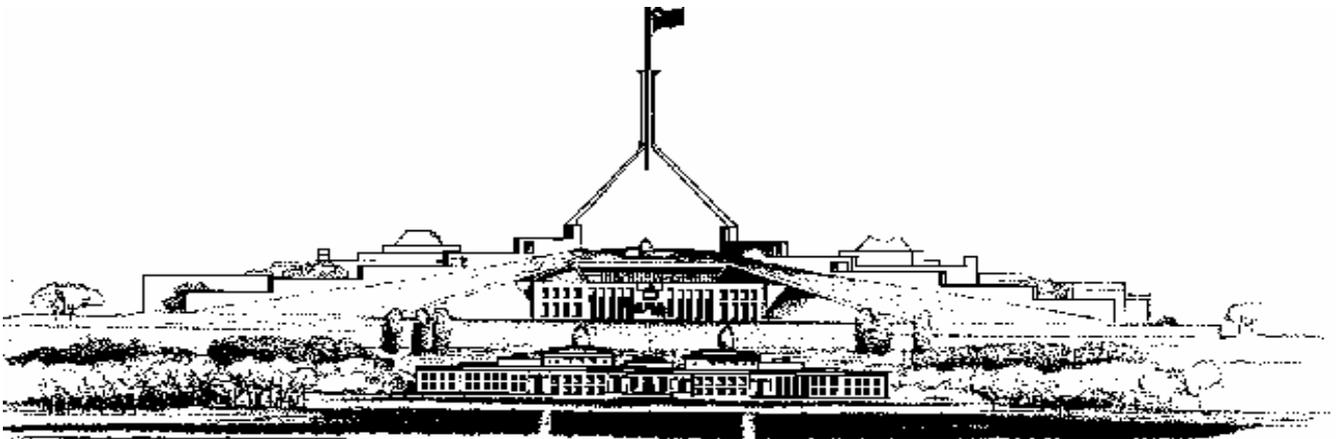




COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



House of Representatives

Official Hansard

No. 7, 2008

Wednesday, 4 June 2008

FORTY-SECOND PARLIAMENT
FIRST SESSION—SECOND PERIOD

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SITTING DAYS—2008

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

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

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Pearce, Hon. Christopher John	Aston, Vic	LP
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Ramsey, Rowan Eric	Grey, SA	LP
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Rishworth, Amanda Louise	Kingston, SA	ALP
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Secker, Patrick Damien	Barker, SA	LP
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Sidebottom, Peter Sid	Braddon, Tas	ALP
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Smith, Hon. Stephen Francis	Perth, WA	ALP
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Somlyay, Hon. Alexander Michael	Fairfax, Qld	LP
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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
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Vale, Hon. Danna Sue	Hughes, NSW	LP
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Washer, Malcolm James	Moore, WA	LP

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Wood, Jason Peter	La Trobe, Vic	LP
Zappia, Tony	Makin, SA	ALP

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

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

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Minister for Resources and Energy and Minister for Tourism	Hon. Martin Ferguson AM, MP

[The above ministers constitute the cabinet]

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Assistant Treasurer and Minister for Competition Policy and Consumer Affairs	Hon. Chris Bowen MP
Minister for Veterans' Affairs	Hon. Alan Griffin MP
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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
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Parliamentary Secretary for Defence Procurement	Hon. Greg Combet AM, MP
Parliamentary Secretary for Defence Support	Hon. Dr Mike Kelly AM, MP
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Parliamentary Secretary for Pacific Island Affairs	Hon. Duncan Kerr MP
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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

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Leader of the Nationals and Shadow Minister for Infrastructure and Transport and Local Government	Hon. Warren Truss MP
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Shadow Minister for Trade	Hon. Ian Macfarlane MP
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Shadow Minister for Regional Development, Water Security	Hon. John Cobb MP

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Shadow Parliamentary Secretary for Foreign Affairs	Senator Marise Payne
Shadow Parliamentary Secretary for Families and Community Services	Senator Cory Bernardi

CONTENTS

WEDNESDAY, 4 JUNE

Chamber	
Personal Explanations.....	4381
Crimes Legislation Amendment (Miscellaneous Matters) Bill 2008—	
First Reading	4381
Second Reading	4381
Commonwealth Securities and Investment Legislation Amendment Bill 2008—	
First Reading	4382
Second Reading	4382
Business—	
Consideration of Private Members' Business.....	4385
Wheat Export Marketing Bill 2008 and	
Wheat Export Marketing (Repeal and Consequential Amendments) Bill 2008—	
Second Reading	4387
Third Reading.....	4403
Wheat Export Marketing (Repeal and Consequential Amendments) Bill 2008—	
Second Reading	4404
Third Reading.....	4404
Tax Laws Amendment (Election Commitments No.1) Bill 2008—	
First Reading	4404
Second Reading	4404
Income Tax (Managed Investment Trust Withholding Tax) Bill 2008—	
First Reading	4406
Second Reading	4406
Income Tax (Managed Investment Trust Transitional) Bill 2008—	
First Reading	4407
Second Reading	4407
Passenger Movement Charge Amendment Bill 2008—	
Second Reading	4407
Third Reading.....	4427
Defence Home Ownership Assistance Scheme Bill 2008 and	
Defence Home Ownership Assistance Scheme (Consequential Amendments) Bill 2008—	
Second Reading	4427
Third Reading.....	4437
Defence Home Ownership Assistance Scheme (Consequential Amendments) Bill 2008—	
Second Reading	4437
Third Reading.....	4437
Indigenous Education (Targeted Assistance) Amendment (2008 Budget Measures)	
Bill 2008—	
Second Reading	4437
Third Reading.....	4441
Questions Without Notice—	
Budget	4441
Economy.....	4441
Economy.....	4443
Economy.....	4444
Alcopops.....	4445
Infrastructure	4446
Private Health Insurance.....	4447
Productivity	4448

CONTENTS—*continued*

Private Health Insurance.....	4449
Small Business	4450
Schools: Computers.....	4452
Anticompetitive Practices.....	4453
Fuel Prices	4454
Wheat Exports	4454
Stockfeed.....	4455
Domestic Violence.....	4456
Sustainable Regions Program.....	4458
Disability Services.....	4459
Personal Explanations.....	4460
Questions to the Speaker—	
Question Time	4460
Parliamentary Service Commissioner—	
Annual Report	4460
Auditor-General's Reports—	
Report No. 38 of 2007-08.....	4461
Matters of Public Importance—	
Asia Pacific Region	4461
Social Security and Other Legislation Amendment (Employment Entry Payment) Bill 2008—	
Second Reading	4474
Third Reading.....	4478
Same-Sex Relationships (Equal Treatment in Commonwealth Laws— Superannuation) Bill 2008—	
Second Reading	4478
Third Reading.....	4525
Higher Education Support Amendment (2008 Budget Measures) Bill 2008—	
Second Reading	4525
Third Reading.....	4530
Customs Tariff Amendment (Tobacco Content) Bill 2008—	
Report from Main Committee	4530
Third Reading.....	4530
Fisheries Legislation Amendment (New Governance Arrangements for the Australian Fisheries Management Authority and Other Matters) Bill 2008—	
Report from Main Committee	4530
Third Reading.....	4530
Veterans' Affairs Legislation Amendment (International Agreements and Other Measures) Bill 2008—	
Report from Main Committee	4530
Third Reading.....	4531
Customs Legislation Amendment (Modernising) Bill 2008—	
Report from Main Committee	4531
Third Reading.....	4531
Superannuation Legislation Amendment (Trustee Board and Other Measures) (Consequential Amendments) Bill 2008—	
Report from Main Committee	4531
Third Reading.....	4531
Customs Amendment (Strengthening Border Controls) Bill 2008—	
Report from Main Committee	4531

CONTENTS—*continued*

Third Reading.....	4531
Family Assistance Legislation Amendment (Child Care Budget and Other Measures) Bill 2008—	
Second Reading.....	4531
Third Reading.....	4544
Notices.....	4544
Main Committee	
Statements by Members—	
Greenway Electorate: Fundraising.....	4546
Leichhardt Electorate: Fundraising.....	4546
Apprenticeships.....	4547
Dobell Electorate: 2020 Summit.....	4548
Agriculture Advancing Australia Funding.....	4549
United Nations.....	4549
Boeing Australia.....	4550
Petrie Electorate: Education.....	4551
Dunkley Electorate: Budget.....	4551
Budget.....	4552
Appropriation Bill (No. 1) 2008-2009, Appropriation Bill (No. 2) 2008-2009, Appropriation (Parliamentary Departments) Bill (No. 1) 2008-2009, Appropriation Bill (No. 5) 2007-2008 and Appropriation Bill (No. 6) 2007-2008—	
Second Reading.....	4553
Customs Tariff Amendment (Tobacco Content) Bill 2008—	
Second Reading.....	4590
Fisheries Legislation Amendment (New Governance Arrangements for the Australian Fisheries Management Authority and Other Matters) Bill 2008—	
Second Reading.....	4592
Consideration in Detail.....	4604
Veterans' Affairs Legislation Amendment (International Agreements and Other Measures) Bill 2008—	
Second Reading.....	4607
Consideration in Detail.....	4625
Customs Legislation Amendment (Modernising) Bill 2008—	
Second Reading.....	4626
Superannuation Legislation Amendment (Trustee Board and Other Measures) (Consequential Amendments) Bill 2008—	
Second Reading.....	4627
Customs Amendment (Strengthening Border Controls) Bill 2008—	
Second Reading.....	4632

Wednesday, 4 June 2008

The SPEAKER (Mr Harry Jenkins) took the chair at 9.00 am and read prayers.

PERSONAL EXPLANATIONS

FRAN BAILEY (McEwen) (9.00 am)—Mr Speaker, I wish to make a personal explanation.

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

FRAN BAILEY—Yes.

The SPEAKER—Please proceed.

FRAN BAILEY—I am advised that yesterday, while I was either waiting to speak or speaking in the Main Committee, the Minister for Infrastructure, Transport, Regional Development and Local Government in this chamber claimed that I had misled this House when I asked him in question time yesterday of the current status of the Golden City Support Services in the Macedon Ranges and whether he was aware that there was now no respite bed available in the region. A question seeking information on behalf of constituents is in no way misleading the House.

Mr Melham—Mr Speaker, I rise on a point of order. We have yet to hear how the member was misrepresented. We are hearing argument, and I would ask you to bring her very quickly to where she has been misrepresented.

The SPEAKER—The member for McEwen should come to where she has been misrepresented.

FRAN BAILEY—I have just referred to the question in which the minister claimed I misled the House. He further claimed that I misled my local community in regard to this project. What I said on 5 November last year—and I am happy to table it for the member for Banks—was that respite services would be boosted in the Macedon Ranges

because I had secured a funding commitment of \$564,000 from a re-elected coalition government.

The SPEAKER—I think the member for McEwan has now sufficiently put her case. To go further would be entering into a debate.

FRAN BAILEY—Mr Speaker, I would not do that but I do believe that the minister should apologise to me and my communities.

The SPEAKER—The honourable member will resume her seat.

**CRIMES LEGISLATION AMENDMENT
(MISCELLANEOUS MATTERS) BILL
2008**

First Reading

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

Bill read a first time.

Second Reading

Mr DEBUS (Macquarie—Minister for Home Affairs) (9.03 am)—I move:

That this bill be now read a second time.

The Crimes Legislation Amendment (Miscellaneous Matters) Bill 2008 contains three minor but important criminal law amendments.

This is the first criminal law bill that I have brought before the parliament. I look forward to bringing many more, including a victims rights package and federal sentencing reforms eventually. Each of these larger packages will be the subject of extensive public consultation.

In the meantime, there are some minor amendments that require attention as a matter of priority and they are contained in this bill.

The first amendment will reinsert the maximum penalty of two years imprisonment for the secrecy offence in subsection 60A(2) of the Australian Federal Police Act

1979. The penalty provision was inadvertently repealed by the Law Enforcement Integrity Commissioner (Consequential Amendments) Act 2006. The amendment does not alter the elements of the offence in any way but simply reinserts the penalty which was previously in the provision before it was inadvertently repealed.

The penalty for the offence is backdated to the date when the penalty was repealed. This is important as the prohibition for the secrecy offence continued to be in force even though there was no penalty for it. If the provision were not retrospective, individuals convicted of the offence between 2006 and now would otherwise be able to escape punishment.

The second measure is an amendment to part ID of the Crimes Act 1914. Part ID of the Crimes Act deals with the collection and use of DNA material by Commonwealth law enforcement agencies. Part ID also sets up the National Criminal Investigation DNA Database as a platform to facilitate the matching of DNA profiles across Australian jurisdictions. The bill will amend section 23YV of the Crimes Act to remove the requirement that a second review of part ID be held within two years of the completion of the first review.

Because the first review was held in 2003, the second review was due to commence in March 2005. In early 2005, however, the database was still only partially operational. The amendment provides that the review should now commence no later than 1 November 2009. This will allow time for the database to be fully operational when the review takes place. The review itself will assess trials which have involved DNA matching and the adequacy of safeguards as well as any matters that have arisen in court proceedings. The review will also analyse the implementation of the recommendations from the first review in 2003.

The final amendment is to the Crimes (Aviation) Act 1991, which governs crimes and other acts committed on aircrafts, or in airports or related facilities. Section 15 of the Crimes (Aviation) Act is intended to ensure that standard ACT criminal laws apply to all Australian flights. However, the current reference to ACT laws in the Crimes (Aviation) Act is out of date. Currently, only offences contained in the ACT Crimes Act 1900 apply on flights, while those in the ACT Criminal Code 2002 do not.

The amendment will ensure that both the ACT Criminal Code and the ACT Crimes Act apply to conduct on relevant flights. The amendment will also introduce a regulation-making power into section 15 of the Crimes (Aviation) Act. That will provide flexibility in the event of future changes to ACT criminal law.

In summary, this bill contains three minor but necessary changes to ensure that Commonwealth criminal law legislation is kept up to date.

Debate (on motion by **Mrs Bronwyn Bishop**) adjourned.

COMMONWEALTH SECURITIES AND INVESTMENT LEGISLATION AMENDMENT 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) (9.08 am)—I move:

That this bill be now read a second time.

The Commonwealth Securities and Investment Legislation Amendment Bill 2008 will strengthen the efficient operation of the Treasury bond market by increasing Treasury

bond issuance and extending the collateral accepted for securities lending of these bonds.

It also provides for the safe investment of the proceeds of increased issuance in conjunction with management of the government's cash balances, using a wider range of high quality investment instruments than at present.

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

Issuance of Treasury bonds

The government's commitment to strong fiscal discipline means that there is no need to issue debt securities to finance spending.

However, a liquid Treasury bond market plays an important role in the Australian financial market.

The Treasury bond and Treasury bond futures markets are used in the pricing and hedging of a wide range of financial instruments and in the management of interest rate risks by market participants.

They thereby contribute to a lower cost of capital in Australia.

Without these markets, the financial system would also be less diverse and less resilient to the shocks that can emerge from time to time.

This has been demonstrated over recent months, when these markets provided important anchors for Australia's financial system as it responded to the impact of credit and liquidity concerns sparked off by the sub-prime housing crisis in the United States.

The government is committed to ensuring that the Treasury bond market continues to operate effectively and therefore play this important role in the Australian financial market.

Following consultations with market participants about the adequacy of the volume of Treasury bonds on issue, the government has decided to increase Treasury bond issuance.

The volume of fixed coupon Treasury bonds on issue is currently around \$50 billion.

It has been around this level for the past five years.

Other Australian financial markets have grown substantially over this period, as has the size of the Australian economy.

Reflecting these trends, the demand for Treasury bonds has also grown.

Over recent months, demand for the bonds has intensified due to the strength of the Australian economy and exchange rate, together with global credit concerns that have increased the demand for high-quality securities.

As a result, the Treasury bonds available on issue have become more tightly held and it has become more difficult for dealers to obtain some lines of stock and maintain an active market in them.

Some increase in their issuance is needed for the market to continue to operate effectively.

This bill provides a new standing authority for borrowing by the issue of Commonwealth government securities, subject to a limit on the total volume of securities on issue at any time not exceeding \$75 billion.

This will allow an increase in the volume of fixed coupon Treasury bonds on issue by around \$25 billion over their current level.

The amount and timing of future issuance will depend on market needs.

In 2008-09 the government will add around \$5 billion to the Treasury bond issu-

ance of \$5.3 billion that was already planned and detailed in the 2008-09 budget.

The additional issuance will be targeted at bond lines that are in the shortest supply in the market.

The government will continue to monitor market conditions to determine whether further issuance is required.

Any future increases within the overall \$75 billion ceiling will be announced by the government and implemented by a direction tabled in both houses of parliament.

The government's decision to increase Treasury bond issuance at this time is consistent with the decision of the previous government, announced in the 2003-04 budget, to maintain the market for Commonwealth government securities.

In announcing that decision, the previous government noted that this would entail ensuring sufficient securities remain on issue to support the Treasury bond futures market.

The increased issuance of Treasury bonds will not adversely affect the government's overall financial position since the increase in bonds on issue will be offset by an increase in financial assets on the government's balance sheet from the proceeds of the additional issuance.

The returns on these assets will also offset the interest costs from the increased issuance.

Investment

The proceeds from the increased issuance will be managed and invested by the Australian Office of Financial Management in conjunction with its present cash management activities.

The office has experience and expertise in managing fixed interest financial assets.

At present the office invests surplus Commonwealth cash in term deposits with the Reserve Bank of Australia.

The bill will extend the range of eligible investments that the Treasurer can make under the Financial Management and Accountability Act to include investment grade debt securities, and provide for the Treasurer to give directions to delegates on classes of authorised investments and matters of risk and return.

However, the bill provides that the Treasurer must not give a direction that has the purpose, or is likely to have the effect, of requiring delegates to invest in a particular company, business or entity.

This is to ensure that investment decisions are based on sound financial criteria.

Securities lending

The Australian Office of Financial Management operates a securities lending facility to facilitate the efficient operation of the Treasury bond market.

This facility allows financial market participants to borrow particular Treasury bonds for short periods when they are not readily available from other sources.

It thereby helps bond market intermediaries to trade and make two-way prices for all Treasury bonds. Collateral is required, and a fee is charged.

Currently, when seeking to borrow, other CGS is required as collateral.

This has constrained access to the facility when such securities have been in short supply.

Following consultations with financial market participants the government has decided to allow a wider range of collateral to be accepted by the facility.

At present, the securities lending facility operates using the Treasurer's investment

powers under the Financial Management and Accountability Act.

The bill provides a separate authority for the Treasurer to enter into securities lending arrangements for the loan of CGS.

The bill requires that collateral must be received for any securities lending and lists collateral that may be accepted, including cash and investment grade securities.

The bill requires the Treasurer to give a direction on the kinds of collateral that may be taken from within the categories listed in the bill.

The list is sufficiently wide to cover the same assets as the Reserve Bank of Australia currently accepts as collateral in its market operations.

