSING, COMMUNITY SERVICES AND INDIGENOUS AFFAIRS AND OTHER LEGISLATION AMENDMENT (MISCELLANEOUS MEASURES) BILL 2008**

**First Reading**

Bill and explanatory memorandum presented by **Ms Macklin**.

Bill read a first time.

**Second Reading**

**Ms MACKLIN** (Jagajaga—Minister for Families, Housing, Community Services and Indigenous Affairs) (1.56 pm)—I move:

That this bill be now read a second time.

This bill is to make minor and technical amendments to several acts within the Families, Housing, Community Services and Indigenous Affairs and related portfolios.

In particular, the bill makes minor amendments to the social security law and the family assistance law to improve the operation and effectiveness of the Social Security Appeals Tribunal (known as the SSAT).

Firstly, the bill will allow the Social Security Appeals Tribunal to give oral reasons on 'affirmed' social security and family assistance cases—that is, review cases that affirm the decision made by Centrelink. This will bring those jurisdictions more closely into line with that which applies to child support, where the Social Security Appeals Tribunal does have the option of giving reasons orally to the parties. As in the child support sphere, the oral decision arrangements will be subject to the right of the parties to request written reasons if they prefer.

Secondly, amendments will allow Centrelink to make oral submissions to Social Security Appeals Tribunal hearings. At present, Centrelink may make written submissions to the Social Security Appeals Tribunal, but not oral submissions. However, again, the child support Social Security Appeals Tribunal

arrangements are somewhat different. These allow the Child Support Agency to ask the SSAT for permission to make oral submissions at an SSAT hearing, and also allow the SSAT to order the agency to make oral submissions.

We anticipate that this new power to allow or direct oral submissions in social security and family assistance reviews will be used in complex cases where further explanation may clarify a complicated or technical matter and help the SSAT to reach the correct or preferable decision. The facility to allow or direct oral submissions will help to avoid costly and inefficient adjournments. The social security and family assistance Social Security Appeals Tribunal arrangements will gain this flexible and efficient aspect of the child support system of review and appeals through this bill.

Thirdly, amendments will allow SSAT members to be appointed for a term of up to five years, in place of the currently allowed term of up to three years. The change will bring the SSAT into line with government policy that appointments of statutory office holders are generally to be made for a period of five years for reasons of stability, efficiency and good governance.

The bill also makes technical amendments to several acts, primarily the social security law, to repeal redundant provisions, or references to redundant payments or repealed provisions, to correct cross-references, to correct misdescribed amendments and address similar matters. I commend the bill to the House.

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

**The SPEAKER**—Order! It being 2 pm, business is interrupted under the relevant standing order.

## QUESTIONS WITHOUT NOTICE

### Banking

**Mr TURNBULL** (2.00 pm)—My question is addressed to the Acting Prime Minister. Given the government has now adopted the coalition's position on an appropriation bill to back the bank wholesale funding guarantee to ensure millions of customers in Australia fully benefit through lower interest rates, fees and charges, will the government now act to fix its bungled deposit guarantee and listen to Australia's leading bankers, who insist the cap must be cut to as low as \$100,000 as soon as possible?

**Mr Tanner**—Have you seen the front page of the *Fin*?

**Ms GILLARD**—I am reminded by the Minister for Finance and Deregulation that, whilst the *Financial Review* is important to read every day, it is particularly excellent reading today. I recommend it to members of the House generally.

**Mr Hockey**—You wrote it!

**Ms GILLARD**—The member for North Sydney no doubt insults the editor of the *Financial Review* with that remark. On the question that the Leader of the Opposition raises with me, on 12 October this year the government moved quickly and decisively to ensure confidence in the banking system. We did that in an environment where international competitors were moving. The Leader of the Opposition knows if we had not acted our banking system would have been seen as second class internationally. We made that decision on 12 October. We have acted to implement that decision. Every step of the way we have been dealing and consulting with people in the financial services sector and, of course, with our regulatory authorities. The Leader of the Opposition has had several positions—indeed, dozens of positions—since the day on which we acted. Some days he is in favour of the bank guar-

antee and the actions we took. Some days, in fact, he is so in favour of it that it is his idea. Other days he seeks to undermine confidence in the actions taken by the government and implies that had he been Prime Minister the action would not have been taken. Well, he cannot have it all ways. The government will continue on the course that it has set.

#### **Workplace Relations**

**Mrs D'ATH** (2.03 pm)—My question is to the Acting Prime Minister. Will the Acting Prime Minister update the House on the importance of a fair workplace relations system, especially for those in low-paid employment?

**Ms GILLARD**—I thank the member for Petrie for her question and for her contribution in the development of the legislation that is before the House today. Twelve months ago the Australian people spoke out about what type of workplace relations system they wanted. They spoke clearly in favour of the Australian value of fairness and against the divisive, unfair and extreme workplace relations system championed by the Liberal Party—by those opposite, including the Leader of the Opposition, who voted in favour of it more than a dozen times.

Just a short time ago, the Rudd government introduced its Fair Work Bill into the parliament to give legislative embodiment to the value of fairness in workplace relations in this country. The bill brings into this parliament in the form of legislation the policy we took to the Australian people at the last election. That policy is Labor's Forward with Fairness, and it has been endorsed by the Australian people and brought into the parliament today in the form of the Fair Work Bill.

The level of consultation on the bill brought into this parliament today is unprecedented. I particularly take this opportunity to thank those stakeholders who have

played a crucial role in the government's consultative process. I particularly mention the members of the National Workplace Relations Consultative Council's committee on industrial legislation, which includes members of the Australian Council of Trade Unions, the Australian Chamber of Commerce and Industry, the Australian Industry Group, the Australian Mines and Metals Association, the National Farmers Federation and the Master Builders. I also mention the work of the Business Advisory Group and the Small Business Working Group, and I thank John Denton of Corrs Chambers Westgarth for his work in chairing the Business Advisory Group. I also thank those members of Labor's caucus who played such an important role in the development of this bill and the Minister for Small Business, Independent Contractors and the Service Economy for his consultation with the small business constituency.

At the heart of Forward with Fairness is an enterprise bargaining system and a safety net that working people can rely on that cannot be stripped away. This bill contains a special development in the workplace relations law of this country—that is, a special set of provisions for the low paid. There are around 100,000 adults who are currently earning the federal minimum wage, which is about \$543 a week. It is not a lot of money; I think we would all agree with that. Low-paid workers who receive this kind of money work in child care, community work, security and cleaning. We want to facilitate their entry into the world of enterprise bargaining. We want to make sure that there is a special bargaining stream for the low paid. Their bargaining will be able to happen at a multi-employer level, and Fair Work Australia will play a hands-on role in helping the bargaining. In those limited circumstances where despite the best efforts of Fair Work Australia the parties cannot reach agreement, Fair

Work Australia will be able to step in and make a workplace determination. This is for special cases and only for low-paid workers, and it occurs where the parties have never had an enterprise agreement and the employers are substantially on the safety net. It is a new step forward in fairness in workplace relations.

I have noticed that some have sought to mischaracterise this in the public domain. I say to those involved in that mischaracterisation: are they seriously going to argue to the Australian people that low-paid workers substantially reliant on the safety net do not deserve a helping hand? The Fair Work Bill is good for employees, employers, families and the economy. It is delivering what Labor promised at the last election and what the Australian people voted for right around this nation.

### **Banking**

**Ms JULIE BISHOP** (2.08 pm)—My question is to the Treasurer. I refer to the Treasurer's statement on 23 October that those depositors in managed investment funds adversely affected by the government's bank guarantee go to Centrelink. How many depositors affected by the bank guarantee have inquired about receiving assistance from Centrelink and, of those, how many have actually received any payments?

**Mr SWAN**—I certainly thank the shadow Treasurer for her question. I did not say that all people in managed investment funds who were experiencing problems should go to Centrelink. What I said was that those that were experiencing hardship may, if there were a reassessment of their position by Centrelink, be eligible for some support—which, of course, was a question that had been asked in the House that week by a member down there, the member for Moncrieff. I made a very logical point that those who are impacted upon by the current state of the econ-

omy in terms of their investments may be experiencing hardships and one avenue that was open to them was, of course, to seek a re-evaluation of their situation from Centrelink. We are actually proud of Centrelink on this side of the House. It does provide a lot of support to a lot of Australians, particularly when they experience difficulty. But that point was not made as a substitute for anything else other than to say that if they had hardship, that was one possibility.

The government is attending to the issues when it comes to managed investments. Indeed, we work with the regulators, as we have been working with the regulators all of the way through, and our advisers in the Treasury to ensure that all of those people out there that are the subject of an influence from the global financial crisis in the way in which it impacts on their assets are looked after. What we have done through the Treasury and through David Murray is that we have a series of task forces in the Treasury working with the various industry associations. Whether it comes to car finance, whether it comes to mortgage trusts or whether it comes to cash management trusts, these are very serious issues. Of course, what the opposition will not admit and cannot admit—because they do not understand the magnitude of the global financial crisis—is that, when we introduced the deposit guarantee to protect 13 million depositors in this country, they should have supported it. On the day, they promised bipartisan support, and it took about 24 hours before they were junking it in public—24 hours—because they do not understand the seriousness of the situation; they simply do not get the seriousness of the global financial crisis.

We on this side of the House are proud that we acted decisively and swiftly to put in place the deposit guarantee and the wholesale term funding guarantee, because it is absolutely essential to the financial stability

of this economy—and it remains so. That is why it is so regrettable that we have seen so much short-term point-scoring and politicking from those on the other side of the House, who do not understand the importance of financial stability. We do, and we are working with our regulators in terms of the deposit guarantee and the wholesale funding guarantee to ensure that it produces the maximum results for the Australian people. We will not be diverted by the political point-scoring from those on the other side, particularly the Leader of the Opposition, who does not seem to understand the importance of the deposit guarantee. His policy is to put a cap on the deposit guarantee of \$100,000. I could not think of anything more destructive than that proposal because that would leave 40 per cent of deposits out of the guarantee—the most liquid deposits in the banking system. He cannot really support our measure because he does not understand the magnitude of the crisis that we are facing and the measures that are required to put stability in the system.

**Ms Julie Bishop**—As the four-page interview will not be found anywhere on the Treasurer's website, I seek leave to tender the transcript of 23 October.

Leave not granted.

#### **DISTINGUISHED VISITORS**

**The SPEAKER** (2.13 pm)—I inform the House that we have present in the gallery this afternoon members of the Constitutional and Legal Affairs Committee of the Namibian parliament. On behalf of the House I extend a very warm welcome to the members.

**Honourable members**—Hear, hear!

#### **QUESTIONS WITHOUT NOTICE**

##### **Workplace Relations**

**Mr SYMON** (2.13 pm)—My question is to the Acting Prime Minister. Will the Acting Prime Minister detail the government's

commitment to providing fairness for working Australians by the abolition of individual statutory agreements? Are there any barriers to providing this fairness?

**Ms GILLARD**—I thank the member for Deakin for his question and for his assistance with the development of the Fair Work Bill, introduced into the parliament today. Labor acted at the start of this year to end the making of Australian workplace agreements. Our new Fair Work Bill has no place for Australian workplace agreements or individual statutory employment agreements of any kind. In fact, when you look at the objects of the act, you will see one of the objects is to have a system without individual statutory employment agreements, and the object indicates that such agreements are not consistent with having a fair and decent workplace relations system.

We know that, under Work Choices, Australian workplace agreements were the heart of the rip-offs—the heart of the rip-offs of penalty rates; the heart of the rip-offs of overtime—and the statistics clearly showed it and were available to members of the Liberal Party who now sit on the opposition benches, including the opposition front bench, and the Leader of the Opposition sitting in the leader's chair. He would have known, as he supported Work Choices as a member of the Howard government, that 64 per cent of Australian workplace agreements cut annual leave loading, 63 per cent cut penalty rates, 52 per cent cut shift loadings, 51 per cent cut overtime and 46 per cent cut public holiday pay—statistics known to him but, despite that, he supported Work Choices.

Now decision day is coming for the Liberal Party. One of the most startling things yesterday about the address to the National Press Club by the Leader of the Opposition is that he declared boldly that if he were Prime Minister of this country he would an-

swer questions—only to find that in the office of Leader of the Opposition he was unable to do so. A very significant question was put to him three times by three different journalists, and that was: what is his position on individual statutory employment agreements? He did not answer it—three times, questions without answers. Well, decision day is coming for the Leader of the Opposition. He will have to decide what he believes on individual statutory employment agreements. Of course, we know if we judge him—as one should—on what he has done that he has come into this parliament day after day as a member of the Howard government and voted for the rip-offs—voted for the individual statutory employment agreements. And we know that across the Liberal Party support for this kind of extremism is strong. On 8 February this year a senior frontbench member of the Liberal Party was quoted in the *West Australian* newspaper as saying:

We are prepared to die in the ditch over individual statutory workplace agreements.

And not many weeks ago the deputy Liberal leader said statutory individual contracts ‘must form part of a modern workplace relations system’.

*Ms Julie Bishop interjecting—*

**Ms GILLARD**—‘Of course,’ she is saying. She is verifying that individual statutory employment agreements are still Liberal policy. Well, that may be the policy of the Deputy Leader of the Opposition, but the person we want to answer the question is the Leader of the Opposition. Will he verify that statutory employment agreements are still part of the Liberal Party’s policy or will he keep ducking the question? I have got news for him: when it comes to voting on this bill, which we will do in this House of Representatives before parliament rises at the end of the year, he has got a decision to make. And

that decision will include making a policy decision on individual statutory employment agreements, because the objects of this act state that such agreements are not compatible with a fair and decent workplace relations system. For a man who says that he wants to answer questions, so far we have heard deafening silence. We are waiting for the answer. But, of course, we know, if he is truthful to what he believes in and what he has voted for before, he will say that he endorses industrial relations extremism—he endorses rip-offs—because in this parliament he already has.

#### **Banking**

**Mr BRIGGS** (2.18 pm)—My question is to the Treasurer. I refer the Treasurer to two of my constituents, Mr and Mrs Goldner, who have had their cash management account frozen following the government’s announcement of the bank deposit guarantee. Mr and Mrs Goldner had purchased a block of land on Hindmarsh Island and commenced building. They were due to pay the builder but cannot because their account has been frozen. What is the government doing to fix its policy and ensure that the Goldners and the almost 300,000 Australians who have had their funds frozen have access to their money?

**Mr SWAN**—Mr Speaker, I thank—

*Mrs Mirabella interjecting—*

**The SPEAKER**—Order! The Treasurer will resume his seat. I would suggest to the member for Indi that others are.

**Mr SWAN**—I thank the member for Mayo for his question. There is certainly a difficult situation for many out there who have investments in the non-deposit-taking institutions. Those are investments that were made by people looking for a higher return and they are investments in funds which are certainly very worthy funds—very worthy investments—but to attribute all of the im-

pact on the non-ADI sector to the bank guarantee is simply wrong and inaccurate. It has certainly been a factor and it has had an influence, but to attribute problems to do with mortgage trusts and all the rest of it solely to the bank guarantee is just wrong and inaccurate. I do not know what the member is arguing but, if he is arguing that we should extend the guarantee to all of those non-deposit-taking institutions, that is not something the government can responsibly do.

**Mr Dutton**—Mr Speaker, I raise a point of order on relevance. The Treasurer is asking what the member had asked for. It was: what are you going to do?

**The SPEAKER**—Order! The member for Dickson will resume his seat. The Treasurer is responding to the question.

**Mr SWAN**—What we are doing about it is that we are working with the various industry organisations to find solutions. There are no instantaneous solutions to investments in the market linked sector. They are not banks. They are not subject to the guarantee. People have made those investments and there are now adverse market outcomes, which we recognise. If you want to attribute all the blame for that to the government, go ahead. But the truth is there is a bigger problem out there which needs to be solved, and this government is working with our regulators—whether it is car finance, cash management trusts or mortgage trusts—on a sectoral basis to find solutions. There have been some practical solutions so far and I hope to see further progress as we go through. But, if those on that side of the House want to pretend there is some magic wand a government can wave and suddenly the whole impact of the global financial crisis is simply washed away in terms of these market linked investments, they are living in cloud-cuckoo-land.

#### **DISTINGUISHED VISITORS**

**The SPEAKER** (2.22 pm)—I inform the House that we have present in the gallery this afternoon John Dawkins, a former member for Fremantle and a former minister for several portfolios, including Treasury, in this place. On behalf of the House I warmly welcome him back to the House.

**Honourable members**—Hear, hear!

#### **QUESTIONS WITHOUT NOTICE**

##### **Economy**

**Ms JACKSON** (2.23 pm)—My question is to the Treasurer. Will the Treasurer update the House on forecasts for emerging economies and actions taken by governments in recent days to respond to the global financial crisis?

**Mr SWAN**—I thank the member for her question. The upheaval in global financial markets is, of course, now impacting not only on developed countries but on developing countries. We have seen this most dramatically in the IMF regional outlook that was produced overnight. As we are aware, the global crisis has already delivered a recession in Europe and Japan, and the IMF is now predicting recessions in the US and the UK. The IMF regional economic outlook released overnight has this to say:

With the crisis intensifying in industrial countries, strains have spread to emerging markets. These markets, which for a while had seemed relatively insulated from the crisis, are now reeling as investors fly to safety in a context of deep uncertainty about global growth prospects.

So the IMF has downgraded growth in our region to 4.9 per cent over 2009, which is well below the 7.6 per cent growth experienced last year. This is why there is now a growing international consensus that coordinated, decisive and strong action to strengthen growth is absolutely critical in the circumstances in which we find ourselves.



The IMF said this overnight:

... policymakers in Asia need to be ready to react decisively to maintain financial stability and support growth.

This is what the Rudd government has done. It has done it with its \$10.4 billion Economic Security Strategy, it has done it with its guarantees on deposits and it has done it with its wholesale term funding guarantees. Our strategy is expected to boost growth by one-half to one per cent and help to create up to 75,000 additional jobs.

Other governments around the world are also moving. Overnight, the UK government announced a fiscal stimulus package of about one per cent of GDP. We certainly welcome the UK government's efforts to support growth. Other governments are moving as well. It is very important that governments around the world move on a coordinated basis.

*Mr Hockey interjecting—*

**Mr SWAN**—But, as the member for North Sydney indicates again, those opposite simply have not got a clue about the magnitude of this crisis, its consequences for this economy or what solutions need to be put in place to deal with it. They simply have no idea of the magnitude of the challenge. But, whatever short-term politics they want to play, we on this side of the House will defend the national interest to strengthen our economy, to assist households and to assist businesses, because we are in the middle of an unprecedented global event and we must do everything within our power, using all the tools of policy, to strengthen our economy, and that is what we are doing.

#### **Economy**

**Mr HOCKEY** (2.26 pm)—My question is to the Treasurer. I refer him to a statement by the Minister for Finance and Deregulation on *Lateline* last night when he was asked, 'What does the government mean when it

talks about a budget surplus "over the cycle"?' He said:

It doesn't imply a specific cycle because economic cycles over time vary in the period of time which they relate to—

whatever that means. Treasurer, exactly what does the government mean when it says it will run a surplus over the economic cycle? Isn't the definition of the budget cycle surpluses under the coalition and deficits under the Labor Party?

**Mr SWAN**—It is a pleasure to have the member for North Sydney in the House. It was only yesterday that we had the report from Access Economics reflecting upon the stewardship of the member for North Sydney and the member for Higgins. What it said was that they, in a colourful way, wasted the good years from the commodity boom and they did not do enough to strengthen the economy for when the economy turned down. That was the conclusion of Access Economics. They wasted the fruits of the commodity boom and did not make the necessary investments in infrastructure and education. What they did was to go on a spending spree at the top of the cycle. What the cycle is about is that, in the good times, you save and, when the times turn down, you spend and invest. That is what it is about, and that is what our Economic Security Strategy is about.

The world has changed and, because we put in place a strong surplus in the last budget, we had the flexibility to respond to the change in global conditions—and respond we did, with a \$10.4 billion Economic Security Strategy. Now we have for the first time, unlike under the coalition, fiscal policy and monetary policy working in tandem. What was happening under the coalition was that they were working in opposite directions. So this government is responding to the global challenges. We are using the sur-

plus that we built in the last budget to strengthen our economy. What the Minister for Finance and Deregulation said when he was talking about a cycle was precisely what we are doing.

#### Workplace Relations

**Ms NEAL** (2.29 pm)—My question is to the Minister for Small Business, Independent Contractors and the Service Economy. Will the minister outline to the House the benefits to small business of the government's industrial relations reform?

*Honourable members interjecting—*

**Dr EMERSON**—They are all fired up, Mr Speaker.

**The SPEAKER**—The fan club will settle down.

**Dr EMERSON**—If I could thank the member for Robertson for her question and for the good work that she does with the Gosford Chamber of Commerce, where I attended a meeting about a year ago. It was a very good meeting, and she works very well and strongly in representing the interests of small business in her electorate.

In Forward with Fairness, the government committed to tearing up Work Choices and introducing a fair, simple and flexible industrial relations system. For small business owners, Work Choices was anything but simple and flexible. For example, the so-called fairness test was a red-tape nightmare for small businesses. In fact, there was a backlog about this time a year ago of more than 150,000 agreements awaiting final assessment. Under the government's changes, awards and agreements will have special flexibility clauses enabling small businesses and their employees to tailor working conditions to their personal circumstances, subject of course to a proper, decent and effective safety net.

The Rudd government is keeping its election commitment to provide basic protection for good employees from being dismissed unfairly while allowing business owners to manage their workforce according to their commercial needs. To enable small business owners to dismiss staff fairly, the government has developed a simple, six-paragraph fair dismissal code. If the employer follows the code then the dismissal will be deemed fair. Of course, genuine redundancies are excluded from the unfair dismissal laws.

A number of small business organisations have provided comment on the fair dismissal code and the system that we have put in place. COSBOA, a peak small business organisation, in a press release headed 'Fair dismissal code acceptance' said:

Small business can be pleased with the outcome ...

The Australian Industry Group said:

The Fair Dismissal Code for small businesses will be short and easily applied.

So there is a good endorsement. The National Farmers Federation indicated their support with the media release entitled 'Farmers sign off on Govt's "Fair Dismissal Code"'. It stated:

The National Farmers' Federation ... endorsed the Australian Government's Fair Dismissal Code ... as 'striking a sensible, practical balance for employers and employees'.

Here are a couple of others. In a letter to me, the Master Builders said:

Master Builders is supportive of the Fair Dismissal provisions because it recognises the particular circumstances that small business faces in the engagement of staff. Your Government's commitment in recognising the needs of small business in relation to employment is very much appreciated.

The Pharmacy Guild of Australia said:

On behalf of the Pharmacy Guild of Australia I wish to congratulate you and the Government on

the sensible approach taken in finalising the Fair Dismissal Code.

They are pretty solid endorsements, but we do not have any such endorsements from the coalition. In fact, the shadow Treasurer, as recently as September, said in a speech—which is very difficult to find; in fact, impossible to find—

**A government member**—Who wrote it?

**Dr EMERSON**—I am not sure who wrote because we cannot find it. The shadow Treasurer and the deputy Liberal leader said on unfair dismissals that the opposition would resist any move to turn back the clock. It would be very interesting to see if we can get an answer. Maybe it will come from the fourth question from the Leader of the Opposition on what his view is. An article by SmartCompany said of the shadow small business minister:

Opposing Labor's plan to remove the unfair dismissal exemption for SMEs will be the first priority for new opposition small business spokesman Steven Ciobo.

The article went on to say:

Ciobo says any attempt by Labor to cut down the 100 employee threshold for exemption from unfair dismissal laws will receive his 'absolute and confirmed opposition'.

So the truth is that as far as the coalition is concerned Work Choices is not dead; it is just resting, pining for the fjords. The Liberal Party was, is and always will be the party of Work Choices. The Rudd Labor government is the party of a fair, flexible and decent industrial relations system in this country.

#### **Economy**

**Mr ROBB** (2.34 pm)—My question is to the Treasurer. I refer the Treasurer to his previous answer and to the fact that not one dollar available for spending in the nation-building fund has been generated by the Rudd government, with every dollar coming

from the Howard-Costello government surpluses inherited by this government.

*Opposition members interjecting—*

**The SPEAKER**—Order!

**Mr ROBB**—When does the Treasurer expect his government to be in a position to actually put money into these funds?

*Government members interjecting—*

**The SPEAKER**—The Minister for Trade might be keen to provide an answer as well, but the Treasurer is going to provide an answer.

**Mr SWAN**—I certainly welcome the question because we are proud of our nation building investment funds, to which we have allocated thus far \$26 billion. We are proud of them. The legislation, I think, is in the House, is it not? The legislation is in the House and, when it passes, the funds will be deposited and we can engage in a conversation with the Australian people about how we are going to build the nation and invest in infrastructure, unlike those opposite who did not invest in critical economic infrastructure. They left it all to the states and they did nothing.

This weekend, we have a COAG meeting where we are getting together with the state governments for a fundamental reform of federal-state relations. Front and centre of that is infrastructure, which is absolutely critical to this country as we build our wealth creation capacity and make up for the wasted years under Howard and Costello—the wasted years that Access Economics was talking about—

**Mr Hockey**—Mr Speaker, I rise on a point of order which goes to relevance. The Treasurer was asked when the Rudd government is going to contribute one dollar to these funds. He is not answering the question.

**The SPEAKER**—The Treasurer will respond to the question.

**Mr SWAN**—1 January.

#### **Pensions and Benefits**

**Ms BURKE** (2.37 pm)—My question is to the Minister for Families, Housing, Community Services and Indigenous Affairs. Will the minister update the House on responses to the government's Economic Security Strategy payments?

**Ms MACKLIN**—I thank the member for Chisholm for her question. She certainly has a very real concern for and gives great support to, particularly, the pensioners in her electorate. Last night was a very good night for two million families and four million pensioners, carers, people with a disability and veterans. The Economic Security Strategy bill passed the parliament. From 8 December, in just a very short period of time, single pensioners will receive \$1,400 each, pensioner couples will receive \$2,100 and families will receive \$1,000 for each eligible child. Of course, it is the case that these Australians who have been doing it tough are counting on these payments.

I have had some recent calls and letters from pensioners, who have said the following things to me. One, an age pensioner, has written, 'I can now meet all of my bills and have Christmas dinner for my family for the first time in years.' A disability pensioner rang me the other day in tears. He can now fly to see his son for Christmas and buy him a decent Christmas present. These pensioners and so many other Australians have been doing it tough and we know that they deserve a helping hand. Unfortunately, it seems that not everybody on the other side of the House agrees with this, even though they promised that there would not be any quibbling about these important payments. Despite promising to support them, some of them just cannot manage it. We know that, as

usual, Australians should judge the Leader of the Opposition by what he does, not by what he says. But I think he should go and have a look at what the Leader of the National Party in the Senate had to say about this legislation last night. This is what Senator Joyce said in the Senate:

... I think I have been consistent—and I speak on behalf of some of my colleagues—in saying that I do not agree with this package.

Which colleagues? Which colleagues is he speaking about? Who else on that side of the House does not want these payments to go to pensioners, carers and families? You would have thought that at this point we would have had either the Leader of the Opposition jumping up to speak or even maybe the member for Warringah. He, of course, might have jumped up to defend families and pensioners.

*Mr Turnbull interjecting—*

**Ms MACKLIN**—Of course, the Leader of the Opposition says that he has not had any opportunity to make any public statement anywhere in the media—

**Government members**—The Press Club!

**Ms MACKLIN**—That's right! He was at the Press Club yesterday. He obviously has no idea what his coalition colleagues are doing in the Senate. We understand that there are a few other colleagues who do not agree with these payments. So it is some leadership that he is showing—getting out there and demonstrating what on earth it is that the opposition actually thinks about these payments.

They do have a shadow minister over there who, you might have thought, might have defended the interests of pensioners and families. Unfortunately, the member for Warringah thinks that the job he has got is beneath him. When the latest Leader of the Opposition was actually elected by those opposite, the member for Warringah went out

into the media and said that he wanted a change of portfolio because he did not think that this portfolio was the main game. That is what he is saying to pensioners and to families. Last night, in yet another insult to Australian families and pensioners, the member for Warringah told Laurie Oakes on Channel 9 that he had 'nothing better to do than turn up for media interviews'. Nothing better to do! He cannot get out there and talk to pensioners and families and stand up for their interests. The member for Warringah has no interest in developing policy, as the Acting Prime Minister—

**Mr Randall**—Mr Speaker, a point of order on relevance: how can a personal attack on the member for Warringah be relevant to the question that was asked?

**The SPEAKER**—Order! The question was to do with the responses to the economic security payments. The minister will relate her remarks to the question.

**Ms MACKLIN**—I say this to the member for Warringah: if you are not prepared to stand up for the interests of pensioners and families maybe it is time to get another job.

#### **Broadband**

**Mr TRUSS** (2.43 pm)—My question is directed to the Minister for Infrastructure, Transport, Regional Development and Local Government representing the Minister for Broadband, Communications and the Digital Economy. I refer the minister to the government's pre-election pledge to begin construction of a national broadband network by the end of this year and the decision to abolish the \$2 billion Communications Fund established by the previous coalition government to future-proof rural and regional telecommunications services. Minister, when will the government deliver on its broadband promises to regional households and businesses and what arrangements has the government put in place to deliver emerging technology

to rural and regional communities in perpetuity?

**Mr ALBANESE**—I was hopeful I might get a question in my portfolio of regional development, but of course the National Party are not interested—they have vacated that particular field. I am asked about the government's commitment to the national broadband network, and I am happy to answer. The fact is that we are moving on delivering our commitment during the election campaign where we promised to allocate some \$4.7 billion to roll out the national broadband network. The shadow minister knows that proposals are due tomorrow, 26 November, and therefore it certainly would not be appropriate to speculate on that process, as the Deputy Prime Minister did not yesterday.

#### **Queensland Storms**

**Mr NEUMANN** (2.45 pm)—My question is to the Attorney-General. Will the Attorney-General update the House on the recent devastating storms in Queensland and the government's response?

**Mr McCLELLAND**—I thank the member for Blair for his question and thank him also for his tireless work on behalf of his community and for keeping in touch during the course of last week. While I am at it could I also recognise in particular the work of the member for Brisbane, the member for Flynn and also the member for Ryan, who joined me on a site visit last week. All of them and indeed other members have done tremendous work in support of their local communities.

Last week the Prime Minister and I, and indeed Senator Ludwig—who spent the best part of last week assisting, in his endeavours, the community operations—had the opportunity to visit and see firsthand the devastation caused by the severe storms in South-East Queensland. I am pleased to say that the

federal government has been able to assist in a number of respects. We are working very closely with the Bligh government. I commend the work of Premier Bligh, which has been outstanding, along with the work of one of those unsung heroes, Neil Roberts, the Queensland Minister for Emergency Services; he has also done an outstanding job.

Under the Commonwealth Government Disaster Response Plan through Emergency Management Australia, I was able to authorise the Queensland government's request to provide 700 defence personnel. They did an outstanding job. I had the opportunity to meet with a number of those personnel. They were instrumental in clearing debris from powerlines, restoring power to infrastructure and to local homes and doing a lot of work securing roofs. I am very pleased to say that, along with the volunteers generally, the ADF in particular were clearly local heroes. They were blessed with donations of cakes, sandwiches and the odd can of beer after their duties. We were also in that context able to provide some 2,800 tarpaulins, and I would like to recognise AusAID for their contribution to that effort.

Under the Natural Disaster Relief and Recovery Arrangements, we have recognised 13 local government areas for the purposes of personal hardship and distress grants. Those grants can be accessed through the Queensland Department of Communities. For the record, the telephone number is 1800173349. Under the Australian government disaster recovery payment, administered through my colleague the Minister for Families, Housing, Community Services and Indigenous Affairs, we are providing one-off payments to individuals affected: \$1,000 for adults and \$400 for children. The hotline for that grant is 1802266. Today I am pleased to be able to announce that the federal government is providing an additional \$500,000 to match the contribution of the Queensland

government to the Premier's Disaster Relief Appeal. That will significantly supplement a number of generous contributions from individuals and also corporations.

While this has obviously been tremendously devastating and traumatic for the local communities, it has been an excellent example of governments and indeed the community working together. At the place that I visited with the members for Ryan and Brisbane, we saw a community centre where all government agencies had been brought together. The Red Cross was also there, along with insurance companies assisting to process claims. While, in summary, the storms have been devastating, this really is an example of an ability to bounce back, to have resilient communities, and I would certainly commend and congratulate all those involved.

#### **Trade: Banana Imports**

**Mr KATTER** (2.49 pm)—My question without notice is to the Acting Prime Minister. Is the Acting Prime Minister aware that Biosecurity Australia have endorsed the import risk assessment on bananas that states that there is no substantive risk sufficient to stop Filipino bananas from coming to Australia? Is the Acting Prime Minister also aware that, since Filipino agricultural wages are \$4 a day and our award is \$17.50 an hour, Biosecurity's decision will therefore result in 6,000 jobs in the banana industry vanishing, 2,000 jobs in northern New South Wales and Far North Queensland backpacker tourism vanishing, and a loss to the Australian economy of \$400 million a year? Further, does the Prime Minister believe that anyone would accept that 20 million cartons of bananas will come into Australia but not a single microspore of the Philippine's 23 contagious diseases?

Finally, in light of these dangers and the dangers of diseases and pests to our native

flora and fauna, which currently occasion all plant material to be confiscated at airports, would the Acting Prime Minister not agree that allowing 300,000 tonnes of plant material in, with at most only 10,000 tonnes being inspected, is a decision that should at least be delayed—

*Honourable members interjecting—*

**Mr KATTER**—I am finishing up, Mr Speaker.

*Honourable members interjecting—*

**Mr KATTER**—I do not think it is a laughing matter, with all due respect. Is it a decision that should at least be delayed until cabinet can get a clearer picture of the wider ramifications of a decision and a national party system already held as fatally flawed by the ILO, the 2007 Liberal Senate standing committee and the High Court of Australia?

*Honourable members interjecting—*

**The SPEAKER**—Order! Fortunately the member for Kennedy is not in the Senate, where there are time limits on questions.

**Ms GILLARD**—I thank the member for Kennedy for his question. I know that his concern on behalf of local banana growers in his electorate and his part of Queensland is a very sincere one. I absolutely appreciate it is a sincere concern and that is why he has raised the matter in the House today. I can advise the member for Kennedy and the House that Biosecurity Australia has issued a final import risk analysis report on bananas from the Philippines and that is open to appeal until 12 December—that is, open to appeal for 30 days from the day of the decision. I think it is very important to note that the import risk analysis process is transparent, a scientific assessment and independent of government.

**Mr Katter**—No, it's not even remotely any of those things.

**Ms GILLARD**—Well, it is independent of government. It is reviewed through public consultation and through the scrutiny of an Eminent Scientists Group. We do take in this country a conservative approach to quarantine, as we should, and the import risk analysis proposes that bananas only enter Australia under strict quarantine measures relating to seven groups of pests of quarantine concern. These measures include sourcing bananas from demonstrated low-pest areas, field inspections and auditing by AQIS, disinfection treatments and mandatory pre-clearance of fruit by AQIS inspectors in the Philippines. In particular, AQIS officers will be involved in inspecting, verifying and auditing systems and processes in the Philippines both before and during the exporting of bananas.

There will be a mandatory pre-clearance arrangement, with the presence and involvement of AQIS inspectors in the Philippines, in applying quarantine conditions in the field, including in packing houses. There will also be audit and verification by AQIS of systems and processes used by the Philippines to certify any exports, and Philippines exporters will be responsible for reimbursing the full cost of AQIS inspections. In addition, there will need to be a combination of laboratory and field experiments prior to exports occurring.

I understand that this is a matter that deeply concerns the member for Kennedy and I understand he is representing the concerns of his constituents. This is a process independent of government—a transparent process, a process of scientific assessment and a process that involves the scrutiny of the Eminent Scientists Group. The matter is open for appeal until 12 December.

**Mr Katter**—Mr Speaker, I have a follow-up question.

**The SPEAKER**—Order, I indicate to the member for Kennedy that earlier in the year I made my position known on supplementary questions. The member for Kennedy will resume his seat. I note for the record that when there is a question of one minute 36 seconds I do not really think a supplementary question would be required.

**Mr Katter**—Mr Speaker, there's a fair amount of substance in that question.

#### **United Kingdom**

**Mr ZAPPIA** (2.55 pm)—My question is to the Minister for Foreign Affairs. I ask: will the minister report on how Australia is taking forward its security and defence relationship with the United Kingdom?

**Mr STEPHEN SMITH**—I thank the member for his question. The bilateral relationship between Australia and the United Kingdom is one of our most significant. It is at the front line of our international relationships. It is of course a relationship built on history, but in the modern era it is built on people-to-people contact; a couple of centuries of trade and diplomacy; and importantly, and this is underappreciated, very significant links so far as security, strategic and defence interests are concerned.

One of the attributes of the relationship which reflects that security, strategic and defence relationship is the Australia-United Kingdom ministerial meeting, or AUKMIN as it is called. Tomorrow I will travel to the United Kingdom to attend the second AUKMIN meeting, together with Minister Fitzgibbon, the Minister for Defence, who will be arriving in the United Kingdom following the meeting of defence ministers at the southern regional command in Afghanistan. The meeting will be attended by the Secretary of State for Foreign and Commonwealth Affairs, Mr Miliband, and the Secretary of State for Defence, Mr Hutton. We will examine the array of mutual inter-

ests that we have in our significant international interests in Afghanistan and Pakistan and the significant interest we have so far as nonproliferation is concerned, particularly in the nuclear area, with Iran and North Korea.

One of the bilateral matters that I will be taking up with my counterpart, Foreign Secretary Miliband, is of course Australia and the United Kingdom's shared interest in Zimbabwe. The governments of Australia and the United Kingdom have both been at the forefront of international efforts to seek to bring about democracy, the rule of law, and better economic and social circumstances in Zimbabwe. We are increasingly concerned that, a month or so after a compact between Mr Tsvangirai and Mr Mugabe, a government of national unity has not yet been effected. We are very concerned that the so-called elders group of Jimmy Carter, the former President of the United States; Kofi Annan, the former Secretary-General of the United Nations, and others was effectively excluded from Zimbabwe in recent days.

The humanitarian situation in Zimbabwe is now very acute. Today I have announced that Australia will provide an additional \$8 million of immediate humanitarian assistance to the people of Zimbabwe. Six million dollars of this will be for emergency food assistance through the World Food Program and \$2 million will be for non-government organisations for food and sanitation purposes, particularly given the outbreak of cholera that we have seen in recent days.

So the relationship that we have with the United Kingdom is one of those relationships that we have at the front line of our international relationships, and that is reflected by not just our interest in the humanitarian and political situation in Zimbabwe but also our security, strategic and defence arrangements internationally.



**Mr Abbott**—Mr Speaker, on indulgence, could I congratulate the minister for continuing this important initiative of the Howard government. I just wonder why the Prime Minister is not there!

**The SPEAKER**—Order, the member for Warringah will resume his seat. Can I say that I really do have under consideration the indulgences that are being granted. I am open to receiving comments from members, but I think you would find that in the past the main indulgences have been given to the Leader of the Opposition. I am really considering whether that is the appropriate way of doing things, because that would prevent stunts like the member for Warringah's.

#### **Border Security**

**Mr LINDSAY** (3.00 pm)—I have a defence question for the Acting Prime Minister. Acting Prime Minister, what assurances can the government give to the Australian people that Australia's borders will be properly protected from illegal immigrants, illegal fishers and drug runners when the Navy closes down for two months over Christmas?

**Ms GILLARD**—I thank the member for his question, but can I reassure the member—and anybody else who may be under such a misapprehension—that our defence forces work 365 days a year, seven days a week, 24 hours a day. Anybody who has contact with people who work for any arm of our Defence Force, whether it be Army, Navy or Air Force, knows that they are there working hard, working continuously and dedicating their lives to it.

On the question of border security, this government obviously believes in strong protection of Australia's borders from whatever threats we may face. Whether that is illegal fishing, whether that is running of drugs or guns or other forms of contraband, or whether that is in relation to illegal movement of people across our borders, of

course we take an approach that says, 'The borders of Australia are to be protected,' and we will always take all reasonable steps to ensure that that occurs.

#### **White Ribbon Day**

**Mr GEORGANAS** (3.02 pm)—My question is to the Minister for Housing and the Minister for the Status of Women. As it is White Ribbon Day today, otherwise known as the International Day for the Elimination of Violence against Women, will the minister outline what progress has been made in addressing violence against women and improving women's equality since the government was elected one year ago.

**Ms PLIBERSEK**—I want to thank the member for Hindmarsh for his question and thank him and the other members of parliament who spoke from both sides last night on a private member's motion in this place that related to White Ribbon Day. The member for Hindmarsh is a White Ribbon Ambassador, as are a number of members of parliament on both sides of the House, including the Prime Minister, who is a very strong advocate on behalf of White Ribbon Day, as are many other members of parliament.

One in three Australian women experience domestic or family violence in their lifetime and one in five experience sexual assault in their lifetime. Nearly half a million Australian women suffer violence each year. It is the greatest human rights violation in this country and the greatest human rights violation on the planet in terms of the number of people who are affected.

White Ribbon Day is a particularly important day because it is an opportunity for men to show their attitudes towards violence against women. It is an opportunity for Australian men and men around the world to say that they will not be violent but they will also not be silent—they will not condone vio-

lence. It is very important to have high-profile supporters of White Ribbon Day. Not only do we have the Prime Minister, state attorneys general led by our Commonwealth Attorney-General and members of parliament on both sides of the House, we have media personalities, footballers and other prominent Australians—all of them standing up and saying: ‘This is not a role model for masculinity that we want to show our sons and our grandsons. We want to show a role for men in the Australian community and in the world community of reducing violence against women.’ As Andrew O’Keefe, our White Ribbon Ambassador No. 1, said today, there is a difference between masculinity and machismo—that is, it is possible to be a strong man and a tough man without being a violent man or an aggressive man. I want to congratulate all those men who have stood up and said, ‘Not only will I not be violent but I will not be silent about violence against women.’

This government is determined to respond to domestic and family violence and sexual assault and we have moved substantially in this area. We appointed in May an expert council, bringing together some of the best brains in the country when it comes to reducing violence against women. They will be presenting me with a draft national plan in the coming weeks. The government will then respond to the draft national plan and that will be our national plan of action to reduce violence against women.

It is worth saying that an Amnesty International petition that was handed to me today included 30,000 signatures calling for a national action plan on violence against women. We have committed to that national action plan. The signatures were of course collected before we had started work on our national action plan. We are delivering on that national action plan.

The National Council to Reduce Violence against Women has engaged all across the country with people who have experienced violence; with men who have perpetrated violence; and with experts, judges, police officers and people who work in the refuge system. They have had contact with over 2,000 people and had three expert roundtables. They have done an enormous amount of work. The national plan will support the community to better support victims of violence, to improve our legal system to make sure it is effective in tackling violence and to reduce violence for future generations.

We have delivered since coming to office \$1 million to the White Ribbon Foundation to support and expand their activities in rural Australia; \$2 million to benchmark community attitudes to violence against women so that we can change those attitudes; \$500,000 to the Australian Institute of Criminology to undertake more detailed research into domestic homicides so that we can find out where we let down too many Australian women—more than one every week is murdered by an intimate partner; and \$500,000 to 22 national and local projects to support victims of domestic or family violence. These projects include Victoria’s Domestic Violence Resource Centre’s mentoring project for women with a disability, to promote their capacity to lead and facilitate activities that focus on violence prevention for women with disabilities, and the Huon Domestic Violence Service in Tasmania, for radio programs that will particularly target young people and urge them to consider their behaviour.

In conclusion, I would like to report to the House that the Attorney-General and I formally moved yesterday for Australia to become a party to the Optional Protocol to the United Nations Convention on the Elimination of All Forms of Discrimination against Women.

**Honourable members**—Hear, hear!

**Ms PLIBERSEK**—The ratifying of the optional protocol to CEDAW was an election commitment, and, as with a number of the other measures that I have mentioned today, they are election commitments delivered so that we can work together—men and women, parliamentarians and people outside the parliament—to end violence against women.

**Mr TURNBULL** (Wentworth—Leader of the Opposition) (3.08 pm)—Mr Speaker, on indulgence: the opposition supports the remarks made by the minister about violence against women. As everyone can see, all members of this House are united in their determination to reduce violence against women. The coalition has been committed to that goal both in government and now in opposition.

#### **Trade: Imports**

**Mr KATTER** (3.08 pm)—My question without notice is to the Acting Prime Minister. Is the minister aware that, at a public meeting held in Innisfail two years ago, AQIS could not recall a single application that had been rejected by them in the last seven years? A recent media article said not a single application had been agreed to by the Europeans in the last three years. In North Queensland two of our main crops are sugar and mangoes. America has allowed no sugar and no mangoes into the United States. Finally, all other countries scientifically assess and almost invariably say no. What credibility has Australia with AQIS, who invariably say yes—the gang that just cannot say no?

**Ms GILLARD**—Once again, I thank the member for Kennedy for his question. I do know that he is very seriously concerned and is representing the concern of his constituents. I indicate though that I do not agree with him on the question of the professionalism and dedication of our AQIS officers. I

believe they go about the tasks that we ask them to do with all good skills and with professionalism. I also say to the member for Kennedy: while I do understand how deep his concern is, this import risk analysis has been in development now for a long period of time. The first request from the Philippines came in May 1999. An issues paper was issued on 2 May 2001. A technical information paper followed on 6 May 2002. A draft import risk analysis report was delivered on 1 July 2002. There was a revised draft on 19 February 2004. There was an addendum to the revised draft on 16 June 2004. There was a revised draft again on 1 March 2007.

I indicate to members in this House that this has been a long-running process, a process that has been in train under both sides of politics over a number of terms of this parliament. It has resulted in the independently generated scientific assessment that has been reviewed by the Eminent Scientists Group. It is a process used by both sides of parliament to deal with these issues, which I freely admit are difficult issues and are particularly difficult for the growers in the industry sector. What I can say to the member for Kennedy, and what I did indicate to him in my last answer, is that the final import risk analysis report issued by Biosecurity Australia is open to appeal until 12 December and it may be—I am certainly not indicating to the member for Kennedy what particular course of action he should take—that he or people that he is in contact with might want to use that appeal facility.

**The SPEAKER**—The Leader of the House.

**Mr Albanese**—I wonder if someone can get the member for McEwen a pillow?

*Honourable members interjecting—*

**The SPEAKER**—The Leader of the House will resume his seat!

**Mr Abbott**—Mr Speaker, I rise on a point of order. Mr Speaker, you have shown exemplary impartiality in your term as Speaker, and if this is the day for taking people to task for alleged stunts, surely the Leader of the House should be taken to task for what he has just said?

**The SPEAKER**—That is a fair cop. A stunt is a stunt whichever side it comes from, and I think everybody recognises what was going on there. I do not condone it. I am quite happy to get the ball rolling. I think that people will understand that—

*Opposition member interjecting—*

**The SPEAKER**—If those words were directed at the stunt, I agree with them. If they were directed at me, I am not very happy about them at all. At a time when there were articles on the weekend talking about how people treat each other, there are lessons for all of us in this. I have to say that I am amazed that we expect the gallery to remain alert. I am not sure, because I have some sympathy from time to time with the gallery not being alert all of the time, about what is going on here. But I simply say to all—

**Mr Melham**—They are constantly asleep!

**The SPEAKER**—I simply say to the member for Banks that, whilst the word ‘gallery’ does include those who are behind me—I do not have the opportunity of knowing what they are doing—I was talking about other galleries. I think that it is a bit rich if we expect behaviour in the galleries that we are not willing to demonstrate ourselves here. If I was remiss in not immediately dealing with an incident involving the Leader of the House, I will have to take the criticism for that. I attempted to get him to sit down before he said anything, but he wanted to take—

*Mr Randall interjecting—*

**The SPEAKER**—My intention was to try to move this on quickly and not overly embarrass anybody. But the types of comments that are continually made when we have these discussions do none of us any credit—even those who behave exemplarily. I really do think that, if I gave the member for Corangamite the call and we got on with the business that we are here to do, that might suffice at this point in time, without indicating that some of the things that have recently gone on are agreed with.

**Mr Hockey**—Mr Speaker, I raise a point of order. The Leader of the House stood up, received the call and made an allegation against the member for McEwen. It was a slur and it was inaccurate. If people are allowed to simply approach the microphone, make an inaccurate slur against another member and sit down without any form of punishment, then it is going to be very difficult to maintain decorum on both sides of the House.

**The SPEAKER**—I simply say: I thank the House for its cooperation. It is a very hard thing to be able to discuss this matter, because, as the member for North Sydney is aware, at the same time there was a similar incident. If the member involved had been displaying a lack of alertness, an attendant would have gone up to that member and made them alert—and on this occasion I am not talking about the member questioned by the Leader of the House. This makes it difficult to give definitive rulings. I am just suggesting to you that, if we expect behaviour of people in the gallery without expecting it of people in the House, and then we get precious about things, there are a lot of comments that are made in this place that I can highlight by taking action. If that is what the Manager of Opposition Business wants, I will do it.

**Mr Hockey**—Further to that, Mr Speaker, on this of all days, the Leader of the House stood up and made a statement about the member for McEwen—today of all days. Mr Speaker, is it appropriate for anyone to stand up in this place, launch an allegation against another member and sit down without even a reprimand from the Speaker?

**The SPEAKER**—I have indicated to the Manager of Opposition Business that, unlike a lot of members of this House, I admit that from time to time I make mistakes. Maybe if I had sat the Leader of the House on his tail, warned him, lashed him—whatever you want me to do to him—it may have been better. But I simply say to the Manager of Opposition Business that if he wants the incident that led to this discussed I will be very interested in how it is handled by those who sit behind me.

#### Child Care

**Mr CHEESEMAN** (3.18 pm)—My question is to the Acting Prime Minister. What is the government doing to ensure continuity of childcare services for Australian families following the announcement of ABC Learning going into voluntary administration and the banking syndicate's appointment of a receiver?

**Ms GILLARD**—I thank the member for Corangamite for his question. Receiving regular updates about ABC Learning has been something that members on both sides of the House have been anxious to do because they want to keep their constituents informed as to what is happening. I have updated the House on a number of occasions about the situation with ABC Learning, and I seek to provide some additional advice today.

As members of parliament are aware, on Thursday, 6 November ABC Learning moved into voluntary administration, and within a matter of hours a receiver was ap-

pointed. I announced very quickly a \$22 million funding package to provide certainty for affected parents to ensure that childcare centres remained open till 31 December 2008 to give both the receiver and insolvency practitioners, which we now have embedded and working with the receiver, time to work through this difficult situation so that mums and dads know that their childcare centre would be open and providing care for them.

We also immediately moved to create a dedicated information hotline and to ensure that up-to-date information was available on the pages of the mychild.gov.au website. I can inform the House that we have had 800 calls to the dedicated hotline—the number is 1802003—and there have been 92,000 page views on the mychild.gov.au website.

Since I last had the opportunity to speak to the House about these matters, regrettably another company with commercial links to ABC Learning, CFK Childcare Centres Ltd, has moved into voluntary administration, and a receiver has now also been appointed to that company. The receiver is Ferrier Hodgson, and my department is in close contact with them. CFK centres continue to operate, providing care as usual for the mums and dads who rely on CFK to provide that care. CFK, of course, is predominantly a New South Wales based company. CFK's receiver has not approached the Australian government for financial assistance—I stress that: it has not approached the Australian government for financial assistance—and I think it should be noted that obviously ABC Learning was in a unique situation given its size, its share of the market, its national coverage and the potential social and economic costs that would be created if many centres closed suddenly.

Also, since the time I have had an opportunity to update the House in relation to these matters, people may have seen reported

in the media that another company associated with ABC Learning—in this case, 123 Careers, a labour hire company—has also gone into voluntary administration.

I want to stress to members of the House and members of the public generally that, whilst we have faced this situation with ABC Learning, and now with companies with commercial ties to ABC Learning, it is important to note that the childcare sector as a whole has been both stable and viable. That is, there are childcare centres around this country—some of them on a for-profit basis, some of them on a not-for-profit basis—that are perfectly stable, viable childcare centres that are here today and will be here in five or 10 years time providing care to children.

Obviously our highest priority in relation to the ABC Learning situation continues to be to provide continuity of care for the children of mums and dads so that they know that child care is available for them. We will provide as much information as possible to mums and dads as soon as it is available and can be given to them. The government will continue work in that regard. We know the receiver is working very hard indeed. We have expert staff working alongside the receiver. Everybody's aim is to get further information to mums and dads as soon as possible.

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

#### PERSONAL EXPLANATIONS

**Ms PLIBERSEK** (Sydney—Minister for Housing and Minister for the Status of Women) (3.24 pm)—Mr Speaker, I wish to make a personal explanation.

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

**Ms PLIBERSEK**—I do.

**The SPEAKER**—Please proceed.

**Ms PLIBERSEK**—In today's *Daily Telegraph* there is a story entitled 'No leave for mums. Second Labor minister says national can't afford it.' I said no such thing.

#### QUESTIONS TO THE SPEAKER

##### Main Committee

**Mr PRICE** (3.24 pm)—Mr Speaker, are you able to advise honourable members as to the cause of the closure of the Main Committee? What was the problem? Is it likely that there would be a repetition of the same problem?

**The SPEAKER**—I thank the Chief Government Whip for his question. I inform the House that yesterday there was a failure in the computer system supporting the microphones in the Main Committee. This in turn meant that there was no audio recording available for transcription of the *Hansard*. When advised there was a problem, the chair initially suspended the committee to allow time to diagnose and fix the problem. When the problem could not be resolved, however, the Main Committee was adjourned.

I am advised that the consequence was that a *Hansard* record could not be prepared of the constituency speeches made by four members: the members for Fremantle, Maranoa, Perth—that is, the Minister for Foreign Affairs—and Cowan. In addition, the private members' business and grievance debate scheduled for yesterday could not be commenced. As an aside, I ask the whips to consider sympathetically the scope for re-scheduling the private members' business items.

I can advise the House that DPS technical staff worked overnight to rectify the problem and that it has been resolved successfully. Importantly, I am also advised that this problem would not occur in relation to the chamber as there is a backup system in place. This is not the case for the Main Committee as the contingency plan for ICT support provided

for relocation into another committee room. Despite the intense pressure on our ICT funding, a backup system will be put in place at the earliest opportunity.

#### **Main Committee**

**Mr STEPHEN SMITH** (3.27 pm)—Mr Speaker, could I just ask you a further question on that matter, as I was one of the members who was speaking in the Main Committee. Even though it is known that my view of the Main Committee is that it should not exist, the House established it and what occurs in the Main Committee is of course part of the proceedings of the House. It is not sufficient, in my view, for the response to be that the whips potentially make available extra speaking slots for those members whose contributions to the House have been lost. It seems to me that further effort should be made to restore those contributions. They form part of the record and the proceedings of the House. I think more is required than to simply say that (a) there is no backup system and (b) the whips should make efforts. The House should give those members who made contributions the opportunity to present those contributions to the Main Committee or the House in written form to enable some record to be resuscitated.

**The SPEAKER**—First of all, for clarification, I was not suggesting that the whips solve the problems of the four members whose contributions were not recorded. I am happy to take on board those comments that relate to restoring the record of those four contributions. I am happy to investigate that with both DPS and the House of Representatives to see what can be achieved.

I am not necessarily having a go at the member for Perth, but I asked a number of questions about whether it was really the member for Perth who was in the Main Committee. I am pleased that he is getting around to understanding the benefit and has

now so successfully fought for the contributions made there.

I should explain that there was a misunderstanding when the problem arose. It was not fully understood that it was actually a matter of not just the broadcast not going out but also the recording not being made. Everybody involved indicates that they understand that this is a problem for the four constituency statements. There are established precedents that I am happy to refer to in this case. I am not usually happy to have matters tabled or given in electronic form, but if it would satisfy the four members concerned and the House I will explore that and get back to the House.

#### **Main Committee**

**Ms SAFFIN** (3.30 pm)—Mr Speaker, I was in the chair in the Main Committee when the problem arose. I want to speak in support of what the Minister for Foreign Affairs, the member for Perth, has just said. I was made aware that there was a technical problem. We all were hearing noises. I was not aware that the speeches were not being recorded. I was aware that there was a problem with the broadcast. When I became aware that nothing was being recorded I moved to suspend until 7.15 pm.

**The SPEAKER**—I am satisfied that everything was handled appropriately and properly. The problem is that, in an age where we are so reliant on technology, the technology has failed us. The matters raised by the Minister for Foreign Affairs on his behalf and also on behalf of his three colleagues need to be looked at further to see what we can recover.

#### **DOCUMENTS**

**Mr ALBANESE** (Grayndler—Leader of the House) (3.31 pm)—Documents are presented as listed in the schedule circulated to honourable members. Details of the docu-

ments will be recorded in the *Votes and Proceedings*. I move:

That the House take note of the following document:

Murray-Darling Basin Commission—Report for 2007-08.

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

#### MATTERS OF PUBLIC IMPORTANCE

##### Broadband

**The SPEAKER**—I have received a letter from the honourable member for Wide Bay proposing that a definite matter of public importance be submitted to the House for discussion, namely:

The failure of the Government to meet its timetable for the National Broadband Network.

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 TRUSS** (Wide Bay—Leader of the Nationals) (3.32 pm)—In all of the discussion about the first year of the Rudd government—about the very few things that have actually been achieved in the midst of 168 new reviews and committees of inquiry, all the empty symbolism and the stunts, and the bungled response to the global financial crisis—we have not heard much about how different Australia would be if there were still a coalition government in place. Today we are going to talk about one area where there would have been significant difference in what has been achieved had the coalition remained in office. Had we retained government we would already be unveiling a nationwide fast broadband network. It would already be happening. Many people for the first time would have access to fast broadband speeds and others—in fact, most of

Australia—would be looking forward to connecting during 2009 and, shortly after, 100 per cent of Australians would have access to high-speed broadband. No ifs or buts, the network would have been delivered. The contract had been signed and the work had started. How different it is under Labor.

Our plan, Australia Connected, was announced in June last year and would have made available fast broadband options to 100 per cent of the population in 2009. It would have used a variety of delivery methods and provided relatively low-cost broadband at speeds of up to 50 megabits per second. Strong broadband provider competition already exists in metropolitan areas. Where it does not exist in rural and regional areas the \$958 million OPEL contract would have rolled out a high-speed metro-equivalent network. The coalition's \$2 billion Communications Fund, which had already grown to \$2.4 billion, would have provided future-proofing for the time when inevitably technology moved ahead of what was available under this network. Fifty megabits a second may not cut the mustard anymore some time in the future.

We recognised that the provision of cable would not be economical right across the country, so there was a \$2,750 subsidy for satellite and other similar technology that could have served the most remote areas. We were not only making provision to give all Australians access to metropolitan style broadband speeds but ensuring that for future generations there would be funding available so that new technologies would be made available not just in the wealthy areas of the country, not just where there are extensive populations that make that infrastructure economical, but to everyone. The Communications Fund future-proofed Australia. It ensured that there was funding available every year to advance technology in those places



where otherwise it may not have been economical.

We had a plan in place not only to deliver fast broadband speed immediately but also to ensure that the whole of the country stayed together when it came to introducing new types of technology. That is what might have been. That is what we could have had. Instead, we have today one of the most appalling mishmashes I have ever seen in public policy. The government's deadline for beginning—not concluding—construction of the national broadband network was to be the end of this year. We would have had ours substantially in place by the end of next year. Labor were only going to start at the beginning of this year. They have 36 days to get going. They have 36 days to honour their election promise. They are already six months behind with the calling of tenders. They have 36 days to get to work.

**Mr Perrett**—What about Christmas?

**Mr TRUSS**—The Prime Minister said when he came in that his ministers were going to get Christmas Day off but they were going to have to work all over the Christmas and New Year holidays. Of course, they all had a holiday and went to other places. But the reality is that they are going to have to work very hard over Christmas this year because they have 36 days to start digging the trenches, to start putting up the towers and to start doing the work. But, of course, that is a nonsense, because the tenders have not even closed.

Labor's \$4.7 billion national broadband network was their single biggest election pledge in infrastructure—\$4.7 billion. It was going to be a communications revolution. And we all know about the associated policies that hang off that promise, such as a computer for every student and Australia being some kind of global financial headquarters. They promised fibre to the node to

98 per cent of the Australian population. Let us not hear any further backslipping on these promises, revising of what was actually said. It is all clearly on the record; it is all clearly in Labor's election manifesto—98 per cent of Australians were to have fibre to the node.

Pre-election, Labor much depended upon this network being seen by voters as a building block to Australia's future. Post-election, the nation much depends upon Labor getting this right. But, sadly, Labor's plan was flawed from the start. It was only a stunt, an attempt to trump what was already happening and what was being provided by the coalition. They did not realise that, instead of a mix of technologies, they were going to provide just a single technology: fibre to the node. They thought that it worked for everyone. That of course is fine, and I am sure everybody would love to have fibre to the node. If Labor honour their election promise of 98 per cent of Australians getting fibre to the node and getting it on time, I will be the first to congratulate them—and I will be particularly keen to congratulate them if they can do it for \$4.7 billion.

Korea, I am told, spent \$40 billion to deliver fibre to the node, and that is a little country. But this miraculous government is going to do it for the whole of Australia for just \$4.7 billion. Nowhere in Labor's plan before the election was there anything about dealing with those areas out of the reach of fibre. There was no mention of satellite services at all. Wireless seemed an afterthought rather than a genuine part of their solution. That \$4.7 billion is of course nowhere near enough money to fund the promise that they have made. The speed of Labor's network was going to be just 12 megabytes per second and it was going to cost more than \$100 a month. So Labor's plan was slower and much more expensive than what the coalition was already delivering. Labor offered slower

speeds, more expensive connections and delivery of their broadband years later.

Labor was in fact duplicating today's technology in the cities, where our plan would provide new generation technology across the nation and, in particular, to areas that do not have access at the present time. We all know that Labor said that tenders were going to be concluded within six months of the election, construction would be underway by the end of 2008 and the entire network would be operational by 2013. No part of Labor's plan did anything about the future-proofing of the network. There was nothing there to look after delivery of new technologies—maybe technologies that have not even yet been invented—or to future-proof telecommunications in those areas where the services might otherwise be uneconomic.

Indeed, Labor's plan was to steal the money from the Communications Fund, to try and move it across to Building Australia to be spent to prop up flagging state budgets for their infrastructure projects. The money that was promised to people in rural and regional Australia as a part of the proceeds of the sale of Telstra—that was put aside in perpetuity so that the interest would be available every year for technology—has been stolen by this government and moved across to be spent on antiquated technology or on propping up state budgets that cannot be balanced. They have no long-term plan and had no forethought. They were offering Australians yesterday's or today's technology with no thought about what was going to be done in the future.

Where are we now with Labor's plan? Tenders are supposed to close tomorrow. Tomorrow we will know whether there are any tenderers at all. We will know what consortia are willing to be involved. But the hopelessly confused manner in which this

process has been conducted does not give anyone much faith. It is six months behind schedule and it is a shambles. No-one tendering has any idea what the rules are, what arrangements are going to be in place. How can you possibly tender for a project that will cost \$10 billion, \$12 billion or \$20 billion if you do not know what the rules are? Yet Labor are asking people to go in blindfolded, put their money on the table and then be opened up to some kind of scrutiny as to how it might work. As the shadow minister for communications, Senator Nick Minchin, said just recently, we have:

... the ridiculous situation where proponents are expected to lodge their bids, in a difficult and uncertain economic environment, without the Government providing any detail or clarity in relation to regulatory arrangements, including access and pricing.

Senator Minchin also said:

Self-imposed project deadlines have been broken, the Government's Request for Proposals farce has been widely condemned and there are genuine concerns this process will end in a train wreck.

It is unbelievable that ... Senator Conroy expects proponents to fly blind into the starters' gate.

Today, like many others, I guess, I received a package of information from Telstra which follows on from earlier public statements made by Telstra, the largest telecommunications carrier in our nation. They say that they will not bid if the government leaves open the possibility of functional or structural separation of the successful bidder. I can only take Telstra at their word. They have said it often enough. The government has not responded to their concerns.

Whatever you think about structural separation or its merits, why would a potential bidder such as Telstra be prepared to put their money on the line if they did not know what the rules would be? Why should Australia's second largest company have to enter into a bidding process when they do not even

know what the ground rules are? Why would TERRiA bid, when they do not have a clue what access other carriers will have to the system or what their role or capacity to participate in the arrangement will be? Why would Axia NetMedia bid? Why would any of those companies be involved when it is quite clear that the government do not know what they doing? They could have no confidence in their competence to actually address this sort of issue.

Kevin Day, a former adviser to the ALP on communications, told the Senate Select Committee on the National Broadband Network that this process was 'fatally flawed'. He said we might have a winner but the business case would rest on regulatory conditions that are not yet determined and that ultimately may be the responsibility of parliament to frame.

The better part of next year will be gone before we have any idea who is going to be the successful tenderer. There will have to be negotiations on critical issues like access and pricing. There will be dispute settlement mechanisms to deal with. There will be drafting, debating and passing of legislation. There will be partnership arrangements. Labor has taken over a year to bring its industrial relations legislation into the parliament—it arrived only today. This is the heart and core of the very existence of the Labor Party and it took them a year to do that. How many years is it going to take them to complete their tender negotiations for the broadband network—if they get any tenders at all?

Both sides of politics went into the last election campaign offering a national broadband network. I think it is fair to say that everyone in the House recognises how important fast and reliable communications are for the majority of Australian consumers and businesses. The internet is a place of information, a place to catch up with family and

friends and of invaluable assistance to businesses in the 21st century. For people living in more remote areas of Australia in particular it is a lifeline; for others who are shut in it is their connection with the rest of the world.

The coalition in government had an impressive record as we worked with industry to provide the best possible service to the largest number of Australians. According to the Bureau of Statistics there are now more than 7.2 million internet connections in Australia, 78 per cent of which are broadband. But as always there is much more that needs to be done and time does not stand still for anyone. That is why we acted before the election to deliver a fast broadband plan to all Australians. Now all of that has come to a halt.

I urge Labor to rethink its plan to scrap the \$2 billion Communications Fund. That is essential to keep faith with regional Australians. I urge Labor ministers to think beyond their tiny city electorates, to think of those people who have no broadband now and to get on with the job of delivering to all Australians this basic form of communication. Australia cannot afford another bungle of the scale that is looming on a national broadband network. What we want down the track is a broadband system that works. It should be there now; Labor must get on with it.

**Mr ALBANESE** (Grayndler—Minister for Infrastructure, Transport, Regional Development and Local Government) (3.47 pm)—I am pleased to speak as a representative of the Australian Labor Party, the political party which holds most regional seats in this parliament. So, when we hear the Leader of the National Party or the Liberal-National Party or whatever they are these days, we know that the confusion that we just heard explains why they are now surrounded by Labor members up and down the Queensland coast. It is because they were out of touch

with the needs of people in regional Australia and with the needs of people in the business community.

Just this morning I flew to Newcastle accompanied by the member for Newcastle and the member for Hinkler. The member for Hinkler was pleased to accept my invitation to participate in the opening of the Australian Maritime Centre. I was doing a radio interview on 2HD, and the legacy of 12 years of neglect from the Howard government kicked in when the line dropped out. That is what happened when you went around regional Australia—the lines simply dropped out. They dropped out as regularly as voters dropped off voting for the coalition and the National Party. It is pretty clear every time you hear those opposite address this House that the people they are really angry with are the Australian public. They do not accept the verdict of the Australian public

Today we introduced proudly the legislation to rip up Work Choices—again, one of the other major reasons why we now sit on this side of the House. Work Choices and the opposition's failure in regional Australia on broadband were two of the main issues. What did we do? We went to the election campaign stating that we would build a national broadband network. We argued that it was an important infrastructure investment for Australia's long-term prosperity and we did it in the context of our position of arguing for nation building. Since the election we have backed up those promises that we made during the campaign with fulfilment. We have established Infrastructure Australia. We have got going on building the nation and part of that is our commitment to provide up to \$4.7 billion to facilitate the rollout of the national broadband network—the biggest national investment in broadband infrastructure ever made by an Australian government. It is a network that will cover 98 per cent of

Australian homes and businesses and deliver a high-speed fibre based network.

We have made this a first-order infrastructure priority and we are moving forward quickly and methodically to implement our election commitment whilst ensuring the integrity of the NBN process. The practices of those opposite make it clear that they would not recognise integrity if they tripped over it. Two days in a row we have had questions in this House about the tender process, when the tender closes tomorrow. It would be entirely inappropriate and would subject the government to legal action were we to go into detail as to the tender process, but of course, when you are from the National Party, you do not worry about legal processes, you do not worry about probity and you do not worry about integrity. We have seen that in every one of the programs that they had control over. We certainly saw it with regard to their attitude towards broadband and modern communications.

We on this side want to build highways, we want to build railways but we also want to build the new communications highways of the 21st century. Those opposite introduced 18 short-term bandaids during their 12 years in office—that is, 18 different proposals in 12 years—but Australia was still standing by the side of the information superhighway while the rest of the nations in our region sped past. Australia was left behind while our peers around the world started to roll out high-speed fibre based broadband networks. The latest OECD figures for its 30 member countries rank Australia 16th on penetration levels and 10th on the most expensive subscription prices, yet those opposite have the audacity to accuse the government of not delivering on broadband infrastructure. Let us be clear: Australia's lack of world-class broadband infrastructure is the result of too many years of bandaid solutions.

We had the suggestion by the Leader of the National Party that we were promoting yesterday and today's technology. This is from a mob who wanted to go to wireless technology because they did not quite understand the whole concept of broadband. They just did not get it. They were led by a leader and a leadership team who were stuck in the last century and incapable of moving forward. They were stuck on industrial relations in the century before, the century of the master-servant relationship, but on the challenges of the new century they were simply unable to move forward.

Let us have a look at what they proposed while in government. They included: in 2002, a Telecommunications Action Plan for Remote Indigenous Communities; in 2003, a Higher Bandwidth Incentive Scheme; and, in 2004, a National Broadband Strategy, a National Broadband Strategy Implementation Group, a Coordinated Communications Infrastructure Fund, a Demand Aggregation Brokers Program, a metropolitan broadband black spots program, a Broadband for Health initiative, and a broadband pharmacy program. You would think that maybe they would have completed all their work, but, oh, no—in 2005, they were back in here with more bandaid legislation. In 2005 they had an NBSIG Australian action plan. They then had a Clever Networks program. In 2005 they also had the Broadband Connect subsidy program. They had the Broadband Connect Infrastructure Program, they had the Communications Fund and in 2006 they had the Broadband Blueprint. When we got to 2007 they had OPEL, the fixed wireless broadband product that did not meet the terms of the contract that it had with the Commonwealth. And what about the Australian Broadband Guarantee in 2007? It was the very program that the coalition would not commit funds to in the lead-up to the 2007 election, even though the program was going

to run dry in June this year, the very program aimed at improving broadband services to areas where there are no commercial metro-comparable broadband services—to people in places that the member for Wide Bay claims to represent. No amount of pleading from the National Party was going to convince the Liberals that the Australian Broadband Guarantee was worthy of long-term funding, so they simply got done over. And what is their response to years of being done over by the economic rationalists in the Liberal Party? They have joined them. With their tail wagging, they got their little pat on the head. They rolled over and had their tummy tickled by the Liberal Party, and now they are the Liberal-National Party or the National-Liberal Party or something else in Queensland.

By contrast, Labor's election commitment was crystal clear, and in this year's budget we announced \$270.7 million for the program over four years. Once again, it is Labor funding regional programs, something that the National Party failed to do. If the coalition's record on broadband was not bad enough, I would like to remind the Leader of the National Party about his commitment to regional Australia, because it is astonishing that he is prepared to criticise the government on the biggest injection of funds into broadband this nation has ever seen when he was prepared to deliver a two-tiered solution. There are some new members here who might find it astonishing that there would be a two-tiered solution proposed to broadband, but that is precisely what they proposed. If you lived in an electorate such as mine, you got fibre to the node for the cities but, if you lived in a regional community, you got a different system. You got a weaker system. You got a cheaper solution, a second-class solution. You got a fixed wireless system for the regions. One of their proposals did not take into account that you were fine as long as

you lived on a plane—as long as there was not a hill or a building in the way you were fine. Meanwhile, through the NBN and other measures specifically targeting the remaining two per cent of Australians, the government has committed substantial new funding to improve telecommunications services in regional Australia.

On top of the \$270.7 million allocation to the Australian Broadband Guarantee, a further \$400 million has been made available to fund the government's response to the Glasson report. Australia certainly deserves much better than the short-term political opportunism of those opposite. We on this side of the House have stated that we expect that the NBN will facilitate competition through open access arrangements and provide affordable services to consumers. We have gone direct to the market to ask what it can deliver so that proponents have the chance to put forward the regulatory changes necessary to facilitate their proposals. It is up to proponents to demonstrate how best to meet or exceed our objectives within the competitive process. We remain open-minded on the regulatory solutions that can achieve our objectives, and we are certainly not in the business of killing creativity and innovation.

When these proposals close tomorrow we will then be in a position to make further comments about the way forward. But we know that broadband infrastructure is absolutely critical to nation building. The opposition are stuck in the past on broadband. For the benefit of those opposite, high-speed broadband is not just about faster internet. Broadband is a critical enabling technology that will change how businesses serve their customers, how government delivers services and how the community interacts. The need to act decisively to remedy Australia's broadband infrastructure problems is well understood by Australian businesses. When I go around the business boardrooms in Syd-

ney, Melbourne, Brisbane and other centres, I am continually reminded by businesses how they were let down by the former government's neglect of this critical area. Indeed, the CEO of the Australian Industry Group, Heather Ridout, has stated that any political party that did not understand the need for the NBN should 'get themselves into the 21st century'. But, of course, Heather Ridout is now sledged by those opposite—

**Mr Briggs**—Absolutely!

**Mr ALBANESE**—'Absolutely' says the bloke who helped write the Work Choices legislation—the member for Mayo. It is extraordinary. On this side of the House we are getting on with the business of nation building; on that side of the House they are incapable of achieving the gains and direction that we need as a national economy to advance through the challenges of the 21st century.

**Mr BILLSON** (Dunkley) (4.02 pm)—You have got to love the member for Grayndler—he can stick with a message regardless of the facts. Regardless of the reality all around him, he can still keep punching through those messages. He is sticking with this message because he knows the Australian public have been conned. They have been conned by Labor, who went out and campaigned their little tails off on broadband sound bites without any sound public policy to implement what they were talking about.

To get a sense of that, listen to the member for Grayndler. During the election campaign there was promise after promise: fibre to the node, minimum 12 megabyte speeds and 98 per cent coverage. There was even a proposition for a 50-50 equity share, where the government would muscle its way in on the delivery of telecommunications services and then demand a commercial rate for the return. Why would you not just leave it to

business to get on with the job? Because Labor needed something that it could hang its shingle off. It did not matter how it got there or what it said in the lead-up to the election, it wanted to make broadband a big issue.

Why? You heard the member for Grayndler talking. He attempted a critique of what the coalition government did. The coalition actually made the term 'digital economy' something that mainstream Australians now understand. The coalition actually supported the evolution of technology and recognised that you need to change and adapt to innovation as it becomes available, and as customer services and expectations improve.

Some of the new Labor members might have forgotten that it was the Labor Party running around wanting mandated dial-up speeds. While that was going on the coalition looked to the future and recognised that broadband was the way forward. We have also seen wiggle room on the language—it is now no longer 'fibre to the node'. Did you hear what the Labor government said? It is now a 'fibre based network'. Well, hello, we have got that already! The current network is already fibre based. I think there are all bar two exchanges in this vast continent of ours that are not connected by multiple fibre optic connections. We already have a fibre based network. Those cheer squad members of the ALP that just soak up everything the front-benchers say without even looking at it should look around the capital cities of Australia. If you look around nearly all of the areas that Labor played to, where they hoped to offer higher speed broadband, you will see something called a heat map. That actually shows you what available speeds are there now, in many cases exceeding the 12 megabytes and—not in all cases—already operating on a fibre based network.

This is the reality we have now, and this is one of these remarkable promises made by

the Labor Party: they do absolutely sweet nothing in government in relation to broadband and claim an outcome. That is the kind of spiviness we see from the Labor Party, where they create this fiction about a problem that is there. They describe and exploit it in an election context, but when they get to government it is a totally new world. It is a bit like creating a new inflation figure. Do you remember the one where they created a new domestic inflation figure—a benchmark that has hardly been used in this country for decades and now Labor hangs on to that? It is a bit like cooking the growth figures to make it look like the economy is not tanking. We have got a new one: the broadband plans.

When the Labor Party said that the coalition had 18 different proposals, no-one really bothered to look at what they really meant. They grab a headline of a strategy and call that one plan, then they say that the elements within that strategy are another plan. They ignore the fact that technology evolves and so do customer expectations of broadband networks. The ultimate irony is that they then hang onto most of what the coalition government did. The minister trots around the country patting himself on the back for clever network initiatives that were actually implemented by the coalition. He was down on the Eyre Peninsula in South Australia, heralding WiMAX—this wireless technology that he called 'a dog of a technology'—and taking credit for this dog of a technology that is leading the way in the delivery of reliable, affordable broadband across the globe, particularly in vast areas like our continent, where a mixture of technologies is important.

Labor walks away from its promises and now calls them 'ambitions'. They are ambitions. They are objectives. They are expectations. No, they are weasel words; they are wriggle room designed to give Labor an opportunity to do a fix—not to deliver what the nation needs, not to do a sober assessment of

what would drive our economy forward, not to recognise the opportunities in health service delivery, in education, in e-commerce, in home based businesses, in smart grids—all of the things where a government would describe the performance and the objectives that are being delivered through the technology. No, they have not done that; they have prescribed the technology: 98 per cent fibre to the node. Do you know what that means? It means that, once you get past about 90 per cent of the Australian population, you get into areas where, industry experts tell me, for every one per cent beyond that 90 per cent, it costs a billion dollars.

By being hairy chested and prescribing a technological platform, after trash-talking a wireless technology that is leading innovation, the government is building enormous cost into this project without actually describing why the government needs to be involved in the first place. Governments should get involved when markets fail, when the private sector cannot deliver a reasonable level of service at an affordable price. That is what OPEL was about. That is exactly what OPEL was about—delivering metro comparable broadband to rural, remote and regional Australia. What I am wondering is whether all the people who live in rural, remote and regional Australia who would have benefited from WiMAX are telling their kids who are starting secondary college this year that, rather than having the benefits of high-speed metro comparable broadband to help them with their studies now, they will probably be enjoying schoolies week, finishing their secondary education, before anything is delivered under the Labor Party plan.