Conclusion

These various measures will strengthen the markets for Treasury bonds and the futures contracts that depend on them.

They will thereby contribute to the effectiveness and efficiency of Australia's financial markets more broadly and to the resilience and robustness of our financial system.

These measures demonstrate the government's determination to ensure the efficient operation of Australia's financial markets.

Further details on the changes outlined in the bill are contained in the explanatory memorandum.

I commend this bill to the House.

Debate (on motion by **Mrs Bronwyn Bishop**) adjourned.

BUSINESS

Consideration of Private Members' Business

Mr PRICE (Chifley) (9.15 am)—I present the report of the recommendations of the whips relating to the consideration of committee and delegation reports and private

members' business on Monday, 16 June 2008.

The report read as follows—

Pursuant to standing order 41A, the Whips recommend the following items of committee and delegation reports and private Members' business for Monday 16 June 2008. The order of precedence and allotments of time for items in the Main Committee and Chamber are as follows:

Items recommended for Main Committee (6.55 to 8.30 pm)

PRIVATE MEMBERS' BUSINESS

Notices

1 MR PYNE: To move:

That the House:

- (1) recognises the importance of providing state-of-the-art mental health care for the mentally ill;
- (2) acknowledges that the way to help the mentally ill rehabilitate from their illness is to improve mental health services, not cut them; and
- (3) notes that mental health services in South Australia are under threat from the State Government with the proposed sale and re-development of the Glenside Campus.

Time allotted—30 minutes.

Speech time limits—

Mr Pyne—10 minutes.

First Government Member speaking—10 minutes.

Other Members—5 minutes each.

[Minimum number of proposed Members speaking = 2 x 10 mins and 2 x 5 mins]

The Whips recommend that consideration of this matter should continue on a future day.

2 MR HAYES: To move:

That the House:

- (1) affirms its recognition that a combination of special education, speech therapy, occupational therapy and behavioural interventions has proved to be successful in helping people with an autism disorder;

- (2) recognises early diagnosis and intervention is also essential to ensure families and carers have access to appropriate services and professional support;
- (3) supports the Federal Government policy to establish specialised child care and early intervention services for children with autism; and
- (4) calls on the Government to consider a specialised child care centre be established in South West Sydney.

Time allotted—35 minutes.

Speech time limits—

Mr Hayes—5 minutes.

First Opposition Member speaking—5 minutes.

Other Members—5 minutes each.

[Minimum number of proposed Members speaking = 7 x 5 mins]

The Whips recommend that consideration of this matter should continue on a future day.

3 FRAN BAILEY: To move:

That the House:

- (1) recognises the unapproved recipients of hormone treatments, including young men and boys who received human growth hormone, between 1960 and the mid 1980s;
- (2) acknowledges that the report it commissioned in 1993, known as the Allars Inquiry, found that approved female patients receiving the same treatment for infertility suffered negative effects and as a result of that report, received compensation from the Commonwealth; and
- (3) recognises the male recipients—both approved and unapproved—who received the same hormone treatment for growth purposes and provides similar compensation.

Time allotted—remaining private Members' business time prior to 8.30 pm

Speech time limits—

Mrs Bailey—10 minutes.

First Government Member speaking—10 minutes.

Other Members—5 minutes each.

[Minimum number of proposed Members speaking = 2 x 10 mins and 2 x 5 mins]

The Whips recommend that consideration of this matter should continue on a future day.

Items recommended for House of Representatives Chamber (8.30 to 9.30 pm)

COMMITTEE AND DELEGATION REPORTS

Presentation and statements

1 STANDING COMMITTEE ON PRIMARY INDUSTRIES AND RESOURCES

More than honey: The future of the Australian honey bee and pollination industries

The Whips recommend that statements on the report may be made—all statements to conclude by 8:40pm

Speech time limits—

Each Member—5 minutes.

[Minimum number of proposed Members speaking = 2 x 5 mins]

2 JOINT STANDING COMMITTEE ON ELECTORAL MATTERS

Advisory report on Schedule 1 of the *Tax Laws Amendment (2008 Measures No.1) Bill 2008*

The Whips recommend that statements on the report may be made—all statements to conclude by 8:50pm

Speech time limits—

Each Member—5 minutes.

[Minimum number of proposed Members speaking = 2 x 5 mins]

PRIVATE MEMBERS' BUSINESS

Notices

1 MS PARKE: To move:

That the House:

- (1) notes the grave and ongoing humanitarian and political crisis in Zimbabwe;
- (2) expresses its concern at the unacceptable delay in the release of official results from the 29 March 2008 presidential election in that country, and records its concern that this delay was part of a ploy by the incumbent Mugabe Government to fraudulently retain power;

- (3) asserts that the democratic choice of the people of Zimbabwe must be respected, and that the second, run-off presidential election, to be held by 31 July 2008, must be free, fair and without intimidation;
- (4) calls on the Zimbabwe Election Commission to invite international election observers to monitor the election including observers from the African Union and the United Nations;
- (5) confirms its commitment to the fundamental democratic requirement of a free and open media, and urges the Zimbabwe Government to allow international media full access to Zimbabwe to report on and properly scrutinise the run-off election;
- (6) condemns the use of violence and other kinds of intimidation or manipulation by election participants in Zimbabwe, including by associates of the ruling Zimbabwe African National Union – Patriotic Front party, in attempts to pervert the democratic process;
- (7) expresses its hope that the election process can be resolved in order that a properly constituted government of Zimbabwe can turn its full attention to addressing the serious problems afflicting its people, including severe food shortages, a spiralling rate of HIV/AIDS infection, high level unemployment, raging inflation and the lack of basic health services;
- (8) welcomes the Australian Government's humanitarian aid to Zimbabwe which provides humanitarian relief and human rights support for ordinary Zimbabweans; and
- (9) supports the Minister for Foreign Affairs in his efforts on Australia's behalf in seeking to cooperate with the United Nations, other nations, and relevant non-government organisations to bring a rapid and peaceful resolution to the political impasse in Zimbabwe, and to address the humanitarian crisis in that country.

Time allotted—remaining private Members' business time prior to 9.30 pm

Speech time limits—

Mover of motion—10 minutes.

First Opposition Member speaking—10 minutes.

Other Members—5 minutes each.

[Minimum number of proposed Members speaking = 2 x 10 mins and 4 x 5 mins]

The Whips recommend that consideration of this matter should continue on a future day.

Report adopted.

WHEAT EXPORT MARKETING BILL 2008

Cognate bill:

WHEAT EXPORT MARKETING (REPEAL AND CONSEQUENTIAL AMENDMENTS) BILL 2008

Second Reading

Debate resumed from 3 June, on motion by **Mr Burke**:

That this bill be now read a second time.

Mr COMBET (Charlton—Parliamentary Secretary for Defence Procurement) (9.16 am)—This is in fact a profoundly important bill for the future of wheat export marketing and does implement another one of Labor's election commitments. Wheat growers have faced great uncertainty for a number of years now due not only to the effects of the drought but also because of the destabilising effects of the AWB Iraqi wheat scandal. That scandal saw almost \$300 million worth of secret payments made to the Iraqi regime led by Saddam Hussein and irretrievably destroyed the credibility of the AWB's export marketing monopoly for Australian wheat. It also underscored, of course, an appalling failure by the Howard government to take responsibility for its own incompetence in the oversight of export wheat marketing policy. Who could forget the then Deputy Prime Minister, Minister for Trade and Leader of the National Party, Mr Vaile, I think on no less than 42 occasions in his evidence to the Cole royal commission, indicating in response to questioning that he could not recall

or did not remember? Australian wheat growers deserve far better than this from their government, and this bill provides for much-needed certainty concerning marketing arrangements for wheat growers.

Under arrangements installed by the previous government, the minister for agriculture's temporary power of veto over wheat exports expires on 30 June this year, and, without new arrangements, the Export Wheat Commission would be responsible for issuing export consents, and AWB (International) would remain exempt from seeking such consent and would retain its privileged position in the wheat market. The Liberal Party's decision not to oppose this bill is a welcome clarification of their position after all this time, but the National Party does not appear to be able to recognise the reality and necessity of change. The National Party does not seem to understand, importantly, that the current legislation, once 30 June has passed, changes everything.

The concept of the single desk that the National Party claims they wish to keep would actually effectively disappear if the current arrangements were to continue, but there would be no effective and appropriate alternative regulation and oversight of wheat exports. If this legislation is not passed, the Export Wheat Commission will become effectively the sole determinant of whether or not an export permit should be issued, and the test it will have to apply is the one in the existing act, which is whether or not the application for a bulk permit will complement the objectives of AWB (International) in the running of the national pool or whether it develops niche markets. This, of course is an extremely restrictive position. That aside, however, the retention of the existing arrangements would also mean that the Export Wheat Commission would have no clear obligation to assess the probity of potential

wheat exporters, and this is a fundamental objective of the bill.

The legislation establishes a new industry regulator, Wheat Exports Australia, with the power to develop, amend and administer an accreditation scheme for bulk wheat exports. The bill will set the broad policy parameters under which Wheat Exports Australia will design and administer the accreditation scheme. WEA will only accredit companies that meet stringent probity and performance tests. Key criteria that the WEA will consider include the financial resources available to the company, its risk management systems, and the demonstrated behaviour of the company and its executives. In light of the AWB's performance over recent years, these are extremely important accreditation criteria. Wheat Exports Australia will also have the necessary investigative powers to perform its regulatory, monitoring and enforcement responsibilities. There will also be severe penalties for breaching the conditions of the scheme or individual accreditations. WEA will also be able to suspend or revoke accreditations. In the end, the new arrangements contained in this bill are designed to benefit the entire wheat industry, particularly growers, by providing greater contestability and selling options for growers, more cost-efficient marketing services, greater transparency of price and cost information, and reducing the risks associated with relying on a single seller.

There were, of course, many problems with the old system. There was no effective separation of the management of the listed company, AWB Ltd, and the subsidiary, AWB (International). Secondly, the export monopoly resulted in a lack of contestability in services, to state the obvious. This means that returns to growers from the national pool were not effectively maximised because there were poor incentives to minimise the costs of operating the pool. The Nationals

continue to maintain that the export monopoly or the single desk delivers for farmers. But you have to look for the evidence for this. Neither the 2000 national competition policy review, the 2006 ACIL Tasman study, nor a more recent ABARE analysis could find compelling evidence that single-desk marketing could deliver price premiums in the international marketplace.

What these studies did find is that the export monopoly had an inhibiting effect on both innovation in marketing and the realisation of cost savings in grain transport and handling. The single desk increased the risk for wheat growers by forcing them to rely on a single exporter. This was seen in the aftermath of the wheat for oil scandal when Australian growers were effectively locked out of the critically important Iraqi market. But why didn't the previous government make the necessary changes after the Cole commission revealed the flaws in the previous system? You can only conclude that it is because both of the parties within the coalition were divided over this issue. Of course the coalition are still divided and disunited in their policy response to this important question. Even the AWB has described the current temporary arrangements as unworkable. The AWB Ltd managing director has stated:

No responsible Board of Directors would agree to continue running a National Pool in these circumstances and in the current US sub-prime environment.

This government is not going to be blinkered, as the previous government was. It has proposed that the Productivity Commission will conduct an independent evaluation of these arrangements, commencing in 2010.

The other important consideration—there were some comments about this in the House last night—is the level of consultation that the government has undertaken in relation to the formulation of this bill. The minister for

agriculture has undertaken an extensive series of consultations, and in this industry, with the significance of this change, this is extremely important. We have seen the release of an exposure draft for public comment. The Senate rural and regional affairs and transport committee has held an inquiry and the government has established a wheat industry export group. Minister Burke has also met with all of the major state farming organisations and the major bulk handling and trading companies, especially in relation to the issues of access and storage infrastructure. Demonstrating that this is genuine consultation, which of course it is, a number of amendments have been made to the draft legislation to reflect the comments made. The government has gone about the business of trying to build consensus and support and take on board criticisms in the formulation of this legislation.

Changes that have been made include the addition of an objects clause, a civil penalties regime and enabling cooperatives to be eligible for accreditation. This government is committed to a viable rural sector and has worked very cooperatively with the industry to refine the legislation and examine the future of wheat exports in a rational manner. I have been around this industry too, although it surprises some of those opposite from time to time, given they seem to see me in a particularly singular role from my former career in the union movement. I have been around the wheat industry for a long time as well, and I know the importance of this to wheat growers. Even though it is a difficult transition—

Mr Windsor—Why didn't you listen to them?

Mr COMBET—I have listened—these are extremely important and meritorious changes, which I support. Just as farmers continue to benefit from the trade reforms

and the deregulated domestic wheat market introduced by the Hawke-Keating government, I firmly believe and the government believes that the industry will benefit from the reforms contained in this bill. Effectively, for the first time since 1948, Australian wheat growers will be able to choose who they sell their grain to and at what price. The fact is that once again it falls to the Labor Party to implement important industry reforms. I commend this bill to the House.

Mr WINDSOR (New England) (9.26 am)—I rise to oppose the Wheat Export Marketing Bill 2008. We have just had an indication from the member for Charlton as to what the agenda really is here, and I would encourage people to read the first part of his speech. If they do, they will start to see what the real agenda is in relation to this particular legislation. It is not about wheat marketing at all; it is about politics and placating some of the rent seekers. It is about putting people in positions in the food chain of the production of food, where many others will make money and the growers will be left out of the equation.

The now Prime Minister came to Tamworth a bit over two years ago when the Cole inquiry was being held. He rang me and said he was travelling through that part of the world and wanted to speak to wheat growers. I said to him, 'Look, rather than just driving down the road, I'll put a group of growers together for you to talk to.' I did, and we had breakfast together and talked about a number of issues. That meeting was held at a little silo south of Tamworth and about 40 or 50 growers turned up. There was a family represented at that meeting called Barwick. The Prime Minister met the Barwicks. The member for Charlton mentioned 1948. The member for Charlton, if he has a memory in relation to this, and others would remember that Don Barwick was one of the original founders of the Australian Wheat Board. Don

Barwick was also a very good supporter of mine in my first campaign back in 1991. He was instrumental in mentoring me, in a sense, to prevent the then Liberal state government, the Greiner government, from selling off the grain handling system to international grain traders, who would have been the highest bidders. The member for Charlton may well remember some of this history.

I note with some degree of interest that the morphed organisation that was saved at that particular time from being sold out by the Liberals is one of those that will seek accreditation to become one of the accredited exporters under this legislation. It was at a time, in 1991, when there was a hung parliament and the then Greiner government had committed to sell it off, just as the current federal Liberal opposition have agreed to let it all go, and it was the Labor Party in New South Wales that was opposed to it. In my mind we have this interesting position developing—that is, that over that period of time there has been an evolution of the politics of the Liberal and Labor parties. If anybody had any doubt that the two parties are almost identical, then I think the way in which they have acted in relation to this particular bill and both parties' shoddy treatment of country people is an indication that they do not really care about the people who live in those particular areas.

I listened to the member for Kennedy last night and his condemnation of the National Party in what he called its sell-out on most other industries. He said that they were here standing up on one of the last remaining industries that they have had some influence in. Maybe I am not as hard as the member for Kennedy, but I think there is an opportunity here for the National Party. If they stay within the Liberal coalition after this treatment then they deserve to die as a representative group. I challenge them to break links with this pathetic group that they have asso-

ciated themselves with and have allowed themselves to be sold down the drain by. More importantly the people they represent have been sold down the drain, whether it is on Telstra, on this particular piece of legislation or on many other pieces of legislation.

So it seems that the rent seekers have won. This has not been about marketing; this has not been about consultation. Prime Minister Rudd, when he was shadow minister for foreign affairs, at that meeting in Tamworth made the statement—and it is readily available on tape—that he believed that before any changes to export wheat marketing arrangements took place there should be a poll of all registered wheat growers. He has not done that. Mark Vaile, the member for Lyne and Deputy Prime Minister when the previous government was in power, said, at Warracknabeal in Victoria, that before any changes took place there should be a poll of all registered wheat growers. He did not do that. I think if the member for Lyne, the then Deputy Prime Minister, had taken the initiative and actually sought a clear expression from growers then we would not be debating this farce today.

The motives in this particular legislation are not about improvement. They are not about the Australian Wheat Board at all. I personally believe that many in the Australian Wheat Board should be spending time in jail, but this particular legislation, in the 'fit and proper' clause, allows the Australian Wheat Board back into the game. It is absolutely designed to have the wheat board in there as a player. The minister for agriculture and the Prime Minister stood up in here some weeks ago and said that this would not have happened had the Australian Wheat Board not done what it did—and the member for Charlton, Mr Combet, referred to it again today—and here we have a bill that is designed to put it back in the game. The reason for the legislation, for the changes, is sup-

posed to be that you can only have fit and proper conduct for companies—or for individuals, if the coalition's amendment gets through—yet here we are allowing the so-called thief in the night, the very reason for this bill being brought on, to be a very important clause in the legislation. I just cannot understand how the minister could allow that sort of activity to happen and try and have some credibility in terms of some of the access provisions, and other provisions, within the legislation.

The motives behind this are purely political. There is a lot of payback in this. The Labor Party could see that the Nationals and Liberals were split traditionally over this and this is about exposing those weaknesses. It is not about the wheat growers. If people were interested in what the wheat growers thought, they would have consulted with them. Well, I did. The Prime Minister may have said that he would have, the former Deputy Prime Minister may have said that he would have and did not, but I did, and I think that for the record those results should be indicated.

Before reading the results out I should say, just for the academics, that the research that was done here is of a sample of 2,819 that will give this study a 1.7 per cent confidence interval at a 95 per cent confidence level based on the 20,845 distributed survey forms in Australia. This is—and this is the important point—basically saying that if you conducted the same survey 100 times, 95 out of the 100 wheat growers should yield results within plus or minus 1.7 per cent of the published number of the percentage. I notice the member for Farrer made some passing reference to this poll, but she obviously has not carried out any political polls in the past. If she had, she would understand that these findings are highly significant. Essentially, growers were asked in all states which option best represented their views—a single-desk

option, the government's deregulated marketing system with a multilicensing arrangement, or a fully deregulated marketing arrangement. 80.2 per cent of respondents argued that they wanted the single desk maintained. So, when people say there has been consultation that is absolute nonsense. 14.9 per cent supported the government's position. Western Australia is very dependent on wheat exports. It does not have the domestic market that the eastern states have in terms of the competitive markets that are available. The Prime Minister again stood up and said, 'Oh, we are doing this because the Western Australians want it.' Well, people in Western Australia were asked that specific question. In their answers, 71.4 per cent said they wanted a single desk whereas 22 per cent—not even a quarter—wanted what the government is presenting.

Some have suggested, 'Oh well, it's only those little growers that are weak in the marketplace that are being protected by this vestige of the past. We have got to allow the industry to flex its wings. The bigger players are being restricted by this old time single desk arrangement.' If you split it by production, however, those who supported the single desk were 83.9 per cent of respondents in the 0- to 500-tonne production range, 84.6 per cent of respondents in the 500- to 1,000-tonne production range wanted a single desk, 77 per cent from the 1,000- to 5,000-tonne production range wanted a single desk and even in the over 5,000-tonne producers—the bigger growers—62.6 per cent wanted a single desk. Not a quarter wanted what the government is proposing: 23.1 per cent in the over 5,000-tonne production range wanted the government's proposal, and that government proposal is being supported by the Liberal Party.

Some people have said, 'We have to allow the younger farmers to express themselves because of the new age marketing systems.'

The Leader of the Opposition waffled on about GPS in tractors and various other technology and tried to draw some analogy with improved marketing techniques. This is the split by age. Across Australia—that is, all states—of those aged 31 to 40, 79 per cent supported a single desk; of those aged under 30, 72.5 per cent supported it; and of those aged 31 to 40, 75.8 per cent supported it. Those showing the most support for the government's initiative, the multilicensing arrangement, were those aged 41 to 50, at 17.5 per cent. As I said, they consulted with growers—that is, there has been consultation with those who are going to make money out of the production chain. That is hypocritical of the Labor Party, particularly because of their view on collective arrangements. This supports those who make money out of food production. There are issues at the moment in food and fuel and the carbon footprint of transportation. Those who make money out of food production will continue to make money out of food production. In fact, as the pressure on world food commodities increases, they will make more. But those who produce the food—the growers—will not necessarily be part of that process.

If you need any evidence, look at what is happening in chemical and fertiliser prices in line with the boost in grain prices of the last 12 months. Look at the rent seekers who are ripping more out of the marketplace now. Some of the people the minister for agriculture, and I presume others in the government, has been dealing with behind the scenes, who purported to be representatives of grain growers—that is, some of those in the grain-handling system, some of those in the National Farmers Federation and some of those in some of the state based bodies—have positioned themselves to receive rent from the work of others. That is the appalling position that the Labor Party has presented. As the member for Kennedy said last night, they

won the election on the right of workers to collectively bargain. This is the wheat growers' industry. They are not asking the government for any money in relation to this; this is not a begging bowl arrangement. It is their industry and they have not been consulted. Those who will profit from their industry—not those who actually do the work—have been involved in the consultative phase. If this government stands up again and argues the right of the worker, it will have a fairly hollow ring in my view.

The poll shows some resistance in New South Wales—and no wonder—as 87.8 per cent of wheat growers want a single desk; only 8.8 per cent prefer what the government and now the Liberal Party prefer. If anybody had bothered to ask—if the member for Lyne had bothered, if the Prime Minister had bothered or if the minister for agriculture had bothered—they would have got exactly the same answers. The reason they did not bother is that they did not want to know. They know the answer. They are clearly defying the majority of an industry group that has made clear time and time again what they want for the export of their bulk-marketing wheat. They have allowed containers and bagged wheat to go—and this indicates that they did want bagged and containerised wheat to go—but they want a single desk structure for bulk export wheat.

This is about structure, Minister. I do not necessarily mean the Australian Wheat Board. I would not give it to the Australian Wheat Board. I would not give it to them because I think their behaviour was appalling. But you do not throw the baby out with the bathwater. The minister for agriculture has endorsed a structure. The minister for agriculture has not given anybody the marketing arrangements yet. He may give them to one organisation. He may give them to the Australian Wheat Board or the Wheat Export Authority. He has not endorsed anybody, yet

he, the member for Charlton and the Prime Minister have based their whole argument on the Australian Wheat Board. That is not a structure. The legislation should be about the structure that the majority of wheat growers want. Time and time again you see examples where, if individuals or smaller groups go out into the world market, they get beaten up. Look at what happened to the coal industry some years ago. They went overseas as individual companies and bid each other down. They kept bidding each other down in Japan.

Some academics have been used to come up with this logic that there are no substantive gains to be had through a single desk marketing arrangement. If you look through the various boards of some of the groups that are going to be accredited, they are there. Some of the people in the Grains Council, for instance, are there. The only people in the wheat industry, in my view, who can hold their heads up high—the Grains Council cannot, the National Farmers Federation cannot; some people in the New South Wales Farmers Association can but the majority of the body cannot—are those in Western Australia who have genuinely fought a cause for those they represent. Many others have suddenly slipped behind the tree. That is what we saw here yesterday with the Liberal Party leader. He is a man who can make a speech without any notes, but he is so committed to the poor, downtrodden farmer that he had to read nearly every word he said on this legislation!

It is a sad day for the wheat industry but it is a sadder day for politics, in my view, because today, for all to see, there is no division in politics in this place. There are two 'Liberal' parties. They exist on both sides of this chamber and there is a very weak junior coalition party which has allowed itself to be run over by both of them, to be assumed by both of them for decades, a junior coalition

party which now has an opportunity. The question is: will they take that opportunity or just occupy the benches and move on when their individual times are up?

If we are so concerned about the global market and choice, what is the government going to do when a carbon footprint starts to be implanted on the movement of grain internationally? What is the government going to do about the taxation and excise arrangements which are currently on grain based ethanol, for instance? Are we going to tax a renewable fuel or allow free interchange to take place? These additional questions should have been answered quite clearly before this legislation was even brought into the House. (*Time expired*)

Mr GRAY (Brand—Parliamentary Secretary for Regional Development and Northern Australia) (9.46 am)—I rise to speak today in support of the Wheat Export Marketing Bill 2008, not just as a government member for the seat which contains the Kwinana export terminal but also as a member, albeit by marriage, of an extended wheat-farming family from Western Australia. To pick up some of the points made by the member for New England, it is clear from discussions I have had in my family that there is a generational difference between views on this proposal. The younger the farmer—such as my brother-in-law Rod Birch—the more vocal the support for this legislation, the more thoughtful his consideration and support for this legislation. The older the farmer, I find less confidence. The older the farmer, I accept that there is nervousness about these proposals. Having said that, when I speak of my family, of course it is extremely extended and the member for O'Connor is part of that family, too. His support for this bill is unique among that generation. My father-in-law, Peter Walsh, who spent many years on his tractor up at Doodlakine, tends to take the view that anything that happened in the

world since the ABC went from black-and-white to colour is not to be trusted.

As a Western Australian, I am aware of the significance of this bill to the sustainability and future of the Western Australia wheat belt. This bill will introduce competition into the bulk wheat market export industry. It will support farming communities and farming families. We hear lots in this place about working families and there are farming families, too.

WA has a strong history of agricultural achievement in challenging conditions. Colonists arrived in WA in 1829 and planted grain they brought from England. Colonial farmers recorded their first wheat harvest in WA in 1831. Of course the grain had been developed in English conditions and frequently failed to provide reliable and substantial crops. The failure of these first crops was inevitable. In isolated areas such as the Victoria District at Champion Bay near what we now call Geraldton, it was even known that starvation deaths followed crop failure. I quote from Sister Mary Albertus Bain:

By the end of 1873 it could correctly be claimed that there had only been one good season since 1867. The most promising harvest since that date had that year been attacked again by red rust and almost the entire crop in the district was a failure ...

Malnutrition, worry and heat gradually took its toll in the district. The greatest number of deaths from 1870 to 1894 was amongst the children and the most common cause was 'marasmus'—inability to thrive due to a protein deficiency—

Such was the skill of successive generations of farmers in the Western Australia grain belt that, from failed first crops and starvation, the industry we have today has progressed to a sophisticated, science based, satellite guided, machine driven export industry. The realisation that cheap and efficient bulk-handling systems could reduce handling costs, made effective through the establish-

ment of Co-operative Bulk Handling, known by its acronym as CBH. In 1933, CBH was registered by the wheat pool of WA and divided into 100,000 shares of £1 each. This effectively created the co-operative bulk handling system for grain growers.

From the 1920s to the 1960s, there was significant improvement in Western Australian grain yields through the use of superphosphate fertiliser and identification and amelioration of trace element deficiencies such as zinc, copper and manganese. Science and increasing efficiencies combined with good harvests have seen the grain industry propel itself into the 21st century.

Western Australian agriculture prides itself on being science based. The Western Australian wheat belt not only supports WA's food needs but also creates an exportable surplus representing 90 per cent of its total grain production. Today, Western Australian grain is now exported to over 20 countries, with major shipments to Japan, South Korea, Indonesia, Iran, Pakistan and China. In WA, as we speak, seeding is still underway with many farmers having a poor start to the season and there is growing concern that this may not be a good year, despite good prices. The rains have not yet arrived.

Farming has few certainties but one thing is for sure: farmers deserve to know how they will market their crop before they put it in and, understandably, want some certainty in what the marketing rules will be before the next harvest. After 30 June this year, if this parliament does not change the current rules, the ministerial veto will disappear and the single desk that the National Party want to keep will vanish under the current law. The law as it stands leaves us with the worst of all worlds and no-one wants that to happen, not even the AWB. We need to create certainty. In the Productivity Commission's submission to the National Competition Pol-

icy review of the Wheat Marketing Act 1989, it was the commission's view that:

It is unlikely that the current wheat export marketing monopoly generates net benefits for Australia or, indeed, wheat producers themselves. The fundamental reasons for this assessment are that:

- the current lack of choice for wheat growers is likely to be impairing efficiency and innovation within the industry, and—

The industry in Western Australia prides itself on its efficiency and innovation—

- most if not all of the potential benefits of the AWB's single desk could be achieved under competitive selling arrangements.

This bill will remove the fundamental problem with the current arrangements that have created a restriction on participation in the export wheat market and, subsequently, a lack of competition. The Rudd government is committed to addressing the problems associated with export wheat marketing arrangements. Farmers are used to dealing with uncertainty—whether it is their machinery, the supply chain, the weather or varying prices. This government acknowledges that the new arrangements contained in this bill, while market oriented, while providing a new start for wheat marketing after Iraq, will include an element of uncertainty as farmers learn to adapt to life in a competitive selling market.

Of course, farmers already survive in a moving market with a range of market costs and pressures such as labour costs and availability, fertiliser costs that are heavily dependent on the price of fossil fuels and ammonia, diesel costs and exchange rate variability. These often volatile forces make it difficult but necessary to sell in an open market, just as farm inputs are at prices set in open markets. I acknowledge that risks and uncertainties are inherent in surviving in the global marketplace. The government is committed to ensuring support, where possible, is provided to farmers, especially in the

transition period. That is why the government has announced new funding of almost \$10 million over three years to assist with the transition to the new arrangements, including funding for information sessions for growers and customers, collection and publication of marketing data, seed funding for Wheat Exports Australia, technical market support grants for new exporters and assistance to the National Agricultural Commodities Marketing Association to develop an industry code of conduct.

This bill delivers on the government's election commitment to give growers more certainty, more choice, to minimise costs, to boost innovation and efficiency, and develop new export markets. These reforms effectively further deregulate the market and replace the single desk marketing arrangements that currently exist with the Australian Wheat Board. This bill has undergone extensive consultation processes, including the release of an exposure draft of the legislation, a Senate inquiry, the work of an independent expert group and private industry and grower briefings.

WA has come a long way since the days when early settlers suffered starvation at Champion Bay. Today, not only do we feed ourselves but we feed the rest of the world. Today it is Australia and Western Australian farmers who are champions. This bill will see the WA wheat belt continue to be a world leader in innovation and ensure that the industry can adapt to the changing global wheat market. I commend the bill to the House.

Mr COULTON (Parkes) (9.55 am)—I rise to oppose the Wheat Export Marketing Bill 2008. For many in this House and this debate, last night and today, this has been an academic debate. But for me it is extremely personal. My family has been growing wheat since the 1800s. My brother is still farming

on a property that has been held by our family since 1913. I personally helped plant my first wheat crop when I was 10 years old and I have been involved in the industry ever since. Last year and the year before, when the wheat farmers became the sacrificial lambs of the 2007 federal election over the Cole inquiry, I was sitting on a tractor trying to grow a crop. I represent an electorate that has just under 3,000 wheat growers, and I would suggest that they are possibly the most advanced wheat growers in the most productive area for wheat in the world.

As children growing up, when we would ask my father for a bedtime story, the scariest bedtime story that he could ever come up with, that absolutely scared the pants off us, was about his earlier days in the late 1930s when he was kicking off. He was trying to pay off a farm by shearing off-farm and trying to grow a crop, only to find that he was at the mercy of unscrupulous grain traders. He was a great supporter of Don Barwick and the crew that set up the Australian Wheat Board. Until the day he died earlier this year he was a great proponent of orderly wheat marketing. We have to understand that we have moved on. In the 1930s, when my father was trying to market wheat, he had a party line and virtually no access to the outside world. The farmers in my area are very much in tune with world markets. Thanks to the previous government they now have broadband connections. Last year when I was harvesting my crop I was marketing it on a mobile phone while I was still on the header. Farmers are now using marketing tools like forward selling and whatnot.

While you might think that in an area like that they might be considered free traders, and many do, there are just a couple of things I would like to highlight to the House that I think have slewed the argument. One of them is that for the last seven or eight years we have not produced a large wheat

crop in Australia. Many of the farmers that have been fortunate enough to grow a crop—and they have grown a crop because they are at the cutting edge of technology—have largely been able to market it domestically. Some of the farmers in my area have exported in containers and have found markets right across the world, boutique markets, for grain. There is one thing that does concern them—and this is pretty well universal, although the member for Brand spoke about a generation gap. I have been meeting with wheat farmers right throughout the electorate since I became elected, to try to gauge their feelings. Even the most innovative marketers and the younger farmers are terribly concerned about what is happening. The logistics involved in what this bill would bring in—and there is talk of multiple sellers in an international market—is just not possible when you are talking about large volumes of wheat.

The money in wheat is the knowledge of where that wheat is and the specifications of that wheat. If you are Fred Nerk, grain trader from Gunnedah, and you are loading a ship of 50,000 tonnes out of Newcastle, you cannot just find 50,000 tonnes and get it to Newcastle. Logistically that does not happen. You have to source wheat from a large area and you need trains to get it there. Exporting wheat, by the logistic nature of it, is a job for a large company.

The concern is that in New South Wales GrainCorp presently control most of the up-country storage. They control the terminals, and there is a fair indication that they are going to have an interest in the grain trains that are running. At the moment Cargill owns a percentage of GrainCorp and there is nothing to stop that increasing. My growers are terribly concerned that we are going to hand over the Australian wheat handling system and, by default, the marketing system to an overseas company. In the last 12 months the

farmers have become very aware of the dangers. What happens when fertiliser becomes the domain of one company? Fertiliser prices have gone up by 100 per cent this year purely due to the predatory nature of a monopoly and the indication that there might be solid prices for grain. Farmers have been paying through the neck for fertiliser and many of them still have not had planting rain. So they are well aware of what happens when a monopoly takes control.

My farmers are forward thinking; they are not looking to the past—we have to move on. But the problem is that what is on offer is not going to help them; it is going to be detrimental. In 1991, the member for New England was a member of a selection panel that chose me to go to America on a Rotary group study exchange. He did not know I was a National then—his ingrained hatred of the National Party had not been honed to the fine point it has today! During that trip I spent two weeks as the guest of an American grain company, Continental Grain. I started in Chicago and spent time on the floor of the Chicago Board of Trade. I went to Memphis and spent a couple of days with grain buyers on the Mississippi, and then I finished up at their terminal in New Orleans. That terminal exported 17 million tonnes of grain—one American company; 17 million tonnes. That is not that different from an average Australian wheat crop. Certainly, that is what we would hope to grow on the eastern side in a good year.

That system was not set up to help the American farmers. They had barges and were relying on the Mississippi. They were taking 36,000 tonnes on one barge with a crew of three, and the only time they had to start the motor was to slow down to go around corners and negotiate bridges. They could put that grain on a ship in New Orleans and send it to anywhere in the world. One of the people with me was a grain buyer at the

time. He worked out that he could buy grain in Illinois, float it down the Mississippi, put it on a ship and send it to Sydney for about the same freight charge as you would pay from Moree to Newcastle. So the idea that, if you are a farmer and you have 10,000 tonnes of wheat you are a world player, is just not right.

You have to understand that the Australian wheat industry has some great advantages. The disadvantages are that we are on the opposite side of the world to most of our markets, so we have enormous freight charges, and we have a variable climate. Our advantages are that we grow extremely high-quality wheat and we have managed to open up markets in the Middle East and other places through very innovative work, mainly by the AWB, with the construction of flour mills and port facilities. Australian farmers, by backing the AWB in previous times, have managed to set up this world market. You have to understand that not only was Australia a single desk seller; a lot of our customers are single desk buyers. They will only deal with a single desk representative of Australia. There has been no indication as to how that is going to be overcome by the new legislation.

I am pleased that the minister has attended the House for this entire debate, but I am disappointed that we have not been able to come up with a more workable solution. There is a bit of good news this week in my electorate—we have had up to 40 millilitres of rain and there are massive plantings going on now. My electorate covers areas like Walgett, Coonamble, Moree, Croppa Creek, North Star and Weemelah, which are massive wheat areas. If we pull off a large crop there is great concern that, come December, we are going to have large piles of wheat under canvas at Walgett, Coonamble and places like that with no organised marketing structure to

meet the world market. Then we will be at the mercy of the international grain traders.

I strongly oppose this bill and hope that the minister could at least reconsider his position.

Mr SECKER (Barker) (10.06 am)—I have some things in common with the previous speaker. I too went on a Rotary group study exchange to America, in 1986. Thankfully, the member for New England was not on the panel, otherwise I might not have been able to get that trip, but certainly I have similarities to the member for Parkes. I am a wheat grower myself, my father was a wheat grower, my grandfather was a wheat grower and my son is a wheat grower, so I think I speak with some experience.

Whilst I grow wheat, I also grow barley. Up until recently, we had a go-it-alone stake with a monopoly on the sale of barley within South Australia. But many of us who live near the Victorian border use section 92 of the Constitution to export our wheat via Victoria—often at better prices. Even in South Australia we no longer have that arrangement with the Australian Barley Board because they no longer have those monopoly powers.

It is interesting that, if you talk to other farmers—as I obviously have, because I represent a very large rural seat—you will find that there has been quite a change in view on this idea of a monopoly single desk with the Australian Wheat Board in recent years. If you had asked wheat farmers in my area 10 years ago, probably 90 per cent would have said that they wanted a single desk. I think that now you would be lucky to find nine per cent of farmers that want a single desk. As previous members of this chamber have said, there is almost a generational difference between farmers. The older farmers tend to want to hold on to what they have had all their lives—the single desk and the AWB

whereas younger farmers tend to want—and this is not black and white; it never is in these sorts of things—to use the experiences they have had with other grains. As I said, I am a barley grower. I have not used the pool set-up in South Australia for probably 10 years, and now it no longer exists in the form that it did. I also grow canola. I have never had a single desk for that. I grow lucerne. I have never had a single desk for that. I grow many things—lucerne seed, beans, oats—without a single desk, and I do it quite successfully. Personally, I have never had a real tie to a monopoly status for the Australian Wheat Board.