That is what is going on in broadband. It is fraud. It is a monumental con. But guess what? The charade will finish and the curtain will open shortly, because the bids need to be delivered tomorrow. And think about the proponents. Imagine their dilemma: a tender

document that talks about objectives but does not actually talk about the regulatory environment. Could you imagine in this economic climate going into a bank and saying: 'Could you lend us \$10 billion? We can't tell you what the competitive environment looks like, what our obligations are to others who might want to access the network, what the universal service obligation might look like or what the price controls might be.' Imagine going to a bank and saying, 'Just trust us; give us the \$10 billion.' And when challenged about this what do you get from the minister? He says they are not interested in 'regulatory totems'. These regulatory reforms are not totems; they are channel markers. They tell proponents where to direct their bids so they do not run aground and make this an extraordinarily expensive con of the Australian public. They let proponents know that we do not want to see upward pressure on the costs of broadband services that some premises, some households, might not want. There are expectations of what those prices might look like for the consumer, because the biggest contest outside the tender bid is the contest for 'most neglected status'. 'Most neglected status' under the NBN is a contest between the national interest and consumer interest, two key objectives that should be part of any government policy, any public policy initiative. But they do not even get a look in, because this is all about electioneering and politicising.

It should not be a surprise. For those who have not had a look at *The Latham Diaries*, this is its critique of the current communications minister, Stephen Conroy.

*Stephen Conroy*—Told me he doesn't have any strong policy interests, and maybe he would like the Communications portfolio, which I gave him. It's a frank admission; machine men aren't interested in policy, only factions and patronage.

How accurate is that, when you think about the process that has been put in place? This



is a process Robert Mugabe would be pleased to call his own. You get a tender document that is so vague that it has no mandated performance requirements. It has a list of objectives, but they are not ranked and there is no statement about the must-haves, the nice-to-haves and the gee-it-would-be-really-good-ifs—none of that, just a great long list. So proponents have no guidance on the regulatory structure; no clear understanding of what the government actually want, because they are walking away from their election commitment; no opportunity to engage in an open debate, because the process has been gagged; and you wonder why across Australia, wall to wall, industry experts are describing this as shambolic.

It is time the Labor government put aside its political interests and its rhetoric and actually focused on the national interest and the interests of consumers, who are very vulnerable in this process—a process that is way overdue and a process that should have seen construction start before the end of this year. Thankfully, the minister has been frank enough to say it is unlikely we will see any work commence before the end of next year. This is fraud. This is a con. (*Time expired*)

**Mr RIPOLL** (Oxley) (4.12 pm)—Today's matter of public importance is the height of irresponsibility. The opposition come in here and say that we are hanging onto their policies, yet they oppose the national broadband network in the Senate. It is shameful opportunism from an utterly irresponsible opposition. For 12 years they did nothing about a national broadband network, but for the past 12 months they have done everything they can to prevent a national broadband network. The opposition are nothing more than spoilers on broadband—arrogant, focused on themselves and their own ideology, contrary to the national interest.

As usual, the opposition are trying to walk both sides of the street on this issue. This mob have taken to opposition like ducks to water, and they have lifted the art of walking both sides of the street to new heights. They claim that they believe that broadband is important infrastructure for the Australian economy, yet for 12 years they did nothing about it. As usual, you need to look at their actions, rather than what they say, to see what they really believe. For the last 12 months the opposition have done absolutely nothing but try to undermine the government's national broadband network. It is much the same as what they did over the past 12 years: nothing. They did nothing to deal with the serious issue of a national broadband network and Australia's future related to that network. They have been desperate to obstruct the government's efforts to implement this very important infrastructure project at every possible opportunity.

We just heard the member for Dunkley say that governments should only step in when markets fail. Well, in terms of the national broadband network, I would challenge him to show me where the markets have succeeded, particularly when we talk about the bush—rural and regional communities.

At every opportunity this opposition has tried to use the parliament to jeopardise the live commercial process that the government has been implementing to select a builder for the national broadband network. It is a proper and considered process in consultation with the community and the sector—a complex process but one that we are determined to see through.

They have established stunt Senate inquiries. They have knowingly pursued lines of questioning in Senate estimates that were designed to jeopardise the integrity of the government's process, and they have done that at every single opportunity. Today, in a

final desperate ploy, they are again trying to undermine the process just as bids are about to be lodged. Their views and actions are, and continue to be, about destroying the program. The view of the opposition is that if you cannot win it then you must destroy it. Those opposite have been happy to do everything in their power to attempt to jeopardise the government's open and competitive process for rolling out a national broadband network, yet at the same time they claim to support the need for broadband in Australia. But it is only broadband in their image; it is only broadband where they see fit. It is not a truly national broadband network, nor would it deliver.

In reality, the opposition, through their actions, never want to see a national broadband network built in Australia. They do not want to see the Rudd government deliver on its election commitment to bring Australia's communications infrastructure into the 21st century. They are spoilers—stamping their feet, banging on the table, preferring to burn the house down rather than let anyone else build it.

While the government has taken a long-term approach to delivering a major infrastructure project that is critical for Australia's future economic prosperity, those opposite have engaged in nothing more than short-term political point scoring—12 years of doing nothing and 12 years of doing everything to prevent something being done. What have we seen in any policy work from the opposition when it comes to broadband? Very little, to the point of nothing. They have merely clung desperately to the failed policies of the past Howard government. They will be tested soon on whether they cling to other policies, such as Work Choices, which was clearly rejected by the community. As opposed to the rejection those opposite received, the community ticked off not only on what we are doing in terms of a national

broadband network but also on Work Choices. Those opposite had policies that left rural and regional Australia trailing their metropolitan cousins, that left the nation trailing our international competitors and that left Australia 16th in the OECD in broadband penetration and 10th in the OECD on broadband subscription prices. We like to consider ourselves part of a clever country, part of a country that is at the forefront of technology, but the reality is that we have gone backwards in a very fast way over the past decade. The opposition offer the Australian people nothing but very silly political games.

The fact that today's MPI has been moved by the Leader of the Nationals demonstrates the hypocrisy of those opposite. The National Party were willing accomplices to the Howard government's neglect of rural and regional telecommunications, not to mention other areas where they failed the bush dismally. In almost 12 long years in government, those opposite introduced 18 failed broadband policies. No matter what screeches we hear from the opposition about whether it was 18 or just 18 line items, whichever way they want to describe it, over 12 years they had 18 attempts at doing something but achieved nothing—no way forward, no movement—and the evidence is fact: we slipped behind while the rest of the world moved forward. Their legacy was a trail of broadband bandaids and pork barrels, something that has become a hallmark, a trademark, of the coalition in government and that will now be the trademark of the coalition in opposition. They viewed rural and regional Australia as nothing more than a political problem that needed to be bought off with short-term political fixes. They were never prepared to do the hard work of implementing a long-term solution for rural and regional telecommunications beyond one election cycle.

When the issue of fibre to the node first emerged in Australia, those opposite never even tried to make this important new infrastructure available in the bush. They just disregarded it. They were prepared to sell out rural and regional Australia with a two-tiered system—something first-class for people in the cities and something very much second-class for people in the bush. For us, that simply was not good enough. They were happy to accept a fibre-to-the-node network that covered, as stated in their own policy, only the ‘capital cities and major regional centres’ while leaving the bush to a second-class, fixed wireless system, which could be described as expensive and patchy at best, a wireless system which was later shown not to meet required service coverage as set out in the funding agreement with the Commonwealth.

Those supporting this motion should be aware that rural MPs, who understand the communications needs of their constituents, support the government’s actions on rural and regional telecommunications. Former senior National Party and Howard government minister Bruce Scott, whom I acknowledge is in the chair, stated that the decision to terminate the former government’s OPEL contract was ‘sensible’. I agree; it was very sensible. Similarly, former National and now popular Independent Tony Windsor supported the decision, noting that ‘fibre-to-the-node infrastructure is the best option’. And he is right. Support for the decision also came from National MP John Forrest, who was noted as saying, ‘I did not support OPEL getting this contract in the first place.’ These views reflect those of the member for Wide Bay’s own party colleagues, Senators Nash and Joyce, who, in 2005, released a report on behalf of the National Party think tank—there is something to think about—the Page Research Centre. The report recommended that the then government consider a five-year

rollout of fibre-optic cable across non-metropolitan areas. These members of parliament, while hypocritical, at least understood that the infrastructure needs of rural and regional Australians could not be fobbed off with some short-term political fix. More needed to be done. They knew that a long-term approach was needed to deliver world-class infrastructure to rural and regional Australia. And we agree with them. We support them. And that is what we are doing: we are talking about a real national broadband network. They knew that a long-term approach was needed to deliver world-class infrastructure out in the bush as well as in the cities. It is time those opposite started listening to their colleagues, to the community and to the sector and started to recognise the importance of a national broadband network for Australia, a job that we are prepared to continue with.

As part of our election commitment, the Rudd government has committed up to \$4.7 billion, will consider regulatory changes to facilitate the rollout of a national broadband network and will work in conjunction with the sector. This will be the biggest national investment in broadband infrastructure ever made by an Australian government, certainly a lot more in 12 months than was ever delivered in the 12 years of the Howard government. Tomorrow, the government expects to receive proposals from bidders vying for the right to construct the national broadband network. Yet today, we see the future of that being jeopardised by the opposition, because they are not committed to Australia’s national interests, to Australia’s future, to a real national broadband network. They are only committed to themselves. (*Time expired*)

**Mr WINDSOR** (New England) (4.22 pm)—Broadband communications is the infrastructure of this century. There has been a lot of talk today about this century, last century and the century before. This is the infra-

structure that all of Australia requires for this century, so I endorse what the current government are attempting to do. I realise they are a little bit behind schedule and I hope that they hurry it along, but the concept of quality, high-speed internet broadband services, particularly to country areas, or fibre-to-the-node services, is something that we should all get behind. There has been some discussion about the quality of previous services. There have been advancements made, and I do not think anyone can suggest that the previous government did not do anything. But we do have world-first technologies that can be introduced and country people, in my view, should have equity of access to those services. The only way that that can really be achieved is through fibre-to-the-node delivery.

Mr Deputy Speaker, this form of infrastructure, as you would be well aware, is the one thing that negates distance being a disadvantage of living in the country. It actually equalises the equation and in fact puts country people in front of their city cousins in terms of many of the advantages that broadband can deliver, particularly in terms of both national and international business services. If we can achieve equity of access and equity of price right across Australia then we will deliver a means to decentralise some of our cities. We have had a continual movement towards our major cities, not because people particularly want to live there but because of their economies of size and scale, which mean people feel they have to go there to find work. This technology in this century can release us from that equation and from having to pack people into cities. So I think this issue should be looked at in terms of the climate change debate as well and the need for people to move—to have to leave their country communities to go to the big cities for health and educational reasons, for instance. These sorts of infrastructure services

can actually assist not only the business community but also in health, education and many other ways. They actually remove distance as being a disadvantage, as I said, of living in the country.

The other issue that has been in the news of late is the bid that is currently taking place in relation to the national broadband network and the antics of Telstra in particular. I publicly encourage Senator Conroy to ignore the bullyboy tactics of some of the Telstra board and the CEO in relation to their demands that the government not implement a structural separation arrangement between the network itself and the providers of the service. I would encourage the minister to ignore them. If they do not put in a bid then so be it, because in terms of getting equity of access to these services there will need to be structural separation. That does not mean Telstra's service delivery of mobile and other services has to be structurally separated; but if this is to be a truly national broadband network where other telcos can actually access the network in a competitive sense then the provider of the network cannot be the major player. We have made that mistake in the past. The provider of the network cannot be the major player and wipe out the competitors. It has been shown time and time again—and the member for Oxley talked about it a moment ago—that competition will not deliver in a lot of country areas. Since the privatisation of Telstra there has been very little activity in terms of mobile towers in country areas, for instance, because they do not have to do it any more. In fact they say, 'It's not our business to deliver services into these areas that we do not believe are profit making in a four-year capital return cycle.' There are many of these issues out there.

In conclusion, I would encourage Senator Conroy not to be bullied by these belligerent people just because they run a private opera-

tion now and they have a number of shareholders. Not every Australian is a shareholder in Telstra anymore—but the minister is the representative of all Australians. (*Time expired*)

**Mr RAGUSE** (Forde) (4.27 pm)—I welcome the comments from the member for New England in terms of his understanding of the needs of his region. I would like to acknowledge that there is a lot of emotion in this particular debate today. We heard the member for Wide Bay talking about Queensland and the lack of infrastructure and a whole range of things. He was a Minister for Transport and Regional Services in a government that was in power for almost 12 years. So what did they do? Let us look at the electorate of Forde, where I come from, a seat that sits behind the Gold Coast—in fact, the member for Moncrieff, sitting over there, is a very proud Gold Coast member. The electorate of Forde at its northern point sits within 40 kilometres of the city of Brisbane. This is an area that you would expect to have a lot of infrastructure in place. I can tell you that even now people have problems getting any type of ADSL simply because a lot of that area has dial-up services. That is at the northern end. My electorate stretches at the southern end to probably 120 kilometres out of the city.

I can tell you that there are still cables running along the side of the road. In fact some of the junction boxes had been eaten by the cattle that also graze that area. So the reality is that the infrastructure we currently have is poor. We can talk about fibre to the node and a whole range of infrastructure. The member for Dunkley talked about the technology that was provided and put in place by the previous government. Well, I can tell you that it did not exist. Their plan for a two-tiered system in fact just will not work, simply because they do not understand the existing infrastructure, and the existing

infrastructure that they are depending on just will not work. As I said, this is in the electorate of Forde, which is so close to Brisbane and so close to the Gold Coast, yet our infrastructure is so poor. Just getting some basic phone services in place would be very much welcomed.

In fact, there was emotion from the member for Dunkley. He talked about the ‘spivness’ of the Labor government in wanting to roll out a major fibre network—spivness! He said that we were hairy chested and that these were all weasel words that the government is good at putting out there. I tell you, we are serious about what we are doing. In fact, we went to the election with a commitment to provide the national broadband network. We planned it, we said how we would do it and we promised and committed to a level of rollout.

Looking at the technology behind that, they say it was the Howard government that really made a lot of inroads. That is not true. Let us go back to the Hawke and Keating years. Let us go back to the decision to roll out the fibre networks and introduce Optus as a provider to roll out broadband cable. This is something that previous Labor governments understood very well. In fact, not only was it a case of rolling out the infrastructure but it was also an understanding of this country and its move towards technology—and I am now talking about the early nineties. They said: ‘Okay, we can roll out the technology. The world wide web is now being rolled out around the world. How would we as a country be able to tap into that?’ Essentially, through the rollout of fibre networks, the role of Optus in its early days was all about the initiative of the Labor government to ensure we had adequate infrastructure, particularly for communications and data.

**Mr Ciobo**—It was a pay TV cable. It wasn't for data—it was a pay TV cable.

**Mr RAGUSE**—It even went one step further. It was about content and Creative Nation, if the member from the other side would understand the significance of Creative Nation—a Keating initiative which was about not only building the hard infrastructure but also establishing the content that we needed to put down that particular network.

**Mr Ciobo**—Losing credibility rapidly!

**Mr RAGUSE**—The member for Moncrieff might say that. He sits back and talks about the lack of infrastructure they have on the Gold Coast. As a senior member of the previous government, he was in power for nearly 12 years, and the fact that this—

**Mr Ciobo**—On a point of order, Mr Deputy Speaker: I have never said any such thing.

**The DEPUTY SPEAKER (Hon. BC Scott)**—That is not a point of order.

**Mr RAGUSE**—I would certainly suggest that there are many words said about the lack of infrastructure on the Gold Coast. But, if the Gold Coast is suffering, so is the seat of Forde. Listen to the rhetoric now espoused by the other side, certainly by the member for Wide Bay in his passionate plea about what we as a government are going to do. He wants to get involved in the process of deciding who we should give the tenders to. The reality is that, if you look at a TV these days and watch *The Howard Years*, I would suggest that, with their lack of understanding of infrastructure and their lack of understanding of the needs, it should probably be called 'Luddites in power'.

**The DEPUTY SPEAKER (Hon. BC Scott)**—Order! The time for the discussion has expired.

## **GUARANTEE SCHEME FOR LARGE DEPOSITS AND WHOLESALE FUNDING APPROPRIATION BILL 2008**

### **First Reading**

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

Bill read a first time.

### **Second Reading**

**Mr SWAN** (Lilley—Treasurer) (4.33 pm)—I move:

That this bill be now read a second time.

Today I am introducing a bill to provide a standing appropriation to pay any possible claims made under the Australian government's Guarantee Scheme for Large Deposits and Wholesale Funding.

The bill will provide international markets with the assurance that Australian institutions are, in their borrowings, supported by an Australian government guarantee, and that payments made under that guarantee will be timely.

The global financial crisis continues to wreak havoc on economies around the world. Growth in many of the world's largest economies has slowed substantially, and of course some are already in recession.

Australia is not immune from all of this.

The Mid-Year Economic and Fiscal Outlook showed the global financial crisis has reduced future surpluses by \$40 billion. Domestic economic growth will slow significantly over the coming year.

Faced with the most difficult economic conditions since the Great Depression, the Rudd government has kept a strong focus throughout on measures to protect our financial system from the fallout of the crisis.

On 12 October, the government took action to stabilise and promote confidence in Australia's financial system by instituting a

broadly based deposit and wholesale funding guarantee.

In one stroke, the guarantee provided support to banks, credit unions and building societies in the provision of credit to Australian businesses and households, and security and peace of mind to Australian depositors.

This guarantee was part of coordinated global action, which is starting to produce real results. In recent weeks, spreads have begun to narrow, and there are tentative signs that markets have started to thaw.

Reserve Bank Governor Glenn Stevens noted last week that globally coordinated action—of which our guarantee was a part—has ‘averted ... potential systemic collapses that would have had massive repercussions throughout the world.’

Since the initial guarantee announcement, the government has been engaged on a daily basis in putting in place all of the detailed arrangements.

In recent weeks, we have settled the parameters of the guarantees, including the applicable fees and coverage.

Last Friday, we released the deed of guarantee, with the specific detail on the scheme’s operation.

This deed will take effect from 28 November.

We have consulted with regulators and industry to ensure that the guarantees are effective for our industry and to ensure that we take account of new developments as they have arisen.

Providing a standing appropriation is part of this process.

Let me first go to the detail of the guarantees and how they are being implemented.

## **Deposit and wholesale funding guarantees**

### *Deposit guarantee*

To restate the government’s deposit guarantee commitment, from 28 November, the first \$1 million deposited with an Australian-incorporated bank, a credit union or a building society will be guaranteed free of charge.

Large deposits—that is, deposits in excess of \$1 million—deposited with an Australian-incorporated bank, a building society or a credit union will be eligible for the guarantee, for a fee.

In addition, any deposits by Australian residents with a foreign bank branch in Australia will also be eligible for the guarantee, for a fee.

These deposit guarantees will apply to accounts including, for example, savings accounts, passbook accounts, cheque accounts, pensioner deeming accounts, term deposits, mortgage offset accounts, farm management deposit accounts, first home saver accounts and retirement savings accounts.

### *Wholesale funding guarantee*

In addition, from 28 November, short-term and long-term wholesale funding for Australian-incorporated banks, building societies and credit unions, and short-term funding for foreign bank branches raised from Australian residents, will be eligible for the guarantee, for a fee.

The wholesale funding guarantee will apply to selected short-term liabilities with initial maturities of up to 15 months, for example, bank bills, certificates of deposit, commercial paper and certain debentures.

The wholesale funding guarantee will also apply to selected long-term liabilities with terms of maturity of 15 to 60 months, for example, bonds, notes and certain debentures.

The wholesale funding guarantee will apply to these instruments whether they are

offered domestically or in international markets.

It will ensure that Australian institutions are not placed at a disadvantage when seeking funding in international markets, given that many of their international competitors have the benefit of similar government guarantees.

The wholesale funding guarantee will also promote financial system stability in Australia and assist banks, building societies and credit unions to continue to access funding at a time of considerable market turbulence.

Mr Speaker, the implementation of these arrangements this coming Friday is a substantial step at a time of significant turbulence in financial markets.

The Australian people should be aware that the government has very strong real-time monitoring arrangements in place through the Council of Financial Regulators, whom I met with as recently as last Friday.

The council will also have contingency plans in place to deal with any problems that may arise in implementation.

The government stands ready to refine these arrangements in response to their advice.

It is in all our interests that this happen as quickly and as smoothly as possible.

#### **Implementing the guarantees**

It is estimated that 99.5 per cent of individual deposits held by Australians are worth \$1 million or less. As a result, as of 28 November, virtually all depositors will continue to be protected, free of charge, by the Financial Claims Scheme established in the Banking Act.

The Financial Claims Scheme was established by the parliament, when the Financial System Legislation Amendment (Financial Claims Scheme and Other Measures) Act 2008 was passed just six weeks ago.

Since 12 October 2008, the government has been working to implement the guarantee for large deposits, that is, those in excess of \$1 million, and the guarantee for wholesale funding.

The government's Guarantee Scheme for Large Deposits and Wholesale Funding is established by a deed of guarantee and associated scheme rules, which I executed on behalf of the Commonwealth on 20 November and made public the next day.

The government decided that the quickest and most effective way to implement these guarantees was to use the Commonwealth's executive power to establish a contractually-based scheme that is valid and enforceable.

This follows international practice—for example the UK and New Zealand have guaranteed their wholesale funding by contract.

The government's legal advice confirms that legislation is not required to implement these guarantees.

This bill deals with a separate but related issue of an appropriation to cover the very unlikely event of a claim on government under the guarantee.

Essentially, there are two options: one option is for the government not to legislate for an appropriation now, given the extremely low probability of a claim under the guarantee.

Under this option the government would legislate at the time of the call on the guarantee.

The alternative option is that the government legislate for an appropriation now.

During the government's consultations, banks raised concerns about doubts in international funding markets that government will be able to pass legislation with sufficient speed in the event of a claim on the guarantee.



Put simply, potential investors need to be confident they can get their money quickly if a bank were to default on a loan.

If they doubt quick and seamless bipartisan support for an appropriation bill, they will place too great a risk premium on lending to Australian banks.

Given the opposition's recent commentary on the bank guarantee, it is now clear that quick and seamless bipartisan support could not be counted on.

For our part, the government has decided it is better for us to settle the appropriation argument with the opposition now, rather than have it be an impediment to Australian banks being able to access vital funding on international markets.

To reiterate, the government considers it unlikely that claims will need to be paid under the guarantee scheme because Australia's banks, building societies and credit unions remain sound, well capitalised and well regulated.

No depositor of an institution supervised by APRA, or before that the RBA, has ever lost any money.

Nonetheless, to give certainty to the investors providing funding to Australian banks, building societies and credit unions, and to provide certainty to those with large deposits, the government is seeking the parliament's support to pass this appropriation bill right now.

Quick passage of this bill will ensure that, from 28 November, any claim under the guarantee scheme, however unlikely, will be able to be paid in a timely way.

#### **Guarantee Scheme for Large Deposits and Wholesale Funding**

The Australian Government Guarantee Scheme for Large Deposits and Wholesale Funding will be administered by the RBA, acting as agent for the Commonwealth. For

their part, the Treasury, the RBA and APRA will cooperate closely to ensure the guarantee scheme is administered effectively.

Eligible institutions—that is, eligible banks, building societies and credit unions—will need to apply for access to the guarantee scheme.

The scheme is voluntary and each eligible institution can determine whether or not it takes part.

Each eligible institution can also determine which of their deposits and which of their wholesale funding liabilities are covered by the guarantee scheme.

Once eligible institutions have applied for coverage of their large deposits and/or wholesale funding liabilities, and the application has been accepted, these liabilities will be supported by the guarantee.

Each eligible institution will be obliged to pay a fee based on the value of large deposits, or wholesale funding, it has covered by the guarantees.

The guarantee scheme application process provides a number of important safeguards for the government and also for taxpayers.

#### *Transparency and accountability mechanisms*

To ensure transparency and accountability, the government will publish regular reports on the guarantee scheme's website—[www.guaranteescheme.gov.au](http://www.guaranteescheme.gov.au)—including a statement of publicly issued guaranteed liabilities.

The government can also publish on the website the details of participating institutions and the liabilities that are covered.

The government will provide six-monthly reports to the parliament on the guarantee scheme's operations, including:

- the extent of the liabilities covered by the guarantees;

- whether any calls have been made under the guarantees for payment; and
- the payments, if any, made by the Commonwealth under the guarantees.

### **Protecting the interests of taxpayers**

The guarantee scheme protects the interests of taxpayers in three key ways.

First, all of the eligible institutions under the guarantee scheme are regulated by APRA and must already comply with stringent prudential requirements, accounting and audit rules, and reporting requirements.

To have liabilities protected by the guarantee scheme, eligible institutions will need to provide a statement of compliance as a part of the application process or, alternatively, obtain special consent from APRA.

Any applications with incorrect compliance statements, or without special consent from APRA, will be rejected.

Second, eligible institutions will need to execute a counterindemnity that will require them to reimburse the Commonwealth for any payments made and costs incurred under the guarantee scheme.

Eligible institutions will also be required to agree to abide by the scheme rules, which include a requirement that institutions have reports relating to the guarantee audited.

The government also has the power to independently audit these institutions and their records.

The RBA and APRA will work together in the administration of the guarantee scheme.

The agencies already have a memorandum of understanding that sets out a framework for cooperation between them, which covers such matters as information sharing and consultation arrangements for the handling of threats to system stability.

Third, the Council of Financial Regulators—comprising Treasury, the RBA, APRA

and ASIC—will actively monitor the administration arrangements and will develop any further protocols considered necessary for effective scheme administration.

### **Features of the Bill**

The bill has two substantive measures.

A standing appropriation is established by the bill to enable claims to be paid in a timely way, in the unlikely event that claims are made under the guarantee scheme.

A borrowing power is also provided, should there be insufficient funds in the Consolidated Revenue Fund when claims are to be paid under the guarantee scheme.

The appropriation before the House is not a legal necessity for the commencement of the guarantee. Our legal advice makes that absolutely clear.

Nor would it be a commercial necessity, if international markets could be confident that there would be ready bipartisan support in this parliament for an appropriation bill in the very unlikely event that one is required.

Australian banks could have been pretty comfortable this support would be forthcoming, based on the Leader of the Opposition's words on the day the guarantee was announced, and I quote:

The Opposition welcomes the decisions taken by the Prime Minister today to provide a guarantee for all deposits for Australian deposit taking institutions, banks, credit unions, building societies and so forth. That's a very important step and we will undertake to give the Government every assistance in ensuring that the necessary legislation is passed through the parliament promptly.

As we all now know, that support has been withdrawn.

That would not matter if it were just a case of the usual rough-and-tumble of politics.

But in the midst of a global financial crisis, words are bullets, and the Leader of the

Opposition's growing attacks on the guarantee scheme have created the seeds of doubt in the minds of global investors.

We simply cannot allow those doubts to fester.

It is certainly the case that the Leader of the Opposition has been issuing dark warnings about uncertainty for banks on international funding markets if legislation were not passed.

I would just make the point in passing that this is a bit like a cat burglar warning of an impending crime spree.

In essence, we have decided to bring this legislation forward now, to allow the Leader of the Opposition to take his pot shots at a time when they can cause least damage.

This standing appropriation is an important step in our ongoing efforts to protect Australia from a global financial crisis that has already driven some of the world's largest economies into recession.

It is part of an ongoing process of the Rudd government working quietly and methodically through the complex issues the nation confronts.

This process will continue as global circumstances change.

Our promise is that at all times, we will consult broadly, work collaboratively with regulators and with industry, and act in the national interest.

I would just like to make one final point.

Obviously the consultative approach we have taken to these matters means information can leak out from time to time, including to the opposition.

This is inconvenient, but the government will not ever stop consulting on such important matters, whatever the political cost we incur.

Of course, the national interest is more important than the political interests of anyone in this House.

It is something those opposite would do well to remind themselves of.

I urge the parliament to support the guarantee scheme and this bill in the interests of promoting financial system stability, confidence in Australia's banks, building societies and credit unions and in the interests of ensuring the flow of credit to Australian businesses and households.

I commend the bill to the House.

Debate (on motion by Ms Ley) adjourned.

**SOCIAL SECURITY AND OTHER  
LEGISLATION AMENDMENT  
(ECONOMIC SECURITY STRATEGY)  
BILL 2008**

**APPROPRIATION (ECONOMIC SECURITY STRATEGY) BILL (No. 1)  
2008-2009**

**APPROPRIATION (ECONOMIC SECURITY STRATEGY) BILL (No. 2)  
2008-2009**

**Returned from the Senate**

Message received from the Senate returning the bills without amendment or request.

**SAME-SEX RELATIONSHIPS (EQUAL TREATMENT IN COMMONWEALTH LAWS—SUPERANNUATION) BILL  
2008**

**Consideration of Senate Message**

Bill returned from the Senate with amendments.

Ordered that the amendments be considered immediately.

*Senate's amendments—*

(1) Clause 2, page 2, omit the table, substitute:

Commencement information		
Column 1	Column 2	Column 3
Provision(s)	Commencement	Date/Details
1. Sections 1 to 3 and anything in this Act not elsewhere covered by this table	The day on which this Act receives the Royal Assent.	
2. Schedule 1	1 July 2008.	1 July 2008
3. Schedules 2 and 3	1 July 2008.	1 July 2008
4. Schedule 4	1 July 2008.	1 July 2008
5. Schedule 5	1 July 2008.	1 July 2008

- (2) Schedule 2, page 12 (line 2) to page 17 (line 8), omit the Schedule, substitute:

***Schedule 2—Attorney-General's amendments***

***Part 1—Amendment of the Acts Interpretation Act 1901***

**Acts Interpretation Act 1901**

**1 After section 22**

Insert:

***22A References to de facto partners***

For the purposes of a provision of an Act that is a provision in which de facto partner has the meaning given by this Act, a person is the *de facto partner* of another person (whether of the same sex or a different sex) if:

- (a) the person is in a registered relationship with the other person under section 22B; or
- (b) the person is in a de facto relationship with the other person under section 22C.

***22B Registered relationships***

For the purposes of paragraph 22A(a), a person is in a *registered relationship* with another person if the relationship between the persons is registered under a prescribed law of a State or Territory as a prescribed kind of relationship.

***22C De facto relationships***

- (1) For the purposes of paragraph 22A(b), a person is in a *de facto relationship* with another person if the persons:
  - (a) are not legally married to each other; and
  - (b) are not related by family (see subsection (6)); and
  - (c) have a relationship as a couple living together on a genuine domestic basis.
- (2) In determining for the purposes of paragraph (1)(c) whether 2 persons have a relationship as a couple, all the circumstances of their relationship are to be taken into account, including any or all of the following circumstances:
  - (a) the duration of the relationship;
  - (b) the nature and extent of their common residence;
  - (c) whether a sexual relationship exists;
  - (d) the degree of financial dependence or interdependence, and any arrangements for financial support, between them;
  - (e) the ownership, use and acquisition of their property;
  - (f) the degree of mutual commitment to a shared life;
  - (g) the care and support of children;
  - (h) the reputation and public aspects of the relationship.
- (3) No particular finding in relation to any circumstance mentioned in subsection (2) is necessary in determining whether 2 persons have a relationship as a couple for the purposes of paragraph (1)(c).
- (4) For the purposes of paragraph (1)(c), the persons are taken to be living together on a genuine domestic basis if the persons are not living together on a genuine domestic basis only because of:
  - (a) a temporary absence from each other; or

- (b) illness or infirmity of either or both of them.
- (5) For the purposes of subsection (1), a de facto relationship can exist even if one of the persons is legally married to someone else or is in a registered relationship (within the meaning of section 22B) with someone else or is in another de facto relationship.
- (6) For the purposes of paragraph (1)(b), 2 persons are *related by family* if:
  - (a) one is the child (including an adopted child) of the other; or
  - (b) one is another descendant of the other (even if the relationship between them is traced through an adoptive parent); or
  - (c) they have a parent in common (who may be an adoptive parent of either or both of them).

For this purpose, disregard whether an adoption is declared void or has ceased to have effect.
- (7) For the purposes of subsection (6), *adopted* means adopted under the law of any place (whether in or out of Australia) relating to the adoption of children.

**Part 2—Amendment of other Acts**

**Federal Magistrates Act 1999**

**2 Section 5**

Insert:

*marital or couple relationship* has the meaning given by subclause 9E(5) of Schedule 1.

**3 Section 5 (definition of *marital relationship*)**

Repeal the definition.

**4 Section 5**

Insert:

*partner*: a person is the *partner* of another person if the 2 persons have a relationship as a couple (whether the persons are the same sex or different sexes).

**5 Subclauses 9E(2), (3) and (4) of Schedule 1**

After “marital” (wherever occurring), insert “or couple”.

**6 Subclause 9E(5) of Schedule 1**

After “*marital*”, insert “*or couple*”.

Note: The heading to subclause 9E(5) of Schedule 1 is replaced by the heading “*Meaning of marital or couple relationship*”.

**7 Subclause 9E(5) of Schedule 1**

After “husband or wife” (wherever occurring), insert “or partner”.

**8 Subclause 9E(6) of Schedule 1**

After “marital”, insert “or couple”.

**9 After paragraph 9E(7)(b) of Schedule 1**

Insert:

- (ba) the persons’ relationship was registered under a law of a State or Territory prescribed for the purposes of section 22B of the *Acts Interpretation Act 1901* as a kind of relationship prescribed for the purposes of that section;

**10 At the end of paragraph 9E(7)(c) of Schedule 1**

Add:

- or (iii) a child of both of the persons within the meaning of the *Family Law Act 1975*;

**11 After subparagraph 9F(1)(b)(i) of Schedule 1**

Insert:

- (ia) the person is a child of the Magistrate within the meaning of the *Family Law Act 1975*;

**12 Application of amendments of the *Federal Magistrates Act 1999***

The amendments of the *Federal Magistrates Act 1999* made by this Schedule apply in relation to any payment payable under clause 9D of Schedule 1 to that Act in respect of a person who dies on or after the commencement of this

Schedule if, at the time of his or her death, the deceased person:

- (a) held office as a Federal Magistrate; or
- (b) was a retired disabled Federal Magistrate.

#### **Judges' Pensions Act 1968**

##### **13 Subsection 4(1)**

Insert:

*child of a marital or couple relationship*, in relation to a marital or couple relationship, means:

- (a) a child born of the marital or couple relationship; or
- (b) a child adopted by the people in the marital or couple relationship during the period of the relationship; or
- (c) someone who is, within the meaning of the *Family Law Act 1975*, a child of both of the people in the marital or couple relationship.

##### **14 Subsection 4(1) (definition of *child of a marital relationship*)**

Repeal the definition.

##### **15 Subsection 4(1)**

Insert:

*marital or couple relationship* has the meaning given by section 4AB.

##### **16 Subsection 4(1)**

Insert:

*partner*: a person is the *partner* of another person if the two persons have a relationship as a couple (whether the persons are the same sex or different sexes).

##### **17 Subsection 4(1)**

Insert:

*spouse* has a meaning affected by section 4AC.

##### **18 After paragraph 4AA(a)**

Insert:

- (aa) the child is a child of the deceased Judge within the meaning of the *Family Law Act 1975*; or

##### **19 Subsection 4AB(1)**

After "*marital*", insert "*or couple*".

Note: The heading to section 4AB is replaced by the heading "**Marital or couple relationship**".

##### **20 Subsections 4AB(1) and (2)**

After "husband or wife" (wherever occurring), insert "or partner".

##### **21 Subsection 4AB(3)**

After "marital", insert "or couple".

##### **22 After paragraph 4AB(4)(b)**

Insert:

- (ba) the persons' relationship was registered under a law of a State or Territory prescribed for the purposes of section 22B of the *Acts Interpretation Act 1901* as a kind of relationship prescribed for the purposes of that section;

##### **23 At the end of paragraph 4AB(4)(c)**

Add:

- or (iii) a child of both of the persons within the meaning of the *Family Law Act 1975*;

##### **24 Subsections 4AC(2) and (3)**

After "marital" (wherever occurring), insert "or couple".

##### **25 Subsections 10(2), 11(3) and 12(3)**

After "marital" (wherever occurring), insert "or couple".

##### **26 Application of amendments of the *Judges' Pensions Act 1968***

- (1) The amendments of the *Judges' Pensions Act 1968* made by this Schedule apply in relation to any pension payable under that Act in respect of a person who dies on or after the commencement of this Schedule if, at the time of his or her death, the deceased person was a Judge or a retired Judge.
- (2) The amendments of the *Judges' Pensions Act 1968* made by this Schedule apply in relation to any pension payable under the *Building*

and *Construction Industry Improvement Act 2005* in respect of a person who dies on or after the commencement of this Schedule if, at the time of his or her death, the deceased person was or had been the ABC Commissioner.

**Law Officers Act 1964**

**27 Subsection 16(1)**

Omit “other than subsection 6(3) (including the provisions relating to widows and children)”, substitute “other than subsection 4(2) (including the provisions relating to spouses and children)”.

**28 Application of amendments of the Law Officers Act 1964**

The amendments of the *Law Officers Act 1964* made by this Schedule apply in relation to any pension payable under section 16 of that Act because of the application of the *Judges’ Pensions Act 1968* in respect of a person who:

- (a) was appointed as Solicitor-General before 1 January 1998; and
- (b) dies on or after the commencement of this Schedule.

**Part 3—Regulations**

**29 Regulations may deal with transitional, saving or application matters**

The Governor-General may make regulations prescribing matters of a transitional nature (including prescribing any saving or application provisions) relating to amendments and repeals made by this Schedule or any other Schedule to this Act.

- (3) Schedule 4, page 26 (line 2) to page 30 (line 14), omit the Schedule, substitute:

**Schedule 4—Treasury amendments**

**Part 1—Superannuation law**

**Retirement Savings Accounts Act 1997**

**1 Subsections 20(2) and (3)**

Repeal the subsections, substitute:

- (2) The *spouse*, in relation to a person, includes:

- (a) another person (whether of the same sex or a different sex) with whom the person is in a relationship that is registered under a law of a State or Territory prescribed for the purposes of section 22B of the *Acts Interpretation Act 1901* as a kind of relationship prescribed for the purposes of that section; and
- (b) another person who, although not legally married to the person, lives with the person on a genuine domestic basis in a relationship as a couple.

- (3) Any *child*, in relation to a person, includes:

- (a) a stepchild, an ex-nuptial child or an adopted child of the person; and
- (b) a child of the person’s spouse; and
- (c) someone who is a child of the person within the meaning of the *Family Law Act 1975*.

**2 Application of amendments of the Retirement Savings Accounts Act 1997**

The amendments of the *Retirement Savings Accounts Act 1997* made by this Schedule apply to the 2008-2009 year of income and later years.

**Small Superannuation Accounts Act 1995**

**3 Section 4**

Insert:

*child*, of a person, means a child of the person within the meaning of the *Superannuation Industry (Supervision) Act 1993*.

**4 Section 4 (definition of spouse)**

Repeal the definition (not including the note), substitute:

*spouse* of a person includes:

- (a) another person (whether of the same sex or a different sex) with whom the person is in a relationship that is registered under a law of a State or Territory prescribed for the purposes

of section 22B of the *Acts Interpretation Act 1901* as a kind of relationship prescribed for the purposes of that section; and

- (b) another person who, although not legally married to the person, lives with the person on a genuine domestic basis in a relationship as a couple.

**5 Application of amendments of the *Small Superannuation Accounts Act 1995***

The amendments of the *Small Superannuation Accounts Act 1995* made by this Schedule apply to the 2008-2009 year of income and later years.

**Superannuation (Government Co-contribution for Low Income Earners) Act 2003**

**6 Subsection 54(3) (definition of *spouse*)**

Repeal the definition, substitute:

*spouse* of a beneficiary of a Government co-contribution includes:

- (a) a person (whether of the same sex or a different sex) with whom the beneficiary is in a relationship that is registered under a law of a State or Territory prescribed for the purposes of section 22B of the *Acts Interpretation Act 1901* as a kind of relationship prescribed for the purposes of that section; and
- (b) a person who, although not legally married to the beneficiary, lives with the beneficiary on a genuine domestic basis in a relationship as a couple.

**7 Application of amendments of the *Superannuation (Government Co-contribution for Low Income Earners) Act 2003***

The amendments of the *Superannuation (Government Co-contribution for Low Income Earners) Act 2003* made by this Schedule apply to the

2008-2009 income year and later income years.

**Superannuation Industry (Supervision) Act 1993**

**8 Subsection 10(1) (definition of *child*)**

Repeal the definition, substitute:

*child*, in relation to a person, includes:

- (a) an adopted child, a stepchild or an ex-nuptial child of the person; and
- (b) a child of the person's spouse; and
- (c) someone who is a child of the person within the meaning of the *Family Law Act 1975*.

**9 Subsection 10(1)**

Insert:

*relative* of an individual means the following:

- (a) a parent, grandparent, brother, sister, uncle, aunt, nephew, niece, lineal descendant or adopted child of the individual or of his or her spouse;
- (b) a spouse of the individual or of any other individual referred to in paragraph (a).

Note: Subsection (6) may be relevant to determining relationships for the purposes of paragraph (a) of the definition of *relative*.

**10 Subsection 10(1) (definition of *spouse*)**

Repeal the definition, substitute:

*spouse* of a person includes:

- (a) another person (whether of the same sex or a different sex) with whom the person is in a relationship that is registered under a law of a State or Territory prescribed for the purposes of section 22B of the *Acts Interpretation Act 1901* as a kind of relationship prescribed for the purposes of that section; and
- (b) another person who, although not legally married to the person, lives with the person on a genuine domestic



tic basis in a relationship as a couple.

**11 At the end of section 10**

Add:

- (5) For the purposes of paragraph (a) of the definition of *relative* in subsection (1), if one individual is the child of another individual because of the definition of *child* in subsection (1), relationships traced to, from or through the individual are to be determined in the same way as if the individual were the natural child of the other individual.

**12 Subsection 17A(9) (paragraphs (b) and (c) of the definition of *relative*)**

Repeal the paragraphs, substitute:

- (b) a spouse or former spouse of the individual, or of an individual referred to in paragraph (a).

**13 After subsection 17A(9)**

Insert:

- (9A) For the purposes of paragraph (a) of the definition of *relative* in subsection (9), if one individual is the child of another individual because of the definition of *child* in subsection 10(1), relationships traced to, from or through the individual are to be determined in the same way as if the individual were the natural child of the other individual.

**14 Subsection 65(6)**

Repeal the subsection.

**15 Subsection 70E(4) (definition of *relative*)**

Repeal the definition.

**16 Application of amendments of the *Superannuation Industry (Supervision) Act 1993***

- (1) Subject to subitems (2) and (3), the amendments of the *Superannuation Industry (Supervision) Act 1993* made by this Schedule apply to the 2008-2009 year of income and later years.

*Amendments affecting section 65*

- (2) The amendments of the *Superannuation Industry (Supervision) Act 1993* made by this Schedule apply for the purposes of the operation of section 65 of that Act in relation to:
  - (a) money lent on or after the day on which this Act receives the Royal Assent; and
  - (b) any other financial assistance commenced to be given on or after the day on which this Act receives the Royal Assent.

*Amendments affecting section 66*

- (3) The amendments of the *Superannuation Industry (Supervision) Act 1993* made by this Schedule apply for the purposes of the operation of section 66 of that Act in relation to assets acquired on or after the day on which this Act receives the Royal Assent.

**17 Transitional provision—in-house assets**

- (1) If:
  - (a) an asset of a superannuation fund consists of:
    - (i) a loan or an investment made before the day on which this Act receives the Royal Assent; or
    - (ii) a loan or an investment made after that day under a contract entered into before that day; or
    - (iii) an asset that becomes subject to a lease or a lease arrangement before that day; and
  - (b) apart from this item, the asset would be an in-house asset of the fund at any time after the commencement of this Schedule; and
  - (c) the asset would be an in-house asset of the fund only because of the amendments of the *Superannuation Industry (Supervision) Act 1993* (the *SIS Act*) made by this Schedule;

then, for the purposes of the operation of Part 8 of the SIS Act on or after the commencement of this Schedule, the asset is not an in-house asset of the fund.

- (2) For the purposes of subparagraph (1)(a)(iii), if:
- (a) a lease or a lease arrangement, enforceable by legal proceedings, in respect of an asset was entered into before the day on which this Act receives the Royal Assent; and
- (b) the lease or lease arrangement came into force on or after that day;
- the asset is taken to have become subject to the lease or lease arrangement before that day.

**Part 2—Taxation law**

**Income Tax (Transitional Provisions) Act 1997**

**18 After section 295-465**

Insert:

**295-485A Meaning of spouse and child for 2008-2009 income year**

- (1) This section applies only for the 2008-2009 income year.
- (2) For the purposes of section 295-485 of the *Income Tax Assessment Act 1997*, paragraph 295-485(1)(a) of that Act applies as if:
- (a) the reference to a spouse or former spouse of the deceased were a reference to:
- (i) a spouse of the deceased within the meaning of the *Superannuation Industry (Supervision) Act 1993* as in force immediately after the commencement of Schedule 4 to the *Same-Sex Relationships (Equal Treatment in Commonwealth Laws—Superannuation) Act 2008*; or
- (ii) an individual who was formerly such a spouse; and

- (b) the reference to a child of the deceased were a reference to a child of the deceased within the meaning of the *Superannuation Industry (Supervision) Act 1993* as in force immediately after the commencement of Schedule 4 to the *Same-Sex Relationships (Equal Treatment in Commonwealth Laws—Superannuation) Act 2008*.

**19 At the end of Division 302**

Add:

**302-195A Meaning of death benefits dependant for 2008-2009 income year**

- (1) This section applies only for the 2008-2009 income year.
- (2) For the purposes of Subdivision 82-B of Division 82, Division 302 and section 303-5 of the *Income Tax Assessment Act 1997*, the definition of **death benefits dependant** in section 302-195 of that Act applies as if paragraphs (a) and (b) of the definition were replaced with the following paragraphs:
- (a) a spouse of the deceased within the meaning of the *Superannuation Industry (Supervision) Act 1993* as in force immediately after the commencement of Schedule 4 to the *Same-Sex Relationships (Equal Treatment in Commonwealth Laws—Superannuation) Act 2008* or a person who was formerly such a spouse; or
- (b) a child of the deceased within the meaning of the *Superannuation Industry (Supervision) Act 1993* as in force immediately after the commencement of Schedule 4 to the *Same-Sex Relationships (Equal Treatment in Commonwealth Laws—Superannuation) Act 2008*, who is aged less than 18.

**Part 3—Application of amendments of the Family Law Act 1975**

**20 Application of amendments of the Family Law Act 1975**

For the purposes of an amendment made by this Schedule that refers to the *Family Law Act 1975*:

- (a) the amendments of that Act made by items 5 and 21 of Schedule 1, and Schedule 3A, to the *Family Law Amendment (De Facto Financial Matters and Other Measures) Act 2008* (the *De Facto Financial Matters Act*) are taken to have commenced on 1 July 2008; and
  - (b) the first regulations made for the purposes of subparagraph 60H(1)(b)(ii) of the *Family Law Act 1975* inserted by Schedule 3A to the *De Facto Financial Matters Act* are taken to have commenced on 1 July 2008; and
  - (c) the first regulations made for the purposes of subsection 60HB(1) of the *Family Law Act 1975* inserted by Schedule 3A to the *De Facto Financial Matters Act* are taken to have commenced on 1 July 2008.
- (4) Schedule 5, page 31 (line 2) to page 32 (line 16), omit the Schedule, substitute:

**Schedule 5—Prime Minister and Cabinet amendments**

**Governor-General Act 1974**

**1 Subsection 2A(2)**

Insert:

*marital or couple relationship* has the meaning given by section 2B.

**2 Subsection 2A(2)**

Insert:

*spouse* has a meaning affected by section 2C.

**3 Subsection 2B(2)**

After “*marital*”, insert “*or couple*”.

Note: The heading to section 2B is replaced by the heading “**Marital or couple relationship**”.

**4 Subsections 2B(2) and (3)**

After “husband or wife” (wherever occurring), insert “or partner”.

**5 After paragraph 2B(4)(b)**

Insert:

- (ba) the persons’ relationship was registered under a law of a State or Territory prescribed for the purposes of section 22B of the *Acts Interpretation Act 1901* as a kind of relationship prescribed for the purposes of that section;

**6 At the end of paragraph 2B(4)(c)**

Add:

- or (iii) a child of both of the persons within the meaning of the *Family Law Act 1975*;

**7 At the end of section 2B**

Add:

- (6) For the purposes of this section, a person is the *partner* of another person if the two persons have a relationship as a couple (whether the persons are the same sex or different sexes).

**8 Section 2C**

After “marital” (wherever occurring), insert “or couple”.

**9 Application of amendments of the Governor-General Act 1974**

The amendments of the *Governor-General Act 1974* made by this Schedule apply in relation to a person who is appointed as Governor-General on or after the commencement of this Schedule.

**Mr McCLELLAND** (Barton—Attorney-General) (4.52 pm)—I indicate to the House that the government proposes that amendments (2), (3) and (4) be agreed to and that amendment (1) be disagreed to but that amendments be made in place thereof. I therefore suggest that it might suit the con-

venience of the House to first consider amendments (2), (3) and (4) and, when those amendments have been disposed of, to then consider amendment (1). I move:

That amendments Nos 2, 3 and 4 be agreed to.

Those amendments amend schedules 2, 4 and 5 of the bill respectively and were proposed by the government in the Senate. A number of these amendments implement recommendations of the Senate Standing Committee on Legal and Constitutional Affairs in relation to the Same-Sex Relationships (Equal Treatment in Commonwealth Laws—Superannuation) Bill 2008. These amendments will make a number of changes to schedules 2, 4 and 5, including amending references in the bill to ‘product of a relationship’, the definition of a child, to instead refer to a child of a person within the meaning of the Family Law Act 1975. It will also use the phrase ‘husband or wife or partner’ instead of ‘partner’ as well as the phrase ‘marital or couple relationship’ instead of ‘couple relationship’. This will ensure that the term ‘marital relationship’ is preserved in acts where that term appears.

Question agreed to.

**Mr McCLELLAND** (Barton—Attorney-General) (4.54 pm)—I move:

That amendment No. (1) be disagreed to.

Senate amendment (1) amends the bill so that schedules 1, 2, 3 and 5 of the bill have retrospective effect from 1 July 2008. As previously raised by the government during the debate in the Senate, this amendment would give rise to significant legal complications which would require complex transitional and consequential amendments. However, such consequential amendments have not been included in Senate amendment (1). Any retrospective operation of the bill would require provision to be made for the Commonwealth to provide just terms compensation in respect of any acquisition of property

brought about by the retrospective application of the amendments to ensure that the bill does not involve any impermissible acquisition of property for the purposes of section 51(xxxi) of the Constitution.

In addition, Senate amendment (1) would create inconsistencies between commencement of the reforms of the Commonwealth Superannuation Scheme and the Public Sector Superannuation Scheme as well as between the Military Superannuation and Benefits Scheme and the Defence Force Retirement and Death Benefits Scheme. This is because the PSS and the MSBS are governed by trust deeds and trust deeds cannot be amended retrospectively. As a consequence, benefits would not be extended to same-sex partners in the PSS and the MSBS from 1 July 2008 as intended by the amendment. For these reasons, I propose that the House should disagree with Senate amendment (1), but to address the substance of the issues which Senate amendment (1) was intended to address the government has proposed alternative amendments to the bill which are set out in the schedule circulated to honourable members.

Question agreed to.

Message from the Governor-General recommending appropriation for the bill and proposed amendments announced.

**Mr McCLELLAND** (Barton—Attorney-General) (4.57 pm)—I move:

That government amendments Nos 1 to 4 be made in place of Senate amendment No. 1 which was disagreed to:

- (1) Clause 2, page 2 (table item 1, column 1), omit “3”, substitute “4”.
- (2) Clause 2, page 2 (table item 3), omit the table item, substitute:

3. Schedule 2, Part 1	The day on which this Act receives the Royal Assent.
3A. Schedule 2, Part 2	At the same time as the provision(s) covered by table item 2.

3B. Schedule 2, Part 3	The day on which this Act receives the Royal Assent.
3C. Schedule 3	At the same time as the provision(s) covered by table item 2.
(3) Clause 2, page 2 (table item 4), omit the table item, substitute:	
4. Schedule 4, Parts 1 and 2	1 July 2008. 1 July 2008
4A. Schedule 4, Part 3	The day on which this Act receives the Royal Assent.

(4) Page 2 (after line 11), after clause 3, insert:

**4 Entitlements from 1 July 2008**

(1) If:

- (a) a person would have been entitled to one or more payments (the *lost payments*) under an Act that is amended by Schedule 1, 2, 3 or 5 to this Act if the relevant Schedule had commenced on 1 July 2008; and
- (b) because the Schedule did not commence until after 1 July 2008, the person is not entitled to the payment or payments; and
- (c) the person makes an application to the Finance Minister for one or more payments (the *replacement payments*) to compensate the person for the lost payments;

the Finance Minister must make a determination, in accordance with subsection (4), to fully compensate the person.

(2) If:

- (a) a person would have been entitled to one or more payments (the *lost payments*) under the *Military Superannuation and Benefits Act 1991* if the first amendment of the Trust Deed under that Act that is made after the commencement of this section had commenced on 1 July 2008; and
- (b) because that amendment did not commence until after 1 July 2008,

the person is not entitled to the payment or payments; and

- (c) the person makes an application to the Finance Minister for one or more payments (the *replacement payments*) to compensate the person for the lost payments;

the Finance Minister must make a determination, in accordance with subsection (4), to fully compensate the person.

(3) If:

- (a) a person would have been entitled to one or more payments (the *lost payments*) under the *Superannuation Act 1990* if the first amendment of the Trust Deed under that Act that is made after the commencement of this section had commenced on 1 July 2008; and
- (b) because that amendment did not commence until after 1 July 2008, the person is not entitled to the payment or payments; and
- (c) the person makes an application to the Finance Minister for one or more payments (the *replacement payments*) to compensate the person for the lost payments;

the Finance Minister must make a determination, in accordance with subsection (4), to fully compensate the person.

(4) A determination by the Finance Minister under this subsection must:

- (a) be in writing; and
- (b) set out:
  - (i) the amount and timing of the replacement payments; or
  - (ii) the method of determining the amount and timing of the replacement payments.

(5) An application must be in writing in the form approved by the Finance Minister.

- (6) To avoid doubt, a determination of the Finance Minister that a person is entitled to one or more replacement payments does not affect the entitlements of any other person under an Act amended by Schedule 1, 2, 3 or 5 to this Act, the *Military Superannuation and Benefits Act 1991* or the *Superannuation Act 1990*.
- (7) Replacement payments are to be made out of the Consolidated Revenue Fund, which is appropriated accordingly.
- (8) A determination made under this section is not a legislative instrument.
- (9) In this section:

**Finance Minister** means the Minister who administers the *Financial Management and Accountability Act 1997*.

The government believes that these amendments to the Same-Sex Relationships (Equal Treatment in Commonwealth Laws—Superannuation) Bill 2008 address the concerns of the opposition and the Australian Greens by ensuring that any individual who would have been entitled to payment or payments will be compensated fully for any payments lost as a result of the delayed commencement of the bill. They also address the government's concerns regarding Senate amendment (1) because they do not require the bill to have retrospective effect. The government's proposed amendments to the bill will provide a mechanism to allow replacement payments to be made to an individual who has lost a superannuation payment or payments because these reforms did not commence on 1 July 2008.

They will also amend the commencement of part 1 of schedule 2 of the bill, which inserts a definition of 'de facto partner' into the Acts Interpretation Act to commence on royal assent. Also, the amendment will make other amendments to commencement dates for certain schedules to the bill, which the government had previously intended to move

in the Senate but which it did not move because they were overtaken by the Senate's approval of the opposition's amendment. I commend the amendments to the House. I thank all those involved, including the shadow minister, for the passage of these provisions.

Question agreed to.

**SAME-SEX RELATIONSHIPS (EQUAL TREATMENT IN COMMONWEALTH LAWS—GENERAL LAW REFORM) BILL 2008**

**Consideration of Senate Message**

Message from the Administrator recommending appropriation for requested amendments announced.

Bill returned from the Senate with requested amendments.

Ordered that the requested amendments be considered immediately.

*Senate's requested amendments—*

**SCHEDULE A**

- (1) Schedule 2, page 20 (after line 3), after item 52, insert:

**Family Law Act 1975**

**52A Subsection 4(1) (paragraphs (b) and (c) of the definition of *step-parent*)**

Repeal the paragraphs, substitute:

- (b) is, or has been, married to or a de facto partner (within the meaning of section 60EA) of, a parent of the child; and
- (c) treats, or at any time while married to, or a de facto partner of, the parent treated, the child as a member of the family formed with the parent.

**52B Paragraph 66M(3)(b)**

After "marriage to", insert " , or relationship with,".

**52C Application to the *Child Support (Registration and Collection) Act 1988***

To the extent that the amendment of the *Family Law Act 1975* made by this Schedule affects the definition of *step-parent* in subsection 4(1) of the *Child Support (Registration and Collection) Act 1988*, it applies in relation to that definition on and after 1 July 2009.

- (2) Schedule 6, page 58 (after line 4), after item 22, insert:

**Child Support (Assessment) Act 1989**

**22A Subsection 5(1) (paragraph (b) of the definition of *member of a couple*)**

Repeal the paragraph, substitute:

- (b) a person who is living with another person as the partner of the other person on a genuine domestic basis although not legally married to the other person; or
- (c) a person whose relationship with another person (whether of the same sex or a different sex) is registered under a law of a State or Territory prescribed for the purposes of section 22B of the *Acts Interpretation Act 1901* as a kind of relationship prescribed for the purposes of that section, and is not living separately and apart from the other person on a permanent or indefinite basis.

**22B Subsection 5(1) (definition of *parent*)**

Repeal the definition, substitute:

***parent*:**

- (a) when used in relation to a child who has been adopted—means an adoptive parent of the child; and
- (b) when used in relation to a child born because of the carrying out of an artificial conception procedure—means a person who is a parent of the child under section 60H of the *Family Law Act 1975*; and

- (c) when used in relation to a child born because of a surrogacy arrangement—includes a person who is a parent of the child under section 60HB of the *Family Law Act 1975*.

**22C Subsection 5(1)**

Insert:

***relative*** has a meaning affected by subsection (4).

**22D At the end of section 5**

Add:

***Relatives***

- (4) For the purposes of section 26A and subparagraph 150(4E)(b)(ii), the relatives of a person are taken to include the following (without limitation):
  - (a) a partner of the person;
  - (b) someone who is a parent of the person, or someone of whom the person is a parent, because of the definition of ***parent*** in this section;
  - (c) anyone else who would be a relative of the person if someone mentioned in paragraph (a) or (b) is taken to be a relative of the person.

**22E Paragraph 29(2)(d)**

Omit “the father or mother”, substitute “a parent”.

**22F At the end of subsection 29(2)**

Add:

- ; or (i) that the person is a parent of the child under section 60H or section 60HB of the *Family Law Act 1975*.

**22G Sub-subparagraph 163A(2)(b)(v)(B)**

Repeal the sub-subparagraph, substitute:

- (B) in a de facto relationship with each other;

**22H Subsection 163A(5)**

Repeal the subsection, substitute:

- (5) In this section:

*de facto relationship* means:

- (a) a relationship between 2 persons (whether of the same sex or different sexes) who, although not legally married to each other, live with each other on a genuine domestic basis in a relationship as a couple; or
- (b) a relationship between 2 persons (whether of the same sex or different sexes) that is registered under a law of a State or Territory prescribed for the purposes of section 22B of the *Acts Interpretation Act 1901* as a kind of relationship prescribed for the purposes of that section.

**Child Support (Registration and Collection) Act 1988**

**22J Subsection 4(1)**

Insert:

*relative* has a meaning affected by subsection (5).

**22K At the end of section 4**

Add:

- (5) For the purposes of this Act, the relatives of a person are taken to include the following (without limitation):
  - (a) a partner (within the meaning of the Assessment Act) of the person;
  - (b) someone who is the parent of the person, or someone of whom the person is a parent, because of the definition of *parent* in the Assessment Act;
  - (c) anyone else who would be a relative of the person if someone mentioned in paragraph (a) or (b) is taken to be a relative of the person.

**SCHEDULE B**

- (1) Clause 2, page 2 (table item 3), omit the table item.
- (2) Clause 2, page 3 (table item 17), omit the table item.
- (3) Clause 2, pages 3 and 4 (table item 18), omit the table item.
- (4) Clause 2, page 4 (table item 19), omit the table item.
- (5) Clause 2, page 4 (table item 20), omit the table item.
- (6) Clause 2, page 4 (table item 21), omit the table item.
- (7) Schedule 2, Part 1, page 8 (line 3) to page 9 (line 36), omit the Part.
- (8) Schedule 2, item 4, page 10 (lines 23 to 30), omit the definition of *child*, substitute:
 

*child*: without limiting who is a child of a person for the purposes of paragraph (a) of the definition of *near relative* in this subsection, someone is the *child* of a person if he or she is a child of the person within the meaning of the *Family Law Act 1975*.
- (9) Schedule 2, item 9, page 12 (lines 2 to 8), omit the definition of *child*, substitute:
 

*child*: without limiting who is a child of a person for the purposes of this Act, someone is the *child* of a person if he or she is a child of the person within the meaning of the *Family Law Act 1975*.
- (10) Schedule 2, item 11, page 12 (lines 19 to 25), omit all the words from and including “is the product” to and including “relationship.”, substitute “is a child of the person within the meaning of the *Family Law Act 1975*.”.
- (11) Schedule 2, item 34, page 15 (lines 7 to 13), omit the definition of *child*, substitute:
 

*child*: without limiting who is a child of a person for the purposes of this Act, someone is the *child* of a person if he or she is a child of the person within the meaning of the *Family Law Act 1975*.
- (12) Schedule 2, item 36, page 15 (line 20) to page 16 (line 9), omit the definition of *parent*, substitute:
 

*parent*: without limiting who is a parent of a person for the purposes of this Act, someone (the *adult*) is the *parent* of a person if:



- (a) the adult is legally entitled to, and has, custody of the person; or
- (b) the adult is legally responsible for the day-to-day care, welfare and development of the person and has the person in his or her care.
- (13) Schedule 2, item 41, page 17 (lines 19 to 25), omit the definition of *child*, substitute:  
*child*: without limiting who is a child of a person for the purposes of this section, someone is the *child* of a person if he or she is a child of the person within the meaning of the *Family Law Act 1975*.
- (14) Schedule 2, item 43, page 18 (lines 5 to 11), omit all the words from and including “is the product” to and including “relationship.”, substitute “is a child of the person within the meaning of the *Family Law Act 1975*.”.
- (15) Schedule 2, item 61, page 21 (lines 24 to 30), omit all the words from and including “is the product” to and including “relationship.”, substitute “is a child of the person within the meaning of the *Family Law Act 1975*.”.
- (16) Schedule 2, item 67, page 22 (line 27) to page 23 (line 2), omit the definition of *child*, substitute:  
*child*: without limiting who is a child of a person for the purposes of this Act, someone is the *child* of a person if he or she is a child of the person within the meaning of the *Family Law Act 1975*.
- (17) Schedule 2, item 73, page 23 (lines 24 to 30), omit the definition of *child*, substitute:  
*child*: without limiting who is a child of a person for the purposes of this Act, someone is the *child* of a person if he or she is a child of the person within the meaning of the *Family Law Act 1975*.
- (18) Schedule 2, item 76, page 24 (lines 25 to 31), omit all the words from and including “is the product” to and including “relationship.”, substitute “is a child of the person within the meaning of the *Family Law Act 1975*.”.
- (19) Schedule 2, item 85, page 27 (line 31) to page 28 (line 2), omit the definition of *parent*, substitute:  
*parent*: without limiting who is a parent of anyone for the purposes of this Act, a person is the *parent* of another person if the other person is a child of the person within the meaning of the *Family Law Act 1975*.
- (20) Schedule 3, item 2, page 30 (lines 23 to 28), omit all the words from and including “is the product” to and including “relationship.”, substitute “is a child of the person within the meaning of the *Family Law Act 1975*.”.
- (21) Schedule 3, item 6, page 31 (lines 9 to 15), omit the definition of *child*, substitute:  
*child*: without limiting who is a child of a person for the purposes of this Act, someone is the *child* of a person if he or she is a child of the person within the meaning of the *Family Law Act 1975*.
- (22) Schedule 3, item 12, page 32 (lines 17 to 24), omit the definition of *child*, substitute:  
*child*: without limiting who is a child of a person for the purposes of Part 2A and this Schedule, someone is the *child* of a person if he or she is a child of the person within the meaning of the *Family Law Act 1975*.
- (23) Schedule 4, item 1, page 35 (lines 5 and 6), omit the item.
- (24) Schedule 4, item 2, page 35 (lines 13 to 15), omit subparagraph (a)(ii) of the definition of *child*, substitute:  
(ii) a child of the person within the meaning of the *Family Law Act 1975*; and
- (25) Schedule 4, item 2, page 35 (line 19), omit the note.
- (26) Schedule 4, item 9, page 36 (lines 12 to 17), omit the item.
- (27) Schedule 4, item 47, page 41 (lines 14 to 20), omit the definition of *child*, substitute:

- child*: without limiting who is a child of a person for the purposes of subsection (3), someone is the *child* of a person if he or she is a child of the person within the meaning of the *Family Law Act 1975*.
- (28) Schedule 4, item 51, page 42 (lines 22 to 29), omit the definition of *parent*, substitute:
- parent*: without limiting who is a parent of anyone for the purposes of this Act, a person is the *parent* of another person if the other person is a child of the person within the meaning of the *Family Law Act 1975*.
- (29) Schedule 5, item 2, page 44 (lines 11 to 17), omit the definition of *child*, substitute:
- child*: without limiting who is a child of a person for the purposes of this section, someone is the *child* of a person if he or she is a child of the person within the meaning of the *Family Law Act 1975*.
- (30) Schedule 5, item 9, page 45 (line 31) to page 46 (line 4), omit subclause (3) of Schedule 1, substitute:
- (3) For the purposes of paragraph (2)(b), one person is the *child* of another person because of this subclause if he or she is a child of the other person within the meaning of the *Family Law Act 1975*.
- (31) Schedule 5, item 11, page 46 (lines 15 to 21), omit the definition of *child*, substitute:
- child*: without limiting who is a child of a person for the purposes of this Act, someone is the *child* of a person if he or she is a child of the person within the meaning of the *Family Law Act 1975*.
- (32) Schedule 5, item 27, page 49 (lines 17 to 23), omit the definition of *child*, substitute:
- child*: without limiting who is a child of a person for the purposes of this Act, someone is the *child* of a person if he or she is a child of the person within the meaning of the *Family Law Act 1975*.
- (33) Schedule 5, item 40, page 52 (lines 10 to 16), omit the definition of *child*, substitute:
- child*: without limiting who is a child of a person for the purposes of this section, someone is the *child* of a person if he or she is a child of the person within the meaning of the *Family Law Act 1975*.
- (34) Schedule 6, item 1, page 53 (lines 9 to 15), omit the definition of *child*, substitute:
- child*: without limiting who is a child of a person for the purposes of this Act, someone is the *child* of a person if he or she is a child of the person within the meaning of the *Family Law Act 1975*.
- (35) Schedule 6, item 7, page 54 (lines 24 to 30), omit the definition of *child*, substitute:
- child*: without limiting who is a child of a person for the purposes of this Act, someone is the *child* of a person if he or she is a child of the person within the meaning of the *Family Law Act 1975*.
- (36) Schedule 6, items 13 to 16, page 56 (lines 12 to 28), omit the items.
- (37) Schedule 6, item 18, page 57 (lines 8 to 13), omit subsection 23(6), substitute:
- (6) If a child (other than an adopted child) is a relationship child of a person because he or she is a child of the person, and of another person, within the meaning of the *Family Law Act 1975*, the person and the other person are taken to be the child's only parents for the purposes of paragraph (c) of the definition of *qualifying period* in subsection (5).
- (38) Schedule 6, item 35, page 59 (lines 24 to 30), omit the definition of *child*, substitute:
- child*: without limiting who is a child of a person for the purposes of this Act, someone is the *child* of a person if he or she is a child of the person within the meaning of the *Family Law Act 1975*.

- (39) Schedule 6, item 45, page 61 (lines 10 to 19), omit the item.
- (40) Schedule 6, item 68, page 64 (line 30) to page 65 (line 2), omit subsection 993(3), substitute:
- (3) If a young person (other than an adopted child) is a relationship child of a person because he or she is a child of the person, and of another person, within the meaning of the *Family Law Act 1975*, the person and the other person are taken to be the young person's only parents for the purposes of this section.
- (41) Schedule 6, item 70, page 65 (lines 7 to 11), omit subsection 994(2), substitute:
- (2) If a young person (other than an adopted child) is a relationship child of a person because he or she is a child of the person, and of another person, within the meaning of the *Family Law Act 1975*, the person and the other person are taken to be the young person's only parents for the purposes of this section.
- (42) Schedule 6, item 71, page 65 (lines 14 to 18), omit subsection 995(3), substitute:
- (3) If a young person (other than an adopted child) is a relationship child of a person because he or she is a child of the person, and of another person, within the meaning of the *Family Law Act 1975*, the person and the other person are taken to be the young person's only parents for the purposes of this section.
- (43) Schedule 6, item 73, page 65 (lines 25 to 30), omit subsection 1061PL(8), substitute:
- (8) If a person (other than a person who is an adopted child) is a relationship child of another person because he or she is a child of the other person, and of a third person, within the meaning of the *Family Law Act 1975*, the other person and the third person are taken to be the person's only parents for the purposes of subsections (3), (4), (5), (6) and (7).
- (44) Schedule 6, item 85, page 67 (lines 3 to 8), omit subsection 1067A(13), substitute:
- (13) If a person (other than a person who is an adopted child) is a relationship child of another person because he or she is a child of the other person, and of a third person, within the meaning of the *Family Law Act 1975*, the other person and the third person are taken to be the person's only parents for the purposes of subsections (5), (6), (7), (8), (9) and (11).
- (45) Schedule 6, item 88, page 67 (lines 16 to 20), omit subsection 1067B(2), substitute:
- (2) If a person (other than a person who is an adopted child) is a relationship child of another person because he or she is a child of the other person, and of a third person, within the meaning of the *Family Law Act 1975*, the other person and the third person are taken to be the person's only parents for the purposes of paragraph (1)(b).
- (46) Schedule 6, item 101, page 69 (lines 10 to 14), omit subsection 1067D(4), substitute:
- (4) If a person (other than a person who is an adopted child) is a relationship child of another person because he or she is a child of the other person, and of a third person, within the meaning of the *Family Law Act 1975*, the other person and the third person are taken to be the person's only parents for the purposes of paragraph (1)(b).
- (47) Schedule 6, items 104 to 106, page 69 (line 20) to page 70 (line 4), omit the items.
- (48) Schedule 6, item 110, page 70 (lines 14 to 18), omit subsection 1067J(2), substitute:
- (2) If a person (other than a person who is an adopted child) is a relationship child of another person because he or she is a child of the other person, and of a third person, within the meaning of the *Family Law Act 1975*, the other person and the third person are taken to be the person's only parents for the purposes of subsection (1).

- (49) Schedule 6, item 118, page 71 (lines 8 to 13), omit the item.
- (50) Schedule 6, item 125, page 72 (lines 5 to 11), omit all the words from and including “is the product” to and including “relationship.”, substitute “is a child of the person within the meaning of the *Family Law Act 1975*.”.
- (51) Schedule 6, item 127, page 72 (lines 23 to 29), omit all the words from and including “is the product” to and including “relationship.”, substitute “is a child of the beneficiary within the meaning of the *Family Law Act 1975*.”.
- (52) Schedule 7, item 1, page 73 (lines 7 to 12), omit all the words from and including “who is the product” to and including “relationship.”, substitute “of the person within the meaning of the *Family Law Act 1975*.”.
- (53) Schedule 7, item 9, page 74 (lines 22 to 28), omit the definition of **child**, substitute:  
**child:** without limiting who is a child of a person for the purposes of this Part, someone is the **child** of a person if he or she is a child of the person within the meaning of the *Family Law Act 1975*.
- (54) Schedule 7, items 49 and 50, page 83 (lines 12 to 18), omit the items.
- (55) Schedule 7, item 52, page 83 (line 23) to page 84 (line 21), omit the item.
- (56) Schedule 7, heading to Part 2, page 85 (line 2), omit the heading, substitute:  
**Part 2—Superannuation amendments**
- (57) Schedule 7, page 85 (after line 6), after item 53, insert:  
**53A At the end of section 51**  
 Add:  
 (7) The reference in paragraph (6)(a) to the birth of a child of the person includes a reference to the birth of a child who is a child of the person within the meaning of the *Family Law Act 1975*.
- (58) Schedule 7, page 85 (after line 9), after item 54, insert:  
**54A At the end of section 51A**  
 Add:  
 (8) The reference in subparagraph (1)(b)(i) to the birth of a child of a person includes a reference to the birth of a child who is a child of the person within the meaning of the *Family Law Act 1975*.
- (59) Schedule 7, item 55, page 85 (line 13), omit “(whether Part 2, 3 or 4)”.
- (60) Schedule 7, Part 3, page 86 (lines 2 to 21), omit the Part.
- (61) Schedule 7, Part 4, page 87 (line 2) to page 88 (line 7), omit the Part.
- (62) Schedule 8, item 7, page 90 (lines 23 to 30), omit the definition of **child**, substitute:  
**child:** without limiting who is a child of an individual for the purposes of this Act, someone is the **child** of an individual if he or she is a child of the individual within the meaning of the *Family Law Act 1975*.
- (63) Schedule 8, item 14, page 92 (lines 12 to 18), omit the definition of **child**, substitute:  
**child:** without limiting who is a child of a person for the purposes of this Act, someone is the **child** of a person if he or she is a child of the person within the meaning of the *Family Law Act 1975*.
- (64) Schedule 9, item 4, page 94 (lines 9 to 15), omit the item.
- (65) Schedule 9, item 6, page 94 (line 20) to page 95 (line 9), omit the item.
- (66) Schedule 9, item 8, page 95 (lines 20 to 22), omit paragraph (b) of the definition of **child**, substitute:  
 (b) someone who is a child of the person within the meaning of the *Family Law Act 1975*.
- (67) Schedule 9, item 8, page 95 (lines 23 to 25), omit the note.
- (68) Schedule 9, item 14, page 96 (lines 16 to 21), omit the definition of **parent** (including the note), substitute:  
**parent:** without limiting who is a parent of a child for the purposes of this

Part, a person is the *parent* of a child if the child is a child of the person within the meaning of the *Family Law Act 1975*.

- (69) Schedule 9, item 18, page 97 (lines 8 to 14), omit the item.
- (70) Schedule 9, item 19, page 97 (lines 23 to 25), omit paragraph (c) of the definition of *parent*, substitute:
- (c) the child is a child of the person within the meaning of the *Family Law Act 1975*.
- (71) Schedule 9, item 19, page 97 (lines 26 to 28), omit the note.
- (72) Schedule 9, item 21, page 98 (lines 8 to 10), omit paragraph 84(3B)(c), substitute:
- (c) someone who is a child of the person within the meaning of the *Family Law Act 1975*.
- (73) Schedule 9, item 21, page 98 (lines 11 and 12), omit the note.
- (74) Schedule 9, items 23 and 24, page 98 (lines 15 to 34), omit the items.
- (75) Schedule 9, item 26, page 99 (lines 2 to 23), omit the item.
- (76) Schedule 9, item 30, page 101 (lines 12 to 14), omit paragraph (c) of the definition of *child*, substitute:
- (c) someone who is a child of the person within the meaning of the *Family Law Act 1975*;
- (77) Schedule 9, item 30, page 101 (lines 18 to 21), omit all the words from and including "For the purposes" to and including "relationship."
- (78) Schedule 9, items 36 and 37, page 102 (lines 18 to 32), omit the items.
- (79) Schedule 10, item 1, page 104 (lines 9 to 15), omit all the words from and including "is the product" to and including "relationship.", substitute "is a child of the person within the meaning of the *Family Law Act 1975*."
- (80) Schedule 10, item 7, page 105 (lines 7 to 18), omit section 8, substitute:

**8 Children born as a result of artificial conception procedures or surrogacy arrangements**

- (1) This section applies if a child is:
- (a) a child of a person under section 60H or 60HB of the *Family Law Act 1975*; and
- (b) either:
- (i) a child of the person's spouse or de facto partner under that section; or
- (ii) a biological child of the person's spouse or de facto partner.
- (2) The child is taken for the purposes of this Act:
- (a) to be the child of the person and the spouse or de facto partner; and
- (b) not to be the child of anyone else.
- (81) Schedule 10, page 107 (before line 5), before item 13, insert:
- 12A Subsection 5(1)**
- Insert:
- adoption* has the same meaning as in the regulations.
- (82) Schedule 10, item 20, page 108 (lines 9 to 18), omit subsection 5CA(1), substitute:
- (1) Without limiting who is a child of a person for the purposes of this Act, each of the following is the *child* of a person:
- (a) someone who is a child of the person within the meaning of the *Family Law Act 1975* (other than someone who is an adopted child of the person within the meaning of that Act);
- (b) someone who is an adopted child of the person within the meaning of this Act.
- (83) Schedule 10, item 79, page 120 (lines 6 to 13), omit the definition of *parent*, substitute:
- parent*: without limiting who is a parent of anyone for the purposes of this Act, a person is the *parent* of another person if the other person is a child of

- the person within the meaning of the *Family Law Act 1975*.
- (84) Schedule 11, item 3, page 122 (lines 7 to 13), omit the definition of *child*, substitute:
- child*: without limiting who is a child of a person for the purposes of this Act, someone is the *child* of a person if he or she is a child of the person within the meaning of the *Family Law Act 1975*.
- (85) Schedule 11, item 8, page 124 (lines 7 to 13), omit the definition of *child*, substitute:
- child*: without limiting who is a child of a person for the purposes of this Act, someone is the *child* of a person if he or she is a child of the person within the meaning of the *Family Law Act 1975*.
- (86) Schedule 11, page 125 (after line 21), after item 13, insert:
- 13A Paragraph 15(d)**  
After “spouse” (wherever occurring), insert “, de facto partner”.
- (87) Schedule 11, Part 3, page 125 (after line 35), at the end of the Part, add:
- 14A Paragraph 38(d)**  
After “spouse” (wherever occurring), insert “, de facto partner”.
- (88) Schedule 11, item 16, page 126 (lines 8 to 15), omit the definition of *child*, substitute:
- child*: without limiting who is a child of a person for the purposes of Part 3 and this Schedule, someone is the *child* of a person if he or she is a child of the person within the meaning of the *Family Law Act 1975*.
- (89) Schedule 11, item 23, page 129 (lines 4 to 10), omit the definition of *child*, substitute:
- child*: without limiting who is a child of a person for the purposes of this Act, someone is the *child* of a person if he or she is a child of the person within the meaning of the *Family Law Act 1975*.
- (90) Schedule 12, item 4, page 133 (lines 16 to 22), omit the definition of *child*, substitute:
- child*: without limiting who is a child of a person for the purposes of this section, someone is the *child* of a person if he or she is a child of the person within the meaning of the *Family Law Act 1975*.
- (91) Schedule 13, item 1, page 135 (lines 20 to 26), omit the definition of *child*, substitute:
- child*: without limiting who is a child of a person for the purposes of subsection (10), someone is the *child* of a person if he or she is a child of the person within the meaning of the *Family Law Act 1975*.
- (92) Schedule 13, item 3, page 136 (lines 3 to 9), omit all the words from and including “is the product” to and including “relationship.”, substitute “is a child of the individual within the meaning of the *Family Law Act 1975*.”.
- (93) Schedule 14, item 91, page 152 (lines 9 to 15), omit all the words from and including “is the product” to and including “relationship.”, substitute “is a child of the individual within the meaning of the *Family Law Act 1975*.”.
- (94) Schedule 14, item 98, page 154 (lines 8 to 14), omit the definition of *child*, substitute:
- child*: without limiting who is a child of a person for the purposes of this Act, someone is the *child* of a person if he or she is a child of the person within the meaning of the *Family Law Act 1975*.
- (95) Schedule 14, item 110, page 157 (lines 6 to 12), omit the definition of *child*, substitute:
- child*: without limiting who is a child of a person for the purposes of this Act, someone is the *child* of a person if he or she is a child of the person within the meaning of the *Family Law Act 1975*.
- (96) Schedule 14, item 113, page 158 (lines 16 to 22), omit the definition of *child*, substitute:
- child*: without limiting who is a child of a person for the purposes of this Act, someone is the *child* of a person if he or she is a child of the person within

- the meaning of the *Family Law Act 1975*.
- (97) Schedule 14, item 125, page 160 (lines 15 to 21), omit the definition of **child**, substitute:
- child**: without limiting who is a child of a person for the purposes of this Act, someone is the **child** of a person if he or she is a child of the person within the meaning of the *Family Law Act 1975*.
- (98) Schedule 14, item 130, page 162 (lines 6 to 12), omit the definition of **child**, substitute:
- child**: without limiting who is a child of a person for the purposes of this Act, someone is the **child** of a person if he or she is a child of the person within the meaning of the *Family Law Act 1975*.
- (99) Schedule 15, item 6, page 165 (lines 23 to 30), omit the definition of **parent**, substitute:
- parent**: without limiting who is a parent of anyone for the purposes of this Act, a person is the **parent** of another person if the other person is a child of the person within the meaning of the *Family Law Act 1975*.
- (100) Schedule 15, item 34, page 168 (lines 21 to 27), omit the definition of **child**, substitute:
- child**: without limiting who is a child of a person for the purposes of this Act, someone is the **child** of a person if he or she is a child of the person within the meaning of the *Family Law Act 1975*.
- (101) Schedule 15, item 68, page 175 (lines 3 to 8), omit subsection 5Q(5), substitute:
- (5) For the purposes of this Act, if under a provision of this Act one person is the child of another person because the person is a child of the other person within the meaning of the *Family Law Act 1975*, relationships traced to or through the person are to be determined on the basis that the person is the child of the other person.
- (102) Schedule 15, item 68, page 175 (lines 9 to 13), omit the note, substitute:
- Note: Paragraph 10(1)(b) and paragraph (b) of the definition of **child** in section 52ZO are examples of provisions under which one person may be the child of another person because the person is a child of the other person within the meaning of the *Family Law Act 1975*.
- (103) Schedule 15, item 70, page 175 (lines 26 to 28), omit paragraph 10(1)(b), substitute:
- (b) a child who is a child of the veteran within the meaning of the *Family Law Act 1975*; or
- (104) Schedule 15, item 70, page 175 (lines 32 to 35), omit subsection 10(2).
- (105) Schedule 15, item 73, page 176 (lines 8 to 15), omit subsection 10A(1), substitute:
- (1) Without limiting who is a parent of anyone for the purposes of this Act, a person is the **parent** of another person (other than an adopted child) if the other person is a child of the person within the meaning of the *Family Law Act 1975*.
- (106) Schedule 15, item 90, page 178 (lines 6 to 12), omit all the words from and including “is the product” to and including “relationship.”, substitute “is a child of the person within the meaning of the *Family Law Act 1975*.”.
- (107) Schedule 15, item 92, page 178 (lines 24 to 30), omit all the words from and including “is the product” to and including “relationship.”, substitute “is a child of the person within the meaning of the *Family Law Act 1975*.”.
- (108) Schedule 15, item 93, page 179 (lines 1 to 3), omit paragraph (ba) of the definition of **child**, substitute:
- (ba) someone who was a child of the deceased within the meaning of the *Family Law Act 1975*; or
- (109) Schedule 15, items 94 and 95, page 179 (lines 4 to 14), omit the items.

**Mr McCLELLAND** (Barton—Attorney-General) (5.00 pm)—I move:

That the requested amendments be agreed to.

Amendment (1) requested by the Senate will amend the definition of step-parent in section 4(1) of the Family Law Act. The amended definition of step-parent will include a current or former de facto partner of a parent of the child where he or she treats, or while the de facto partner of that parent treated, the child as a member of the family he or she formed with the parent. As a consequence, an amendment will also be made to section 66M(3)(b) of the Family Law Act, which relates to obligations of step-parents to maintain children. The amended provision requires the court to have regard to the length and circumstances of the marriage or relationship of the step-parent with the parent of the stepchild in determining whether the step-parent has a duty to maintain the stepchild. The amendment will also provide that the amendments to the Family Law Act will only affect the Child Support (Registration and Collection) Act from 1 July 2009 in line with other changes to the Child Support Scheme. I commend the requested amendment to the House.

Amendment (2) requested by the Senate will remove any discrimination against same-sex couples and their families in the Child Support Scheme. In summary, the amendment will, firstly, amend provisions in the Child Support (Assessment) Act 1989 that relate to the concept of parent in order to maintain consistency between that act and the Family Law Act and, secondly, amend the definitions of ‘de facto relationship’ and ‘member of a couple’ in the Child Support (Assessment) Act 1989 to recognise both same- and opposite-sex de facto relationships and registered relationships within the meaning of section 22B of the Acts Interpretation Act. It will also insert a tracing rule in the

Child Support (Assessment) Act 1989 and the Child Support (Registration and Collection) Act 1988. I commend the requested amendment to the House.

Question agreed to.

#### **NATION-BUILDING FUNDS BILL 2008**

Cognate bills:

#### **NATION-BUILDING FUNDS (CONSEQUENTIAL AMENDMENTS) BILL 2008**

#### **COAG REFORM FUND BILL 2008**

#### **Second Reading**

Debate resumed from 13 November, on motion by **Mr Tanner**:

That this bill be now read a second time.

**Ms JULIE BISHOP** (Curtin) (5.03 pm)—I rise this afternoon to speak on three cognate bills: the COAG Reform Fund Bill 2008, the Nation-building Funds Bill 2008 and the Nation-building Funds (Consequential Amendments) Bill 2008. I turn first to the COAG Reform Fund Bill. The purpose of the COAG Reform Fund is the making of grants of financial assistance to the states and territories. The COAG Reform Fund will channel payments from the three nation-building funds—the Building Australia Fund, the Education Investment Fund and the Health and Hospitals Fund—and also money from annual or special appropriations to the states and territories. As stated in the COAG Reform Fund Bill, the terms and conditions on which financial assistance is to be granted are to be set out in written agreements between the Commonwealth and states or territories. The COAG Reform Fund is to be established as a special account in accordance with the Financial Management Accountability Act 1997.

The Nation-building Funds Bill sets up three separate funds: the Building Australia Fund, the Education Investment Fund and the Health and Hospitals Fund. The bill grants the Treasurer and the finance minister



power to credit money from the budget through a special account to the funds. The Future Fund Board of Guardians and the Future Fund Management Agency will manage the investments for all the funds under the Future Fund Act 2006. The building fund will have an initial capital of \$12.6 billion—\$7.5 billion from the Howard government's 2007-08 surplus as calculated at the end of June 2008 plus the proceeds from the Tax Laws Amendment (2008 Measures No. 3) Bill 2008 and the balance of the coalition's Communications Fund. The education fund will have \$8.7 billion—\$2.5 billion from the Howard government's 2007-08 surplus and the remainder from the coalition government's Higher Education Endowment Fund. The health fund will have \$5 billion, to be funded entirely from the Howard government's 2007-08 surplus. The three funds will therefore have a total of \$26.3 billion on their inception on 1 January 2009.

The government did announce in the 2008 budget that there would be \$41 billion in these funds by 1 July 2009. The size of the funds must now be considerably smaller than was originally promised by the government, unless of course the government chooses to go into deficit to meet its commitments regarding the size of these funds. Based on current figures, there will be a shortfall of \$14.7 billion due to the government's recent decision to spend half the forecast budget surplus. It is important for all Australians to note that this Labor government has not ever delivered a surplus. All funding that Labor is currently using is the legacy of the coalition, and that legacy includes the paying off of the \$96 billion of Labor's debt from the last time Labor was in government. The repayment of that debt and the consequence that the government no longer had to find the \$9 billion each year just to pay the interest on Labor's \$96 billion debt—that \$9 billion that should have been going to infrastructure had to fund

the interest payments on Labor's debt—was achieved in full by the coalition in 2006.

The Rudd government is in the extremely fortunate position, unlike most other comparable governments around the world, of having no net government debt, thanks to the vision, the prudence and the strong economic management of the coalition when in government. Notwithstanding the fact that the Rudd Labor government inherited a \$20 billion surplus on the day it came into office, it is now forecasting a surplus of just \$5.4 billion, and there are serious doubts about that forecast. It forecast a surplus of more than \$21 billion in the budget, but that forecast is in tatters.

The coalition supports the targeted, careful and prudent use of public money for worthwhile nation-building projects. In fact the coalition government invested huge sums in projects to upgrade Australia's transport, communications, education and health infrastructure during its time in office. In addition, the coalition undertook the single most important reform of Commonwealth-state funding relations since Federation when it introduced the GST, with all revenue going to the state governments. The GST has provided state governments with greater long-term certainty and independence in their funding base.

I would like nothing more than to stand here today and say that these additional funds were invested wisely by state governments. But, regrettably, over recent years these governments were mostly Labor state governments. The fact is that state Labor has not invested that additional revenue wisely. Respected economist Henry Ergas, in his 2007 report titled *State of the states*, found there was a massive increase in revenue to state and territory governments in 2005-06 compared with 1999-2000 as a result of the GST. However, Dr Ergas found that while

most of the \$43.4 billion windfall—let me repeat that: the \$43.4 billion windfall—was spent on the provision of government services, particularly health, education, law and order, and transport and communications, there was very little improvement in service delivery, and in many cases it went backwards.

Dr Ergas found that a very substantial part of the increased funding went to higher wages for public servants and increasing the numbers of public servants—increasing the public sector. Only a very small percentage of that windfall, of that funding to state Labor governments, was invested in the states' infrastructure. That is why the federal coalition has serious concerns about the management of these funds and about ensuring they are not used to prop up incompetent state Labor governments that have failed to invest in their own infrastructure, state Labor governments that have largely squandered the opportunities provided by the GST windfall. For example, the coalition is concerned that the Commonwealth investments may in fact replace previously planned state and territory public works for no net economic gain. State governments may simply take infrastructure projects off their own books and bid for federal funds.

Why would we think this? In the recent New South Wales mini-budget, the Rees government listed four infrastructure priority projects that had been submitted to Infrastructure Australia and stated that they:

... will only proceed before 2012 if they are substantially funded by the Commonwealth.

A week before the mini-budget the intention was that these projects would be 100 per cent funded by the New South Wales state government. Is cooperative federalism under Labor just a code for cover-up federalism? The issue of probity and transparency has been called into question by the revelations

in the *Sydney Morning Herald* that former New South Wales Premier Morris Iemma was told by federal Labor not to apply for funds for the North-West Metro as there were 'no votes in it for federal Labor'.

The *Age* newspaper reported a rift between the federal Minister for Finance and Deregulation and the Minister for Infrastructure, Transport, Regional Development and Local Government over the key issue of ministerial discretion and how funds will be distributed from the Building Australia Fund. Concerns that these moneys could be used as a slush fund were further exacerbated by media reports that the original Building Australia Fund legislation was delayed from introduction into this House by the minister for infrastructure because, according to the reports, it gave him insufficient ministerial discretion over how the money would be allocated.

True to the form of New South Wales Labor, the minister for infrastructure wanted more discretion over project approvals, and we know what that means in terms of funding for marginal Labor electorates. Labor code is not very subtle. If ministers in the Rudd Labor government cannot agree on how this legislation will work and on accountability measures to ensure the money is spent wisely, how can the opposition—and the Australian public—be confident that funding will be invested in the national interest rather than in the self-serving interests of the Labor Party?

The coalition, when in government, spent more on nation building than any Commonwealth government since Federation, and I predict that the coalition's record for infrastructure funding will exceed that of the Rudd government. For example, the coalition established the Higher Education Endowment Fund with an initial investment of \$6 billion in 2007. Our vision was for this fund

to be a perpetual growth fund, with further injections of capital from the government and hopefully from state governments and from the private sector to provide a source of growth funding for our universities—in perpetuity, not subject to the vagaries of election cycles.

It was part of the coalition's vision to provide universities with greater independence through this fund and to support efforts at fostering world-class research and teaching infrastructure. It was to inculcate a culture of philanthropy through an endowment fund for our universities. I was education minister at the time. I had been impressed by the endowment structures held by the great universities of the world, particularly in the United States. I noted the efforts of the United Kingdom government to build on the endowment funds for Oxford and Cambridge. I had the long-term vision that one of our universities would be included in the top 10 universities in the world, supported by public and private sector endowment funds.

The Higher Education Endowment Fund preserved the capital with the earnings on the investment allocated each year for world-class infrastructure and research projects. In contrast, the Rudd government has no understanding of an endowment fund, no understanding of a perpetuity fund. The Rudd government will spend the capital. It will not be an endowment fund for generations to come; it will be spent in the short term. What a lost opportunity of serious proportions should the education fund be spent in its entirety within a few short years!

Labor would have you believe that the coalition did not invest in education infrastructure, but this is simply not true. The Howard government provided record funding for school education every year. A record \$3 billion in federal funding was provided for new capital works for schools from 2005

to 2008, and this included the hugely successful and popular Investing in Our Schools Program abolished by the Rudd Labor government. As most members would recall, this was a program that provided grants to support the priorities of individual schools in the public and private sectors and gave them the independence to decide what was best for their schools without having the federal government dictate its agenda to them. Schools were able to invest in a range of priority projects, including computers and technology if those were their priority need—and indeed almost \$130 million was used for that purpose.

The coalition also established a network of Australian technical colleges to provide an incentive for students to study years 11 and 12 while also undertaking technical education and training. Many of the students would have otherwise left school and may have fallen through the cracks and not undertaken further training. The strength of the model was the strong links with local employers and the community. Labor has abolished this program.

Commonwealth spending on health more than doubled under the coalition from \$20 billion in 1995-96 to \$48 billion in 2006-07. The coalition also provided record funding to medical research and research infrastructure during its time in government. Once we had paid off Labor's debt we were able to establish the Higher Education Endowment Fund and we were able to establish a health and medical infrastructure fund with \$2.5 billion, the capital to be preserved in perpetuity with earnings from the fund to help build capacity in health and medical research.

As Minister for Education, Science and Training at the time I was delighted that amongst the long list of health and medical research institutions to receive funding under the coalition grants were, for example: \$100

million towards the creation of the first facility in the Southern Hemisphere for developing new lifesaving biopharmaceuticals at Princess Alexandra Hospital and the University of Queensland, \$100 million towards the construction of two innovative research facilities at the Western Australian Institutes for Health, \$55 million for a new 13-storey medical research facility at the Queensland Institute of Medical Research, \$50 million towards a new world-class facility at Murdoch Children's Research Institute—the list went on and on. Amongst that list I was delighted to be able to announce \$50 million in Commonwealth government funding to contribute to the operating costs of the Australian Synchrotron. The Synchrotron is and will be a world-class facility performing leading-edge science.

In the area of roads, it was the coalition that established AusLink 1 and AusLink 2, which revolutionised the planning and funding of Australia's national road and rail networks and established a coordinated national approach to transport infrastructure development including national investment priorities. The coalition allocated \$15 billion for AusLink from 2004-05 to 2008-09 and an additional \$22.2 billion was committed in the 2007-08 budget to AusLink 2 with funding going out to 2013-14—long-term investment, long-term planning. Almost 200 transport projects of national significance were funded by AusLink under the coalition government.

In the area of communications, the coalition invested to ensure broadband, mobile phone coverage and other services were upgraded and improved. Billions of dollars were invested to provide improved services, particularly in rural and regional areas where private sector investment lagged behind that taking place in larger cities. The programs were structured to cater to the needs and pri-

orities of regional communities to support their priorities.

Turning to the coalition's concerns about these particular bills, the government's bills do not provide a transparent and accountable framework. The funds are unlikely to reach the government's target, given just a few months ago, and have little prospect for growth for the next three years. But the explanatory memorandum states that where specific projects have an ongoing cost component it is intended that such funding would be sourced through other means. Now this could include direct funding from the budget outside the Building Australia Fund or funding by the states or territories in relation to proposals that are brought forward as part of the current reform agenda. But running costs for the states and territories will be particularly high for health, research and education projects, for a start, because of high staffing costs. With state Labor governments increasingly in debt one has to ask: where is the funding going to come from? The splitting of capital costs and ongoing operational and maintenance costs could lead to instances where the whole-of-life costs of an asset are not properly considered when these funds are being invested.

A whole-of-life costing approach means that the cost of the project is considered over its lifetime, self-evidently. It includes not just capital but ongoing operational, maintenance, replacement and service costs. We have reason to be concerned about federal Labor's behaviour in this area. A recent example of the failure to undertake a whole-of-life approach is Labor's shambolic computers in schools policy, where funds for the installation and maintenance of the computers and training were not allocated. We have seen state governments refusing to stump up with the funding for a federal Labor election promise. Labor's much-vaunted \$1.2 billion digital education revolution

grossly underfunded the real cost of providing a computer to each student in years 9 to 12. And, given that there are nearly one million students eligible for a computer and that the government has so far provided about 10 per cent in its first year, it does not appear that there is any hope that this election promise will be met in this term of government or anytime soon.

Further, there is a recurring problem with this government in that it routinely makes decisions without any serious economic analysis underpinning those decisions—in fact, any analysis at all, as it turns out. The Rudd government has bungled Fuelwatch, the education revolution, the ready-to-drink tax, GROCERYchoice and the bank guarantees, to name a few. And in each instance there was no analysis and no modelling—or, at least, none the government was prepared to make public—and, from the quality of the outcomes, it must have all been back-of-the-envelope stuff.

Take Fuelwatch. Labor introduced Fuelwatch without regard to the advice of the Department of the Prime Minister and Cabinet, the Department of Finance and Deregulation and other departments that Fuelwatch was, at best, pointless and, at worst, harmful. The introduction of the digital education revolution was made without any analysis of the costs of the program to the states or to the schools or parents. The promise of a computer for every year 9 to year 12 student is unachievable for Labor's budget. The increased tax on ready-to-drink beverages ignored research that showed drinkers would turn to relatively cheaper substitutes, including spirits by the bottle or even illegal drugs, and that these substitutes are likely to be more harmful. Likewise, GROCERYchoice was done without any analysis.

It has been obvious from the day of its announcement that the consequences of the

bank guarantees had not been fully thought through. The consequences might have been unintended but they were certainly foreseeable. Rather, as is typical with the Rudd government, the bank guarantees were from the first all about a political strategy, with no regard for sound economic management. Since the announcement of the bank guarantee policy, the government have been continually playing catch-up to correct a series of unintended but largely foreseeable difficulties arising from their hasty actions. It is for this reason that we will be debating yet another bill later this afternoon, which has been introduced in great haste with little information to provide an appropriations framework for the guarantees. All these government initiatives have been conspicuous by the absence of rigorous analysis and the coalition is concerned that the same poor approach to public policy will occur with the significant amounts of public money in these three funds. The lack of analysis underpinning a range of government decisions, including the recent economic stimulus, raises concerns that the government will choose projects with little regard to their long-term benefits. These recent government decisions, including the decision to spend half the budget surplus in one hit but without any modelling or research, as Treasury admitted in Senate estimates, have had little analysis. There has been nothing public and there is nothing to show that they will achieve the desired result.

The Reserve Bank governor said recently:

... it is still important for fiscal measures to pass the 'good policy' test. Poor public policy proposals should not be accepted simply because they are presented as boosting short-term aggregate demand ...

Putting all these concerns together, the coalition worries that the Rudd government is going down the same path as the failed, incompetent, corrupt New South Wales Labor

government: wasting money, with little or no accountability and with an increasing risk of continuing budget deficits.

Given the coalition's strong record in infrastructure funding, we support in principle the stated objectives of these bills to recreate funds from the existing coalition funds to provide for valuable infrastructure around Australia. However, to put it bluntly, we do not trust Labor to manage these funds appropriately and, in the interests of safeguarding taxpayer funds and in the interests of good public policy, I foreshadow a number of amendments to the Nation-building Funds Bill 2008 that reflect the following principles. First, we will seek to insert transparency clauses to require the public disclosure of all documentation—for example, evaluation criteria, business cases, cost-benefit analysis and advisory board evaluation against criteria relating to proposed projects. Let me give you an example of why we are insisting on such a transparency clause, why we do not trust Labor on the issue of accountability and transparency. Let me just use the example of the government's emissions trading scheme. The green paper released by the government offends against numerous standards set out in the government's own best practice guidelines. This is a stark reminder that the government does not adhere to best practice guidelines when it comes to cost-benefit analysis and accountability.

Second, we will seek to add a requirement that money may only be spent on projects that have been analysed by the Productivity Commission, with those commission reports being made public. Third, we will seek to ensure that the determinations by the Minister for Finance and Deregulation and the Treasurer that credit money into the accounts are disallowable instruments. Fourth, we will seek to ensure that money will be spent only on projects that satisfy competitive neutrality

guidelines—that is, the public sector cannot undercut private businesses in the provision of services. Fifth, we will seek to ensure that all reports to the finance minister from the advisory boards and the Future Fund board are made public. Sixth, we will seek to insert a clause which requires that all project funding decisions need to ensure that there are financial commitments from all asset owners and stakeholders to meet the whole-of-life asset costs. Seventh, we will seek to prohibit the payment of up-front fees on projects in situations where the federal government puts in its money but the state or the private sector does not. Also, we will seek to maintain the existing Communications Fund as a separate fund for ensuring that there is money available in perpetuity for new and emerging technologies.

We will bring forward these amendments in the hope that the government will understand the importance of sound and considered legislation when dealing with significant amounts of public money. While we have seen no evidence in the past year that the government has any regard for sound legislation or good financial management, it is the duty of the opposition to hold the government to account and to ensure that it serves the Australian people responsibly.

**Mr BUTLER** (Port Adelaide) (5.29 pm)—It is with great pleasure that I rise to speak in support of the Nation-building Funds Bill 2008 and related bills, because they reflect the fact that the Labor Party under Kevin Rudd came to government with a very clear agenda to build the long-term productive capacity of our nation. That is in stark contrast to the previous government, which, in the face of a resources boom that, frankly, none of us had seen before, took the opportunity to simply sit back, put their feet up and suck on a pina colada while the Chinese yuan flowed over them with gay abandon.

We take a different view on this side of the House. We take that view against the background of a very long history of nation building. It is true that the immediate economic circumstances have changed dramatically since both the election and the first stage of this program—the introduction of the Infrastructure Australia Bill earlier this year. But it is equally clear that the social and economic imperatives behind this package of bills have not changed. Along with the education revolution and Minister Wong's climate change agenda, the renewal of our social and economic infrastructure is one of the three key pillars of this government's program. All three pillars are critical to building the long-term prosperity of Australia.

They come against the background of some 20 warnings by the Reserve Bank of Australia about capacity constraints that have been growing in the economy of this country for many months. When that is raised, those opposite usually scream, 'Well, table them!' I have not tabled them but I did flick into one folder that was handy which contained 2006 RBA and other economic papers. I looked at then Governor Macfarlane's speech to the House of Representatives Standing Committee on Economics, Finance and Public Administration in February 2006. After discussing various global disinflationary forces at play, he said:

The issue, over the period ahead, will be whether these latter forces—

namely, those global disinflationary forces—prove sufficient to contain inflation in an economy operating with little spare capacity.

Some months later in the RBA statement on monetary policy in May 2006, the Reserve Bank stated:

In summary, the economic situation reviewed by the Board has for some time been one in which international conditions have been favourable to

growth in Australia, the economy has been operating with limited spare capacity, and underlying inflation has been forecast to increase gradually. In these circumstances, the Board had taken the view that the next move in interest rates was more likely to be up than down, and this was signalled in the Bank's policy statements.

For a considerable period of time a number of constraints on our productivity, and hence drivers of higher inflation and higher interest rates, have been readily apparent. The previous government did nothing to address them. The first readily apparent driver of inflation and interest rates over the last few years has been very clear skills and labour shortages. Under the previous government there was no skills agenda. There was a very willing ideological fight between the previous government and various state governments about what type of building should house vocational training—whether it should be a TAFE college or a technical college. There was also a flawed 457 visa scheme, but no overarching, meaningful skills agenda. In contrast, in addition to the education revolution, which has been the subject of significant debate in this chamber over the last couple of days, 630,000 training places have been promised by the new Rudd Labor government and have already started to flow to industries that have been crying out for trained workers.

Under the previous government there was a dismal record on workforce participation, in spite of a very significant period of economic growth. Australia remains in the bottom half of OECD tables in key age groups for workforce participation—in particular, participation by women, which has been the cause of significant employment growth over the last couple of decades. We have seen women's participation plateau at about 58 per cent of the available female workforce. That is about 10 per cent lower than the female participation rate in the United Kingdom and Canada and about 15 per cent lower

than that in most Scandinavian countries. But, again, we saw no serious policy agenda to deal with that—in stark contrast to the different agendas that our government has.

The second significant drag on productivity growth in the long-term prosperity of our country has been in the area of infrastructure. To appreciate the depth of that deficit I would like to talk about the economic context. Since 1991 we have experienced uninterrupted growth in our economy, on the back of the significant economic reforms introduced by the Hawke and Keating governments. Over that time we have moved from about the 17th richest country—measured by per capita GDP—to the seventh highest per capita GDP in the world. Over the last several years in particular we have seen our terms of trade dramatically increase with a huge injection to national income and, consequently, a huge increase in Commonwealth government tax receipts. The Business Council of Australia recently estimated windfalls in the last five years of the previous government—that is, income not budgeted for—to be in the order of \$87 billion.

On any measure, this was a historical opportunity to invest in the nation's long-term prosperity. But instead nothing happened. All members in this House, and probably in the other place as well, have a long list of infrastructure gaps and ageing assets in their own electorates. From an electoral perspective, a more scientific analysis than our own perhaps rather parochial analyses of infrastructure in Australia was conducted by Infrastructure Partnerships Australia in a significant report entitled *Australia's Infrastructure Priorities: securing our prosperity*. In this very detailed report IPA details infrastructure deficits in the areas of ports, roads and rail, with the land freight task projected to double by 2020. In the area of energy, ABARE—the Australian Bureau of Agriculture and Resource Economics—estimates that \$30 bil-

lion to \$35 billion of investment would be required in Australia's energy sector by 2020. Importantly to me as a South Australian member of this House, the IPA report also looked at the area of water.

In these and other key sectors of the economy, we know that demand is already straining capacity. Forecasts show that demand is going to grow dramatically, and these infrastructure deficits—on ageing assets, by and large—are going to get far more severe. This will happen especially as our international gateways become more globally connected.

In the minister for infrastructure's second reading speech on the Infrastructure Australia Bill, he pointed out to the House that international container trade was forecast to triple by 2020 and international air travel was forecast to increase by 160 per cent by 2025. These are increases which will put incredible strain on already strained infrastructure in those international gateways. But in some sectors you do not need to look out to 2020 or 2025 to see the infrastructure deficit already constraining economic growth—for example, if you look at the powerhouse of our national economy over the last few years, the Western Australian resources sector. Don Argus, a very prominent and widely respected businessperson, said last month that he was deeply concerned about infrastructure performance over the last decade. An article in the *West Australian* on 8 September 2008 reported:

Don Argus, chairman of BHP Billiton, ... last week fleshed out some future infrastructure requirements in just a few areas.

He said the ramp-up in expected iron ore and coal exports will require the equivalent of eight new 50 million tonne ports by 2015 at an estimated cost of \$16 billion.

If you want to get your head around that, consider that Fremantle Port handles about 29 million tonnes a year.



Mr Argus said Australia's infrastructure capital stock to GDP ratio had fallen 10 per cent over the past 12 years (which neatly covers the term of John Howard).

To get it back to where it was back in the mid-1990s would require \$103 billion in spending. 'Australia does need better infrastructure policy to attract the necessary private sector investment,' he said.

Estimates of our infrastructure deficit vary a little—the Business Council, for example, recently estimated that the deficit was in the order of \$90 billion—but everyone agrees that it is significant.

At the end of the previous government's term, Australia ranked about 20th out of 25 OECD countries in terms of its public infrastructure investment—and, to be fair, we are not alone. Countries such as the United States are also labouring under a significant infrastructure deficit. After the bridge collapse in Minneapolis earlier this year, the *Economist* magazine reported:

... the American Society of Civil Engineers estimated that \$1.6 trillion was needed over five years to bring just the existing infrastructure into good repair.

Equally, as we are not alone in experiencing a significant infrastructure deficit, this government is not alone in its resolve to address years of neglect. Only in the last couple of days, President-elect Obama has indicated his intention to give the renewal and repair of America's infrastructure the sort of priority the Rudd government have given infrastructure here in our own country. For the interest of the House, the *Economist* at about the same time reported that emerging economies in the world are predicted to spend in the order of US\$22 trillion over the next decade in infrastructure spending. China alone is predicted to spend almost US\$10 trillion between now and 2017.

Historical comparisons of our infrastructure investment are complicated by two fac-

tors: firstly, many public entities that have historically been responsible for driving and spending money on public infrastructure have over the last decade or two been privatised; and, secondly, we have seen the private sector's entry into the public infrastructure market in a very big way, particularly through public-private partnerships, or PPPs. As difficult as those historical comparisons are, if you do adjust for those changes to the way in which the public infrastructure market operates, you can see that our public infrastructure spend as a country is not significantly different from what it was in the late 1980s as a percentage of our GDP. Given the terms of trade and the increase in national income that we have enjoyed over the last several years, that is a very, very poor performance.

To be fair, as the Deputy Leader of the Opposition belaboured significantly, this is not just the fault of the previous Commonwealth government; the performance of state governments in this area has been highly variable, to put it politely. As a South Australian member of this House I am lucky that our own state government has had a state infrastructure plan in place for many years, operating under a very talented state infrastructure minister. In South Australia our infrastructure performance has been particularly good where it concerns the connection between goods and ports, a subject I am particularly interested in as the representative for Port Adelaide. We have seen the Port River Expressway project completed. We have seen the Northern Expressway, which connects our port to various northern product markets, commence and proceed according to schedule. We have seen the bridges over the river open. We have seen the deepening of our harbour to take in the new container ships that ply their trade through the world's oceans. That was well before Melbourne got

their act together to start doing theirs. There are many more examples.

However, the variability of the states' performance in this area is only more reason for the Commonwealth government to have taken a central role much earlier than has happened. This government will take that role, as is well known now. This government has introduced the first Commonwealth infrastructure minister and the first Commonwealth infrastructure department, and one of this government's earliest acts was to establish Infrastructure Australia under the chairpersonship of Sir Rodney Eddington, with very significant and widely respected board members to oversee the development of a list of national infrastructure priorities.

This bill provides for the investment of three funds in the pursuit of those objectives: firstly, the Building Australia Fund through IA; secondly, the Education Investment Fund of about \$11 billion, where money may be expended for capital expenditure projects or renewal projects in universities, vocational education and training institutions and various research facilities; and, thirdly, the Health and Hospitals Fund, which at \$10 billion will be the single largest investment in health infrastructure ever by an Australian government. I note that the Minister for Health and Ageing recently announced the chair of that advisory board, a very prominent and respected Australian, Mr Bill Ferris.

In contrast, again, to the Deputy Leader of the Opposition's lecture on transparency, the approvals process for the expenditure of money from these funds could not be more different from the previous government's approach to these things. All funds have the same formula for this, so rather than going through three different processes that are essentially the same I will just look at the Building Australia Fund, which is focused on the development of transport and communi-

cations infrastructure. This fund is made up of about \$7.5 billion from the 2007-08 surplus, plus proceeds of the T3, or Telstra 3, sale and assets of the Communications Fund, which is to be closed—although I note the Deputy Leader of the Opposition's indication that amendments will be moved in that respect. The government will add to the Building Australia Fund and other funds from future surpluses as is appropriate and as economic circumstances allow. Importantly, the funds will be managed in exactly the same way as the Future Fund was set up to be managed by the previous government. For the Building Australia Fund, the Minister for Infrastructure, Transport, Regional Development and Local Government will be required to formulate evaluation criteria to be applied by Infrastructure Australia when, firstly, evaluating projects and, secondly, providing advice to the infrastructure minister and other relevant ministers on the expenditure of funds. The bill provides that Infrastructure Australia is to provide the minister with advice about potential payments from the Building Australia Fund and that the minister is legally obliged to have regard to that advice before recommending any payment from the Building Australia Fund.

This rigour, transparency and accountability stand in stark contrast to the approach of the previous government to the expenditure of funds in these areas. I need only draw the attention of the House to the regional ports projects, which have been the subject of significant debate over the last 12 months and one day in this House. I do not intend to go over those examples—only because time does not permit, not through lack of inclination; I would like nothing better, but time does not permit. Suffice it to say that numerous examples have been presented to this House by the minister for infrastructure, and I think that they are evidence enough of the previous government's poor performance in

rigour, transparency and accountability in this area.

These bills provide for a visionary, long overdue and vigorous approach to our long-term prosperity in three areas of the utmost importance to the long-term growth and skills base of our country: the national economic and social infrastructure, the education sector—leading to the building of a long-term skills and training base in our country—and, just as importantly, the need to put in place a health and hospitals infrastructure that will meet the long-term health demands of a growing and ageing population. These bills together mark an extraordinarily exciting new future for our country, and I commend them strongly to the House.

**Mr HOCKEY** (North Sydney) (5.49 pm)—The Nation-building Funds Bill 2008 establishes three separate financial assets funds: the Building Australia Fund, the Education Investment Fund and the Health and Hospitals Fund. These funds were announced by the Rudd government earlier this year as part of its first budget. The Building Australia Fund will have initial capital of \$12.6 billion. Seven and a half billion dollars has come from the Howard government's 2007-08 surplus, and there are also the proceeds from the third tranche of Telstra, initiated by the Howard government and opposed by Labor, which come to \$2.7 billion. The balance of the proposed \$12.6 billion, which is \$2.4 billion, comes out of the Communications Fund, set up and funded by the Howard government. So every dollar of the \$12.6 billion in the Building Australia Fund has come from the previous government, even from decisions that were opposed all the way by the other mob, the Labor Party. How ironic it is! The education fund will have \$8.7 billion in it on 1 January. Two and a half billion comes from the last coalition surplus and the remainder from the coalition Higher Education Endowment Fund. So every dollar of the

\$8.7 billion education fund is coming from the previous government. Of course, it all comes from hardworking taxpayers—it is all their money—but it is all money that has come from the previous government. The third fund is the health fund, and that will have \$5 billion in it. Every dollar of that comes from the last coalition budget as well—the surplus out of 2007-08. So when the funds are set up on 1 January 2009—next year—every single dollar of the \$26.3 billion in the funds will have come from the work of the previous government and the blood, sweat and tears of Australian taxpayers. Not one dollar has been delivered by the Rudd government.

I asked the Treasurer the question in question time today, and in his own little sneaky way he said, 'Oh, no; we'll be contributing the money on 1 January.' It is not his money. It is not even the coalition's money. It is taxpayers' money, and it is the proceeds of the mining boom. It is the much maligned proceeds that the Prime Minister and the Treasurer suggest to the Australian people were squandered. If the money was squandered, what is this magic pudding that is going to appear on 1 January of \$26.3 billion? If the money was squandered, as the Prime Minister and the Treasurer suggest, where did they get \$26.3 billion for 1 January? Where? Labor have not delivered a surplus budget yet. They talk about a surplus budget. They say they have a surplus budget. They have not delivered a surplus budget yet.

It is interesting because the money that the government was going to contribute from 1 January next year until July next year was going to take the money in the funds to \$41 billion. But that was based on a surplus this year. Currently, they are projecting a \$5 billion surplus this year. Pigs might fly! I do not believe that Labor is capable of delivering a surplus budget. We will see. I might be totally wrong. I hope I am wrong. I hope there

is a budget surplus this year. I hope the government has the capacity left in the budget to be able to provide for those emergency measures which the global financial crisis will inevitably throw up over the next 12 to 18 months—the emergency measures that will need to be funded by Australian taxpayers to stimulate the economy, to, God forbid, rescue companies or to get industries back on their feet after they have fallen over. God forbid that that should have to happen, but everywhere else in the world that is happening. Yet the government seems to be spending every dollar it has even before it is desperately needed for some of the challenges that are coming like a train down the tunnel.

The building funds in total will have a shortfall of nearly \$15 billion, and that is at the outset. Whatever money they have in them on 1 January next year will be money that was bequeathed by the previous coalition government. I want to get on the record where this money has come from, as it is very important. In 1996, when the coalition were elected and John Howard became Prime Minister and Paul Keating lost, there was \$96 billion of Labor debt. The coalition faced the prospect of annual deficits of \$10 billion. The coalition were facing paying \$8 billion a year out of the budget just to pay the interest—not the principal—on that \$96 billion of debt. The first thing we did was make sure that the government did not spend on an annual basis more money than it collected.

**Mr Billson**—Budget black hole.

**Mr HOCKEY**—The Beazley black hole—\$10 billion and growing. That was the first thing we did. As with a household budget, we made sure we did not spend more money each year than we were collecting. That was hard. Those are the hard decisions you usually make at the beginning of your term, not that we have seen any from my

mate the Prime Minister. There have been no hard decisions yet.

The second thing we did was pay off the \$96 billion of debt. We are the envy of the world at the moment because we do not have any net government debt. We have this in-built structural capacity to respond to the greatest financial crisis since the Great Depression. We can do that only because we as a government do not have any net debt. Guess what? Kicked in the backside with a rainbow, the new government come into office and do not have a structural deficit or a budget that is constantly in deficit; they have a budget with a \$20 billion surplus. What do they do? They put it into these funds.

I think there is great irony in this. From a political perspective some would say, 'I can't believe you left them with all the money.' I care more about Australia than I do about my own political fortune. Thank God we left them with money, because Australia would be in a far worse position today if it were running a deficit, if it had significant national debt and if the government were facing the sort of massive financial distress that so many other governments around the world are facing.

If you believe the Prime Minister, the previous coalition government did not spend one dollar on infrastructure. There is some irony in that. In the last five years of the coalition government alone we spent \$40 billion on vital economic infrastructure such as roads and rail. It is a bit like in the Monty Python film: 'What did the Romans ever do for us?' They did not build roads or rail, but the coalition government actually put \$40 billion into roads and rail. I am sorry I do not have the quote with me at the moment, but a Labor Premier said the other day that the previous coalition government spent a huge amount of money on infrastructure and capital works. But if you believe the emperor—

the Prime Minister—the coalition government did not do anything. In the same breath as he said that the coalition did not do anything for infrastructure, the Prime Minister said he would continue our \$23 billion AusLink program, which I am sure even the member for Eden-Monaro would support as AusLink is quite a contributor to roads in regional Australia.

We also witnessed a massive expansion of private investment in capital works during the previous term of government. In fact, during 2008-09, this current financial year, the Australian Bureau of Statistics estimates that around \$100 billion of new private capital expenditure will go into the marketplace. One of the reasons we did not have extreme levels of expenditure on capital works over the last few years was that the Australian economy was arguably already in danger of overheating. There was a massive amount of private equity coming into the marketplace; there were already massive expenditure programs from state governments, who have always had primary responsibility for capital works; and at the same time the federal government, under the coalition, was introducing AusLink and spending enormous amounts of money on other capital works. With the massive amount of private investment in the mining industry and the massive amount of government investment in state infrastructure, together with the massive growth in private-public partnerships, particularly in New South Wales and Victoria—we saw toll roads, the M7, the expansion of the M4, the ill-fated cross-city tunnel, the Lane Cove tunnel, railway projects to airports and a range of other things around the country—there was a fairly convincing argument that there was no shortage of money going into capital works. So we started to put it into other investments, and one of those was the Communications Fund: \$2.4 billion to ensure

that the bush was not left behind as new technology was rolled out.

The state governments continue to carry most of the burden of public sector infrastructure spending. In New South Wales alone the last Costa budget, earlier this year, promised \$57 billion over the next four years in capital works. That massively exceeded what this government is proposing on its own fund—and that is just New South Wales, roughly a third of the national budget. If you take that as a benchmark, the states alone would be spending at least \$170 billion on infrastructure over the next four years. So the contribution of the Rudd government is very limited. Given that, of the \$12.6 billion it is putting into the building fund, \$5 billion is for broadband, that means there is only \$7.6 billion for this grand nation-building program. And, given that there is no top-up out of the nonexistent surplus this year and that at question time today the Treasurer would not commit to putting in further new funds, you have to ask: how far is this \$7.6 billion going to go? It would not get you 60 per cent of the canned North West Metro in Sydney. We are talking about \$7.6 billion spent over a number of years—and this is somehow going to be a fiscal stimulus, they tell us. Even if you have the most insignificant major infrastructure projects, \$7.6 billion is very difficult to spend in one year, so it could be over two years or three years.

What is interesting is that the states have long lists of projects that they think the federal government is going to fund out of this \$7.6 billion fund. This is going to be the loaves and fishes. This is a commitment of biblical proportions. You are going to get a loaves and fishes story with \$7.6 billion in the Building Australia Fund. The Leader of the House, the Minister for Infrastructure, Transport, Regional Development and Local Government, is going to be travelling around Australia with his wand and touching pro-

jects. He is going to give birth to projects and he is going to say, 'Let them grow.' He has \$7.6 billion for—what?—300 projects. I can't wait to see this!

We want greater accountability, of course. We want accountability in these bills. We want accountability for the funding and for the expenditure. I make two important points, and I flag that there will be a number of amendments moved by the coalition in the Senate. One point is this: there is nothing in these funds for ongoing maintenance. We want the government to explain where the money to run these capital works projects is going to come from. If the money goes to build a hospital, the benchmark used by the private sector is that for every dollar spent building a hospital it costs a dollar equivalent to run each year: if you spend \$1 billion building a hospital, that hospital usually costs \$1 billion a year to run. So the first question is: where is the maintenance money and the operational money associated with all these projects going to come from? Is it going to come from the funds? Is it going to come from state governments? Is it going to come from the private sector? The second point, which is vitally important, is that we want to see that there is a proper transparency. We want to ensure not only that there is transparency about the way the money is spent but that the funding meets the criterion that the Prime Minister himself has set, and that is that the projects are going to improve the productive capacity of the nation.

Finally, I would say this: every time the government says that this is a fiscal stimulus I would caution them to be careful. A \$7.6 billion spend out of the Building Australia Fund over a number of years is hardly a fiscal stimulus. The most significant stimulatory moment associated with the funds is going to be when they actually operate and they improve the productive capacity of the nation, if they do that. But I would also say

this: it is not going to be any of these projects that stimulates the Australian economy if you believe the Prime Minister's own words, uttered on 18 November at the local governments meeting:

Infrastructure takes time to build, infrastructure takes time to plan, infrastructure takes time to design and all that hinges on first-class planning.

That does not sound like an immediate fiscal stimulation to me. That does not sound like it is going to rocket the Australian economy out of the global financial crisis, all the way with Kev. I do not think it is going to happen because the Prime Minister, by his very own words, says that these projects will take a long time.

The interesting thing is that not only will they take a long time but there is not the money that the government were anticipating by the time you take out the \$5 billion they spent on broadband and look at the expectations that they have built in relation to health and hospitals. Bear in mind, as I have said before, that for every dollar spent on hospitals you are going to have to spend a dollar each year maintaining and running the capital program. That is a very important point. Probably a significant part of education expenditure would be the same. It is one thing to build a school; it is another thing to put air conditioning in and, as we know, it is another thing to put computers in. Then you have to put teachers in. Then obviously you have the day-to-day maintenance costs of all that equipment, and the more sophisticated the infrastructure the more demanding the maintenance and the operating costs.

I will just say this to the government: we will be moving amendments in the Senate. We would like to see greater transparency and greater accountability and, importantly, we would like to see the money that is going to go towards maintaining and operating the assets that are built. Finally, I make this

point: every day the Prime Minister must wake up and say, 'Thank God for John Howard and the previous government,' because none of the money in these funds would exist if not for the hard work of the previous coalition government, despite the opposition of the Labor Party to all of these measures.

**Dr KELLY** (Eden-Monaro—Parliamentary Secretary for Defence Support) (6.09 pm)—It is very interesting to follow the member for North Sydney and his comments in relation to the lack of planning. There was 12 years of that and a lot of catch-up has to be done. It is with great excitement and pride that we on this side of the House welcome the introduction of the aptly titled Nation-building Funds Bill 2008 and the associated bills—in particular, the COAG Reform Fund Bill 2008, which establishes a mechanism for the transfer of moneys to the states and territories. The measures that will be brought into effect by this primary bill will drive this country forward. Not only will they finally address the capacity constraints that have held back our economy for too long but, in the context of the current financial crisis, they will have the added timely benefit of helping to offset the impacts of the crisis. These measures will in fact build on the interim \$10.4 billion Economic Security Strategy that passed through the House during the last sittings and the stimulus to local government spending emerging from the Australian Council of Local Government conference on 18 November to see us through these difficult times. They will also position us to take advantage of the inevitable economic rebound.

The government's strategy and nation-building agenda is a shot in the arm for the Australian economy in the face of the most substantial economic challenges we have faced since the Great Depression. It is a salutary illustration of the increased interdependence of the international economy. For ex-

ample, who could have imagined that a decision made by the Irish government regarding savings guarantees would have had such a knock-on effect around the world?

The International Monetary Fund now expects growth of less than one per cent in six of the world's largest developed economies next year. This will be the slowest growth in developed economies for over a quarter of a century. The Australian government has acted quickly and decisively to ensure that the Australian economy continues to grow through these difficult economic times, and investment in infrastructure projects will be part of this strategy.

The essential feature of the Nation-building Funds Bill 2008 is the establishment of three key funds: the Building Australia Fund, providing the basis for unclogging the arteries of our national infrastructure and tackling our critical transport, communications, energy and water issues; the Education Investment Fund, to address the skills needs of our economy by investing in higher education infrastructure, vocational education and training infrastructure and the creation or development of research infrastructure; and the Health and Hospitals Fund, to remedy the urgent needs of our health system through funding for the creation or development of health infrastructure. The bill provides that by 30 June 2009 there shall be not less than \$5 billion in the health fund, \$7.5 billion in the Building Australia Fund and \$2.5 billion in the education fund as the first instalments. All these funds will be supervised by advisory boards and Infrastructure Australia, ensuring good governance and putting an end to the pork barrelling and politicised approach to spending of the Howard government.

The need for such action is not a sudden revelation. It has been evident for some time that the economy was being held back by

infrastructure constraints, particularly in export growth. Over the last six years of the Howard government, export volume growth averaged only three per cent. During the prior 20 years of the eighties and nineties export volume growth averaged around seven per cent. The reason for this decline was infrastructure deficiencies. This was pointed out in the Fisher task force report, *Australia's export infrastructure*, in 2005, and in OECD and International Monetary Fund reports in 2006. What was the Howard government's response? They did nothing. This has been highlighted by the latest Access Economics *Budget Monitor*, which stated that under the Howard government:

As more and more unexpected revenue poured into federal coffers in recent years, budget decisions increasingly smacked of less strategic spending.

The report records the 'poor economic management' of the Howard government which:

... wasted much of the once-in-a-generation opportunity thrown up by the China boom.

Thankfully, we now have a team at the wheel that is prepared to shape events rather than be shaped by them and that will not fiddle while Rome burns. The Prime Minister, the Deputy Prime Minister, the Treasurer, the Minister for Finance and Deregulation, the Minister for Superannuation and Corporate Law and the Minister for Innovation, Industry, Science and Research have implemented an array of complementary measures to add to our infrastructure efforts. It should be noted that this team has been working tirelessly alongside dedicated public servants to protect the Australian economy. It is very much a question of the men and women meeting the hour, and the Australian people will have cause to be grateful that we have such steady and visionary hands on the levers at present.

And it is not just now that these abilities and this prudence have been demonstrated. How many times over a number of years has our Labor leadership drawn attention to the fact that we should have been taking advantage of the good times to make the necessary infrastructure and skills reforms that the country was crying out for? We highlighted the need to remove the capacity constraints on this economy and seize the opportunities and potential of new technology and industries so that we would not fall victim to the so-called Dutch disease relating to over-reliance on resource wealth at the expense of a diversified economy. What was the response of the Howard government? 'She'll be right. The government can continue to lie back, fat, dumb and happy. The good times will last forever. What the hell is Labor talking about?' The Howard leadership ridiculed Kevin Rudd for having the temerity to suggest that Western Australia should take the opportunity of the mining boom to diversify and position itself as a provider of international financial services. How typical of their short-termism, their lack of vision and their irresponsible approach to economic management!

In so many respects, the Howard government was reminiscent of the administration of US President Calvin Coolidge, who was in office immediately prior to the Great Depression of 1929. The philosophies of Howard and Coolidge were very similar. They had mindless optimism that the market would always look after itself and that the good times would last forever; they ignored infrastructure constraints, thinking this could always be left to the private sector; they expected that prosperity would naturally trickle down to all sectors of society; they provided tax advantages to the wealthy at the expense of investment in infrastructure; they favoured the big end of town over the promotion of competition; and they disregarded the disad-



vantaged in the community. Coolidge at least had the excuse of not having much in the way of historical precedent to draw on but the Howard government had no such excuse. I have no doubt that in time John Howard will come to be regarded as the Calvin Coolidge of our time. The Howard government will forever be known as having slept on its watch, and so many of that team are still here and still asleep.

Fortunately for the United States, the administration of President Franklin Delano Roosevelt, taking office at the height of the Great Depression, managed to right the ship, manage the crisis and at the same time achieve massive infrastructure development that serves the United States to this day. Fortunately for Australia, we have the Rudd team, which is similarly addressing the complacency and neglect of the Howard years, steering this country through these troubled times and preparing us for the future. The proof of this is in the presentation of this bill.

And what are the critical areas of infrastructure that the Howard government neglected for so long? One glaring example was the need for a National Broadband Network, or NBN, which has been well understood by Labor as the greatest single piece of infrastructure required in our economy and society today. The impact of an NBN will be on a par with the great nation-building projects in our history, such as the Snowy Hydro scheme, which I am proud to have in my electorate, and the Adelaide to Darwin telegraph. The Adelaide to Darwin telegraph, completed in 1872 by a visionary South Australian government, was the spark that ignited the Australian economy. It provided this country with an ability to have close to real-time overseas communications and participate effectively in international trade. The NBN is set to have a similar impact. In a nation such as ours with a huge geography and low relative population we cannot expect

private industry to deliver solutions in the same way as has been possible in Singapore or the Netherlands. Like the Snowy and the telegraph, therefore, such critical infrastructure requires a visionary and determined government to provide the impetus and support. It is interesting to note that the Snowy scheme was the product of the Chifley Labor government and that at the time it was not only not appreciated or understood by the Liberal Party but vigorously opposed by its leader, Robert Menzies. It seems that the opposition have learned nothing from history and remain as intellectually bankrupt as they have always been.

It was a great pleasure for me to have conducted a number of forums in my electorate on the broadband issue during the course of 2007. Through these forums and my conversations with thousands of constituents I got the message loud and clear as to all the various applications reliable broadband could have for rural and regional Australia. It is critical for the future of our towns, schools, medical support and small and medium enterprises. Broadband can help defeat the tyranny of distance and ensure that our kids get an education the equal of that of any city child.

I came across a businessman in Batlow who handles large media files and at present has to load these up in the evening and hope they transfer overnight without the line dropping out. There were farmers around Dalgety who wanted reliable broadband for online sales and to follow the futures market. Greater bandwidth to our schools would enable the operation of virtual classrooms so that the language courses that cannot be given now could be conducted across a number of classrooms in the region using the one teacher from a central location. Our aged care and remote medical facilities could be better supported by telemedicine, with patients being able to be monitored and advised

by the best doctors without having to travel over our snow and ice covered roads.

And then there are the key transport bottlenecks and opportunities. In my electorate there are many of these that are holding us back. An example is the Princes Highway, which has been neglected as a key coastal economic artery and which has been a serious safety concern. At the town of Bega it is necessary for B-doubles to perform time-consuming and costly uncoupling and coupling operations on the edges of town, while larger and larger rigs perform an increasingly dangerous dogleg through town. Fortunately, this government is addressing the problem after 30 years of inaction. Then there is the Gocup Road, which is likely to double in heavy traffic with the massive expansion of the Visy pulp mill. There are untapped opportunities for the Moruya airport taking direct flights from New Zealand with some upgrading work to the runway and terminal and huge potential for the port of Eden with some basic breakwater measures.

One thing that will hold back any rural and regional town is health services. Over the last 12 years of the Howard government, country Australians suffered from a gradual erosion of services—this on the watch of those who profess to have rural and regional interests at heart. It was no wonder that their neglect led to the rise of Pauline Hanson and the gradual disintegration of National Party representation in this place. There are many fine, decent men and women in the National Party who sincerely want the best for our rural and regional communities—people like the member for Riverina, the member for Gippsland and Senator Barnaby Joyce—but they have been seriously betrayed over these last 12 years by the Liberal Party and I believe that they would be fulfilling the true meaning of their charter if they were to leave the opposition benches and join us on this side.

Our towns in Eden-Monaro of Tumut, Bombala and Moruya and the Bega Valley are crying out for better health support and they must have it. Health concerns were right up there with Work Choices as a concern of constituents during the campaign last year and we have listened to those concerns. Over the Howard years, the proportion of Commonwealth government support for the health system dropped to 40 per cent, ripping the equivalent of \$1 billion out of health services every year. That is utterly scandalous. Now, through the Health and Hospitals Fund, help is on the way.

In the public education system I have seen the shameless reliance on demountables that are too hot in summer and too cold in our severe winters of snow and ice. It is a scandal that so many of our schools need extra help to create the basic conditions to support the introduction of information and computer technology. It is time the opposition realised that investing in all of our children's education is important not only to ensure they have happy and prosperous lives but for the benefit of the economy generally. Human capital economists like the University of Chicago's James Heckman have been saying for many years that public spending on education and skills leads to high rates of return on investment. This is borne out by OECD analysis which estimates that one year of average additional educational attainment for a population adds between three and six per cent to long-term GDP growth.

Between 1995 and 2004, public funding of tertiary education increased by an average of 49 per cent across the OECD but declined by four per cent in Australia. This makes Australia the only OECD country where the total level of public funding of tertiary education decreased during that time. Between 1995 and 2004, total funding per tertiary student increased by an average of nine per cent across the OECD but increased here by only

one per cent. We have been falling behind and are now below the OECD average for the proportion of graduates in science and agriculture, and way below them in engineering, manufacturing and construction—7.2 per cent compared with 12.2 per cent. In Korea, one of our main regional competitors, the figure is 27.1 per cent. In the last 10 years, research output has grown rapidly in countries like Singapore, Korea, Taiwan and mainland China, which is now the second biggest investor in research and development in the world. We have not kept pace with this sort of effort and it would have been to our great cost had it not been for the effort this government now intends to bring to bear.

Because of this government's budgetary measures we had a sound surplus to assist with managing the current crisis and support these infrastructure measures. Had the Howard government been re-elected this surplus would not have been there as they would have had to meet the irresponsible, unfunded promises made during the campaign, carrying on their great tradition of fiscal profligacy and pork barrelling, particularly through Regional Partnerships, while continuing to neglect our key infrastructure investment. That was one of the great challenges I had in my electorate—cleaning up that Regional Partnerships mess, over 50 per cent of the promises of which were unfunded.

As the Treasurer has said, we now have a government that is working in synchronisation with the actions and assessments of the regulators, the Treasury and the Reserve Bank of Australia, using both fiscal and monetary policy measures to ensure the economy weathers this storm, including investment in infrastructure that will produce significant returns in the long term. What we know is that these extraordinary times call for extraordinary measures and decisive action. I meet with many leaders of business

and industry as part of my responsibilities in the Defence portfolio and they have applauded the government's efforts while conversely expressing deep disquiet at the irresponsibility of the opposition. They have appreciated the strong, timely, considered and decisive action we have taken to protect the Australian economy and invest in infrastructure. In the short time that the Rudd Labor government has been on the Treasury benches we have already started preparing industry for climate change measures and worked to fix significant infrastructure and skills constraints on the economy. These challenges were made much harder to tackle because of the coalition's nearly 12 years of inaction under John Howard.

While on the coalition, I would ask those opposite to reflect on the attacks against the Treasury and in particular the Treasury secretary—attacks that have been completely unwarranted and unprecedented. In the last sitting week we heard outrageous accusations by the coalition, accusing the Treasury of manipulating economic forecasts. This attack shows that the opposition is either incompetent or just out to embarrass hardworking public servants for their own political gain. Either way, this is a grievous departure from responsible behaviour at a time when we need to be doing all we can on both sides of this House to promote and instil confidence in our regulators and advisers.

This bill is a package of which we on this side have good cause to be intensely proud. It is heartland work for us to ensure that this is a land of prosperity in which all have the opportunity to share, a land prepared for the challenges confronting us. We also intend to do all we can to equip our children to flourish and to make this country one of compassion where no section of Australian society is left behind. Unlike the Howard government, which neglected to act on our capacity constraints, neglected the disadvantaged and

demonised many fellow Australians for political gain, this is a government that governs for the future and governs for all Australians. I commend this bill to the House.

**Mr ROBB** (Goldstein) (6.27 pm)—I rise to speak on the Nation-building Funds Bill 2008 and related bills. We are here debating a set of bills that is at least eight months overdue. The fact is that there has not been one decision in 12 months on infrastructure—not one decision. It has been a lost 12 months for Australia at a very critical time. In this critical time there has not been one decision on infrastructure. Labor said they had a plan. We heard it all last year during the campaign. We heard it all this year. They have a plan. It turns out that the plan was to set up a committee to devise a plan—a committee! We have had ministers put in place, we have had departments of infrastructure and we have had committees put in place, but no decisions—no action. Instead of action, all we have heard from those opposite is endless denigration of the former government. We just heard it from the previous speaker, the member for Eden-Monaro—10 minutes of his 20 minutes were just denigration of those opposite. There is no contribution—it is all talk and no action.

What we have seen, contrary to all the denigration and the misrepresentation that we have heard from the other side already in this debate, is that total infrastructure spending in Australia in constant 2007 dollars rose from \$21 billion in 1996 to \$56 billion in 2007, an increase from nearly three per cent of GDP to 5.4 per cent of GDP. That is action. That is not talk; that is not committees. That is a significant and massive growth in infrastructure spending as a proportion of GDP over 11½ years. It gives the lie to the Rudd government's pathetic mantra. We have heard it again and again tonight in this chamber.

To make that happen, the former government had to fix a few things. In referring to this I would like to scotch this absurd notion peddled by the government that the former government did nothing to set Australia up for the future. Of course the opposite is the case and it is why the Prime Minister can strut his stuff on the world stage and say to the rest of the world, 'Australia is better placed to deal with the consequences of this financial meltdown.' Why? There is only one reason and it is that the former government spent 11½ years fixing the mess they inherited and then setting us on a course to have the strongest economy in the OECD. Those facts are overlooked time and again.

We had to start by fixing Australia's financial infrastructure when we took over in 1996. We paid off \$96 billion of government debt. This government would have been confronted with an extra \$8½ billion in interest payments this year solely from that debt if the former government had not paid it off—\$8½ billion a year. That is \$100 billion extra out of taxpayers' money to pay interest over the last 12 years. That is \$100 billion available to spend on infrastructure and on services to create jobs for Australians, and we have seen a lot of those created. We turned around a culture of running massive deficits under the previous Labor administration and we replaced it with a culture of running budget surpluses.

The coalition fixed up other financial infrastructure. It created an independent Reserve Bank, a step which I think has meant a lot to the healthy condition in which Australia finds itself at the moment. The former government introduced rules to govern our financial sector through APRA and ASIC. We fixed up many regulations in the financial area. We got some common sense and some judgement into the nature of rules governing our financial sector. Those rules are now the envy of others in the Western world

who have failed to do likewise. We have had major reform of the indirect tax system, which gave states a huge growth tax to fund vital infrastructure and other commitments. Unfortunately, Labor state governments have presided throughout the country and they have not made use of that money. In fact, we have the situation in New South Wales where it is a total embarrassment, a total disgrace. It is criminal the way in which they have mismanaged that economy, misused the huge amounts of money that have been made available to that and other state governments around the country who have not taken advantage of that money and not shouldered responsibility for their part of the infrastructure bargain.

The former government had to fix up defence infrastructure. It had been massively wound back by the former Labor government. The coalition brought about 47 per cent growth over 12 years from \$10.6 billion in 1995-96 to \$22 billion in 2007-08. It had been sadly neglected. Infrastructure refers to many areas of the economy. Defence is an area where we have massively increased investment in infrastructure, bringing about 47 per cent growth, which was very necessary. I would have thought the former speaker, the member for Eden-Monaro, of all people would have had some appreciation of the increase in defence spending and the pathetic position that our former government found itself in when it came into office in 1996 in terms of defence spending and infrastructure.

Another area of infrastructure that we had to deal with was workplace infrastructure, workforce infrastructure. We brought that into the 21st century. Again, it was a situation which was holding Australia back. The Australian waterfront was modernised. The coalition brought about a 60 per cent improvement in productivity with average crane rates increasing from 17 movements per hour to world's best practice of 27 or 28

movements per hour. We were a joke in the world. We were ridiculed. The Japanese, a major customer, complained endlessly about conditions on our waterfront—the unreliability and the cost. That was massively turned around. It took the former government to take tough decisions not easy decisions, not just talk and no action but tough decisions to turn that around and create productivity improvements, and to increase the capacity of Australian industry to build, grow and create jobs.

We established the ABCC. It led to a massive reduction in working days lost per thousand employees due to industrial action. It plummeted from 37.4 days lost in late 2005 to just 1.7 in mid-2007—a massive improvement. In the construction area, so critical to capitalising on the mining boom of recent years, productivity was increased markedly because of the introduction of the ABCC and the workplace changes, so much so that it resulted in a staggering 1.5 per cent boost to Australia's GDP, or over \$5 billion each year. Add that to the \$8½ billion a year in interest savings on the debt that was paid off by the previous government and you are talking real money. That is more money in those two initiatives alone than we are seeing in the Building Australia Fund, which the government has talked up and talked up but does not even have the funds in there which would equate with the savings each year that the coalition made from those two initiatives.

And of course we introduced much greater flexibility into our workforce through the 12 years of the Howard government. All of this resulted in the lowest unemployment rate in 33 years; a youth participation rate ranked second among OECD countries; a real increase of nearly 22 per cent in wages over and above inflation; \$38 billion for infrastructure for our roads and rail system via AusLink 1 and 2; funds available for other necessary transport infrastructure; a \$10 bil-

lion water infrastructure fund; a \$60 billion Future Fund; a \$6 billion higher education fund; and \$20 billion surpluses. All of that was generated off the back of real reform to infrastructure: financial infrastructure, defence infrastructure, workplace infrastructure and other forms of infrastructure in this economy.

The bill that we are debating has enabled the government to establish three separate financial asset funds: the Building Australia Fund, the Education Investment Fund and the Health and Hospitals Fund. The building fund will have \$12.6 billion in it, with \$7.5 billion coming from the 2007-08 surplus and the remainder from T3 proceeds and the balance of the Communications Fund. The education fund will have \$8.7 billion, \$2½ billion from the 2007-08 surplus and the remainder from the closed Higher Education Endowment Fund. The health fund will have \$5 billion, which is entirely from the surplus of 2007-08. There is a \$14.7 billion shortfall on what the government initially predicted. What that means is that not one dollar generated by the Rudd government will be spent from all of these funds that we are talking about and debating. Every dollar allocated to these funds was created by the former Howard-Costello government. Every dollar to be spent was inherited by the Rudd government. They spent two years talking up what they would do with infrastructure, only to populate the funds totally with moneys generated by the former government, yet they do not have a skerrick of embarrassment. You would think they would be embarrassed by that.

The prospect of additional funds is doubtful, given the demand on government funds that is coming down the line. Most of the surplus has been spent and we must not see the government starting to put its fingers into other pies around the budget. The AusLink funds must not be reassigned to other pro-

jects. Watch this space—watch this government try and financially engineer some changes and do some tricky things. The test of this government will be its ability to put not Howard-Costello government dollars but Rudd government dollars into these funds. That will be the test of this government over the next one, two and three years. How many Rudd government dollars will be generated and put into these funds? That is the test.

The coalition has said it would take a very hard nosed approach to evaluating this legislation and any projects which emanate from it. We must satisfy ourselves that the hard earned surplus will be spent wisely and not as a Labor slush fund to bail out failed Labor states. Now that the government has wiped \$40 billion off its forward estimates there is much greater emphasis on the need for quality investments. That is very important now that there is probably only \$7 billion a year over the next two or three years in the road, rail and ports fund to fund the hundreds of billions of dollars of infrastructure projects that have come into Infrastructure Australia. It means that the quality of every decision is paramount. To get that we must have transparency and full disclosure of the results of cost-benefit analyses for projects recommended and for those rejected, including all data, assumptions and models used. It also means there must be transparency in PPP contracts.

Slush fund concerns are exacerbated because the original legislation was pulled. This legislation was in the House on the blue sheet and it was pulled because, as we understand it, the minister for finance was concerned about the minister for infrastructure requiring greater ministerial discretion. No wonder we are worried about this money being used and abused! We have also seen the Prime Minister and the Treasurer instruct the New South Wales government to abandon the \$12 billion North West Metro pro-

posal in Sydney because there were no votes in it for Labor. The government is attempting to circumvent the evaluation process by not even allowing some projects to be submitted to Infrastructure Australia. We do not even get a chance to assess some of these projects. There is grubby politics being played already and we have not even got the funds set up. No wonder we are worried about these funds being spent to bail out failed Labor states and going into some sort of slush fund for the Labor Party. We will look at every project and run a fine tooth comb over it, because we are concerned about the potential for this to be used as a slush fund.

We remain concerned that state governments may also simply remove infrastructure projects off their own books and bid for federal funds. The recent New South Wales minibudget maps out a whole lot of projects and says in black and white, 'We will only proceed before 2012 if these are substantially funded by the Commonwealth.' These are projects that have historically been the overwhelming responsibility of state governments. Now New South Wales is saying: 'Forget that. None of these projects will go ahead unless they are overwhelmingly funded by the Commonwealth.' This is why we have foreshadowed several amendments. The insertion of transparency clauses to require the public disclosure of all documentation, evaluation criteria, business cases, cost-benefit analyses, advisory board evaluation against criteria relating to the projects and reports to the finance and advisory boards. This is critical—and do not tell us that there are commercial-in-confidence issues. This is mandatory in the United States and in Scandinavian countries and it is common practice around the world. People should be able to see the basis on which decisions have been taken. We are also looking for analysis which supports any project to be made public be-

fore final decisions are taken by the Rudd government.

In their submission to the Senate committee considering these bills, Infrastructure Partnerships Australia said they 'would like to see the funds set up to have the greatest transparency possible'. That is critical. In the amendments that will be put to the Senate, given the significance the government has rightly attached to the need to see strong productivity outcomes from any project, we will propose an amendment requiring that money only be spent on projects that have been analysed by the Productivity Commission and that commission reports be published.

The bill also precludes funds for ongoing running or maintenance costs. This is a serious deficiency, one that was corrected in AusLink projects but now has been reversed with these bills. That is why we are proposing a clause which requires that all project funding decisions ensure that there are financial commitments from all asset owners and stakeholders to meet the whole-of-life asset costs. A hospital costing half a billion dollars requires half a billion dollars of revenue each year for expenses. Those costs are ongoing and that hospital cannot function without that money.

To make a decision based on the capital costs without looking at the whole-of-life asset costs is just ridiculous and naive, and we have seen that happen already. This government has already got form. We saw it with the case of computers, about the only infrastructure thing they have done this year. They had a billion-dollar project. What they had not thought of were the costs of implementation, maintenance and ongoing costs, which are in the order of something like \$2 billion. Schools all around the country have got boxes of computers lined up in corridors because they cannot use them. New South

Wales is bailing out of the program. This is naivety. This is lack of experience and understanding. These things have to be dealt with properly. In every case there should be an opportunity to see that the whole-of-life asset costs have been built into the project and that there are guarantees about ongoing funding commitments, otherwise we will have empty coliseums all over this country. That is what we will end up with.

There is no recognition in this bill of the problems associated with up-front payments. As a consequence, we will seek an amendment which will prohibit the payment of up-front fees on projects. Over recent years we have seen the ridiculous situation in New South Wales where they have treated infrastructure projects as a revenue source. With the cross-city tunnel, \$100 million was required to be paid up front before one sod was turned on the project by the private operators. In that one day another dollar was added to the toll before the project even started. This was seen as a revenue-raising activity. It has compromised many projects. This bill should have a provision which requires the prohibition of the payment of up-front fees for projects.

The Rudd government came to office 12 months ago saying they had a strong plan for Australia's infrastructure, yet there has not been one decision in 12 months. They are one-third of the way through their term. This is unacceptable. They are standing here beating their chests about what they have done and what they have not done. This is symptomatic of what we are seeing right across so many government areas. They are all talk and no action. In 12 months there has not been one project. After 12 months we get this bill, which has got serious deficiencies in transparency and in many other aspects. The legislation must be amended to ensure a totally transparent process. We cannot have a situation where hard-earned taxpayers'

money becomes a slush fund to bail out failed Labor states—and haven't we got some of those around the country! Anything less than this would be a disaster: we must have transparency; we must have a bill which looks to the wise and sensible management of these hard-earned moneys so that we can put in place infrastructure to see jobs created and people's welfare protected. (*Time expired*)

**Mr HAYES** (Werriwa) (6.47 pm)—I enjoyed the contribution from the member for Goldstein. Apart from being a very active swimmer these days, he takes a little bit of licence in his contribution here. The member for Goldstein has been outlining a position he is concerned about, having been a senior member of the Howard government. A hallmark of that government was the regional rorts program, where local infrastructure was treated so abominably. That is what gave us the Beaudesert railway investment and the Tumbi Creek program—things that were wasted. As you know, Mr Deputy Speaker Andrews, all the things that occurred under the regional rorts program were in marginal, coalition-held seats. We do not need people coming down here feigning indignation and giving excuses as to why they did not do it. The fact is that they did do various things. The hallmark of their administration when it came to infrastructure was to look at where we would put our money, and it had nothing to do with the forward planning of infrastructure, nothing to do with building communities but everything to do with trying to secure coalition seats.

The Australian Labor Party is a party that has always been about nation building. It is worthwhile acknowledging that Labor governments in the past have laid down the foundation of what we are now progressing here today. The post-war recovery period was led by the Chifley government with, for instance, the Snowy Mountains scheme in



1949. Throughout the seventies the Whitlam government provided practical infrastructure solutions to fixing our nation's hospitals. In the mid-eighties through to the nineties the Hawke and Keating governments opened our economy up and made us more competitive. Keating's Better Cities program introduced a broad-ranging strategy of reform that included innovative housing programs and a renewed focus on urban consolidations. That was the hallmark of what Labor achieved in office and that is what we are doing here today. That is in vast contrast to the previous Howard administration, which wasted the opportunities provided by former Labor governments. They consistently failed to invest in nation-building programs.

For too long our nation's budgets were constructed short-sightedly, focusing on the next election and ignoring the big challenges facing the nation's future. The previous government squandered the proceeds of the mining and resources boom and failed to invest properly in the future of this country. The Howard government wasted 11½ years of its time in office. It did squander a lot of the investment in our long-term needs and, quite frankly, the country is poorer for it. It is one thing to go out there under a regional rorts program and try to win office through things such as Tumby Creek or the Beaudesert railway, which never actually functioned. These were opportunities but this is where this government was going, looking solely at election outcomes and not at the big ticket items, which are the nation's future.

These bills before the House today certainly reiterate Labor's commitment to being a party dedicated to nation building. It gives me some pleasure to be able to come in and support these measures here today because they are very pertinent to where I come from in south-west Sydney, and I will return to that aspect a little later on. I support these three bills: the Nation-building Funds Bill

2008, the Nation-building Funds (Consequential Amendments) Bill 2008 and the COAG Reform Fund Bill 2008.

The Nation-building Funds Bill 2008 is part of this package of three bills giving effect to three financial asset funds that were announced in the 2008-09 budget and now play a decisive part in the government's Economic Security Strategy to strengthen the Australian economy in the face of this global financial crisis. On 14 October the Prime Minister, along with the Minister for Infrastructure, Transport, Regional Development and Local Government, announced that this government would be fast-tracking the nation's building agenda to help shield Australia from the global financial crisis and will accelerate the implementation of the government's three nation-building funds. The Commonwealth has also decided that it will bring forward its interim report on infrastructure in order to accelerate the government's nation-building agenda. As a consequence the national infrastructure priority list will be crucial in determining the prosperity of the nation by identifying those priorities that we have now and into the future. It will be the basis for determining the funding allocations from the Building Australia Fund.

The government will establish three funds to meet its commitment to Australia's future by investing in critical areas of infrastructure such as transport and communication, education and health. The nation-building fund will finance capital investment in critical infrastructure in transport and communications such as road, rail, urban transport, port facilities and broadband. The Education Investment Fund will finance capital investment in higher education, vocational education and training, as well as various research institutions. The Health and Hospitals Fund will finance capital investment in health infrastructure, such as the renewal and refurbishment of many of our hospitals, medical

technology equipment, major medical research facilities and various projects.

The Nation-building Funds (Consequential Amendments) Bill 2008 deals with consequential matters relating to the establishment of these funds, including amendments required to the Future Fund Act 2006 and Telecommunications (Consumer Protection and Service Standards) Act 1999 and the repeal of the Higher Education Endowment Fund Act 2007. Importantly, these two bills facilitate acceleration to allow for interim arrangements to begin as early as possible. The third bill before us today is the COAG Reform Fund Bill. This will establish the COAG Reform Fund for the purposes of disbursing funds to the states and territories and will also be used to disburse funding provided for in future budgets for areas of specific reform. Where the Building Australia Fund, the Health and Hospitals Fund or the Education Investment Fund is used to finance projects by the states the moneys will be channelled from the nation-building fund to the state or territory via the COAG Reform Fund. The terms and conditions of the financial assistance to be granted will be set out in a series of agreements between the Commonwealth and the states and territories.

Through the Council of Australian Governments, the Rudd government has delivered on its promise to end the blame game and modernise the federation, to build the productive capacity of the economy and to deliver better services to all Australians. This is vastly different to 'regional rorts'. As I stated earlier, this is a government of nation builders and is committed to this. These bills before the House are the beginning of a new era of investing in Australia's future. Unlike the previous government, who found it easier to avoid leadership responsibilities and blame the states than to get on with the job, we are getting on with the job. They failed to

invest in the nation's future; we are investing in the nation's future.

This government has no intention of simply hoarding a surplus for the sake of having a surplus; this government is committed to investing in Australia, and more importantly investing in Australians. That is what the surplus is there for. We are working to build a better future for everybody. We understand that this money is not ours—unlike the member for Goldstein, who lectured us about this a few moments ago. This money belongs to the Australian people and we have an obligation to invest in them and to strengthen their futures, and that is precisely what we are doing through these pieces of legislation.

This year the government will contribute a total of \$12.6 billion to the Building Australia Fund for transport, communications, energy and water, and infrastructure, including proceeds from the T3 sale and the balance of the Communications Fund; a total of \$8.7 billion to the Education Investment Fund for education infrastructure, including the balance of the Higher Education Endowment Fund; and \$5 billion to the Health and Hospitals Fund, for health related infrastructure. These funds are not slush funds; these funds are there for the implementation of various worthwhile projects as they are identified. These proposals will always be subject to rigorous and independent evaluation by advisory bodies. Unlike the way we saw funds administered under the previous administration, the bodies that we have set up, particularly in relation to Infrastructure Australia, have leading business people on their boards, from the CEO down. Quite frankly, this demonstrates the level of independence as well as the serious rigour that these projects will be subject to in assessment. This is about transparency. More than just that, this is about making every effort to ensure that what we, as the Commonwealth, invest in is,

in real terms, investing in the future of Australians.

Fast-tracking the nation-building agenda will help secure economic activity in the short term, but in the long term it is going to develop the financial and economic potential and the future of this nation, and that is what we are seeking to achieve. These funds are part of the government's nation-building agenda to help shield Australians from the global financial crisis and will help meet Australia's critical long-term infrastructure needs. Importantly, they will help strengthen the national economy and support Australian households during this time of global financial crisis.