Certainly, over the past few years this debate has been raging within the wheat industry, and I will admit that I think there are differences between states. Western Australia is probably even more in favour of this legislation than Queensland or New South Wales. I am willing to accept that. The previous two speakers were from New South Wales, and I thought there would have been a bit more support for the Australian Wheat Board monopoly status that has been in existence for quite a while. But the debate has been sometimes bitter and divisive and it certainly has had widespread coverage in the rural press in my electorate. Deregulation of the wheat market challenges the very foundations of monopoly controlled marketing within Australia but, at the same time, has focused attention on many of the inefficiencies in the distribution system that has grown up around that monopoly.

Government involvement in the wheat industry began in the first years of white settlement in the eastern states when grain production, storage and marketing was socialised under a system of public farming. This subsequently failed, and the Governor of New South Wales then allowed private settlement agriculture to produce grain, with the Governor being the sole buyer. Of course, a

black market in grain soon developed, and the government marketing scheme was abandoned. Thereafter, during the 1800s, government involvement was directed mainly at granting land and providing railways. The effect was to develop a wheat-farming community which was undercapitalised and dependent on government for its land and transport services. The Commonwealth government first became involved in wheat marketing when it compulsorily acquired the crop during World War I as a temporary wartime measure. During the 1920s, the wartime pools were replaced with some voluntary and some compulsory state pools, depending on the state, but growers consistently received higher returns from private traders, so the pools faded away.

With the advent of the Second World War, compulsory wheat pooling and acquisition by the government was introduced under emergency wartime powers. Since World War II, there have been at least eight wheat marketing plans. All plans have shared some common features, such as granting the Australian Wheat Board sole receiving and marketing powers for virtually all wheat grown in Australia, discriminatory pricing of wheat sold domestically, pooling of sales revenue and marketing costs, and assistance provisions which transfer some of the risk of adverse price movements to the government. Marketing arrangements for Australian wheat have changed substantially over the past decade or so. Domestic wheat marketing has been opened to competition and the AWB was re-established as a private corporation, with explicit allocation of shares to wheat producers-cum-owners. I do not dispute that these and other changes improved the efficiency of marketing and related activities with consequential benefits to wheat growers. Then we had the release of the Cole report, which had clear implications for the operation of the single desk system for Aus-

tralian wheat exports. This in turn caused significant concerns for growers, both at the time and through to today.

However, the relevant question today is whether the remaining monopoly over wheat exports is helping or hindering Australia's major export industry. In my own electorate of Barker, a large wheat-growing area, a number of producers continue to support the single export desk for wheat. At the same time, a large and growing number are keen to explore alternative marketing arrangements. I listen to their reasons and, for some, their opposition to change partly reflects an attachment to accustomed ways of doing things. Some growers tell me that they are concerned that they will be compelled to perform unfamiliar marketing functions themselves or forced to deal with international commodity traders and processors. Some producers tell me of their fear of being worse off due to reduced wheat prices or removal of the implicit cross-subsidisation that typically occurs under a single desk averaging arrangement. But, as I say to many of these farmers, they still have the option of using a pool. The Australian Wheat Board has announced quite clearly that they will still run a pool so that option is still available to those growers.

Other growers might fear a reduction in asset value and profits if competition is allowed, as well as loss of their control over marketing functions. But if you then ask them whether they fear the same thing with barley, canola, lupins, peas or any of the other many agricultural products that they grow, they have no similar fear. Given the number of significant exporters and producers of wheat internationally and the erosion of buying monopolies, it seems unlikely that Australia possesses sufficient market power in world markets to justify continuation of the export monopoly. The Australian wine industry, which is a very significant industry

in the electorate of Barker, is an example of an industry that very successfully undertakes significant amounts of market development and value-adding without recourse to monopoly marketing.

Australia is a modern, open-market, competitive economy. As a matter of public policy, monopolies are not desirable and need to carry strong public interest arguments for their imposition or retention. It now makes sense to make that argument for export wheat, particularly when all other grains and rural products are happily exported, with a choice of exporters, in normal open-market arrangements. If a single desk is not needed for all other agricultural and trade products, the question must be asked: why is it in the public interest for it to be retained for wheat? I share the view of the South Australian Farmers Federation that it just cannot be business as usual, as if the Iraqi wheat scandal never happened. The pathway forward, as provided by the Wheat Export Marketing Bill 2008, will allow the wheat marketing industry to recover and prosper in the future, with viable and competitive participants.

Mr BURKE (Watson—Minister for Agriculture, Fisheries and Forestry) (10.16 am)—in reply—I commence by thanking all members of parliament for their contributions to this debate on the Wheat Export Marketing Bill 2008. Anyone who has travelled and heard the different views and the lack of consensus around the country from wheat growers would have to agree that the debate within this parliament has at least ensured that everybody's view has been represented and that everybody's view has been represented somewhat passionately. I have been hoping for some time to be able to provide certainty for Australian wheat growers. I thank the Leader of the Opposition for the comments he made last night which provided an opportunity for wheat growers, whether they are supporters of the change or not, to at

least now have some certainty as to the rules which will apply to their current crop. I would have preferred if that certainty could have been given to them three months ago when the exposure drafts were first put out. Indeed, that was the idea of putting the exposure drafts out, so that we could have some certainty, but at least we have it now.

The views of growers do differ around the country. There has been some discussion already about views differing between young growers and old growers. It is also true that opposition to these measures is strongest among those who sell to the domestic market and that support for these measures is strongest among those who export. A lot has been said about the protection which is provided by the averaging systems of a national pool. I just remind the House that averaging works both ways. Averaging not only serves for people to be brought up; it also involves a process where those who had grown a high-value wheat end with a lower return. Some growers will want to continue to work collectively. The legislation allows them to do so. Pools will still exist. We have extended, as I mentioned in my second reading speech, the original requirement to have to operate through a corporation to also now apply to cooperatives.

A point has been made throughout the debate about the fact that many of our overseas buyers are single desks. I had the opportunity earlier in the year to meet directly with the single-desk buyers in Japan. I have to say the fears that they will refuse to deal with a system of multiple traders certainly are not well founded and do not reflect the discussions that my officials have been having around the world.

The domestic market in wheat for some time has been deregulated. Domestic exports, if they are done in bags, are already deregulated. Domestic exports, if they are done

through containers, are already deregulated. The same growers who grow wheat will very regularly grow a variety of crops, as in the example by the member for Barker. In those other crops they are already deregulated. These reforms allow, for the first time, growers who want to be involved in bulk exports, but would rather do so without operating through a pool system, to have the option of doing so.

The bills before the House constitute a major economic reform. We are talking about a \$5 billion industry, roughly half of which is involved directly in exports. To make sure that we had the policy development right, and carrying forward what was an election commitment, there has been extensive consultation. The consultation began in visits to growers on their own properties over summer. That consultation resulted in my concern to make sure that we did not replace a national export monopoly with three regional monopolies with respect to GrainCorp, CBH and ABB. That was the reason for arriving at the ACCC undertakings, which appeared then in the exposure draft. Before the exposure draft went out, consultation was made with growers groups, with the state farming organisations and with other affected parties. The exposure draft process then went forward.

We also went forward with the independent expert group and with the Senate inquiry. The opposition spokesperson from the Senate made a request that that Senate inquiry go for longer than what was originally anticipated and we allowed that to occur. Of the recommendations from the Senate inquiry: they asked for an objects clause and we amended the legislation to do that; they wanted an amended definition of an executive officer and we did that; they wanted to require WEA to follow due process before varying an accreditation and that change was made; they wanted to allow cooperatives to

be accredited and the legislation was changed; they wanted a register of exporters to be included on conditions on accreditation and that was done. They also wanted information sessions to be provided for growers and that is happening.

In addition, there are responses to that Senate inquiry from Liberal senators. They asked for WEA to be required to pay for audits it has ordered. That change was made. They asked for a review of arrangements to be included in the legislation, and that is now included. Both the Senate majority report and the Liberal senators' comments also asked for us to go down a higher road of regulation. We did not do that. I now understand, from comments made by the Leader of the Opposition last night, that Liberal amendments, instead of asking for a higher level of regulation, are going to be asking for a lower level of regulation. We accept in good faith the need to work cooperatively as we go forward to get the best economic outcome on this and the best deal for growers. We have an open mind on those proposed amendments and will certainly look at them when they come to us in a final form in the Senate debate.

I thank all members for their participation in this debate, particularly where they have gone from the policy detail—and I note in particular the member for Mallee—to the real-life stories of many people who are in a situation following years of bitter drought. I thank all members for their contribution and commend the bills to the House.

Question put:

That this bill be now read a second time.

The House divided. [10.27 am]

(The Deputy Speaker—Hon. BC Scott)

Ayes.....	126
Noes.....	<u>10</u>
Majority.....	<u>116</u>

AYES

Abbott, A.J.	Adams, D.G.H.
Albanese, A.N.	Andrews, K.J.
Bailey, F.E.	Baldwin, R.C.
Bevis, A.R.	Bidgood, J.
Billson, B.F.	Bird, S.
Bishop, B.K.	Bishop, J.I.
Bowen, C.	Bradbury, D.J.
Broadbent, R.	Burke, A.E.
Burke, A.S.	Butler, M.C.
Byrne, A.M.	Campbell, J.
Champion, N.	Cheeseman, D.L.
Ciobo, S.M.	Clare, J.D.
Collins, J.M.	Combet, G.
D'Ath, Y.M.	Danby, M.
Debus, B.	Downer, A.J.G.
Dreyfus, M.A.	Dutton, P.C.
Elliot, J.	Ellis, A.L.
Ellis, K.	Emerson, C.A.
Farmer, P.F.	Ferguson, L.D.T.
Ferguson, M.J.	Fitzgibbon, J.A.
Garrett, P.	Gash, J.
Georganas, S.	George, J.
Georgiou, P.	Gibbons, S.W.
Gray, G.	Grierson, S.J.
Griffin, A.P.	Haase, B.W.
Hale, D.F.	Hall, J.G. *
Hawke, A.	Hawker, D.P.M.
Hayes, C.P. *	Hockey, J.B.
Hunt, G.A.	Irons, S.J.
Irwin, J.	Jackson, S.M.
Jensen, D.	Johnson, M.A.
Keenan, M.	Kelly, M.J.
Kerr, D.J.C.	Laming, A.
Ley, S.P.	Lindsay, P.J.
Livermore, K.F.	Macfarlane, I.E.
Macklin, J.L.	Marino, N.B.
Markus, L.E.	Marles, R.D.
May, M.A.	McClelland, R.B.
McKew, M.	McMullan, R.F.
Melham, D.	Mirabella, S.
Morrison, S.J.	Murphy, J.
Neal, B.J.	Nelson, B.J.
Neumann, S.K.	Owens, J.
Parke, M.	Pearce, C.J.
Perrett, G.D.	Price, L.R.S.
Pyne, C.	Raguse, B.B.
Ramsey, R.	Randall, D.J.
Rea, K.M.	Ripoll, B.F.
Rishworth, A.L.	Robb, A.
Robert, S.R.	Roxon, N.L.
Ruddock, P.M.	Saffin, J.A.

Schultz, A.
Shorten, W.R.
Simpkins, L.
Smith, A.D.H.
Somlyay, A.M.
Stone, S.N.
Symon, M.
Thomson, C.
Trevor, C.
Turnbull, M.
Vale, D.S.
Wood, J.

Secker, P.D.
Sidebottom, S.
Slipper, P.N.
Snowdon, W.E.
Southcott, A.J.
Sullivan, J.
Tanner, L.
Thomson, K.J.
Tuckey, C.W.
Turnour, J.P.
Washer, M.J.
Zappia, A.

Cheeseman, D.L.
Clare, J.D.
Combet, G.
Downer, A.J.G.
Dutton, P.C.
Ellis, A.L.
Emerson, C.A.
Ferguson, M.J.
Garrett, P.
George, J.
Gibbons, S.W.
Grierson, S.J.
Haase, B.W.
Hall, J.G. *
Hayes, C.P. *
Irons, S.J.
Jensen, D.
Keenan, M.
Kerr, D.J.C.
Livermore, K.F.
Macklin, J.L.
Markus, L.E.
May, M.A.
McKew, M.
Melham, D.
Morrison, S.J.
Neal, B.J.
Owens, J.
Pearce, C.J.
Price, L.R.S.
Raguse, B.B.
Randall, D.J.
Ripoll, B.F.
Robb, A.
Roxon, N.L.
Schultz, A.
Shorten, W.R.
Simpkins, L.
Smith, A.D.H.
Southcott, A.J.
Sullivan, J.
Tanner, L.
Thomson, K.J.
Tuckey, C.W.
Turnour, J.P.
Washer, M.J.
Zappia, A.

Ciobo, S.M.
Collins, J.M.
Danby, M.
Dreyfus, M.A.
Elliot, J.
Ellis, K.
Ferguson, L.D.T.
Fitzgibbon, J.A.
Georganas, S.
Georgiou, P.
Gray, G.
Griffin, A.P.
Hale, D.F.
Hawker, D.P.M.
Hockey, J.B.
Jackson, S.M.
Johnson, M.A.
Kelly, M.J.
Laming, A.
Macfarlane, I.E.
Marino, N.B.
Marles, R.D.
McClelland, R.B.
McMullan, R.F.
Mirabella, S.
Murphy, J.
Nelson, B.J.
Parke, M.
Perrett, G.D.
Pyne, C.
Ramsey, R.
Rea, K.M.
Rishworth, A.L.
Robert, S.R.
Saffin, J.A.
Secker, P.D.
Sidebottom, S.
Slipper, P.N.
Somlyay, A.M.
Stone, S.N.
Symon, M.
Thomson, C.
Trevor, C.
Turnbull, M.
Vaile, D.S.
Wood, J.

NOES

Cobb, J.K.
Forrest, J.A.
Hull, K.E. *
Neville, P.C.
Vaile, M.A.J.
* denotes teller

Coulton, M.
Hartsuyker, L. *
Katter, R.C.
Truss, W.E.
Windsor, A.H.C.

Question agreed to.

Bill read a second time.

Message from the Governor-General recommending appropriation announced.

Third Reading

Mr BURKE (Watson—Minister for Agriculture, Fisheries and Forestry) (10.44 am)—by leave—I move:

That this bill be now read a third time.

Question put.

The House divided. [10.45 am]

(The Deputy Speaker—Hon. BC Scott)

Ayes.....	113
Noes.....	<u>10</u>
Majority.....	<u>103</u>

AYES

Abbott, A.J.
Albanese, A.N.
Baldwin, R.C.
Bidgood, J.
Bird, S.
Bishop, J.I.
Bradbury, D.J.
Burke, A.E.
Butler, M.C.
Campbell, J.

Adams, D.G.H.
Bailey, F.E.
Bevis, A.R.
Billson, B.F.
Bishop, B.K.
Bowen, C.
Broadbent, R.
Burke, A.S.
Byrne, A.M.
Champion, N.

Cheeseman, D.L.
Clare, J.D.
Combet, G.
Downer, A.J.G.
Dutton, P.C.
Ellis, A.L.
Emerson, C.A.
Ferguson, M.J.
Garrett, P.
George, J.
Gibbons, S.W.
Grierson, S.J.
Haase, B.W.
Hall, J.G. *
Hayes, C.P. *
Irons, S.J.
Jensen, D.
Keenan, M.
Kerr, D.J.C.
Livermore, K.F.
Macklin, J.L.
Markus, L.E.
May, M.A.
McKew, M.
Melham, D.
Morrison, S.J.
Neal, B.J.
Owens, J.
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Raguse, B.B.
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Ripoll, B.F.
Robb, A.
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Sullivan, J.
Tanner, L.
Thomson, K.J.
Tuckey, C.W.
Turnour, J.P.
Washer, M.J.
Zappia, A.

NOES

Cobb, J.K.
Forrest, J.A.
Hull, K.E. *

Coulton, M.
Hartsuyker, L. *
Katter, R.C.

Neville, P.C.

Truss, W.E.

Vale, M.A.J.

Windsor, A.H.C.

* denotes teller

Question agreed to.

Bill read a third time.

**WHEAT EXPORT MARKETING
(REPEAL AND CONSEQUENTIAL
AMENDMENTS) BILL 2008**

Second Reading

Debate resumed from 29 May, on motion by **Mr Burke**:

That this bill be now read a second time.

Question agreed to.

Bill read a second time.

Message from the Governor-General recommending appropriation announced.

Third Reading

Mr BURKE (Watson—Minister for Agriculture, Fisheries and Forestry) (11.00 am)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

**TAX LAWS AMENDMENT (ELECTION
COMMITMENTS No.1) 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) (11.01 am)—I move:

That this bill be now read a second time.

I am very happy to introduce this bill today, a bill that delivers on a very important election commitment to slash the withholding tax rate that applies to non-resident investors.

This bill represents the final stage of the implementation of this election commitment which was first announced in last year's budget reply by the now Prime Minister.

Schedule 1 to this bill replaces the existing 30 per cent non-final withholding tax regime applying to certain distributions from Australian managed investment trusts to foreign investors with a new withholding tax regime.

The importance of this measure to Australia's future prosperity should not be underestimated. This measure is a key plank of the government's aim to make Australia a financial services hub. It will ensure that Australia remains a world leader and at the cutting edge of funds management.

The financial services industry makes a large contribution to Australia's wealth and has huge potential to contribute even more to the Australian economy. The finance and insurance sectors currently contribute more than seven per cent of GDP. This makes it the third largest industry in the Australian economy. The sector employs around four per cent of Australia's workforce, or around 400,000 people, and contributes about \$30 billion in tax revenue through corporate and personal income taxes.

Some people would be surprised to learn that Australia in fact has the fourth largest onshore managed fund market in the world with assets worth approximately \$1.4 trillion under management, primarily due to the compulsory superannuation introduced by the Keating government.

This puts Australia in a uniquely fortunate position to become a financial hub and export financial services to the world.

Due to the huge size of funds under management, Australia has developed a number of natural advantages in funds management.

Australia has built up a good reputation in funds management with a well respected and experienced regulatory regime, a skilled workforce, and being strategically placed in the Asian time zone.

However, despite all these advantages, incredibly less than three per cent of the fees derived by Australian managed funds are attributable to foreign investment. Added to this is the fact that of the small amount of foreign funds under management here most of this is derived from investors in a narrow range of countries, in particular the United States and the United Kingdom.

It is clear to this government and to the industry that the financial services sector has an immense untapped potential for growth, particularly within the Asian region.

The domestic market has grown by more than 460 per cent since 1992 and the pool of funds is forecast to grow to \$2.5 trillion by 2015, and the growth of funds under management in Asia is expected to grow significantly.

With Asian economies booming and the growing middle classes in China and India looking for investment opportunities Australian funds are well placed to manage their money.