Australia has substantial gaps in infrastructure that must be addressed if we are to continue to improve our productivity as well as our living standards, and there cannot be any argument about this. I would challenge anyone on the other side to argue against that. There are a couple of members from Queensland sitting at the table at the moment, and they will know about our mining industries up there. Those over in the west, where I have spent some time, particularly in Port Hedland, know the importance to the nation's financial infrastructure of port facilities, and the same goes for rail—not the Bo Derek rail line—

**Mr Hartsuyker**—Beaudesert!

**Mr HAYES**—Beaudesert, sorry. I am obliged to the member for Cowper. I will correct the *Hansard*. But we are talking about significant rail infrastructure that, unlike that rail line, adds to our economic wellbeing and the ability of this country to produce and export. That is the economic growth that we need to be very much cognisant of as we look at infrastructure developments within this country. We need to ensure that we have proper, functioning port structures and heavy rail structures so that our

producers, particularly in relation to minerals and resources, are able to compete on the world stage. With the growing pressures on commodity prices that we are now seeing, it is going to be absolutely critical for us as a nation exporting minerals and energy to have the most efficient lines of transportation to facilitate greater productivity as we go about exporting to the world from those areas where we have natural resources.

This government is using all its assets to identify the long-term infrastructure needs of this country, as I indicated earlier. I drew attention to the composition of the board of Infrastructure Australia. That is certainly a significant part of it. Residents in my electorate of Werriwa, out in the south-west of Sydney, know the significance of investing in infrastructure. It was very, very big leading up to the last election. It was very big because there was only one party that consistently throughout the election period promised infrastructure development for the south-west of Sydney, and that was the Labor Party. The Labor Party came out and said that they would do something that had been asked for time and time again—the expansion of the F5. It is a \$140 million project. That was something so critical, and it clearly falls well within AusLink 2.

All those years that I was on the opposition benches, I asked questions of ministers about when they would do something for the south-west of Sydney. They did nothing. It was not until after Kevin Rudd made the announcement about investing in a \$140 million project out in the south-west of Sydney that the then roads minister said, 'Well, we'll do the same.' He took until two or three days later to come out and say that. That just shows the disdain of the then government for infrastructure development in the south-west of Sydney. Granted, it is a Labor electorate and has been for quite a period of time—and I am sure Gough Whitlam will see that it will

stay a Labor electorate. But that just shows the contrast between the approaches: we could look at the area either as a marginal seat or we could look at what was going to be needed for the development of the area.

Over the next 20 years, Sydney is reportedly going to have a population in excess of five million people, I understand. Much of that growth between now and then—as a matter of fact, 20 per cent—will be found in the south-west of Sydney. The south-west of Sydney—Liverpool, Campbelltown, Leppington, Rossmore, Camden and all those areas—is very much the growth corridor of Sydney. It is where we are establishing our employment lands. It is why we would have a dedicated freight line which would be a more effective and efficient inland port. We are bringing container terminals through our intermodal terminals and, as a consequence, we are now establishing businesses along that rail and road corridor—new manufacturing and advanced engineering. They are jobs for the people I represent out there. We have a university which is now producing graphic designers and engineers, and just last week the Deputy Prime Minister opened a medical school. We will have our doctors being trained and, more importantly, our medical technology developments occurring out there.

These are things that we invest in now to achieve for the future. These are things that we must be dedicated to. Where we sit now, 12 months since the election, is in marked contrast. We are following through with our commitment to invest in this nation's future, to develop these areas of opportunity, to give those people and those young families in the south-west the opportunity to have jobs in these employment lands that are being established. This is of very significant proportions, and quite frankly it is something that does take a government with nation-building abilities to construct.

In the limited time I have left, I would simply like to once again draw attention to how critical last week's meeting with the nation's mayors was. I hosted three local councils down here: Camden, Campbelltown and Liverpool. Those three councils were fortunate to get about \$3.3 million to put into areas of their own local infrastructure priorities. In terms of the wider perspective, of the \$300 million and looking to the future—*(Time expired)*

**Mr TRUSS** (Wide Bay—Leader of the Nationals) (7.07 pm)—For the past year we have been bombarded with claims, often completely fanciful, about what the Nation-building Funds Bill 2008 and its cognate bills will actually do. In particular, the Building Australia Fund has been put forward as the saviour for a countless number of infrastructure projects, particularly road and rail, around the country. The states have seen it as the saving grace for their budgets. Those with ambitious ideas around the community have seen it as a way in which funding might be provided.

The federal government has fed this speculation by leading everybody to believe that their projects will be on the list to be funded. Indeed, the Prime Minister, in quite an extraordinary feat of dexterity, has listed infrastructure expenditure in two of his plans, two of his wars, over the last few months. When Labor was worried about inflation, we had his four-point plan to beat inflation and, lo and behold, a \$70 billion expenditure program on infrastructure was part of the plan. Now when the problem is a recession, an infrastructure plan is part of the solution to beating unemployment—the war on unemployment. So we have the same cure for two opposite diseases. Originally, Labor was telling us inflation was out of control—it had almost doubled during its term in office—and so we needed to spend money on infrastructure. And then, when the problem is

not inflation but is in fact a recession, we have the same cure: it is going to spend more money on infrastructure.

I am all for spending money on infrastructure. I think we do need to keep building our country and making it strong. It is important that we use our resources when they are available to help secure the basic lifelines—roads, rail and infrastructure—for the future. But the reality is that an infrastructure program was never going to confront inflation. In fact it was quite likely to feed it. The government's economic illogicality was only matched by the fact that when it was trying to beat the recession a little later, it proposed exactly the same solution.

The facts are that under the previous government there was a very substantial increase in expenditure on infrastructure. When we came to office, 2.9 per cent of GDP was spent on infrastructure. When we left office, that figure had grown to 5.4 per cent. So the members opposite cannot be lecturing this side of the House about who are the nation builders. We virtually doubled the GDP proportion that was spent on infrastructure. We are the government that commenced AusLink. We are the people who built major railway networks and supported the construction of other vital infrastructure projects.

In fact, in spite of the rhetoric that you are hearing from Labor tonight, and over recent times, even with the money that is being allocated in the building fund, Labor will spend quite a deal less on roads and rail between now and 2014 than the previous government would have spent. Labor is actually cutting expenditure on infrastructure. It is hard to believe that when you listen to all of the rhetoric about how it is building things and how new projects are going to come online and that the Building Australia Fund is going to be the cure for all evils. It is actu-

ally going to cut funding. The road and rail sector in particular has a great deal to be concerned about with regard to the attitude of this government. The Building Australia Fund, for instance, is only going to provide \$7 billion over three years for roads and rail. That is about one-third of what we provided in the last AusLink program—a quarter of what we would have provided under the next AusLink program. Labor is continuing AusLink, although it is providing it with a little less money. The funds available under this Building Australia program very much need to be kept in perspective.

The other issue that is of particular significance is that there is \$7 billion available over three years for road and rail, but, from what we can ascertain, the requests for funding under the Building Australia Fund for roads and rail are around \$400 billion. So we have \$7 billion to be shared amongst \$400 billion worth of requests. It is hardly going to leave a lot of happy people around the countryside. They have been led to believe that there are going to be projects all over the place, but of the \$400 billion being asked for in road and rail—there is more being asked for, for other things—only about \$7 billion is going to be available over three years.

As previous speakers have said, another very important point to note is that if there had not been a coalition government for the last 11 years, there would be no money available for Building Australia. Every single dollar comes from the current surplus, which was inherited from the previous government, and the money that had been put aside in future funds by the previous government. Had Labor been in office, we would have had deficits, not surpluses, at this time of the year. There would have been no money put aside. So when Labor talks about what it is going to spend under the building fund, let me make it absolutely clear: it is not spending money that it has raised, it is not spend-

ing money that has somehow or other been miraculously invented; it is spending the money that it inherited from the previous government. And so all of those building projects, all of the railways, all of the roads are in fact funded by the legacy left by the previous coalition government.

There is supposed to be \$26.3 billion available for these three funds on 1 January next year and \$41 billion by 30 June next year, but, of course, the missing \$14 billion that has to be found next year is to come out of the budget surplus. What surplus? It has already dissipated to something like \$5 billion, and most people believe that Labor is heading for a deficit. The Treasurer and the Minister for Finance and Deregulation will not use the word, but most people believe there will be no money left—there will be nothing to put into the Building Australia Fund to deliver on the promises that Labor members are making today.

I want to look also at some of the other elements of the processes that Labor is putting in place for the Building Australia Fund. The government said that the decision-making process will be ‘above politics’, with well-credentialed Australians put on the board of Infrastructure Australia, tasked to find the right projects to be funded in the right places at the right time. The government stated in the May budget that an infrastructure priority list would be considered by COAG, which we can only take to mean that the states and territories were to have some say over which projects would get the final nod. The sacred nature of these funds does not end there. The Minister for Infrastructure, Transport, Regional Development and Local Government solemnly declared on 4 June:

Public investment in infrastructure will no longer have regard to political cycles or electoral boundaries.

That is a bit rich coming from the member for the Fort Street High School, but nonetheless he says it will no longer have any regard to political cycles or electoral boundaries.

The political cycle part of that is a bit interesting. Here we are, one year into the term of the government, and they have done no road building and no rail building whatsoever. They have in fact prevented some projects which were virtually about to start, like the F3 to Branxton project. That is not happening. It could have been started by now, but Labor stalled all of that. The reality is that there have been no new projects that were not already in the pipeline announced and funded by the current government. We are now going to have this windfall of funding, which will be announced over the next six months or so. A little bit of planning will then go on and—lo and behold!—at about the time that the next election is due to be called, we will have all these sod-turning ceremonies and the start of all those projects. Yet we are being asked to believe that this has got nothing to do with the electoral cycle? Don’t make us blush! I cannot understand how the minister for infrastructure can even say such a thing and keep a straight face. This is deliberately designed to meet the electoral cycle, but the government will pretend that the projects just happened to be about to start at that crucial time. They have nothing in mind other than to try and save the bacon of Labor members, who have failed to deliver anything during their term in office.

These all are lofty words, and there may be some kind of a magic pudding of funds to fund almost anything that Australians might desire, but in reality we all know that they are slush funds. They are not totally above politics; they are slush funds to try to bail out Labor state governments and local members with pet projects.

Let us look also at how the rhetoric has failed to match the action. In today's *Age*, we can see how far Labor have strayed from the original promises that they made about these funds. To paraphrase the Victorian government, it has been agitating for weeks to get some answers from the Commonwealth so that it can make infrastructure plans of its own. It would like a seat at the table as the federal government promised it would have in the budget. On budget night we were told that the states would have a role in the selection of these projects. But a spokesman for the minister for infrastructure cut the Victorians short. He said: 'This is not a COAG decision. It will be determined by the federal government.' The federal government is going to make the decision about which projects are going to be funded.

If that is not enough, the budget statement declaration that the priority list would be considered by COAG seems to have gone out the window. The Infrastructure Australia board also will not have a say. We were told that all of these things were going to be decided by the board of Infrastructure Australia. We heard the previous speaker and other speakers commenting about how all these eminent businesspeople are going to be put on this board so that all the decisions would be above reproach. But Infrastructure Australia is not making the decision; COAG is not making the decision; the government and the minister are making the decision. And you are asking us to believe that it is not a slush fund!

In addition to that, somebody apparently did not tell the Treasurer, because he said today that, in fact, infrastructure is going to be right at the centre of the discussions at the COAG meeting in December. You cannot have it both ways. It is not on the agenda, according to the Prime Minister; the Treasurer says it is going to be right at the heart and centre.

There has been enormous confusion about the priorities. Originally, Labor said that the priorities were to be set by Infrastructure Australia. They said that COAG would have a say. But now it is clear the government is going to make the decision. Projects were going to be assessed independently, we were told. However, all of the ALP election promises are exempt from the independent assessment process. Labor has virtually promised the whole fund already to people. Members have been out there making promises, such as their Better Regions program. Only Labor members and Labor candidates could apply. The applications are closed—no more applications are going to be entered into—and they are all going to be funded. No independent assessment will take place. Some of these projects had specifically been rejected for funding through the proper departmental processes. Labor promised them during the election campaign. They are immune from independent assessment and they are all going to be funded.

We just heard the member for Werriwa talk about a project in his electorate, which he says is 'going to be funded'—it is going to be funded; it is a Labor election promise. Where is Infrastructure Australia's role in assessing whether that project is worthy? What is the worth of all those independent businessmen if their advice is not going to be taken? In addition to that, you have to assume that all ALP election promises are meritorious and worthy and rank above everything else. That is what you are asking us to believe.

*Dr Kelly interjecting—*

**The DEPUTY SPEAKER (Hon. KJ Andrews)**—Order!

**Mr TRUSS**—It is a slush fund, and Labor have decided which projects are going to be funded. They have announced most of them. They are immune from the process and we

are being asked to believe that there is some kind of credibility about what is going on. The advisory panels have been sidelined. MPs have been listing projects all night that are going to be funded. Where is the independence in the process if these members have already got the wink and the nod that their funding is going to be all right?

*Opposition members interjecting—*

**The DEPUTY SPEAKER**—Order! The level of conversation is too high.

**Mr TRUSS**—This cannot be a slush fund, and we are going to move some amendments to the legislation. If the government does not accept those amendments it will be a further clear demonstration that this is a slush fund aimed at bailing out moribund state Labor governments and involving processes to artificially milk money into the system so that they can pretend that they are spending it. If Labor do not want this program to be labelled as a rort scheme, they should accept those amendments to bring some honesty and accountability into the program.

Victoria, of course, had good reason to be concerned about what was going to happen with the allocation of the funds. They asked for \$10 billion, but it seems they will only get the crumbs from the table. The Victorian Premier had obviously read Saturday's *Sydney Morning Herald*, where the Prime Minister stated that, no matter how economically incompetent the New South Wales government is, it would be helped big time when money from these funds is doled out.

It is supposed to be independent, but the Prime Minister is telling New South Wales that they can get funding for some of their projects. That is hardly surprising, I suppose, because the Prime Minister is pretty dependent upon the New South Wales Right for the numbers for his leadership. Of course, the wife of his lieutenant, the minister for infrastructure, is the New South Wales Deputy

Premier, so I hope that there is going to be appropriate arms-length distance between the decisions made about New South Wales.

It is worth looking at the New South Wales submission for money for the Building Australia Fund in some detail. We only have to rely on the media reports because, in reality, the state government has declined to reveal its full submission. We have heard that there is \$41 billion planned from the three funds, although a lot of that is not available. As the surplus created by the former coalition government spirals downward into the whirlpool of Labor's looming budget deficit, only \$26.3 billion is left, with \$12.6 billion for the Building Australia Fund. But New South Wales alone has asked for \$40 billion. It is not going to go round. At the top of the list is \$4 billion for an eight-kilometre rail line running through Labor seats in Sydney's inner west. All the projects on the top rung of Labor's priority list—\$20 billion worth—are in Labor electorates. The regions in New South Wales miss out, as they always did. In Queensland the Bligh Labor government's top 13 priority projects for Building Australia funding are all south of the Sunshine Coast.

It is obvious when you read the front page of the *Sydney Morning Herald* on 7 October that some projects are going to miss out. One is the \$12 billion North West Metro rail line from the city to Rouse Hill, despite the fact that it has been promised on eight separate occasions by the state Labor government. However, the New South Wales Premier Morris Iemma and bureaucrats in February were told not to bother putting the North West Metro on the New South Wales wish list, because there were no votes for federal Labor in it. And we are being asked to believe that this fund is above political cycles and electoral boundaries!



The state and territory governments alone have put forward \$235 billion worth of requests for funding from the Building Australia Fund and there is about \$450 billion worth of projects altogether. Many of \$450 million worth of projects are undoubtedly important and deserve funding. They have not been built in some cases because the private sector did not have the cash to build them or because other projects were given priority. You cannot do it all at once and the task will never be completed; we will always need more money for infrastructure. You do need to plan and build a national network—something which the previous government had done. We were involved in an extensive program of planning with the states to develop AusLink, and therefore for the first time we had a priority, a long-term planning arrangement for the road and rail systems of our country.

Finally, I want to talk a little bit about the Communications Fund. This bill axes the Communications Fund. I spoke about it earlier today in the debate on the matter of public importance and I asked the minister a question during question time, which he refused to answer. I asked: what plans does the government have in mind to do the work that the Communications Fund was established to do? It was set up specifically to meet the future technology needs of people who live in regional areas. It was a fund in perpetuity. Two billion dollars was provided out of the proceeds of the sale of Telstra. It was there permanently to be able to provide funding to upgrade telecommunications infrastructure in the future. This money is being stolen to go into this group of Labor slush funds and there is no alternative in place.

I call on the minister in his summing up to tell us what plans Labor has for modernising telecommunications, not just this year and next year, not just a response to the Glasson review, but what are we going to do in 10

and 20 years time? Where is the funding available to guarantee to country people that they will not be left behind? Labor's broadband scheme looks like falling in a heap and may deliver little or nothing to regional areas. What is going to be available for country people to catch up with the technology? You have stolen the money. You have stolen the money that was promised to regional areas. That money was committed in legislation which I understood Labor supported. Now you have taken that money away.

We will move amendments to preserve the Communications Fund. Those will be vital amendments for the future of regional Australia. I call on the government to accept those amendments in the spirit of developing legislation that is fair and decent. We must have a continuing Communications Fund to ensure that this vital infrastructure is provided in perpetuity for the people who would otherwise miss out as a result of these funds being commandeered for other uses. (*Time expired*)

**The DEPUTY SPEAKER (Hon. KJ Andrews)**—Before calling the next speaker, I remind members to address their remarks through the chair.

**Mr CRAIG THOMSON (Dobell) (7.28 pm)**—It is a little sad when you listen to the contributions coming from those opposite, particularly the last contribution, from the Leader of the National Party. It is a bit like listening to an old episode of *The Muppet Show*. You have the cranky old men sitting in the corner talking about the golden age that was there before and how it was all wonderful in their time, that it was just a terrific time then. This is one of the problems we have with the opposition: they are obsessed with the past. The Australian public, on 24 November last year, actually voted for the future. One of the key reasons was that they voted for a party that was actually going to

be a nation-building party, not a party obsessed with the past or obsessed with regional rorts and those sorts of things but a party that was going to build Australia and make sure we could unlock the capacity constraints of the economy that were affecting inflation. It is a pretty simple and basic economic message—one that the Reserve Bank tried to give to the opposition 20 times when they were in government: that capacity constraints were a problem and were causing inflation. But it is also fairly basic economics that, if you provide stimulus to the economy in terms of putting in more money, you create more jobs and growth. I think the Leader of the National Party needs to brush up on his schoolboy economics. He obviously did not attend those classes.

It is little wonder that they have problems in relation to glorifying the past and were going on as to how wonderful it was. We have a Leader of the Opposition who would claim credit for the sun coming up every morning; he seems to claim credit for everything else that can possibly happen. Of course, we know that by the time the sun has set in the evening he has changed his mind in terms of policy position at least once or twice, so it is understandable that the opposition feel they are locked in the past and not quite sure where they are going with the leader that they have.

It is also the height of hypocrisy for the leader of the National Party—the party that is responsible for regional rorts—to talk about this fund being a slush fund. I can remember last year one coalition member boasting about a regional grant of around \$1.7 million. It was not a member of the Nationals and it was not a seat in the regions of outer metropolitan Sydney; in fact, the \$1.7 million that I am talking about went to Bondi. Yes, Bondi is where that \$1.7 million went. It was one of the biggest regional rorts that there was. I suppose Bondi might be a

prime location for the agricultural practice of latte harvesting! For the opposition to lecture us about slush funds is the absolute height of hypocrisy.

The purpose of these bills is to establish the Building Australia Fund, the Education Investment Fund and the Health and Hospital Fund which will finance improvements in critical economic infrastructure, transport, communications, higher education, vocational education and training, research and health. The funds are also part of the government's Economic Security Strategy to strengthen the Australian economy in the face of the global financial crisis. The Nation-building Funds Bill 2008 establishes the Building Australia Fund to finance capital investments in critical economic infrastructure as well as in transport and communications such as road, rail, urban transport, port facilities and broadband. The Education Investment Fund is to finance capital investments in higher education, vocational education and training and research institutions. The Health and Hospital Fund is to finance capital investments in health infrastructure.

These bills will fast-track the nation-building agenda, securing economic activity in the short-term and expanding growth potential in the medium to long term. The funds, part of the Economic Security Strategy, will help strengthen the national economy and support Australian households during the global financial crisis. All stakeholders agree Australia has substantial gaps in infrastructure that must be addressed if we are to continue to improve productivity and living standards. No-one opposite has suggested that there are not major and substantial infrastructure gaps that need to be addressed.

While the implementation of the funds and the assessment of spending proposals are being accelerated, the proposals will still be

subject, however, to rigorous evaluation. The funds are part of the nation-building agenda to help shield Australians from the global financial crisis. The Prime Minister and the government have taken decisive and early action to protect the Australian economy from the global financial crisis, which started in the United States and has affected every other continent across the world. Globally, more than 25 banks have failed or been bailed out, the US and Europe are on the verge of recession and growth in China is slowing down.

This Australian economy is sound but is not immune from the global slowdown and the real possibility of a global recession and the flow-on effects that would have for Australia. There are no easy solutions or quick fixes to the global financial crisis. This is going to be a long, drawn-out crisis which will have a real impact on Australia leading to slow economic growth and increased unemployment. That is why our Prime Minister has taken decisive and early action to protect the economy and all Australians from this crisis. The Rudd government has injected \$10.4 billion as part of the Economic Security Strategy to stimulate economic activity and to protect vulnerable groups in our society, especially pensioners, carers, disabled people and low-income families.

On the Central Coast we have worked out that families, carers and pensioners will receive \$122 million. That is \$122 million coming into our local area aimed at working families, carers and pensioners. It is also a shot in the arm for local business. I will be a little indulgent here and say that on this occasion I would like to repeat my call to those on the Central Coast: if they are going to spend the money then spend it on the Central Coast and make sure the money stays there and helps our local economy grow. Retail is the second-largest industry on the Central Coast providing the majority of jobs and we

need to make sure that those local jobs are protected and our unique Central Coast lifestyle is protected. This economic package helps to do that, particularly if people buy locally.

Fast-tracking the nation-building agenda can secure economic activity in the short-term and expand growth potential in the medium to long-term. Spending proposals will be subject to rigorous evaluation by independent advisory bodies. Spending from the funds will depend on the macroeconomic conditions. This will include advice from the Loan Council. These funds will help meet Australia's critical long-term infrastructure needs and will assist in addressing Australia's immediate challenges in response to the global financial crisis. The government is using a number of sources to identify the long-term infrastructure needs of Australia, including the work being undertaken by Infrastructure Australia. Where funds are used to finance projects with the states, they will be channelled through a new Council of Australian Governments Reform Fund. The funds are part of the government's nation-building agenda to help shield Australians from the global financial crisis. The government has announced the funds are to be established from 1 January 2009.

Infrastructure is a large part of this government's agenda. In my electorate of Dobell there have already been major infrastructure commitments and real money going into the local infrastructure needs of the Central Coast—in particular, \$80.3 million for what is known as the 'missing link pipeline' between the Mangrove Creek and Mardi dams. This is a vital bit of infrastructure that should have been built years ago. We have on the Central Coast two dams: a large storage dam that is outside the catchment area and a small dam near the coast, which is where all the rain falls. In the height of the drought the Central Coast had its water supply fall as low

as 12 per cent. We were close to running out of water. But the Rudd government came along and said, 'This is infrastructure that should have been built years ago; we are committing to this infrastructure to link these two dams so that water can be pumped from the area where the rain falls to the large storage dam in the hinterlands.'

The prognosis for the Central Coast water supply following this commitment is tremendous. It is estimated that if we have average rainfall then, five years after the pipeline is completed, the water supply levels on the Central Coast will be up to 80 per cent. That is up from around 12 to 13 per cent at the height of the drought up to 80 per cent, securing the water supply of the Central Coast. There has also been work done on what the water supply would be if we were in drought conditions, as we have been. In those circumstances, this bit of vital infrastructure would still make such an improvement that the water supply in five years would go to 55 per cent. Again, it is a great improvement on the 12 or 13 per cent that we fell to at the height of the drought. If those on the other side say that this is a waste of money or a slush fund then I would like them to come along and say that to the people of the Central Coast. We had level 4 water restrictions. People could not water their gardens or wash their cars. They were worried about whether the water was actually going to run out.

The Labor Party, the Rudd government, made this investment in vital local infrastructure on the Central Coast, and to call this a slush fund and to imply that this is bad spending is the height of arrogance and something that would absolutely cause people on the Central Coast to be very, very angry, because on the Central Coast we have had an example of a regional rort. We had the former government take a decision based on political expediency rather than building

infrastructure. That was the infamous dredging of the creek Tumby Umbi. In the end, we had a Senate inquiry about this. There was no process at all involved in the money—\$1.3 million, from recollection—that went for the dredging of Tumby Creek. Of course, it took so long for the money to actually flow through and the dredging to be able to start that in the meantime we actually had some rain, which washed out the creek, and there was no need for the dredging to take place. So those on the other side who want to talk about rorts and slush funds just need to come to the Central Coast and look at what the Rudd government has promised in relation to the Mangrove to Mardi pipeline—real infrastructure having a real effect on our water supply—and compare that to a couple of years ago and the Tumby Creek dredging fiasco of the former government. The contrast is stark.

Another bit of vital infrastructure in relation to health that was promised at the last election for my electorate is the super GP clinic. It is worth mentioning that again today because this is real infrastructure that affects the way in which people live. In my electorate we have had a great influx of new people who have moved to the Central Coast, largely from Western Sydney. But what we have not had is infrastructure. We have not had planning, because the former government was not concerned about that at all. Consequently, one of the areas in which we have had a deficit in what has been provided is health. It is with some great pride that we can talk about the super GP clinic that has been promised here and this bit of legislation that we are talking about today and the money that it is putting into health. In the whole of my electorate we are down to just over 80 doctors. We had a situation last year—and it has slightly improved this year—where there was one medical doctor for every 1,900 patients. Most of the doctors

on the Central Coast have their books closed so if you are not already a patient there you are not going to get seen to. But a Rudd government promise to put a super GP clinic there is going to make a small but effective change in making medical services available to people on the Central Coast. There are areas of new growth on the Central Coast with over 16,000 people and no GP clinics whatsoever, and this government promised in the last election that they would make sure that they were putting proper infrastructure into these areas.

On top of this investment the federal government announced last Tuesday the \$300 million local infrastructure fund. It was a historic meeting between the national government and over 400 of the nation's mayors and shire presidents. In my area we have two councils. We have the Wyong Shire Council and the Gosford shire council. Together those two councils took away over \$300 million—sorry, \$3 million. They would have been very happy with \$300 million but they are also very happy with the \$3 million that they were able to take away. I would like to share with the House a couple of quotes from the Mayor of Wyong, Bob Graham. And, before talking about the quotes from Mayor Graham, I should point out that the last time the New South Wales government was a Liberal coalition government Mr Graham actually sat on the coalition side in parliament as a member of that government. He was happy to say about the federal government's local council infrastructure funds:

I was straight on the phone to the other councillors to get them fired up about what it could be spent on.

It's fantastic news for Wyong shire.

We have a series of community projects we are keen to get on with involving a number of facilities which the council will discuss.

He knew straightaway that the infrastructure issues that they had not been able to deal

with for so long were now going to get done—the sporting fields and facilities would get lights. All those sorts of projects that for too long they had not been able to do they were going to be able to bring forward, not only building local infrastructure but providing local jobs on the Central Coast. Mayor Graham also made some comments about Mr Rudd's energy and his memory. He said:

He was quite au fait with our area and we talked about growth and transport.

He also spoke about the energy with which Mr Rudd went about the day and the commitments that he gave local councils for their local infrastructure. This is not some Labor Party hack. This is not some Labor mayor who was there. This is a person who sat in the last New South Wales Liberal government as a member of the Liberal Party. He, like everyone in my area, can immediately see the difference between the Rudd government in its commitment to nation building, its commitment to local infrastructure, and the previous government's pathetic efforts in its nation-building projects. Quite frankly, what the former government did was sit and fiddle while the money came in, frittering it away on regional partnership rorts like the creek at Tumby Umbi rather than looking at unlocking capacity constraints in the economy and at building infrastructure projects that are nation building and that are going to have long-lasting effects for this country.

Mayor Graham has an intimate understanding of the problems that the Central Coast faces in terms of infrastructure neglect. Through years of work he really understands the coast, its people and their aspirations for the area. He also pointed out to the local paper that the infrastructure funds came on top of an additional \$2.37 million funding that the Wyong council will be receiving in the

second quarterly investment of the financial assistance scheme.

It is very important that we have a government that understands that, if Australia is to succeed and prosper in an increasingly competitive global economy, reforming the way we govern is essential. We must make sure that investments in terms of infrastructure are made at both the national level and also at the local level. We need to bring forward these infrastructure investments so that they continue to stimulate the economy and we must make sure that the vital projects continue to be fulfilled. The Howard government had an election cycle strategy in the decisions that they made when they had their hands on the wheel. Their Regional Partnership reports were about votes that they thought they could get in the area, not about nation building. We now have a government of nation builders. For too long the Central Coast felt it was ignored in terms of infrastructure development. We felt like we were the poor cousins of Sydney.

**Mr Price**—Not anymore.

**Mr CRAIG THOMSON**—That is right. That has changed. Under the Rudd government we are receiving real infrastructure both national and local. I commend this bill to the House. *Time expired.*

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

#### **NATION-BUILDING FUNDS BILL 2008**

#### **NATION-BUILDING FUNDS (CONSEQUENTIAL AMENDMENTS) BILL 2008**

#### **COAG REFORM FUND BILL 2008**

#### **Referred to Main Committee**

**Mr PRICE** (Chifley) (7.48 pm)—by leave—I move:

That the bills be referred to the Main Committee for further consideration.

I point out to all members that the Chief Opposition Whip, the honourable member for Fairfax, supports this motion.

Question agreed to.

#### **GUARANTEE SCHEME FOR LARGE DEPOSITS AND WHOLESALE FUNDING APPROPRIATION BILL 2008**

#### **Second Reading**

Debate resumed.

**Ms JULIE BISHOP** (Curtin) (7.49 pm)—I rise to speak on the Guarantee Scheme for Large Deposits and Wholesale Funding Appropriation Bill 2008. It is a long overdue bill. It has taken six weeks for this government to concede that the opposition had correctly called for legislation to be introduced into this parliament to support the government's bank guarantee of large deposits and wholesale term funding.

It has been increasingly clear over those six weeks that the government's bank guarantee policies were panicked and poorly thought through economic policy. When introducing this legislation the Treasurer resorted to the now familiar political spin to paper over the cracks of this poorly designed policy. The Treasurer is so insecure that he cannot simply admit that the government made a mistake, that they should have listened to the words of the Leader of the Opposition, taken his advice and just fixed the problems they had created.

In the second reading speech this afternoon the Treasurer made the extraordinary claim that the Leader of the Opposition was responsible for the 'growing seeds of doubt in the minds of global investors'. What an absolute nonsense. That reveals the depth to which this incompetent government will stoop to blame anyone for their own problems. The Prime Minister's inherent inability to admit to error—it is in his DNA—has started to infect others within this arrogant

government. It is a sign of his inexperience that the Treasurer has been dragged kicking and screaming to introduce proper legislation to provide a standing appropriation for this policy. Yet when introducing the legislation to the House he maintained that his original policy design was flawless and somehow it was the Leader of the Opposition who was responsible for the growing seeds of doubt in the minds of global investors.

The Treasurer apparently wants us to believe that if no-one had raised any concerns about the shortcomings of his original position, the Australian financial and banking sector—indeed, the world financial markets—would have just turned a blind eye to the fact that the government was introducing a guarantee on wholesale term funding without having a standing appropriation to back it up. It would fail the fundamental test of an unconditional, irrevocable and timely guarantee. The Treasurer is living in a fool's paradise if he thinks the highly skilled people working in large international banks and people working in the Australian banking sector would not have noticed the fact that the guarantee on wholesale term funding was not backed by legislation that provided a standing appropriation. He thought he would get away with it. So if the guarantee were ever called upon and, say, parliament were not sitting, there would be no standing appropriation and the guarantee could not be met. It was a fundamental error.

The Treasurer admitted in his second reading speech that, since the initial guarantee announcement, 'the government has been engaged on a daily basis in putting in place all of the detailed arrangements'. I bet they have. They have certainly been engaged because they have been trying to play catch-up with the negative consequences of their initial hasty announcements. The Treasurer confirmed in his second reading speech:

During the government's consultations banks raised concerns about doubts in international funding markets that government will be able to pass legislation with sufficient speed in the event of a claim on the guarantee.

Put simply, potential investors need to be confident that they can get their money quickly if a bank were to default on a loan.

This was basic. A guarantee that is not unconditional, irrevocable and timely is not worth the paper it is written on. The government should have known it. They did not need the international funding markets to tell them this. The Treasurer also said:

In one stroke, the guarantee provided support to banks, credit unions and building societies in the provision of credit to Australian businesses and households, and security and peace of mind to Australian depositors.

In reality, it did nothing of the kind. In reality, it was one stroke of hastily cobbled together and poorly considered policy with serious consequences.

When the Prime Minister was asked on 10 October what guarantee he would give Australians that their bank deposits would be protected, the Australian public was subjected to a roller-coaster ride of poor decision making that subsequently needed to be corrected and defined every step of the way. Now the government loves to claim that it was somehow acting ahead of the curve. The reality is that it was the opposition who was taking into account the global financial events and developing sound policy to provide stability and confidence. On 10 October the Leader of the Opposition and I held a press conference, and we called on the government to do a number of things including introducing a limited deposit guarantee of \$100,000 or more. We also called on the government to delay its flawed ETS scheme and to put more funding into the residential mortgage-backed securities market. That press conference was reported upon, so the

following morning the Prime Minister woke to headlines that the opposition had plans for the Australian public to help us weather the global financial storm. Indeed, the opposition had a plan for protecting the savings, the deposits, of Australians. So began the government's political and media games. The resulting policy of this government was not driven by sound financial or economic considerations but by politics.

By 12 October, on the Sunday morning, Australians were treated to photographs of their Prime Minister sitting around the cabinet table on the weekend—

**Mr Pearce**—With rolled up sleeves.

**Ms JULIE BISHOP**—No, they were not rolled up; they were pushed up. He was fighting what he has termed the 'rolling national security crisis'. Later that day, the Prime Minister emerged from his bunker to announce an unlimited deposit guarantee. In doing so, he went further than any comparable country. If you take into account the United States and the United Kingdom, where there were serious problems and serious flaws in their banking sector, where their governments were recapitalising and purchasing troubled assets and where nationalisation plans were afoot in their banking sector, the United States had a deposit guarantee of about \$100,000 and they were thinking of putting it to \$250,000, and the United Kingdom were thinking of introducing a deposit scheme of about £50,000. But, oh, no, we would not do what comparable countries were doing, because that is what the opposition had suggested. So the government went further than any other comparable government and announced an unlimited bank guarantee for deposits. In doing so—and this is a very important point—he told the Australian public and the opposition that he was acting on the advice of the regulators and specifically acting on the advice of the Re-

serve Bank governor. We soon found out about that porky, didn't we?

That afternoon the opposition provided its support, given that the Prime Minister had stated that the regulators had advised on, indeed had recommended, this specific proposal. We of course had called for a more considered scheme on the Friday and took it as read that the Reserve Bank governor had given direct and explicit advice to the government to extend our proposal into an unlimited deposit guarantee scheme. After all, this was one of the most significant monetary policy decisions made by an Australian government in a generation. The Reserve Bank governor is the person in this country responsible for monetary policy. He is the person responsible for the stability of the financial markets. He is the person to whom the government should have turned for explicit and direct advice on this deposit scheme. The next day the Leader of the Opposition wrote to the Prime Minister proposing a bipartisan approach to maintaining business and consumer confidence in response to the global financial crisis. This expression of bipartisanship was rebuffed by the Prime Minister, and it should be clear that bipartisanship—of course, always rebuffed by the government—does not mean that the opposition forgoes its obligation to the Australian people to provide critical assessment of government policies, particularly when there is so little detail provided surrounding this hastily put together policy.

It was therefore vital that the coalition ask questions in parliament about what the obligations of the taxpayer were going to be and what obligations, if any, the banks would have in exchange for the guarantee. What has been most disturbing about this is that the government has been unable, or perhaps unwilling, to answer even the most basic questions on this guarantee. The opposition was alarmed to find very little detail available



from the government—just a press release, and that had scant detail.

On 14 October—and this was very revealing—the finance minister told ABC's *Late-line* that the government had been working on the detail of its bank guarantee policy for over a week and that the weekend meeting was merely to finalise the details. I will come back to that porky in a moment. Despite this, little information had been made publicly available. So it was that the bill came to parliament on 15 October, and I made it clear in my speech then that the three bills providing for the guarantee had not been subject to normal scrutiny. There was no regulatory impact statement of the cost, benefits and risks of the policy. This is the government that said it would adhere to best practice, but there was no regulatory impact statement of the cost, benefits and risks of the policy to the government, to the financial sector, to business and to the Australian public.

In particular, I noted that the bills might have effects on those financial institutions that were excluded from their coverage. I raised that in my second reading contribution. The coalition supported the bill but, as I noted at the time, we were doing so while having to trust the government. I had assumed that the Prime Minister was telling the truth when he said he had acted on the express advice and specific recommendation of the Reserve Bank governor. On 21 October we found how that trust had been abused. We learned that within a few days the Reserve Bank governor was so concerned that he put his concerns in writing and said that there should be a cap—'the lower, the better'. That is what the Reserve Bank governor said and the Prime Minister wants us to believe that he changed his mind overnight. No, they never asked the Reserve Bank governor for his views.

When we finally saw the Reserve Bank governor's letter—only because it turned up on the front page of the *Australian*, not because the government produced it—we read that he said he wanted a cap on this unlimited guarantee, 'the lower, the better'. We finally discovered that the Reserve Bank governor was not directly consulted. He was not even invited to the cabinet meeting—he was not there in person and he was not at the end of the telephone. They could ring up the Treasurer in Washington—they could get him on the phone—fat lot of good that would have done. But they could not get the Reserve Bank governor on the phone, let alone in person. He was not directly consulted. As the Leader of the Opposition has said, 'It was akin to the Prime Minister declaring war and not consulting the generals.'

On 22 October, during the Senate estimates process, Australia learned that the decision to increase the deposit guarantee to an unlimited amount was entirely a political decision in response to the opposition's call for a \$100,000 scheme. I quote from the Senate estimates *Hansard*:

**Senator COONAN**—When did you first have a conversation with any senior member of the government about the possibility of extending the proposal for a \$20,000 capped guarantee to one that is unlimited in amount?

The Secretary of the Treasury, Dr Henry, said:

... I suspect it would have been the day the Leader of the Opposition first suggested that the \$20,000 capped figure may not be adequate.

So there it is. This was not a response to the global financial crisis; this was a response to the fact that the Leader of the Opposition had suggested a higher figure than the government, and the government was being out-smarted. That is what this was all about.

Once the government had announced this guarantee, and with the lack of policy detail

underpinning it, there was immediate confusion and distortion in the markets. The government was on the back foot. The Treasurer was unable to answer my questions about the fee structure in question time and he was unable to say whether the triple B rated banks would have access at the same rate and on the same conditions as double A and triple A rated institutions. We saw the extraordinary dislocation in the financial markets—extraordinary not because it was unforeseeable; it was foreseeable all right—where money in cash management trusts and debentures issued by finance companies moved to institutions that were covered by the bank guarantee. One sector of the financial markets was covered and another sector was not. In other words, the Prime Minister was saying, ‘These institutions are guaranteed and therefore they are protected and safe,’ and, by implication, ‘Those institutions are not guaranteed and so not protected and safe.’

There was so much confusion—for example, about whether superannuation was covered. The government was unable to release a comprehensive list of institutions and accounts covered. I am sure members opposite received, as did members on our side, many calls and communications from constituents asking what institutions and accounts were covered. To this day, the list is only a sample list. Australians who want to know whether their funds are guaranteed or not remain unable to obtain in writing an assurance that their funds are covered. The lack of detail is appalling and this added to the uncertainty in the market.

By 24 October came the first of a series of changes by the government to the guarantee scheme, as they desperately tried to patch up the inconsistencies and mistakes that were becoming increasingly evident. The government announced some details of the deposit and wholesale funding guarantees. At first

the Treasurer indicated that the government would impose a cap with a compulsory fee, and there was a very comical question time where the Treasurer announced a compulsory fee on deposits and then realised that he had announced a new tax. The next day they scrambled around and decided that a threshold of perhaps \$1 million would be introduced on deposit guarantees and that a fee would be charged for guarantees on deposits over \$1 million. They tried to cover up the fact that he said it was a compulsory fee, and therefore a tax, and tried to suggest it was voluntary. Then the government introduced a graduated fee structure for wholesale funding guarantees. The government finally sorted out the anomaly with foreign bank branches. The foreign bank branches, as the shadow minister at the table would know, are authorised deposit-taking institutions—

**Mr Pearce**—That is right; they are indeed.

**Ms JULIE BISHOP**—that are regulated by APRA. Yet they were excluded from the guarantee, which was extended to authorised deposit-taking institutions regulated by APRA. That was an appalling mistake, an appalling oversight, and funds flowed out of foreign bank branches into those banks covered by the guarantee. Then of course there was hardship caused to depositors in non-guaranteed institutions and funds, as those institutions froze them to maintain the integrity of their funds in case of a run on the funds. The Treasurer told the Australian public, who had their funds frozen, that if they had a problem getting access to their savings they should go to Centrelink. They were his words. He tried to weasel out of them today in question time—

**Mr Perrett**—By quoting accurately.

**Ms JULIE BISHOP**—That is what he said. We have got a copy of the transcript. They did not want the transcript tabled, be-

cause of course that transcript does not appear on his website.

The government then came up with another madcap idea and decided that they would tell those institutions that were not guaranteed that they should inquire of APRA how to become a bank—how to become a bank, a building society or a credit union. What kind of public policy is that? And then, finally, the government requested that ASIC provide advice on how to assist hardship cases where redemptions from funds had been frozen. There were so many adverse consequences of that hasty announcement made on 12 October.

Consistently, the Leader of the Opposition called on the government to implement a cap on the unlimited bank deposit guarantee. Our recommendation on 10 October was that it should be at least \$100,000. If that advice had been followed, the government would not have found itself in the mess that it has, people would not have had their funds frozen and the dislocation in the markets would not have occurred. We said the cap should be set at a level that the Reserve Bank recommended. We know that the Reserve Bank says 'the lower, the better' and we know that the senior executives in the major banks have suggested \$100,000—the CEO of Westpac has suggested around \$100,000. The Leader of the Opposition also pointed out that the Treasurer's plans to establish this compulsory guarantee fee for deposits over the cap—in other words, the tax—should be abandoned, and we pointed out that a tax would impose additional, heavy and unnecessary costs on banks.

The Leader of the Opposition also pointed out that guarantees of any deposits over the cap should be optional but subject to a fee. Eventually, the government came around to that thinking and made it voluntary. Specifically, the Leader of the Opposition informed

the government, as he has on so many occasions over the last six weeks, that the wholesale term funding guarantee should be the subject of legislation, because the government was putting the Commonwealth and thus taxpayers on the hook for, potentially, hundreds of billions of dollars of contingent liabilities—without any legislation. That is an affront to our parliamentary democracy.

Senator Sherry, I believe, said in a speech on 30 October that the deposits covered by the unlimited guarantee amounted to about \$800 billion and that the wholesale fundraising amounted to about \$1.2 trillion—in total, about \$2 trillion. Yet, in the Mid-Year Economic and Fiscal Outlook, the Treasurer was not able to put any figure at all on that. He was not able to quantify, in any form whatsoever, the contingent liability of these guarantees. Senator Sherry was able to do it; he said it was about \$2 trillion. Now, couldn't the government have worked out a contingent liability, to put a figure into the Mid-Year Economic and Fiscal Outlook?

**Mr Bradbury**—It's remote and unquantifiable.

**Ms JULIE BISHOP**—Well, Senator Sherry was able to put a figure on it. As the Leader of the Opposition noted, even if the government believed it had a legal argument to enable it to give a guarantee without legislation, it knows it could never honour that guarantee without an appropriation bill being passed by the parliament, and yet week after week we had every excuse as to why the government did not have to put in an appropriation bill. We set out what the legislation should include. More information was provided on the administration of the guarantee scheme, but there is still very little to give the markets, to give the financial sector, to give the banking sector and, more importantly, to give the Australian public any confidence in this government's policies.

As for acting ahead of the curve, again, on 13 November, the government said they would not introduce legislation. The government indicated through the acting Treasurer and the Attorney-General, in response to specific questions from the Leader of the Opposition, that the government did not intend to introduce legislation. That is what the government said on 13 November. On 17 November, the Leader of the Opposition again called on the government to immediately present legislation to authorise the provision of wholesale term funding guarantees to Australian banks. He warned, quite properly, that without legislation the guarantees would not be effective commercially or practically and he asked that the legislation be circulated so that the opposition could comment on it. On 21 November, the Leader of the Opposition again repeated his call for the government to present legislation to provide for an appropriation to give effect to the wholesale term funding guarantee and to wind back the unlimited bank deposit guarantee. By that time the banks were sending the clearest message to the government that it must fix its bungled wholesale term funding and bank deposit guarantees. It was six weeks ago that the coalition called on the government to introduce this legislation.

Confronted with the real impact of its panicked and poorly thought through decisions, the government refused to acknowledge or immediately rectify its mistakes. What is wrong with the government just saying, 'The Leader of the Opposition is right, actually; we do need an appropriation bill—otherwise the guarantee will not be "unconditional, irrevocable and timely", in the words of Standard and Poor's'? Why could the government not bring itself to admit that it got it wrong and that in fact what the opposition, through the Leader of the Opposition, had been calling for was appropriate and responsible advice? Because the Labor govern-

ment's bank guarantee has been all about politics. There was no focus on sound economic management and no focus on appropriate public policy. Over one weekend, in a series of long-distance calls between the Prime Minister and the Treasurer—calls that did not include the Reserve Bank governor—this government produced a flawed bank guarantee policy. They did not bother talking directly to the Reserve Bank governor before unveiling it. They did not bother to take account of the Reserve Bank governor's advice before it was put in writing and made public.

Since the announcement of the bank guarantee policy, the government has been forced to announce a series of changes to paper over the cracks of this ill-considered policy. If the government had simply adopted the policies of the coalition and announced that, in accordance with other comparable countries, there would be a limit on the government guarantee, and if the government had just accepted the coalition's advice that they needed an appropriation bill to give effect to the wholesale term funding policy, ordinary Australian investors and our financial markets would have been spared the six weeks of uncertainty and instability caused by the government's ill-considered policy.

We support this long-overdue bill. We called for it six weeks ago. We cannot help but point out that, had the government accepted the opposition's offer to work in a bipartisan manner in response to the challenges presented by the global financial crisis, the problems the government has experienced and the hardship and dislocation that has been caused to the Australian public, the banking sector and the financial markets in this country would not have occurred. We would not have seen funds frozen in these accounts to the extent that they have been. We would not have seen the massive dislocation in the financial sector as depositors moved money from one umbrella to another,

not sure whether their institution was covered by the guarantee, not sure whether their account was covered by the guarantee, and all the time hearing the Prime Minister's words: 'These funds are guaranteed; therefore these funds are protected; therefore these funds are safe.' By implication, the rest were not.

Had the government just taken up our offer to work with them in a bipartisan fashion, had the government listened to the suggestion that an appropriations bill was needed six weeks ago, none of this would have been necessary. But what is becoming a hallmark of this government is that it refuses to acknowledge its errors. It refuses to acknowledge that the opposition has a legitimate role in good public policy development in this country. The Deputy Prime Minister told us that we should get out of the way. The Treasurer said that we were completely irrelevant—the same Treasurer who has been resisting for six weeks the call to introduce an appropriations bill to give effect to the wholesale term funding guarantee. Today the Treasurer eventually caved in to the common sense being put forward by the opposition and introduced this bill. What a waste of time, all because of the arrogance and the incapacity of this government to admit its mistakes.

**Mr BRADBURY** (Lindsay) (8.18 pm)—I rise to support the Guarantee Scheme for Large Deposits and Wholesale Funding Appropriation Bill 2008. I will turn my attention shortly to the elements of the bill as I would like to speak on some of the specifics that are proposed within it. I would like to begin by commenting on some of the remarks made by the shadow Treasurer in her contribution to the House. I think one of the interesting things about the opposition throughout this debate has been the complete lack of consistency in their position. We can go back to 12 October, the day on which the

very significant package was announced by the Prime Minister. The Prime Minister took strong and decisive action in delivering a package of measures that were designed to achieve a couple of things: firstly, to deliver greater certainty and stability into the financial markets but also to ensure greater liquidity. One of those measures was to ensure that there would be greater investment by the Australian Office of Financial Management in residential mortgage backed securities.

I heard what the shadow Treasurer said and I have heard the Leader of the Opposition on numerous occasions claim credit for being the architect of this plan to buy up residential mortgage backed securities to provide greater liquidity to the institutions that fall outside the ADI net. I want to put on record that the comments that the Leader of the Opposition refers back to and the comments that he cites to suggest that he was the one that put this on the agenda were in an interview with Laurie Oakes on 22 September. I want to read the passage that provides the genesis of the so-called contribution that the Leader of the Opposition made to this particular debate. He said:

We know that it has been very, much harder for banks, particularly the second-tier banks and financial institutions, to refinance mortgages and that's one of the reasons why the cost of mortgages has gone up, why interest rates have gone up. Now, in other markets, the government, particularly in the US, the government is taking a role, proposing to buy back, buy some of these securities, in effect to provide additional liquidity to take the pressure off mums and dads.

That is what the Leader of the Opposition relies upon to say that he was the one that gave the government the idea of directing the Australian Office of Financial Management to invest in residential mortgage backed securities. I have got to tell you that that is not what they are doing in the United States. They are buying up bad mortgages. There is

no suggestion from anyone in this place, at least now—there was on this occasion by the Leader of the Opposition—that we would be looking to take on the mortgage liabilities of individuals in respect of bad mortgages. That has never been what this discussion has been about. Providing greater liquidity through the residential mortgage backed security market is not about providing greater liquidity to bad mortgages but about providing greater liquidity in that marketplace so that the non-ADI institutions are able to access the necessary funds that they need in order to continue to lend within our residential mortgage market. I am horrified to think that the Leader of the Opposition, who relies upon this passage to say that he was setting the agenda, was in fact mistakenly comparing the goings-on in this jurisdiction with the troubled assets relief program in the United States, which is something of a fundamentally different character. So let it be noted, when they say that he was the architect of this idea, that he was wrong.

I will move on to the other elements of the package that was announced on 12 October, because of course the bill before us is part of the implementation strategy of those announcements. Apart from investing in more RMBS there was also a commitment to deliver an unlimited guarantee in respect of deposits. Of course this parliament has passed legislation in relation to the Financial Claims Scheme to protect deposits up to \$1 million held by Australian incorporated authorised deposit-taking institutions. That has been secured. Of course that leaves open the issue of those deposits above \$1 million, and that moves on to the third element of the package of measures that was announced on 12 October—the third element being providing a guarantee in relation to wholesale term funding. Of course this bill is about implementing that particular announcement.

The bill before us is only part of the overall guarantee scheme. It is important to recognise that. The guarantee scheme and its implementation has been ongoing for some months. In large part it will be implemented through contractual arrangements between the executive, the Commonwealth through the executive, and the institutions that are involved. Indeed that is not unremarkable; that is the way in which guarantees have been implemented in countries such as the UK and New Zealand. What is before the House on this occasion is a bill that provides a standing appropriation so that, in the event that there is a call on that guarantee, the executive has the capacity to immediately respond by providing funds—by drawing down on funds from the consolidated revenue fund. The bill also provides a borrowing power in the event that funds held in the consolidated revenue fund are insufficient to meet any obligations arising under the guarantee.

It is a part—and it has become a more significant part—of the implementation of the guarantee scheme. It has become more significant because of the role and the contribution of the opposition in this debate. Let us clearly understand what has occurred here. On day dot, on October 12, the opposition came forward and said: ‘We will support this package. We will move heaven and earth to ensure the passage of this legislation. We won’t quibble.’ Those were the words of the Leader of the Opposition. But we have seen nothing but quibbling ever since. Amidst all of the sniping, all of the political games and the political point-scoring that has occurred on the part of the opposition, the only thing that has been achieved is the injection of greater uncertainty into the marketplace. These measures are designed to achieve nothing other than the delivery of certainty into the marketplace but those efforts are being undermined by those on the other side,

who are determined to score political points day after day—often with no real impact in terms of the overall architecture of any of the schemes that are in place but in order to take those pot shots. But in doing so let them understand that they are merely contributing to an undermining of the confidence that these measures are designed to instil.

It was interesting to see an article in the *Herald Sun* back on 8 October where Terry McCrann said:

OK, I'll take Malcolm Turnbull at his word. The Opposition Leader really is an idiot and doesn't understand how financial markets work.

The article goes on to say:

There's a bigger worry than Turnbull just making an idiot of himself. Again, he apparently doesn't understand that we are living in extremely dangerous times.

Terry McCrann understands that we live in dangerous times. When you live in dangerous times you need security, safety and stability not the unpredictability, the uncertainty and the fear-mongering that has occurred from the Leader of the Opposition and those on the other side. At a time of a global economic security crisis we need steady hands behind the wheel. Unfortunately all we have had are these political pot shots from the Leader of the Opposition, throwing more fuel onto the fire of uncertainty that has been ravaging the international financial markets. These are not the actions of a person capable of leading this country at a time of need; instead the Leader of the Opposition would be much better served by contributing in the bipartisan way that he keeps promising, and genuinely trying to achieve bipartisan outcomes.

I note that in the *Australian Financial Review* this morning there were a number of remarks in one of the articles by Laura Tingle. One of the comments contained within the article was:

The government has been resisting introducing the legislation—

that is the legislation we are now talking about—

and the banks have supported this position—because it will make the job of eventually unwinding the guarantee more difficult and it may delay the finalisation of the guarantee before it begins operation on Friday.

So what we have there is contrary to what the shadow Treasurer just told us. She said that there were absolutely no reasons why anyone would contemplate introducing the guarantee scheme in relation to wholesale funding and large deposits without introducing legislation. Well, there we have it. Not only was the government intending to do it, the government was in concert with the key stakeholders, who saw that the most expeditious, quickest and fastest way of introducing this scheme was through the executive action of the government entering into contractual arrangements with the respective institutions. Of course that has occurred. A deed of guarantee has been entered into on an interim basis and it is publicly available for those who are interested. These are the contractual arrangements that deliver the guarantee. That will continue to be the case but we will be providing, as a result of the passage of this bill, a standing appropriation and a borrowing power in relation to any future need to call upon the guarantee—however unlikely and remote that might be. That also raises the issue of the remoteness of the likelihood of ever having to call on the guarantee. Clearly that was one of the reasons why there was no intention to introduce legislation to accompany the administrative arrangements that were already in place.

I mentioned earlier the fact that the Leader of the Opposition has been lacking in his contribution to this debate by merely hyping up the uncertainty that has surrounded the current global financial crisis. I make the

point that, around the time that the guarantee was introduced in relation to deposits, the Leader of the Opposition was contributing to stirring up uncertainty within the marketplace. If I can return to the *Financial Review* article from this morning, I note that there were some comments there that tapped into the disquiet within the banking sector and in particular amongst key stakeholders within the financial services sector. The article reads:

Banking sources have been uneasy about earlier comments made by Mr Turnbull about the deposit guarantee, believing his push for a \$100,000 limit also helped undermine confidence among larger depositors in the lead-up to the October 12 announcement of the unlimited guarantee being put in place.

Clearly sources within the industry understand that these are dangerous times. These are uncertain times and the very trigger-happy approach of the Leader of the Opposition in coming forward and taking pot shots left, right and centre is only adding to that uncertainty. If the Leader of the Opposition is fair dinkum and genuine about his commitment to bipartisanship, he will appreciate the need to temper his comments and to ensure that he is not contributing to this uncertainty.

**Mr Pearce**—I'm sure he'll take your advice!

**Mr BRADBURY**—He would do well to take the member for Aston's comments to heart and take my advice on this matter. Can I say in relation to the threshold of \$1 million that, if you listened to the shadow Treasurer, you would come to the view that this is part of a one-off decision taken by the government without any reference to the advice of the key regulators. I refute entirely the suggestion that the government acted without the total support of the key regulators or that it did not act upon their recommendations. The Governor of the Reserve Bank is a

member of the Council of Financial Regulators and, acting upon the advice of the Council of Financial Regulators, the government made its announcement on 12 October.

I draw the attention of the House to a further announcement made by the Treasurer on 24 October, when the Treasurer enunciated the reasons for the slight shift in the approach towards the \$1 million threshold. The Treasurer said:

Today the Prime Minister and I received advice from the Council of Financial Regulators—

and of course we know that on the Council of Financial Regulators we have the Reserve Bank Governor, the Secretary to the Treasury, the Chairman of APRA and the Chairman of ASIC—all the key regulators. So acting upon that advice:

... the Government has decided that a threshold of \$1 million be implemented, over which a fee will be charged to receive the benefits of the deposit guarantee.

Importantly, it goes on to say:

This fee will ensure the deposit and wholesale funding guarantees apply in a consistent manner for larger investments, for which deposits and securities are interchangeable. In particular, it will ensure that the deposit guarantee does not provide disincentives for market participants to operate in short-term money markets.

So, clearly there is a very reasonable justification here for the threshold. Acting upon the advice of the Council of Financial Regulators, the government has recognised that we do not want to be making investments in the short-term money markets unattractive. We do not want to be providing disincentives in that particular area of the market by providing an unlimited guarantee beyond the \$1 million without that guarantee having at its core at least the requirement for a fee to be charged in return for that guarantee and that that fee be levied in a comparable way to the way in which it would apply to deposits at that level. So clearly what we have here is



sensible, reasonable policy based on the advice of the regulators—contrary to what those on the other side say.

In relation to the scope of the guarantee, I want to turn my attention to its coverage, because of course the government has already implemented the Financial Claims Scheme, which has protected deposits held by authorised deposit-taking institutions—Australian incorporated ADIs—up to the value of \$1 million. This guarantee scheme will, for a fee, protect deposits above \$1 million. It will also protect all deposits with Australian branches of foreign banks, once again for a fee. It will also protect wholesale funding for Australian incorporated ADIs—and that is both short-term and long-term wholesale funding—and will provide a guarantee in respect of short-term funding for foreign bank branches where funds are raised from Australian residents.

In terms of how ‘short-term’ and ‘long-term’ are classified, short-term are those liabilities with initial maturities of up to 15 months and might include such instruments as bank bills, certificates of deposit, commercial paper and certain debentures. In relation to longer-term liabilities, we are talking about liabilities with terms of maturity of 15 to 60 months, which would include bonds, notes and certain debentures. This guarantee will apply to these instruments whether they are offered domestically or in international markets. It is important to acknowledge that.

When all these measures are taken into account, what we see is a package of measures designed to restore certainty and confidence to our financial markets. Since the announcement of the government back on 12 October, we have already seen some improvements in the unclogging of the arteries of the international financial system. We are starting to see more interbank lending at more competitive rates. We are seeing a nar-

rowing of spreads. All of these factors have resulted from the decisive action that the government took in making its announcements on 12 October. The challenge for those on the other side is: do they support these measures?

*Ms Ley interjecting—*

**Mr BRADBURY**—I hear the member opposite suggest that they do support the measures, and we welcome their support. But, for people who support the measures, there is a lot of criticism and a lot of nay-saying going on on that side. I ask two questions of the speakers to come. Firstly, what is the opposition’s position in relation to the \$100,000 cap? Do they still retain that position, or do they support the view of their leader—at least on one occasion—when he said they have now abandoned it? Listening to the shadow Treasurer, all I hear is a continued adherence to that policy even though the Leader of the Opposition has since abandoned it.

They carp and they argue about the unintended consequences of providing the guarantee and the impact it has been having on those institutions that fall outside of the ADI net. I ask them a simple question: are they proposing that we extend the guarantee to those institutions? Because if you listen to the shadow Treasurer, it almost sounds as though that is the only conclusion you can draw from the argument she is putting. Are the opposition seriously suggesting that we should extend the coverage of this guarantee to managed funds and other investment funds that are not regulated in the same fashion as the authorised deposit-taking institutions that are currently proposed to be the beneficiaries of this scheme? The member for Aston has gone quiet on that one, but I am sure that we will be enlightened by subsequent speakers in this debate, because if

they are not prepared to put up— (*Time expired*)

**The DEPUTY SPEAKER (Hon. Peter Slipper)**—Order! The honourable member's time has expired, so he should go quiet. I would ask the honourable member to resume his seat and I thank him for his contribution.

**Mr PEARCE** (Aston) (8.38 pm)—Can I start by saying that I think it is always interesting to hear a new member to this House carrying on about how they perceive the other side of the House. I was just chatting with my honourable colleague at the table, the member for Denison, who has been here three times as long as I have. I recommend to the member for Lindsay that maybe in the forthcoming Christmas-New Year period—I hope that he will have the opportunity to relax with his family—if he has any time, he might care to order just a few videos of his party during 13 years in opposition. He referred to the opposition playing politics and political point-scoring. I would just say to the new member for Lindsay—he has only been here for one year—that I really recommend that he does a bit of research about his own side of politics before he starts firing some pot shots at us. I have been here for 7½ years, and every day for 7½ years I have heard nothing but the Australian Labor Party playing politics with everything possibly known to man. So I think it is interesting to hear new members, in their naivety, try to present themselves in a way that makes them holier than thou.

**The DEPUTY SPEAKER (Hon. Peter Slipper)**—I would gently remind the honourable member to return to the bill.

**Mr PEARCE**—Thank you, Mr Deputy Speaker. We are here to talk about the Guarantee Scheme for Large Deposits and Wholesale Funding Appropriation Bill 2008. Looking at the explanatory memorandum, which I picked up off the table tonight, it is

interesting to see on page 3 that the announcements were made on 12 October and the date of the effect of this bill is 28 November, and here we are today on 25 November introducing the bill. You really do have to ask yourself the question: what on earth has this government has been doing since 12 October to make an announcement on 12 October and introduce legislation into the House some six weeks later?

Of course we know the answer to that question. The answer is they have been trying to sort out the absolute mess that they created with their announcement on 12 October. It is difficult to try to construct a phrase which in an adequate way sums up the absolute mess that this government has created through its announcement on 12 October. I have thought about various descriptions, but it is difficult to come up with a description that totally reflects the dislocation that this government's announcement has made in the Australian financial system. I guess the best way is to refer to some remarks from the Leader of the Opposition. He has made the point very strongly, and correctly in my view, that we are yet to see a leader of a developed nation throughout the world actually make things worse, by their response to the global financial crisis, other than Kevin Rudd, the Prime Minister of our country. He has managed to earn this distinction for himself because through his policy responses he has made things worse in our country rather than better. I think that does define him in the true and proper way that he deserves to be defined.

This bill goes to providing a guarantee scheme for large deposits in the wholesale funding issue. This is a proposal that the opposition requested of the government six weeks ago—weeks and weeks and weeks ago. And for weeks and weeks and weeks we have been hearing from the government that they would not legislate, that there was no

need to legislate and that everything would be fine. So what we have seen today from the Treasurer is probably one of the biggest backflips in Australian parliamentary history. I notice that no government speakers so far have mentioned this, but Mr Deputy Speaker, you being the very astute person that I know you are, will recall that it was around the middle of this year that the government said that it would introduce a guarantee to cover deposits up to \$20,000. We have just heard the member for Lindsay criticising our position for stating that there might be a deposit limit of \$100,000, but it was the government that proposed a policy initially of \$20,000.

On 10 October that week we called on the government to increase that guarantee to a minimum of \$100,000. We did that because we were hearing firsthand the reports of deposits being moved from second-tier ADIs et cetera into the so-called big four banks. So it was that on 12 October, just two days later, the Prime Minister announced the introduction of an uncapped guarantee for all deposits of Australian banks, building societies and credit unions and the subsidiaries of foreign banks and for wholesale term funding. It has gone down in Australian political history, of course, that the Prime Minister did that without even talking directly with the Governor of the Reserve Bank of Australia. Mr Deputy Speaker, I am sure you would agree with me that it is incredible to think that the Prime Minister of Australia could actually make this decision without consulting directly the Governor of the Reserve Bank of Australia.

**The DEPUTY SPEAKER**—I would like to remind the honourable member for Aston that as Deputy Speaker I have no views.

**Mr PEARCE**—Thank you very much, Mr Deputy Speaker, for that. I appreciate that point very much. But it is also fascinating when one takes a second to reflect on the fact that, since all of this fiasco began in the gov-

ernment in and around this announcement—and it may shock you, Mr Deputy Speaker; I know it shocked many people in Australia—the Prime Minister of Australia is yet to come into this chamber and actually address the parliament in relation to the global financial crisis or anything to do with the government's policies. The Prime Minister is yet to actually come in, stand up at the dispatch box and speak to the parliament about the global financial crisis and any policy response of the government.

**Mr Bidgood**—Ten billion dollars response!

**Mr PEARCE**—It is fascinating to think that the Prime Minister of this country is not prepared to come into the chamber—

**Mr Bidgood**—You haven't been listening!

**The DEPUTY SPEAKER**—The honourable member for Aston will just wait while I remind the honourable member for Dawson that he ought to contain himself.

**Mr PEARCE**—The honourable member for Dawson is yet another new member and I appreciate that he has not been here to see the behaviour of his side of politics over a long period of time.

It is amazing to think that we cannot get the Prime Minister to come into this chamber. I think I know what might be some sort of an incentive for the Prime Minister to come in here. If we were to relocate this chamber overseas, the Prime Minister would come in very swiftly. He would be very happy to address the parliament. I think the problem with this chamber is that it is in Australia. Because it is in Australia, the Prime Minister does not feel obliged to speak to the parliament at all, but if we were to transport the parliament to some foreign country I think you would find the Prime Minister would be delighted to address the parliament—because, as we know, the Prime

Minister very much likes to address foreign entities wherever possible. I think the problem that we have is that our chamber is actually in Australia. It is fascinating to reflect on that point.

Since the government announced its policy in relation to this guarantee scheme, we have, as I mentioned earlier, been for weeks and weeks hearing from the government that there is no need to legislate—that everything will be okay. Yet, of course, we see this legislation before us today. What has also been fascinating to watch throughout this process is the way in which this government has sought to cut people out of the debate. We read various media reports about how the government has consulted with the big four banks, but I know for a fact, based on my consultation with the industry, that the government has not been consulting with a broad cross-section in the financial services community at all. As a matter of fact, it has deliberately cut out key players in the financial services industry. That is a major concern. It is a concern because as a result of this government's policy there has been a huge dislocation in the Australian financial services sector.

The investments of around 300,000 Australians have been frozen as a result of this government's policy. Government members may think that that is acceptable. Government members may think that introducing a policy to have 300,000 Australians' investments frozen—Australians who need security and certainty about their investments—is appropriate. I think it is exceptionally inappropriate. Those Australians have been locked out of their savings. Senior Australian business leaders have stated that the government's policy needs to change. Gail Kelly, the CEO of Westpac, has said publicly that the government's policy needs to change. Consumer confidence is now at an

all-time low. Business confidence is at an all-time low. Inflation is at a 13-year high.

We heard about the Prime Minister's declaration of war on almost anything. It is fascinating to think about the Prime Minister's war on inflation, which he declared in January this year in Perth. The member for Dawson might remember that five-point plan to fight inflation. It is interesting that, ever since the Prime Minister announced his war on inflation, inflation has increased every quarter.

**Mr Bidgood**—Interest rates have gone down!

**Mr PEARCE**—We have had this declaration of war on inflation and yet every quarter inflation has gone up. So I am not sure how the war on inflation is going, Member for Dawson. Three hundred thousand Australians have had their investments frozen. Senior Australian business leaders have called on the government's policy to change. Consumer confidence and business confidence are at an all-time low. Inflation is at a 13-year high. Unemployment is now forecast to rise, and the government says—

**Mr Bidgood**—Interest rates have gone down two per cent!

**The DEPUTY SPEAKER**—Order! The honourable member for Dawson will cease interjecting.

**Mr PEARCE**—Thank you, Mr Deputy Speaker. Unemployment is now forecast to rise and the government would have us believe that all of this is within their plan. This is despite their war on almost everything that opens and shuts.

The coalition welcomes this very long-overdue piece of legislation. This is the piece of legislation that we asked the government to introduce. We asked the government to do this weeks and weeks ago. For weeks the government berated us in the parliament and

told the Australian people that it was not needed, that it was not required and that they had everything in hand, and yet today we see this piece of legislation tabled in the parliament. We support this legislation. It is long overdue and it is another sign that this government really does not understand what they are doing in relation to the global financial crisis, which of course is of great concern to the people of Australia.

**Mr CLARE** (Blaxland) (8.53 pm)—It is good to see the opposition welcoming this legislation, the Guarantee Scheme for Large Deposits and Wholesale Funding Appropriation Bill 2008. We hope they welcome with the same gusto the legislation that we have introduced today to abolish Work Choices once and forever. Work Choices might be the most appalling legislation ever to be introduced into this parliament. We are very keen to see the back of it and we are keen for the opposition's support so that the working people of Australia know that when they enter their workplace they are entitled to fair wages and conditions that will not be stripped away because of laws that are passed by this House.

I support this bill because it gives legislative force to the government's guarantee scheme for large deposits and wholesale funding and provides a standing authorisation to pay any claims that are made under that scheme. As the Treasurer pointed out in his second reading speech, this legislation is not required to establish the wholesale guarantee. That is established by a deed of guarantee that was signed by the Treasurer last week. But the banking industry has asked for the standing authorisation to avoid the need to pass special legislation in the event that the guarantee is ever called upon. Our banks borrow a lot of money from overseas and the lenders want certainty that they can get access to their money quickly. Without this, they would presumably place a higher pre-

mium on the money that they lend to Australian banks. The government has opted for this approach to make sure that our banks are not disadvantaged in competing for credit in world financial markets.

It gives you a picture of just how interconnected the world now is. If there is one thing that the financial crisis has shown us it is how interconnected the world is. The seeds of this problem were sown on Wall Street in the United States. Toxic loans that were created by merchant bankers in the United States have poisoned world financial markets and economies all around the world. The world is now on the brink of a global recession, all because of the toxic loans that were originated by merchant bankers on Wall Street. Major economies around the world are now either in recession or on the brink of recession. Parts of Europe and Japan are already in recession. The US and the UK are about to plunge into recession.

Australia is better placed than most. A quick comparison between what is happening here in Australia and what you see in the United States: we are expecting our economy to continue to grow, in the order of about two per cent, whereas the United States economy is on the cusp of recession. We are expecting to stay in surplus; in the United States you now see a deficit in the order of about \$1.4 trillion.

Another point that needs to be made about the American economy is that you will see unemployment there rise to around 7.5 per cent next year. We are in a better position than most for four good reasons: the first is our fiscal position; the second is our banks—and we will talk more about that in this debate, I am sure, but they are amongst the strongest in the world—the third is our prudential system, which is the envy of the world; and the fourth is the strength of our biggest trading partner, China, where the

economy is expected to grow by about eight per cent this year.

First, the surplus. The surplus has come about because of a lot of hard work by governments of both political persuasions—Labor and Liberal—over the last 20 years. Credit has to go to the Howard government but it also goes to the Hawke and Keating governments. This is an important point to make. Things like floating the dollar and introducing compulsory superannuation and competition policy are all recognised by independent economists as being responsible for the last 15 years of economic growth. This all aids our ability to inject \$10 billion into the economy to help fuel and stimulate the economy and help ensure that the economy continues to grow. Second, we have strong banks in good working order. It is a bit unusual in the current environment. It is a bit unusual when we hear about another bank hitting the wall every day. Thirty banks have hit the wall or have had to be bailed out by their governments in the last few months. Compare that to Australia where our big four banks are amongst only 20 banks worldwide that have a AA credit rating. They are well capitalised and well regulated. The legislation that we are talking about tonight is all about keeping it that way and keeping them strong.

The third point is about the regulatory framework in which we operate: the prudential system. We have one of the strongest regulatory frameworks in the world. Bodies like APRA, ASIC, Treasury and the RBA are responsible for the good position we find ourselves in. These are the people who have helped ensure that Australia is in a better position than most other economies to deal with this crisis. These are the same people that the opposition have been attacking—people like Ken Henry, Secretary of the Treasury, and Glenn Stevens, Governor of the Reserve Bank. The opposition have been

alleging over the last few weeks that our financial regulators and our Treasury officials have done nothing less than cook the books. They have said that they fudged the figures in MYEFO. One backbencher said that the Reserve Bank increased interest rates for political reasons. They effectively said that these organisations—the Reserve Bank and the Treasury, our two great and important regulators—have allowed themselves to be manipulated by the government. Remember what the member for Goldstein said at the doors only a couple of weeks ago: he talked about the ‘smell of manipulation’. What he was effectively saying was that Treasury had allowed itself to be manipulated for political ends.

I think that when the history of this crisis is written it will applaud the actions of Treasury, the actions of the Reserve Bank and the actions of the other regulators that have held us in good stead. That is already what the banking industry is saying and that is what regulators around the world are saying about Australia’s regulators and regulatory system. It is their good work that has helped shield us from the full impact of the global financial crisis, by putting together the \$10 billion Economic Security Strategy, the bank deposit guarantee scheme and the guarantees that we are discussing here tonight on wholesale term funding.

The fourth reason Australia finds itself in a better position than most is the strength of our biggest trading partner—China. China is a life jacket in choppy seas. It is a powerhouse economy. It is also our largest trading partner and our second largest export market. Against the backdrop of the greatest financial crisis since the Great Depression we are going to see the Chinese economy continue to grow. Like every country’s economy, China’s economy is expected to slow, but it will still grow at a rate of around eight per cent this year. That is what will help under-

pin our own growth. We should keep in mind that we trade more with Asia than with Europe and the United States combined.

I was in Beijing a couple of weeks ago as part of a parliamentary delegation and I saw firsthand the Chinese steely determination to make sure that their economy continues to grow by seven or eight per cent per annum. That sort of growth will mean that the Chinese economy will double in the next 10 years and quadruple in the next 20. The proof of this determination is the massive stimulus package that the Chinese government announced only a few weeks ago—four trillion yuan or A\$857 billion. That is about 15 per cent of Chinese GDP. It just goes to show the determination of the Chinese government to make sure its economy continues to grow over the next year, the next decade and the next two decades. It will create the largest economy in the world and it will ensure that the Australian economy remains strong in these difficult and turbulent times. It is good news for Australia and it is good news for the world.

All of these factors—the surplus, our banks, our regulatory system and the strength of our major trading partner, China—are very important. They give us the capacity to weather this storm. None of these mean we will get off scot-free. Things are about to get a lot tougher. The global financial crisis has already stripped \$40 billion from the forward estimates. Treasury forecasts, Reserve Bank forecasts and IMF forecasts all show that the economy is going to slow next year and unemployment will rise. That is why the Reserve Bank has cut interest rates for the third time in succession, now totalling two per cent in the last three months. The total impact of that is significant. A two per cent cut in interest rates means a lot of money in the wallets and purses of mums and dads. For a \$250,000 home loan, in the order of an extra

\$300 a month will no longer be in the hands of the banks. All of that money counts.

These forecasts are also the reason the government is using the surplus to inject an extra \$10 billion into the economy. It is stimulating demand to make sure that the economy continues to grow and that we protect Australian jobs. I am glad to see that that package was passed by the Senate last night. In a little over two weeks it will start arriving in the pockets, the wallets and the purses of the people who need it most—pensioners, young families and first home buyers. It will benefit some 60,000 people in the electorate of Blaxland. It will have a big impact in Blaxland. It is integral to the role that this government plays—that any responsible government must play—in making sure the economy continues to grow and Australian jobs are protected.

When governments around the world began guaranteeing deposits and wholesale lending it became necessary for this government to give similar guarantees. That is why the government announced the deposit and the wholesale guarantee schemes on 12 October. Our banks, unlike others around the world, are not about to go under. These guarantees provide certainty and confidence to those who are going to rely on them. That is what this debate and this crisis are really all about—confidence. That is what explains the plunge in share prices and the paralysis in financial markets. Confidence is now what we have to restore.

Our banks are among the strongest in the world but they do rely on foreign lenders for a lot of their credit. When markets went into meltdown and countries around the world announced similar guarantees, it became important to act quickly to make sure that our banks were not placed at a disadvantage, to make sure that our banks remain competitive. If we did not guarantee the bank depos-

its and wholesale funding, our banks would find it more difficult to borrow than banks which had these guarantees. This helps them borrow and get access to cheaper capital, and this means lower interest rates. I will give you an example of the benefit we have already seen.

Soon after the deposit guarantee was announced, the ANZ and other banks cut interest rates by a further 0.2 per cent. A cut in interest rates by banks of 0.2 per cent has another big effect: it means more money in the purses and the wallets of the people we represent—something like an extra \$40 a month. They were able to do that only because of the guarantee we provided on deposits. The ANZ and other banks said that they were able to do this because of policy measures here and overseas. We legislated for the Financial Claims Scheme six weeks ago—long after it was recommended to the former government by the HIH commission.

This bill gives legislative backing to the guarantee scheme for larger deposits and wholesale funding. It also establishes a standing appropriation in the unlikely event that this scheme would ever need to be called upon. As I mentioned earlier, this is what the banks were asking for. This is what they said was necessary to make sure that potential lenders do not charge a premium for the risk of any claim on the guarantee being subject to a special appropriation bill. That is why this bill has been introduced and why it should receive quick passage—to restore confidence in financial markets and to give our banks access to credit at competitive rates.

I note in passing that page 1 of today's *Australian Financial Review* talks about this legislation: the need for it and the need for the quick passage of it. The article also quoted the Leader of the Opposition, saying:

Mr Turnbull argued yesterday that the wholesale funding guarantee should be legislated partly because "if the commonwealth is to take on contingent liabilities running into hundreds of billions of dollars there should be a parliamentary debate ...

Well, fair enough, but where is he? If this debate is so important, if the Leader of the Opposition believes that this is the most important bill to come before the parliament this year and it is worthy of a parliamentary debate, I would expect to see the Leader of the Opposition participate in this debate. Instead, what we find is that the shadow Treasurer is leading for the opposition on what is supposed to be a very important bill. I think it shines an important light on what the Leader of the Opposition is all about here. It is about politics rather than the policy. Judge the man not by what he says but by what he does. Whilst he says that the legislation is important, he has not come in here to make the point. If this legislation were as important to him as he says it is then he would have participated in this debate. But he has chosen not to. He has chosen to use this issue for political point scoring—to send a press release out, to give a quote to the *Australian Financial Review*, but not to come in here and do what he is telling everybody else it is important to do, and that is to debate this in the parliament.

The government has taken bold and deliberate action on a number of fronts: the \$10 billion economic security strategy, the \$6 billion car plan, the \$300 million to local government for community infrastructure that was announced last week, the deposit guarantee and now the wholesale guarantee. Taken together they represent coordinated action by government and by our regulators to protect the Australian economy and to make sure that we can do what we need to do to get through this financial storm, to keep the economy growing at a time when other



economies around the world are going into recession, to protect deposits, to keep banks working and to make it easier for them to borrow, to get money into the hands of people who need it and to protect Australian jobs at a time when people are losing their jobs all around the world. That is our responsibility and that is what this bill is all about. I commend the bill to the House.

*Mr Bidgood interjecting—*

**The DEPUTY SPEAKER (Hon. Peter Slipper)**—The honourable member for Dawson will contain himself, as I previously requested him to do.

**Mr ROBERT (Fadden)** (9.10 pm)—Isn't it interesting that we find ourselves in the House at this time debating this bill, the Guarantee Scheme for Large Deposits and Wholesale Funding Appropriation Bill 2008? It was only a few sparse weeks ago that the Leader of the Opposition called upon the government to introduce an appropriation bill for wholesale funding on the premise that Standard & Poor's and other rating agencies would only provide AAA rating to wholesale guarantees if the redemption could occur in a timely manner. Clearly, without an appropriation bill, timeliness was not possible. If the parliament were on recess, away on a six-week break, either parliament would be recalled or a redemption as in the government guarantee on wholesale funding would take the length of time of the break plus time for parliament to pass an appropriation bill and for it to receive royal assent.

You would think that a government, once informed of this, would simply say thank you and get on with the job. But, unfortunately, one nervous little Treasurer thought it best to assault, attack, rebuke and fire away, denouncing the opposition's call. Yet here we are. One should, I suppose, give credit to the government for realising the error of its ways and for coming back into the House to do the

sensible, the right and the appropriate thing—to pass an appropriation bill so that in the event of the wholesale guarantee being required it can indeed be paid in a timely manner. But the question needs to be asked: what has forced the government's hand? The government has shown through a series and a multiplicity of errors that its pride gets in the way of it coming back to correct the errors it has made. Could it be that the egregious nature of the error of not passing an appropriations bill simply meant that the wholesale guarantee would not achieve a AAA rating and the government had no choice?

It is interesting to reflect that this government is the only government on the planet that has actually made things worse through its handling of the financial crisis. Let us think about that for a second. The whole range of countries affected by what has been going on has passed legislation, has passed bank guarantees and has made thoughtful and prudent steps. Clearly the crisis we are in is something that governments have not faced to the degree in which it has occurred for a long time. Because of that, caution has been the order of the day with most governments. They have trodden warily, they have thought carefully, they have legislated prudently. But not this government. This government has not trodden carefully. It has not embraced economic modelling. It has not sought advice. It has not got all regulators in the one room at the one time.

When the dollar was floating, at least the Hawke and Keating government at the time had the good sense to have the Reserve Bank governor next to them, amongst other officials. But not this government. And because of the haste with which they have jumped into this, they are the only government—not only in the developed world but on the planet—whose decision making has made things worse. This began very early on in the government. It began with them taking the

Treasury bench, when the government felt it necessary to expose the apparent dreadfulness, the dire consequences, of the Howard-Costello years and sought to inflate and exaggerate an inflationary issue. Indeed, when inflation reached three per cent the Treasurer, a day before the Reserve Bank raised interest rates, rolled out that famous comment, 'The inflation genie is out of the bottle,' followed by the Prime Minister, who spoke of the 'inflation monster wrecking the economy'.

At a time when other comparable OECD countries were ensuring fiscal policy that reduced interest rates and were increasing spending, seeing the dark, looming clouds on the horizon, what was this government doing? They were talking up inflation by imagining a wrecking monster and an almighty genie carving its way through. They increased taxes. The rest of the world was cutting taxes. This government increased taxes by over \$19 billion over the forward estimates and they cut spending. They did exactly the opposite of what other, sensible governments were doing.

To make matters worse they even cut spending to critical economic institutions such as the Australian Prudential Regulatory Authority, APRA, and the Australian Bureau of Statistics. They cut spending to organisations that are now so sorely needed. Then on Tuesday, 14 October Prime Minister Rudd and Treasurer Wayne Swan announced a package of spending measures totalling \$10.4 billion, \$9.65 billion to be spent in the 2008-09 financial year. Half of the forecast budget surplus has been spent.

We—we now know foolishly—took this government on trust, we took it on good faith, perhaps no more. We thought that perhaps they would do the proper modelling. We supported the bill because we thought no government would be so reckless as to commit \$10.4 billion without seeking appropriate

advice, without regulatory statements, without impact statements and without proper economic modelling to ensure that the desired stimulus outcome was indeed what would occur. You can imagine our surprise. You can imagine the nation's surprise when it was revealed that nothing of this sort was done.

There was persistent questioning in the House as the opposition sought to fulfil its role and appropriately question the legislation. There was no response from the government at all. It is not hard to see how this government is clearly out of its depth. That squandering in the shallows continued when the Rudd government announced midyear that it would introduce the government guarantee of up to \$20,000. On 10 October, as the coalition observed what other comparable nations were doing, we called on the Rudd government to increase that guarantee to \$100,000 in response to reports of deposits being moved from second-tier banks, building societies and credit unions into the four big banks.

Other nations moved to increase their bank guarantees—the Brits to £35,000, the French to just over 200,000 comparable dollars, the Americans to over US\$200,000 and other nations to sensible levels somewhere between A\$100,000 and A\$200,000. But not to be outdone, what did our Prime Minister do? He announced an uncapped guarantee for all deposits in Australian banks, building societies and credit unions and for Australian subsidiaries of foreign banks and for wholesale term funding. He said he had sought the advice of our financial regulators. However, we later found out that the Prime Minister had in fact not received any direct advice from the responsible regulator, which is responsible for the stability of banking system, the Governor of the Reserve Bank. He had not been directly consulted. The Prime Minister actually rolled out to say, 'When we had

made the decision, we turned to Secretary Henry to say'—almost as an afterthought—'is this also the view of the other regulators?' Apparently, Secretary Henry indicated it was. One of the most momentous decisions to be made and the Governor of the Reserve Bank and the head of APRA were not even in the room.

What was the impact of the decision? At the end of the day you cannot hide behind facts. You cannot hide behind the truth and the reality of what actually happened. The decision created turmoil within the Australian financial system. Thousands of Australians, in fact almost 270,000 Australians, have had billions of dollars of savings in cash and property management funds frozen in investment funds. I was at a veterans dinner last Saturday night and sat next to Ms Kay Wilson, who explained how she and her husband, a veteran, have had their money frozen because 13 out of the 20 top cash and property management accounts were receiving such a run on their redemptions to the four banks that they closed redemptions for up to six months because people were moving money into the uncapped guarantee area.

Major providers of credit to car retailers have withdrawn from the Australian market due to problems assessing commercial funding. Some estimates, and the numbers would appear horrific, have 20 to 40 per cent of car dealerships closing by Christmas—if that is to be believed—because of the inability to access funding because most cars in car yards are leased. The chief executive of the Motor Trades Association of New South Wales is the person who rolled out the figure of 40 per cent of car dealers going to the wall along with 30,000 jobs.

The Westpac CEO, Gail Kelly, has called on the government to place a cap of \$100,000 on the deposit guarantee. That is not what the government did—they gave an

unlimited guarantee that completely skewed the financial markets. Then under pressure the Treasurer—that nervous Treasurer we have—in perhaps a moment of some weakness or perhaps indecision but clearly not having a grasp of his brief, rolled out that there will be a deposit tax. 'Compulsory,' he said walking up to the dispatch box, 'it will be compulsory.' If it is compulsory, it is a tax. The next day, of course, under pressure he repealed that and said, 'No, it may not be compulsory.' The following day, Friday, he rolled out, 'It will be voluntary, except for those with over \$1 million. If they want it, they're going to have it and, yes, they'll have to pay an amount of money for it.' This is our Treasurer. This is the person at the helm of our fiscal financial system in whom we are supposed to have faith. The decision created absolute turmoil within the financial market.

The coalition has been calling on the government for more than a month to release current economic forecasts. By way of history, we know that when the Howard-Costello government came in in 1996 the finances from the previous Labor government were in an embarrassing shambles. The then finance minister Kim Beazley said that the budget was actually in surplus and balanced, but it turned out that it was over \$10 billion in deficit. It was a shameful omission by the former Labor government. When we came in we found the books in such an abhorrent position that to ensure that no Australian government ever faced that degree of dishonesty and that degree of sham the Charter of Budget Honesty Bill, which required a Mid-Year Economic and Fiscal Outlook, a MYEFO, was put in place. Treasurer Swan finally released the information on the day of the United States election. This is a Treasurer who stood up before the election saying that they would bring transparency into the system. He had the information for a number of

weeks but he chose the day of one of the most momentous US elections to deliver it in order to hide it from the Australian people—to hide the evidence of the economic bungling of what this Treasurer had done for the country. The MYEFO revealed that there had been a dramatic turnaround in the figures that this government inherited when it came to office in November. It inherited a first-class economy, the envy of the world, an economy that had zero Commonwealth debt, an economy that had superannuation taken care of in the form of the Future Fund. The economic indicators had been heading all the right way. Indeed, unemployment had dropped in February to something like 3.97 per cent. But the economic mismanagement of the Rudd government, including Treasurer Swan, since coming to office has severely hampered where we sit.

Consumer confidence has dropped to the lowest level since recordings were kept. Confidence is about expectancy. It is about expectation. It is about how consumers and small business expect the future to be. When the readings were showing consumer confidence at an all-time low in the very first half of the year, the great clouds of the economic crisis—what we now know as the KFC—had not quite crested and broken. Consumer confidence was responding to the lack of confidence being exhibited by the government. MYEFO showed that the \$22 billion surplus would now be little more than \$5 billion, and many commentators are saying that the government may already be in a deficit position.

This week Access Economics has indicated that the next two financial year budgets, just on committed spending alone, will already be in deficit. It took the previous Howard-Costello government 11½ years to get us out of the quagmire that the previous Labor government subjected us to and to pay off the appalling debt that they had driven the nation into, and it would appear that in

just 12 short months the Rudd Labor government are putting the nation back into deficit again. The rhetoric from the government is indicating that they are going to use the global financial crisis as an excuse for incompetence and mismanagement every step of the way. Their rhetoric is indicating that they are preparing a nation for a deficit budget position. If the economy is growing at two per cent as MYEFO has indicated, which is surprising because Prime Minister Rudd indicated that growth will have a two in front of it—and Treasury for the first time in recorded history actually changed the way they looked at what growth will be by looking at a lower interest rate rather than at the interest rate which prevailed at the time MYEFO was done—that is a perfectly respectable growth rate. A nation should be proud of two per cent growth. If we have a two per cent growth, there is no need for any deficit budgeting. The opposition will not provide a leave pass for a poorly managed and incompetent government, headed by a very nervous Treasurer, to plunge the nation into deficit.

The government will blame the global financial crisis for everything. They will blame it for every bungle that comes along, however incompetent. Yet this opposition will not allow the government to get away with that. A two per cent growth is respectable; there is no requirement for deficit. What is required is for the government to stop making horrendous mistakes. Errors will be made and the nation understands that. This nation will always give credit to a bloke who stands up and says, 'Do you know what? I made a mistake but I'm going to correct it.' The average Aussie will give a bloke a chance, but they will not give a chance to an institution, an organisation or a government that tries to bluster and bungle its way through. The government are the only government on the planet that have bungled their

response so much that things have been made worse in the nation because of it. I will give credit to the government for at least, after a month of our calling for it, coming into this House and putting forward an appropriation bill to allow for the wholesale funding guarantee. At least they listened. It would have been nice if they had said thank you, but perhaps that is a little too much to expect. The government are on notice that, however they pander to their union mates and colleagues, they cannot blame all of their incompetent decisions—their incompetent practices, their incompetent legislation, their job-destroying fair work legislation and the outcomes of that, which, industrially, will plunge us back 10 years—on the global financial crisis. This opposition will continue to keep them accountable. It will continue to open up and show the nation the mistakes and the mismanagement. We will not be bullied and blustered by the frontbench, and we will hold the government accountable.

**Mr CRAIG THOMSON** (Dobell) (9.28 pm)—It is always interesting when you follow the member for Fadden. His grasp of reality and fantasy often gets confused. In fact, I recall a speech he made earlier in this place when he said that the Leader of the Opposition had predicted the global financial crisis some 12 months before it started. At that stage the now opposition was in government and of course the notion that that had happened was totally fanciful.

I speak in support of the Guarantee Scheme for Large Deposits and Wholesale Funding Appropriation Bill 2008. Over the past 18 months there has been significant upheaval in global financial markets. The government is acting responsibly, decisively and quickly to shelter the Australian economy from the full impact of the global financial crisis. The damage that the credit crisis has caused to the global financial system is considerable. Governments around the world

have taken unprecedented steps to guarantee their banks and other financial institutions to ensure stability. Unlike the opposition, this government is about providing financial system stability, confidence in our banks, building societies and credit unions and helping to ensure the flow of credit to businesses and households.

On 12 October this year the government took action to stabilise and promote confidence in Australia's financial system by instituting a broadly based deposit and wholesale funding guarantee. This guarantee is part of a coordinated global action. If the government had sat on its hands at this time and done nothing, the consequences for the Australian financial system on the global level could have been dire, and our banks could have been seen as below par compared to their international counterparts covered by government guarantees. This guarantee gave 13 million Australians certainty over their deposits. During an address to the Trans-Tasman Business Circle on 21 October 2008, the Governor of the Reserve Bank of Australia, Mr Stevens, supported the government's decision and stated:

This will ensure that Australian institutions, some of which are among the highest rated of the world's banks, are able to retain adequate access to term funding in an environment where banks of other countries are able, in effect, to use the rating of their governments when borrowing. Steps in these directions, in the context of what other countries were doing, were sensible and the Reserve Bank supported them.

This is something that the member for Fadden completely ignored in his—I hasten to say—contribution to this debate. Additionally, the governor stated that action like this:

... averted ... potential systemic collapses that would have had massive repercussions throughout the world.

Over the month of October, the now opposition leader, who likes to portray himself as a man of authority on the economy, had no less than seven different positions on the government's bank deposit guarantees. That is right—seven positions in that period of time. It is worth spending a little bit of time to look at his seven positions. Responding to the bank deposit guarantee at a media conference on 10 October, the member for Wentworth said:

Now there are very powerful reasons for having one in this climate and we believe that \$20,000 is inadequate in this climate and ... we recommend it be increased to not less than \$100,000.

That was his first position. Two days later—it only took two days—he said, 'We welcome this measure, we support it and we will give the Prime Minister every assistance.' That was after the Prime Minister had announced our position. So there was a second position. Then on 22 October, on *The 7.30 Report*, he was apparently not personally in favour of the guarantee and said:

Well, plainly because I advocated a \$100,000 limit, I obviously wasn't personally in favour of an unlimited guarantee...

The position changed a little later on the same program—we did not actually even have to wait another day. On the same program he said:

But let me say this: the policy that was announced on the 12th of October was a failure...

This was position No. 4 from the Leader of the Opposition. Then, again, in the same interview, he took another position, No. 5, that he was not going to form a view until he had received advice from the Reserve Bank. He said:

What I want to see is the advice, unfiltered, from the Reserve Bank of Australia. I want to see what Glenn Stevens proposes, and then we will form our view in response.

In the space of that interview he had three separate positions. But it did not end there. Two days later on 24 October, the Leader of the Opposition said:

Our initial recommendation was that it should be at least \$100,000 and if that recommendation had been taken up we would not be in the Rudd/Swan created mess we are today. But given where we are today the cap should be set at the level the Reserve Bank recommends;

This was position No. 6. Three days later the opposition leader criticised the government for following the RBA's advice—position No. 7. Now the unlimited bank deposit guarantee was a very big policy blunder. So he had said, 'Let's wait for the Reserve Bank's advice; let's get it.' Then when it came in, he said it was wrong. This was the seventh position from the so-called self-proclaimed expert on the Australian economy, the opposition leader.

Mr Turnbull's actions have been a real threat to the stability of our banking system. This is one of the reasons we have acted responsibly again today. The Australian community and their banks could have been more comfortable if the opposition leader had stuck to his initial pledge of support. Unfortunately, the Leader of the Opposition's growing attacks on the guarantee scheme sowed the seeds of doubt in the minds of the global investors. This shows again that the Leader of the Opposition fails to understand that the national interest is more important than his narrow political interests, and more important than his love of the sound of his own voice. We have, in the Leader of the Opposition, a person who likes to take credit for everything. You would expect him to take credit for the sun coming up in the morning. But one thing is clear: by the time the sun sets at night we know that his position will have changed again.

Today, we are introducing a standing appropriation to pay any possible claims made

under the government's guarantee scheme for large deposits and wholesale funding. We have stuck to our position—unlike those on the other side, who might have yet another position tonight or tomorrow, or next week. Who actually knows when they will next change their minds? This bill will provide international markets with the assurance that Australian institutions are supported by a government guarantee, and that any payments will be made in a timely way. This assurance is something that the opposition has been trying to erode with its willy-nilly changing of positions. The bill will guarantee financial system stability, confidence in our banks, building societies and credit unions and will help ensure the flow of credit to businesses and households.

The bill has two measures: a standing appropriation to enable claims to be paid in a timely way, in the unlikely event that claims are made of the scheme; and a borrowing power. The appropriation is not a legal necessity according to our legal advice, nor would it be a commercial necessity if international markets could be confident that there would be bipartisan support for an appropriation in the very unlikely event that one were needed.

The government response to the global financial situation is to strengthen our economy and protect Australians by guaranteeing Australian depositors and wholesale funding, ensuring that the Australian market remains globally competitive. Since the initial guarantee announcement, the government has been engaged on a daily basis in putting in place the detailed arrangements. We have consulted with regulators and the industry to manage new developments as they have arisen, providing a standing appropriation is a part of this process. It is part of our ongoing efforts to work quietly and methodically through the complex issues the nation confronts, and this will continue as global cir-

cumstances change. Obviously the consultative approach we have taken to these matters means information can leak out from time to time, including to the opposition. Our promise is that at all times we will keep consulting broadly, work collaboratively with regulators and with industry, and act in the national interest.

This government has introduced a number of strategies for tackling this difficult global financial environment, such as the \$10.4 billion Economic Security Strategy, to strengthen the Australian economy and support Australian households during the global financial crisis. During a speech in November to the Australia-Japan Economic Outlook Conference 2008, Malcolm Edey, the RBA assistant governor, stated:

The fiscal package announced by the Government in October will provide a near-term stimulus of a bit under 1 per cent of GDP.

He said the package was one of the factors that would:

... help to cushion the effects of the much more difficult global environment in which we now find ourselves.

That is what the regulators are saying in relation to the government's actions. Australia is not immune to these developments, but we are in a much better position to weather the storm than many other countries. The International Monetary Fund, in its October 2008 World Economic Outlook, commented:

... sound fiscal positions provide scope for allowing automatic stabilizers to operate in full and for judicious use of discretionary stimulus if the outlook deteriorates further.

It is crucial during these uncertain global economic times that monetary policy and fiscal policy work together to shelter the Australian economy from the full impact of the global economic crisis.

The economic stimulus package will have a positive impact in my electorate of Dobell

on the New South Wales Central Coast this Christmas time. In Dobell alone, 43,000 people will benefit directly from the government's package. On the Central Coast, more than \$120 million will be injected into the local economy this December. I know this is partisan, but what I encourage locals on the Central Coast to do, if they are spending their money, is to spend it locally and support the local businesses on the Central Coast. This will help our area weather the storms, the financial typhoons, that have swept the world, bringing with them financial upheaval. This is very important for an electorate like Dobell where the biggest employer is the retail sector and unemployment is already at 7½ per cent. So money that is spent locally on the Central Coast is very important to keeping jobs there. That is what part of this Economic Security Strategy is about: making sure that we continue to have growth and making sure that we create jobs and keep jobs.

It is a global financial crisis that no-one foresaw the extent of. This is an unprecedented crisis which is still reverberating around the financial markets of the world. Governments around the world, including this government, responded with unparalleled steps to bolster financial stability both domestically and globally. Such responses followed the upheaval in the United States caused by the collapse in the subprime market in that country. In 2003 the US economy was doing very well: jobs were readily available, productivity grew steadily, inflation was low and interest rates dropped to record lows that had not been seen in 40 years. With an increased household income, consumers purchased houses which in turn stimulated the housing construction industry, and house prices increased in value. With low interest rates and a booming economy, mortgage brokers, believing that housing prices would always increase in value, provided housing

loans on behalf of banks and other lenders to customers who would not normally be granted a home loan. The RBA noted in its March 2007 *Financial stability review*:

... sub-prime loans ... are typically loans made to borrowers with impaired credit histories, which might include one or more payment defaults, a previous loan foreclosure, or bankruptcy. Because of their higher risk of default, sub-prime borrowers are charged higher interest rates than prime borrowers.

The RBA also noted:

There has been rapid growth in US sub-prime lending since 2003, with these loans accounting for around one fifth of mortgage originations in 2006 and an estimated 15 per cent of all outstanding mortgages.

It is reassuring to know that this government has taken the steps to buffer the impacts of the global financial crisis. Our May budget forecast that problems abroad would slow the Australian economy and have an impact on employment. The government took the tough decisions in the budget to build a strong surplus to act as a buffer in an economic slowdown. This is now providing the flexibility to respond to deterioration in the Australian economy. Additional liquidity has been injected into the Australian economy by the Australian government through the Australian Office of Financial Management. The AOFM will be investing \$8 billion worth of residential mortgage backed securities over the next three years.

Some speakers from the opposition have claimed, again, that the Leader of the Opposition came up with this idea, but he did not. In fact, what the Leader of the Opposition suggested in his interview with Laurie Oakes was that we adopt the position that the US government did and buy bad mortgages. That is a very, very different proposition from what this government did, and it is something that I do not think anyone with any economic credibility would suggest should



happen—that we take on bad mortgages. What this government has done is inject \$8 billion worth of liquidity into the market, and that is something that all parties have been supporting.

In such extraordinary times, decisive action is essential, and that is what this government has done. Now monetary and fiscal policies are working in tandem to help Australia confront the uncertain economic conditions. Both Australia's financial system and mortgage market are relatively strong and healthy in comparison with other countries. The International Monetary Fund noted:

... house prices fell in the first half of 2008 at an annual rate of 5 percent to 12 percent in Canada, Denmark, Spain, New Zealand, and the United Kingdom ...

Australia is one of the few countries that have continued to see a modest increase in house prices.

The International Monetary Fund's country report on Australia highlighted the strength of this country's banking system, stating:

Australian banks have weathered the global financial turmoil reasonably well. The four large banks that account for two thirds of bank assets continued to report strong profits through early 2008, together with adequate capital.

In addition, Australia's four largest banks have been given a credit rating of AA by credit rating agency Standard and Poor's. Those four banks are four of only 18 such banks in the world, and the Reserve Bank of Australia noted that 'of the world's largest 100 banks, only a handful have higher ratings'; and that 'no Australian owned bank has had its rating downgraded since the onset of the credit turmoil'. The strong credit rating has enabled the banks to access both domestic and international capital markets.

Compared with the US and UK, Australia's mortgage market continues to function.

The market is also relatively concentrated in comparison with some other countries. The Treasury noted that, 'Australia's five largest banks account for the majority of market share.' The entire banking sector has consolidated to some extent since 2000 with 'the number of building societies falling from 19 to 13 between March 2000 and March 2007, and the number of credit unions from 218 to 137 over the same period'. Both the banking and non-banking sectors have made prudent decisions about international investments and home loans. Both sectors have had a relatively small exposure to US subprime assets and were therefore not as vulnerable as other countries to the credit crisis, particularly in Europe. The RBA noted in its September 2008 *Financial stability review*:

US exposures account for less than 10 per cent of the total foreign claims of Australian-owned banks, and typically do not arise through lending to the US household sector. While some banks have reported that they have exposures to the US sub-prime market through holdings of financial instruments, these remain small when compared to the size of these banks' balance sheets.

The guarantee scheme will apply from 28 November 2008. In the unlikely event that claims must be met under the guarantee scheme, those claims can only be paid out of funds appropriated by the parliament. This bill provides a standing appropriation for the guarantee scheme, which the government proposes to have in place by 28 November 2008. This will ensure the timely payment of claims, providing certainty for Australian and international investors in wholesale funding instruments provided by authorised deposit-taking institutions, including banks, building societies and credit unions, and providing certainty in relation to large deposits with ADIs. In addition, the bill provides a borrowing power to enable funds to be borrowed to pay claims under the guarantee scheme if there are insufficient funds in the

Consolidated Revenue Fund at the time those claims are to be paid. On 12 October 2008, the government announced a guarantee for deposits with all Australian-incorporated ADIs for a period of three years. The government also announced a guarantee on wholesale funding for all Australian-incorporated ADIs, on application, for a fee.

This government has taken swift and decisive action to ensure that Australian financial institutions are protected. It has taken decisive action to ensure that our economy remains as strong as it possibly can. The Rudd government has taken decisive action to provide a stimulus to the economy to make sure that jobs will continue to be there and that we can continue to have growth. The bill before us today is part of that scheme. This is an important bill and I commend it to the House.

**Mr LAMING** (Bowman) (9.48 pm)—Drawing this debate on the Guarantee Scheme for Large Deposits and Wholesale Funding Appropriation Bill 2008 back to the general community and their expectations of what we should be debating tonight, most of what we have seen in what has now become termed as the global financial crisis has been viewed by Australians through a television screen. Many of course are shocked by what they have seen but just as many of them are uncertain, not only about what faces us in the next 12 months to five years but about what a responsible and beneficent government should be doing to protect where possible and, where it is not possible, to adapt to some of those external shocks that may face Australia. What they also expect from us in parliament is a bipartisan approach to what is certainly one of the great economic challenges of the past decades. Their expectations would be that we have a strong banking system, a pillar of four large and highly regarded AA rated banks. They would expect that the opposition, along with the govern-

ment, would be consulting with the major players.

What has become clear over the course of the last month or two is that that actually has not occurred on the government side. Much of the debate tonight about the merits and the pros and cons of an unlimited banking guarantee is probably quite esoteric to most in the community. I guess the overriding sense I have found is that the government is exceedingly sensitive to any form of dialogue on this issue. Very early in their term, when, in November last year, the first offers of bipartisanship were cast across the dispatch box, you would have hoped it might have been the first of a number of offers to follow. But when it really came to the crunch and there was some hope that there could be some bipartisan approach, that was not only ruled out but energetically resisted by the government. If every one of their moves were without mistake and without uncertainty, the Australian public would respect the government for that. But that has been far from the case. I think the opposition has done an exceptional job—not in a negative way, not in a point-scoring way—to highlight not only the deficiencies of a policy that has been very much put together on the run but also the reluctance of those opposite to incorporate the views of the opposition and, as we have learned here in debates at question time, the reluctance of senior members of government to talk in a constructive way with the very regulators that they are quite happy to roll out and quote when required. That became very obvious to us in the past four weeks.

Let us remember a little bit of the context. It was 10 October when the Leader of the Opposition and shadow Treasurer called upon the Rudd government to take three immediate decisions—to increase the proposed government backed deposit guarantee scheme to cover deposits up to, in this case, a minimum of around \$100,000; to increase

the investment into AAA rated residential mortgage backed securities through the Australian Office of Financial Management; and to announce that there would not be an introduction of an emissions trading scheme prior to 2011. The coalition at that time was committing to working cooperatively with the government to expedite the passage of any legislation that was required for the deposit guarantee. But, almost in contrast to that, what we saw was an approach by the government that seemed more about a political strategy—not only appearing to be decisive and committed without any doubt whatsoever but also giving a sense that they had to do something that was bigger, brasher, bolder and more confident and visionary than anything that had been proposed in a common-sense way by the opposition.

We woke up on 12 October to photographs of the Prime Minister again rolling up his sleeves, as he has oft tended to do, and, probably in a series of phone calls with the Treasurer, he concocted the unlimited banking guarantee. One would have thought that it is not a terribly hard thing to do to speak to the nation's major regulators. Many of them are exceptionally experienced over the long term—they have seen a number of crises before and ridden the Australian economy through them. I would have hoped that, prior to finalising that policy, that intimate communication would have taken place. No matter how hard the opposition have tried, we are yet to clearly understand whether there was that communication directly between the Prime Minister and the Reserve Bank of Australia. That should not be a hard question to ask or a difficult answer to provide. One wonders just what level of communication there was, if any at all. It has been an answer that has been almost impossible to divine.

The haste to finalise the policy should be contrasted with the lethargy in actually bringing this legislation to this chamber. The

government was in haste to roll it out. One senses again that that 24-hour headline cycle was driving the Prime Minister more than any great concern for a functional, well thought through deposit guarantee scheme. When this deposit guarantee was announced, the Prime Minister told Australians and the opposition that he had had the advice of the Australian regulators. I think ordinary Australians would think of the Reserve Bank as being a fairly critical player in Australia's banking regulators. As I have said, we are not confident that the Prime Minister has done that. The answer has never been provided. On the other hand, any bipartisan approach has been firmly rebuffed—and it is worth examining why that would be.

When it comes to the economic dogma of the last decade or two, economics has matured significantly over the last two decades. There do remain different schools of thought, but I am very confident that in this country we have exceptional advice. One would expect that there would only be perhaps some nuancing between the views of the two sides of the chamber—I would not say that there are massive ideological fault lines that run between the two sides of this chamber on how to deal with the global financial crisis. For that reason you would think that the offer of bipartisanship would not be a difficult one to take up. It would not be terribly hard to extend the hand of friendship and actually think through all of the implications of an unlimited bank guarantee.

Let us be mindful that Australia and New Zealand were two of the developed economies that did not have any form of guarantee until this debate of the last few weeks, so we have been relatively slow to come to the table with those policies—and that is for very good reason: there are as many pros as there are cons to a banking guarantee. But in the current times we have seen most developed economies moving not only to put such a

scheme in place but also to increase them where required. A great reason for that is not only to avoid contagion but also to remove of course the distortions that may exist between different economies and the financial flows that can be aggravated as a result.

After rebuffing the offer of bipartisanship what we then saw was a very precious determination on the part of the Prime Minister to go it alone. You might think: 'Well, there must be significant political gain for an individual to make such a decision—to attempt to look not only decisive but also as if he is acting completely without the assistance of the minnows of the political system, those on the other side of the chamber.' Well, as I have said, if the government were making faultless decisions then that would be fine, but that is far from the case. As these inconsistencies and these inadequacies have been pointed out we have seen a rushed effort—every time something salient or pertinent to the debate has been suggested there has been a rushed mopping up of what has been left undecided. The government have rushed out a quick press release and then of course suggested that this was always going to happen. If we look at the history, we can actually see that that was far from the case. In many cases there was very little intention to move to address some of the concerns until they were effectively staring the government in the face—until the concerns were sitting, like the elephant in the room, as a completely unaddressed fault line that ran through the government's plan, with no move to correct it.

Of course it is very difficult, once the regulators have been rolled out and used in piecemeal facts to make it appear that the Prime Minister is shoulder to shoulder with the regulators and that their embrace is warm, to then expect those same regulators to be defending the inconsistencies and the inadequacies of our Prime Minister's hastily cob-

bled together plan. So of course when this policy was announced it did what had been suggested by the Leader of the Opposition—it created confusion and distortion in the markets. There was a lack of policy detail, and there can of course be some understanding that economic times were moving fast and that you cannot expect to have a finished product. But the government was determined to do it alone, to do it without the best advice and to do it without the assistance of the opposition. So for that reason the scrutiny must be on the Prime Minister for the results.

The government was unable to answer questions about the fee structure. Those of us who sat through the almost-agonising Senate estimates with Treasury could see that there was great pressure on the regulators to support the Prime Minister at a time when it must have been exceptionally difficult to do so, but they managed to do so. There was no detail on the fee structure and no detail on the fee levels. There was no detail on whether BBB rated banks would have the same access at the same rate and under the same conditions as AA and AAA rated institutions. So what did we see? Precisely what had been predicted—an attempt to move cash management trusts into government backed assets and debentures issued by financial companies, and confusion over whether or not superannuation was in fact covered. The government at that time was completely unable to release a comprehensive list of institutions or accounts that were covered. This only came at a much later date.

It was at that time, again, that the Leader of the Opposition called upon a workable cap for the free bank deposit guarantee. We made initial recommendations, and of course those were ignored. That was part of the early debate. Mr Swan's plan to establish a compulsory guarantee fee for deposits over the cap was effectively a tax. We put it to this place and to the Australian people that that should

be abandoned. The tax would only serve to impose additional heavy and unnecessary costs on banks at a time when they could least afford them, and it may also put upward pressure on interest rates, as banks would naturally seek to recover additional costs from their customers.

Guarantees on any deposits over the cap, as we had put to the government, should be optional and subject to a fee. The fee should be at a commercial level that does not encourage risky behaviour or moral hazard by banks. The Reserve Bank had recommended a scale of fees in its letter to Dr Henry in mid-October, and once again the government had a chance to accept some of that advice from the regulators that they have so often claimed to stand shoulder to shoulder with.

The wholesale term funding guarantee would eventually be subject to legislation. Putting the Commonwealth and thus the taxpayers on the hook with potentially billions of dollars that, if these obligations could not be met through consolidated revenue, would have to be borrowed was a significant ask. It should be noted that, even if the government believes it has a legal argument to enable it to give a guarantee without legislation, it knows that it would be very difficult to honour that guarantee without an appropriation bill at least being passed through parliament. So the legislation needs to state that the price of the guarantee will be set on a commercial basis and, once again, on the advice of the Reserve Bank.

Once this policy had been proposed, what we saw was a rush to patch it up. I have to say that over the last few weeks that has been a most unseemly exercise. Probably the only forgiving element for the government is that the average Australian who is watching what is happening, predominantly through a television screen, knows that the economy has been in good hands for over a decade, and I

think they are hoping that the economy does remain in good hands. The last thing that any Australian would want is for there to be, over the next year or following years, dire economic consequences from the actions of this government over the last two or three months. That would be the most painful lesson to subject an economy to, and of course no-one wants that to happen. That is the very reason why there is an offer of bipartisan assistance, the offer to make sure that suggestions that are put from this side of the House are meaningfully taken up rather than summarily dismissed and then secretly added to the explanatory memorandum at a later date.

It was on 13 November that the government indicated through the Acting Treasurer, in response to questions from the Leader of the Opposition, that they did not intend to introduce legislation. On 17 November 2008 the Leader of the Opposition again called on the government to immediately present legislation to authorise the provision of wholesale term funding guarantees to Australian banks. Then, again on 17 November, he warned that without legislation the guarantees would not be effective, commercially or practically. Four days later, on 21 November, the Leader of the Opposition repeated the call to the government to present legislation to provide for an appropriation to give effect to the wholesale term funding guarantee and to wind back the unlimited element of the guarantee.

By this time, the banks were delivering a very clear message to the government that it had to fix its bungled wholesale term funding and bank deposit guarantees. Well, we are still waiting. It has taken six weeks for the government to finally concede that legislation needs to be introduced to parliament to support this entire process. It has become clear that the government's bank guarantee policy was panicked and bungled rather than

decisive. Six weeks ago the legislation was called for. It did not come. When confronted with the harsh reality and the real impact of this panicked and poorly thought through policy, the government has even now refused to acknowledge those mistakes.

The government's bank guarantee has predominantly, I think we have now come to realise, been about a political strategy. The nature of an unlimited bank guarantee was one that surely no-one could possibly surpass—the 'big pictureness' of it all. The fact that Ireland had done it for its six banks a few weeks earlier led the government to think, 'Well, if they could do it, let's have a go.' So what was announced was an unlimited guarantee, and it was quite obvious that in the mind of the government at the time there was no real understanding of what that implied. There was no real understanding of why, if it was such a fantastic idea, it had never been done before, save for Ireland. That should have been a warning bell that perhaps there are some significant cons to an unlimited banking guarantee. But those questions were not able to be answered at the time. Clearly, had there been reasonable discussion with our regulators, you would expect at least those answers to be there.

We have research from the OECD, easily available on the internet, to show the fairly detailed work that had been done on reserve bank guarantees. It had not even been looked at, we sensed, at the time that this announcement was made, and I think that is to the loss of this country. That will be to the loss of many people. I know many of them may seem faceless. They may be people who have large sums of money banked and who, for one reason or another, cannot access them. It can seem like that is a long way away, but they are Australians like anyone else, many of whom are planning for their futures and many of whom have been considerably inconvenienced, if not put at finan-

cial threat, as a result of what many now realise was a very hasty decision.

The government could simply have adopted the policy put forward by the opposition on 10 October. This is not about big-noting ourselves. It is not about saying we are better financial managers. It is about putting up a decent idea and hoping that the government would adopt it. It is not a hard thing, as the speaker on my side who preceded me said, to simply say: 'You know what? The policy could have been slightly better. We had to move fast. We acknowledge these things require tweaking and improving and, yes, we will do it.' But making these improvements has been an almost agonising process.

So what have we seen? Australian investors and our financial markets have been subject to six weeks of completely unnecessary uncertainty. It is one thing to try and cobble together comments by the Leader of the Opposition and say that he has had more positions than the Kama Sutra, but when you look at these comments they are effectively expressing an overall willingness to support the general trend of a bank guarantee but an uncertainty, a lack of confidence, in the way the Prime Minister has handled it. There was an unwillingness to give a blanket guarantee of support, of course remembering that the opposition has a basic right in any strong democracy to question the policies of the government. I do not think I need to say much more than that.

What we do know is that when we look at pros and cons of these bank guarantees, many countries have faced the very same questions Australia has. Financial uncertainty will always lead to the revival of deposit and safety schemes, and we have seen it no better exemplified than in the last few months. These kinds of insurance that we are debating tonight are now appearing in virtually

every OECD economy and in the countries where they existed before, in many cases, they have been ramped up. We know that the US has some of the highest amounts covered, and it has now raised it to US\$250,000; Norway is higher at \$375,000; Italy is just over \$150,000; and Canada and Mexico are around US\$100,000. I think it was perfectly reasonable to have that debate in this chamber about amounts in that range. As I have commonly said, it is useful to be at the front of the pack, but you do not always have to be the one way out in front, for the obvious reasons—as any long distance runner would know when they get lost on the marathon track. We know that there are advantages in moving quickly and decisively in creating fiscal stability. Few would disagree with that. But we also know that there are considerable downsides to having a guarantee—in this case we believe that the upsides obviously exceed the downsides—as well as significant concerns about an unlimited guarantee. We have been wrestling with and grasping at those concerns over the last six weeks. It has been six weeks of agony for the financial markets, six weeks of agony for small investors, and had the Prime Minister been a little more humble in his approach, that six weeks of pain could have been avoided.

**Mr GRAY** (Brand—Parliamentary Secretary for Regional Development and Northern Australia) (10.08 pm)—I am fascinated, in speaking in favour of this bill, the Guarantee Scheme for Large Deposits and Wholesale Funding Appropriation Bill 2008, because I have listened intently to the observations of the opposition. In the concluding moments of the member for Bowman's speech, I became convinced he is actually a showman, not the member for Bowman. To speak of an attitude by the opposition, because they believe somehow that the Prime Minister was being a little overbearing in the way in which the government pursued the urgency and the

need to create certainty in our economy, is a little surprising. We find ourselves here today supporting a bill—on both sides of our parliament—which provides a standing appropriation for the guarantee scheme, and it will be in place by 28 November 2008. In the unlikely event that claims are made under the scheme, this bill will ensure timely payment of those claims. This provides certainty for Australian and international investors in wholesale funding instruments provided by authorised deposit-taking institutions—ADIs—such as banks, building societies and credit unions. It also provides certainty in relation to large deposits—that is, over \$1 million—with ADIs. The bill also creates a borrowing power that enables claims to be paid under the guarantee scheme if there are insufficient funds in the consolidated revenue fund at the time those claims need to be paid.

The guarantee scheme is in place because we have increasing uncertainty regarding the stability of international financial markets. The government committed to swift and decisive action in support of the Australian economy and Australian families. On 12 October 2008, the Prime Minister announced that the government will guarantee deposits in Australian owned banks, locally incorporated subsidiaries of foreign banks, credit unions and building societies for a period of three years. The deposit guarantee means that the first \$1 million deposited with an Australian incorporated bank, credit union or building society will be guaranteed free of charge. Large deposits in excess of \$1 million deposited with an Australian incorporated bank, building society or credit union can pay a fee to be eligible for the guarantee. The government has also made the same commitment to support short-term and long-term wholesale funding for Australian incorporated banks, building societies and credit unions and short-term funding for foreign

bank branches. This ensures that vital Australian institutions are given the best possible chance when competing in international markets.

This is particularly important given that many international competitors have the benefit of similar government guarantees. The Australian government guarantee scheme for large deposits and wholesale funding will be administered by the Reserve Bank of Australia. The Treasury, the Reserve Bank and the Australian Prudential Regulation Authority will cooperate closely to ensure the guarantee scheme is administered effectively. To access the guarantee scheme, eligible institutions will need to apply. The scheme is entirely voluntary and it is up to institutions to determine which of their deposits and which of their wholesale funding liabilities need to be covered by the government scheme. To ensure public and business confidence, the government will ensure the scheme is administered with full transparency and full accountability. In this light, the government will publish regular reports on the guarantee scheme's website. The government will also provide six-month reports to the parliament on the guarantee scheme's operation.

Over the past month we have heard many comments from those opposite. The Deputy Leader of the Opposition spoke at length on her claims that the government botched this policy—did that in this place tonight. If indeed it is botched, I find it very interesting that the Leader of the Opposition initially provided support for the scheme and those opposite will continue to support it, as they should. On 13 October 2008, the Leader of the Opposition stated:

The Opposition welcomes the decision taken by the Prime Minister today to provide a guarantee for all deposits in Australian ... institutions, banks, credit unions, building societies and so forth.

It was a positive statement to make. Over the course of the last five weeks, we have all seen the Leader of the Opposition and various shadow ministers dancing around that commitment—at times working as hard as they possibly could to undermine public confidence in our banking system. You might well wonder why members opposite would want to do that. I know in my electorate of Brand, people have asked me that question: why would it be that the Leader of the Opposition, who one would think knows so much about the banking system, would be working so hard to create the maximum level of uncertainty? The answer to that is actually quite obvious: it is because he does know about the banking system that he is working so hard to create uncertainty.

In the newspapers today we see significant and insightful commentary that comes to us from a number of outlets about the position taken by the Leader of the Opposition. In an editorial in one of the nation's most significant newspapers, the *Courier-Mail*, we see:

Political capital is hard to earn. And right now Opposition Leader Malcolm Turnbull risks burning through this scarce commodity faster than the US banking system is burning cash.

The editorial is, of course, about the position of the opposition leader with regard to the banking guarantee. The editorial is, of course, an insightful comment on the way in which the Leader of the Opposition seeks to do no more than build his own political position at the expense of the stability and certainty in the Australian banking system. Why is that the case? It was indeed the Leader of the Opposition who spent his time over the last few weeks gallivanting around the countryside telling everyone that we must actually have this bill—that we must have an act to create an appropriation to support the guarantee—because he knew that if he did he would create uncertainty amongst banks. He knew, because of his background and his



knowledge of risk registers, the way in which banks understand risk and the way in which risk is transmitted around the world, that if he did that he could get a bit of a win—at least in banking terms.

Today's newspapers suggest a completely different and thoughtful response from the media in Australia. The *Financial Review* states:

The Big Four banks have told Opposition Leader Malcolm Turnbull his attacks on the bank deposit guarantee have been unhelpful and have urged him to back speedy passage of legislation to ensure funding for the guarantee.

... banking sources say senior executives of the Big Four contacted Mr Turnbull on Friday and yesterday to express concern that his attacks on the government's handling of the guarantee were undermining the finalisation of the measures and its eventual effectiveness.

What an indictment of the Leader of the Opposition. What a condemnation of a man who would argue that his principal qualification to be in this place at this time as Leader of the Opposition is his knowledge of the banking system. For the nation's premier financial newspaper to be so damning—and so precisely damning—of the opposition leader's tactics, actions and words is indeed a revelation. The article continued:

One source said that “the basic point made to Malcolm was that he might be scoring a lot of political hits on the government but they have been entirely counterproductive from our point of view”.

What is ‘our point of view’? ‘Our point of view’ is the stability and integrity of our national banking system. The article went on to say:

... Mr Turnbull has been the increasing pressure on the government over the guarantee and recently released private advice from ratings agency Standard & Poor's, which said that a government guarantee must be “unconditional, irrevocable, and timely” to attract the AAA rating, saying the

advice showed a standing appropriation was essential.

There we have it: the Leader of the Opposition took a rating advice from a ratings agency and carried it around the countryside, arguing that this guarantee should be in place. He argued that it was rushed and that it was bungled—arguments that were only ever designed to prop up a political position and not designed to create certainty in our banking system.

The editorial in today's *Courier-Mail* went on to say:

The bank guarantee was not about popular politics—

and it is not. The banking guarantee is a tough piece of legislation. It takes character and courage to draft legislation like this. It takes understanding of our banking system. It takes an understanding of what is happening around the world in banking systems. You have to stare in the face of 30 banks around the world that are in trouble or have gone. You have to know what it is like to be in Washington and New York, as the Prime Minister and the Treasurer have been in recent days, talking with people who are creating policy and dealing with this crisis, not on a day-to-day basis but on a minute-to-minute basis. The editorial in the *Courier-Mail* says:

The bank guarantee was not about popular politics, it was all about restoring confidence in a time of crisis. And quickly. And at the time the initial decision was made it had the full support of the Reserve Bank and the Treasury.

As indeed has every single action taken by this government, by the Prime Minister, by the Treasurer and by the cabinet.

I commend this bill to the House as an outstanding piece of legislation designed to support our banking system at a time of need.

**Mr SWAN** (Lilley—Treasurer) (10.19 pm)—in reply—I would like to thank all

members who have taken part in the debate on the Guarantee Scheme for Large Deposits and Wholesale Funding Appropriation Bill 2008 this evening. It is an important debate because we are witnessing turmoil, in global financial markets, of historical proportions. These conditions have prompted unprecedented actions from governments right around the world. Throughout this global financial crisis, the Rudd government has responded to volatile market conditions swiftly, calmly and methodically. To that end, on 12 October we put in place a broad based deposit and wholesale funding guarantee. Of course, these guarantees are part of the coordinated global action. They are designed to promote financial system stability and to ensure the continued flow of credit right throughout our economy. The guarantees are designed to assist Australian banks, credit unions and building societies to continue to access funding in domestic and international credit markets.

Again tonight we have heard those opposite call into question the support for these measures from our regulators, despite the unequivocal public comments by the regulators to the contrary. I find it quite extraordinary and quite damaging for those opposite to call into question our regulators at a time of global financial market turbulence. It is an unfortunate continuation of the attack on the integrity of our regulators that was launched some weeks ago by the opposition. This attack, I think, is rooted in the frustration that this government's policy is built on the sound advice of regulators and not on the latest whim of the opposition. These guarantees were put in place on the advice of the Council of Financial Regulators. We know that the Secretary of the Treasury and the Governor of the Reserve Bank of Australia were of one mind in recommending the action taken by the government. In fact, the governor has said:

Steps in these directions, in the context of what other countries were doing, were sensible and the RBA supported them.

In fact, Reserve Bank Governor Stevens noted only last week that globally coordinated action of which our guarantee was part 'averted potential systemic collapses that would have had massive repercussions throughout the world'. Of course, in just the last hour the OECD has had this to say about guarantees:

Guaranteeing deposits in bank lending have contributed to directly tackling the crisis of confidence that reached epic proportions in early October 2008, when the complete breakdown of credit markets was threatened, with potentially dire consequences for the real economy.

Our action has eased spreads in money markets. The guarantee has helped banks pass on lower interest rates to businesses and families.

This bill will introduce a standing appropriation with associated borrowing power, which will allow the government to pay any possible claims made under the scheme. It has been made necessary by the short-term political attacks of the opposition, and those short-term political attacks have created doubt amongst international investors of the bipartisan support for this measure. That is why this bill is necessary. This bill will provide international markets with the assurance that Australian institutions are supported by a government guarantee and that, in the unlikely event that any claim were made, payments under the scheme would be timely. It is an important measure, the next in the process of responding calmly and decisively to these unprecedented global conditions. Undoubtedly, in the weeks ahead further adjustments may be necessary. Whilst I welcome the opposition's support for this bill tonight, I note that they continue to oppose the comprehensive guarantee on bank deposits.

We have had a lot of schoolboy and schoolgirl debating tonight. There has not been a lot of substance. For example, the opposition continues to call for a cap of \$100,000 to be applied to the guarantee. I want to assure the House and the Australian people that in these uncertain times we will not be moving away from the comprehensive scheme by introducing a cap of \$100,000. This would leave 40 per cent of the most liquid deposits outside the guarantee—money that could be moved quickly and could potentially destabilise our system. This is not a risk the government is willing to take when facing the most difficult times in global financial markets since the Great Depression.

This bill is an important step taken by the Rudd government to secure the Australian economy from the ravages of the global economic crisis—a crisis which has already sent some of the world's largest economies into recession. Having a standing appropriation is not legally necessary for our guarantee to take effect, but the opposition leader continues to use the Rudd government's response to the financial crisis as some political football—further proof that he puts his own political interests ahead of the national interest. Nothing could be more important now than bipartisan support for this guarantee. The Leader of the Opposition has judged that to not be in his interests. He insists on starting spot fires, raising baseless doubts and provoking uncertainty. In those circumstances, the very least you would have expected this evening is that the Leader of the Opposition would have had the gumption to come into this House and defend his actions, yet he has not even bothered to turn up. It is something he spoke about at length yesterday at the Press Club but he could not actually come into the House today to talk about it. The opposition leader's approach has not escaped the notice of the community, as the member

for Brand said before, or other institutions that depend on leaders bolstering trust in the system, not tearing it down for political gain.

Deposit-taking institutions have expressed their disappointment with the Leader of the Opposition, and so too has the community that has been a significant beneficiary of stability in our banking system and deposit-taking institutions. Under normal circumstances the Leader of the Opposition's campaign, his ongoing efforts to talk down our economy and to talk initiatives in this place, would have little impact, but these are not normal circumstances. We are confronting the worst global conditions since the Great Depression. We must all put our commitment to protecting our financial system beyond a shadow of doubt and beyond immediate partisan interest. That is what this bill allows us to do. I urge the opposition to desist with their short-term political tactics, get behind the national interest and get behind these measures which mean so much to households and businesses in this economy.

Question agreed to.

Bill read a second time.

Message from the Governor-General recommending appropriation announced.

### Third Reading

**Mr SWAN** (Lilley—Treasurer) (10.26 pm)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

### ADJOURNMENT

**Mr ALBANESE** (Grayndler—Leader of the House) (10.27 pm)—I move:

That the House do now adjourn.

### Drugs

**Mrs VALE** (Hughes) (10.27 pm)—Today, for many for young people across Australia, illicit drug use is a deadly problem. While

we are all well aware of the devastation that drugs can cause individuals, their families and our community, many including myself fear that their use has become endemic. We must send young Australians the clear message that illegal drug use is deadly and dangerous and that it endangers their future careers and their future happiness. We must also offer our young people a positive direction and educate them appropriately about the real dangers of drug use and especially inform them of the nature of addiction.

There is a story in yesterday's *Daily Telegraph* about teenage students being given access to a brochure called *A User's Guide to Speed* while attending a New South Wales state government promoted antidrug and alcohol program. That is not helpful. The brochure includes tips like, 'If you don't already have a reliable dealer, try to find one and stick with them' and, further, 'When you're using a new batch of speed, only try a little at first—you can always use the rest later if you need to.' This is a shocking demonstration of how a completely misguided harm-minimisation approach by the Labor government in New South Wales is failing our young people and their families.

This is not the first case in New South Wales. Former New South Wales Labor health minister, Reba Meagher, ordered the pulping of another controversial brochure in June this year. Six months later, Reba Meagher is gone but that very same brochure is still in circulation, along with this new material already mentioned. The person who found this material and brought it to the attention of the public through the media is the highly respected drug campaigner, Darren Marton. Darren is the founder of the No-Way Campaign and will be coming to Parliament House tomorrow to encourage the federal government to commit to the war on drugs. He will also be meeting with Senator Cormann, shadow parliamentary secretary for

health administration; the member for Mackellar, who chaired a House of Representatives inquiry into illicit drugs last year; and the member for Riverina, who chaired a parliamentary inquiry into drug abuse a few years ago.

Darren Marton is no ordinary antidrug campaigner. He is well placed to comment on substance abuse, having succumbed at an early age to the addiction of illicit drugs, which gradually ruined his promising career in the sports of rugby league and water polo. As a rising young sports star, Darren began smoking cannabis in high school but, as so often happens, progressed to heavier drugs and by his early 20s was addicted to heroin. After experiencing a living hell over the next 20 years, which included stints in jail and psychiatric wards, Darren finally experienced the terrors of crystal methamphetamine, more commonly known as ice. However, in 2004, after a great personal struggle, enduring loneliness and great unhappiness in his life, Darren found an inner strength and managed to turn his life around. He then vowed to use his own life experience to share with young people the dangers he personally found were the consequences of illicit drug use.

I was privileged to attend the launch of Darren Marton's No-Way Campaign at the Cronulla Sharks about three years ago and heard him give a deep and moving account of the impact of drugs on his life. Darren was a gifted young athlete who had the world at his feet. He was champion at shot-put, water polo and butterfly. He played junior representative football with the Cronulla Sharks in New South Wales and accepted a scholarship with the Sharks at the age of 16. Before that he had been a state rep player and, over a period of nine years, had captained his junior rugby league football team, the Gynea Gorillas, to a record nine premierships, all before losing it to drugs. However, Darren will

say that he lost more to drugs than just his bright future in sport; he lost his self-esteem, his self-confidence and his opportunity for a good education and the promise of a brilliant career. Worst of all, he almost lost his mother and father.

I would like to pay tribute to the work that Darren is doing, to his courage and determination in giving up drugs and to his commitment to creating a confronting and powerful campaign to warn our precious young Australians of the deadly dangers of drug use. Darren Marton should not be alone in his efforts to encourage young people to fulfil their dreams. We all have a duty to educate our young people about the ramifications of illicit drug use. Just like we would not allow our children to play in the traffic, we should be prepared to take a zero tolerance approach to this insipid curse that wrecks the lives of so many young Australians. I look forward to welcoming Darren Marton of the No-Way Campaign to Parliament House tomorrow.

#### **Australian National Academy of Music**

**Mr DANBY** (Melbourne Ports) (10.32 pm)—The Australian National Academy of Music is located in Bank Street, South Melbourne, in my electorate. It is part of the arts precinct in Southbank and South Melbourne that employs many people and brings such cultural vitality to the area I represent. Many of its staff and some of its students are my constituents. I respect the Minister for the Environment, Heritage and the Arts. I know he has had a difficult job grappling with the future of the Australian National Academy of Music, but I make no secret of the fact that I regret the minister's decision to end funding for the academy as of the end of this year. I have discussed this issue with the minister and with the director of the academy. It is still my view that it is in the interests of the academy's students and in the interests of the

future of classical music performance in Australia for the academy to remain in existence and in its present premises. Achieving that objective is my aim.

The current proposal is that the academy's functions be transferred to a new body, the Australian Institute of Music Performance, located at the University of Melbourne. There are no physical premises ready at the university to receive the academy's students at the start of 2009. I understand that the university intends building a new performance facility at the conservatorium, but that will certainly not be ready next year, so the academy's current students will at best have to be in makeshift premises next year, to the detriment of their training. The minister has said that transitional arrangements will be made for ANAM students in 2009. I am sure he means this, but I still think that there is a risk that students who have already been accepted by the academy for 2009 and have planned their lives around that assumption may find themselves with no place to perform. Some have indicated that they will go overseas. This would be a tragedy for Australia.

The second issue is that the function of a university is to grant degrees and to educate students to the level required to gain a degree. The Australian National Academy of Music is not an educational institution in that sense. Many of its students are already graduates in music. Its function is not to grant degrees; it is to train elite musical performers and to bring them to a level at which they can perform with the best musicians in the world. Moving them to Melbourne university, an institution with different objectives, and placing them in an undergraduate environment, with all its competing pressures and distractions, will also be to their detriment. The minister has said that ANAM students will be able to undertake non-degree based performance training at the university.

That may be the intention, but I am not persuaded that this will be an adequate substitute for the training they are currently getting at the dedicated facilities at the academy in South Melbourne.

Since the minister announced his decision, I have seen the academy's development strategy of December 2006 and the report on the academy's future by Jonathan Mills. Both these reports recommended that the academy be retained as an independent institution and that its funding be increased to enable it to meet its responsibilities more effectively. Mr Mills recommended that the academy's funding be increased from its current \$2.5 million a year to about \$6.5 million or \$7 million. I note that we spend \$15 million a year training elite sports men and women at the Australian Institute of Sport. Achieving excellence in the arts is every bit as important—and many would say it is more important—than achieving excellence in sport.

I hope the minister will take note of the concerns expressed by the students and staff of the academy and of the respected members of the arts community—concerns that I, as the academy's local member, have given voice to tonight—and reconsider his decision. I stand ready to work with the minister for the benefit of the ANAM staff and, most importantly, its current and prospective students. We cannot say to our greatest future classical music talent: you were once elite and now you are on the street.

#### **Maranoa Electorate: Surat Coal Basin**

**Mr BRUCE SCOTT** (Maranoa) (10.36 pm)—I rise to talk about the Surat coal basin, which lies largely in my electorate of Maranoa and floats up into the edge of the electorate of Flynn. I want to talk about a forum that was held in my electorate last week in the town of Dalby, that was organised by the Deputy Premier, Paul Lucas. I think that in a large part the Deputy Premier

was responding not only to the calls of organisations such as AgForce and to those of local mayors but also to the forum that I held and had invited the Deputy Premier and Minister Wilson to in July this year.

Some of the concerns that landholders have in relation to the development of the coal seam methane gas and the coal industry—the mining exploration for coal in the Surat coal basin—are the issues of access to their land and, if there are resources below the soil, how those resources will be accessed. Quite apart from that, there are large environmental issues that many landholders are still concerned about. The Deputy Premier, Paul Lucas, did come to the forum. He addressed the meeting, as did the local mayor. He was welcomed in a very cordial manner, as were all the attendees at the forum, many of whom were perhaps not invited but turned up because of the real concern in our community with regard to the access arrangements to the coal seam methane and the resources below the soil, mainly coal.

The Deputy Premier did announce some changes that he would bring forward in relation to the access arrangements, including a code of practice. This is long overdue, but it will certainly make a difference in relation to negotiations between mining and gas companies and the landholders. Up until the last month it has in many ways been a bit 'Rafferty's rules'. There has been angst in the community. There has been a lot of anger expressed to my office and to me, and at meetings that have been organised by AgForce and other community groups there has also been real anger. It did appear to me that a lot of the companies felt that they had a divine right to go onto people's land and that they had primacy over the title deed holders.

Whilst they might have a right to the mining of the resources below the soil, they cer-

tainly need to do a lot more in public relations and dealing with people's property, particularly in relation to access arrangements when people are trying to conduct a business on that land and also in relation to any possible compensation that those landholders could gain from a negotiated outcome between the coal seam methane gas company and the landholder. So I look forward to seeing the results of that code of practice and I hope it will go a long way towards easing some of the confusion and anger that has been in the community.

The day before the forum I attended the Queensland Gas and Sunshine Gas installation just south of Chinchilla, which is now being taken over by British Gas. It is interesting. The CEO of British Gas was out here to meet with the workers and to look at the plans for the development of that coal seam methane gas south of Chinchilla. Their proposal is to prove up enough gas, take it to Gladstone and convert it to LNG for export. That is going to be a terribly important resource for the whole nation. It is interesting that British Gas are now a capitalised company on the publicly listed stock exchange in London and are actually worth more than BHP. That will give you some idea of this global company that has come into my electorate and has made a friendly takeover of Queensland Gas and Sunshine Gas.

One of the important aspects of the coal seam methane operation at that installation just south of Chinchilla is that the people who work in that industry are local people. They are people who live in the towns of Wallumbilla, Surat, Chinchilla, Miles and Roma. They are not fly in, fly out, so some of the wealth that is coming from below the soil is, through those wages and salaries, being felt and a benefit is coming to our local communities. I do not have time tonight, but I will return to talk about global food secu-

rity and the issue of prime agricultural land. *(Time expired)*

#### **Norfolk Island and Tasmania**

**Mr ADAMS** (Lyons) (10.41 pm)—I am a member of the Joint Standing Committee on the National Capital and External Territories, and the committee recently had a visit to Norfolk Island on a familiarisation trip and also to speak to many groups there. I had been there before, in fact earlier in the year, to research some of my relatives who passed through there, both as convicts and as free men and women.

A fact that is not totally known in this country is that many people who were on Norfolk Island, for fair or foul reasons, eventually settled in Tasmania. Two spots in particular were New Norfolk in the south of Tasmania, in the great electorate of Lyons and the entrance to the Derwent Valley, and Norfolk Plains, which is where I currently live. I grew up in the towns of Longford, including Cressy, Westbury and Perth. These places were named because of the people coming from Norfolk Island and not from the county of Norfolk in England.

If you compare the two islands, you find there are quite a few similarities, although Norfolk Island is much smaller. The architecture from the past must have come out of the same design book and no doubt the same architect from the Colonial Office. Norfolk Island's Kingston, or the KAVHA area, might have been lifted straight from Port Arthur, or vice versa.

The families in Tasmania also share many links with Norfolk Island, and they can be found in the graves at Kingston, in the literature and also at the museum. So this year, when New Norfolk was celebrating its bicentenary as a town, the First Fleeters invited members of the Norfolk Island equivalent group, and they delighted in exchanging histories and family stories while visiting the

many sites that are associated with those early days.

To commemorate the occasion as well, I organised to present two Norfolk Island pines—those majestic, distinctive trees that grace the skyline wherever you look in Norfolk Island—to the Derwent Valley council last Sunday, along with a Norfolk Island flag. The mayor, Tony Nicholson, accepted the young trees and put them in the care of the Derwent Valley Garden Club to look after until they are big enough to plant out in a short while.

It was a great occasion and many of the locals dressed in period costume. Croquet was being played on the council office's lawn when I arrived and I also inspected a magnificent display of spring and early summer flowers by the garden club. There were also displays of furniture and gadgets from the past. There were some wonderful women practising the fine art of making lace in the great town of New Norfolk in the electorate of Lyons. The children had also been busy making fans and other fantasy garden items.

It has been a great year for New Norfolk with events happening every month to commemorate various aspects of the bicentenary. I have been able to be part of a couple, which has been a very pleasurable experience. I would just like to congratulate New Norfolk, the mayor and the councillors along with the whole of the town for their efforts throughout this year in their bicentenary with their links to Norfolk Island.

#### **Salvation Army: Braver, Stronger, Wiser Program**

**Mr SCHULTZ** (Hume) (10.46 pm)—I rise to speak in support of the Salvation Army's Braver, Stronger, Wiser program that was launched throughout Australia on Thursday of last week to help deal with depression in rural Australia. Figures show that

depression now affects one million adults in Australia each year and costs in excess of \$600 million annually.

The Salvation Army project will see 500,000 DVDs about how to manage and tackle depression being distributed free of charge across Australia and the project is directly targeting depression in rural Australia. The Salvation Army's Lieutenant Colonel James Condon said:

It's deeply alarming to see what is happening in the bush right now. Depression is a very real issue in regional Australia. We are targeting depression head on with this project because it is vital rural Australia gets a hand with this issue.

Some communities are feeling abandoned and isolated. We have to create a situation where people start to realise depression can be a 'normal experience' and that if it's happening to you, you are not crazy ... you can lead a fulfilling existence.

Lieutenant Colonel Raymond Finger added:

We want to put tools in the hands of rural Australians so if someone feels suicidal they can save someone else's life—or their own. Many rural Australians suffer from isolation because they lack services and GP's can be very thin on the ground. Psychological professionals in some areas may be almost non-existent. This Braver, Stronger, Wiser project is a Salvation Army initiative to celebrate the spirit of the bush and all that makes regional Australia so remarkable. It has the full support of beyondblue: the national depression initiative and their key clinical advisor Professor Michael Baigent is a major part of this project.

Depression in rural Australia is a very real and ever increasing problem. It is becoming by far one of the biggest health problems affecting many rural families, not only in my electorate of Hume but right across the country. Depression can be directly attributed to the effects of one of the worst droughts that Australia has seen.

My wife, Gloria, has witnessed firsthand the toll that depression can take on rural



families. As many of you in this place may be aware, for a number of years now Gloria and a band of very devoted and generous people have been involved in preparing and distributing packages of donated non-perishable foods, toys for children and other essential items that, more than often, these hardworking families have gone without as a result of the drought.

Both Gloria and I have also been in attendance at a number of drought related gatherings throughout the electorate. These are meetings such as Look after our Mates in Crookwell that saw in excess of 600 people come together to share one another's company and experiences that the effects of the drought have heaped on them.

Similarly, a recent Drought Breaker, Family Maker event, again in Crookwell at the showground, saw over 1,000 drought affected people in attendance, again, to gain strength from each other in coping with the ongoing and relentless drought that has gripped rural Australia. At this event, totally unexpectedly, the community made a presentation to both Gloria and me for our support and assistance to drought affected rural families over the years.

Having said that, I find it troubling and hypocritical that a New South Wales state parliamentary National Party MLC, who recently criticised me in the Legislative Council and who now resides in metropolitan Sydney, and a National Party member of the New South Wales Legislative Assembly, who recently moved out of her electorate, have shown their apathy and indifference by not being present at any of these functions or meetings that have been organised to assist rural families cope with the effects of the worst drought in a hundred years, even though these politicians purport to represent and understand the needs of these struggling rural families.

In conclusion, may I again congratulate not only the Salvation Army for the introduction of this very welcome initiative but also those other major organisations that are working in conjunction with the Salvation Army, including beyondblue, the Rural Doctors Association, licensed rural postal agencies, rural Landcare offices, rural ABC radio stations and rural Westpac branches for the work that they are doing in assisting with the implementation of the Braver, Stronger, Wiser project. Last but not least I congratulate those wonderful individuals who have stood up, talked about their own experiences and helped others in need.

#### **60th Anniversary of the Signing of the Universal Declaration of Human Rights**

**Mr MELHAM** (Banks) (10.50 pm)—Next month on 10 December we will recognise the 60th anniversary of the signing of the Universal Declaration of Human Rights. This document was born from the horrors of the Second World War with the intention of ensuring that such events could not be repeated. This remarkable document, while not legally binding, encapsulated for the first time exactly what those human rights are. At the same time it was described by the General Assembly of the United Nations as 'a common standard of achievement for all peoples and all nations'.

Forty-eight states voted in favour of the declaration, none against, with eight abstentions. In a statement following the voting the President of the General Assembly pointed out that adoption of the declaration was a remarkable achievement, a step forward in the great evolutionary process. It was the first occasion on which the organised community of nations had made a declaration of human rights and fundamental freedoms. The declaration consists of a preamble and 30 articles setting forth the human rights and fundamental freedoms to which all men and

women everywhere in the world are entitled without any discrimination.

Article 1, which lays down the philosophy on which the declaration is based, reads:

All human beings are born free and equal in dignity and rights. They are endowed with reason and conscience and should act towards one another in a spirit of brotherhood.

The 30 articles cover six different categories: political rights, such as the right to vote and to participate in government; civil rights, such as the right to freedom of opinion and expression; equality rights, such as the right to be free from discrimination; economic rights, such as the right to fair wages and safe working conditions; social rights, such as the right to education and to adequate health care; and cultural rights, such as the right to speak your native language.

Since 1948 the Universal Declaration of Human Rights has been the fundamental source of motivation for international efforts to promote and protect human rights and the associated fundamental freedoms. It has set the direction for all subsequent efforts in the field of human rights; it has provided the basic philosophy for many legally binding international instruments designed to protect the rights and freedoms which it proclaims; and it has become the universal definition of human dignity and values.

After 1949, the declaration formed the foundation for the binding statements of rights: the International Covenant on Economic, Social and Cultural Rights and the International Covenant on Civil and Political Rights. Australia ratified the ICCPR in 1980 subject to certain reservations. Article 2(2) requires Australia to take all necessary legislative and other measures to give effect to the rights in the convention. Australia has also ratified the first optional protocol to the ICCPR. This means the United Nations Human Rights Committee can hear complaints

from individuals who allege that the Australian government has violated their rights under the ICCPR. However, the findings of the Human Rights Committee are not enforceable.

In Australia we have seen achievements in our own human rights since 1948 through the abolition of the death penalty, military conscription, corporal punishment of children and the White Australia policy. On the other hand, it is important to remind ourselves of those whose rights are still being violated. In acknowledging the upcoming anniversary of the declaration, United Nations Secretary-General Ban Ki-moon said in a video presentation to launch the anniversary on 10 December 2007 that the declaration remained as relevant today as it was on the day it was adopted. But the fundamental freedoms enshrined in it were still not a reality for everyone.

On 19 November this year, a documentary was shown on SBS called *A Well-Founded Fear*, produced by the Edmund Rice Centre. Over the past six years the Edmund Rice Centre has conducted a systematic study into Australia's treatment of rejected asylum seekers. Staff from the Edmund Rice Centre conducted interviews in 22 countries with over 250 people who were rejected as asylum seekers from Australia. The documentary outlines the reports of death, disappearance, imprisonment and torture of those whose lives have been spent in hiding, privation and despair. These are the people Australia removed after disallowing their claims for protection on refugee or humanitarian grounds. The documentary is based on the study by the Edmund Rice Centre, *Deported to Danger*. It is imperative that on this anniversary of the Universal Declaration of Human Rights, those rights do not remain on paper. The declaration lays down universal rights that all of the world's people should be able to achieve. (*Time expired*)

### Dandenong Ranges

**Mr WOOD** (La Trobe) (10.55 pm)—Tonight I wish to tell a story about sadness, about hope, about victory and about despair. The sadness relates to the Dandenong Ranges, and one of my favourite subjects, as the Speaker would know, is the invasion of weeds. I will go back to my days at Ferny Creek Primary School when a good Samaritan went through all the schools in the area—from Ferny Creek to Olinda to Mount Dandenong to Sassafras. The sad thing is that, with the best of intentions, the good Samaritan gave all the children, including me, a fantastic creeping plant to take home. That plant was called wandering trad and it was planted out through the entire hills. The sadness comes about because it has actually spread through all the creeks, and it has been one of those weeds that have clogged up the creeks and stopped the platypuses—for example, in Clematis Creek—from moving around.

The other sad thing about the Dandenong Ranges is that, with the best of intentions, another plant called ivy was introduced. Ivy climbs up the mountain ash and strangles it, and it climbs all over the fern trees and causes great damage and destruction throughout the Dandenong Ranges. One of the aspects we are greatly concerned about is that of climate change and how trees like the mountain ash and the fern trees will survive when basically being strangled to death by ivy. There are also other local weeds that cause great damage, such as onion weed, which is throughout the hills, especially beside the roads.

Last year the former environment minister, Malcolm Turnbull, visited the electorate and met with all the local environmental groups and listened intently to what was being said. The local environmentalist gave a firsthand account of the destruction that

weeds are causing in the Dandenong Ranges. The minister got to hear firsthand how local groups, such as the Friends of Clematis Creek of which I am a member, the Sherbrooke Weed Society—all these different groups—are doing an amazing job. There are groups like the Friends of Olinda Creek, the Friends of Sassafras Creek—the friends of various groups throughout the hills—and they have been doing an amazing job over a long period of time. I have always said that the problem with the weeds I am mentioning is that they are regarded as environmental weeds; therefore, federal funding was not being received for their abolition because they were not regarded as agricultural weeds. For example, the state Labor government in Victoria had not listed a number of these weeds as environmental weeds, so the situation was not addressed.

We had this fantastic announcement by the former environment minister, Malcolm Turnbull, for a \$450,000 biological control for wandering trad. This was a great victory, and it gave great hope to all those volunteers that, finally, there may be a biological control determined over a number of years under the guidance of the CSIRO and Melbourne university, who were going to do the research. After three years of hard work and lobbying the minister—and again I congratulate former Minister Turnbull—we had funding to tackle this weed. Sadly, when Peter Garrett became Minister for the Environment, Heritage and the Arts he removed that funding and caused great harm and tragedy to the local environment.

We had one more victory. During the election campaign I announced a \$3 million grant to the Shire of Yarra Ranges to tackle all the weeds throughout the Dandenong Ranges. Sadly, again, Minister Garrett—who was still in the shadow position at that time—came to the electorate and refused to match that funding. To this very day we want

to see the Rudd government match our commitment to weed funding. (*Time expired*)

**The SPEAKER**—Order! It being 11.00 pm, the debate is interrupted.

**House adjourned at 11.00 pm**

**NOTICES**

The following notices were given:

**Mr Debus** to move:

That, in accordance with section 5 of the Parliament Act 1974, the House approves the following proposal for works in the Parliamentary Zone which was presented to the House on 24 November 2008, namely: new cooling plant enclosure at Old Parliament House.

**Dr Stone** to move:

That the House:

- (1) notes that under section 417 of the Migration Act 1958, the Minister for Immigration and Citizenship may intervene personally making decisions in relation to individuals;
- (2) encourages the Minister for Immigration and Citizenship to urgently resolve his ambivalence about using these ministerial powers of intervention, given the consequences for individuals and families whose urgent requests for intervention remain unresolved, in some cases for nearly a year; and
- (3) requests that the Minister for Immigration and Citizenship responds to the report he commissioned analysing the use of ministerial powers (the Elizabeth Proust Report) which has been with him since 29 January 2008.

**Mr Danby** to move:

That the House notes that:

- (1) 1 December 2008 is the 20th anniversary of the first commemoration of World AIDS Day under the auspices of the United Nations;
- (2) the global HIV/AIDS epidemic continues to kill approximately three million people around the world every year, including approximately half a million children, and that approximately 33 million people are currently living with AIDS or HIV infection;

- (3) thanks to Australia's early adoption of, and bipartisan support for proactive prevention programs over the past 25 years, Australia has a rate of HIV infection far lower than that of most comparable countries;
- (4) in Australia there are still over 900 new cases of AIDS notified each year, and that nearly 100 people a year are still dying of AIDS related illnesses each year;
- (5) the slogan adopted for World AIDS Day 2008 is 'Stop AIDS. Keep the Promise—Leadership', and congratulates all those in Australia, both in government and in the affected communities, who are showing leadership in prevention, treatment and care related to HIV/AIDS; and
- (6) the Australian Government remains committed to the current bipartisan National HIV/AIDS Strategy which began in 2005, and urges the Government to maintain its long term commitment to working with the affected communities to provide high quality prevention, treatment and care programs for all those affected by or at risk of HIV/AIDS.

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*Tuesday, 25 November 2008*

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**The DEPUTY SPEAKER (Mr S Sidebottom)** took the chair at 4.00 pm.

### **CONSTITUENCY STATEMENTS**

#### **Human Trafficking and Child Labour**

**Mr ROBERT** (Fadden) (4.00 pm)—There is a scourge in our world called people trafficking and about 26 million people are caught in its snare today—80 per cent are women and girls and 50 per cent are children. What is of concern is that child labour and the trafficking of children are even used in the production of cocoa in Africa, noting that 70 per cent of the world's chocolate is produced using cocoa beans farmed in West African nations. Over 280,000 children are involved in some of the worst forms of child labour on cocoa farms in West Africa. In both Ivory Coast and in Ghana children are routinely forced to work long hours with machetes and pesticides to help harvest cocoa beans. Some of these children are taken or enticed from their homes; others come voluntarily to cocoa farms only to find themselves enslaved in a living hell. Of these 280,000 children, over 152,000 work in pesticide application—142,000 in Ivory Coast alone—and 146,000 children, under the age of 15, clear plantations using machetes.

These figures from IITA 2002 have likely been underestimated. It is difficult to identify specific farms using child and forced labour as there are almost two million cocoa farms in West Africa, most of them small family owned operations. Yet it is estimated that 21,000 of the 625,000 children under 18 working on cocoa farms in Ivory Coast are not related to the farmers or farm workers and that at least 12,000 have been trafficked. What is clearly needed is reform of the cocoa trade. One of the easiest ways for this to be achieved is for the chocolate industry, via the Confectionery Manufacturers of Australasia, to do what is right and ensure its supply chains are free of child labour and human trafficking. In doing so the Australian industry will become leaders in the field of eradicating exploited labour from cocoa supply chains.

The chocolate industry made a commitment in 2001 to address this issue, but deadlines for action have repeatedly been missed. The global chocolate industry is worth some \$71 billion, yet collectively it has spent only \$40 million on solutions to end exploited labour. Australian consumers today have no more assurance than they did eight years ago that exploitation of child labour is not a component on the manufacture of the chocolate we consume every day. The Don't Trade Lives campaign, for which a number of activists are behind me, is calling for the Australian chocolate industry, via CMA, to develop and publicly outline a time-bound and costed plan of action that will ensure its products are free from child labour and human trafficking. The Australian chocolate industry must take the lead in eradicating exploited labour from cocoa supply chains. It must push for global action across companies and governments to ensure that these supply chains do not involve child labour.

#### **Eden-Monaro Electorate: Clean Energy for Eternity**

##### **Tathra Tragedy**

**Dr KELLY** (Eden-Monaro—Parliamentary Secretary for Defence Support) (4.03 pm)—I wish to congratulate the Clean Energy for Eternity movement, a wonderful movement in my electorate of Eden-Monaro. They have done such a great job in raising awareness of climate

change. They recently won the environment and landcare category in the 2008 New South Wales-ACT Regional Achievement and Community Awards, which were announced last Saturday. The award judges recognised CEFE for their catalytic role in inspiring community action on climate change. The organisation have demonstrated a commitment to pursuing innovative local solutions to a global challenge that is now recognised as a major risk to the security of people around the world. The team have done a great job of signing up many of the shires in my electorate and of uniting the community behind this great climate change issue that we face. This follows the signing of a funding agreement, on 5 November, to provide \$100,000 for the feasibility study to establish a solar farm project in the Bega Valley area.

I am proud to say that this was the first project under the government's \$19 million Green Precincts program. Should the feasibility study pan out it will be followed by a further \$1 million commitment from the government under the Green Precincts program to create a one- to two-megawatt solar farm in the area which will provide sufficient energy to power 1,000 homes. This is a great tribute to the hardworking team of Clean Energy for Eternity, and I am proud to have worked with this wonderful team.