An Access Economics report last year demonstrates the export potential of Australian funds management. The report found that, under a 'business as usual' forecast, the financial services industry would, by 2010, export just over \$1.5 billion out of total sales for the sector of just under \$50 billion.

But if the share of exports in the finance sector increased gradually from its current level of three per cent to 10 per cent by 2010:

- Exports by the sector would be \$3.3 billion higher by 2010;

- Australia's GDP would be \$1.9 billion above 'business as usual' levels by 2010;
- And there would be an extra 25,000 jobs in the economy, including 3,500 in the finance sector.

However, the current high 30 per cent withholding tax rate, which was imposed by the former government, prevents Australian managed funds from attracting foreign investment.

Reducing the withholding tax rate will substantially improve the competitiveness of Australian managed funds and help Australia realise its potential and boost financial services exports.

This measure will give Australia one of the lowest withholding tax rates in the world which will significantly boost the attractiveness of Australian managed funds, particularly property trusts for foreign investors.

I do not pretend that Australia will become a London or New York, but we can build on our solid foundations in the industry and become an Asian financial services hub and compete effectively with the likes of Singapore, Hong Kong and Dubai. And we can grow an Australian industry to ensure that our bright and skilled young people can have world class jobs in Australia and are not forced to go overseas to gain valuable experience.

The new withholding tax regime will apply predominantly to distributions by Australian funds of Australian source rental income and capital gains but also to income not associated with land such as some foreign exchange gains or gains from traditional securities. The current flow through treatment for foreign source income will continue.

The rate of withholding tax will depend on the residency of the foreign investor. Residents of countries with which Australia has an effective exchange of information

agreement on tax matters will be subject to a reduced final withholding tax rate of 7.5 per cent, once the measure is fully implemented. This rate goes beyond the government's election commitment and ensures that Australia's funds management industry is well placed to attract and retain future foreign investment, assisting it to reach its full potential in a growth sector.

In the first year, the rate of tax will be 22.5 per cent, dropping to 15 per cent in the second year.

However, in that first year, residents of effective exchange of information countries will be eligible to claim deductions for expenses relating to their distributions. This will assist in the transition to a flat and final withholding tax regime.

Residents of countries with which Australia does not have an effective exchange of information agreement will be subject to a 30 per cent final withholding tax. This enhances the integrity of the measure and sends a clear signal of the government's non-tolerance of international tax evasion and avoidance.

Efforts to prevent international tax evasion are substantially enhanced by the ability of countries to exchange information relevant to tax matters. Australia does not have this capacity with many countries, with some actively trading on their scope to offer individuals and businesses anonymity.

The list of countries with which Australia has effective exchange of information will be prescribed by regulation.

Schedule 2 to this bill will exempt from income tax the Prime Minister's Literary Awards, to the extent that the awards would otherwise be assessable income.

The Minister for the Environment, Heritage and the Arts announced on 28 February this year that these awards would be tax ex-

empt and this bill delivers on that commitment.

The Prime Minister's Literary Awards provide an annual cash prize of \$100,000 in each of two literary award categories, for a published fiction book and a published non-fiction book.

Whether the award is assessable depends on the recipient's circumstances and, in particular, the recipient's assessable income.

To ensure that award winners receive the full benefit of this award, this measure will ensure that the award is tax exempt.

Full details of the measures in this bill are contained in the explanatory memorandum.

I commend the bill to the House.

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

INCOME TAX (MANAGED INVESTMENT TRUST WITHHOLDING TAX) 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) (11.09 am)—I move:

That this bill be now read a second time.

This bill sets out the other rates of tax that apply to residents of information exchange countries for the second and later income years. Such foreign investors will be subject to tax at the rate of 15 per cent for the second income year of the measure following royal assent and 7.5 per cent for later income years.

This is a final rate of tax, with no provision to claim deductions for expenses.

This bill also imposes a 30 per cent final withholding tax on residents of countries with which Australia does not have effective exchange of information, with application from the first income year of the new regime.

Full details of this bill are contained in the explanatory memorandum already presented.

I commend the bill to the House.

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

**INCOME TAX (MANAGED
INVESTMENT TRUST
TRANSITIONAL) 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) (11.11 am)—I move:

That this bill be now read a second time.

This bill sets out the transitional rate of tax that applies to residents of countries with which Australia has effective exchange of information on tax matters for the first income year of the new withholding tax regime. Such foreign investors will be subject to tax at 22.5 per cent on their distributions from Australian managed funds but will be eligible to claim deductions for expenses associated with their investment.

This is an important step in assisting investors to transition from the current non-final withholding tax regime to the new final withholding tax regime.

Full details of this bill are contained in the explanatory memorandum already presented.

I commend the bill to the House.

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

**PASSENGER MOVEMENT CHARGE
AMENDMENT BILL 2008**

Second Reading

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

That this bill be now read a second time.

Mr PYNE (Sturt) (11.12 am)—I am pleased to be speaking today on the Passenger Movement Charge Amendment Bill 2008, a bill that will implement some of the announcements made in the budget a couple of weeks ago. I foreshadow that I will be moving a second reading amendment at the end of my brief remarks. A departure tax was first introduced for persons departing Australia for another country by the Departure Tax Act 1978. The rate was initially set at \$10 and remained at that level until 1981, when it was increased to \$20. The rate was reduced in 1988 from \$20 to \$10 and subsequently the rate was increased from \$10 to \$20 in 1991 and from \$20 to \$25 in 1994. The Departure Tax Amendment Act 1994 changed the name of the Departure Tax Act 1978 to the Passenger Movement Charge Act 1978 and increased the rate of charge from \$25 to \$27. The PMC was introduced in July 1995, replacing the departure tax. The PMC is levied under the Passenger Movement Charge Act 1978 and collected under the Passenger Movement Charge Collection Act 1978. The PMC was introduced as a cost recovery measure to recoup the notional cost of customs, immigration and quarantine processing of passengers entering and leaving Australia and the cost of issuing short-term visitor visas. However, in law, the PMC is a tax.

The Australian Customs Service administers the PMC legislation through arrangements with each transport carrier, and the arrangements are standardised for each type of carrier. The PMC was increased to \$30 per

passenger on 1 January 1999. However, in the 2001-02 budget the then government announced that it would increase the charge by \$8 to \$38 to offset the increased cost of inspecting passengers, mail and cargo at Australia's international airports. Generally speaking the PMC is payable by all passengers departing Australia by air and sea. Section 5 of the collection act contains a number of exemptions, such as those for diplomats and children under 12 years. There are 12 categories of exemption in total, and the PMC is not levied on incoming passengers.

While initially a cost recovery measure, the PMC became more controversial over allegations that it has become yet another general revenue-raising measure. That the PMC had moved beyond cost recovery and was contributing to consolidated revenue was clear from the evidence given to the Senate Legal and Constitutional Affairs Legislation Committee on 28 May 2001 by an official of the Australian Customs Service. Mr Woodward said:

In round terms, our assessment of the over-recovery—and this is revealed in answers to questions that have been asked before, on notice—is something like an \$80 million collection greater than the actual costs of customs, immigration and quarantine, but the passenger movement charge is a tax. It is not a pure cost recovery arrangement, and that indication of moving away from direct relativity came out when the \$3 increase was made at just about Olympics time. So that is clearly on the public record.

It is not now clear whether the PMC is over-recovering costs. The PMC has not been increased since 2001. So its real—that is, inflation adjusted—value has fallen and costs would have risen over the same period. This bill is required to put into place the government's budget measure increasing the passenger movement charge from \$38 to \$47. The measure is due to take effect on 1 July 2008 and applies only to tickets purchased

on or after that date. The government will be seeking to have the bill passed through the Senate as quickly as possible to enable the change to take effect.

The increase in the passenger movement charge announced in the 2008-09 budget is designed to raise \$459.3 million over four years, \$106.3 million in 2008-09 alone. Budget papers state that the increase will contribute to offsetting the cost of a range of aviation security initiatives which until now have not been cost recovered. The passenger movement charge also recovers the costs of processing international passengers at international airports and maritime ports and the cost of issuing short-term visas overseas.

The opposition has attacked the government over this increase on two grounds: national security, as this tax grab is accompanied by a cut to Customs funding; and tourism, as this tax grab will increase the cost of tickets. While the measure is claimed to be offsetting the cost of aviation security initiatives, the new revenue that will flow accompanies cuts in real terms to Customs and other border security measures. This is really a revenue-raising exercise cynically dressed up as a border security measure.

This tourism tax increase accompanies other tourism and passenger related tax increases in this budget amounting to nearly \$1 billion, while funding has been cut to Tourism Australia by nearly \$6 million. This legislation will impact on the travelling public as it will increase the cost of airline tickets by \$9. Consequently, there will be flow-on effects to airlines and tourism operators as holiday making in Australia becomes more expensive for overseas tourists. The shadow minister for tourism has maintained consultation with stakeholders throughout the budget process and has strong views on the subject.

Australian working families looking to take a break and have a holiday are unfortu-

nately going to be slugged as of 1 July 2008 by this new tax, courtesy of the Rudd government's first budget. The 2008-09 budget has revealed an increase in the charge from \$38 to \$47, a 24 per cent increase, which will force up the price of airline tickets for Australian holidaymakers and particularly Australian families. It is another inflationary tax hike to add to the growing pile, with taxes on premixed drinks and luxury cars announced pre budget.

The government has been especially tricky with respect to this measure. They have claimed in their promotional material that this tax, which will raise almost \$460 million over the next four years, is necessary to offset the cost of a range of aviation security initiatives and the cost of processing international passengers at international airports. If this were true, we would see that money being put back into Customs. The fact is that Customs has seen its budget slashed this year by \$51½ billion in real terms. It really is a raw deal for Customs. Next year alone, they will collect \$106 million from this tax on the public, only to see it funnelled back into Treasury's general revenue, as Customs have to continue protecting Australia's borders with reduced funds. The opposition calls on the Rudd government to admit that this revenue will not be used to protect Australian travellers and that this is just another ALP tax hike. I move:

That all words after "That" be omitted with a view to substituting the following words:

whilst not declining to give the bill a second reading, the House:

(1) notes:

- (a) that the increase to the Passenger Movement Charge is an unfair slug on Australian working families;
- (b) that the Government has shown itself to be both tricky and cavalier in its attitude to Australia's border security by cutting Australia's Customs Budget by \$51.5

million in real terms next year, while at the same time announcing a measure that will raise \$459.3 million over four years, allegedly to offset 'the cost of a range of aviation security initiatives';

- (c) that this tourism tax increase accompanies other tourism and passenger related tax increases in this Budget amounting to nearly \$1 billion, while at the same time funding has also been cut to Tourism Australia by nearly \$6 million; and
- (2) calls for the Government to refer to the Joint Standing Committee of Public Accounts and Audit for examination the application of revenue derived from the Passenger Movement Charge, in particular the increases in revenue provided for in the Budget, and examine the potential to establish a new noise abatement fund from these revenues to provide relief for residents living within the 25-30 ANEI contours, to mitigate the ongoing burden of aircraft noise for people and families living in these areas".

The DEPUTY SPEAKER (Hon. Peter Slipper)—Is the amendment seconded?

Mr Forrest—I second the amendment and reserve my right to speak.

Mr BUTLER (Port Adelaide) (11.21 am)—I rise to support the Passenger Movement Charge Amendment Bill 2008 and to say a couple of things about it as a fiscal measure and also about the state of the tourism industry and some of the more shrill comments made by the member for Sturt. I have also heard the member for Moncrieff talk about tourism taxes. As always, the historical lesson from the member for Sturt, given with the eye to detail of a University of Maryland professor, was very helpful but it seriously understated, first of all, the lack of broad perspective from the previous government around tourism generally, as well as their increases in the passenger movement charge over the course of their government, leading up to the very significant changes to

aviation security that flowed from the September 11 disaster.

It is important that someone on this side of the House, other than the minister, of course, gets up and supports this as a responsible fiscal measure, as one that would go some way—and only some way—to recovering many of the costs that flowed from September 11 and that are now imposed on the government, and says something about the broader tourism policy of this government. The purpose of the bill is to amend the act to increase the PMC by \$9 to \$47 with effect from 1 July 2008. That is an increase in the order of 23 per cent, and I will say a couple of things about that later. It will go some way to funding national aviation security initiatives, which are the responsibility of the Australian government. The year 2001 was the last time that the PMC was increased and also the time at which aviation security measures started to become significantly tightened in the wake of September 11. It is important to note that, since 2001, the Australian government has spent about \$1.2 billion implementing a significant number of national aviation security measures. Up until the 2011-12 financial year, that sum is expected to be in the order of \$2.2 billion. This increase over the next four years amounts to somewhere in the order of \$459 million.

Broadly speaking, this increase is in line with changes in the consumer price index, the CPI, since 2001, which was the last time it was increased. The CPI to the March quarter of 2008 moved by about 21.2 per cent. This increase, which takes effect on 1 July 2008, is in the order of 23 per cent. Acknowledging that the CPI is likely to have moved by maybe one per cent by then, the increase proposed by the government is simply no more than a matter of indexation. Existing exemptions from the PMC will remain in place, such as those for passengers aged under 12 years of age. It is also important to

note that there will be put in place measures to ensure that this is not retrospective. That is to say that any tickets sold before 1 July 2008, even if they are for flights that take place after 1 July 2008, will be exempt from the increase in the PMC. It is also important to note that this measure, in addition to being a measure that really only reflects the CPI changes since 2001, is also a percentage increase that pales in comparison to the percentage increases made by the last government, which the member for Sturt was honest enough to point out to the House. Those increases were in the order of 37 per cent, all prior to the significant addition to the security burden that flowed from September 11.

Those changes in aviation security, particularly in relation to international flights since September 11, are well known, but they are worth addressing briefly here. Aviation, as we unfortunately know, is and has been for some time a particularly attractive target for terrorists. This was the case before September 11, with disasters such as Lockerbie and more, but was particularly brought home with the tragedy and disaster of September 11 and, since then, with a number of foiled attempts by terrorists to inflict further damage to aviation. Those changes affect all aviation, including domestic and, increasingly, regional aviation security, but they are particularly important in the area of international aviation. Specific security requirements for international flights can be set by any country to which an aircraft is flying. We know particularly that the United States has tightened their security measures—that is, the security measures that apply to flights at the point of departure that end up at the United States.

The International Civil Aviation Organisation may also impose new security measures that bind Australia. A good example of those is measures relating to liquids that were put in place by that organisation in 2006 and that

came into effect in Australia in March 2007. The increases in passenger screening requirements are probably the best known and most in-your-face, if you like, change to the security regime, but there have also been very significant changes to checked baggage screening since 2001. Since 2004, the screening of 100 per cent of checked baggage has been a requirement of all international flights leaving Australia. This increase goes some way towards the cost recovery for that. More recently, as I indicated, new measures have been in place since March 2007 for all carry-on baggage on international flights. They flowed from a terrorism attempt to bring down planes crossing the Atlantic by use of improvised bombs made from liquids taken on board. From now on, each container of liquids, aerosols or gels in your carry-on baggage on an international flight must be 100 millilitres or 100 grams, as the case may be, or less. All of the containers that carry those materials must be sealed in a transparent one-litre plastic bag. Those of us who have taken international flights since that time know what sort of security burden that has placed on the airports, which has been partly funded by the government. Less obvious, perhaps, to passengers have been measures flowing from the Wheeler review in 2005 to strengthen our air cargo security arrangements. All of these things have happened since the PMC was last set at the rate of \$38 per passenger and have added very significant additional costs to the Australian government.

Members will be aware that aviation security is part of the general aviation policy review being overseen by the Minister for Infrastructure, Transport, Regional Development and Local Government. Submissions to the review close at the end of June, but we can be reasonably sure that, flowing from that review, measures will not be relaxed. Measures will remain in place in accordance

with our international obligations at the very least.

I would like to briefly address the remarks made by the member for Sturt and outside this place by the member for Moncrieff about the impact this might have on tourism. This government does not raise taxes lightly, particularly on an industry like tourism, which finds itself in a very challenging environment, especially at an international level. The competition facing Australian tourism now is fierce, particularly with the proliferation of low-cost airlines and a range of other commercial arrangements that make places like Macau, China, Hong Kong and Vietnam very attractive destinations for tourists in our region. Long-haul destinations like Australia are hit hard by increases in fuel prices. Australia is also particularly susceptible to people's justifiable concerns over the impact on climate change of taking long-haul plane flights. Finally, but certainly not least importantly, the strong Australian dollar is placing very serious pressure on the Australian tourism industry.

But those challenges are much bigger than an increase in the PMC that does little more than keep the PMC in line with indexation. That is why the minister for tourism has issued the national tourism strategy review. This is the first time in many years that the Australian government as the leader in this area has called the industry to work with it and state tourism organisations and state ministers to find some real and long-term strategies to deal with the challenges that I outlined—to come up with a coherent and consistent marketing strategy rather than the marketing plans that changed every year or two under the last government. Compare that with the focused marketing plan that New Zealand has had in place for probably nine years now. This government has a serious plan to deal with skill shortages. When we talk to tourism operators about challenges

facing tourism, there is none more significant than the lack of skilled workers to provide services to tourists coming to our country. Lastly, there is product development.

This is a government that is serious about the future of tourism. This is a government that is serious about a fiscally responsible budget that looks at changes to charges like the PMC in line with indexation to only partly recover the additional costs that have been placed on the government because of additional aviation security requirements flowing from September 11. I commend the bill to the House.

Mr TRUSS (Wide Bay—Leader of the Nationals) (11.33 am)—The Passenger Movement Charge Amendment Bill 2008 is another in the long line of tax rises forced upon the Australian people by the high-taxing Rudd government. Whilst the budget detailed tax cuts on some occasions, the reality is it will collect more revenue from Australian taxpayers than any other budget in our history. The budget is indeed a directionless mess, with some things going up and other things going down. What we are actually seeing, though, as a result of the new taxes that are being implemented, or the tax rises that are associated with this budget, is a strategy that seems to be working against what the government has been saying in its rhetoric about reducing the pressure on working families. In fact, the policies that the government has been rolling out are having the opposite effect. That is right: the Rudd government is about applying upward pressure on prices. It is doing so by slugging hardworking Australians with yet more taxes and charges.

Let me be clear about this—and I place this in the context of the passenger movement charge and its overall place in the budget. This new tax is part of the general approach of the Rudd government towards

tax. The passenger movement charge cannot be considered in isolation but is part of the framework. It is part of a high-tax structure that is being built by the Rudd government regardless of its commitment to people in Australia who are affected by the high cost of living.