I would also like to draw attention to the recent tragedy that was suffered on the South Coast with the loss of Shane, Riley and Travis O'Neill. As everyone knows, this was a heart-breaking situation and is the subject of inquiry at the moment. I would like to highlight the wonderful bravery of Mr Rob Brown, who dived in with no regard for himself to rescue these three unfortunate members of our community in the valley. I would also like to highlight the heroism, commitment and professionalism of the paramedics, the police and the surf lifesavers who also rendered wonderful service to the community in their efforts to save lives and in fact were able to save Mr Brown's life in that situation—14 degree water and terrible seas. So this is a salute to the wonderful people that support our community.

I would also like to highlight the wonderful effort the community has put in by binding together to heal the wounds of this terrible tragedy. It has committed over \$70,000 so far to the fund that has been set up by Horizon Credit Union. This really demonstrates what a tightly knit community it is. We are all pretty much related to each other in the Bega Valley and it is wonderful how we do bind together in these times of crisis. We have certainly been tested in recent times by a number of tragic situations. The community will get through this as they always have and I salute the spirit of that community and the services that support it.

#### **Caring for our Country**

**Mr IRONS** (Swan) (4.06 pm)—The recent announcement of the Caring for our Country grants by the Minister for the Environment, Heritage and the Arts demonstrates the eastern centric focus of the Rudd government and represents a threat to the environment in my electorate of Swan and in Western Australia. Of the \$28 million made available for projects, only 10 per cent has been allocated to Western Australia, a state representing one-third of the land mass of the country. This is especially disappointing and Western Australians are doubly unhappy given that Western Australia has many serious environmental issues that fit into the scheme's three categories: (1) protect, enhance and restore Australia's biodiversity and natural icons; (2) improve water quality of critical aquatic habitats; and (3) achieve greater uptake of sustainable farm practices.

As the member for Forrest would remind us, the world renowned biodiversity hot spot of the south-west region, one of only 34 biodiversity hot spots in the world, is under threat from

urban and periurban encroachment and land degradation problems caused by dryland salinity and soil degradation. Additionally, there is a need to encourage sustainable farm practices in the wheat belt, where increased salinity and high fertiliser usage feeds first into the Avon River and then into the Swan River hydrological system.

It is the Swan River hydrological system that I wish to discuss today. The Swan and Canning Rivers border a significant part of my electorate and the river system is the dominant geographic feature of the Perth metropolitan area. Unfortunately, the river itself is becoming ever more polluted. One form of pollution is the effluent run-off of nitrogen and phosphorus nutrients. These come from a range of sources including agricultural or domestic fertilisers and detergents in soil run-off. The high concentration of nutrients in the river system leads to severe algal blooms which starve the river of oxygen and threaten the health of the marine life below. Another form of pollution is conventional litter.

The South East Regional Centre for Urban Landcare, a local independent natural resource management organisation in Perth, has recently called for pollutant traps to stop some of the waste entering the river system. I support this proposal. The point is fast approaching where people will choose to not swim in the river. This would be a disaster. Having a river clean enough to swim in is one of the great advantages of living in Perth, and an asset that we must protect. Second, the river wall infrastructure has deteriorated through lack of investment, increasing high tides and increasing frequency of severe storm events. The effects of erosion are so obvious that pictures of erosion appear on multiple websites of relevant authorities.

The City of South Perth and the City of Belmont along with 20 other local authorities that border the Swan and Canning Rivers have recently lodged a submission to Infrastructure Australia for funding of \$85 million. The cost of restoring the infrastructure is now beyond the capacity of local government and the Swan River Trust. With environmental challenges like the Swan River it is inexcusable that the Minister for the Environment, Heritage and the Arts has ignored Western Australia in this latest funding. I personally pledge to pursue this matter until we obtain the necessary funding and resources to restore the Swan and Canning rivers and all their tributaries back to rivers that are able to be used safely by the people of my electorate in Western Australia. If I can achieve my goal the people of Western Australia and I will be doubly happy.

#### **Rankin Electorate: Greenbank RSL Sub-Branch**

**Dr EMERSON** (Rankin—Minister for Small Business, Independent Contractors and the Service Economy and Minister Assisting the Finance Minister on Deregulation) (4.09 pm)—On Saturday, 8 November 2008, 150 members, family and friends of the Greenbank RSL sub-branch attended the President's Dining-In Evening. Special guests were Mr Chris McHugh, Queensland sub-branch chief executive; Mr John Strachan OAM, President of the South Eastern District RSL; Mr Keith Woods, President of the Greenbank RSL Sub-branch; Mr Tom McGee OAM, Vice-President of the Greenbank RSL; and the Hon. John Mickel, the member for Logan and a very good friend, and his wife, Katie Mickel, who does fantastic work at Boys Town in Kingston, within Logan City. I have known both Keith Woods and Tom McGee for a very long time and they are very fine men.

The Greenbank RSL is the third biggest sub-branch in Queensland, with more than 1,400 members from all branches of the armed forces. It continues to support the local community generously. Some of its support this year has included \$35,000 for the Breast Cancer Associa-

tion of Queensland, \$25,000 for the RSPCA, \$36,000 for Broncos junior development and \$28,125 for the Logan Hospital children's ward. Other contributions of \$1,500 or more have been made to the Logan City PCYC, the Diamantina DVD project, the Logan District Crime Squad, CanTeen, ACCES Services and Lead On Logan.

At the dinner, Mr McHugh explained how there has been an increase in young people becoming involved in RSLs, with the Girl in a Million contest attracting wide support from the community, as it would. I commend all the contestants in the Girl in a Million contest because they do a lot of marvellous charitable fundraising.

We all notice that the crowds at Anzac Day services and Remembrance Day services are getting bigger every year. As time marches on, there is even more enthusiasm, more sense of the debt that we owe to those who have paid the ultimate sacrifice. The RSL is focusing its support on the welfare of its members, as it should. I commend the wonderful work of the Greenbank RSL sub-branch and quote the league's ode:

They shall grow not old, as we that are left grow old

Age shall not weary them, nor the years condemn

At the going down of the sun and in the morning

We will remember them.

Lest we forget.

#### **Hinkler Electorate: Glendyne Education and Training Centre**

**Mr NEVILLE** (Hinkler) (4.12 pm)—Few people truly earn the title of local champion but Ray Krueger, principal of Glendyne Education and Training Centre, just south of Hervey Bay, is one of them. I was honoured recently to attend the opening of Glendyne's new school oval, which was funded partly from a grant of \$47,000 from the Investing in Our Schools fund, which came from the previous coalition government. Of course, the school and the wider community also worked hand-in-hand to realise the vision of a state-of-the-art school oval, to make that dream a reality. The driving force behind the project was the principal, Ray Krueger, who had the vision for better sporting facilities for his challenged students and who took this vision to Simon Boss Walker. Simon took the baton and ran with it, organising the Ride 4 Glendyne, which saw him raise an amazing \$45,000 for the project. The Patrick Rafter Cherish the Children Foundation donated another \$10,000 towards the oval, and finally the Queensland Baptist Care organisation tipped in the rest of the funds to make the project a reality. Thanks to all these agencies and people like Simon Boss Walker, Ray Krueger, Ben de Jong and Larry Bell, the Glendyne students now have a beautiful new oval to use for their sport and recreation.

Queensland Baptist Care deserves a big pat on the back for the good work being done at Glendyne. It is a very special school. It is really a fantastic part of the community and a strong link between youth at risk and the wider community. Individual learning programs, small class sizes, personalised and family support and beautiful, tranquil grounds all add up to make a great learning environment for the students. The special qualities of Glendyne are well recognised by the local community, with great fundraising efforts made by community groups and charities to help support it. The rewards come in seeing young people who are facing social challenges enabled to live their lives more securely and going on to live happy and successful lives and to play their part in their communities. I think the proof is found in a few



comments by former students which I recently found on the school's website. One student said:

The best school ever and I wouldn't change school for anything because it has changed my life.

Another student said:

The school that if you take the chance you can get a fresh start.

I think that is a marvellous result.

#### **Holt Electorate: Youth Reference Group Meeting**

**Mr BYRNE** (Holt—Parliamentary Secretary to the Prime Minister) (4.14 pm)—On Friday last week I had the opportunity to host the Holt Youth Reference Group meeting, which is a forum of 10 young community leaders from a range of schools within the city of Casey in my electorate of Holt. The meeting brought together a number of young people from across the region and gave them the opportunity to discuss the issues and concerns they face in one of Australia's fastest-growing areas. This is the second youth reference group that I have held this year, and I enjoyed hearing the views of these very talented, bright and enthusiastic young people. Often young people in Holt are not portrayed in a positive light and in particular get tarnished by the attitudes and antics of a young constituent of mine called Corey, who knows how to host a party. However, it is not fair to the majority, and the young people I meet in Holt on a daily basis and at functions are bright, responsible and talented representatives and excellent role models for the region.

At the forum on Friday, I met and discussed issues with 10 very bright and talented people. They were: Nicole Bunko, Rebecca Ellin, Rhys Ford, Patrick Kelly, Natalie Heynesbergh, Stephanie Hutchinson, Kate Mills, Molly Moloney, Alana Sattler and Jade Wylie. There was also a youth programs coordinator named Tracey Montgomery from the City of Casey. In the forum I asked the young people to nominate key issues affecting youth in the region and to discuss the issues and solutions to those problems that they raised. The primary issues that were raised included local youth services and availability, public safety issues on trains and at stations, and alcohol consumption and binge drinking. I wanted to report back to this chamber some of these young Australians' ideas that were discussed about alcohol consumption and binge drinking and the policy and marketing responses that may assist in a reduction of the level of alcohol consumption in young Australians.

Their ideas included the development of a long-term community-awareness and attitudinal-change campaign similar to Quit, an anti-smoking campaign, to decrease the level of smoking; reducing the access to alcohol of young people by raising awareness through the education of parents, who often buy the drinks, which I found quite mind-blowing; and using confronting examples like pictures of real-life case studies to highlight the health implications associated with binge drinking. Throughout the discussion it became clear that the group wanted a broader preventative program to deal with the alcohol consumption issue. It was recommended that, by allowing young people to have a more inclusive role in their community, easier access to support services and a wide-ranging education and public awareness campaign, there would be a significant change in attitude within the broader community.

In closing, I thank those very talented young people who spoke virtually with one voice at the end. I think we could do well in this chamber to take account of those particular points of

view, because those young people are the future of the country. If they are the future of the country, it is in very safe hands.

#### **White Ribbon Day**

**Mr CHESTER** (Gippsland) (4.17 pm)—I rise to speak in support of White Ribbon Day and the efforts by the White Ribbon Foundation to reduce the incidence of violence against women. Today is an opportunity for all right-thinking men in our nation to stand shoulder to shoulder and condemn those who perpetrate violence against our mothers, our sisters, our wives and our girlfriends. It is a chance to state unequivocally that it is never okay to strike a woman or to intimidate, bully, harass or force yourself upon a woman for sexual gratification. No always means no.

At today's launch of the White Ribbon Foundation report, we heard many impassioned speeches from all sides of politics. This is an issue which naturally transcends political boundaries. The report highlighted the impact of violence on young people and their future relationships. Alarming, the report also highlighted that one in three women in Australia are affected by violence. It is a national disgrace, and I urge all men to speak out in support of a coordinated national action plan backed by all levels of government. We must educate young people, we must change our attitudes and we must change behaviour in the interest of the health and well-being of women across our nation. Previous reports have found that, where data does exist, there is a higher reported incidence of domestic violence in rural and remote communities than in metropolitan settings. The reported level of violence against women in our Indigenous communities is even more horrific. Coming from a rural and regional electorate—as a Gippslander—that troubles me deeply.

Today I appeal to all the men of Gippsland to join me in denouncing violence against women, to join me in leading by example by showing our sons the right way to behave: to respect, nurture and care for women in our society. I refer to a couple of findings in the report and draw the attention of the chamber to the fact that domestic violence has a clear and negative impact on children's and young people's behavioural, cognitive and emotional functioning and social development. Children's and young people's education and later employment prospects are harmed by domestic violence. These are long-term trends, and the impacts are felt right across our community. We need to stop pretending it does not happen and we need to take action to prevent violence against women across our community. I commend the current government for establishing the National Council to Reduce Violence Against Women and Children, and I undertake to do all in my power to support the campaign to reduce the incidence of violence in our community. We can do better and we must do better in future.

#### **Mr Charlie Gregorini**

**Mr GRAY** (Brand—Parliamentary Secretary for Regional Development and Northern Australia) (4.20 pm)—I rise to speak today on the tragic and untimely death of Mr Charlie Gregorini. Mr Gregorini was the Mayor of the City of Swan in metropolitan Perth. The City of Swan is the largest local government authority in metropolitan Perth, with an area in excess of a thousand square kilometres. The city stretches from Bullsbrook in the north to Guilford in the south and between Ballajura in the west and Gidgegannup in the east, with the iconic Swan Valley as the geographic centre. Mr Gregorini was killed in a tractor accident on Saturday just passed on his property in Swan. A report in the local newspaper told us that Mr Gregorini was using a tractor on Saturday afternoon to move bricks at his Swan View prop-

erty. When he tried to take it up a ramp, it rolled and pinned the father of five underneath. His family said he was supposed to be resting but, true to form, he could not resist doing some extra work around the house. His wife, Sandra, found him, but there was nothing that she could do.

Mr Gregorini was 63. Mayor Gregorini led a life of distinguished service to local government and to his community. Today I wish to pay tribute to his contribution to local government. Mr Gregorini was first elected to the Shire of Swan in 1977 and held the office of president for 16 years. In 1988, he was awarded the Medal of the Order of Australia, OAM, in recognition of his personal contribution to local government. In 2008, he was made a member of the Order of Australia, AM, for service to local government and Swan community. Mr Gregorini became the inaugural Mayor of the City of Swan in April 2000 and was again elected mayor in 2003. Mr Gregorini served as chairman of the Western Australian Local Government Advisory Board from 1988 to 2007 and was re-appointed as chairperson in 2008. He was a member and chairman of the Western Australian Local Government Grants Commission from 1 August 2007 until 31 July 2008. In the early 1990s, he was appointed by the Western Australian government as administrator of the City of Canning in Perth.

Mr Gregorini was also dedicated to helping others who were less fortunate and was particularly passionate about the plight of Australia's homeless population. This life of admirable service points to the enthusiasm and love that he had for his community and its people. He will be sorely missed by the people of Swan. It is no surprise that so many members of this place have risen to speak on the life and work of Mr Gregorini. I add my words of condolence to those already spoken by the member for Cowan, the minister for Foreign Affairs and Trade and the member for Hasluck. Western Australian minister Mr Castrilli has also made a significant statement about the life, times and serving culture that characterised Mr Gregorini. I join my colleagues in expressing our deepest sympathies to Mr Gregorini's wife of 38 years, Sandra, his five children and three grandchildren and convey our gratitude for his services to local government and to the families and people of Western Australia.

#### **Grey Electorate: Andamooka**

**Mr RAMSEY** (Grey) (4.23 pm)—I rise today to share with you something of the history of the town of Andamooka and the plight that it faces at the moment. Andamooka has a rich opal-mining history and has been a producer of some of Australia's best opals for the best part of a hundred years. But it is currently under incredible strain, insomuch as it is in the shadow of a much bigger neighbour, and a neighbour that is due to get much bigger in the near future—that is, Roxby Downs. Andamooka is struggling with the pace of change. At last census it had a population of 500, but the estimates are that there are now 900 people living in the town, once you include the miners who do not list it as their place of residence.

Andamooka is under the governance of Outback Areas Community Development Trust, which cooperates with the Andamooka Progress and Opal Miners Association. The outback areas trust supports 36 progress associations across the north of South Australia, with a total budget of about \$2 million. You can see it probably does not go that far. The Outback Areas Community Development Trust supplies APOMA—the progress association—with 0.5 of an administrative position and some local road maintenance. APOMA is reaching breaking point. It has limited funding, is staffed almost entirely by volunteers and has no ability to rate its residents. The problems of Andamooka go far beyond the ethic of volunteerism. It has an un-

regulated, non-compliant dump, which bursts spontaneously into flame from time to time, with smoke drifting over the town and over the school. There is a considerable amount of industrial waste coming from outside the town being dumped inside the dump. There are problems with the development process, the water supply, the airstrip, the effluent disposal and answering public inquiry. The town is in desperate need of a town manager.

More important is the confrontation on the social front as this great change sweeps across the town. There is an approved single man's accommodation for shift workers on one side of the school with a pub on the other which serves the local shift worker trade. There are rumours of an attempt to establish a brothel about 100 metres up the road. I can tell you that these services will be supplied somewhere. There is a planned 8,000-man camp 12 kilometres up the road.

All of these things need managing. They need help now. They need help from the South Australian government. They need the ability to rate their township; they need the ability to govern their township. The South Australian government claimed to have solved many of the problems of expansion in Andamooka by regulating for a minimum block size, but the problems are continuing and I am appealing to the South Australian government to step up to the plate and help the town of Andamooka.

#### **Corio Electorate: St Anthony's Primary School**

**Mr MARLES** (Corio) (4.26 pm)—It was my distinct pleasure last Friday to visit St Anthony's Primary School for what was unquestionably a momentous occasion in the life of that school. St Anthony's is located in the township of Lara on the northern outskirts of my electorate and the boundary of the City of Greater Geelong. It is a coeducational Catholic primary school that for the last 25 years has catered to the educational needs of a growing region. Over the course of its existence, St Anthony's has developed its enrolment thanks to the considered guidance of its school board, now chaired by Mr Brendan Madden, the daily leadership of the school principal, Ms Marie Cassar, who is doing an excellent job, and the St Anthony's Parents and Friends Association, now led by Mrs Karen Sherwell.

I have in my short time in this role been privileged to visit many schools and open many new facilities in my electorate. While I always enjoy these events immensely, I must say that after attending this particular event I left feeling that I had just attended something very special indeed. In the presence of Auxiliary Bishop of Melbourne His Excellency Bishop Christopher Proust, parish priest Father Johnny Joseph, the school leadership team, staff and about 200 parents, friends and community members I was able to open new and refurbished facilities that had been funded in large part by this Commonwealth government. I was able to participate in the blessing of these new facilities.

In two separate projects, the government contributed a total of \$380,000 to upgrade and refurbish staff administrative areas and four classrooms to provide improved and more adaptable learning spaces. This funding was matched by \$177,838 from St Anthony's to bring the total funding for the project to in excess of half a million dollars. Classrooms are very special places. When you consider all the revelations that will be had, all the discovery that will be done and all the connections that will be made in these classrooms, it was a very special thing indeed to be there at the opening of these rooms.

This investment represents an investment not only in St Anthony's Primary School but also in Lara. Lara is a region which has had to deal with its fair share of issues. Until recently it had suffered the scourge of teen suicide, with one of the highest rates in Australia. But in recent years this tide has begun to turn. It is difficult to pinpoint the precise impetus for this change, but many have pointed to the renewed sense of community that has accompanied the establishment of the Lara Secondary College. Schools, be they primary or secondary, are places which draw communities together and communities provide support. This was evident to me last Friday at St Anthony's as I not only watched the community rally around to support its school but also saw a school which was prepared to invest in itself and in its community by providing improved learning places for its students. I take this opportunity to again thank the leadership group at St Anthony's for the chance to visit their school and, more importantly, be welcomed into their community.

#### **Baker Electorate: Dukes Highway**

**Mr SECKER** (Barker) (4.29 pm)—It is my sad duty to report to this parliament that yet another life has been lost on the Dukes Highway in my electorate. For members' interest, the Dukes Highway is the main road from Adelaide to Melbourne on the South Australian side of the border. It is easily the busiest road in South Australia. We are now averaging about 1½ deaths per month there. We need to spend more money. I got a commitment of \$80 million which the new government has continued on with, allocating another \$12 million, but we need to do more about the Dukes Highway.

**The DEPUTY SPEAKER (Mr S Sidebottom)**—Order! In accordance with standing order 193 the time for constituency statements has concluded.

#### **AGED CARE AMENDMENT (2008 MEASURES No. 2) BILL 2008**

##### **Second Reading**

Debate resumed from 24 November, on motion by **Mrs Elliot**:

That this bill be now read a second time.

**Mrs MARKUS** (Greenway) (4.30 pm)—We live in the most challenging of times. Financial, environmental and social crises dominate the news, and our responses have to be not just swift and decisive but reasoned, informed and in the best interests of this nation. Often as legislators we are faced with complex and competing priorities, but there is one issue that ranks amongst the highest—that is, aged care. If we do not get aged care right, we condemn all Australia's ageing population to a lower standard of care access and service in the years ahead. We have medical and pharmaceutical innovation right: in some cases Australia leads the world with improved medication and medical technologies. We have the aged-care system right: residential, home and community care provided by both private care services and public government funded services are anecdotally the envy of the world. We do not as yet have the regulatory framework right to ensure that government funded providers of aged care have certainty and that users of aged care have confidence in our system.

The Aged Care Amendment (2008 Measures No. 2) Bill 2008 seeks to amend the Aged Care Act 1997 and the Aged Care (Bond Security) Act 2006 to strengthen the aged-care regulatory framework so that it reflects the current structure and nature of the aged-care industry. But will the bill's emphasis on compliance manage to achieve that objective? Let's look at some statistics. There are 2.8 million people aged 65 years plus, which is 13 per cent of the

population. There are another two million people aged 70 years plus, which is around 9.3 per cent of the population. That means almost one quarter of the total population is over the age of 65. The average age of people entering residential aged care is 82. Seventy per cent of people entering residential aged care enter high care. A very high proportion, over 50 per cent, of residents in any aged-care facility will have mental health or dementia related problems.

In my own shadow portfolio of veterans affairs, the average age of permanently incapacitated senior veterans is 81.7 years of age. The largest number in that group is made up of those aged between 85 and 89 years, who number 32,019. That means there are 32,019 veterans who need care, treatment and peace of mind. The highest number of veterans on disability allowance is 27,562, and they are aged between 85 and 89 years of age. The second-highest number of veterans on disability allowance is around 24,808, and they are aged between 80 and 84. There are around 22,325 Vietnam veterans on disability allowance aged between 60 and 64. The other very vulnerable group are war widows. There are 108,023 war widows being looked after by the Department of Veterans' Affairs, and only 2,258 are under the age of 60.

We already have a crisis in aged care. The most critical thing to understand is that over the next four years the number of Australians aged 85 years will increase fourfold. These are statistics that cannot be ignored. Over the past 20 years, there has been a greater emphasis on keeping people in their homes for longer. If you talk to many people who are ageing or who already require care, they agree. Their preference and desire is to stay in the familiar surroundings of their own home for as long as possible. But there will come a time for many when they cannot sustain their day-to-day care as home-care services will not be enough or they decide that they will feel more secure and be able to access better services by moving into a facility, and hospitalisation will be necessary. How will this bill meet that need? The answer is: it won't.

There are 2,870 accredited aged-care facilities throughout Australia. An independent aged-care survey released recently disclosed that the average return on investment in a single bedroom is only 1.1 per cent a year. Such a low return on investment gives little comfort to an investor looking at the aged-care market and comparing it to other opportunities for a higher return. The immutable law of diminishing returns will see the lack of investment lead to a decline in the building of new facilities to meet growing demand. The bill does nothing to encourage new investors to invest in this sector. In fact, it does the opposite. The Hogan review in 2004 and, most recently, the Productivity Commission's 2008 report on aged-care services found that the regulatory and pricing framework decreased the viability of the sector. The law of supply and demand will see our most vulnerable Australians—the generations that have gone ahead of us who worked hard; went to war; came home; built prosperity; shaped our values of a fair go, mateship and reward for effort; and delivered a peaceful, stable society—will have nowhere to go.

We often hear people say that they want to leave the world a better place for future generations; we also need to look at the responsibility we have to older generations. The coalition, when in government, introduced reforms that delivered a high-quality, affordable and accessible aged-care system. The national quality assurance framework for residential aged care, which combined accreditation and certification, was a step forward, as was the Aged Care Complaints Investigation Scheme. But more needs to be done to reflect changing times and

needs, and this bill falls far short of what is needed. Since winning government, Labor has ignored older Australians. It has no answer to the nursing skills shortage, no answer to the rising demand for high-care services and no answer to the question of how to encourage more investment in this seriously underfunded sector.

The Aged Care Amendment (2008 Measures No. 2) Bill does not address the serious problem of funding for high-care services. Currently, if an aged-care recipient is assessed by an aged-care assessment team as needing low care but, on entering a residential facility, is assessed as requiring high care, the funding that the facility receives is at the low-care rate until a reassessment takes place. That takes time. If the aged-care resident's reassessment is for high care, funding is not backdated at the higher rate. While waiting for a reassessment, facilities have to wear the difference between the cost of providing high care and the original low-care cost. That can take weeks and, in some instances, months. The government is asking industry to bankroll its aged-care responsibilities. Industry was led to believe that this issue would be addressed in the bill. The situation just adds to the disincentive for investment.

Funding is important but, equally, administrative arrangements can be the difference between what works and what does not. The bill seeks to further protect accommodation bonds. Accommodation bonds were introduced by the Howard government in 2006 and have been successful in guaranteeing the repayment of bonds if a provider, for whatever reason, enters into insolvency or becomes bankrupt. The opposition supports that concept. The measures in this bill will extend the accommodation bond scheme to include lump-sum payments which are paid by residents to enter a facility that, at the time of payment, is not an approved provider but subsequently becomes an approved provider. That is a good measure and provides confidence in the system. On the other hand, there is concern about the bill's remedies for noncompliance. These include the imposition of sanctions and the revocation of licences. The concern is that the bill widens the power of the secretary of the department to impose sanctions as a deterrent to future noncompliance rather than as a response to breaches. This is the big-stick approach and introduces an element of distrust and complexity into the legislation.

In 2007 there were around 2,872 residential aged care providers in Australia. Approximately 64 per cent are private not-for-profit, 26 per cent are private for-profit and the remaining 11 per cent are government providers. That means that almost 90 per cent of aged-care facilities are provided by private organisations. In the main, these organisations do a great job and they need to be encouraged and given opportunities to develop and expand their services. There is a simple truth that if there are fewer facilities for a rapidly ageing population demand, then many people will miss out. That is not the way to run an aged-care system. This bill will make some positive changes to administrative arrangements but the overarching result will be fewer facilities being built and a bleak future for the frail aged and sick. If governments want the private sector to invest in aged-care facilities and services there needs to be a serious look at the direction in which this bill is taking aged care.

I want to reflect on and reiterate a comment made by the shadow minister for ageing, my colleague Margaret May. She said:

I ... urge the parliament to consider the extent to which the additional and amended obligations proposed in the bill will affect the ability of industry to provide the high level of care that older Australians expect.

The opposition do not oppose this bill but we do have concerns. There are a number of matters that need to be addressed. The signs are that the aged-care industry is in crisis and much more work needs to be done before we can be satisfied that the legislation will address the very real needs of the industry and the ageing Australian community.

**Mr COMBET** (Charlton—Parliamentary Secretary for Defence Procurement) (4.41 pm)—I rise to speak on the Aged Care Amendment (2008 Measures No. 2) Bill 2008. I do take great pride, in fact, in being a member of a political party that has always looked after the most vulnerable members of our society, and that is why I am pleased to address the bill that is before the House today. In many respects the way that we treat our ageing and elderly citizens reflects on us as a society. As our demographics and population change in the coming years, with an ageing population obviously, it is imperative that we ensure that our elderly residents who are entering aged-care facilities are provided with the very best service and support. My own electorate of Charlton is an area where a lot of people retire to, particularly from Sydney, and there is quite a high proportion of retired people in the population in my electorate, many of whom are in aged-care facilities.

The Rudd Labor government has been working hard in this area. We know how important it is in aged care to ensure that the maximum support is provided to people. Today I would like to take the chance, in speaking to this bill, to outline some of the measures that the government has introduced to help support our aged-care residents and to also address the specifics contained in the bill.

The government and the Minister for Ageing have been busy in this area in the first 12 months of government. The government has worked to build the funding for aged and community care over the next four years to reach record levels of more than \$40 billion. In the first act of parliament that was passed by the Rudd Labor government changes were introduced to the funding of aged care in Australia which saw more than \$1.13 billion in additional funding for the sector over the next four years. In the budget the minister also announced that the government would provide over \$2 billion over the next four years through the conditional adjustment payment, or CAP, for providers to care for elderly Australians. This is twice what the Howard government had put into the CAP over the last four years. It brings the total Commonwealth investment in residential aged care subsidies to \$28.6 billion over the forward estimates. To put that amount into perspective, it was a rise of 1.75 per cent, from seven per cent to 8.75 per cent, of the basic aged-care subsidy. It can be seen that the government is serious about endeavouring to provide the necessary support in this area.

On top of that, the minister also announced in the budget that the government would be providing \$300 million in zero-interest loans to help the aged-care sector create the necessary number of beds in areas designated as high need. Also relevant to this area of policy, and to many residents in aged care, have been the actions taken by the government in relation to pensioners. In the budget, the government announced a number of initiatives to help assist pensioners and older Australians, and we are looking to do more. But the measures announced at the time in the budget included the increase in the utilities allowance to \$500 a year from \$107.20, the increase in the seniors concession allowance from \$218 to \$500 per year, the increase in the telephone allowance from \$88 to \$132 per year for those with an internet connection, and also the payment of a \$500 bonus to eligible seniors which included all age pensioners. Those are some of the significant measures which apply to many aged-care residents.



The government has also announced an investigation into measures to strengthen the financial security of seniors, including a review of the age pension, and this review is part of the government's wider inquiry into the Australian taxation system. I am very pleased that the government has taken this action and look forward to the findings of that report. It is something that I know that many of the retirees and senior citizens in my electorate are also looking forward to.

Not that long ago, I convened a forum within my electorate that was addressed by the minister, the Hon. Jenny Macklin, and the Treasurer, the Hon. Wayne Swan, and the members of my electorate who attended that forum made their views about this well known. But they also have made their views well known about the government's response to the Economic Security Strategy because—further to the measures that I alluded to that were included in the May budget—financial support has now been provided and will start to be paid in the next two weeks to pensioners, to carers and to seniors, in the form of a \$1,400 payment to singles, and a \$2,100 payment for couples. As I said, these payments will be delivered in early December, only two weeks away, which should ease some of the extra financial demands that occur at this time of year. These payments constitute an immediate down payment on long-term pension reform which we expect to emanate from the inquiry into the adequacy of the pension that I referred to earlier. Apart from all of these measures, the government is also continuing to improve the provision of services to those in aged care.

The purpose of the bill before us today is to amend the Aged Care Act 1997 and the Aged Care (Bond Security) Act 2006 to address current inadequacies in these pieces of legislation. It also aims to provide for an effective level of regulatory safeguards for ensuring high-quality care for older Australians. It does this by addressing changes in business structures that have occurred since the Aged Care Act was first introduced and which have meant that applicable regulations and scrutiny have not been equally applied to all providers. We need to ensure, for the quality of care, that uniformity in regulation.

It also strengthens the protection of residents' accommodation bonds, which often represent a lifetime of hard work and saving, through amendments to the current Accommodation Bond Guarantee Scheme. The bill also allows for a reduction of red tape for those applying for aged-care assistance, while also increasing the health and welfare protections for residents. So those, in general, are the provisions contained in the bill. I would now like to turn to dealing with each of those in greater detail.

The bill firstly addresses changes in business structures over the last 11 years, since the Aged Care Act 1997 was introduced. One of these changes has been the move in the industry from a situation whereby the owner of a facility was more than likely going to be the operator in an industry where the owner and operator may be distinct and operate separately. This has followed from a large increase in the level of investment in the aged-care sector from large corporate entities, management rights being then subcontracted. The current legislation does not specifically address these types of structures. This has led to a situation in which the relevant regulations have not therefore necessarily been applied equally to all providers. Amendments under this bill will ensure that the applicable regulations apply to both the owner and the provider of the accommodation, as was the original intention of the act.

Another similar inconsistency has arisen from these changing business structures, and that relates to the issue of related entities. Currently, large corporate entities can sometimes hide

behind complex corporate structures when applying for approval for an aged-care facility. Normally, upon application, the Department of Health and Ageing will conduct an assessment of the company's record in service delivery and its suitability to be approved to deliver the care in the future. However, the legislation as it currently stands does not allow for this examination to cover all related entities of a company, allowing some providers to escape scrutiny behind more complex corporate structures, whether they be deliberate or a consequence of the way a corporate entity and related entities may have evolved.

The changes under the bill will ensure that the department will be able to consider the record of related entities within a corporate structure when making decisions about approvals for a facility. These changes will help provide greater oversight and ensure that owners and providers are subject to the applicable regulations, as was intended. To this end, the bill also eliminates any confusion about which aged-care services are regulated by the legislation. The need for this clarification arises because some developers have placed aged care, retirement villages and disability or step-down care under the same banner. The clarification under this bill makes it clear that only aged-care services are regulated by the Aged Care Act.

The next area dealt with in the bill relates to the increased protection of residential accommodation bonds. As the minister noted in her second reading speech on 16 October, around 970 approved providers, which is about 75 per cent of all providers, held accommodation bonds with a total value of approximately \$6.3 billion. That represents a huge amount of the savings of those who are in residential aged care facilities. These accommodation bonds are often the product of a person or couple's hard work and their lifetime savings. It is therefore imperative that there be appropriate safeguards in place to protect those savings, which are held in the form of accommodation bonds.

In 2006, under the previous government, the accommodation bond guarantee was introduced. This scheme has the aim of protecting residents and their bonds in circumstances where a provider becomes insolvent or bankrupt. However, practice has shown that there are some loopholes in the protections provided, which are addressed by the bill before us. These amendments will therefore serve to increase confidence amongst residents and their families that their lifetime's savings will be protected, as intended, under this scheme. From my point of view, this is an extremely important part of the bill.

The next area I would like to refer to involves cutting the red tape that is involved in the current system for people seeking access to care. Currently, many ageing Australians are subject to increased waiting times as their assessment for eligibility for the provision of aged care takes place. This bill allows for a significant streamlining of the process through the reduction of much of the associated red tape. The minister will hold further negotiations with the states and the territories on this issue in an attempt to ensure that the amendments in this bill result in real improvements in the time line for the assessment of people waiting to enter an aged-care facility.

Labor is also committed to ensuring that care recipients receive the best health and welfare protection. To this end, the bill includes a reform package designed to provide for the safety and welfare of residents. Firstly, there is a system of increased police check requirements, which will help to ensure that people with convictions for serious offences such as murder, sexual assault and physical assault are not employed to care for older Australians. The strengthening of that requirement is an extremely important component of the security of

people in aged-care facilities. Secondly, there will now be a new requirement for providers to contact the Department of Health and Ageing when a resident is missing from a residence or has been reported as missing to the police. This will enable the department to take early action in reviewing the systems in place to ensure that all residents are as safe as possible.

Finally, the bill also makes clear that the department is to consider any action to be taken for breach of compliance of the relevant accountability principles in light of the threats to residents' health and welfare as well as the interests of current and future care recipients. A similar provision used to exist, but the amendments within this bill ensure that this is given priority status and that there is no ambiguity about its importance.

In conclusion, the Rudd Labor government is committed to providing residents in aged care with the support that they need. As the federal member for Charlton, I am acutely conscious of the importance of this. It is why I have chosen to speak on this legislation. It is also why the government has introduced greater funding, has increased financial support for the sector and is providing stronger regulation of the sector. I would like to congratulate the minister and the department on their work in the development of this legislation and on ensuring that aged-care residents continue to receive improved care.

**Mr CHESTER** (Gippsland) (4.56 pm)—I rise to speak in relation to the Aged Care Amendment (2008 Measures No. 2) Bill 2008. In doing so, I congratulate the member for Charlton on his thoughtful contribution to the debate. I also seek to highlight the need for a whole-of-government commitment to meet the challenges of our ageing population. There is a growing awareness in the community that providing for the needs of our ageing population is a critical issue for our nation's future. My electorate of Gippsland is following the demographic trends which have been recognised in a wide variety of reports. We have an ageing community and, with the continuing influx of sea-changers attracted to our magnificent coastal and country areas along with the Gippsland Lakes, the demand for services is expected to grow in the future.

Australia-wide, the number of people aged 65 and over is expected to increase from 13.4 per cent of the total population to 25.3 per cent in the next 40 years. In terms of the very old—those aged over 85, who tend to be the major users of aged-care services—the increase is equally stark, with a jump from 1.7 per cent to 5.6 per cent of the total population. I am reluctant to use too many figures when we are talking about aged-care services and the needs of an ageing population, because we would be wise to remember that each one of the about 150,000 people in permanent residential care is someone's mum, father, best friend, uncle or auntie. These are individual people that we are talking about, and providing the best possible care for them in their later years is a challenge that we must all embrace. They each have individual needs and expectations, and providing those quality services, particularly for the frail and aged, in the most appropriate manner to meet their individual requirements is going to demand more flexibility and innovative thinking from us as policymakers in the future. I think it will also require a recognition that a one-size-fits-all approach simply will not work, particularly as it applies to regional areas. We will need to have more flexibility in funding and service delivery arrangements to meet the needs of different communities throughout Australia.

I believe that aged care is an issue that must be above party politics. In my early days in this place I do despair at times at the lack of genuine bipartisanship on a range of issues. In desperation to destroy the legacy of the previous government, the current administration is

prone to overblown rhetoric about the achievements of the past. It is foolish and quite juvenile for members to claim the Howard government ignored the needs of older people or failed to do anything to improve aged-care services. But, equally, it is foolish and juvenile for members on this side of the House to suggest that everything has been destroyed in just 12 months. I think the two propositions are ridiculous and hold no weight in the wider community. People are looking for results from us and not endless bickering on such an important issue. The Howard government did make some significant improvements to aged-care services. It is up to the current government to build on them and to look towards the future challenges rather than focus on the past.

The Productivity Commission released a research paper in September this year titled *Trends in aged care services*, and it makes for very interesting reading, to say the least. The commission effectively sets out the challenges ahead for the government and it has found that there will be many more older Australians requiring the provision of aged-care services in the future. The models for providing those services will need to change to reflect the expectations and demands of the next generation of older Australians. The aged-care workforce will need to expand to meet the increased demand, and governments will need to ensure that the profession is well trained and suitably paid to attract workers in the future. I do not seek to be an alarmist on this issue, but I am concerned that our aged-care system is not well placed at the moment to meet all of those future challenges.

The Productivity Commission has highlighted many other concerns. The changing pattern of disease among the aged is expected to increase the proportion of frail and older people. As medical advances are made we can expect to live longer, often despite the existence of more than one serious health condition. The health needs of these people will become more complex and the training required to manage those conditions will become more onerous. The oldest and frailest will increase in number and it will require additional facilities and resources to provide care. Mr Deputy Speaker—without wishing to reflect on you at all—we all have a vested interest in ensuring that care is well organised for us when we get there in the future.

With the increase in the aged population, I think the natural tendency for people to remain in their own homes will continue to rise, and the range of services that will need to be provided will increase accordingly. We need to be planning now and taking positive action and the practical steps required to meet that increased demand. Our approach to the ageing population will require a whole-of-government response across every agency. There is no room for cost shifting, buck passing or the blame game when it comes to providing care for older Australians. I think all levels of government have a role to play and all departments need to be conscious of the needs of an ageing population and need to make their services, if you like, age friendly.

Those needs will naturally vary according to locations around Australia. If I may, I will speak for a moment about the electorate of Gippsland and the aged-care needs of my community. If we begin with the starting point that the overwhelming majority of older people seek to remain in their own homes for as long as possible then we need to provide services to allow that to happen. Gippsland has many rural and remote areas, and I accept that it is often difficult to provide services in parts of those types of electorates. Having said that, I also note that it is far more expensive to provide full-time residential aged care than it is to deliver services

that allow people to remain in their own homes for longer. As long as it remains safe for them to do so, we need to provide services to allow people to enjoy their later years in their own homes.

If possible, older Gippslanders need to have the option of remaining in the community that they love, the community where they may have friends and family who are close at hand. This may require more innovative solutions to local problems. For example, public transport services are virtually non-existent in many parts of my region and in other parts of rural Australia. If we are going to encourage older people to hand in their driving licences when they become less capable of handling a vehicle then we will need to provide some form of alternative transport. Normally, it has not been seen as a federal government responsibility but our state governments have not always done their job in this regard. We need more frequent, flexible and more diverse public transport options to support older people in their communities. Community buses which have the flexibility to pick up and drop off at residential addresses may need to be funded, particularly in regional areas, through possibly liaising with the existing taxi industry or through better use of department of education funded school bus contractors.

Better servicing of our smaller regional communities will also demand consultation with the local centres. I am a strong believer in developing local solutions to local problems. We need to draw on that local knowledge; we need to draw on the practical experience and the common sense of people who live in these communities and engage them in the development of ideas and service delivery that will suit their community needs.

Public transport is just one of the issues facing older Gippslanders. We also need to support our carers, who are saving our nation a king's ransom by caring for family and friends. The selfless work of carers needs to be better recognised and better supported in the future. It is often older women who take on the caring role, doing an outstanding job caring for partners or older relatives with only limited support from taxpayers. I was heartened to read recently that the Prime Minister is considering a new superannuation scheme for carers. We need to remember that these carers find it almost impossible to hold down full-time jobs. They are not in a position to make a contribution to their own super and when they reach retirement age—if they are not already there—they do not have the financial capacity to look after themselves. So I endorse the position taken by the government in this regard and I encourage the government to continue exploring opportunities to assist carers.

The recent announcement of a one-off bonus payment as part of the \$10.4 billion economic stimulus package will be well received. I am surprised that, with a lump sum payment such as that, the government has not provided financial guidance for some people who are perhaps not used to receiving such a significant amount of money. Some families will receive \$4,000 or \$5,000 in one lump sum. It might be worth while in the future, if we provide those types of packages, to provide some extra support and guidance in the community to assist people in ensuring that they use the funds as wisely as possible.

In relation to pensioners and carers it strikes me as a bit bizarre that the government could never justify this payment as a matter of pure social justice but, when we have an international financial crisis, it is justified on an economic basis. Having said that, I note that I have consistently supported the provision of extra support for pensioners, carers and people with disabilities—certainly during the Gippsland by-election campaign and since then. I think the

member for Charlton in his contribution referred to a down payment on long-term pensions reform. It is a much needed reform right throughout Australia and, I would imagine, it will have the support of both sides of the House in the future.

The need for better support for carers, including increased opportunities for respite, is a critical issue, particularly in regional areas and particularly if people are to have the capacity to remain in their homes for longer. There are already some excellent examples of service delivery directly to the home, and the district nurses who work throughout Gippsland are a classic illustration of my point. I had the personal experience in recent times of my father being terminally ill with cancer. The palliative care provided by the nurses in our family home made it much more comfortable for my father to be among family and friends at the time of his passing. The demand for these types of services in a compassionate home environment will only increase in the future. We need to be ready for it and we need to be training the staff and making sure they have support for what is a very stressful job.

One step removed from carers is the army of volunteers who are directly involved in providing aged-care services in our community. The Productivity Commission has rightfully acknowledged that volunteers will continue to play an important role in the provision of aged care. The commission noted that the potential pool of volunteers is actually expected to increase in the future. The challenge for aged-care providers will be to compete for volunteers and utilise them effectively. As the baby boomers age, we can reasonably expect to have more people in a position to volunteer their services. Although many of the boomers are in a better financial position than the previous generation, the cost of volunteering is an issue, particularly in rural and regional communities. For example, putting fuel in your car to assist with Meals on Wheels can be very expensive in some of our rural constituencies where there are routes of several hundred kilometres. We need to recognise that the goodwill of those volunteers can only extend so far, and reasonable reimbursement of expenses is something that I believe will be sought by volunteers in the future and be appropriate in many circumstances.

In terms of residential aged care, I believe the professional workforce remains a critical link. Without a well-motivated, well-trained and caring workforce, everything else will fail. From my experience in Gippsland, the workforce in the aged-care sector is doing a remarkable job in often very trying circumstances. As a new member of parliament, I have not actually visited every aged-care provider in my electorate, but I have been to several of them and I am endeavouring to get around to the rest of them as soon as possible. I have visited facilities in Sale, Maffra, Heyfield, Traralgon and Morwell. Without exception the staff have impressed me with their professionalism and their compassion for the people in their care. Theirs is not an easy job by any stretch of the imagination. They are confronted on a daily basis by the emotional and physical challenges of working with people who can be very frail or who are suffering the effects of dementia and other conditions. The people they look after do not always appreciate the work that they do, but I can assure them they are extremely valued in our community. The aged-care workforce in Gippsland often goes the extra mile to provide a happy home for the people in their care. I recently attended the AGM of the Sale Elderly Citizens Village, or Ashleigh House, as it is better known to the locals. A highlight of the meeting was the presentation of the staff long service awards for 10, 15, 20 and even 30 years of service. These are dedicated, hardworking staff who are making a difference in their daily roles.

It is with some hesitation that I note the bill provides for all staff to undergo police checks before working in aged-care facilities. I understand, of course, the motivation for these tough measures and I fully endorse the sentiment that the care and safety of residents must come first, but it gives me a vague feeling of unease that we live in a society of such distrust that such measures are deemed necessary. The Minister for Ageing in her second reading speech also spoke about a tougher enforcement regime, including an increase in the number of unannounced visits. We are right to have a tightly regulated aged-care sector with strict standards, and these accountability measures are an important aspect of the industry. Family members and friends must have confidence in the residential aged-care sector, and they need to know that their loved ones are safe and are being well cared for. Having said that, I also say that we need to make sure that families are not unduly alarmed when breaches are detected.

We had the recent experience of the Department of Health and Ageing imposing tough sanctions on the Lakes Entrance Aged Care Facility in my home town in East Gippsland. I would like to acknowledge the minister's willingness to liaise with my office and to keep me informed on the situation. In small towns, where everyone tends to know everyone else, loose comments can be misinterpreted and may reflect poorly and unfairly on the staff involved and cause enormous stress within the community. I think the need for accurate and open dialogue in these situations is obvious. I do not wish to pre-empt what may occur in the future in relation to the future ownership of the facility in Lakes Entrance, but I simply make the point that it is highly regarded by the local residents. They are extremely keen to see the Lakes Entrance Aged Care Facility remain in place in the future. Naturally, the health and safety of the residents will be of paramount importance in that endeavour.

As I mentioned at the outset, meeting the needs of the aged-care workforce is one of the biggest challenges we face going forward. Retaining and attracting quality staff will demand more competitive rates of pay in the future and will also demand improving the work environment as much as possible. Although we are forecast to enter a period of increased unemployment, in the longer term we can expect a tighter labour market. There will be great competition among professions for a well-trained workforce. The aged-care sector must be in a position to offer its staff a reasonable salary with good working conditions and the opportunity to obtain the necessary training and qualifications for a successful and rewarding career.

The Minister for Ageing recently announced increased funding for aged care, and that is a good thing. It is claimed that 7,700 training places will be provided over four years for aged-care and community care workers, at a total cost of \$41 million. As long as no-one pretends that we have solved the problem, this should be viewed as a step in the right direction. More steps will be needed in the future, particularly in relation to the financial viability of the aged-care providers.

I refer to the Grant Thornton aged-care survey, which examined the changes that have taken place since 2004 and received feedback and financial data from 700 nursing homes and hostels. Among the key findings was the statement that the average return on investment for modern single bedroom facilities was approximately 1.1 per cent. It is a major area of concern when you consider that consumer demand for increased privacy has led to the expectation that modern aged-care facilities will provide these types of rooms. I have visited many of the older facilities in my region and it is abundantly clear that people are expecting a single bedroom facility and a separate ensuite. The rooms that we may have built in previous decades do not

necessarily meet the current demands in many cases. That does not reflect on the standard of care by any sense—the service provided by the staff is still outstanding. But there is an expectation that new facilities need to be built in the future to meet the demands and the needs of the ageing population. The increased cost of construction will also be an issue. It is hard to see the private sector getting too carried away about returns of 1.1 per cent per year.

There are also a couple of other points that I would like to make in this regard in relation to the bill. One is the need to consider the rural, regional or remote subsidies in the future. I fear that the smaller residential aged care providers may be financially unviable in the future. In small country towns, there is not going to be the demand to build bigger or more financially viable aged-care facilities. The government is going to need to address this issue in the future if we are going to be in a position to offer residential aged care in the smaller country towns that I have talked about. People may have lived their entire lives in those small country towns and may desire to stay there in their later years.

I also want to raise the point that others, including the member for Greenway in her contribution, have raised in relation to the assessment of care needs and the ability to make payments to aged-care providers retrospective. I understand that there is often a time lag after the assessment of whether a person needs low-level or high-level care. If a provider accepts a resident in low care and then is required to provide a much higher level of care, and if the assessment that they need high care is then backed up by an independent team, it is reasonable for the provider to be given retrospectively the higher rate for that period of care. In the interests of financial viability and the quality of service, it is important for the government to address this issue going forward.

The not-for-profit sector faces even bigger challenges when it comes to accessing funds for upgrading facilities or building new facilities. As the Thornton survey found, the not-for-profit sector has indicated that its deteriorating financial position has necessitated more commercial policies in relation to residential aged-care admissions. There is a concern that this approach has come at a cost to the financially and socially disadvantaged people in these programs. Many of the most socially and financially disadvantaged people live in rural and regional Australia. This is obviously a huge issue for regional communities like Gippsland that have a relatively low socioeconomic status. The survey found that the average anticipated building cost for new facilities was \$176,000 per bed, excluding the land costs. This compares to the estimated cost of less than \$85,000 per bed just five years ago.

My comments are not intended to blame or attack the current government. It is just a matter of highlighting the fact that we are facing some very real problems in relation to aged-care services in our nation. For my part, I have written to the minister to flag the concerns of my constituents. The issue of the conditional adjustment payment, or CAP funding, is a major concern for providers in my electorate. In response to the Hogan review, the previous government increased funding by \$877 million over four years to provide additional financial assistance to residential aged-care providers. In this year's budget, the current government increased the level of CAP, with the intention of providing an additional \$407 million over four years. The providers in my electorate are telling me that this funding should be rolled into recurrent funding to give them more certainty in planning for the future. I understand that a review is underway and I strongly urge the minister to respect the views of industry in relation to those concerns about continuing financial viability.



I am an optimist by nature and in closing I would like to reflect on a few of the very positive initiatives that have occurred in the aged-care sector in my electorate. Just recently, I had the opportunity of officially opening the new St Hilary's Nursing Home in Morwell. It provides accommodation and care for 51 Latrobe Valley residents and is a magnificent facility which is being provided by Baptist Community Care. There was a great deal of concern five years ago that the local community might lose St Hilary's, and I am pleased to report to the House that the new facility is now up and running and is a credit to management and staff.

Likewise, I recently visited the Dalkeith facility in Traralgon, where there is a \$50 million project underway to construct 154 independent living units alongside the existing nursing home. The first stage of 25 independent living units is well advanced, and the end result will be a village that provides a great lifestyle for people aged over 55 years. Its location, alongside the Dalkeith aged care facility, will be particularly attractive if a situation develops in the future where one partner requires a higher level of care than the other. I think it is these types of innovative solutions, which are being driven throughout regional areas, which will need to be supported by the government in the future. The village will be well equipped to help people remain in their own homes longer, and I am confident that this concept is going to be embraced by Gippsland residents who want the comfort of their own home and the security of living close to their friends and support services.

I also recently visited the new Heritage Manor in Maryvale Road in Morwell. It is another magnificent facility, with the potential for up to 95 beds. I understand that an application is pending for additional beds, and I will certainly be supporting the providers who have made such a major investment in Morwell.

Looking after the frail and the aged is a community responsibility, and I urge all members to work in the spirit of bipartisanship to achieve the best possible outcome for all Australians.

**Mr SIDEBOTTOM** (Braddon) (5.15 pm)—I acknowledge the very positive contribution from the member for Gippsland. He may be interested to know that most of the economic and social indices studies of Gippsland and Braddon are very similar indeed. He mentioned, very rightly, at the end how his community is trying to come together to deal with some of the serious issues that are facing the aged-care industry, particularly the not-for-profit sector of it. I share with him that I have been working with my community to start to develop a regional model for aged care to try and look at how they can better and more efficiently support each other and, at the same time, retain the financial viability which is so necessary. I am more than happy to share that with the member at a later time.

Member for Gippsland, I also acknowledge that you made reference to the Minister for Ageing for her positive communications with you. The minister has always been very positive in her communications with us. She came to visit us. She met with all the providers and representatives of the industry in my electorate. I was very pleased with that. And I know that she is very determined to try and deal with what is a very complex area. I do not think any of us deny that. And I quite agree with you: the blame game is not going to solve this. We have to get on with this. The legislation before us today, the Aged Care Amendment (2008 Measures No. 2) Bill 2008, is an attempt, in part, to be able to do that correctly and to fix some anomalies that needed to be fixed. So I do thank you for your contribution, and I am more than happy to discuss our communities, which obviously share a lot in common.

I would like to start that way, because I think it is really important that, as the member for Gippsland quite rightly said, we are talking about people and, most especially, our aged community. I would just like to look at some of the statistics with you, Mr Deputy Speaker and colleagues, if I may, to highlight the challenges that face all our communities, particularly in regional Australia. Metropolitan Australia, through its critical mass, is able to have access to persons with greater funds, in order to deal with some of their issues. I know that there are many who cannot. But in regional Australia it is particularly difficult, particularly as we rely more and more on not-for-profit organisations.

I will give an example from my own area of the Cradle Coast. It is slightly bigger than Braddon and involves nine major municipalities, with a population of around 100,000. There are 16 aged-care providers, and the majority of those are not-for-profit. And each one tells me that, as much as they try, with all the best will in the world, financial viability is really a problem, as is attracting and retaining staff. I reckon that if, as a group, we were to sit down and, with common sense, start to look at the roles that are required of trained nurses, and at creating an intermediary nursing qualification for the aged-care industry, we would help them a great deal with this. We also know that they are burdened with red tape, with over-regulation. This bill attempts to tackle some of that—although some argue that it is just adding to it. But it is trying to deal with the anomalies. We have to look, as a group, at the areas of massive red tape and of accreditation; there is no doubt about it. And, of course, for these people, keeping the wolf from the centre door is really going to be an issue.

We have to look at how to best fund the aged-care services that we need. There are some words that some people do not want to talk about. The 'b' word is an example—the bond word—and other means of funding these very vital and much-needed services. We have to look at this. Some members were perhaps suggesting that these issues started with us. We all know that is silly. We have got to get on with it; we have got to have much more substantial reform, but this is the beginning from our point of view.

I would like people to note that over the next four years \$41 billion—a record amount, which means that there are more who need it—is dedicated to aged care and community care, with \$28.6 billion of that for residential aged care alone. Our greatest aim is to help people to age gracefully, productively, fruitfully and enthusiastically in their homes. But at some stage there are those who will take the option of residential care. That, of course, is changing. The nature of residential care is going from low care to high care. That is where the cost is but, unfortunately, the options to fund this are limited.

Just out of interest, 35.8 per cent of people in my electorate are 50-plus; 28 per cent are 55-plus; and 7.6 per cent are 75-plus. I suggest to you—and I am sure this would be reflected in Gippsland and other rural areas—that there is a tremendous demand coming for residential aged-care and community care services. It is huge. The Productivity Commission research paper *Trends in aged care services: some implications* is worth looking at. It says that, in 2007, there were around 2,872 residential aged-care providers in Australia. Of these, approximately 61.4 per cent are private not-for-profit; 26.9 per cent are private for-profit; and the remaining 11.75 per cent are government providers.

Speaker after speaker has pointed out that the aged-care industry has undergone significant change since the enactment of the Aged Care Act in 1997. A recent report by Grant Thornton, *Aged care survey 2008*, notes that the number of people receiving subsidised care has doubled

between 1997 and 2007. In addition, the nature of the aged-care industry has changed significantly. Some say it has gone from a cottage industry to a multidisciplinary, multifaceted industry. It is enlightening to look at some of the other statistics associated with the industry. We know that the Australian population is ageing. Currently older Australians, aged 65 years and over, make up 13.4 per cent of the population, or 2.8 million, or one in seven Australians. The Productivity Commission report which I mentioned estimates that, by 2050, one in four Australians will be aged 65 or over. As individuals age, some form of assistance with personal and everyday activities is usually required. The latest available data indicates that 32 per cent of those aged between 65 and 74 years, and 86 per cent of those aged 85 and over, require some form of assistance. Consequently, there has been an increase in the number of people seeking to access aged care—whether it be in their home or in residential care.

A further trend relating to an increase in the number of people seeking to access aged care is that family structures have changed. The family unit may no longer be a primary source of aged care for increasing numbers of people as it has been in the past. That is a demographic and sociological fact. Another emerging trend is that people are entering residential aged care requiring a higher level of care, which I mentioned earlier. That is a highly costly service to provide, yet service providers have less ability to ‘charge’ for that service than they do for low care. That is an issue we have to deal with.

The legislation before us provides a regulatory framework for Commonwealth funded aged care, with the core objective of the legislation, as the minister has made clear on several occasions, being the protection of the health, wellbeing and interests of care recipients. The bill is part of a package of reforms designed to ensure that the approximately one-quarter of a million frail older Australians who are either in residential care or receiving community care services in their home receive high-quality care, that the often significant sums of money paid by care recipients are managed responsibly and that the regulatory framework is robust. I do not think any of us disagree with those objectives.

In the decade since 1997, when the Aged Care Act first came into effect, the industry has matured significantly and changed in nature. The setting is significantly different in 2008. The sector is evolving from a typically one-site, one-service cottage type arrangement to multisite, multistate and multiservice operations using complex financial and legal arrangements. The 1997 act as it is currently written does not scrutinise these complex corporate structures to the same extent as it does the business model that existed when the act was first developed. I like robust discussion. I think it is very important to have that and to have contrary views. I myself might have some contrary views! But it all goes together to hopefully search out sensible answers and sensible policies. I was particularly interested in Aged and Community Services Australia’s submission in response to the legislation—a democratic right that they exercised—particularly in relation to the changes in the aged-care sector. I would like to share those with you, because I think they complement the intention of the package and maybe add some things for us to consider.

They reinforce the fact that almost two-thirds of services are and have always been provided by not-for-profit organisations. The corporatisation of aged care is still not as extensive as some would think, but it is a trend. Unless financial viability surrounds these not-for-profit organisations, I can assure you that either the corporate profit sector will move in or we will

not have any services. Then it will be incumbent upon communities or the government to do something. ACSA writes:

These range from large church or community-based charities, who have operated multi-site and multi-service aged care services for several decades, to small, often rural services - supported by the input of social capital by local communities. The changes in ownership patterns described by the Minister are characteristic of the minority for-profit component of the industry but not of the industry as a whole. Nonetheless the Bill's intention of keeping up-to-date with changes in private ownership and management structures is acknowledged and supported.

The amendments proposed reflect these and other developments in the sector, which I have mentioned, and are intended to ensure that the regulations keep pace with further industry developments. Technically, the bill amends the Aged Care Act 1997 and the Aged Care (Bond Security) Act 2006 to address current legislative inadequacies and maintain effective regulatory safeguards to ensure high-quality care for older Australians.

When the aged-care legislation was developed in 1997, the typical business model adopted by aged-care providers was one whereby the owner of the facilities also operated the aged-care facility. The regulatory framework reflected the 'cottage' nature of the sector as it was then. In recent years, a different model of aged care has emerged, one in which the owner and operator of a facility have distinct roles and responsibilities and may function quite separately. The last decade has also seen a significant increase in the level of investment in the sector from large corporate entities, as I have already mentioned. The regulatory framework has not kept pace with this shift in business practice. This lack of consistency between the regulatory framework and contemporary business practice means that the regulations have not been able to be applied equally to all approved providers regardless of their corporate structure.

The shortcomings of the existing regulatory framework are varied, impacting upon care providers, care recipients and the broader community. Under the current regulations there is limited capacity for the Department of Health and Ageing to consider the record of 'related entities' when making decisions about approvals which unnecessarily and inappropriately limit the ability of the department to make an informed assessment of a company's record in service delivery and its suitability to deliver care in the future. The bill addresses this issue to provide better protection for residents and promote public confidence.

I note again that Aged and Community Services Australia cite in their observation of this point:

The potential for complex corporate structures to dilute responsibility for flaws in operational or financial performance is a risk shared by all service providers - by association in terms of risks to the reputation of the industry; and more concretely in terms of the measures introduced by the previous Government (the Accommodation Bond Guarantee Scheme) that would seek to recover bad debts incurred by one provider from the rest of the industry, notwithstanding their complete separation from any actions that may have resulted in such bad debts. Care will be needed however to prevent 'considering the record of related entities' becoming 'guilt by association' and being used inappropriately in support of compliance action.

It concludes:

Transparency of decision-making is essential to prevent this.

Similarly, under current arrangements, those pulling the financial strings may not currently be considered key personnel for the purposes of regulatory scrutiny. Amendments to the range of

people considered to be key personnel of an approved provider will ensure an inspection of those pulling the financial strings and the relevant provisions applied consistently to approved providers.

Another feature of the sector in 2008 not envisaged in the 1997 legislation relates to the provision of a broad range of aged-care services within the one facility. Increasingly, developers are putting aged care, retirement villages and sometimes disability or step-down care all in the same development—naturally enough—giving rise to uncertainty relating to the regulatory reach of the act. Changes to the regulatory and administrative framework will clarify that only the aged-care services are regulated by the act. This provision was also raised and supported by ACSA in its considered submission to the bill.

In recent years, there has been significant growth in the value of accommodation bonds held by aged-care providers. Out of interest, as at 30 June 2007 around 970 approved providers—that is, 75 per cent of all approved providers—held accommodation bonds, with a total value of \$6.3 billion. It is obviously extremely important in terms of consumer confidence, and to maintain and increase the level of corporate investment into the sector, that the regulatory framework that governs these financial arrangements is as robust and as current as possible. Changes will ensure that any accommodation bonds or like payments that have been paid by care recipients for entry into aged-care services are fully protected under the Accommodation Bond Guarantee Scheme—or the guarantee scheme, as it is called—and that residents in similar circumstances are accorded similar protections. Since the introduction in 2006 of the guarantee scheme, which guarantees the refunds of bonds in the event that an approved provider becomes insolvent, experience has highlighted some areas in which the protections for residents could be strengthened. The bill therefore amends both the act and the bond security act to improve the operation of the guarantee scheme.

There are other issues related to this bill that I could comment on, but I would like to finish by saying that we do indeed have a major challenge in how we deal with providing aged-care services in our community both now and into the future. I think we need a lot more flexibility in the way we look at some of these solutions. I think we need a lot more consultation, particularly from providers. I am looking forward to working with the minister to develop a regional model, which I hope can be replicated throughout the rest of regional Australia, where our providers can retain their identity—because that is absolutely crucial in not-for-profit, community based aged-care services—where we look at the red tape involved and where we protect residents in a cooperative manner with the agencies that are required to do the accreditation and the spot checks. I want to thank the 16 aged-care providers in my community for the terrific work they do. Those individuals have been advising me and seeking clarification on aspects of our policy throughout. I am very pleased to have contributed to this important discussion on legislation affecting the aged-care industry.

**Mr COULTON** (Parkes) (5.36 pm)—It gives me great pleasure to speak on the Aged Care Amendment (2008 Measures No. 2) Bill 2008 as the aged-care industry and the issues relating to aged care are very important in my electorate, as they are in all electorates. I acknowledge the contribution of the member for Braddon. I was listening to him, and prior to him the member for Gippsland, and what came to mind was that aged care is a great leveller: we can live anywhere in this wonderful country, having had different occupations, different levels of

wealth and different political views, but aged care pretty well brings all Australians to the same level. The issues that our old Australians face are universal right across the country.

It is highly important that, as representatives of our electorates, we do everything we possibly can to ensure that adequate aged care is in place for our residents. One of the things that we need to be aware of is confidence in the industry. At the moment, the industry is not feeling so confident; they are looking at issues of the future, with a growing bubble of people needing aged care. A friendly word of warning to the member for Gellibrand, the Minister for Health and Ageing: she needs to be careful that her words in her role as minister show her as an advocate for the whole of the industry, unlike the unfortunate statement she made some months ago when she said that her former role as a police officer stood her in good stead to scrutinise aged-care operators. The minister has a structure in place and people who are well qualified to undertake these spot checks. I suggest she remove herself from that level of scrutiny, because the aged-care industry and the staff are looking to her as an advocate for the industry rather than as a sheriff looking over their shoulder.

I would like to acknowledge many of the wonderful aged-care facilities in my electorate. The Naroo Hostel is in my hometown of Warialda, and that is where I cut my teeth on issues relating to aged care when I became the mayor of Gwydir Shire four years ago. Naroo is owned by Gwydir Shire, and it certainly gave me a great understanding of the complexity of aged care. It is with pride that I look at it now. Naroo has had an extension of another five beds. My father was the founding chairman of the committee that started the fundraising and initially built the Naroo, and earlier this year, prior to his passing, he was a resident there for some time, so he got to experience the benefits of his hard work in previous times.

In a vast rural electorate such as mine, aged care is very important, and it is very community specific because of the distances between towns. There are some magnificent facilities in my electorate, such as Fairview in Moree; Alkira Hostel and Lundie House in Gunnedah; Koonambil in Coonamble; and Pioneer House in Mudgee, where I had the great honour of opening extensions earlier in the year. They all do a magnificent job.

One that I would like to mention as a standout is Cooee Lodge in Gilgandra. The Gilgandra community have used aged care as a method of drought-proofing their community. They showed great foresight some years ago as they picked the changing trends in aged care. Now they have a magnificent facility for a town of 2,000 people. They have individual accommodation units, a hostel, a dementia wing and, associated with the MPS, a nursing home facility. People go into the individual units at quite a young age and become acquainted with the staff of Cooee Lodge, and eventually, as they age, they progress through the different facilities there.

Cooee Lodge was one of the first to recognise the changing face of aged care. The fact is that, with facilities that were built 15 or even 10 years ago, there was a focus—and the member for Braddon alluded to this—on hostel type accommodation. But with the increase in home care packages, older people stay in their homes for longer. The need for hostel accommodation is very much reduced. There is a much greater need for accommodation for high-care patients and nursing home patients. This is causing some problems right through the industry. The fact is that, for a lot of people in this hostel type accommodation, as they wish to move into high-care beds it is very expensive to change the facilities, to get them up to that accreditation level. They were built in a different time, and now we expect higher standards

for our residents. Many of these places have to have doorways enlarged and ensuites installed. In some cases, unfortunately, it is cheaper to demolish what is quite a substantial building and start again because of the accreditation and the changing face of aged care. We are going to have to address this problem as we go along.

The other issue is the fact that residents going into high-level care do not have to pay a bond, whereas in hostel care there is the responsibility of paying a bond. I think nearly all of the facilities in my electorate are run by not-for-profit organisations. Corporate aged care has not reached my part of Australia. Many of these facilities were founded on the idea of bond-paying residents and now many of them go in there without the responsibility of paying a bond.

Previous speakers have alluded to the issue of bonds. In my electorate, they range from \$25,000 to \$270,000. There do not seem to be any guidelines to base this on. Where you have a small aged-care facility like the one in Walgett, with 10 beds, the community out there is really struggling with how they are going to keep that going. Obviously with that number of beds it is not viable. There is a possibility that the Whiddon Group of homes may, in a benefactor role, come in and take it over and expand it. But the issue is that, if you are in Walgett and you need aged care for your partner or your parent and it is not available in the town, if you have to go to Dubbo it is 2½ to three hours drive. If you have a husband or a wife needing aged care, that is virtually separating people who have been together for 50 or 60 years. It is terribly traumatic. So, even though smaller communities struggle to have a viable aged-care facility, we in this place need to make sure that we put in adequate funding and support so that they can have aged-care facilities, to keep their elderly people in the community where they belong, where they can have their friends and family around them.

One of the biggest issues at the moment in the aged-care industry in my electorate is the issue of the aged-care assessments—that is, ACAT assessments. There are a couple of issues with those ACAT assessments. One is that the New South Wales government has pulled back on its funding—the state governments fund the ACAT assessors—so there are not many of them on the ground. You have got to understand that an aged-care patient's condition can change at such a rapid rate that an assessment needs to be done very soon because they will quite often undergo an episode of ill health or some sort of trauma and so they need assessment in order to be given the appropriate accommodation and financial support.

Another of the issues is that there is up to a six-week lag to get a patient assessed. Also, quite often the assessment is very much on the cautious side and we are having many people assessed as needing low care or hostel care who very quickly go into that high-care bracket but unfortunately the provider is only receiving funding for a low-care patient. Quite often they will have someone there for several months on \$34 a day, which is the low-care rate, compared to \$160 a day, which would be the rate for the high-care assessment. This is causing enormous financial strain on these facilities. That is something that needs to be addressed quite soon. That has been brought to my attention by many of the assessors. I was speaking to the managers of Coinda Lodge in Coonabarabran only a few months ago and they mentioned that.

This legislation extends the power to the secretary of the department of health to determine accommodation bonds. That concerns me. I think that that should be left in the hands of Centrelink as an independent body. The opportunity for conflict in having the department assess-

ing these bonds is certainly a backward step, and I would encourage that this stay with Centrelink.

With the bonds and the financial situation, I feel that there are quite a few people in my electorate that are in need of aged care but their families are reluctant to go that way because they feel that they may have to sell the home that they may have had hopes of inheriting on the passing of their parent. Unfortunately, for less than honourable reasons, they are encouraging their loved one or relative to stay at home when they really need to be obtaining care somewhere else.

Also, I have a very large Aboriginal population in my electorate and the issue of aged care within the Aboriginal community is very complex. In Gilgandra we have an Aboriginal specific aged-care facility, and it is grossly underutilised. The culture of the Aboriginal community of keeping their family close and also the financial ramifications of losing an elderly relative out of the family unit and the income that they would bring in mean that virtually no-one is utilising this facility. It is a very complex issue and we really do need to address the issue of the ageing of the Aboriginal community and how we can best meet their needs.

The other issue is the ageing of people with disability. People with disability age at a much faster rate, so they age much earlier. Quite often the people with disabilities have lived in a group home or in supported accommodation and their families are their friends—the people they have lived with for many years. Quite often, by the time they need aged care their parents have passed on and they have no immediate family.

There is no age-specific accommodation for people with disabilities. I have been working with Westhaven in Dubbo trying to come up with a solution and I was very pleased that the Parliamentary Secretary for Disabilities and Children's Services, the Hon. Bill Shorten, came out a few months ago and could see for himself the need. One of the complexities is that aged care is the responsibility of the federal government but disability services are the responsibility of the state governments. Unfortunately, when you have an issue that crosses the state and federal bounds it is very hard to get it up. I am determined while ever I am in this place to pursue the concept of ageing in place because it is very distressing for these people, having lived in supported accommodation or a group home for many years, to have to go to an aged-care facility where they feel very uncomfortable with unfamiliar circumstances and do not have a lot in common with the other residents. Sometimes I think we are going to have to step out of our squares of government responsibility and, with great will, try to come up with a solution to help these people.

The other issue that has been mentioned is the aged-care bubble that is coming our way—the baby boomers that are going to hit the system in 15 years time or less. We on both sides of the House are going to have to address that because it is going to happen faster than we can adapt to it.

The other issue is that of the staffing for these higher numbers. I would like to put in a plug for the aged-care staff because they are the unsung heroes in our society but, unfortunately, they themselves feel that they are the poor cousins in the healthcare industry. There is very little recognition of them in the wider community. I would also suggest to the minister that she perhaps place a little more emphasis on the morale of the staff in aged care, They are highly educated—their accreditation levels have always been on the improve and they are undertaking continuous education—but possibly the thing that sets the aged-care staff apart are those



personal qualities, such as their caring qualities, that enable them to work so effectively with older people. I see, as I am sure every other member here does, these wonderful people who go to work in aged-care facilities in sometimes very trying circumstances, particularly in dementia wings and places like that. But they have a feeling that they are the poor cousins, and we need to acknowledge the skills that they have and their qualifications and we as a community need to give them far more support than we do at the moment.

I will conclude on that note. I think that this bill addresses some of the issues that we confront at the moment. I have highlighted that we need to adapt to the future. I would also like to acknowledge that the aged-care legislation that we have been operating under for the last 11 years has done a very good job but, unfortunately, I believe that it has run out of puff and needs to be updated. But this bill, I think, is only going to be a stopgap measure. We are going to have to continue to evolve to attend to our aged-care needs in the future.

**Mr NEUMANN** (Blair) (5.54 pm)—I speak in support of the Aged Care Amendment (2008 Measures No. 2) Bill 2008. I do so because I think it is a sensible piece of drafting and it is important that we amend the Aged Care Act 1977 and the Aged Care (Bond Security) Act 2006. These acts set the framework for funding for aged care in Australia. As the Minister for Ageing said in her second reading speech:

The bill is part of a package of reforms designed to ensure that frail, older Australians who enter in residential care receive high-quality care, that the significant sums of money paid by care recipients are managed responsibly by the aged care provider, and that the aged care regulatory framework is robust.

We have certainly seen an enormous evolution in aged care and the challenges that we face are enormous. In the next four years the Australian government will provide more than \$40 billion in funding to aged care and community care, including more than \$28.6 billion to nursing homes and hostels. Earlier this year the Minister for Ageing met with the Queensland Minister for Communities, the Minister for Disability Services and the Minister for Multicultural Affairs, Seniors and Youth. The Australian and Queensland governments reached what I would describe as a historic agreement to provide record funding to support services for vulnerable Queenslanders, particularly assistance for Meals on Wheels, community transport and help at home.

Queensland HACC has assisted more than 159,000 people in the last financial year. Under that agreement, which was reached by the Commonwealth and Queensland governments, there was a boost to home and community care services of about \$1.2 billion over three years. In the early 1990s and prior to that the majority of those people involved in the aged-care sector had stand-alone facilities. They were almost like cottage facilities, often managed by a local community group or a local group of churches. Sometimes a private operator would run them and, over time, those kinds of facilities and operators have gone by the wayside. These days there are very few of those in either the profit sector or the not-for-profit sector. Many of the small operators have sold out to the big operators. Many of the small operators in the charitable sector, such as individual churches, or groups of churches, or communitarian groups, have approached organisations like Blue Care, RSL Care and other large providers to take over the running of their facilities.

Before I came into this House I was on the board of Queensland Baptist Care for 14 years. They run seven quality-care residential facilities. They range from hostels and nursing homes to respite care. Three of those facilities are in my electorate of Blair in South-East Queen-

sland. Karinya is a 36-bed hostel accommodation facility and a 29-bed nursing home. It is located about seven kilometres off the Warrego Highway in Laidley. It is a beautiful area and it is a wonderful facility. Staff there have a wonderful approach to the residents. I agree with the comments made by the member for Parkes in relation to the commitment by so many people who work in this sector to the residents there. The kindness and the caring nature of the staff I have seen in places such as Karinya, in my electorate, is to be commended.

It is the same thing for Colthup Home in Ipswich, which is a much bigger facility, with a 33-bed nursing home, 15 community aged-care packages, 38-bed hostel accommodation and 13 unfunded hostel accommodation places. It is run by the Ipswich and West Moreton Baptist Association. My grandmother was actually the matron of the home. I remember as a young boy going up there and visiting people in the home. I can recall that they were in their 50s—people like Rev. Cyril Baldwin, Grandma Cran and other people I used to visit when I was a boy. But now we do not think of putting 50-year-olds in aged-care facilities. They are usually 80 or 90 years of age when they enter those types of facilities. My uncle, Merv Neumann, was administrator of that home for many years as well.

There is Elim Village in Raceview, which is a great facility as well. Both Colthup Home and Elim Village were run by the local Baptist churches, but eventually they had to be taken over and run centrally by Queensland Baptist Care. I give that as an illustration of just what the minister is talking about with this type of legislation. Those three facilities were run locally by local people, and now they are having to be run centrally by an organisation like Queensland Baptist Care, which has a turnover in the multimillions of dollars. That is why this legislation that is before the Main Committee today is so important. It deals with the realities of life in the aged-care sector. Those are just some examples of large organisations running local community facilities, albeit with local community support—from the local churches, the Ipswich City Council, the Lockyer Valley Regional Council and others.

The reforms in this bill were the subject of consultation with the profit and not-for-profit aged-care sectors. They relate to changes to the definition of 'key personnel' for the purpose of regulatory oversight by the Department of Health and Ageing. The reforms will mean that what I describe as the 'money men'—those who financially control the aged-care facility—are the key personnel of an approved provider. DoHA will be better able to investigate and liaise with key personnel for the purpose of oversight and accountability. That means better protection for the residents who live in the facilities, and I think it is better for staff as well.

The amount of money held in accommodation bonds in these types of facilities and by the aged-care sector is quite enormous. As at 30 June last year, 970 approved providers—about 75 per cent of all providers—held accommodation bonds valued at \$6.3 billion. That is an enormous sum of money. The aged-care sector is an enormous industry. The reforms will ensure that the accommodation bonds paid by our aged citizens upon entry into those facilities are completely protected under the Accommodation Bond Guarantee Scheme. This scheme guarantees the refund of bonds in the event of insolvency of the aged-care provider, and the bill that is before the Main Committee this evening improves the guarantee scheme. It also seeks to reduce unnecessary assessments by the aged-care assessment teams, or ACAT. In 2006-07, ACAT conducted a total of 189,000 assessments of older Australians in hospitals, residential and community areas. The reforms contained in this bill include changes to the aged-care principles. These relate to reducing the risks to older Australians by strengthening police

checks to ensure people with very serious criminal convictions are not employed in the aged-care sector and do not come in contact with our older citizens.

A new approach is also legislated for. Aged-care providers will be compelled to report to DoHA when a resident has been absent without a reason and where there has been a report to the police concerning the absence. There will be amendments to the governing act, and this will ensure that what we talk about as aged care will be a better system in terms of functionality, governance and accountability, dealing with DoHA and dealing with residents and their families.

The bill is just part of the Rudd government's plans to reform the aged-care sector and its funding. We have almost 3,000 nursing homes in Australia, with more than 170,000 beds allocated. As the minister has said on numerous occasions, we have the second longest life expectancy in the world after Japan. Presently there are 2.8 million Australians—or about 13 per cent of our population—who are 65 years of age or over. That number is expected to triple in the next 40 years, and the number of people over 80 years of age will double in the next 20 years.

The challenges we face in the aged-care sector are enormous. They did not arise on 24 November 2007 with the election of the Rudd Labor government. They have existed for a long time. Giving our older Australians access to high-quality aged-care facilities and services is a great challenge and will remain so regardless of which side of the political divide sits on the treasury bench. The Australian Treasury has estimated that, without any significant policy changes, we could find that what we spend on aged care in this country will increase from 0.7 per cent to 1.9 per cent of our gross domestic product by 2047. Clearly, how we ensure that our aged-care sector can remain viable is crucial to how we treat our older Australians, and it will say much about us—about our degree of charity and compassion and our view of equity and social justice—in the future.

There have been a number of reviews and reports in recent years commissioned by the government and the aged-care sector in relation to the future of aged-care funding and models for consideration. Perhaps the most significant—it is certainly the most well known—was carried out by Professor Warren Hogan in 2004. He was commissioned by the previous Howard coalition government. His review was entitled *Review of pricing arrangements in residential aged care*. It is not a particularly sexy title, but it is a very important document. I have had reason to speak personally with Professor Warren Hogan about what he found. I have listened to him speak on numerous occasions at aged-care functions in Queensland and elsewhere. His knowledge of the industry is very impressive. What became known as the Hogan review was considered by the Howard government and then simply ignored. His recommendations were thrown in the trash can.

A financial analysis has been conducted by Grant Thornton, a respected firm of accountants. It was conducted by Grant Thornton and commissioned by the Howard government in 2006. That report showed that more than 40 per cent of aged-care providers reported a loss in their residential aged-care segment results. Returns on investment had fallen from 5.31 per cent in 2005 to 2.95 per cent in 2006. The net profit per bed dropped by almost 30 per cent between 2005 and 2006.

This was not new. Backbenchers in the Howard government from Queensland repeatedly petitioned the Howard government to seek more bed allocations in South-East Queensland

and Queensland generally and more funding for the aged-care sector in Queensland—without much success, I might add. Those people who work in the aged-care sector in Queensland know very well that the Howard government failed the sector. That is quite clear when you have a look at the submission to the federal government by the Aged Care Alliance which was submitted to the review of conditional adjustment payments, which is being conducted by the Department of Health and Ageing, the Department of Prime Minister and Cabinet, the Department of the Treasury, the Department of Finance and Deregulation and the Department of Veterans' Affairs. That submission was put forward on 24 October this year. It is quite caustic about the Howard government. It says in the executive summary of the report:

The evidence of cost pressures and declining financial performance of many providers since 2004 is a consequence of long term Coalition policy.

Here we have RSL Queensland, TriCare, Queensland Baptist Care, Blue Care and other aged-care providers in Queensland—they are not card-carrying members of the Labor Party; it is not the miscos union; it is not the metal workers union; it is not the ASU—saying that what they are experiencing in Queensland is the direct consequence of the Howard government's neglect of the aged-care sector in Queensland. They put forward some very interesting proposals. We will not agree with everything they say, but they certainly have played a very constructive role in arguing for further aged-care funding. The minister has taken the time on numerous occasions to meet with these stakeholders, and I commend her for it.

We are providing substantial financial assistance for the aged-care sector. We have announced a number of important measures in our 2008-09 budget—\$293.2 million over four years for an extra 2,000 transition care places for older people. We have increased the level of conditional adjustment payment by 1.75 per cent, from seven per cent to 8.75 per cent of the basic aged-care subsidy. That means an additional \$407.6 million over four years for investment in the sector. Certainly, in my many meetings with the aged-care sector in Queensland they have commended us for that.

We have increased the nursing workforce in residential aged care by encouraging up to 1,000 nurses to return to the nursing workforce over five years. We have provided an enormous amount of assistance. In my area particularly, we have received \$1.5 million for the Curanda aged-care development project in the area west of Ipswich and, as part of our interest-free loans, \$5 million for the RSL Care Milford Grange project in Ipswich. These are two practical examples of the Rudd Labor government making a difference in terms of the aged-care sector in the federal electorate of Blair in South-East Queensland. The commitment that we have made in terms of interest-free loans will see 1,350 new nursing home beds and more than 100 community care packages delivered in areas designated as high need across the country. This is about the Rudd Labor government showing compassion and caring for the people of Australia, and particularly South-East Queensland and the electorate of Blair. I commend the Minister for Health and Ageing for her work in this area.

The Rudd government is to be applauded, and the Howard government condemned for its failure in the area of aged-care funding. When aged-care providers say there is much to be criticised about the Howard government, it says it all. I commend this bill to the House. I thank the minister for her commitment to my electorate of Blair and the aged-care sector in South-East Queensland and Queensland generally. I thank the minister for bringing this legislation before the Main Committee.

**Mr ROBERT** (Fadden) (6.14 pm)—The Aged Care Amendment (2008 Measures No. 2) Bill 2008 seeks to amend the Aged Care Act 1997 and the Bond Security Act 2006. It is interesting that the member for Blair was saying that, whilst the new government does not agree with all parts of the aged sector, they agree with some. It is interesting that, if indeed the union movement were to speak, as they have with respect to Fair Work Australia, the Labor Party would be putting everything into there. Perhaps it all depends on who is speaking to the Labor Party; clearly the union movement gets a very strong hearing. Perhaps everyone else gets less. But let us move on.

The Australian population is ageing. Currently, older Australians aged 65 years and above make up 13.4 per cent of the population—2.8 million people or one in seven Australians. By 2050, the Productivity Commission estimates that one in four Australians will be aged 65 years or over. As individuals age, some form of assistance with personal and everyday activities is usually required. The latest available data indicates that 32 per cent of those aged between 65 and 74 years and 86 per cent of those aged 85 years and over require some form of assistance. Consequently, there has been an increase in the numbers of people seeking access to aged care. A further trend relating to an increase in the numbers of people seeking to access aged care is that family structures have changed. For increasing numbers of people, the family unit may no longer be a primary source of aged care as it has been in the past. Another emerging trend is that people are entering residential aged care requiring a higher level of care.

Aged care in Australia, though, is largely regulated by the Australian government, which funds the provision of aged-care services through subsidies of the costs of the residential care as well as capital grants. However, state, territory and local government regulation also impact the provision of aged-care services through regulations about matters including building planning and design, occupational health and safety, food preparation and consumer protection. The main areas of regulation by the Commonwealth government include allocation of aged-care places to approved providers of aged care, client eligibility to access those places, funding services, setting prices and quality control. In 2007, there were around 2,872 residential aged-care providers in Australia. Of these, approximately 61.4 per cent were private and not-for-profit, 26.9 per cent private and for-profit, and the remainder were government providers, at 11.75 per cent. Thus, residential aged care is largely publicly funded. The government provides most of the recurrent funding, with state and territory governments contributing to overall costs. User contributions by way of resident fees and charges provide the rest of the revenue. Government funding of residential aged care is mainly determined by the residents' assessed care needs using the aged-care funding instrument.

Having said that, the government allocates new places to broadly match the target population, attempting to balance the provision of aged care between metropolitan, regional, rural and remote areas within each state and territory as well as the need for different levels of aged care. Once places are allocated, the government has an open tender to allocate those places to approved providers, who then have two years to make those places operational. According to the Productivity Commission, approved providers are also expected to ensure that a certain percentage of the places allocated to them are accessible to residents who cannot afford to pay an accommodation bond. Having established the parameters of the aged-care industry, I note that many provisions of the bill were announced by the Minister for Health and Ageing on 22 March this year.

The package, to be administered by the Department of Health and Ageing, sets out a range of measures that include increased visits to aged-care facilities by the agency and independent watchdogs, increasing the powers of the agency, expanding the requirement for all aged-care employees to undergo police checks irrespective of whether they have supervised or unsupervised access to residents, requiring investigative staff to check on both residents and paperwork in a facility and reviewing the act to fill in the gaps in the legislation as well as to improve the quality of the aged care. The package, I note, is consistent with the government's pre-election commitment in relation to aged care. Surprisingly, the government has stated that it did consult with stakeholders about the bill—surprising because the aged-care facility providers I have spoken to have been somewhat aghast at some of the measures. The bill focuses far too much on compliance. Surprise, surprise from a Labor government: when it comes to big government and regulation, frankly, government knows best. There is far too much focus on compliance as opposed to alleviating the already overburdened regulatory system of the aged-care industry, which continues to be insufficiently funded.

Research published in the *West Australian* in October this year showed that many aged-care providers have been incurring 'unsustainable operating losses' and can hardly afford to keep existing facilities running. Such research indicates that high consumer demand for aged-care facilities is not being matched by investor interest, due to low returns, with recommendations for a review of funding and regulatory arrangements so as to boost investment. For the first time ever, it would appear, we have providers going into liquidation, an undersubscription of places, bed licences being handed back and decisions being made at board level not to apply for licences in the latest aged-care assessment round. That is quite an indictment of the existing government and its minister, whom the member for Blair lauded in such glowing terms. At a time when you would expect providers to be gearing up for an influx, services are getting leaner and older Australians are being left out in the cold. The average return on a high-care bed in a modern facility is approximately 1.1 per cent. Understandably, industry is unable to attract investors to the sector.

The over-regulation of the aged-care sector is also a significant concern. The case for less regulation was made in the Hogan review in 2004 and most recently in the Productivity Commission's report on aged-care services this year. The Grant Thornton Aged Care Survey from this year found that the regulatory and pricing framework decreased the viability of the sector. Although this bill addresses some of the inconsistencies in the act, it does nothing to address the fundamental concern of over-regulation and the need for regulatory reform. So much for the member for Blair's lauding of the current Labor Minister for Ageing.

According to the government, there would be no financial implications for the budget. They would say that, because, frankly, Labor are only concerned about their budget, their regulation and their compliance. It is expected that there will be significant financial burdens on approved providers in complying with the new and amended obligations under the act. I guess this was not factored in to the government's thinking on the process. Additional and amended obligations proposed by the bill will also affect investor confidence in the aged-care industry.

Discussions with aged-care providers in my electorate of Fadden, which is the fastest growing electorate in the nation—an electorate with a higher than average number of elderly people—raised the following issues that the government is not addressing. I will turn first to

parity of wages and conditions. In state run nursing homes and hospitals, wages and conditions are negotiable to include non-taxable FBT. Why is this not available in non-government homes? Look at bonds in high-care facilities. This is an issue that will have to be addressed as a matter of urgency. The current stock is ageing and providers have stated that they will not take up the ACAR funding round for stand-alone high-care places, because it is no longer viable.

The question needs to be asked: why does the Queensland state government not give rate relief to operators when New South Wales has had this relief in place for a number of years? The capping of fees payable by residents is another disincentive for operators. There is an argument for some form of deregulation of the industry that is not associated with extra service allocations. Given that the fees are attached to pensions and the coalition asserts that pensioners are underpaid, as the Labor government will not provide an immediate indexation to the current pension rate, does it not follow that providers are being underpaid?

There is a chronic shortage of registered nurses. Legislation requires registered nurses in high-care facilities 24 hours a day. There is documented evidence that notes the ageing workforce, as I mentioned at the start of my speech. Will the government review the idea of looking at enrolled nurses with acceptable qualifications equal to a registered nurse in the aged-care sector?

The funding to the aged-care sector has been increased over the years—especially by the Howard government. However, there has also been an extraordinary increase in the monitoring of homes and the compliance burden. This burden will apparently cause no extra cost to the Commonwealth—disregarding the extra cost to business, small business and other areas. Large amounts of money are clearly being paid across the Public Service to ensure that this high level of compliance occurs. In many instances, these compliance services cross over each other and add to the paperwork overload, as well as to the cost to establishments. This is thousands of dollars which could be spent on residential care.

Whilst I acknowledge that this bill is in line with the government's pre-election commitments, it massively increases the compliance burden. It shifts costs on to providers, rather than the government. Whilst it lines up with Labor's mantra of 'bigger government, bigger compliance and bigger regulation', I do not believe that the extra compliance is suitable for the aged-care industry. This government must do more to help the aged-care industry, especially as Australians are growing older. Indeed, we will all age. One day we will all need some degree of care. It is incumbent upon the government to address the issues now.

**Mr RIPOLL** (Oxley) (6.25 pm)—It is a pleasure to speak on the Aged Care Amendment (2008 Measures No. 2) Bill 2008 in this place and to make some remarks. I will be making some remarks about the member exiting the chamber—the member for Fadden—in relation to some of the comments he made. There are a few truisms that exist in life. There are two that we all know very well, two certainties: one is death and the other one is taxes. But I think there are a few others that we ought to acknowledge in the discussion on this bill, and they are that we are all going to age and not only will we age but we will live longer; not only will we live longer but we will need more care in our older years; not only will we need more care but we will need higher levels of care; and not only that but it will cost the taxpayer a lot more as well.

This bill is really about addressing long-term structural regulatory and funding mechanisms to make sure that as a government and as a nation we are prepared to deal with those issues and to begin the process—and I think it is a continuing process—of ensuring the highest possible standard, the highest levels, of quality care in Australia for all aged and frail people, whether they are in care in a facility or home or whether they are in their own home or under some other mechanism of care.

I have listened to a number of opposition members speaking on this bill, and I did have a look at what the shadow minister said in her contributions in relation to aged care. What I can divine from all those comments is that on the whole we are actually keeping our promises. That is what the opposition are saying: on the whole we are actually delivering on the commitments we made; on the whole it is actually good legislation, it is a good bill. I read through and underlined a number of things Mrs May, the member for McPherson, said. She said that the opposition support the measures in the bill—not one or two of the measures but quite a few of those measures.

There is not so much an argument or a debate across the chamber; we all in the end need to do more. We heard that from the member for Fadden, who said that basically the Labor Party are keeping all of their promises: they have consulted widely. Labor have consulted not only with the sector, residents, contributors, owners and operators; we have also consulted with the unions. There is nothing wrong with that either because they actually represent all the people that work there. Through them we have consulted with all the workers. We have consulted with them directly as well. So, on the whole, the gist of the comments and the debate from the opposition has been quite simple: ‘While we support the bill, while we think it is a great bill and while you are meeting all your commitments and promises, we think you ought to do more.’ What a lovely, lovely thought on this bill from the opposition. If that is the strongest criticism they have of us, I am more than prepared to accept their criticisms on a daily basis. The reality is that all of those things are true. We are meeting our commitments, we are keeping our promises and we are also doing more—the bits that are left over from the previous 12 years of the Howard government, when they did not do more. What they did was more of the same. What we are doing is something a bit more innovative. We are dealing with the structural issues of aged-care provision. We are actually dealing with, at its very core, the principles that underline what will be the strength in the system in the years to come.

I also want to note that the opposition not only do support the principles of the bill but also acknowledge that we are keeping our election commitments and promises. I know that this is probably a bit unusual for them because they were more accustomed to having promises in two categories—the core and non-core promises; some that you kept, some that you did not and some that you completely ignored or forgot. On this side we think that aged care is too important to be merely categorised into core and non-core promises. We need to act and we need to make some substantial changes to ensure that for the next 40 years we actually provide the regulatory legal framework and the funding mechanisms for the future. All of us here need to make sure that as we age we do so with dignity, that there will be care facilities in place and that there will be enough workers in the industry—that we have put forward mechanisms making sure that we not only look after the people that need care but we also look after the people that care for them. I think that that is just as important.



These are not easy issues to deal with. These are complex matters and they are ones that require an awful deal of taxpayers' dollars. That is not a complaint or some sort of objection; it is just reality that we will need a lot of money in this area.

I want to specifically raise the matter that this year the Productivity Commission released a research paper entitled *Trends in aged care services: some implications* and I think it is important that people do look at some of those significant issues that are raised in the report. It creates for you an image of the future that is quite startling. If anybody is interested at all in aged care they would understand that the future of aged-care is, I think, quite stark in this country and that we need to do more. I am very pleased to say that this bill is the beginning of us doing more; it sets the right path.

The demand for aged care over the next 40 years will be enormous. People aged over 85 are expected to increase fourfold in number by the year 2047. If you can imagine what that means in terms of government funding and government budgets, given the current systems that we have got in place, the figures are frightening: how many more people will be in need of care, of funding; how many residential aged-care beds will be required and the facilities that will be required. And all of this is at the same time that there is a lifting the standard of quality provision—very much like health. The conundrum that we all face is that while people are generally living longer, their health is not necessarily becoming better and their expectations of health provision, as in aged care, are growing exponentially as well. So we have got a lot of work in front of us. Approximately one in seven Australians aged 65 years or older will be in that group. They will make up 13.4 per cent of the population. By 2050, those people who are 65 or over will, let us assume, by that stage no longer be working and therefore no longer necessarily be contributing directly to the tax system. Yet, while we have fewer people contributing to the tax system, at the same time we are going to have more people needing it.

This bill is about setting forward a regulatory framework for Commonwealth funded aged care and at its core, as I said earlier, it is about the protection of the health, the wellbeing and the interests of care residents. That has to be the core; it has to be the principle that we apply. The bill is designed to ensure that the one quarter of a million, approximately, frail and older Australians who are either already in residential care or receive some sort of community care service in their homes receive high-quality care—the sort of care that we would expect for our own parents or for ourselves. For me that is the line that I draw; it is the frightening thought that one day I am going to need these services and I do not want to end up in a facility somewhere that ends up on the front page of a newspaper because of abuse, or poor services or some other issue.

We have already heard about some of those things from other speakers so I will not dwell on that, but that is the reality. While the majority of the aged-care sector is hardworking, caring, responsible and doing the right thing, properly managing their responsibilities in terms of the services they have to provide and the government funding and the funds of their residents, there are unfortunately some in the sector who, because of the open nature of the sector, can abuse their position. We have seen some horrible cases over the years, but I will not dwell on that. I just mention it in passing because it is important that we continue to improve the regulations and that we do not run away from the hard things that the government needs to do to ensure the community has confidence in our aged-care sector. I believe that on the whole there is confidence out there, but the horror stories that appear do undermine and weaken

community confidence, so we need to make sure we are on top of those things. By putting this bill through the House, I understand with the support of the opposition, we will be on the road to continued improvement.

The industry has changed significantly over the past decade, as has been noted. It is very different from the way it was when the Aged Care Act 1997 first came into play. We have seen since then a change in the structural make-up of aged-care facilities, in the way they are owned and operated. What was once an environment of fairly small, cottage industry type service providers has turned into multisite, multistate, multiservice operations using complex financial and legal arrangements. There is nothing wrong with that. That is the evolution that occurs in any sector when perhaps better financial systems or ways of operating are found to improve efficiency and deliver better services. But as a government we need to ensure that our regulations keep pace with what is happening in the sector. Again, that is what this legislation is about. Often those sorts of complex arrangements create unintended consequences. We are setting out to make sure that we keep pace with the consequences that arose in the 10 years since the Aged Care Act was passed and with further industry developments.

The bill also amends the Aged Care Act and the Aged Care (Bond Security) Act in relation to bond security. Because of a number of legislative inadequacies, the amendments are to maintain an effective regulatory safeguard for older Australians. There is something like \$6.3 billion being held in trust through these bonds from care residents. It is a lot of money, it is other people's money and it needs to be properly administered. There needs to be confidence about this in the wider community and by the people who are literally putting their houses on the line to provide these bonds. The funds have to be managed in a proper, fair and equitable way, and they have to be protected in case of the liquidation, insolvency or collapse of a particular provider. I can speak from some experience, having been involved with some segments of the Queensland aged-care sector. I applaud their contribution and I am very satisfied with the level of involvement they have had in trying to work with the government to make sure we understand directly what the issues are for the providers and owners in the sector. We need to understand the complexities of the structures for those in the sector and the costs involved not only in maintaining aged-care facilities but also in building new facilities and the interaction between what the government provides, what they can provide through private funds and what they hold in bonds.

The issue of the cost of employment, of wages, is a very serious and real one, and it is something that I do not believe that any of us can shirk or get away from. We need to understand that one of the crisis areas of aged care is aged carers themselves—their remuneration and the conditions that they have to work under. We need to strike the balance between responsibility, assessments and the quality assurance that we want aged-care facilities to have. At the same time, we need to make sure that there is the right care environment, because it is about care. In the end, we are talking about people; we are not just talking about a commodity. We are talking about our parents, our grandparents and, one day, ourselves. We expect a high level of care. We want people who are looking after us to actually feel something and to understand that when you become a frail, older Australian it is a very difficult time. I think we need to balance all of those issues. Having and maintaining an effective regulatory regime with safeguards is all about doing that, and that is what we are setting out to do.

There are also changes in the way that providers deliver quality services. The suitability of some providers may have changed over past decades. What was once a cottage industry type provider may, over the years, in a much more complex environment with higher demands, higher assessments and higher quality expectations and standards, no longer be capable of providing that level of care. Therefore, there needs to be a review of the way that we assess those providers. This legislation does that. I am also very appreciative of the way that the minister has dealt with making sure that the security extends to not just the operators of these facilities but also the owners, because there can be a real disconnect between those who are the structural, board-type owners, such as those who work through managed funds and trusts, and those who are actually the operators. The existing legislation does not cater for that occurrence. The decision makers, who are often pulling the financial strings and making, therefore, very important decisions, do not come under the present legislation. This amendment will rectify that. This amendment will mean that not only operators and owners but also those that are involved through trusts and boards are considered to be key personnel.

There are a broad range of issues being dealt with in this legislation. It is about making sure that, in the end, we clarify a number of services. Retirement villages and other different set-ups may now have multilevel care. You may find that a provider that once just delivered a particular type of service now has multiple services on site, such as aged care, frail aged care, care for people with disabilities and care for young people with disabilities. This legislation deals with understanding and acknowledging that the act must be regulated specifically to those in aged care so that it does not rope in other people in the one facility and create unintended consequences. I am very pleased that we have been able to do that.

As of 30 June 2007, there were around 970 approved providers, and 75 per cent of all approved providers held accommodation bonds. As I said earlier, those total around \$6.3 billion—a substantial amount of money. We want to maintain consumer confidence and maintain and increase the level of corporate investment. We want to ensure that, by putting the right frameworks in place, we give confidence to the private sector, to the corporations that want to be involved and invest. For them to put their money on the table, the right regulations have to be in place. That is what we are doing through this legislation.

The bill also clarifies a number of key responsibilities for the Secretary of the Department of Health and Ageing when considering the imposition of sanctions against aged-care providers, with the core principle being the protection of health, welfare and the interests of current and future care recipients. It is the way the responsibilities of the secretary of the department ought to be. We have made sure we have gone out to the sector. We have made sure that we have consulted with the community. We have made sure that we have consulted with those people who are involved, because we cannot do this alone. We cannot just do this from the perspective of government. We have to take an approach of working with the industry and the sector to understand what their issues are.

This bill does all of those things. It also makes some minor operational changes, improving the administration of the legislation so that it operates more efficiently and effectively. This is about cutting away red tape, simplifying processes, ensuring that you get the right mix between the demands and the responsibilities you place on aged-care providers, as opposed to the demands you make on them in providing care for the people for whom they are responsible.

I am proud to say that the government have been working closely with everyone in the sector. This is a very important and essential area of services that are provided in the community. The government ought to continually review our own operations and the effectiveness of the regulation and ensure that the taxpayers' dollars that we put into that area are efficiently and properly expended and, at the same time, ensure that we provide the right sort of care for people. I want to be able to confidently walk out into my community and talk to those providers and ensure that they understand why we are putting this measure in place. So far, the feedback that we have had from them is good. It is quality feedback and it supports the principles that the government have set forth in this legislation.

**Mr RAMSEY** (Grey) (6.45 pm)—I rise to address the Aged Care Amendment (2008 Measures No. 2) Bill 2008. Investment in the aged-care industry is becoming more tenuous by the day, particularly in a vast regional and rural electorate such as my seat of Grey. I have at least 50 registered aged-care facilities in my electorate. It is the nature of the seat; many of the communities are small and spread out. Many of these facilities are run by state authorities, but there are more than 50. At least six registered aged-care facilities have expressed to me a need to expand. I know there will be more, because I have not yet had an opportunity to speak to them all. They need upgrading and expanding. Many of the facilities in these rural towns were actually designed some years ago. Many of them are almost 30 years old and, in many ways, are probably reaching their use-by date. I suspect people of my generation have much higher expectations of what aged-care accommodation should be and will shy away from many of the facilities currently there. Major investment is needed to upgrade these facilities.

There has been a big push for home care and for keeping people in their homes for as long as possible, and I applaud that. But it will still not meet the huge demand that is on the way—the bulge of the baby boomers. Peter Costello's *Intergenerational report* identifies that the percentage of the population over 65 is expected to more than double over the next 40 years, from 2.8 million to 7.2 million. Even more disturbing is that, in that time, the proportion of people over the age of 85 is set to increase by 200 per cent, to five per cent of the Australian population. This will create an unprecedented demand for aged accommodation. Demand will soar and so will hospital and medical costs. It is a fact of life: if we live longer, we will cost more to keep alive and we will cost more to house. Taxes will fall and outputs will increase in the aged-care industry.

I turn to the meat of this bill and that is regulation. I fear perhaps increased regulation, even though I note the member for Oxley's closing remarks about the rationalisation of regulation. It seems to me that there is more compliance in what is being proposed. One of the great frustrations of the industry is in fact over-regulation—three levels of government all piling on the red tape. All residents deserve to be protected, all residents deserve to have the highest quality of care, but we need to take a common-sense approach. I think more time is sometimes spent in ensuring that every worker has signed off on every line of every document to ensure that they can always prove in a court of law that, whatever went wrong, it was not their fault.

Recently, a major provider in my electorate contacted me—because I have been talking to a number of aged-care providers—and provided me with a small list detailing the operations of the aged-care facility over a couple of months. I would like to read it:

October: unannounced visit. Aged care accreditation agency. Outcomes audited were continuous improvement, pain management and infection control. No action required by the nursing home to meet standards. Our full three-year audit is less than eight weeks away.

October: triennial fire inspection. Four outcomes that require attention. All completed.

November 20: state government auditing of catering and infection control. Already audited by local council in October. Were passed on all expected outcomes in infection control by aged care accreditation agency just one month ago.

December 15: three-year accreditation audit. Aged care accreditation agency. Timetable received includes all 44 outcomes, including those audited in October this year (see above)—pain management, infection control and continuous improvement. Also includes audits covered by triennial fire inspection and state government catering service. All to be re-audited again.

December 16: HACC, Home and Community Care, South Australian government audit of day centre. Also includes audit covered by triennial fire inspection and catering service. Outcomes to be audited again.

December: date to be notified. Fire re-audit by the local brigade to ensure a triennial fire inspection, as noted above. Outcomes have been completed. This will be our fourth fire audit in three months.

December: date to be notified. WorkSafe SA, covering all aspects of OHS and WorkCover also audited by a number of the above audits.

They go on to say:

I realise that our residents and clients deserve the best possible services that we can provide. I realise that governments at all levels provide large amounts of money that need to be accounted for. However, surely we can have some coordination between all levels of government to at least acknowledge that the outcomes of audits should be recognised in all audits, regardless of local, state or federal interests (e.g. fire safety, catering, cleaning et cetera) so that our staff and residents and clients do not get bombarded with a program as outlined above on a regular basis. This level of auditing is overwhelming.

We can all see just how difficult it becomes to run that type of institution. It says it all: 'Don't strangle us. Don't drive good people away from our workforce.'

My electorate is dotted with small to medium-sized aged-care facilities. I spend time travelling and talking to most of them. We are, as I said before, facing an ageing infrastructure but we have a bottleneck on supply and we need to ramp up that supply. In fact, we seem to have reached some kind of plateau at the moment. Almost all of the aged-care facilities in my electorate are not for profit. If the not-for-profits stop investing, we are in deep trouble. If we cannot make a business case for a not-for-profit organisation, then who on earth can? One of the majors in South Australia, Elder Care, have publicly announced that they are building no new beds, are doing no renovations and cannot continue under the current arrangements. This is a major concern. They list a series of problems with the new aged-care funding instrument, with very few pay points for low care and raft of new levels of compliance, with new costs and no means of recovering these costs. The day-to-day operating costs have reached the point where, as I said before, the system has plateaued.

There was investment going on up until as recently as 12 months ago, but it seems that, with the extra compliance requirements, the change in investment and the credit squeeze, things are getting tougher, not easier. As I said, when a major institution like Elder Care pulls out, it leaves a great hole in the market, as I am sure you would be aware. Capital investment, as pointed out in the *Intergenerational report*, will come because of the pressure of the over-85s. Over-85s mean high-care aged care. We need the next wave of investment. We need

some new impetus, because pressure is building up. I believe the government will have to consider some form of base capital funding to achieve these ends. One of the major suppliers of aged care in my electorate, in a large regional centre, pointed out to me that they consider the costs of construction of new facilities in the country to be 40 per cent higher than in the city. There is no way of recouping this cost from the target group.

It is time—and I know this has been raised by a number of speakers in this debate before—that parliament considered the possibility of bonds for high care. It has a certain symmetry about it. I think we all know it makes sense that, if people are compelled to pay bonds to go into low care, when they move out of low care and into high care or if they come in at a high-care rate they should also be required to pay a bond. We have shied away from this, and different governments and oppositions at different times may have raised concerns about this, but it is something we are going to have to address because of the great bottleneck facing us.

I was speaking to a nursing home in Whyalla—and I will name this particular one: Whyalla Aged Care—which was granted an operating licence for 20 new beds. They have recently handed back their licence; the two years had expired and, because they could not raise the capital, they had to surrender their licence. That is symptomatic of what is going on out there. We may have the operating subsidies but we just cannot raise the capital to build these facilities—which comes back, as I said, to the issue of bonds.

The government's move with the pension bonus in the \$10.4 billion stimulation package is welcomed. But it does actually lead to what I am sure is an unintended consequence in the aged-care industry, in that it sidesteps accommodation costs. If the government had elected to give an increase in the pension, then the accommodation fees would rise as a percentage of the pension. This is a one-off bonus, and a substantial bonus. Most pensioners are facing rising costs of living—except those who live in aged-care facilities. If you assume that 10 per cent of their pension income is disposable to them and the other 90 per cent is going into their accommodation, then they get the bonus but the accommodation facilities do not. I realise that the previous government had also used a number of bonuses to pensioners. But such a bonus will not flow through into the aged-care industry, as one would think it should. So the facilities cannot pass on their rising costs until pensions rise.

In closing, I would just like to say that I believe that an across-the-board pension increase will help address some of these issues in the aged-care industry, but we do need investment in capital infrastructure and I think we have to address the day-to-day running costs of these aged-care facilities. I hope that this regulation will not add more costs to these facilities because, as I pointed out, they are already struggling under this great burden. I hope that it will help. I am fearful that it will not and that we will have to go back and really bash some heads together in those three levels of government to make sure we get some common sense operating in this field.

**Mr ZAPPIA** (Makin) (6.57 pm)—I, too, rise to speak in support of the Aged Care Amendment (2008 Measures No. 2) Bill 2008. This is a very welcome bill and a bill which will go a long way towards ensuring that people who are admitted to nursing homes can be admitted with a lot more confidence not only for them but for their family members.

In the years ahead the number of older people who will need to be cared for in Australia will rise substantially. The previous speaker, the member for Grey, made that point as well. But I just want to reiterate some of the statistics in respect of the ageing nature of our popula-

tion in Australia. It is expected that in about 40 years from now 25 per cent of Australia's population will be over 65 years of age. That is an almost 100 per cent increase on the present figures of around 13 per cent of our population being 65 years of age and over. My understanding is that the number of Australians aged 85 years and over—and, again, the member for Grey made reference to this—will increase fourfold, from around 400,000 people today to around 1.6 million in 40 years time. That figure is particularly relevant because those people are more likely to be living in nursing homes if they reach the 85-year age mark. So it is clearly the case that caring for Australia's ageing population is becoming a critical policy area for federal, state and local government. Again, I commend the member for Grey for acknowledging that all three levels of government do have a responsibility when it comes to caring for our aged.

It is even more critical because in about 40 years time the ratio of working Australians to older people, which is currently about five to one, will have dropped to around three to one. That is, for every older person aged 65 years and over who has retired there will only be about three working people, and so the economics of it all has to be factored into government policy development over the years to come. Compounding the problems for the government is that not only is the ratio of retired to working people increasing rapidly but also, with most households having both husband and wife in the workforce, there is less ability for family members to care for older people and enable them to remain in their own homes for longer. So you can see that all of these changes will add to the demand for the provision of additional retirement villages and nursing home places for older people.

Former Governor-General Sir William Deane said that how we treat our most vulnerable and disadvantaged is the ultimate test of our worth as a nation. The aged are some of the most vulnerable within our society. It certainly will be a test of our worth as a nation when in years to come we look back at how we as a nation cared for the aged in our community. It certainly is particularly the case that elderly people who are cared for in nursing homes are vulnerable. If they could take care of themselves, the reality is that they would not be living in a nursing home. It is because they cannot and they need assistance that they are there in the first place, so they are truly some of the most vulnerable.

Those who are in nursing homes should be cared for with the compassion and dignity they deserve. Again, it was interesting to hear some of the other comments, including those of the member for Grey when he referred to the baby boomers looking ahead to what they might have to expect when perhaps one day they are put into a nursing home. It is sad to think that perhaps the changes and the improvements that we are seeing in this sector are driven by our own selfish needs. I would have thought that they should be driven more because we are a compassionate and caring society. I quite often use a simple test when looking at the way we treat people. I simply say: treat people the way you would like to be treated yourself. If, in what you are proposing, you can pass the test of that question, then clearly you are doing what is fair and reasonable.

This bill addresses a number of inadequacies in existing legislation relating to the provision of aged-care services. In particular, the bill streamlines the assessment of frail older Australians to ensure more timely, consistent and quality assessments. It ensures that any accommodation bonds or like payments paid by frail older Australians for entry into aged-care services are fully protected under the Accommodation Bond Guarantee Scheme. It modernises the leg-

isolation so that it applies to all approved providers regardless of their corporate structure—and if I have time I will talk about that later on. And it links approved provider status to the allocation of aged-care places. The objective of the legislation is to provide better protection for the health, wellbeing and interests of care recipients. The bill is part of a package of reforms that are designed to ensure that approximately one-quarter of a million older Australians who are either in residential care or receiving community care services in their own homes can have greater confidence in the system.

It is interesting to note that this government has allocated some \$40 billion over the next four years to funding aged-care and community care services in this country. That is a substantial amount of funds. Of even greater note in respect to this bill is that some \$28.6 billion of it is going into nursing homes and hostels, so it is clear that this government is making a significant commitment in responding to the needs of the aged people within our community.

The aged-care sector is, as other speakers have noted, both growing and evolving. It is an industry that is learning as each year goes by how we can better look after the elderly within our community. The aged-care industry recognises that and is responding to the changing needs of society. Government regulations must also therefore be adapted so that they properly respond to the changes occurring in the aged-care industry, and this bill quite properly has been the result of extensive consultation with the aged-care sector.

Over the years I have had many discussions with providers in the aged-care industry and I have visited most of the aged-care facilities within my region. It is my observation that most providers provide a high level of service and care. It is also my observation that many providers operate on minimal profit margins and in recent years many have found their resources and finances stretched to the limit. They find themselves doing more with less. Ultimately, however, the care recipients will suffer if this trend continues—and government regulations, while essential, are not the only response required.

One of the issues raised with me in a visit to a nursing home in my electorate recently was the wage differential between aged-care staff and hospital staff. Hospital staff receive higher remuneration. Aged-care operators compete for the same staff as do the hospitals and they find that they have difficulty recruiting and maintaining quality staff. If they are to pay staff higher wages then either fewer staff will be employed or another service will be cut. Either way, the end result is not good for the care recipients. In that respect I am pleased to see that the Rudd Labor government has committed some \$41 million over the next four years to create an additional 7,700 training places for aged-care and community care workers. This is an important step because it will enable aged-care facility providers to recruit staff that they desperately need and perhaps they will not be competing with the hospitals for that staff. This is just one of the many issues raised with me in the course of my discussions with a range of aged-care service providers. On another occasion I might talk about some of the other issues that have been raised.

The consistent message from all of the providers is that it is becoming increasingly difficult to remain viable. Financial pressures inevitably lead to cost cutting and in turn to a lot lower standard of service. I noted with interest a newspaper report earlier this year reporting that in Western Australia some 360 bed licences on offer from the federal government were not taken up because the capital costs of establishing the beds could not be justified by the return expected. The same report stated that Western Australia had a 2,000-bed shortage. So on one



hand we have a shortage; on the other hand we have bed licences on offer that are not being taken up because the return is clearly not there. I do not know whether those bed licences have since been taken up but, given the general shortage of beds, it is evident that claims by the aged-care industry that the sector is struggling financially have some validity.

I am also aware of and have sympathy for claims by the industry that bed licences are sometimes wrongly tied to geographical regions. Again, I could talk about a personal case that I dealt with in that respect. At the very least there should be more flexibility in determining who the bed licences are awarded to, albeit that geographical location may be one of the relevant determining factors. It should certainly not be the only factor.

I want to turn to some of the specific measures addressed in this bill and I will begin with the improvement in the assessment process. I am aware of many examples where people were waiting lengthy periods to be assessed or reassessed for admission to a retirement facility. Admission to a nursing home is often a last resort for family members who have been caring for a person and who as carers have put themselves under incredible hardship and burden. Most turn to a nursing home when they simply can no longer cope because they cannot provide the care and support needed by the recipient. Often that occurs because the care recipient's situation degenerates quickly and unexpectedly. The inability to relocate the person into a nursing home causes huge stress on the carers and more suffering on the person in need of the care. Streamlining the assessment process will be a very welcome measure for both the recipient of the care and for the families concerned.

I take this opportunity to raise a matter relating to the accreditation of aged-care facilities. Currently, the accreditation of such facilities is carried out by a private agency which acts on behalf of the Commonwealth. It is my view that the accreditation and the inspection of such facilities should be carried out by government departmental officers and not by private agencies. It is my understanding that facility licences are issued for a three-year period. If that is incorrect I stand to be corrected, but that is my understanding. Prior to a licence being issued an inspection of the facility is carried out to ensure that all relevant standards are complied with. Ad hoc inspections are also carried out during the licence period. It is also my view that, where an inspection of a facility is carried out within the licence period and the facility is found to comply with all the standards, that facility licence should be extended for another full term from the date of that last inspection.

The member for Grey referred to the number of inspections and compliance measures that nursing homes have to go through on a regular basis, and I certainly share some of the concerns that he raised about that. The administrative workload and therefore the costs that could be saved by both the Commonwealth and the provider are considerable, and those resources could be put to better use.

I was recently contacted by the operator of a nursing home in my electorate of Makin about this very matter. He told me that the time required and the costs incurred in preparing a licence renewal application were considerable. Recently, as a result of a random inspection in the midst of his licence period, he was required to respond to some issues raised during the inspection process. From the information provided to me by the operator of the facility, the issues raised appeared to be trivial and perhaps pedantic. Nevertheless, the operator has at considerable cost responded to all that was requested by the accreditation agency and had the centre reinspected. In six months time he will have to go through the whole process again,

because his current licence expires in 2009. Surely we can have a better process in place. I urge the minister to consider my suggestion of extending the accreditation period in such cases.

In this particular case the operator has been operating the facility since 1982. He extended it in 2006 and now has a 50-bed facility. He spent around \$61,000 in the last year alone in responding to the inspection of the accreditation agency. Most of that money went to a management agency which he had to employ to submit all the relevant documentation and go through the process. His staff simply did not have time to do it. Some \$17,000 went to the accreditation agency, which charges a fee for its service. These are not insubstantial costs; they are significant costs. I certainly do not suggest that the inspections should not take place or that the centres should not be properly accredited. What I do suggest is that, if a centre has gone through this whole process and been found to comply with everything that is required, the licence period should then recommence for a full term. I ask that the minister look at this particular issue.

I also welcomed the changes which strengthen the bond guarantee scheme. As other speakers have noted, there is some \$6.3 billion as at 30 June that is currently held in bonds by the aged-care sector. It is a lot of money. In the midst of the current global financial turmoil we have seen just how quickly large amounts of money can disappear and be lost. We have also seen individuals lose their life savings. Instead of being millions of dollars it might only be several thousand or tens of thousands of dollars, but when it is your life savings it means a lot to you. Knowing that their money is much safer as a result of strengthening bonds certainly makes a lot of difference to the peace of mind of those people who are possibly going to be admitted into nursing homes and to the peace of mind of their family members.

It is important that we have a viable aged-care sector which the public can have confidence in and that we have a sufficient number of aged-care beds available, but it also makes economic sense. Too often elderly people are kept in hospital because there is not a bed immediately available in an aged-care facility and they are not well enough to return home. In such cases the public daily cost of a hospital bed is far greater than that of a nursing home bed. Of additional concern is that the hospital bed is being occupied and staff time is being taken up to care for a person who would be able to receive all of the care they require if they were placed in a nursing home. I commend the Rudd Labor government for allocating \$293 million for 228 additional transition care places, which will accommodate some 1,710 older Australians each year and enable them to transition from hospital to a nursing home until they have recovered enough to move back into their home.

The last point I want to make is in relation to some of the operators. I said earlier that, from my observations—and I have inspected most of the centres in my region and have worked alongside many of them in a whole range of ways—most of them are good operators. In fact, the majority of them are good operators, and the staff that I have come across are genuine, caring, compassionate people. But, sadly, that is not always the case, and I was disappointed to learn that earlier this year, as a result of some inspections, 500 employees in the aged-care sector had been underpaid by about \$114,000. Whilst that money is being recouped, it is disappointing that that is going on. Unfortunately, the reality is that the regulations and the inspections that are required to ensure that that does not happen have to be worn by the rest of

the industry, because, as in all cases, you have to legislate for the worst possible scenarios. It is sad that, as a result of those kinds of practices, good operators in the industry have to suffer.

As a result of that same inspection, I understand that 21 per cent of the aged-care facilities were found to be in breach of the Workplace Relations Act. Whilst the Workplace Relations Act is a matter that we can debate at another time, it is also important because it highlights this: if you are employing staff and perhaps not paying them appropriately, or if you are not paying them for the hours that they have worked, one can conclude that they are working under stress, and if they are working under stress there is every likelihood that they will not be able to provide the appropriate level of care and service for the people they are entrusted to look after.

This is an important bill and, as I said earlier, it is part of a \$40 billion package of support that the Rudd government is providing for the aged in this country. It is a bill that is certainly welcome because it improves the care that will be provided and it will improve the confidence that families will have when older people are admitted to nursing homes. I commend the bill to the House.

**Mr JOHNSON** (Ryan) (7.17 pm)—I am pleased to speak on the Aged Care Amendment (2008 Measures No. 2) Bill 2008 on behalf of the people of Ryan, whom I represent here in the federal parliament. It is a great pleasure to speak on an important bill that goes to some very important issues. Any bill to do with aged care is a bill that affects, indirectly if not directly, every single Australian. Whether we like it or not, one indisputable fact is that we are all ageing, and national governments need to have, front and centre, policies in relation to aged care. It is acknowledged that we have an ageing population and we must focus on how to deal with this so that, in their later years, all Australians have a life of dignity and respect.

This bill is largely without contention, although there are a couple of reservations that the opposition has, and I might touch on one of those in the time I have. The legislation provides the regulatory framework for Commonwealth government funding for aged-care providers and provides protection for aged-care recipients. The principal objectives of the bill are to address current legislative inadequacies and to maintain effective regulatory safeguards to ensure high-quality care for frail older Australians; to promote public confidence in the aged-care regime; to provide a regulatory framework that is appropriate in an evolving corporate environment; and to ensure, as far as is practicable, that the financial interests of care recipients are protected.

Since the Aged Care Act 1997 came into effect, the industry has matured significantly, and it is probably fair to say that, some 10 years after that act came into force, it really is a very different type of industry. The setting in 2008 has evolved into multisite, multistate, multiservice operations where there are many complex financial and legal arrangements in place. But the last decade has seen a significant increase in the level of investment in the sector from large corporate entities, and the regulatory framework and contemporary business practices must mean that legislation needs to keep up with these changes. It is always difficult, in the legislative context, to keep up to date with changing and evolving technology, but we must try to do so. It is always difficult, in the legislative context, to keep up with changing business trends and innovative business practices, but it is the role of legislators and executives to keep our eye on the ball.

As I touched on in my opening remarks, I am pleased to speak on this bill because, when I was elected to the federal parliament in 2001, a central part of my maiden speech was on our ageing population. I would like to revisit that, because it is of interest to the people of Ryan that their federal member spoke on this issue in his first speech to the parliament, on 13 February 2002. In relation to public policy issues that I flagged I had an interest in, I said of aged care and the ageing of our population—because the two are intimately related—in my maiden speech:

The first public policy issue I wish it to be known I have a genuine interest in tackling concerns the ageing of our population. This issue is indisputably one of the most critical public policy issues facing our nation at the beginning of the 21st century. As Australia is not alone in this challenge—with most of the industrialised countries of Europe, as well as Japan in our region, confronting this issue—we must seize every advantage that goes with being the first to address the challenge.

The two main reasons for Australia's ageing population essentially lie in the consistent decline in our fertility rates, combined with the increasing life expectancy of the baby boomer generation. When today's baby boomers were children, they outnumbered the generation of people over 65 years by four to one. In the next two decades, for the first time, older Australians will outnumber the children of Australia. The first of the baby boomers reached 55 in 2001. It is calculated that by 2030, people over 50 will comprise 40 per cent of our population. Moreover, a quarter of the Australian population will be 65 years of age or over. By comparison, today the number of Australians aged 65 years or over is some 12 per cent of the population.

I end this section of my maiden speech with the following:

With forward projections showing that there will be more Australians over the age of 65 than at any time previously, the challenges confronting our country in a range of policy areas will be unprecedented.

This bill goes to some of those policy challenges and tries to tackle them. Whether it does so effectively, time will tell; whether we have to revisit this piece of legislation, time will tell. I hope it is a good bill and that it does its job. I think it is a reasonably good bill. The opposition has some reservations, but I am pleased that the government is focusing on this area, because, as I said back in my maiden speech, this is an area of immense importance to the country. The people of Australia are counting on their members of parliament, their executives and their legislatures to come up with good policy, with good funding models and with good regulatory regimes to protect our older Australians.

I refer the House to a very good and interesting article in *Urban Connection* on the profile of Australians. It referred the reader to ABS stats and talked of the population of our country growing from 20 million to more than 25 million between 2006 and 2031. It made this observation:

Those aged 55-plus represented 4.87 million people, or 24% of the population in 2006. By 2031 the number of over-55s will be 8.26 million, or a staggering 33% of the population ...

I know that constituents of mine interested in policy in this area will be interested in the table in this *Urban Connection* journal, because it gives a very good breakdown of the demographics of the country, both contemporarily and projected as well. This is very relevant to this bill because this bill talks about legislation that will protect Australians in the future who will be in aged-care facilities. In 2001, the age bracket 55 to 64 was 10 per cent of the population. By 2031, that will rise to some 13 per cent or 3.189 million. If we go to the 65 to 75 bracket, currently that makes up seven per cent of the population or 1.338 million, whereas in 2031 11 per

cent of the population will be in that bracket, or 2.856 million. The table breaks it down further into different age brackets. The total population in 2001 was 19.184 million and in 2031 it will be 25-plus million. They are very revealing and significant figures and policy makers should take them into account when they craft legislation.

I will now make reference to some of the provisions of the bill. The compliance factor is one that is of a little bit of concern to me. We must remember that primarily those facilities have as their very primary task the physical care of those in their jurisdiction or responsibility, so we have to be careful to get the balance right. We cannot have carers tied up in compliance so that they are not able to take the time to give quality care to their residents. There may well be additional financial burdens on approved providers in complying with the new and amended obligations under the act. At a time when many operators are in fact exiting this industry, the sector could be in a little bit of difficulty, so we have to be careful that the impossibly tight margins that they might be operating under are not made worse in the longer term. These obligations imposed by the bill may affect investor confidence in the aged care industry, so we have to keep an eye on that. This may have an impact on the number of bed licences available overall across the country. No doubt, many electorates will experience bed shortages. I draw the attention of local members who have an interest in this policy area to be aware of that.

Section 22 talks about losses. I want to touch on this, because this is quite important. Under a new financial instrument, the aged-care funding instrument, which commenced in March, assessments of older Australians entering aged care facilities do not often marry up with their actual care needs. What we find is that a reassessment needs to be undertaken and there are month-long delays before this takes place. During this time, a facility providing a high level of care only receives a low-care subsidy. If the resident is reassessed as being high care, the higher level of subsidy is not backdated to when the resident entered the facility. Facilities could potentially lose money and become less viable as organisations and bodies that take care of Australians in need of such care. We have to be careful with this provision and keep a spotlight on it. We do not want to have a situation where there is a negative financial impact on providers. We must note that if they are under significant economic constraint, we do not want the overall negative financial impact to mean that they close their doors. The last thing that this country needs in the context of an ageing population is to have facilities close their doors unnecessarily.

I might also note that I am under the impression that during this consultation process between the government and the industry the industry was led to believe that this inequity that I touched on about the gap between the care need and the care given was going to be addressed in the legislation—in other words, the funding was going to be made retrospective to reflect the care provided. But this clearly has not come to fruition.

Section 65 is significant, because it talks about the increased power to impose sanctions. The bill provides for a widening of the power of the federal department to impose sanctions on behalf of future aged-care residents, with the imposition of sanctions to act as a deterrent to future non-compliance. Let me say again that compliance with legal obligations is fundamental. But we have to go back to the starting point, and the starting point is getting regulatory requirements balanced. We have to make sure that compliance requirements are not counterproductive to what we are trying to do in the parliament or to the legislation's purpose and

spirit. There are considerable powers to impose sanctions and to revoke licences in the bill. It is not a trivial element of this bill. I hope that providers do not find themselves in the position where a licence revocation becomes an issue. The uncertainty and complexity in the bill is something that I want to put on the record. I go back to the central purpose and spirit of what we are trying to do, and that is to provide a legislative regime that at its heart protects recipients of care.

As someone who was in the Howard government for two terms of its 11½ years in government, I have no hesitation in saying that I believe that the Howard government left an excellent aged-care system in place. The former Howard government placed significant emphasis on wide-ranging reforms to deliver a higher quality and more affordable and accessible aged-care system that met the needs and preferences of older Australians. The Howard government's reforms, as I touched on earlier, began in 1997, when the new aged care act came into force.

One of the elements of that act was the introduction of a national quality assurance framework for residential aged care that combined accreditation, certification and the aged-care complaints investigation scheme. These measures, I believe, have given the community a greater confidence in the quality of care and services and the standards of accommodation, as well as fundamentally protecting the rights of older Australians. The coalition does place significant importance on older Australians having quality care. We must do that in the years ahead. The government, no doubt, has goodwill in this area and has a genuine desire to do so as well. It is a question of balancing funds and priorities, which is the greatest challenge of government.

In my concluding remarks, I want to talk about the demographics a little bit more, because they are fundamental. We are an ageing population. I suspect that the majority of Australians do not turn their mind to such a significant public policy statement, but I also suspect that, if one were to have a conversation with them, most Australians would be very concerned about how their national government and indeed the opposition confront this policy challenge and ask what sorts of policies and ideas that we have. It will, whether directly or indirectly, impact on all of us, whether we become residents or we have loved ones in residential care. This must be central to how we govern, because it has enormous implications, not only in the social space but also in the economic space.

I will end my remarks on a couple of points that will be of interest to Ryan constituents who might read my presentation. There will be some 2.8 million people aged 65-plus. They will be 13 per cent of the population. There will be some two million people aged 70-plus, which is some 9.3 per cent of the population. By 2047, there will be seven million people aged 65 years and over, which will be a quarter of our population. In 2007, there were five people of working age to one person aged 65-plus. But in 2047, there will be some 2.4 people of working age supporting each person aged 65 years or over. During the 20th century, life expectancy rose by 30 years in developed countries. Let me make the interesting observation that the number of people over 100 years of age will increase from 2,860 people today to 78,000 Australians by 2055. That is an interesting and revealing figure.

Over the next 40 years—the next four decades—the number of Australians aged over 85 will increase some fourfold. These figures from our demographic profile clearly demonstrate that the ageing of our population is unquestionably one of the biggest social and economic

policy challenges confronting our nation and our government, whether it is a Labor Party government or a federal coalition government. Both sides of the parliament must have aged-care policy right up there, because it cuts across every sphere of our national profile. I am pleased to speak on this bill, as I was to touch on this public policy issue way back in 2002, when I was a new member of the parliament of Australia.

**Mr ADAMS** (Lyons) (7.37 pm)—I heard the member for Ryan praising the previous government. He did not praise the present government for implementing its election promises. The Hogan report was a little bit lightly done by the previous government. It was a work commissioned by the previous government, but it did not act on the recommendations in a very big way. I do not think that the honourable member should praise the previous government very much, because I do not think that it really did get on with the work. But the Rudd government has started to do so by meeting its obligations under its election promises. The minister should be praised for the work that she has done in getting the Aged Care Amendment (2008 Measures No. 2) Bill 2008 to the parliament.

The bill seeks to amend the Aged Care Act 1997 and the Aged Care (Bond Security) Act 2006 to strengthen the aged-care regulatory framework so that it reflects the current structure and nature of the aged-care industry. Aged care in Australia is largely regulated by the Commonwealth government and has changed over the years. The Commonwealth funds the provision of aged-care services through subsidies of the costs of residential care as well as capital grants. However, state and territory and local government regulations also reflect on the provision of aged-care services in matters which include: building planning and design—the spending of those capital grants that the Commonwealth provides; occupational safety, which is an important area covered by state regulations; food preparation, which is also of vital importance; and consumer protection. Those are all covered under state and territory laws.

The Australian population is ageing. Currently, older Australians, aged 65 years or over, make up 13.4 per cent of the population—that is, 2.8 million or one in seven Australians. I am told that the Productivity Commission estimates that by 2050 one in four Australians will be aged 65 years or over. That is the difference: presently one in seven, soon to go on to be one in four. Those are very interesting figures. As individuals age, some form of assistance with personal and everyday activities is usually required. The latest available data indicates that 32 per cent of those aged between 65 and 74 years and 86 per cent of those aged 85 years and over require some form of assistance. Consequently, there has been an increase in the number of people seeking access to aged care. A further trend relating to an increase in the number of people seeking to access aged care is that family structures have changed, whereby the family unit may no longer be a primary source of aged care for increasing numbers of people as it was in the past. Another emerging trend is that people are entering residential aged care requiring a higher level of care. I think that is because people stay in their homes longer. We notice this trend in an electorate like Lyons, which I have the pleasure and honour of representing, where many country and regional people stay in their homes until much later in their lives.

As mentioned earlier, when the act was initially enacted the typical business structure was one where the owner of the aged-care facility was also the operator of those facilities, and the regulatory regime of the act reflects that type of structure. On the other hand, the owner and operator of a facility now have distinct and at times separate roles and responsibilities. In ad-

dition, there has reportedly been an increase in the level of investment in aged-care services by large corporate entities and in aged-care services being combined with other kinds of services within the same facility. The aged-care regulatory regime provided for in the act does not at present adequately address these changes.

The bill proposes amendments to the act to address the different business structures currently involved in providing aged-care services, to improve and extend the regulation of aged-care providers. First, the bill proposes to amend the act to clarify that the act regulates aged-care services and that approved provider status relates to approval given for the type of aged care and specific services provided, and for the allocation of places. Second, the bill proposes to amend the act by expanding the entities involved in providing aged care which are subject to scrutiny and regulation, thereby trying to address the current limitations on the secretary to consider the record of related entities and those who influence executive decision making of the aged-care facility. It is pretty important that we have that regulatory role defined so that we know who we need to address concerns to or who is responsible for not meeting standards. In the current situation, obligations under the act cease when approval status is no longer in force, thereby excluding former approved providers from the regulatory regime and including an entity whose approved provider status is not yet in force because the entity has not yet been allocated any places in the regulatory regime.

The bill also proposes amendments expressly focused on the protection of the needs of the aged-care community, as well as aged-care recipients' health and welfare and, of course, all their interests. Within the context of increasing numbers of people seeking to access aged care, the bill proposes amendments to streamline assessments by the ACATs, allowing for more timely and consistent assessments for aged care. Also, this bill proposes amendments to the Aged Care (Bond Security) Act to ensure that the bond guarantee scheme would apply in relation to both current approved providers and former approved aged-care providers who continue to have outstanding bonds.

Now I just want to touch on some aspects of aged care as they affect my electorate, the great electorate of Lyons. Aged care is becoming more and more sought after as families try and cope with an ageing parent or parents who can no longer look after themselves. We all face these situations in our own lives as we get older, and those of us who have faced these situations with our parents know the issues. It is a terrible wrench to have to make a decision for one's own family, and sometimes government policy stands in the way of making the right decision. This bill helps to ensure that the provisions of the current act accord with changes in the aged-care industry, as well as addressing certain gaps in the current aged-care regulatory framework. I agree wholeheartedly with this bill.

Now I think we should start thinking smarter and be more flexible in the way we look at aged care. I believe that we should be looking for more models that allow the children, in some cases, to invest in some infrastructure such as an aged-care unit as part of a complex so that people's parents, and later the people themselves, can move into something more manageable when old age overtakes them. At the moment there are private retirement complexes, but sometimes these are not equipped to be staged through some independent living units to hostel low care and then to high care. These are left to governments to provide. Perhaps, as part of our superannuation or some other tax-saving venture, models could be developed so that working children could provide for their parents in the private sector.



Ageing is a part of life, and the fact that many government aged-care homes are bursting at the seams with long waiting lists means that some of our parents are not being looked after in the way we would like. Many families struggle to keep their loved ones at home with them despite the enormous extra workload this sometimes entails. Then problems such as Alzheimer's or the onset of dementia drive the family to seek more permanent help. I see this in my electorate all the time. There is a lot of shifting around before a person is permanently located. But one of the comforting things for those people's loved ones is to be able to take them to their last home every so often to reassure them that some things do not change. If, as occurs now, the families have to sell their homes to raise the bond for the nursing homes then there is no chance for the family to provide some comfort for the parent. Somehow we have a long way to go to allow people to age gracefully and have their latter years still remain meaningful and happy. Nursing homes and some retirement centres are seen as the last resort, yet they could be just another stage in one's life that could be just as enjoyable and positive without the cares of looking after a big house or garden. We should allow people to be able to move from their houses to a nursing home and to other places such as smaller independent units without a great deal of difficulty through pension considerations, selling the home and those issues. We need to explore those avenues much more.

The question of couples being kept together is also seen as difficult. In the case of the Ouse hospital in my electorate, which was providing some aged care as well as being a very outdated hospital, the first casualty was a couple that was moved out of the region. They were separated and moved away from their friends. They were both over 90 and in reasonable health when they left. They returned briefly for the day to celebrate their last anniversary together. Within days of that, one died and was quickly followed by the other. They were in good hands when they went, but they were on their own and away from their friends and relations. They had nothing to live for. I see this repeated again and again. This should not occur as it occurred in the decisions that were made in that instance.

We must be cleverer at how we treat our older people. Many can stay in their own homes for longer if they have help. Couples could be kept together with a little bit of rearrangement and with help they can care for each other. Families can help if there are more flexible tax and superannuation scenarios so that the financial burden of ageing can be part of the family package with all contributing. Design of buildings, both homes and care places, can be critical in the comfort and safety of our older people. Such simple things as waist-high power points, no steps, and rails appropriately placed—all as part of the basic design—are so easy to do but are rarely done.

Food too is an important part of a feeling of comfort and wellbeing. Most country hospitals used to grow their own food, have a few chooks and have access to country recipes from local people employed in the kitchen. I know how good that can be because my mother, Joyce Adams, was a cook at the Toosey hospital with her sister. They not only knew the favourites of the people they cared for but their background in the sort of cooking done in the area was key to keeping not only the patients happy but the staff and surrounding workers, who would pop in for morning tea or come and visit their relative who was enjoying still being part of the community.

I support this bill and I would like to mention a couple of nursing homes that I visited recently in my electorate when I opened some extensions. One was at Grenoch in the town of

Deloraine. It is a long-serving nursing home that has been amalgamated with the local hospital. They have moved forward in a very positive way. They have a great auxiliary which has put tremendous work into providing the comforts for people who reside in that wonderful nursing home. They also did some work on McNeill House, which is part of the nursing home. It is named after Brigadier John McNeill, who played an interesting role in the town. The refurbishments have allowed McNeill House to be refurbished to resemble a home from the 1950s or 1960s, which is the period in which the residents appear to be most at ease in their dementia. So that is a wonderful thought process which has achieved a great deal for aged care in that region.

I also had the honour of officially opening the refurbishment of a wing at Tandara Lodge in the town of Sheffield. There were some very excited people at the opening and it was wonderful to celebrate the 30th anniversary of the nursing home. Many people have made a great contribution to this home over the years. I was able to talk to several of the people who have been there from the very beginning.

One of the exciting things I saw in the refurbishments to Tandara Lodge was a small gymnasium. A gymnasium in an aged-care home is a new phenomenon. The equipment is not readily available in Australia. It is made in Finland and consists of rehabilitation exercise machines that are computer controlled. They told me of a woman who came to the nursing home in a wheelchair and within one month was up and walking with a walking frame. So her quality of life has improved considerably because of the hard work and clever thinking of the staff of the nursing home. I should also mention that the ethics in the nursing home are of a high standard.

I praise the minister for the work she has done in getting this bill before us. I support the bill and look forward to it passing the parliament as the Rudd government fulfils more of its election promises.

**Mr HARTSUYKER** (Cowper) (7.57 pm)—A society is judged by the way in which it cares for those people who cannot care for themselves. The assurance that any elderly Australian who needs care will have access to safe, secure and compassionate aged care is of the utmost importance.

The aged-care industry in Australia looks after some 760,000 people in their own homes and around 145,000 people in residential facilities. Residential care services are the most resource intensive aged-care service and will become more important as Australia's population ages and our society changes.

Before I move on to the significant challenges facing the aged-care sector, it would be inappropriate not to mention the hardworking and dedicated staff and management who work in the aged-care industry. One of the privileges of being an MP is having the opportunity to travel to nursing homes for various functions. Over the years I have met at these events hundreds of highly skilled and dedicated nurses and support staff who brighten the lives of so many older Australians. Nursing homes are not easy places at which to work. Residents may have a variety of complex needs and are often struggling with physical and mental illness and injury. Despite these difficult circumstances, staff consistently provide high levels of care.

The Rudd government inherited a world-class aged-care system. The Howard government implemented wide-ranging reforms of the aged-care system, beginning with the Aged Care

Act 1997. Our Aged Care Principles introduced a better payments framework and a national quality assurance framework for residential aged care, which combined accreditation, certification and the Aged Care Complaints Investigation Scheme. These measures gave the community greater confidence in the efficiency and quality of care in Australian aged-care facilities. These measures have also protected the rights of older Australians. In government, and now in opposition, the coalition places a strong emphasis on ensuring that older Australians have access to high-quality aged care.

Australia's aged-care industry is at a crossroads. Australia is ageing rapidly due to lower birthrates and longer life expectancy. Currently, about 2.8 million Australians, or 13 per cent of the population, are over the age of 65 and about half of these require some sort of assistance to carry out their regular daily activities. By 2047, the number of Australians over 65 will have jumped to seven million or 25 per cent of the population. In 2007, there were five people of working age to support every person over 65. In 40 years time the number will be only 2.4.

Estimates show that, in 2055, Australia will have 78,000 people over the age of 100, compared with just 2,860 today. Over the next 40 years, the number of Australians aged over 85 will increase by 400 per cent from 400,000 to 1.6 million. This ageing of our population will present massive social challenges for Australia over the coming decades and will place considerable pressure on the budget. Without wholesale changes to the aged-care system in Australia, there is a risk that future generations will not have guaranteed access to residential aged-care facilities, a fundamental principle of the Aged Care Act 1997.

Locally, my electorate already has one of Australia's oldest population bases. According to the 2006 census, 20 per cent of people living on the mid-North Coast are over 65, compared to the national average of 13 per cent, and 14 per cent are over 70, compared with the national average of just 10 per cent. A new report from the New South Wales government has shown that the over-65 population in Coffs Harbour is growing by five per cent per year. By 2016, there will be 18,000 people in Coffs Harbour over 65. This presents a massive challenge for the government and the aged-care industry. ABS figures show that the mid-North Coast is well above the national population averages for people aged 50 and above, meaning that my region will feel the effects of Australia's ageing population much more than many other areas.

In addition to these figures, the recently released Grant Thornton report paints a grim picture of the future of the aged-care industry. The report surveyed almost a quarter of Australia's residential aged-care facilities, and the findings of the survey are very concerning. The simple message of the report is that Australia's aged-care needs are increasing and our preferences are changing but the aged-care sector is not well placed to respond to these changes.

Many people are now choosing to stay in their own homes for as long as possible. This option is often better for everyone involved as it allows the resident to stay living in familiar surroundings and the government saves money in comparison with formal care. However, this has led to a large increase in the ratio of high-care patients in residential care. In 1998, only 58 per cent of permanent residents were assessed as requiring high care. By 2007, 70 per cent of residents required high care. For both government and providers, this represents a significant increase in costs.

The preference for privacy and personal space is also having a major impact on the viability of many aged-care providers. It is much more expensive to care for two people in two sin-

gle rooms than to care for two people in a shared room. Over the past decade, the average number of people in a residential aged-care room has decreased significantly. One would expect that these trends will continue into the future, requiring considerable investment in new high-care facilities. The increase in high-care residents and single-bed rooms has eroded the financial returns of aged-care providers. I quote from the report, which said:

Providers of residential aged care services are experiencing low and deteriorating financial returns at a time of unprecedented demand for high care services. This is particularly the case for the modern, single room facilities most preferred by consumers ... These results reveal a lack of incentive to renovate old facilities, or to build new ones, representing a threat to the viability of the residential aged care sector.

At the moment, there is no incentive for providers to build more aged-care places. After expenses and depreciation, the average return on investment for a single-room service is 1.1 per cent. For a new residential facility, providers expect to pay about \$176,000 per bed in construction costs, excluding land. In 2003 that figure was only \$80,000. Modern single-bed facilities are more expensive to build and bring lower returns than traditional multi-bed facilities. In fact, shared bedroom facilities provide returns almost double those of single-bed facilities.

The low returns available to aged-care providers have led to aged-care approval rounds being undersubscribed in some states. In some areas, providers are actually handing back their bed licences. Low returns also impact on not-for-profit aged-care providers. In their submissions to the inquiry, not-for-profit providers indicated that their deteriorating financial positions had led to the implementation of more commercially focused admissions policies. This change comes at a cost to financially and socially disadvantaged Australians.

Earlier, I mentioned that the average return on investment for a modern aged-care institution is around 1.1 per cent. Unfortunately, some aged-care providers have been losing money—to the point where a number of providers have recently closed facilities. The distress this causes for residents, staff and families is very obvious and unfortunate. The Grant Thornton survey suggests that these closures are likely to become more common unless the underlying problems with regulation and pricing arrangements are addressed.

I am familiar with the aged-care situation in my electorate, and I have regular contact with aged-care providers in my area. I recently received an email from a provider who noted the challenges facing the aged-care industry on the mid-North Coast. The provider listed a number of concerns. Firstly, the new aged-care funding instrument has actually reduced the funding for incoming residents compared to the previous system. With the rapid increase in costs and overheads, this poses a serious risk to the viability of the sector. My constituent went on to note that an aged-care facility in New South Wales with about 150 residents can expect a workers compensation bill of around \$300,000 a year and insurance costs of about \$50,000. Add to that the sharp increases in electricity, gas and water prices and an aged-care facility must pay out hundreds of thousands of dollars before a resident receives a minute of personal care. To put it simply, costs are rising and funding is not keeping pace.

If this continues, the industry will be unviable within a very short time. One aged-care facility in my electorate calculated that it would be almost \$180,000 per year worse off for just 30 residents under the government's new funding instrument. The only thing that prevents this huge loss is the 'grandparenting rule', which does not allow the funding for existing residents

to decrease. The inclusion of the grandparenting rule in the new funding instrument makes it clear that the government was aware that the new funding arrangements would result in decreased funding for the aged-care industry. As current residents pass away or move on, new residents will not be under the protection of the grandparenting rule, and many will therefore attract lower funding. Over time, this will decrease the funding base of aged-care providers and further threaten the viability of the aged-care sector.

To help with the construction of new facilities, the government has implemented a zero-interest loan scheme. In theory, this is a worthwhile initiative. Unfortunately, like so many other programs that the government has bungled, its implementation is imperfect and this has prevented the funding from getting to where it is most needed. As I have stated, my electorate has one of the oldest population bases in the country, yet we are not considered important enough to warrant inclusion in the zero-interest loan scheme. This will make it less attractive to build new aged-care facilities on the mid-North Coast and will eventually disadvantage the older constituents in my electorate. This is just another example of the Rudd government's contempt for senior Australians.

The aged-care industry needs a minister who will stand up and fight for the industry. The industry needs a strong voice in the media and in government to support and advocate for the future of the aged-care industry. Instead, the minister has demonised the industry, focusing almost entirely on the handful of providers who are not up to standard. Instead of providing more funding, the minister has overseen an increase in costly surprise inspections.

The industry feels that the Minister for Ageing has spent her time talking down the quality of care given by providers and inferring that they are greedy. The minister should be praising the majority of providers and their staff, who give the highest quality care and are working on very tight budgets. The following quote is taken directly from a constituent's letter. He said:

Please acknowledge the aged care industry. They are not asking for rewards, they are just asking for adequate funds to provide the high level of care that the minister is so vocal in saying she wants to give. Because of the difficulties facing the aged-care industry, it is essential that the government create an environment that makes investment in aged care attractive. Investors and providers need to know that adequate funding is guaranteed. They need to know that the regulations and enforcement regimes are consistent. They need open channels of communication with the minister and her department. Most of all, they need to know that they will be viable into the future. Unfortunately, this bill does not achieve these outcomes.

The bill before the House today will address a number of regulatory issues in the Aged Care Act and the Aged Care (Bond Security) Act. When the Howard government introduced the Aged Care Act in 1997, the typical business model involved the owner of the facility also managing the facility. The regulatory framework reflected the nature of the industry at the time. Over the past decade, we have seen a different business model emerge. Often the owner or developer of a facility is quite separate from the manager of the facility. Investment in aged care by large corporations is also becoming more prevalent.

The difference between the regulatory framework and the modern business model has created inconsistencies in the application of the regulations, and this bill attempts to rectify those problems. Under the current legislation, key personnel in an aged-care facility are under scrutiny to ensure that the regulations are adhered to. Because of the change in business models, the people who control the finances of an aged-care facility may not be 'key personnel' as

defined in the legislation. This amendment will alter the legislation to allow scrutiny of all relevant people. This amendment also clarifies the rules surrounding the co-location of different types of facilities on one property. Some providers have constructed retirement villages, nursing homes and disability or step-down care in one location. This amendment will clear up uncertainty as to how the regulations apply in these cases.

One important part of this amendment is the changes to the Aged Care (Bond Security) Act. As of 2007, aged-care providers held about \$6.3 billion in accommodation bonds. Since the introduction of the accommodation bond guarantee scheme in 2006, some parts of the legislation have been identified as perhaps needing strengthening to protect residents. This bill will amend those areas and better protect resident accommodation bonds.

Although this amendment does achieve some worthwhile goals, it falls down in two areas. The first area is aged care assessments by the ACAT team. Under a new financial instrument introduced in March, some older Australians enter residential aged care needing a higher level of care than they have been assessed as needing. Because of this, a reassessment may have to take place. There is often a delay of several months before the reassessment is completed. During this time, the provider may be providing high care to the resident while receiving a subsidy at a lower level. This leaves the provider out of pocket. During the consultation process for this bill, providers were led to believe that this problem would be fixed and providers would be able to receive retrospective funding to cover the period when the care provided and the government subsidy did not match. Unfortunately, this is not the case and providers will still be out of pocket if a reassessment is needed. With providers already struggling to remain viable, this problem must be resolved quickly. It is issues such as this that cause providers to lose confidence in the minister and, as a result, lose confidence in and the desire to invest in the industry.

The other major issue with this bill is the introduction of subjectivity into the regulations. This amendment hands unprecedented power to the Secretary of the Department of Health and Ageing to impose sanctions on an aged-care provider. The new regulations will even allow the secretary to impose a penalty or sanction in the event of a possible future breach of rules or guidelines. The power handed to the department is subjective, leaving providers with little certainty about the way in which aged-care regulations will be monitored and breaches punished.

Aged care is a vital industry in this country and it should be supported. The minister has failed to support it with anywhere near enough effort so far. There have certainly been a range of concerns raised with me about the minister's stance in relation to the industry, and she certainly needs to improve her game. The coalition is absolutely committed to a high-quality aged-care system for this country, and I wish the minister would follow the coalition's lead.

**Mr SLIPPER** (Fisher) (8.14 pm)—As I have to be on duty as Deputy Speaker in the main chamber at 8.30, my speech on the Aged Care Amendment (2008 Measures No. 2) Bill 2008 will be somewhat shortened. It is important always to recognise the importance of older Australians and the role that they have played in making sure that as a nation we have the freedom, stability and way of life that makes us the envy of people throughout the world. As undoubtedly the shadow minister has pointed out, the ageing of our population is the biggest social issue that Australia faces and it will present considerable budgetary pressures. A number of years ago I held an aged-care forum in the electorate of Fisher, which is on the Sun-

shine Coast in Queensland, and I was staggered to hear that, given the longevity of aged Australians and given modern medical advances and increased health expectations, the aged-care industry will in the near future have to expect that people will live to 120 years of age. That of course is a wonderful outcome as far as health is concerned, but it does present real challenges as far as management of this important area by the government of the day is concerned.

Let us look at some demographics which undoubtedly the shadow minister has previously emphasised to the parliament. In Australia today we have 2.8 million people aged 65 or more—that is 13 per cent of the population—and two million people aged over 70—that is 9.3 per cent of the population. By the year 2047 we will have seven million people aged over 65, and that will be 25 per cent of the population. In 2007 there were five people of working age to one person aged over 65, but just 40 years later we will have 2.4 people of working age supporting each person aged over 65. During the 20th century, life expectancy rose by 30 years in the developed countries, and the number of people aged over 100 will increase from 2,860 people today to 78,000 by 2055. So the situation I outlined is a wonderful opportunity to harness the talents of older Australians but also, as older Australians have increased health needs, presents certain economic challenges. Over the next 40 years the number of Australians aged 85 will increase fourfold.

Let us look at aged-care statistics. There are currently 2,870 accredited aged-care facilities throughout Australia with 150,000 residents. Interestingly, only six to seven per cent of people enter aged-care facilities. Aged-care facilities are horrendously expensive for the community, but it is only appropriate that any government provides support to those people to whom our nation owes so much. Having said that, because most Australians, even most older Australians, do not actually enter these facilities, there is always a balance in looking at the funding needs of those people who do need assistance as against the requirements of the general population.

When the Labor government was elected just 12 months ago, it inherited a first-class, I would almost say a world-class, aged-care system. That is not to say, of course, that there cannot be improvements. I have to say that this bill does include many positive measures. Let us face it, regardless of the politics we have, we all support improved assistance for older Australians, and I think most people would acknowledge the debt that we owe them. This bill aims to introduce safeguards and protections to the laws affecting the aged-care sector in Australia. It comes at an appropriate time, when the aged-care sector is truly at what some could describe as a precarious and dangerous crossroad. The Labor government says that its changes aim to protect the residents of aged-care facilities and to ensure that the standard of care they receive is maintained at the highest levels. We would expect that in a nation such as Australia.

These are changes that must be successful in order to ensure that the number of aged-care beds available is able to keep up with the demand that is expected to continue given the ageing of the Australian population. The bill suggests that the standard business models that were in place when the Aged Care Act 1997 was implemented are not as common today and that there is much more variety in the industry. I believe this is undoubtedly correct. New business models have been applied to the industry. We continue to have some owners and operators running particular facilities, but we increasingly see investment and input from major corporations. That is not a bad thing, but one has to make sure that the quality of care is always

good and that the clients of these facilities receive the assistance that we expect them to receive.

In the aged-care industry, as in most Australian industries, over time the influences and pressure of modern commerce, the influence of international economic factors and the impact of economies of scale on many former cottage industries have encouraged considerable change. This is not necessarily a bad thing in itself, but it is a fact of life that must be recognised and addressed. The aged-care industry has certainly been subject to much change. The Liberal-National government built a strong and successful aged-care sector over its terms in office. Sadly, there is currently a danger that change for the sake of change may well erode some of the gains made in the industry.

Labor says that the present legislation—that is, the Aged Care Act 1997—is regarded as not being as effective as when it was first introduced. Labor says that this is because of the evolution of the industry over the past decade. Labor claims that the legislation is not as effective in monitoring and guiding some of the complex corporate entities that are active in this industry. To a certain extent, the government is correct, but one ought to recognise that in the aged-care industry we no longer have a one-size-fits-all sector. The government claims that it is mindful of the need to have the protection and care of the elderly and the frail as key motivators of those providers in the industry, and I certainly hope that is the case. The legislative modifications also claim to offer better protection to residents and confidence in the sector. It is sad, however, that the government, after about 12 months in office, has eroded the confidence of many industries, including the aged-care industry.

The Aged Care Act 1997 was introduced by the former Liberal-National government and had the effect of improving public confidence in the quality and standard of care provided to older Australians. The Liberal-National aged-care reforms helped stabilise the industry and introduced a unified system for care and for payments. It brought in a standard quality-assurance system and a system by which complaints were investigated. The bill currently before the chamber seeks to ensure that all of those who have an interest in the aged-care industry also face direct responsibility for maintaining standards. The bill seeks to ensure that those who work behind the scenes, so to speak, are also subject to scrutiny for the operations in which they are involved. I think that is important.

Older Australians are living in desperate times and have been ignored by the Labor government since it came to power. The former government, the Liberal-National government, introduced a number of reforms that assisted the aged-care industry. Honestly, we had built confidence and enthusiasm in the sector. This interest has waned over the past 12 months and now, in Western Australia—parts of which the honourable members for Kalgoorlie and Forrest have the honour of representing—there is an undersubscription in aged-care places. It is vital that older Australians are not ignored any further. Frankly, it is a situation we have not previously heard of. The Labor government hopes to boost the industry through these reforms. However, it is vital that funding is maintained at adequate levels to ensure that further infrastructure can be built so that the undersubscriptions are prevented and so that competition by providers for places continues in order to provide an effective and efficient aged-care sector. While this bill is to be welcomed, and many of its provisions are certainly positive, the Labor government needs to lift its game in the aged-care sector so that the needs of older Australians are able to be met.