What is actually on the Rudd government's tax agenda? It is obvious that there are to be more taxes. Indeed, the total increase in the tax grab in the recent budget is \$2.9 billion per year, or \$14.7 billion from the pockets of Australians from 2007-08 to 2011-12. What are these new taxes? There are several, such as the passenger movement charge that we are discussing today. There is also an increase in the tax on premixed drinks—this so called alcopop tax that is expected to raise \$3.1 billion from the pockets of mainly young Australians over the next four years. We have been talking in this debate about the impact on the tourism industry. In fact, this tax increase on alcopops will also have an effect on visitors coming to Australia and the costs they incur. In defence of the tax, the government has been running an argument that it is about dealing with the problem of teenage binge drinking, but we all know now that that is nonsense. The government's own forward estimates for this tax demonstrated that it is not expected to reduce teenage binge drinking at all. It is actually expected to increase government revenue, and that is what the tax is about.

Indeed, such an argument that it is a socially responsible tax is counterintuitive—it is not socially responsible; it will simply encourage drinkers to purchase spirits instead, and the early reports have demonstrated that that is precisely what is happening. Therefore it is quite possible that this tax will in fact make teenage drinking worse. My point is that this is a tax that has been presented falsely to the Australian people.

What about other taxes? The passenger movement charge is an attack by the Rudd government on Australia's tourist industry, but that is not the only extra tax on movements that must be borne by the Australian people. That tax will apply to businesses and to a whole range of other Australian people but, where that tax is applied to a single sector, there is another tax that applies all over the place. That tax is the road user charge. This pernicious tax is about increasing the cost of diesel fuel for trucks and buses by increasing the effective diesel fuel excise from 19.63c per litre to 21c per litre based on the concept of a road user charge. Now it is going to be indexed on an annual road cost adjustment formula. In other words, the indexation of fuel excise is back.

The indexation of fuel excise, people may recall, was introduced by the Keating government and abolished by the Howard government in 2001. After a seven-year absence, it is back and it is pegged to a formula that will lock in a tax take that will rise faster than the consumer price index. Who will pay this tax? The answer, of course, is everyone. Trucks, members may recall, carry over 75 per cent of Australia's domestic freight. That means that those who drive the nation's 365,000 trucks, many of whom are struggling small business operators, will pay. So much for defending working families.

But Australia will also pay as a nation. As I said earlier, the passenger movement charge applies mainly to one sector of the Australian economy, but it will have flow-on implications. The road user charge applies everywhere since the increased cost it causes will be passed on to consumers and raise prices for everyone—from cornflakes to building materials, from medicines to school shoes; the everyday items that families need. This tax is therefore about increasing inflation. It is about making the cost of living for all Australians so much higher.

In spite of what this tax means, the Rudd government persists with it, introducing on the sly the required regulation under the Fuel Tax Act 2006. The government tabled this regulation in this place on 13 March this year to implement the tax from 1 January 2009. Fortunately for all Australians who purchase items from shops that carry goods carried by trucks, which is just about all of them, the opposition blocked this nasty inflationary tax in the other place on 14 May. But the Prime Minister has said in question time that he remains determined to persist with this tax that makes the task of average Australians to meet the costs of living that much harder.

As I mentioned, the passenger movement charge is a sector-specific tax, but the Rudd government is pursuing a tax agenda that applies everywhere. The road user charge will increase the price of virtually every item in the shops. What is particularly extraordinary is that the government is imposing this tax at a time when all Australians are struggling with higher petrol prices. We have already seen that the government's ineffective response to the problem of rising petrol prices is basically built around Fuelwatch. The Fuelwatch scheme imposes price fixing and further regulation on small business—again, giving lie to the government's claim that it is going to put a special effort into tearing down the red tape affecting small business. In reality, they are increasing it. The scheme, which will remove spot discounting, could actually increase the price of fuel for many Australian motorists. This is a double whammy on fuel prices in this country: increases in diesel fuel prices and increases in petrol prices.

This is already having a significant impact on the tourism industry. It is more difficult and costly for people to travel. They are concerned about the cost of fuel. In areas such as my own, where a large proportion of the tourists come by road, there is already an

impact being felt in the marketplace. It is gross hypocrisy on the part of the Rudd government to be talking about encouraging industry while on the other hand increasing taxes. That is what the passenger movement charge is all about. This tax is part of an overall attack by the Rudd government on the business sector, on business travel and on the Australian economy, particularly through the tourist industry.

This crucial industry generates approximately \$24 billion in export income for the national economy and provides employment for nearly half a million Australians. It is a service sector industry that is currently struggling, with flatlining visitor numbers as a result of the high Australian dollar and skyrocketing fuel prices. It has become less competitive. Australia is a remote location for international tourists. They have to travel a long way. For that reason, the cost of fuel has a bigger impact on flights to countries like Australia than it does on flights in Europe where most of the travel is over short distances. It also has an effect within the country, because the cost of getting around Australia as a large nation is high. That is making Australia a much less attractive market for international tourists.

This is just the wrong time to increase the passenger movement charge, to put a new tax on people coming to Australia and travelling in and out of our country. At a time when the tourist industry is facing particular difficulties, this is just the wrong time to be putting up a tax on all of those people who come to Australia. The latest budget initiative will belt the tourism industry with a suite of new taxes. The passenger movement charge is only one of them. It is estimated that the impact of the budget tax measures on the tourism industry alone will be \$1 billion. At the same time, the government is cutting industry support. It is cutting \$6 million out of the tourism corporation at a time when it needs

more money to be able to promote Australia in more difficult economic circumstances.

As we heard from the previous speaker, the government's only response to the additional cost burden that they are putting on the industry is another review. It is a review into tourism strategies this time. This is a classic excuse from a government that do not have a clue what to do about almost every policy issue. Now 100, maybe 200, reviews have been commissioned to give them some ideas. We had 1,000 experts in town to try and give us ideas. We have had endless committees of inquiry and review. One would have thought after 11½ years in opposition that, when the Labor Party came to government, they would have an agenda ready to go and would know what their plan was for industries like tourism. But in reality they clearly did not have a clue. They are now out there starting to develop policies, but it is far too late in the process and, in the interim, the industry is being hit with a whole range of additional taxes.

I wonder why the Rudd government has acted this way. Doesn't it realise that the tourism sector is characterised by a large number of small businesses and is a key provider of jobs, especially in regional Australia? In my electorate of Wide Bay, for example, there are around 3,000 people employed in tourism. But small businesses in regional Australia are constituencies that the Rudd government does not care about.

The passenger movement charge is only one tax on the tourist industry that will make life difficult. Others, like the luxury car tax, will also have an impact on tourism. Many of the vehicles that are used extensively in the industry will be subject to the luxury car tax. For instance, Toyota LandCruisers are workhorses of the tourism industry in regional Australia. Some of these vehicles have eight seats and are not exempt from the luxury car

tax. This component of the tourism industry—small group tourism—which deals with customers who demand high-quality vehicles, is the one area of regional tourism that is growing right now. These operators must operate vehicles that are roomy, modern and fitted with current safety features. These vehicles need to be replaced regularly. There are also many hire car operators that run vehicles at this end of the market. The luxury car tax is another one of the suite of new taxes that has been introduced by this government that is going to significantly affect tourism.

The passenger movement charge, as members may recall, was lifted in the high-taxing budget from \$38 to \$47 on everyone entering or leaving Australia. It will apply from 1 July this year and is a tax slug that will raise nearly half a billion dollars over the next four years. The tax was poorly explained in the budget as a measure to offset the cost of aviation security measures that the government claims have not been cost recovered to date. It is also meant to recover the cost of processing international passengers at international airports and maritime ports as well as the cost of issuing short-term visas overseas.

What is curious is the total failure of this high-taxing government to provide any detail of the costs of the measures the passenger movement charge is supposed to cover. This is all the more concerning since the passenger movement charge, according to the testimony of the then Department of Finance and Administration to the Senate Legal and Constitutional Committee on 28 May 2001, is a tax and not purely a cost-recovery arrangement. Those views were reaffirmed in Senate estimates hearings again this year. This is not a charge to recover costs at all; it is a tax. The money is not hypothecated to be used for any list of specific purposes; it is a tax. It goes into consolidated revenue. There

is no evidence or information provided as to the appropriateness of this charge, if it is in fact intended to meet just the costs associated with security and processing of visitors arriving in this country. What assurances can the high-taxing Rudd government offer this place that the passenger movement charge will not overcollect and become a general revenue-raising measure?

I also note the somewhat anarchic way in which the passenger movement charge is being introduced. In its haste to belt more people with more taxes, Labor blundered by imposing the charge on budget night on all tickets presold to passengers intending to travel after 1 July this year. These tickets were sold by the airlines in good faith at a price that included the old \$38 tax. Initially, the high-taxing government failed to provide an exemption for these tickets, resulting in a messy situation where airlines would have to foot the extra cost. In this day and age, people buy their tickets much further in advance than was possible in decades past and, with the advent of low fares, there is an increasing wish of people to buy their tickets early to take advantage of those low prices. And yet, in a blunder on budget night, these people were going to have to pay an extra tax if they were travelling after 1 July. I suspect they would have been unwilling to do so and there would have been a stand-off between the airlines and others as to who was responsible for this unexpected increase in the tax. Obviously, Labor failed to consult with the industry and stakeholders and demonstrated its administrative incompetence.

As a result of coalition and industry pressure, the government has back-flipped and tickets sold prior to 1 July 2008 for use after this time will be exempt from paying the extra tax. That is as it ought to be, that is how previous increases in this tax were applied and it is incredible that the current government did not even bother to look at past

experience before announcing this measure. The new tax will of course remain for all tickets sold after 1 July this year and the Australian tourism industry, already struggling with rocketing fuel prices and a strong dollar, will continue to wear the pain being imposed by a government that seems to be making up the rules as it goes along.

What does the passenger movement charge display? It displays a Rudd government that does not consult with stakeholders and is administratively inept. It displays the view of the Rudd government that the tourism industry is just a cash cow. It is all about glamour and not about working families. It suggests that the Rudd government does not particularly care about the knock-on impacts of this tax along with others, such as the luxury car tax, on small business in regional Australia. More particularly, it displays the hypocrisy of the government. We see a government ripping over \$3 billion from young Australians with a tax on premixed drinks that instead of reducing teen binge drinking will probably make it worse. We see a government ignoring the advice of its own Public Service and foisting upon Australia an ill-considered scheme to watch petrol prices—a scheme that will abolish spot discounting, impose further burdens on small business and possibly increase petrol prices as a result.

We have a government that is already so out of touch that, at a time when Australians are struggling with high petrol prices, it decides to push up the price of diesel as well, resulting in higher costs for everyday items needed by all Australians. We see a government intent on grabbing more money off tourists and travelling Australians with its hasty taxes on the tourist sector—taxes that will make the lives of many Australians dependent upon the tourist dollar that much harder. So much for this government promising to reduce the cost of living. By its own

actions, it is doing precisely the opposite. This tax increase will have a significant effect on Australia's tourist industry and the business sector, which needs to travel. It must be seen for what it is: simply another tax rise.

Mr MORRISON (Cook) (11.52 am)—I am pleased to rise today in support of the amendment that has been proposed to the Passenger Movement Charge Amendment Bill 2008—in particular, the matters relating to the issues that impact on my constituents in Cook. In Cook, we share more than half of the flights that go from Sydney airport. In Cook, we also have the highest proportion of Qantas employees living in the electorate than in any other electorate in the country. On both of those counts, I am pleased to rise in support of this amendment and to speak on the matters that are raised. A third point is that a significant portion of my time before entering this place was spent in the tourism industry, and I also rise to speak on their behalf today in terms of these measures.

The passenger movement charge, as previous speakers have said, is not a charge; it is a tax. It is a tax, as has been said not only by those who have spoken in this place but also by the ANAO and on the basis of legal advice that has been presented to various hearings over time. This is a tax; it is not a charge. The passenger movement charge increase of \$9 announced by the government is a tax grab of almost \$460 million over four years.

Previously in this debate, the member for Port Adelaide said:

This government does not raise taxes lightly ...

I can only agree. They do it very heavily. They have done it very heavily on every opportunity they have had in this place, in the six months they have been in government, to raise taxes—\$19 billion in a tax grab as part of this budget to fund \$30 billion of new ex-

penditure, making it the highest-spending and highest-taxing budget in our nation's history. But of greatest concern is the statistic in the budget which says that it will put 134,000 Australians out of work.

Tax increases contribute to inflationary pressures. You do not keep prices down by putting taxes up. But in this budget we have \$19 billion worth of new revenue measures. In this particular measure, we are increasing the price of travel by \$9, as announced in this measure. There was no mention by the government when in opposition, when they paraded around this country, of new taxes. There was no discussion about the new taxes they would be bringing down. There was a lot of discussion about how they were going to keep fuel prices down; there was a lot of discussion about how they were going to keep grocery prices down. Those opposite may think that this may never have been spoken in words, but there is no doubt in the community's mind about what it was led to believe by the government when they were in opposition. They led people to believe that this would happen and, as the polls this week clearly showed, people believed them. People believed that they were going to do these things. But, equally, people did not believe and did not know that the government were going to bring in new taxes, because the government never said they would. But, at the first opportunity they have not to raise taxes, what do they do? They raise taxes.

In this measure in particular, there is no nexus, as previous speakers have said, between the charge and the expenditure. There is no nexus at all. The government claim that it is necessary to offset the cost of:

... a range of aviation security initiatives ...

But the question I have is: what are they? I have searched for them. I cannot find what these measures are. How much do they cost? The Customs budget, as the member for Sturt

said, has been slashed by \$51.5 million in real terms, yet we are raising taxes for these measures by an amount in the vicinity of \$459.3 million over four years. The previous government, as has been said, also increased the passenger movement charge, by \$8 in 2001-02. But this is why we did it: to strengthen quarantine protection at Australia's airports and to protect the country from foot-and-mouth disease and other risks, with all cargo and mail entering Australia to be inspected. There is the purpose. If you go to the budget papers of that year, you will find what the revenue measure was and also what the expenditure measure was. And what was the expenditure? It was \$592.8 million over five years. The measure, as introduced in that budget, was to raise \$72 million per year. So the measure was introduced for a purpose; it was not produced for the purpose of a tax grab, as is the case on this occasion.

This tax is a pernicious impost on our aviation and tourism sectors, which are already under pressure. Tax increases are designed to discourage consumption, so placing a tax on travel is, I therefore assume, designed to discourage business activity in the travel sector. As I mentioned, Qantas are a significant employer in my electorate. There are significant shareholdings in Qantas across the Australian community, and they are our national carrier, whom we cannot do without. Having worked closely in the industry, I know what can happen if your national carrier is not able to support the initiatives of your country as you are seeking to promote your country as a tourism destination. The New Zealand government found this out the hard way with the collapse of Air New Zealand, and they had to buy it back. We need to support our national carrier in the form of Qantas, and we need to be doing things that assist them in their efforts, not things that detract from their efforts.

Geoff Dixon has recently said that the issues faced by Qantas are 'real and substantial'. Qantas are already reeling from fuel prices increases—which have been significant since their fuel surcharges were introduced a number of years ago—and also, most recently, from union action from the TWU. The Prime Minister's front-line troops in the war against inflation and wage pressures, the TWU, are out there asking for a five per cent wage increase from Qantas as we speak. To highlight what this means for Qantas as they work through the challenges that they face, I will read to you a recent announcement. Tomorrow, I understand, we will learn what Qantas will be doing in terms of their international services as a result of fuel price increases and, I am sure, these new additional costs that they are forced to pass on to consumers. The *Australian Financial Review* of 29 May says:

The airline will cancel about 5 per cent of seats in its fleet by retiring one Boeing 737, grounding two 767s and accelerating the retirement by the end of the year of four 747s that serve Perth. Fast-growing discount business Jetstar will ground one Airbus A320 aircraft and cancel the delivery of one A321 plane ... Qantas will cease flying Gold Coast to Sydney and Ayers Rock to Melbourne, as well as trimming back Ayers Rock to Sydney services. Jetstar will ... exit the Sydney to Whitsunday Coast, Adelaide to Sunshine Coast and Brisbane to Hobart routes from July while reducing frequencies on some Adelaide, Avalon and Calms routes by August.

Furthermore, the *Sydney Morning Herald* of 31 May said that 'JP Morgan's research' highlighted the threats faced by Qantas, 'warning that the airline could post a \$1 billion full-year loss if oil prices hit \$US200 a barrel.' Yet:

The airlines engineering union is still demanding a 5 per cent annual pay rise, while the airline is offering only 3 per cent.

... ..

Despite oil prices falling in recent days to below \$US127 a barrel, there remain concerns that the continued surge in demand for oil in Asia, combined with any unforeseen disruptions in supply, could propel the price towards \$US200 a barrel by the end of the year.

The *Daily Telegraph* of 30 May said:

QANTAS will have to lift airfares by another 5.5 per cent and cut more flights to offset the impact of current fuel prices, analysts said.

... ..

'Obviously there will be job losses,' chief executive Geoff Dixon said. 'We do not have a specific target, however it will be in the low hundreds.'

This is the impact on Qantas, our national carrier. It will have an impact on their business; it has an impact on how they operate their business and, sadly, it is going to have an impact on some people who are currently working for Qantas.

As we move through this period of great difficulty, we should be assisting these industries to cope with these challenges, not imposing further taxes. In relation to the current union dispute, Mr Dixon described the union's campaign—which has included claims that Qantas was using illegal strike breakers—as '1950s unionist stuff'. Geoff Dixon is well known as not necessarily being politically persuaded towards the coalition side of politics. That he is a fairly fair-minded individual in the political realm is well recognised. But he said:

I am pretty basically supportive of the unions ... but scab-labour strike-breakers? I feel like I am back in the 50s.

This is the environment we are now living in post November of last year.

To get back to the issue of the impact on tourism, and particularly in the Whitsundays: Mr O'Reilly, who is from the Whitsundays, said in an article in the *Financial Review* that the cuts by Qantas would be the final straw for many businesses struggling to recover

from poor domestic tourism numbers resulting from rising fuel prices and interest rates, floods, damaging storms and the separation of Easter from the school holidays. This will close businesses in the Whitsundays. On current average load factors, the 1,770 seats lost will see 1,400 to 1,500 fewer people in the Whitsundays. These are the realities that the tourism industry and the aviation industry are confronting right now. What has been the government's response to this? The government's response has been to increase taxes on the tourism and aviation industries.

The current Minister for Tourism is an honest man. I say that with all sincerity, having worked with him when I was the managing director of Tourism Australia and he was the shadow minister for tourism. He is an honest man, and on 21 March, back when the previous government increased the passenger movement charge from \$30 to \$38, this is what the now Minister for Tourism, then shadow minister for transport and always member for Batman, said: 'The government should use the money it was already making from the aviation industry before imposing further charges.' The Minister for Tourism's argument says it all.

The tourism industry pays its way. There were over \$23 billion in earnings from overseas tourism last calendar year. That is up from \$19.6 billion in 2005. I raise those figures because the last time we had a serious investment in and a strategy for tourism was when the member for North Sydney was the minister for tourism. When the member for North Sydney was the minister for tourism he brought forward a white paper which injected the single largest investment in the tourism industry and tourism promotion in the history of this country. As a result of that investment and the campaigns that followed—some of which attracted a lot of media attention, but I prefer to look at the facts rather than at opinions and people's percep-

tions on the creativity of advertising campaigns—it has gone from \$19.6 billion a year up to \$23.3 billion a year. That is an increase of over \$2 billion every year as a result of that investment.

Of that \$23.3 billion, \$15.4 billion is spent directly in Australia. In terms of GST alone, the tourism industry is already contributing \$1.4 billion every year just from international tourists to the Australian economy. Yet the government thinks that it is a good idea to go and slug them again. The tourism industry, particularly small businesses, depends not just on international tourism. The international tourism provides relief and much needed yield. It provides the second part of their business. The core part of all businesses operating in tourism around this country is domestic tourism. The domestic tourism scene has unfortunately been very flat indeed. The tourism industry is under strain domestically, with fuel prices in particular putting pressure on small business. Fewer people are getting in their cars and going for day trips. The aviation cuts, which I mentioned previously, are also putting pressure on these small businesses.

The answer is not to increase taxes but to provide support for this industry—the sort of support that the previous government gave this industry through a massive injection of investment and capital and commitment. That is what I call on this government to do rather than cutting back on Tourism Australia's budget by around \$6 million next year. Just so you know what that means, that is on average more than Tourism Australia would spend in direct marketing programs in any one of their top 10 markets. It is not an insignificant cut. This tax is an impost on price-sensitive travellers.

Last year Australians aged over 15 took more than 4.7 million international trips, taking advantage of our higher dollar and

spending on average 22 nights abroad. They largely went to New Zealand, the United States, Canada and the United Kingdom. The reason they were doing that was to go on holiday and visit friends and relatives. This is a positive thing for people to do, spending time with their families, visiting friends and relatives and seeing new things. They not only have to face this new tax of \$9 extra when they make this decision, they have already been dealing with fuel levies that have been surging over the last three or four years. In May 2004 Qantas first introduced the fuel charge at \$6 per domestic sector and \$15 per international sector. At that time oil was US\$44 a barrel. Today you pay a fuel levy of \$26 for a domestic sector and between \$100 and \$170 for international sectors, and oil is now over \$125 a barrel. It is difficult enough for those the government proclaims it has sympathy for to deal with what is already happening in our economy and to take the time and make the investment in order to spend time on a holiday with their family. Now they have to pay \$9 extra every single time they want to do that.

Finally, this is a tax without a purpose. The nexus between the money raised out of this measure and where it is spent has been broken. This is the nail in the coffin for that nexus. It has been put to death by this measure. We have the pain of increased taxes without the benefit of accountability through a hypothecated increase in funding for security or other worthy measures. And it is these other worthy measures that I would like to draw attention to in my closing remarks. Additional respite for people and families living under a flight path is a worthy measure. That is something that I think we in this parliament could hopefully agree across the chamber is a worthy measure. Whether it is in the electorate of Cook, which represents more than half of the flights coming out of Sydney airport on any day of the week, or in the

electorate of the member for Grayndler or of the member for Lowe or of the member for Wentworth, I think there is the opportunity for us to seriously agree that providing respite for people and families living under the flight path is a worthy measure. But not just in Sydney, I should stress. We could look at other cities. We could look at Adelaide in particular but we could also look at Perth, which has not been the subject of any particular measures on noise amelioration. We could look at Perth suburbs such as Cloverdale, Kewdale and Queens Park, as well as suburbs in other cities where people are affected.

There was a program called the Sydney Aircraft Noise Insulation Project, which commenced in November 1994. It was intended at the time to raise \$183 million over 10 years. It was based on applying this money on the ANEF contours, which later became the ANEI contours when forecasts turned into indicators in May 1999. It meant there would be voluntary acquisition of properties affected above 40 ANEF; for public buildings, 25, and residence insulation, above 30. The program spent \$347 million, all raised by 30 June 2006. The result was 4,300 homes, 17 schools, 21 childcare centres, seven nursing homes, 23 churches and 22 hospitals insulated. That was a very successful program financed by a noise levy, which was in the vicinity of \$3.50 per passenger. The member for Grayndler thought it was such a good idea that he said in 2001:

It is my view that if the levy has to be raised under the user-pays principle or if it has to be extended out in its application ... then so be it. If you are going to subject people to this terror of noise, then give them proper compensation.

I would agree with the member for Grayndler, but I would ask this simple question. I would like to know where he was in cabinet when they decided to increase the passenger movement charge by \$9 and not

consider providing further noise insulation, not only for the residents of Cook who live in Kurnell or in other places in the electorate, but for his own constituents in the electorate of Grayndler and for those others affected by aircraft noise. The member and now minister has had a second chance and has now, I understand, extended his sympathy on aircraft noise to Fort Street High School, which I note was outside the 25 ANEI contour. I do not begrudge him this sympathy of extending that measure but, as I said in this place yesterday at question time, I do not understand why he is not prepared to extend that sympathy to other public buildings that have the same case as Fort Street High School and, more significantly, consider those residents who live in 25 ANEI and above and give them some form of support.

The Sydney Airport Community Forum is preparing a new proposal for the minister to provide graduated relief, potentially down to the 20 ANEI contour but I would hope down to the 25 ANEI or ANEI contour. The Joint Committee on Public Accounts and Audit must take a look at the PMC, the passenger movement charge, and the revenues that are derived and see how that can be used for this purpose. That is the meaning of the second item of the amendment that is before this House. As the Minister for Tourism, that lonely honest man of the Rudd government, said recently, 'The government should use the money it already has.' (*Time expired*)

Mr CIOBO (Moncrieff) (12.13 pm)—I am pleased to have the chance to speak to the Passenger Movement Charge Amendment Bill 2008 and in particular to support the amendment that was moved by the shadow minister from the coalition. The bill that is before the House today is, in summary, a slug on the tourism industry. I am not surprised that the Minister for Resources and Energy and Minister for Tourism has not made a contribution to this debate because it

seems to me that the minister is fighting on many, many fronts at the moment.

There can be no doubt at the last federal election and on the election of Rudd government, the tourism industry expected in a very formal sense that the Labor Party was saying that having the tourism minister at the cabinet table was going to mark a profound positive impact for tourism. There was an expectation from industry that with Martin Ferguson, the member for Batman, at the cabinet table, there would be a voice for the tourism industry and it would be looked after. What we see today in the chamber is a very, very different story. I am disappointed that the Minister for Tourism has not felt it necessary to contribute because what we are debating today represents a slug on Australia's tourism industry. We know that over the forward estimates the increase of taxation on the tourism industry will be \$459.3 million. That is an extra nearly half a billion dollars being slugged from the tourism industry at a time when it simply does not need this additional taxation.

Australia's tourism industry employs about 480,000 people and generates about \$23 billion worth of exports, so it is worth while recognising that it is a very meaningful contributor to Australia's economy and a big employer. It is with profound regret that I am speaking to this bill today. That is the reason that the coalition moved this amendment. We have a very strong belief that the way to generate further exports and the way to nurture and grow an industry like Australia's tourism industry is to provide policy support for it. The bill before the House today does the exact opposite.

My concern is also that, not only do I know that Australia's tourism industry is still reeling from the changes that this Labor government has put in place with respect to the industry—nearly \$1 billion of new taxes

coupled with a real cut in funding for Tourism Australia—but we also know that they are reeling because the tourism minister in the Rudd Labor government has done a complete backflip. There was a time when Martin Ferguson, the member for Batman, actually held the view that increases in the passenger movement charge were a bad thing. I refer to a speech that he made in this very chamber on the Customs Legislation Amendment Bill (No. 2) 2003. In that debate, the now Minister for Tourism made a couple of comments that I would like to repeat to the House. When he was being at that stage very critical of the Howard coalition government, he said:

However, what the government has persistently and conveniently failed to mention to the Australian community and the travelling public is that the passenger movement charge turns a very significant, healthy profit to the Commonwealth coffers. Even before the \$8 increase in 2001, the government was already creaming off around \$80 million per year and putting this into consolidated revenue.

Further on in the debate he said:

The issue now is that the government, in its seven years in office, has stepped far from the original intent of the passenger movement charge and uses it as a tax to pad consolidated revenue to the tune of some \$80 million per year.

Finally, in defence of the then tourism industry, he said:

When it comes to ripping off the travelling public, undermining the tourism industry and job growth and development in Australia, my criticism today is not confined to the passenger movement charge.

But that was very much a central part of his thrust.

There may be some who would say that it is very rich of the coalition to now be critical of this government's move on the passenger movement charge.

Mr Pyne—They would be wrong.

Mr CIOBO—But they would be wrong, as the shadow minister said. I will explain to the minister who is at the table why that criticism would be wrong. The reason it is wrong is that although the coalition did historically increase the passenger movement charge, it made sure that any increases in the passenger movement charge flowed through in increased funding for Australia's tourism industry. In fact, it was under the coalition that the Howard government provided the single biggest boost and the most policy support to Australia's tourism industry, basically, in its history.

Under the white paper that the former minister for tourism, the member for North Sydney, introduced into the House, Commonwealth revenue—money that flowed directly to Tourism Australia to benefit Australia's tourism industry and to help generate \$23 billion worth of tourism exports—increased and uplifted Tourism Australia's funding so that, for example, for the period from 2004 to 2005 we saw an increase from \$135 million of Commonwealth support under the coalition for tourism to \$218 million. But across the board there were very tangible and significant increases in support for Tourism Australia and for Australia's tourism industry.

So, yes, we did increase the passenger movement charge, but we followed through with action that delivered in very real terms for the long-term benefit of Australia's tourism industry. That stands in very stark contrast what has happened under the Rudd Labor government. The Rudd Labor government were critical at the time that the former coalition government increased the passenger movement charge; the now Minister for Tourism not only criticised that increase but he has now sat at the cabinet table under the Rudd Labor government and signed off on a \$9 increase in the PMC—an extra nearly half a billion dollars of tourism tax—and he has

said nothing. He has not even contributed to the debate today about what impact this will actually have on Australia's export tourism industry or indeed, more broadly, on Australia's tourism industry.

I say to the Rudd Labor government that it is time you took your hands out of the pocket of Australia's tourism industry. If, however, there is a requirement for the Rudd Labor government to keep its hand in the pocket of Australian tourism, then at least follow through with real increases in funding. But the Rudd Labor government has done the opposite. We have actually seen a decrease in real terms of support for Australia's tourism industry.

It should not be surprising that this has been the case because Labor has very strong form in this regard. Even yesterday, with the release of the Queensland state Labor government's budget—and Queensland is in broad terms recognised if not as the premier state then at least as one of the key states when it comes to tourism—we saw that state Labor government cut tourism funding. Across the board we have seen many cuts by state Labor governments to tourism. Indeed, it is worth noting that, thanks in part to the increase in the passenger movement charge when the coalition was in power—money that was used, or hypothecated, if you like, to benefit Australia's tourism industry—the coalition government put more money into tourism and more resources behind tourism than ever before, while state Labor and the minister at the table now, the Minister for Home Affairs, Mr Debus, who actually presided as part of the Carr and Iemma Labor governments in New South Wales, ran the other way. As the coalition stepped up to the plate and provided record funding, we saw the Carr and Iemma governments running in the other direction away from the tourism industry.

Let's look at some of the figures in New South Wales. We see that tourism funding—this was at the time that the coalition was putting in record amounts—was \$50 million in 2002 and \$54 million in 2003, which is a reasonable increase in real terms. But this was when all the problems started. In 2004 it went back to \$52 million, then in 2005 it stayed at \$52 million—no real increase. Then in 2006 it was cut further to \$50 million. So over the period of about four or five years we saw that funding for tourism in New South Wales was at best flatlined and in real terms significantly cut.

That is Labor's record of support of the tourism industry. That is why the amendment that is before the House today recognises—and this is under point (c)—that this is in fact a tourism tax increase that is part of nearly \$940 million of new taxes on Australia's tourism industry at a time when Labor is also cutting support for the industry in real terms. It is simply not good enough that the Minister for Tourism has sat silently around that Rudd Labor cabinet table and said nothing about this passenger movement charge. I would ask the minister at the table: did he manage to move this increase in the PMC over the protests of the Minister for Tourism? Was there any contribution from the Minister for Tourism or did he simply just look the other way as the industry that he is responsible for was gouged of funding and then further gouged with nearly \$1 billion of new taxes?

I know that Australia's tourism industry is rightly very angry with the Rudd Labor government, because their lack of support for this industry is coming at a time when the industry is doing it particularly tough. With such a high Australian dollar we know that Australia's tourism industry—to use the word of the CEO of TTF, Christopher Brown—has 'flatlined'. Actually that was his optimistic scenario—flatlined—at a time

when in this region we are seeing significant growth in tourism numbers. It is no surprise that Australia's tourism industry has flat-lined, because the withdrawal of support for tourism by state Labor has been compounded now by the rubbing of salt into tourism wounds by federal Labor with this tax grab, coupled with others, and combined with a cut in real terms in tourism funding. It is no surprise that the tourism industry is justifiably angry and upset.

We are seeing the implications of this in so many different ways. Only a couple of days ago, as the member for Cook says—and he is a man who has a great knowledge of the tourism industry, particularly given his former role as managing director of Tourism Australia—we have seen concern in the tourism industry. It is no surprise that we have seen cuts in aviation capacity across Australia. Our key carrier, Qantas, and Australia's other carrier, Virgin Blue, which is also anticipated to be likely to reduce services in the near future, are both battling very strong headwinds. The very strong headwinds of course are the price of oil or jet fuel. In this respect, at a time when this industry is doing it particularly hard and when we are seeing reductions in capacity, we see this leering Rudd Labor government looking and almost salivating at the prospect of being able to slug nearly \$1 billion of new taxes on tourism and thinking that it will be okay because we will be able to sell it out there in the electorate as being a tax on tourists.

We know that this Labor government is traditional Labor—big taxing, big spending. Despite all the protests, despite the assurances from the Prime Minister that he is an economic conservative, we know that federal Labor is no different from state Labor and, just as state Labor has now racked up \$92 billion of debt at a state level, it is only a matter of time before these economic incompetents that now sit on the Treasury bench

destroy the Australian economy in the same way. This bill before the House today is simply another nail in the coffin. At a time when this industry is doing it so tough and when it needs policy support, and at a time when this industry was relying on the Rudd Labor government who promised so very much prior to the last federal election and who stood up with their chests out and said, 'We will give tourism voice at the cabinet table,' what do we see? Within six months we see this kind of bill being put through with nearly half a billion dollars of additional taxes. In that respect, this bill is very much going to be to the detriment of the tourism industry. It is a bill that should not, in my view and the view of the coalition, be before the House. It is going to do the opposite to what is anticipated. Its net effect is going to be to put extra pressure on Australia's families and on the tourism industry and, in the long term, it will be another nail in the coffin of the Rudd Labor government, which has turned its back on tourism.

Mr DEBUS (Macquarie—Minister for Home Affairs) (12.27 pm)—I thank members for their contribution to the debate, noticing that many of them seem to have neglected to notice that it was necessary for the new Australian government to curtail government expenditure in the face of the extraordinary growth in expenditures for which those opposite had been responsible in the immediately preceding years. The purpose of this Passenger Movement Charge Amendment Bill 2008 is to amend the Passenger Movement Charge Act 1978 to increase the rate of passenger movement charge by \$9 to \$47 with effect from 1 July this year, and I mention that it is this year because there seemed to be some confusion about that circumstance during the debate. The increase was indeed announced by the Treasurer in the recent budget and it will partially—and I emphasise 'partially'—fund the national se-

curity aviation initiatives that are presently being funded by the Australian government.

Since 2001 the Australian government has spent approximately \$1.2 billion implementing the necessary aviation security measures. The passenger movement charge, which is imposed on the departure of a person from Australia, is collected by airlines and shipping companies at the time of ticket sales and then remitted to the Commonwealth. National security aviation initiatives implemented since 2001-02 are expected to cost \$2,249 million up until 2011-12. Presently those costs are not recovered as part of the passenger movement charge. The passenger movement charge was last increased in 2001-02 by \$8 to offset at that time the increased cost of inspecting passengers and mail and cargo in our international airports.

It is entirely well known that since 2001 government has implemented a significant number of aviation security measures. I have a brief list of them here. There have been a range of measures in relation to enhanced aviation security, including the upgrading of security at airports, implementation of the air security officer program, application of security regulation regimes in all airports, promoting industry awareness and compliance, trained officers on domestic and international flights, improved data access for border control agencies, expanding the detector dog program, improving the security and crime information exchange arrangements for aviation, funding counterterrorism first response teams, community policing at airports, enhanced CCTV monitoring, funding trial X-ray inspection technology, the deployment of explosive trace detection equipment, increased funding for air cargo security, the purchase of mobile X-ray screening vans—and there is much more. As I said, by 2011-12 this will cost government \$2.49 billion and it is reasonable and indeed it is economically efficient to suggest that some of those

costs should be offset by those who are actually using our aviation facilities. I point out, as it seems to be a matter neglected by those on the other side, that border protection and security measures at airports are absolutely crucial for the safety and security of tourists and therefore for our reputation as a safe destination. It is totally necessary that we should have implemented the security measures that I have described and others, and it is reasonable that those costs should, to some degree—and that is all we are speaking of: some degree—be offset by the passenger movement charge.

I should also make the point that, in the light of all available information, the \$9 increase recommended by the Department of Finance and Deregulation (*Quorum formed*) has been accepted by the government as being broadly consistent with the amount that the passenger management charge would have grown had it been indexed. That is to say, we are not engaged here in what the member for Sturt described as overrecovery of costs; this is a direct reflection of the Department of Finance and Deregulation's calculation of what the increase would have been if the charge had been indexed over the period since it was last increased by the last government.

There has also been the suggestion in connection with the foreshadowed amendment that somehow or other the Customs department is being subjected to unreasonable cost cutting while at the same time we are seeing this increase in the passenger movement charge. In fact, the Customs budget is around \$1 billion this year and, like all agencies within this fiscally responsible government, it has been asked to achieve some efficiency savings. Those savings are nothing like the \$51 million that the honourable member for Sturt has mentioned. In any event, and importantly, the efficiency dividend that will apply to Customs has been

significantly offset by the injection, following an election promise by the government, of \$16 million to provide for increased capacity of Customs to inspect cargoes at four important regional ports: Darwin, Newcastle, Launceston and Townsville.

I am completely confident that the efficiency savings required of Customs—as they have been required across government by an entirely fiscally responsible budget—will in no way undermine the capacity of Customs to work effectively to protect our border and to be as efficient as ever where it matters at the ports and the airports of our nation, protecting us effectively as they do on so many fronts from illegal activity.

I foreshadow that the government will not support the amendment moved by the opposition. We do not accept for a moment that the passenger movement charge is an unfair tax. It merely represents an appropriate indexation of an already existing tax. That in turn is to offset in part the absolutely necessary payments that are being made to improve aviation security, the cost of which is inevitably increasing.