In closing, let us just look at the economics of an ageing population. I do not resent money being spent on older Australians because, let us face it, they are the people who have made Australia the country it is today. But Australian government spending on health is projected to increase as a proportion of GDP from 3.8 per cent in 2006-07 to 7.3 per cent in 2046-47. The growth of real GDP per person is projected to slow because of the ageing of the population and this will equate to a fall in living standards. With a stagnant labour market and increased lifespan, which I have outlined previously, the standard of living of Australians will fall in the years ahead. Spending on health and aged care is projected to grow significantly over the next 40 years, due to improved and more expensive drugs and medical technologies. Therefore, earlier in my speech I outlined that the major challenge confronting Australia today is the ageing of our population. That is a challenge. It is also an opportunity. It is a challenge that we should welcome because it is great that health standards are improving, that medication is improving, that technology is improving and that life expectancy is improving. But, accompanying those benefits, we will have a situation where increased spending will be required on aged care and we will need increased monitoring to make sure that those people who are in facilities are appropriately cared for.

There would not be a member of parliament in the House who has not had complaints from constituents in relation to aged-care facilities. I personally believe that most aged-care facilities try to do the right thing and, indeed, do the right thing. I would like to place on record my admiration for the carers and the nurses and the people in those facilities, because they do do a wonderful job. But it is important to make sure that we benchmark that performance. We have always got to think: how would we feel if our mother or father was included as a resident in one of these facilities? But, more importantly, we have to look at our communities—the communities we are privileged to represent.

I welcome this bill. It is a positive bill. The government, though, needs not to take its eye off the ball with respect to aged care. The government needs to continue to recognise the importance of older Australians. Very little has been done by the current government for older Australians since the government was elected on 24 November last year. Older Australians have not been given the attention that they should. Many older Australians tell me that they feel that the current government has, in fact, almost wiped them—that they believe that, because they are old, because they are not working, because they are not actually contributing the taxes they once were, somehow they are worthless individuals. I just think that is an appalling attitude and I would ask the government to reconsider. I know that the honourable member opposite is a person who does not share the approach of many people in his government and that he is genuinely interested in older Australians.

Having said that, I am pleased to join the debate on this bill. I am pleased to support the good parts of this bill. I just want to encourage the government to pull its socks up. The government can do better. The government should do better. And, in the remaining time this government has, it is important that it does do better. I commend the bill to the House.

**Mr HAASE** (Kalgoorlie) (8.28 pm)—I rise to speak on the Aged Care Amendment (2008 Measures No. 2) Bill 2008. This bill amends the Aged Care Act 1997 and the Aged Care (Bond Security) Act 2006. The Rudd government would have us believe that the purpose of this amendment bill is to address the current legislative inequities and maintain effective regulatory safeguards for ensuring high-quality care for older Australians. The coalition left a

world-class aged-care system to the Rudd government. We delivered wide-ranging reforms and record funding for high-quality, accessible and affordable aged care.

We all know that Australia has an ageing population. People aged 65 or over currently make up 13 per cent of the population. But in the next 40 years this figure is expected to rise to seven million people, or 25 per cent of the population. There is also expected to be a significant increase in the number of people aged 85 and over, from 1.7 to 5.6 per cent of the total population. For this reason, the aged-care system does need to adjust and grow with our ageing population to reflect trends in the aged-care sector and meet future challenges.

A Productivity Commission report on aged-care trends released in September highlighted a number of issues in projecting that future demand for aged care will become markedly more heterogeneous. This is due to increasing diversity among older Australians in terms of their care needs, cultural and linguistic backgrounds, preferences, expectations, personal income and wealth. The coalition introduced a number of measures to address aged-care trends and projected future industry deficits. Labor's amendments to the aged-care system do not properly acknowledge either the current state of the industry or future directions addressing a more diverse aged-care demographic. This bill does not, as claimed, ensure high-quality care for older Australians—certainly not for all older Australians, especially those in our rural and remote regions.

Aged care is an issue in my electorate of Kalgoorlie as it is for the rest of Australia; in some ways, however, it is more so. The Australian government system of assessing suitability for its funded aged-care places recognises that conditions associated with ageing generally affect Indigenous people substantially earlier than other Australians. Therefore, the target demographic for Australian government funded aged care is frail older persons aged 70 years and over or 50 years and over for Aboriginal and Torres Strait Islander people. My electorate is nearly one-fifth Indigenous—18.3 per cent. In fact, I represent 5.7 per cent of the total Indigenous population of Australia, or about 26,000 Aboriginal people. Based on these criteria, at the last census there were at least 10,459 people in my electorate who fell into the target group for government aged-care planning. Provision of aged care in my electorate faces other challenges, as I will explain.

Anyone who heard me speaking about the failure of the government's National Rental Affordability Scheme to meet the needs of regional Australia would now be aware that the housing crisis in parts of regional Western Australia has had a severe impact on service industries. Unfortunately, aged care is one of the service industries that has fallen victim to this predicament. My fellow members have heard me refer many times to a housing crisis on the north-west coast of my electorate. Land costs are higher, construction costs are higher, rental and of course capital purchase costs are higher, accommodation costs for staff are higher and readily available accommodation is practically nonexistent.

Service industries like aged care struggle to compete against mining industries. For example, a multiskilled support worker in residential care gets less than \$20 an hour and less than \$40,000 a year before tax, but in mining towns of the north-west an average rental house is worth double that, if you can get one. One aged-care service provider in Broome says that housing is the main limiting factor for staffing. They are able to locate staff but staff cannot afford the very high rents. This provider has therefore developed its own staff accommodation, which it could fill two or three times over. Fortunately, this situation is not widespread,

but these communities still need aged care. Our older Australians have every right to spend their twilight years with dignity in their home towns or at least near their home country.

The Productivity Commission report on aged care which I referred to previously says that metropolitan areas have just over half of all staff in the aged-care sector but two-thirds of the clients. In regional areas, the ratio of staff to clients is about even. In rural and remote locations, 25 per cent of Australia's residential aged-care staff look after only 11 per cent of the clients. There are various reasons for this—for example, smaller facilities and fewer or no outsourcing opportunities. The upshot is that staffing costs are much higher in rural and remote areas. Quite often aged-care providers can only get inexperienced workers, with a rapid turnover as untrained or unprepared staff struggle to cope with the heavy workload. Staffing shortages put pressure on new staff as well as existing staff. In cities, aged-care providers can rely on staffing agencies, even though this means that staff are inexperienced and unfamiliar with the clients. In rural and remote regions, aged-care providers usually do not have that option.

The Productivity Commission also said that there may also be a requirement for culturally appropriate aged-care services in rural and remote regions, which can significantly increase costs. As things now stand, aged-care facilities in rural and remote areas are a very bad business proposition. Perhaps this is why about 45 per cent of Australia's aged-care residential places are offered by religious or charitable providers. But they cannot afford to run at a loss any more than a provider who is in it for the profit motive can.

A pressing and common problem for smaller rural and remote towns is that they may not have enough residents to work profitably under current funding models—that is, they cannot achieve an economy of scale to stay in business. The residents of these small towns are equally entitled to receive aged-care services without being uprooted from the familiar surroundings they have spent their lives in, raised children in, helped to build and chosen to live in. Aged-care providers suggest that, under current funding models, any rural or remote aged-care facility with fewer than 50 or 60 residents will find it hard to remain viable.

Kalgoorlie-Boulder is a regional city, but providers tell me that the provision of aged care there costs a lot more than the same service would in Perth. In fact, I am told that regional aged care can cost up to 40 per cent more than in Perth. Everything is more expensive, from staff training, to transport, to food, to care products. This is partly due to freight cost loadings and partly because in regional areas services are limited. Aged-care providers have to take what they can get and do not have the option to shop around and save money. This all means that the funding is quite simply inadequate in regional areas. As I mentioned, there is also a flow-on effect from the housing crisis, which, for regional facilities, means they are unable to attract staff, since staff cannot afford or cannot obtain housing. Because these regional facilities typically run on a very, very tight budget, they are unable to offer pay incentives to subsidise staff housing.

As several other speakers have noted, aged care is at a crisis point. 'Crisis, emergency, catastrophe, disaster'—I believe that describes how residents of the Olive Laird Hostel at Carnarvon on the west coast of my electorate felt a year ago, when they were told that their home, the aged-care facility where they thought they were spending the rest of their lives, had no choice but to relocate them and close down. Not only was this very bad news for the elderly who lived there at the time that the hostel was forced to close; it effectively left the residents

of some 1,300 kilometres of Western Australian coastline without an aged-care facility. The Olive Laird Hostel was a casualty of the lack of economy of scale that I have been talking about. The hostel had only 10 residents, plus a number of community clients, when it was forced to close its doors, but it was effectively the only residential aged-care facility between the towns of Geraldton and Port Hedland—some 1,300 kilometres. That left the residents of some 1,300 kilometres with no aged care. When the Olive Laird Hostel closed, its residents were located as far away as Perth, 900 kilometres or a full day's drive to the south.

One of my constituents who had spent her life in Carnarvon, whose husband is buried there and whose family still lives there was one of those who were relocated to Perth after 70 years in her home community. How do you explain to someone who has lived in one community all her life and has never called anywhere else home that she will be moved, not just a short distance away but a great distance away, to a different facility, a different set of doctors, health staff and carers, a different town or city and a different climate and environment far away from family and friends? That is not how anyone should have to spend the latter years of their life, but that is what has happened to the residents of the Olive Laird Hostel in my electorate. You can understand why the senior citizens of Carnarvon and the surrounding region are now very distressed at the prospect of having to leave their home and move a world away to access residential aged care.

A better and more flexible funding model is needed. Some aged-care facilities have to rely on charitable funding, often from religious institutions, to survive. They should not have to, but sometimes they do. The Olive Laird Hostel in Carnarvon was operated by the Churches of Christ Homes organisation, which found itself having to subsidise the operation quite extensively before having to close it down. In my home city of Kalgoorlie-Boulder we have, among others, two excellent aged-care facilities run by Little Sisters of the Poor. Little Sisters of the Poor has grown from one woman helping the elderly in France in the 1800s to a mission which runs homes for 14,000 residents in 31 countries on five continents. The Little Sisters have been in Kalgoorlie for more than 30 years. They cater to different levels of aged care with a 29-place hostel and a 20-place nursing home, with a full capacity of 49 places.

Little Sisters of the Poor is right on the borderline of financial viability; in fact, they run at a loss all the time and are subsidised by the national Little Sisters of the Poor organisation. I happen to know that the sisters working in the Kalgoorlie facility take part of their monthly stipend to feed the aged-care residents. In 2007, both of the Kalgoorlie facilities failed to meet the 44 audited standards. This came as a great surprise to the local community because no-one has had a bad thing to say about the Little Sisters of the Poor in Kalgoorlie. It was widely acknowledged that their standard of care was exceptional. When the Little Sisters failed to meet their audited standards last year, the mother superior said the standard of care had never been compromised, which no-one in Kalgoorlie doubted, but the paperwork and the records were not up to accreditation standard. After doing some catch-up with recordkeeping, the Little Sisters met accreditation standard and passed their subsequent audit on every count.

No-one, least of all the residents, questioned the aged care provided by the Little Sisters of the Poor. The residents themselves are as devoted to the Little Sisters as the Little Sisters are to them and were horrified to think that anyone would question the standard of care. This is a classic example of how organisations like this, devoted wholly and solely to looking after their residents and struggling to meet staff requirements on the ground, can also struggle to

deal with the accompanying paperwork. Those in the industry acknowledge that residential care can suffer because of the ridiculous amount of time paperwork takes away from the residents. It was even suggested to me that an aged-care facility which focused on meeting its bureaucratic requirements before the needs of its clients could have the best paperwork and the worst care. The legislation I am talking about tonight only increases the bureaucracy and the paperwork required of these dedicated organisations and their staff. Centres with a small population have no chance of sustainability under current funding models. It appears that the Rudd government writes its policies for the city and metropolitan population. Regional citizens do not count.

I have been talking about the aged-care crisis in my electorate, but it is not just my third of Australia; it is national. Ever since this legislation was first read, we have seen more and more evidence of critical inadequacies in the aged-care sector. We hear that, far from the former strong competition for bed licences, providers are now handing them back at a time when we need more and more bed licences to be taken up to cater for current and future demand. We are seeing stories in the media about residents who have suffered from malnutrition or dehydration. For example, one Western Australian provider was placed under sanction by the Department of Health and Ageing, but both the provider and the industry's peak body, Aged and Community Services, agreed that staffing issues were a big contributor to the problems experienced at that facility.

For the aged-care sector to grow to meet the needs of the next generation, let alone the current generation, it has to be an attractive proposition for providers—and for both employers and employees alike. We have to be able to attract more interest from the private sector. We also have to stop organisations like the Churches of Christ Homes closing down facilities because they cannot afford to run them. We have to stop organisations like the Little Sisters of the Poor failing audits because they are so overworked that they do not get the paperwork done.

In my home state of Western Australia, operators rejected 360 of the 1,000 bed licences in the 2007-08 funding round because they could not afford to build or staff facilities. That paragraph alone says a great deal about the inadequacy of this legislation. It purports to be the be-all and end-all and the most current, up-to-date process of addressing all of our needs in aged care, and it fails miserably. I repeat: operators rejected about a third of the 1,000 bed licences available in the 2007-08 round because they could not afford to build or staff the facilities under the payments that are currently afforded by this government. The Bethanie Group, one of WA's biggest aged-care providers, has handed 100 bed licences back. Another provider acknowledged their declining levels of service and dealt with it by closing beds rather than trying to fill staffing shortfalls with temporary staff and having to deal with the associated problems.

I repeat that the industry is in crisis. We are talking about people's lives and their right to spend their twilight years in comfort and dignity—in the city, in their home towns or near their traditional country. The government must take this seriously and come up with better and more appropriate funding models and a more appropriate way to address these extremely vital issues. This relatively toothless and ineffectual piece of legislation will only make life harder for our struggling aged-care providers. It is long on spin and short on substance—as, unfortu-

nately, we have come to expect from this Rudd government. The government owes it to all Australians, particularly those in rural and regional areas, to do better.

**Mr IRONS** (Swan) (8.48 pm)—I acknowledge the contribution from the member for Kalgoorlie—or should I say the member for Durack?

**Mr Haase**—To be.

**Mr IRONS**—To be. I acknowledge his serious concern for the aged-care industry in his electorate as well as in all of Western Australia and Australia. I rise today to speak on the Aged Care Amendment (2008 Measures No. 2) Bill 2008 and explain how it affects the people of my electorate of Swan, Western Australia. I have spoken to many aged-care organisations in the local community since I was elected last November and hopefully have gained an understanding of the main problems facing the sector at present. In my recent seniors newsletter, I highlighted the components of the aged-care crisis in my electorate. I now want to raise these issues with the House and in particular to see how they fit with the essence of this bill.

I want to make it clear at the outset that I support this bill. It makes several important amendments to the Aged Care Act 1997 that reflect the changing dynamic of the industry. As the shadow minister for ageing announced in her speech, this bill will further protect accommodation bonds, for example, which will guarantee residents' payments should the provider enter into liquidation. However, I will qualify this support with several concerns I have about the individual elements of this legislation. I will also refer to some more general concerns that show that the government has not properly responded to and does not fully understand the true nature of the threats facing the industry.

Demographic trends indicate that the aged-care industry is becoming increasingly important to Australia, and many members in this House are approaching qualification under this classification. Our country's population is ageing. According to the ABS, in WA in 2007, people aged 65 years or over made up 12 per cent of Western Australia's population. In 2056, this proportion is expected to increase to about 22 per cent. The older age bracket of 85 and over made up 1.4 per cent of the population in 2007. This group is expected to grow to 4.6 per cent by 2056. This demographic shift is attributable to a sustained low fertility rate accompanied by an increasing life expectancy rate. Latest ABS statistics suggest that Western Australians have one of the longest life expectancy rates in the world. Life expectancy at birth in WA is 79.1 years for males and 83.8 years for females.

The ageing population has meant over the last few years that there has been an increasing demand placed upon the services that seniors are reliant upon. One of these services is the aged-care industry. It is important to understand the structure of the aged-care industry in Australia. The recently released Grant Thornton aged-care survey divides the aged-care industry into two. Aged-care services provided to consumers in their homes are referred to as community care programs. This is the most common type of aged-care service provided. The Howard government recognised that investing in community aged care was just as important as investing in residential aged care. People in my electorate tell me that they want to stay in their homes for as long as possible. The second aspect of the industry is residential aged care, which is provided to aged people with physical, medical or social care needs which are not met in the community. The Grant Thornton survey describes two types of residential aged care: low care and high care.

The government is involved extensively in the residential aged-care industry. It is involved both in regulating and in subsidising the industry. The industry is regulated through three principal measures. Firstly, aged-care facilities across the country must be registered and approved by the Aged Care Standards and Accreditation Agency. This body, appointed by the Department of Health and Ageing, is also responsible for ongoing supervision of the organisation. Any single accreditation of an aged-care facility can last only three years before having to be renewed. I support the decision by the Minister for Health and Ageing earlier to introduce police checks for aged-care workers and increase the powers of ACSAA, including unannounced site visits.

Secondly, independent from the Aged Care Standards and Accreditation Agency, there is the Aged Care Commissioner. The commissioner is able to review certain decisions made under the Aged Care Complaints Investigation Scheme and to examine complaints about the scheme's processes for handling matters under the investigation principles. The commissioner also has the power to investigate complaints about the Aged Care Standards and Accreditation Agency and the conduct of persons carrying out audits or making support contacts under the Accreditation Grant Principles 1999. The Aged Care Act 1997 provides for the commissioner examining matters on the commissioner's own initiative. In this way, the commissioner acts as an important check and balance for the regulatory system.

Thirdly, the National Aged Care Advocacy Program is funded by the government under the Aged Care Act 1997, with the aim of promoting the rights of people receiving Australian government aged-care services. The program funds aged-care advocacy services in each state and territory. These services are community based organisations which are there to give advice to aged-care patrons about their rights and to work directly with the aged-care industry to encourage policies and practices which protect consumers. Therefore, the aged-care industry is heavily regulated. It is important that the aged-care sector is regulated. This is because the people that use the aged-care industry are among the most vulnerable in society. They have, by definition, been placed in this situation because they cannot look after themselves.

It is of course the duty of society and government to ensure that the rights and dignity of these people are adequately upheld. This is also important because the industry is heavily subsidised. According to the *Report on government services 2008*, federal government expenditure on aged care was \$8.4 billion in 2006-07. Sixty-nine per cent of this was spent on community care services, and 31 per cent was spent on residential care services. It is important to guarantee some accountability for the large sums of taxpayers' money invested in the industry. Regulation is a method by which the government can achieve accountability. However, having said that this is widely accepted, that the aged-care regulatory system is overburdened, the Grant Thornton report of 2008 said:

The regulatory and pricing framework now threatens the viability of the aged care sector by suppressing incentives to invest in modern aged care infrastructure. This decline in investment severely limits choice for consumers of aged care services.

In question time on Wednesday, 12 November, the Minister for Finance and Deregulation accused the coalition of being anti regulation. He said:

There are some people in the community who do not like regulators and who do not like tough rules. The sharks and the shonks and the spivs that inevitably populate the nether regions of the financial world do not like regulators. Unfortunately they have taken over the Liberal Party.

I deny these assertions. We in the Liberal Party are not against regulation per se; we are against bad regulation. My first criticism is therefore that the government needs to think carefully about relieving the regulatory strain on the industry, which this bill does not achieve.

Before making my second point I want to briefly consider the context of the aged-care crisis in Australia. Traditionally the federal government has had responsibility for the funding of aged-care services and the states and territories for service provision. The former Howard government placed significant emphasis on wide-ranging reforms to deliver a high-quality, affordable and accessible aged-care system that meets the needs and preferences of older Australians. The coalition's reforms began in 1997, when the Aged Care Act 1997 and the Aged Care Principles introduced a unified residential care and payments system and a national quality assurance framework for residential aged care, combining accreditation, certification and the Aged Care Complaints Investigation Scheme. The challenges over the last year continue to become increasingly serious and I am not convinced that the government is properly managing the industry.

I want to demonstrate two parts of this bill which I am concerned about by reference to a community based aged-care organisation and a residential aged-care organisation within my electorate of Swan. An analysis of these organisations also reveals significant problems beyond the immediate scope of this legislation but which the government should seriously consider. First, this legislation does not, as we were led to believe, amend section 22 of the act. The Aged Care Assessment Program determines the eligibility of persons for admission into residential aged care and the level of care required. Once recommended, the person can receive subsidised aged care. Patients needs and status can deteriorate and change from low care to high care. However, under the auspices of section 22 there have been lengthy delays between reassessment of patients by an aged-care assessment team. This means that the patients may be receiving high care by an aged-care organisation yet the organisation will only be compensated for low care. As the payment of the subsidy is not retrospective, the aged-care organisation becomes less financially viable. Secondly, aged-care organisations are likely to experience additional financial burdens as a result of having to comply with this bill.

I would like the House to now consider how these points might affect two aged-care organisations in my electorate. The first is Southcare, which is a non-residential community support agency based in my electorate of Swan. It aims to provide emergency relief and caring services, principally in the City of South Perth, assisting residents to enhance their quality of life. Its constitutional objectives are to assist in the development of a caring community in which fellow members care and assist one another; provide caring services for those who are disadvantaged by age, sickness, disability, unemployment, poverty or family or social stresses; bring together volunteers from within member organisations and elsewhere to participate in the delivery of appropriate services; and to make these services available to all members of the local community.

Southcare's aged-care program includes community home support and day centres. It provides financial counselling services, operates family support services and provides the local community with these services. In their annual report, Southcare noted an enormous 96 per cent increase in clients presenting with housing issues over the last two years. There is a housing affordability crisis in my electorate that has significantly affected the people of my electorate. Among these are elderly people who require low-care services.



I spoke in this place in August about a distressed lady called Linda who came to my office seeking assistance. Linda had recently been made homeless after being forced to leave her rental property. She also had cancer. With no affordable rental accommodation in the area, Linda approached Homes West for help. However, with the chronic shortage in public housing, Linda was told that she would have to wait indefinitely for somewhere to live. She was one of more than 17,000 people waiting for Homes West housing. This figure has now gone up to 19,000. She had to sleep in her car at night. Tragically, I was contacted by Linda's carer recently and was told that Linda had passed away, still waiting for a place to live.

The previous Labor government in WA failed to significantly increase housing stocks in WA. All we have had from the Rudd government has been disappointing policies such as the National Rental Affordability Scheme and the housing affordability scheme. Both of these policies should be commended for their ability to grab headlines but equally both should be condemned for the limited concrete action they will undoubtedly achieve. Southcare faced the consequences of Labor's housing policy on a day-to-day basis. It is in this context that I ask members whether it is fair that the aged-care industry should be experiencing the additional financial burdens expected from the implementation of this new legislation.

The second organisation I will refer to is a residential aged-care provider. SwanCare has been providing services and accommodation to seniors in Western Australia since 1961. During this time, SwanCare has developed a reputation for providing high-quality care, support and services to a community of residents which now number more than 1,000, with approximately 750 of those residents living in 600 independent-living units. The organisation manages the Bentley Park Retirement Village in my electorate of Swan. SwanCare Group is a not-for-profit operator that has a philosophy that supports the provision of affordable accommodation to seniors. Given the housing crisis I have just described, I am sure that honourable members will agree that this has never been more important. However, I was dismayed to hear from the SwanCare CEO recently that the future of the organisation is under threat. There are three specific threats to the aged-care sector in Western Australia. First, the very way federal funding is calculated is putting SwanCare at risk. SwanCare estimates that its costs are increasing at an average real rate of seven per cent per annum. However, because federal funding is tied to a national indexation system, COPO, it has been increasing at only two per cent per annum. In other industries, such as private health insurance, it is government policy to ensure income matches costs. This same rationale should apply to the aged-care sector.

The conditional adjustment payment subsidy was introduced by the former Howard government in response to the report of Professor Warren Hogan's *Review of pricing arrangements in residential aged care* and in recognition of the funding constraints that providers were experiencing. However, the Rudd government has failed to properly adjust this mechanism to reflect the spiralling costs of living since it came to power one year ago. The Rudd government must take decisive and immediate action to ensure that the CAP adequately reflects the inflation rate and that industry does not collapse. The CAP is currently at 8.75 per cent. Incredibly, the Rudd government was set to cut funding to aged care in the 2008-09 budget by ceasing indexation of the CAP. Fortunately, Mr Rudd decided against this course of action at the last minute. The Minister for Ageing has commissioned a review into the payment, and we are still waiting for that to be published.

The combination of this problem with the ageing population of Australia has led to a second problem. There is an ever-increasing need for more staff members but an ever-diminishing supply of money to pay them. This exacerbates the much publicised skills shortage for the aged-care industry. I call on the government to assist the aged-care sector's attraction and retention of staff and to do whatever is necessary to enable the aged-care industry to compete with the broader sector markets.

Finally, there are insufficient high-care beds available. Consequently, we are forced to either transfer these residents to hospital beds, thereby clogging the acute sector, or keep the patients within their low-care facilities at a high cost to the aged-care industry, compromising both the care of the patient and the health of the organisation. WA's public hospital beds have been used inappropriately by frail aged persons who cannot find a bed in a residential care facility because of the bed shortage. SwanCare estimates that it costs approximately \$1,000 a day to care for a hospital patient, whereas an aged-care bed costs just \$200 each day. This problem is exacerbated by the delays in reassessment identified previously.

These two examples highlight specific concerns with this bill. They also paint a picture of an aged-care industry under threat—an industry that is no longer financially viable. This is a problem that the legislation does not provide a solution for. These two organisations are invaluable to the community and yet they are threatened. As I recently informed the House, I nominated representatives associated with each of these organisations for the WA Seniors Awards: David Harvey for his work as the chairman of the village advisory council for Bentley Park, and Inge Dahners for her work as aged-program manager for the SouthCare Group. Inge finished runner-up in the business participation category.

In conclusion, I support this legislation because of the important amendments it makes to the Aged Care Act. However, section 22 has not been amended and I am concerned that the implementation of the new provisions will lead to an increased financial burden on providers. Outside the remit of the bill, it fails to address the severe homelessness crisis and the skills shortage.

Finally, I make the general point about the way this government has treated the elderly. Schedule 1 of the Social Security and Other Legislation Amendment (Economic Security Strategy) Bill 2008 will provide for economic security payments to be made to pensioners, seniors, people with disabilities, carers and veterans as an immediate down payment. As I informed my local community in my recent seniors newsletter, a payment of \$1,400 will be made to single recipients or holders of the stipulated payment or card, and a combined payment of \$2,100 will be made if both members of a couple receive or hold one of the cards. This will require total funding of \$4.874 billion.

These groups are among the most vulnerable in society and should be supported in these trying times. However, the government's attitude towards these groups has been inconsistent since it came to power almost 12 months ago. The rising cost of living over the past 12 months has hit pensioners particularly hard. With no increase in the base rate of the pension forthcoming, the coalition acted. Members will recall that, on 22 September 2008, the coalition introduced into the Senate the Urgent Relief for Single Age Pensioners Bill 2008, providing for an immediate annual payment of \$30 per week for recipients of the single age pension, the widow B pension and the single service pension, effective from 20 September 2008.

That legislation would have meant that the single age pension would have increased from \$273.40 to \$303.30 per week. In fact, if it had included the automatic September indexation, that \$30 increase would have brought the new rate of the pension to \$311.05 a week. It would also have resulted in the single pension, currently at 59.9 per cent of the couple pension, being 66.4 per cent of the couple pension. Incredibly, the following week, this House witnessed the attempt by the government to block the bill, despite the fact it was agreed to in the other place and despite the fact that the Treasurer, the Deputy Prime Minister and the Prime Minister himself admitted they could not live on the single age pension.

Over 928,000 pensioners, including 857,000 single age pensioners, 700 widow B pensioners and 70,900 single age service pensioners would have stood to gain a financial boost from the coalition's bill on a weekly basis. The total costs of our proposal stood at \$1.45 billion. As the government's first year has come to an end, I suggest it reflects on its attitude towards the elderly. I will continue to stand up for the best interests of the elderly in my electorate of Swan.

**Mrs VALE** (Hughes) (9.08 pm)—I welcome the opportunity of speaking on the Aged Care Amendment (2008 Measures No. 2) Bill 2008. This bill is of concern to an increasing number of Australians, especially those older citizens in my electorate of Hughes. My electorate includes the western part of the Sutherland shire, which makes up about 70 per cent of my electorate and extends further west to include the Liverpool CBD and the Liverpool suburbs of Chipping Norton, Moorebank, Holsworthy, Hammondville, Wattle Grove, Pleasure Point and Voyager Point. Across the electorate several superior aged-care facilities provide for the needs of our senior residents in a variety of modern high-quality accommodation in which they receive high-quality professional care. I would like to acknowledge the excellent service provided at Hammondville Homes at Hammondville, Scallabrini Village at Chipping Norton, Thomas Mitchell Nursing Home at Illawong, John Paul Village at Heathcote, Thomas Holt Retirement Village at Kirrawee, Chesalon Nursing Home at Jannali, Warena Gardens Hostel at Bangor and Lark Ellen Nursing Home at Sutherland.

In striving to ensure that the provision of aged care is of the best quality and delivered to aged residents under the principles of the world's best practice, this bill seeks to amend the Aged Care Act 1997 and the Aged Care (Bond Security) Act 2006 to address inadequacies identified in the current legislation and to provide for the maintenance of effective regulatory safeguards to ensure the best quality care continues to be delivered to our older Australians.

The former government's reforms placed significant emphasis on delivering a high-quality, affordable and accessible aged-care system. The previous coalition government's reforms began in 1997, when the Aged Care Act 1997 and the Aged Care Principles introduced a unified residential care and payment system. The Aged Care Act 1997 is the main legislation that regulates the provision of aged care in Australia. Also introduced at the same time was a national quality assurance framework for residential aged care, combining accreditation, certification and the Aged Care Complaints Investigation Scheme.

Many Australians are already aware that we have a real challenge in the provision of aged-care services in the Australia of the future because of the expected increase in the number of ageing Australians. This is often referred to as the 'greying' of Australia as older Australians become the dominant cohort in our demography. Currently, there are over 2.8 million Australians over the age of 65, and approximately half of those require some level of assistance in

their daily lives. This is expected to increase to seven million people or 25 per cent of the population by the year 2047.

In my state of New South Wales, the population projections were released this week and the number of those over the age of 65 is expected to increase by 111 per cent by 2036. So it is not necessary for me to add that this 'greying' demographic is presenting a massive challenge for all levels of government in Australia. This ageing cohort is going to have a significant impact on how aged-care services are delivered in the future—not only in terms of how governments will respond to the increased demand but also in terms of the growing diversity of care needs of older Australians and their individual preferences due to the differences in personal affluence.

These and related aged-care issues are discussed in recent papers that have been released to contribute to the discussion. I refer to two: the Productivity Commission research paper which looks at trends in aged-care services and the Grant Thornton aged-care survey. The Productivity Commission, in its research paper entitled *Trends in aged care services: some implications*, analysed major trends in both supply and demand for the next 40 years. The commission identified a number of challenges for the future, including increase in demand, the required care needs and the workforce that will be required to deliver services for an increasing number of ageing Australians. The commission identified that the significant increase in the demand for aged-care services in the future is a result of both a sizeable decline in fertility rates since the 1960s and an increase in life expectancy through advances in medical technology and public health initiatives. Those aged over 85 are the main users of aged-care services and their numbers are expected to increase at least fourfold by 2047, and that will present a massive challenge for all levels of government again.

Care needs are also expected to change. It is expected that the shifting pattern of disease and infirmity amongst the aged is going to increase the proportion of frail older people with more complex care needs. For example, the incidence of dementia and Alzheimer's is expected to increase amongst the aged population.

We are also seeing an increased preference for independent-living apartments by senior citizens as they exercise a desire for greater autonomy and choice in their lives. Independent living, because of the government's policy of ageing in place, can be supported by community care packages as our seniors advance in years and become more frail and dependent on support.

These changes in care needs and demands for services, along with the challenges arising from a tightening of the labour market over the foreseeable future, will have serious implications for the aged-care workforce. The commission says that the evidence suggests that over the next 40 years there will be difficulties in securing an adequate supply of personnel with the necessary skills to support the delivery of aged-care services. This is going to be accentuated by competing demands from the acute care sector and other industries.

The Grant Thornton aged-care survey looks at the impact of changing demand on the aged-care industry. It received responses from 686 facilities, representing almost 25 per cent of all facilities in Australia. It looked at performance of the facilities, building costs of new facilities, demand for services, funding and service quality. The survey looked at earnings before interest, tax, depreciation and amortisation per bed. Unfortunately, the trend in provider per-

formance is declining. It is stated that this is due to the costs escalating faster than the increases in subsidies.

Increased building costs of new aged-care facilities also compound the problem for governments as well as providers. This is due to both an increase in the cost of construction and the changing expectations of consumers of high-quality living accommodation standards. Consumers are demanding private, modern bedrooms compared to the past, when the usual practice was to provide shared bedroom accommodation.

The survey found that single, private bedroom facilities have poorer returns than shared, high-care facilities. In fact, the survey estimates that the average return for single, private room facilities is only 1.1 per cent, which is not at all attractive for potential investors. The poorer return on single, private rooms reflects the greater investment required to operate large, modern facilities that need to meet consumer demands and government requirements. This has resulted in many operators deferring or abandoning plans to develop or redevelop their facilities. The survey also indicates that many of the new aged-care places allocated by the government remain unused or have been returned. It was even reported that there was an undersubscription for aged-care places in some states. While significant investment has been made in modern aged care, the survey shows that many of Australia's aged-care facilities remain dated.

While the previous government's reforms introduced a unified residential care and payment system as well as a national quality assurance framework for residential aged care, it also combined accreditation certification and the Aged Care Complaints Investigation Scheme to ensure aged-care clients and their families that we are serious about delivering the high-quality care that our senior citizens so rightly deserve. However, the Rudd government has ignored older Australians and has undermined the aged-care industry and all the hardworking, professional staff who work in the industry.

In the past there has been strong competition for aged-care places across the country. But the present undersubscription for aged-care places shows just how seriously underfunded this sector is at the present time. I understand that some providers are handing back bed licences, and the Rudd Labor government appears to be indifferent to the growing crisis in this sector.

I often have discussions with many of the local aged-care providers in my electorate and I understand the challenges they face in maintaining the provision of high-quality aged-care facilities and services. One of the leading aged-care providers in my electorate recently wrote to me regarding some of the issues that face those organisations trying to provide aged care of the highest quality for our older Australians. The letter reads:

- We have not received additional packages since our original allocation of 20 in 2002, yet we have continued to successfully utilise all 20 packages plus carry an additional, unfunded 5-18 packages—currently 10—for the past five years.
- If we are unsuccessful this year, it will severely limit our want to grow and provide services to those who are in need of them.
- Many of our existing unfunded packages and those we have researched and found to be needing community care will require permanent residential care, thus putting additional pressure on our hostels and nursing homes and it will also jeopardise our practice of ageing in place.
- We want to continue to deliver our quality service and we have the infrastructure and flexibility already to deliver to the extra packages. More packages will allow us to continue this now and into

the future. We have the backing of an enthusiastic, specialised organisation including our advisory board, CEO, DON, coordinator, maintenance team and administration staff. Our plans to reach out to isolated areas will be severely restricted.

- We have the capacity and the enthusiasm to continue servicing the aged in our region and we will continue to do so, even if we receive less than the maximum number of packages sought. However, the extra packages will allow us to employ additional staff, especially those trained to care for the increasing number of care recipients we have suffering with dementia, including those referred to us from ACAT.
- We can also practice ageing in place more proficiently thus allowing care recipients to remain in their own homes longer, offer respite as required, relieve the pressure on residential care and, when the time comes, allow the transition into residential care to be less traumatic because care recipients have already experienced aged care, so it's not as strange or hard for them to accept care, and in most cases the decision to enter residential care becomes theirs and not someone else's.
- Receiving fewer packages will not impact on our current quality of care but will impact on the demand for this care because aged persons in our region would be unable to access it and will also limit the expansion of services to our existing clients, remembering that we are already servicing an extra 10 unfunded packages.
- The way our population is ageing we need money / packages now to save increased costs and care later on, as well as coping with the waiting list and extra clients that we have now, over and above the 20 packages we have managed with for over 5 years.
- Because we can offer Low Care and High Care (permanent & respite) at John Paul Village, we can 'extend' Ageing in Place to those care recipients we service in the general community as well as those we have in the village. Thus providing continuity of care if / when their needs change.
- One of the advantages of Community Care Packages within a retirement village environment is that clients can avail themselves of the services of the village, as well. For example; daily meals, hairdresser, the podiatrist, bus trips, social outings, transport and onsite activities conducted by our RAO's. This availability of existing services can also ease the burden / cost for the financially disadvantaged because we are able to offer most of these services at reduced cost.

Following these concerns expressed by my local aged-care providers, I strongly urge the government to consult with and to listen to those organisations that are providing at the coalface the care and services of the aged-care sector. We all understand that the demand is going to increase significantly in the near future. It is better to refine the delivery processes and to get on with it right now. The overarching purpose of this bill is to provide certainty and safety for those currently receiving aged-care services and those who may need to access such services in the future, as well as assuring their families. I support any measure that secures the future of our older Australians and I support this bill.

**Mrs ELLIOT** (Richmond—Minister for Ageing) (9.21 pm)—in reply—I am very pleased to have the opportunity to sum up debate on the Aged Care Amendment (2008 Measures No. 2) Bill 2008. Recent data released in September 2008 by the Australian Bureau of Statistics shows one in four Australians will be aged 65 or over by 2056. Australia now has the world's second-longest life expectancy rates, after the Japanese. Women in the wheat belt of Western Australia and on Queensland's Sunshine Coast have one of the longest life expectancy rates in the world. These figures suggest why caring for our ageing population is one of the major challenges facing our nation this century. That requires careful planning, adequate funding and comprehensive safeguards to ensure the protection of our older Australians.

The debate here has highlighted the importance of achieving a balance between protecting the needs and rights of individual frail aged persons entering aged-care homes and the long-term viability of the aged-care sector. For too long there has been a lack of national leadership on this very, very important issue, but the Rudd government takes this responsibility very, very seriously. The Aged Care Amendment (2008 Measures No. 2) Bill 2008 provides the most extensive changes to the aged-care regulatory regime in 10 years and is also the first broad change to the Aged Care Act under this government. The bill is part of a range of measures that address current inadequacies in legislation and enhance protection for residents. This includes ensuring that any accommodation bonds or like payments paid by older Australians for entering into aged care are fully protected under the Accommodation Bond Guarantee Scheme.

In the decade since the Aged Care Act came into effect, the aged-care industry has seen a significant increase in investment by large corporate entities. We have seen aged care grow from a cottage industry with a typical one site, one service set-up to a very complex sector with very intricate financial and legal arrangements and, in many cases, with dozens of operations. The regulatory framework must keep pace with the shift in business practices to ensure scrutiny of those pulling the financial strings and to ensure that, regardless of the corporate structure adopted, the relevant protections and provisions apply to aged-care providers.

This government has recognised that a considered response is needed for these major areas of change if we are successfully to meet the future challenges of our ageing population. The bill before us will better protect residents and will promote public confidence in the aged-care industry. Under the new arrangements, regulatory scrutiny will apply to those pulling the financial strings, who may not be currently considered as key personnel. This change will not include all leaders within the organisation unless they are actively involved in making financial or managerial decisions which will affect the executive decisions of the aged-care service.

Under these new arrangements, providers will need to identify those pulling the strings, as the approved provider is in the best position to identify these specific persons. A prescriptive approach was not practical for this measure, given the complexity and diversity of some of the modern organisational structures and roles within aged care. Under the new arrangements, church leaders, for example, who do not involve themselves in the executive decisions of aged-care services will not be included, as the department will only need to be notified of those who should be accountable. This record of related entities will be considered when making decisions about approvals to ensure a sound assessment of a company's record in service delivery and of its suitability to be approved to deliver care in the future. Aged-care providers will not be able to avoid accountability through sophisticated business structures.

We have also made changes to the regulations surrounding accommodation bonds held by the aged-care sector. This ensures that comprehensive consumer safeguards are in place to protect residents' funds. The Accommodation Bond Guarantee Scheme will equitably cover bonds and like payments and those bonds held by operators even if they lose their approved provider status. We have also responded to the calls from consumers to reduce aged-care assessment waiting times. This will achieve greater efficiencies through streamlined assessments and the reduction of red tape.

Two specific measures have also been included in this package by amending the principles. The first one requires notification to the Department of Health and Ageing if residents have

been reported to the police as missing. The second one extends the police check requirement to restrict people with serious convictions from working in aged-care homes regardless of whether they are supervised or unsupervised. These changes are very important and directly address the safety of residents in our nursing homes.

I would like to now take the opportunity to address some of the matters raised by the member for McPherson. Firstly, I would like to acknowledge that the opposition essentially supports the amendments that are contained within this bill. I would like to respond to concerns raised about section 22 of the act in relation to high and low care. Those who were in the House 11 years ago may recall that with a stroke of a pen the former Prime Minister reintroduced the high and low care divide without going back to clarify the operation within the Aged Care Act. This has resulted in the issue that the member discussed. As stated, the Rudd government is committed to a considered approach to policy changes for aged care. The government has undertaken to review the implementation of the aged-care funding instrument after 18 months. This review will include its interface with aged-care assessments. This review will be conducted in a measured way to ensure sound outcomes for providers and aged-care recipients.

Another issue raised was the reporting of missing residents. To set the record straight, requiring that the department be notified when a resident has been reported to the police as missing will not restrict the basic human rights of older Australians. Nor will it restrict the freedom of movement of residents. A notification of the department will only be required when the approved provider has decided that a person is unaccountably missing and it is sufficiently concerned that it has notified police. The department's response to the notification will be proportionate to the risk posed to the residents of the particular service. For example, there is likely to be no follow-up if the missing resident turns up having spent the day with family or friends. However, if a resident is reported as missing from a dementia ward and the provider's explanation of the context indicates that there may have been some inadequate monitoring processes in place, the department's response will be one of concern for the safety of all similar residents of that service.

The member for McPherson also raised concerns about amendments to section 65 of the act, which in the past has required the department to consider the desirability of deterring future noncompliance when imposing sanctions on an aged-care service. Indeed, these amendments clarify the current intent, purpose and power of the legislation. There is nothing new in this particular section. The changes will simply alleviate confusion and reflect past and current practice rather than expanding the range of matters taken into account. What should be noted is how rarely the department needs to impose sanctions. Currently, sanctions are enforced for 14 services out of a total of nearly 3,000 aged-care homes across the nation. Pre-compliance activity is generally sufficient to educate, encourage and assist providers to address areas of noncompliance and natural justice steps are part of this process. The compliance process only commences when the provider has not adequately responded to pre-compliance activities or where the degree of risk for care recipients requires stronger actions by the department. The compliance process is designed to ensure that noncompliance is remedied without delay and that care recipients do not remain at risk.

Finally, let me be very clear that there will no surprises for providers in the amended aged-care principles. Changes in the principles are consequential to and flow on from the act. The



changes accurately reflect the policy intention outlined in previous consultation and explanatory material and in discussions with stakeholders.

Before I close, I would like to thank all of those who have been directly or indirectly involved in the development of this reform package. Insights offered through consultations with those in the aged-care industry and consumer representative groups have helped us to identify the best means by which to improve the system and provide further protection for the 170,000 older Australians living in our nation's nearly 3,000 aged-care homes. These changes complement the government's record funding of more than \$41.6 billion over four years to support aged and community care. Indeed, within residential care, on average the government is providing record funding of \$41,500 per resident each year. These changes will increase consumer confidence and maintain the level of investment within aged care. I commend the bill to the House.

Question agreed to.

Bill read a second time.

Message from the Governor-General recommending appropriation announced.

Ordered that the bill be reported to the House without amendment.

#### **NATION-BUILDING FUNDS BILL 2008**

Cognate bills:

**NATION-BUILDING FUNDS (CONSEQUENTIAL AMENDMENTS) BILL 2008**

**COAG REFORM FUND BILL 2008**

#### **Second Reading**

Debate resumed.

**Mr BILLSON** (Dunkley) (9.32 pm)—I rise tonight to make a contribution to the debate on the Nation-building Funds Bill 2008, the Nation-building Funds (Consequential Amendments) Bill 2008 and the COAG Reform Fund Bill 2008. In a nutshell, the bills provide the legislative framework for the Building Australia Fund, which has been identified by the government as the account through which payments will be made for transport, communication, national broadband network, energy and water infrastructure projects; the Education Investment Fund, which essentially carries forward the provisioning that was earmarked by the previous government for payments towards higher education and research, vocational education and training, and other educational infrastructure; and also the Health and Hospitals Fund, which will make payments for the creation or development of health infrastructure. That is the main purpose of these bills.

There is also embedded within them a rather unsettling attempt to have a go at the Communications Fund. This was the subject of much debate in the chamber earlier in the term of this government's life, when that money that was set aside in perpetuity to ensure that those in rural and regional Australia could have their telecommunications infrastructure future-proofed by that \$2 billion of money. The interest from that fund could be applied to remediate areas of disadvantage or service unavailability or underperformance.

That task is an ongoing task; as technology keeps changing, it is not something that will be addressed by any single intervention by any government. We do not know quite what the telecommunications infrastructure of the future will look like. I still remember some colleagues

talking about mandatory dial-up speeds, which were at a snail's pace compared to where things are now. That is a real-life example of how things change and adapt in this area of communications and why there is a need to have that insurance there.

So I support the efforts of the opposition in saying: 'Well, you can have a go at the surpluses that the coalition government created the framework for and you can take funds that have already been set aside through the prudent fiscal management of the coalition and apply them to those targets, but try not to do a smash-and-grab raid on the Communications Fund; that just seems unnecessary and counterproductive and it really overlooks the importance of and the rationale for the establishment of that fund in the first place.'

We are left with some funds here that are looking a little bit anaemic. The ambition of taking herculean budget surpluses and sliding them over into these funds has been shirt-fronted by some of the economic circumstances we face. Thank God, though, that there is still the gift—the legacy and the inheritance—from the coalition government's period in office. Had it not been for that wise economic management there would be nothing going into these funds—nothing at all. The only resources going in are the ones that were secured during the coalition's term of government—and on a budget setting that was set by the previous government. There has not been a surplus delivered by the Rudd government yet—no extra capacity to go into these funds. I would almost bet that we will not see a surplus budget from the Rudd government for quite some time. In fact, I suspect we might see the end of the Rudd government before we start seeing an end to budget deficits. But that is something we can only live in hope about.

Tonight we are talking about how the incoming government plans to apply the proceeds of the good economic management of the previous coalition government. The opportunity that the incoming government has to apply the fruits of the Howard coalition government is not something that just happened overnight. In fact, a couple of things need to be taken into account. The new members in parliament may not remember the Hawke and Keating years. During that period, the Labor Commonwealth government created more debt than the Commonwealth had created since Federation. That is a pretty impressive effort. For a period of some 80 years, which included two world wars, global depressions and a fledging nation finding its way, the debt that was accumulated was matched in 13 years by the Hawke-Keating government. That put us in the circumstance where, when the Howard government was elected, we were not only faced with a \$10.5 billion budget deficit, despite the assurances that the budget was in surplus—that still stands in my mind as one of the greatest political deceptions that has been perpetrated on the Australian public—but there was also this lead in the saddlebag of the Commonwealth of \$96 billion worth of debt. Conservatively, just servicing that debt—not paying it off but just paying the interest—was an \$8 billion proposition.

If you look back to where we started under the previous coalition government, there was all of that work to tackle and remove the budget deficit—difficult decisions, I might say, for a new member and ones that members opposite might be pleased they have not had to go through—and get it back into the black so we as a nation lived within our means. But then there was also the matter of addressing this lead in the fiscal saddlebag—the enormous debt of the Hawke and Keating years that matched the debt from the rest of the time since Federation. So we would not be here today talking about surpluses and contemplating how to apply them—we would be lucky to pay our bills—because the budget would have at least \$8 billion

less available and that would put us well and truly into a structural deficit that few would see a way out of. Because of what the coalition did, we do not have that challenge today. We have an opportunity to have this conversation: what to do with the proceeds of sound economic management. These bills seek to set up a way in which those funds will be applied.

I provided that introduction for two reasons: one, because the Labor Party mantra is about wasted opportunities during the Howard government years. But is there a more vivid example of how economic management and opportunity have delivered better prospects for the future than the description I just gave about the removal of debt? That is issue No. 1. Issue No. 2, which is the concept that there had not been investment in infrastructure, is complete fiction. In fact, if you look at the funding forecast and the flows of resources that are anticipated and canvassed in the explanatory memorandum, the amount of net funds available from additional opportunities that the Howard government provided over and above the provisioning that was already there—minus the money for the broadband initiative—you are talking about \$8 billion that is not committed and is potentially available for new infrastructure projects.

That is interesting because that \$8 billion represents about the average spend on infrastructure under the Howard coalition government over the last five years. So, for all the pomp and ceremony, what we have been talking about, with such ripe and over-the-top rhetoric from the government, is an opportunity that looks very much like the one we had anyway under the previous government. What you are seeing, though, are the mantras coming through to try and make it something more than it is. It is easy for people to pick: where something is in a particular circumstance but Labor would like it to be something else, you just check the mantra. The more there is repetition and lines like ‘nation building’, the more you know that that is a goal Labor wants to put into people’s minds, to create that perception when the reality might be quite different. There is no enormous ramping up of infrastructure expenditure. This is a great sales job, a political messaging exercise. That is why it is worth us all being wary about where these resources go. Having described the work that was involved in creating this opportunity, making poor use of that opportunity is almost as unforgivable as not even trying to create it in the first place. That would be a link between the Hawke and Keating governments, which wanted to steal those prospects, and where we are now with the Rudd government. Gifted with this opportunity, how will they use it? That is the big question that people are wondering about.

My friend and colleague the member for North Sydney has described the ins and outs of how we get from consolidated revenue, special accounts and the like to the funds that are actually available. Two things are clear. What is missing is at least one digit from what the Labor Party’s story is and, for the broader public, probably two digits from the expectations that have been ramped up. Everybody wants a piece of money. There are calls for leadership, which, in politics, is synonymous with cash. When people are saying, ‘Give me more leadership,’ it usually means, ‘I’d like some more resources.’ I have seen claims made on this money from so many quarters that it is inconceivable they will all be met, so there will be a lot of disappointed people. I have seen calls for us to refurbish community theatres as a priority. I have seen local governments saying, ‘Give us more money to remedy some of the transfer of responsibilities that have come our way and the demands on our infrastructure.’ I have seen state governments seeing this as a lifeline to overcome their shortcomings. They are shortcomings that contrast vividly with the work that the Howard government did through the

growth period—seizing the opportunity, investing wisely, building an enhanced capacity for the future. Some state and territory governments could not pay their bills during this growth period. How on earth will they pay their way when the economy contracts or its growth rate slows? So this is an interesting time. Premiers are positioning. Chief ministers are positioning. I think the money that it was hoped would be there has been spent about four times over. That means what actually is there has been spent about 15 times over. So we need to watch carefully how this money is spent.

That leads me to why the opposition has raised a number of very important challenges for the government. A lot of work is being done to put in place a framework to enable the government to claim a credible, ethical, objective and transparent evaluation of projects, and there are a lot of ornaments of those things. We have the Infrastructure Australia organisation—a great group of very credible people—who are supposed to have a role. But their role is really one of tick and flick: ‘Does it meet the broad objectives? Okay, push it through, and let the minister decide how to spend the money.’ There are other panels doing that work. What you do not have is transparency that sits behind that work that gives the public confidence in how proposals are evaluated, what the selection criteria are, what the business cases are and, more particularly, what the cost-benefit analysis looks like and what are the long-run benefits—and not just the economic benefits but the environmental and social gains and how you compare those against each other. Above all, work was promised in the Infrastructure Australia Bill, which sits alongside these bills, to actually evaluate what other kinds of intervention might be needed to address an infrastructure bottleneck. Where has that work gone?

It is not coincidental that these propositions before us are called bills—not only because all legislative proposals are bills, but because this is all about the bill. This is all about what it is going to cost. It is not a clever analysis of what other options might be available to bring about the outcome we are working for. The COAG Reform Fund Bill—not smart reform making better use of the resources that we have got but a reform program built on spending more money believing that the opportunities nurtured, secured and delivered for the Australian public under the Howard government years will somehow roll on forever. This is all about how to spend money; it is not about how to secure genuine reform, not about how to evaluate what kind of interventions might be most helpful, most effective and represent the most thoughtful use of those hard earned, hard worked for, hard secured resources that I described earlier.

This is supposed to be all about productivity benefits. Yet where is the Productivity Commission in that evaluation? Aren’t they the expert body that sits down and says, ‘What is a proper role for government in addressing these public policy objectives?’ Is it always about handing over cash, or are there other things that can be done?

I turn to the issue of funding the ongoing costs. Some in this place might know I shared responsibility for looking after AusAID for some time. One of our greatest and most highly considered factors in allocating overseas development money was not just handing over the money to build something but looking at how it would be sustained. How would you continue to support its operation? I have seen too many projects that look fantastic when someone was there to unveil the plaque and then there was no maintenance, no attention given to its operation and no resources to see it achieve the purpose for which it was created. This is an issue here. We have described what the cost of running a hospital is. The easy bit is building one. It is what you do to keep it running that is the issue.

And then there is that horrible thing that has come out of New South Wales where in the public-private partnerships you actually pinch a chunk of dough from the project partner and that gets into general revenue and actually pushes up the cost of the project and you pay more for your tolls. We are recommending that that is not a smart way to go because that is just building unnecessary costs into the system and that is not what people are looking for.

So on all of those levels the coalition has put forward some very constructive plans to make sure this delicious opportunity is not blown—that it is actually applied to enhance the opportunities of our nation and that it goes towards what I think our gift should be to the next generation: a green growth economy with more sustainable high standards of living where we as an economy make wise use of the resources that we have and use them conservatively and efficiently; that we nurture dependable and proven prospects for improved prosperity into the future; that we enhance the resilience of our natural systems and their health; and that we enhance our personal wellbeing and our community vitality. Isn't that what we should be aiming for? Aren't those the kinds of goals and visions that this rare opportunity to deploy considerable resources should be going towards?

If you take that as the template, what you do not do is just build stuff so a minister and a local member can unveil the plaque and it is just business as usual—just more of the same. That would be a mistake. I fear that is what is going to happen but that would be a mistake. This is a once in a generation opportunity that the coalition government's sound economic management and strong financial position—a legacy of the coalition—have delivered, and that was about debt, the removal of that debt, the end of deficits and an opportunity to invest these resources. You can use that treasure chest wisely; you can deploy it with a clear wisdom inspired by a clear ambition and a vision. It is not about a handful of high-profile, high-politic plaque-unveiling projects that will not markedly make a difference other than in the politics of the day. This has been a hard-earned opportunity and we should use it wisely. This concept was teased out in a recent summit in Brisbane, the Australian Davos Connection Summit, Infrastructure 21—From Incrementalism to Transformational Change. As the ADC chairman, Michael Roux, put it:

Transformational change is required to take a generation step forward envisioning the Australian society of tomorrow. This leap forward will require creative policy innovation, resilient leadership and concerted cooperation across jurisdictions.

We should build in an expectation that all stakeholders give of their best when accessing this money, that there be no passengers and that, where there are other systemic changes that need to be made to bring about the best outcome for our nation, there be clear expectations of people wanting the money. That might come through changes in governance arrangements and regulatory reform about how assets perform—whether they are efficiently deployed, whether we use smart systems and whether we get demand management principles and pricing transparency in place. These are what we should be working for, and the money should be a catalyst to bring about that kind of transformation where we can make a substantial step forward, like the coalition's plan to replumb rural Australia. The hardware is just the start of it; there is a lot of other work done about what you can do in management, pricing, delivery, use, costing for externalities, demand management incentives and market functioning. These are just examples.

Even in public transport, in my own state of Victoria there was an expert pointing to some European experiences where you could double the number of trains using our network just by smarter signalling. That is not a really sexy project, but isn't that the kind of transformational change we should reach for? Extend the rail line in my electorate; electrify it down to Baxter; build a park-and-ride facility there, where the land is affordable and people can actually be encouraged to use public transport. It is adjacent to the hopefully-to-be-built Frankston bypass. We get those modal interchanges that everyone talks about, but nothing happens. We should say, 'We can be a partner in that, but let's make the system work properly by bringing about changes in the way it is managed and making operational that vision of getting the very best out of this money.'

I reckon the coalition's amendments are pretty smart, and if I were in government I would think, 'Yes, they are probably the right way to go to make sure this is not viewed as a missed opportunity of biblical proportions.' In my own electorate I can recommend projects, but they all need to be evaluated transparently. The metrics that are used to judge one project over another need to be clear and understood. The public needs to be informed about why one project is favoured over another. The poor tools that are there to evaluate the economic benefit of environmental improvements and social change need to be worked on. This is important work because, as I described at the outset of my contribution, this has been a hard-earned opportunity. Let's not blow it; let's make the very best of it, get a real transformational change and bring about gains and opportunities in this country rather just spend it recklessly. (*Time expired*)

**Ms NEAL** (Robertson) (9.52 pm)—I rise today to speak in support of the Nation-building Funds Bill 2008. This bill is presented in conjunction with the Nation-building Funds (Consequential Amendments) Bill 2008 and the COAG Reform Fund Bill 2008. Together these measures will bring into being three new infrastructure funds: the Building Australia Fund, the Education Investment Fund and the Health and Hospitals Fund. This package of reforms fulfils the Rudd Labor government's 2008-09 budget commitment to establish three nation-building funds. These funds are designed to facilitate significant levels of new investment in critical areas such as transport, communications, water, energy, education, research and health infrastructure. The Nation-building Funds Bill 2008 is the centrepiece measure that facilitates this investment. The legislation establishes the scope of the three funds and their funding arrangements.

The establishment of these funds illustrates the government's commitment to strengthening the nation's infrastructure capabilities for the future. The funds will meet head-on the great and immediate challenge posed to Australia by the global financial crisis. The provision of critical infrastructure will strengthen the Australian economy in the short to medium term by stimulating activity across a number of important sectors. This stimulus to economic activity is one of the goals of the Rudd Labor government's Economic Security Strategy, which was framed in October 2008 as a rapid and decisive response to the great challenges facing the world's economies. The provision of much-needed infrastructure is central to this response. The flow-on effects of fast-tracking this infrastructure will boost economic activity, which will in turn protect Australian families from the impacts of the global downturn.

In the longer term, the provision of critical infrastructure will enhance Australia's potential for sustained growth into the future by addressing serious gaps in the nation's infrastructure.

As such, the measures contained in this package of bills form an important part of the Rudd Labor government's plans to create a stronger and more balanced economy, an economy no longer constrained in its potential for growth by inadequate infrastructure. If we are to properly support Australian households through the global financial crisis and plug the gaps in the nation's economy then a speedy realisation of the infrastructure plans contained in this bill is crucial.

The provision of infrastructure is particularly important to regional areas of Australia. In my electorate of Robertson, a regional seat centred on the Central Coast of New South Wales between Sydney and Newcastle, infrastructure provision is vital in the delivery of adequate services to local residents. The Central Coast is a region with a rapidly-growing population, and historically high growth rates have, over the past decades, outstripped the provision of physical and social infrastructure. The region also has a higher than average proportion of aged residents and a significant number of young families. In addition, my electorate contains tens of thousands of workers who commute daily to work in Sydney. Road and rail infrastructure and commuter parking facilities are vital to maintain the quality of everyday life for these people. The growing population also means that hospitals, water supplies, schools and communications infrastructure are under pressure to keep pace with demand.

I have fought hard to ensure that the residents of Robertson receive ongoing federal support for vital roads, water supplies, utility upgrades and community infrastructure items. I am pleased to relate that, as a member of the Rudd Labor government, I have delivered on many significant local projects. These are truly nation-building projects that strengthen the fabric of the region's infrastructure and improve the lives of locals. These projects include \$81 million for the Mardi Dam to Mangrove Dam water pipeline, which secures water for our area; \$7 million to upgrade the Gosford commuter car-parking station; \$900,000 for a community sports precinct at Erina High School; \$840 million to provide a dedicated freight rail track from Sydney through the Central Coast; and \$680,000 to install CCTV security cameras in three CBDs on the peninsula. In addition to these projects, Gosford City Council has received ongoing federal government funding worth \$17.8 million in the past year alone. This figure includes more than \$10 million in financial assistance grants and \$4.5 million for much-needed improvements in the water quality on the peninsula.

The importance of the present government's commitment to deliver infrastructure projects such as these to regional areas of Australia cannot be overstated. I am delighted that the Nation-building Funds Bill 2008 and its associated bills address the process of national infrastructure delivery in such a bold and comprehensive manner. The funding framework it sets out will streamline and strengthen the delivery of these projects. In Robertson, much more has been achieved in infrastructure provision, but much more needs to be done. I am particularly focused on three infrastructure projects from which the Central Coast community would receive enormous benefit. The road and rail links to Sydney are the lifeblood of the Central Coast community for commuters, road users and businesses alike. The so-called 'missing link' in the road network between the F3 freeway to the M2 and M7 motorways is an issue that I am especially keen to see completed. The government has already committed \$150 million to begin the planning and approval stage of this vital infrastructure upgrade. I look forward to further funding in the future to complete this project. In the longer term, a second rail link

between Sydney and the Central Coast and on to Newcastle is a project that the region looks forward to immensely as a solution to the area's transport problems.

One of the most pressing infrastructure issues on the coast, however, is in the area of health infrastructure. There is an urgent need for a public radiotherapy unit at Gosford Hospital. By 2016, the New South Wales Department of Health estimates that there will be a 30 per cent increase in the number of cancer patients in the area service region. There is currently no public radiotherapy unit on the Central Coast, and desperately sick patients are forced to travel to Sydney or Newcastle for treatment. Other patients must pay for their treatment at a private clinic, while some others are forced to give up treatment altogether. This is a heartbreaking situation to which a solution must be found. I will be working hard to attract federal funding for a radiotherapy unit to be built on the Central Coast. The swift passage of the Nation-building Funds Bill 2008 will give hope to the many needy cancer patients in my area.

The three funds set up by the Nation-building Funds Bill are as follows. The first of the nation-building funds is the Building Australia Fund, or BAF, which is designed to finance capital investments in the critical economic sectors of transport infrastructure such as roads, rail, urban transport and ports, communications infrastructure such as the national broadband network, energy infrastructure and water infrastructure. The second fund is the Education Investment Fund, or EIF, which will finance capital investments in higher education, vocational education and training, and research institutions. Finally, the third nation-building fund is the Health and Hospitals Fund, or HHF. This fund will finance capital investments in health infrastructure, especially the renewal and refurbishment of hospitals, medical technology equipment and major medical research facilities and projects.

This package of bills also sets up a COAG Reform Fund. This fund will act as a vehicle through which capital transfers from the funds and funding from future budgets will be disbursed to the states and territories. Funding for the three funds will come from a variety of sources. In this financial year, the government will commit a total of \$12.6 billion to the Building Australia Fund, including proceeds from the Telstra 3 sale, and the balance of the Communications Fund, which will be closed. A total of \$8.7 billion will be contributed to the Education Investment Fund for education infrastructure, including the balance of the Higher Education Endowment Fund, which will also be closed. A total of \$5 billion will be provided for the Health and Hospitals Fund. In all, an amount of \$15 billion will be transferred from the 2007-08 budget surplus to the three funds. However, this will not impact on the budget bottom line because all funds transferred will remain within the general government sector. Future allocations to the funds will be made as budget circumstances permit.

The scale of these funding allocations is testament to the government's commitment to addressing the existing gaps in Australia's infrastructure capabilities. This is a commitment to an infrastructure development program of historic proportions. This program of nation building will set the nation up to meet both the short-term challenge presented to Australia by the global economic crisis and the longer term economic growth. It will also help achieve the government's long-term goal of ensuring the nation has a stronger, more flexible and more capable economy. For too long infrastructure shortfalls have caused restraints on growth that have held back the Australian economy and productivity. The measures contained in this package of three bills will see billions invested in overcoming these restraints.



The identification and financial assessments of appropriate infrastructure projects will be overseen by a number of sources, including advice from Infrastructure Australia. Funding for projects to be implemented by the states and territories will be allocated through the COAG Reform Fund. By accelerating implementation of the funds, spending proposals for infrastructure development can be brought online more quickly, but these proposals will still be subject to the most rigorous financial evaluation by independent advisory bodies set up to oversee each of the three funds. Spending from the funds will of course depend on macroeconomic conditions as the nation moves forward. In this regard the advice of the Loans Council will be taken into consideration. The nation-building funds will use the investment framework of the already existing Future Fund, whose Board of Guardians will be given statutory responsibility for managing the investments. The scope and powers of the Future Fund board to take on this management role will be same as those set out in the Future Fund Act 2006.

Infrastructure Australia will have a major oversight role in relation to the workings of the Building Australia Fund. It will provide advice to the relevant ministers responsible for water, energy, infrastructure and communications regarding payments from the BAF for the development of infrastructure projects. Spending from the BAF on the \$4.7 billion national broadband network will be subject to government consideration. A new Education Investment Fund Advisory Board will be set up to provide similar oversight for that fund. A Health and Hospitals Fund Advisory Board will do the same for the HHF. Annual appropriation acts will declare a general drawing rights limit for the funds in each financial year, which will be determined in accordance with the Financial Management and Accountability Act 1997. This will provide a rigorous framework of financial assessment for the ongoing operations of the three nation-building funds. It will also promote an infrastructure development regime that is based on transparency and accountability.

The process will be subject to careful oversight, full disclosure and parliamentary scrutiny. In order to bring forward the government's boost to infrastructure, however, interim measures are to be put in place to allow the Minister for Finance and Deregulation to determine drawing right limits for the funds in the period up to 30 June 2009. This will enable work in key areas of infrastructure to commence before 1 July 2009. From 2009 to 2010, projects proposed to be funded by the nation-building funds will be assessed as part of the normal budget process. The timing of this package of bills is crucial. It is vital that these measures be passed by the end of the parliamentary sitting year so that the funds can be established as planned by 1 January 2009. This will allow the fast-tracking of infrastructure plans, which form a central part of the government's Economic Security Strategy announced earlier this year.

It is critical in this respect that the opposition adopt a consistent position on the bold measures contained in this legislation. Members opposite have adopted various positions on the government's nation-building agenda. It is time that the opposition stopped playing political games with the nation-building plans before them. The time for political games is over. The situation is too urgent. The opposition should put the interests of the nation above such petty game playing and allow the passage of the Nation-building Funds Bill 2008 and the two bills that support it. This is an historic opportunity to provide for the infrastructure needs of the Australian economy. I commend the legislation to the House.

**Ms MARINO** (Forrest) (10.07 pm)—I rise to speak on the Nation-building Funds Bill 2008, the Nation-building Funds (Consequential Amendments) Bill 2008 and the COAG Re-

form Fund Bill 2008. The nation-building funds will establish three separate asset funds: the Building Australia Fund, the Education Investment Fund and the Health and Hospitals Fund, with a total of \$26.3 billion available on 1 January 2009. I look forward to the total of \$41 billion committed to the funds by July 2009—commitments contained in this year's budget. The additional \$14.7 billion will be critical, particularly in fast-growing areas like my electorate in the south-west of Western Australia. What will be equally important in my electorate is who will pay for the ongoing costs—those costs not provided for in these bills. There is no doubt that for state and local governments, particularly in regional areas, this will be a critical issue: the funding of running and maintenance costs and the whole-of-life asset costs. A prime example of this is Labor's flawed computers in schools program, with states deserting the project because of the additional costs. These additional costs were not factored in, are two to three times the value of the initial cost of the computers and are a major ongoing cost to state governments and schools alike.

Earlier in the year, we heard the Treasurer telling us the biggest threat to the Australian economy was inflation. In the Treasurer's now immortal words, 'the inflation genie is out of the bottle'. A very concerning aspect of these bills is that the fund is contingent upon budget surpluses. It has become increasingly clear over the last few months that the government is spending the coalition budget surplus. On 13 May 2008, the Treasurer said that the budget has:

... the lowest ... increase in Government spending in nearly a decade; spending growth which is one quarter of the average of the previous four years.

This is no longer the case. And what about recent impacts on Australians with the bungled bank deposit guarantee? The government's stubborn refusal to make adjustments to the guarantee has had a profound impact on the Australian economy and on individual Australians. This leverage to authorise deposit-taking institutions has led to the disastrous freezing of funds in superannuation accounts and other financial institutions not covered by the guarantee.

We have heard from the Leader of the Opposition that to his knowledge—and we are still waiting for this to be corrected—in fact this is the only government that has made the global financial crisis worse in its domestic economy. In spite of reports of superannuation lockouts and people unable to access their funds, the government has stubbornly stood by its blanket guarantee, simply watching and talking about its success in handling the economic crisis. Those who have had their funds frozen and those who have had to take out loans to manage their lives or their businesses would not agree with this. The stress and confusion created by the government has simply made the situation far worse for thousands of Australians. The imbalance in the finance sector is continuing to prevent many retirees from accessing their income. Centrelink had no answers for these people, in spite of the Treasurer instructing them to go to Centrelink for help.

Tragically, all walks of life have been affected by the crisis and the government's mishandling of the financial situation in Australia, including the residents in my electorate of Forrest, who have felt and are feeling the impact of these mistakes along with the rest of Australia. As a result, there is no doubt we will be looking at an extremely interesting budget in 2009 and an equally interesting COAG meeting this weekend. I read that the government will offer the states an additional \$11 billion to \$12 billion. As a Western Australian, I will be very inter-

ested to see just how many meetings WA Treasurer Troy Buswell is actually invited to and whether his exclusion from last week's Labor states strategy meeting will prove to have major implications for Western Australia. I was very interested to read that our fly-in fly-out Prime Minister of the 59 nights overseas and 11 wars is quoted in the *West Australian* as saying:

I know for a fact that WA generates so much of the nation's export wealth and I've said repeatedly it therefore deserves to get more back.

I have no doubt that all Western Australians will be waiting for the increased funding for WA. The same article refers to Mr Buswell then having to write to the federal Treasurer seeking assurances that the COAG process would not be politicised. I can well understand Troy Buswell's need for reassurance that WA's \$3.4 billion of existing annual specific purpose payments as well as proposed additional funding are actually delivered to Western Australia.

I share the WA Treasurer's concerns specifically given the New South Wales Rees Labor government's recent minibudget, which listed four priority projects that they had submitted to Infrastructure Australia and that will only proceed before 2012 if they are substantially funded by the Commonwealth. It was only one week before the minibudget that the intention was for these projects to be funded 100 per cent by the New South Wales state government. This is why there is an absolute priority for transparency in the process, workings and analysis of each competing project and full disclosure of the results of cost-benefit analyses for projects that are recommended and for projects that are rejected, including all data, assumptions and models used. It also means full transparency of PPP contracts.

I question the federal Labor government's recent treatment of Western Australia in spite of the strength and diversity of the WA economy and its contribution to the national economy. The government's proposed emissions trading scheme will severely disaffect export industries in WA—to mention just one, the LNG industry. We saw the attack on condensate, effectively a \$2.5 billion tax on condensate from the North West Shelf, and a federal government that disregarded the subsequent increases in domestic gas costs for Western Australians as a result. Therefore, from a WA perspective I am not surprised but significantly disappointed that Alcoa, a major contributor to the south-west economy and another major exporter, has announced the suspension of its \$2.2 billion Wagerup alumina refinery expansion. Western Australia also received no practical assistance from the federal government in the Varanus gas explosion in spite of projected losses to the state of between \$2.4 billion and \$6.7 billion. The government has clearly ignored the impacts this will have on Commonwealth revenues and tax receipts.

It is in the interests of all Australians to fund infrastructure projects in Western Australia which are critical for the nation's productivity and which will generate future income and future exports. Australia's 2.4 million small businesses employ around four million people. They are often the first to feel the effects of a downturn in the economy, with the current economic situation placing many of these businesses in a precarious situation. These are small businesses such as landscape gardeners, lawn mowers, handymen, architects, commercial builders, hairdressers, car dealers, real estate agents and many more, particularly those in the service sector. In Forrest there are over 13,300 small businesses and 4,766 of these employ fewer than 20 individuals. Many of these were very badly affected by the Varanus gas explosion. These businesses span the entire range of goods and services and provide economic, social and community support.

The COAG Reform Fund, while potentially alleviating some of the issues relating to duplication, federal-state jurisdictions and funding programs, will only deliver into the future with federal budget surpluses such as those delivered by the coalition government. The Labor government's mismanagement of the current economic situation is concerning for essential state programs under the nation-building funds. Considering the COAG Reform Fund will be funded partially through the Building Australia Fund, the Education Investment Fund and the Health and Hospitals Fund, with the balance to be funded by direct contributions made from the government's future budgets, there is an obvious risk to state programs commensurate with the risk to future budget surpluses.

In my electorate of Forrest there are many projects which would fit within the categories of infrastructure, education and health—essential projects which are vital to the continued prosperity of the south-west, Western Australia and therefore Australia as a whole. In spite of the recent funding provided to local governments, I will be very interested to see how and when practical regional projects previously funded under the Regional Partnerships Program will be funded and delivered: Stinton Gardens in Greenbushes is still waiting for their function room; the Harvey Shire is waiting on funds to improve the Australind Playing Fields; the Bunbury and Districts Hockey Association were forced to refinance a \$1 million loan and delay works on their turf surface. From what I read in the budget and forward estimates there will be no funding for these groups until 2010 at the very earliest.

My electorate of Forrest is one of the fastest-growing regions in Australia and plays a critical role as an economic powerhouse not only for Western Australia but also for the Australian economy. If the government believes the bills, funds and associated infrastructure projects will immediately assist in managing the slowing Australian economy then, according to the government's own rhetoric, this will not happen. The government has constantly referred to the nation-building funds as 'long term'. The Prime Minister himself has said:

Infrastructure takes time to build, infrastructure takes time to plan, infrastructure takes time to design and that hinges on first-class planning.

Prior to the election the government promised to turn Australia into a nation with broadband infrastructure comparable to world leaders. Then we were told that the deadline for starting work on the government's \$4.7 billion, 12 megabits per second, fibre-to-the-node proposal was 2008. Well, it is nearly 2009. Given that the coalition's 50 megabits per second broadband proposal would already be connecting Australians, the government's request for proposals for its broadband network, according to Senator Nick Minchin, expects proponents to lodge their bids in a difficult and uncertain economic environment without the government providing any detail or clarity in relation to regulatory arrangements, including access and pricing. In addition, the one-third drop in the Australian dollar against the US dollar means the Rudd government's taxpayer contribution of up to \$4.7 billion towards the NBN is now worth something like US\$3 billion. In practical terms, with the bidding process due to close tomorrow, when will the people in my electorate of Forrest as part of the 98 per cent of the Australian population promised broadband by the Rudd government be able to use their promised broadband service? Broadband is a critical need for all businesses, including the substantial numbers of home businesses, small businesses and home users. Broadband is essential specifically to students in regional and rural areas as well as a necessary form of communication in my region.

Future-proofing communications for new technology and funding to areas where it is not economic to do so were provided for by the coalition government. There is no such provision by the Rudd government. Just what this will mean to regional centres and rural communities will become apparent over time. Indeed, at the Senate hearings, Kevin Morgan is quoted as having described the government's broadband proposal as 'fatally flawed'. So will the national broadband network be one of the infrastructure projects the government brings forward to stimulate the economy? Will it be well planned? Will the Productivity Commission analyse this and all other nation-building funded projects and report publicly?

I will be very interested to learn how the Health and Hospitals Fund will be utilised to its full potential to ensure that those regions most in need of health services are the first to benefit from these funds. The AMA *Public hospital report card 2008* states:

Government policy that threatens to decrease the—  
funding of the—

current private health insurance participation rate will create greater demand on the public hospital system. This must be kept in mind when reviewing this report card which reflects the occupancy and pressure on the hospitals working in the current public/private environment.

The AMA predicts that 3,750 beds are required at a cost of \$3 billion, with indexation of eight to nine per cent per annum to sustain hospital function. The report card also indicates that hospitals are currently trying to service demand while their resources are unable to keep pace. The report did not suggest that hospitals are in a position to cater for increased numbers of patients with their current resources. On the contrary, the report claimed that, unless more funding were put into the public hospital system, patients at current levels would fail to be offered beds within the recommended waiting times.

The premise and basis underlying these bills is the government's economic management and ability to not only provide the budgeted funds from the coalition surplus but also contribute additional funding through subsequent budgets. It is also dependent on project running costs coming from the states and territories as well as from future federal government budgets. I therefore fully support the foreshadowed amendments to insert transparency clauses to require the public disclosure of all documentation relating to proposed projects and ensuring that all reports to the Minister for Finance and Deregulation for the advisory boards and the Future Fund board are made public. Given the significance the government has rightly attached to the need to see strong productivity outcomes, I support the amendment which would require that money be spent only on projects where the productivity outcome has been analysed by the Productivity Commission and commission reports published. I also support the clause which requires that all project funding decisions ensure that there are financial commitments from all asset owners and stakeholders to meet the whole-of-life asset costs over the project's lifetime and an amendment to prohibit payment of up-front fees on projects. The legislation must be amended to ensure a totally transparent process.

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

**Main Committee adjourned at 10.24 pm**

**QUESTIONS IN WRITING****Major Cities Unit  
(Question No. 330)**

**Mr Truss** asked the Minister for Infrastructure, Transport, Regional Development and Local Government, in writing, on 15 September 2008:

Further to the answer to question No. 146 (*Hansard*, 3 September 2008, page 128) concerning the Major Cities Unit, will any other departmental units be co-located with Infrastructure Australia in Sydney; if so, which units?

**Mr Albanese**—The answer to the honourable member's question is as follows:  
No.

**Road Infrastructure  
(Question No. 365)**

**Mr Morrison** asked the Minister for Infrastructure, Transport, Regional Development and Local Government, in writing, on 20 October 2008:

Further to his answer to question No 326 (*Hansard*, 16 October 2008, page 109) concerning the extension of the Southern Freeway (F6), does his department define the Princes Highway or F6 as 'nationally significant' for the purpose of Infrastructure Australia's national audit of infrastructure?

**Mr Albanese**—The answer to the honourable member's question is as follows:  
Infrastructure Australia will be providing the interim National Priority List to the Australian Government in December 2008. I note the Princes Highway from the intersection of King Georges Road, Blakehurst and the F6 Freeway to the Northern Distributor at Wollongong is part of the National Land Transport Network as determined, under the AusLink (National Land Transport) Act 2005.