As to the suggestion that the bill should be referred to a joint standing committee, I point out that by no stretch of the imagination can this bill be said to have any relationship whatsoever to a question of noise abatement. I think it is pretty plain that what the opposition is really about in this circumstance is seeking some way to delay an entirely proper tax bill associated with the budget and to do so for no good reason at all. I commend the bill.

Question put:

That the words proposed to be omitted (**Mr Pyne's** amendment) stand part of the question.

The House divided. [12.44 pm]

(The Deputy Speaker—Dr MJ Washer)

Ayes.....	71
Noes.....	<u>56</u>
Majority.....	<u>15</u>

AYES

Adams, D.G.H.	Albanese, A.N.
Bevis, A.R.	Bidgood, J.
Bird, S.	Bowen, C.
Bradbury, D.J.	Burke, A.E.
Burke, A.S.	Butler, M.C.
Byrne, A.M.	Campbell, J.
Champion, N.	Cheeseman, D.L.
Clare, J.D.	Collins, J.M.
Combet, G.	D'Ath, Y.M.
Danby, M.	Debus, B.
Dreyfus, M.A.	Elliot, J.
Ellis, A.L.	Ellis, K.
Emerson, C.A.	Ferguson, L.D.T.
Ferguson, M.J.	Fitzgibbon, J.A.
Georganas, S.	George, J.
Gibbons, S.W.	Gray, G.
Grierson, S.J.	Griffin, A.P.
Hale, D.F.	Hall, J.G. *
Hayes, C.P. *	Irwin, J.
Jackson, S.M.	Kelly, M.J.
Kerr, D.J.C.	Livermore, K.F.
Marles, R.D.	McClelland, R.B.
McKew, M.	McMullan, R.F.
Melham, D.	Murphy, J.
Neal, B.J.	Neumann, S.K.
Owens, J.	Parke, M.
Perrett, G.D.	Plibersek, T.
Price, L.R.S.	Raguse, B.B.
Rea, K.M.	Rishworth, A.L.
Roxon, N.L.	Saffin, J.A.
Shorten, W.R.	Sidebottom, S.
Snowdon, W.E.	Sullivan, J.
Symon, M.	Thomson, C.
Thomson, K.J.	Trevor, C.
Turnour, J.P.	Vamvakinou, M.
Zappia, A.	

NOES

Abbott, A.J.	Bailey, F.E.
Baldwin, R.C.	Bishop, B.K.
Bishop, J.I.	Ciobo, S.M.
Cobb, J.K.	Coulton, M.
Downer, A.J.G.	Dutton, P.C.
Farmer, P.F.	Forrest, J.A.
Gash, J.	Georgiou, P.

Haase, B.W.	Hartsuyker, L.
Hawke, A.	Hawker, D.P.M.
Hull, K.E. *	Irons, S.J.
Jensen, D.	Johnson, M.A. *
Keenan, M.	Laming, A.
Ley, S.P.	Lindsay, P.J.
Macfarlane, I.E.	Marino, N.B.
Markus, L.E.	May, M.A.
Mirabella, S.	Morrison, S.J.
Neville, P.C.	Pearce, C.J.
Pyne, C.	Ramsey, R.
Randall, D.J.	Robb, A.
Robert, S.R.	Ruddock, P.M.
Schultz, A.	Scott, B.C.
Secker, P.D.	Simpkins, L.
Slipper, P.N.	Smith, A.D.H.
Somlyay, A.M.	Southcott, A.J.
Stone, S.N.	Truss, W.E.
Tuckey, C.W.	Turnbull, M.
Vaile, M.A.J.	Vale, D.S.
Windsor, A.H.C.	Wood, J.

* denotes teller

Question agreed to.

Original question agreed to.

Bill read a second time.

Third Reading

Mr DEBUS (Macquarie—Minister for Home Affairs) (12.50 pm)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

DEFENCE HOME OWNERSHIP ASSISTANCE SCHEME BILL 2008

Cognate bill:

DEFENCE HOME OWNERSHIP ASSISTANCE SCHEME (CONSEQUENTIAL AMENDMENTS) BILL 2008

Second Reading

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

That this bill be now read a second time.

Mr BALDWIN (Paterson) (12.51 pm)—From the outset, let me make it abundantly clear that the coalition supports the Defence Home Ownership Assistance Scheme Bill 2008 and the Defence Home Ownership Assistance Scheme (Consequential Amendments) Bill 2008 and welcomes their consideration by the House today. These bills implement an important measure to establish a new scheme to provide financial assistance to members of the Defence Force for the purchase, maintenance and development of their homes. The coalition is pleased these bills have finally made it to the floor of the chamber. After all, the House has been sitting for nearly seven weeks now and an earlier introduction would have reduced the pressure to have had these bills passed by 1 July in both houses.

The coalition strongly support this measure and the scheme commencing on 1 July 2008. After all, this was a Howard government initiative proposed in the 2007 budget. Ideally, we would have liked to have seen the detail of the final legislation earlier, and I have to ask the question: why the delay when the funding was allocated in the 2007 budget and the Rudd government has had six months to prepare the legislation? Given the urgency to have this legislation passed by both houses to enable the scheme's commencement by 1 July, why was there a delay in providing the detail? But, knowing the importance of this measure, I have been seeking updates and further information from the minister frequently. We are as keen for the ADF members to have access to this new scheme from 1 July as the ADF members themselves.

The government have been tardy in their management of this legislation's process. I note, for example, a letter addressed to me from the Minister for Defence Science and Personnel seeking the coalition's consent for the signing of contracts to allow the success-

ful tenderers at least eight weeks to transition prior to the 1 July 2008 implementation date. This letter was dated 21 April. The final paragraph of that correspondence says:

Should you have any comment on the proposal I would be grateful if you could provide it to me by 17th April 2008 as Defence needs to sign the contracts in the week commencing 21st April 2008.

I know that I am effective as the opposition spokesperson on these matters, defending our fine serving men and women. But, Mr Deputy Speaker, it is unreasonable and you would be right in saying that it would be impossible for me to deliver on this government's demand for a response four days prior to the letter actually being signed by the minister and, further, to actually receive the letter on the day the contracts are scheduled to be signed.

This lethargic and tardy attitude by the government has been less than helpful for the work of the House and the facilitation of passage of this legislation through the House. Despite this potentially being a truncated debate in the parliament to ensure timely passage, I called on the department to keep me informed of the progress of the drafting of the legislation and the relevant tender processes that have already occurred.

The coalition acknowledges the strong support of this measure by the many defence personnel and their families. It will allow ADF personnel to have access to a more appropriate method of home loan assistance that more appropriately reflects the requirement of ADF service and the current housing market. It is important to note that a range of other housing and assistance measures will continue but that these bills close the former Defence Home Owner Scheme to serving members who have not yet exercised their rights under the scheme. The legislation will, though, allow for the transition of eligible persons into the new scheme. The new

scheme, as announced by the coalition in 2007, is more contemporary and more generous than the previous scheme, and we welcome the new government's adoption of this coalition-initiated measure.

Firstly, I want to put on the record the history of this measure. The legislation implements a 2007 budget decision by the former coalition government that aimed at increasing the rates of retention in the ADF. In 2006 the Defence Force (Home Loans Assistance) Amendment Bill extended the life of the Defence Home Owner Scheme by 12 months to allow Defence to conduct a review of the scheme. The objectives of the review were to look at the scheme and examine the options for a revised scheme that would support recruitment, retention and resettlement, and recognise the benefits that home ownership provides to both members of defence and its cost-effectiveness for Defence.

In the 2007 budget the coalition announced its response to the Defence review into the scheme and funding of \$864 million through to the year 2016-17 in the form of a home loan interest subsidy to involve progressively higher subsidy assistance to ADF members who serve beyond critical retention points. In 2007, amending legislation was passed extending the life of the current scheme until 30 June 2008 while legislation to implement the 2007 budget decision was being prepared. The coalition also wanted this new scheme to come into operation by 1 July 2008 but legislation was being drafted when the parliament was prorogued.

Labor supported this measure in opposition, and this legislation reflects the coalition's original announcement. Let me make it clear yet again: the coalition do support this legislation and its 1 July commencement date. In doing so, though, I suggest that there are a number of factors that need to be con-

sidered and that would benefit from ongoing monitoring.

Firstly, I think it is important for information about this scheme to be clearly and accurately communicated to ADF personnel and their families. It is important to make sure they are aware of the various fees imposed by their current financial institutions if they switch mortgages to take up this new subsidy scheme. These costs may be exorbitant for some, and I have been asked why it was restricted to only three providers. Let us hope that, in a review of the scheme, this can be broadened to allow greater access without penalty.

In light of the Rudd government's decision to means-test the baby bonus and the family tax benefit B without a taper rate, these subsidies can affect families across other mechanisms of support. Defence will need to make sure its website information and proposed roadshow provide accurate information on the financial considerations in taking up this new scheme.

A decision to access the Defence Home Ownership Assistance Scheme will depend on members' personal and financial circumstances. Members who delay taking up the assistance in an attempt to minimise the cost of transfer will not suffer detriment to their eligibility and entitlement, as they can retain a service credit in the DHOAS that may be used at a later date, including up to two years after leaving the ADF.

Ultimately, the decision to take on a home loan or change a home loan is a big financial decision for any individual or family. Financial decisions of this nature do require an analysis of their impact on the family budget and disposable income over the life of the loan. These are big decisions and, in implementing this new scheme, Defence and government will need to ensure that families have access to the information they need to

be informed in their decision-making process. There are varying ranges of eligibility based on enlistment criteria. Regulars must have a minimum of four years continuous service; reserves, a minimum of eight years consecutive service of efficient service. Efficient service equals 20 days of reserve service per year. If a reservist has done any continuous full-time service whilst in the reserves, this reduces the eight-year waiting period. For full-time continuous service under six months, the waiting period reduces by one year. For full-time continuous service which is six months and over, the waiting period reduces by two years.

There are three tiers that apply to the scheme for both regulars and reserves. These are the figures provided to me by the minister's office this week. For regulars, on a subsidised loan limit of tier 1, \$187,159 after four years of service; tier 2, \$280,738 after eight years of service; and tier 3, \$374,318 after 12 years of service. For reserves, on a subsidised loan limit of tier 1, \$187,159 after eight years of service; tier 2, \$280,738 after 12 years of qualifying service; and tier 3, \$374,318 after 16 years of service. The amount of subsidy assistance is provided up to, for tier 1, \$350 per month on the subsidised loan limit of \$187,159; on tier 2, \$525 per month on a subsidised loan limit of \$280,738; and tier 3, \$700 per month on a subsidised loan limit of \$374,318.

The value of the subsidy assistance is determined by the median interest rate, and this will vary in accordance with market fluctuations reflected by Reserve Bank official interest rate movements. In other words, as interest rates rise and fall, the value of the subsidy assistance will also rise and fall. Furthermore, subsidised loan limits may vary depending on what the ABS determines is the average house price. In other words, the subsidised loan limits will rise and fall as average house prices rise and fall.

The regulation supporting the operation of the DHOAS will set a cap on the median interest rate used to assess the DHOAS monthly subsidy amount. The cap will be set at the median interest rate applicable at the time the bill receives royal assent. The median interest rate as applies from time to time, or a formula to calculate the median interest rate, may be determined by the minister. Such a determination will be a legislative instrument and hence subject to disallowance. However, the median interest rate that is used in any given month to calculate the amount of subsidy shall be the lesser of the capped rate set by regulation or the rate set under a determination by the minister.

Accrual and payment of subsidies for regulars commences after completing four years of service. The subsidies will accrue on a monthly basis after this period if the member does not access the scheme. Accrual and payment of subsidies for reserves accrue at the end of each year of efficient service after the reservist has qualified as eligible—in other words, eight years. Therefore, the first payment subsidy received by an eligible reservist would occur at the end of the ninth year. The subsidies will accrue on a one year for one year basis if the scheme is not accessed when eligibility comes up.

For both regulars and reserves, and if the scheme is not used after a member becomes eligible, the subsidies will accumulate and the member can access them at a later date. The subsidies will accumulate for a maximum period of 25 years. A lump sum can be accessed from the accrual, the maximum of which is equivalent to four years of subsidies at tier 1 level only. In other words, you can have four years worth of subsidies as a lump sum but only at the tier 1 level. The reason it is at tier 1 level only is because the purpose of a lump sum payment is to assist members who are buying their first home whilst in service.

Other factors to be considered in this scheme are that members have to be living in the home they are receiving the subsidy for. How many other homes members may own or have a mortgage on is irrelevant. Members of the old scheme will be able to access the new scheme as long as they meet the criteria and, importantly, the scheme will be subject to fringe benefits tax, which will be paid by the department. Using the scheme does not exclude a member from accessing other benefits such as the First Home Owner Grant. Members who leave the ADF will have access to the scheme within two years of leaving the service, and conditions such as length of service will be determined on the various benefits.

It is important that schemes are reviewed. A review of this scheme will occur after four years with Defence reporting on the outcome of the review for consideration in the context of the 2012-13 budget deliberations. We call on the government to provide updates on the operation of the scheme earlier than year 4 by including an examination of the impact of the critical retention points in the operation of the scheme overall. This should include qualitative as well as quantitative advice on satisfaction with the scheme by ADF personnel and their families and particularly the ease of understanding the scheme's operations. I suggest it might be useful to engage ADF Financial Services Consumer Council officers for some of the analysis ahead of year 4. Whatever mechanisms and bodies exist should be used to ensure the smooth take-up and operation of the scheme and its operation within existing housing allowances and assistance for ADF personnel.

I would also take this opportunity to commend the department and its drafters for their efforts with this legislation. This is a complex bill that has been a long time in preparation. We appreciate the time that has been put into the bill and also into the tender-

ing process for the appointment of lending institutions and scheme administrators. As the minister has outlined, the Department of Veterans' Affairs has been appointed as the scheme administrator and the National Australia Bank, the Australian Defence Credit Union and the Defence Force Credit Union as the panel of lending institutions. I also wish to commend the work of the Defence Families Association. They have been strong in their support for this measure, and I know they have been keen to see that this measure comes into effect on 1 July.

The coalition will keep a close eye on the subsequent variations via legislative instrument in relation to market indicators. We have asked the government to provide additional information via the question and answer sections of their website on the impact of variations in market interest rates so that families taking up this subsidy know exactly how the subsidy could change their monthly mortgage repayments. There will no doubt be questions about the qualifying service time, and there are a range of variants. It is important to note members of the permanent ADF are required to provide five years service to qualify for home ownership assistance under the Defence housing ownership scheme. Therefore, members joining the permanent ADF after 1 July 2003 will not be eligible for Defence home ownership scheme membership. All members joining after 1 July 2003 will automatically become eligible for the subsidy assistance under DHOAS on completing their four-year qualifying period. Access to the previous home ownership assistance schemes will not be available to these members.

Examples should then be provided to clarify the application of the DHOAS qualifying period for members joining the permanent ADF after 1 July 2003. An example is when a member joins the permanent ADF on 12 December 2004. This member will be auto-

matically eligible for home ownership assistance under DHOAS on 12 December 2008—in other words, on the completion of four years of continuous service. Another example is a member joining the permanent ADF on 15 October 2003. In this case, the member will complete four years continuous service on 15 October 2007. By 1 July 2008 the member will have completed four years and nine months continuous service. Therefore, on 1 July 2008 this member will have satisfied the DHOAS qualifying period, and at that time will have accrued nine months subsidy period—in other words, credit—which will continue to accumulate until such time as the member buys a house and accesses the subsidy assistance. The current home owner scheme provides additional subsidy periods for members who undertake warlike service. They will also apply to DHOAS.

Additional subsidy periods for warlike service will continue to be available for up to five years additional subsidy. However, unlike the current scheme, the initial qualifying period will not be waived as a waiver would not be consistent with the retention focus of the new scheme. The additional periods of subsidy assistance that will accrue for which warlike service is performed are: not more than three months will attract two additional years of subsidy, more than three but not more than six months will attract three additional years of subsidy, more than six but not more than nine months will attract four additional years of subsidy, and more than nine months will attract five additional years of subsidy. This has the ability to extend the period of subsidy from 20 years to 25 years in mortgage repayments—something that was not made very clear by Defence when they briefed me on this subject. When a person and his or her spouse or partner are both serving members of the permanent ADF, they will both be entitled to

the subsidy assistance available under the DHOAS. This was a provision available under the current DHOS and will continue to be available under the DHOAS. They can access the DHOAS jointly on a single home loan, or separately if they see fit.

I understand that Defence has developed a communications plan to inform and advise ADF personnel and to promote the new scheme. Part of this plan is a roadshow that will visit all Defence establishments across Australia between July and September 2008. The roadshow team will comprise a Defence contract manager, a representative from the scheme's administrator, the Department of Veterans' Affairs, and also a representative from each of the three home loan providers. I would urge all defence personnel to visit the roadshow when it visits their area and have questions prepared for the team on this scheme. I would further encourage anyone considering joining the Australian Defence Force to go along to the roadshow as this scheme provides a further incentive for them to join our regular or reserve forces.

The coalition will be closely monitoring this measure and, more broadly, will hold the government to account if there is any negative impact on ADF personnel because of the Rudd Labor government's renewed penchant for means-testing and increased taxing. The coalition is also concerned to ensure that the maximum not the minimum protection for surviving partners is provided in the event of a service-related death under this scheme. As such, I move:

That all words after "That" be omitted with a view to substituting the following words:

"whilst not declining to give the bill a second reading, the House:

- (1) regrets that the bill does not create automatic eligibility for the surviving partner of a member of the Defence Force who has died in warlike service, to have access to the maximum subsidised loan entitlement; and

- (2) calls on the Government to amend the bill to remedy this defect".

I put forward this amendment in the hope that the government will support the coalition in strengthening protections for the widows and their families of those killed in warlike service. If supported by the Rudd government, this amendment will extend to the maximum period and the maximum subsidy that applies to the surviving partner, regardless of their period of service. I move this amendment in support of those brave personnel who have made the ultimate sacrifice for this country in order to protect and secure the future of their families. It provides for greater peace of mind for those engaged in service in warlike zones. This amendment will directly support the surviving spouses of Defence personnel who have been killed in the past 12 months on operations. Those are: Trooper David Pearce, who was killed by a roadside bomb in Afghanistan on 8 October 2007; Sergeant Locke, who died in combat in Afghanistan on 25 October 2007; Private Ashley Baker, who was found dead in Dili, East Timor, on 5 November 2007; Private Worsley, who died in combat on the night of 22-23 November 2007; and Lance Corporal Jason Marks, who was killed in combat in Afghanistan on 27 April 2008. I call on the government to adopt this amendment. This is a relatively minor cost measure that, on a budget of \$846 million for the scheme, would appear insignificant.

In closing, may I once again stress that the coalition want this legislation passed so that the new scheme can commence on 1 July. We are pleased that Defence personnel will have access to the scheme. The coalition initiated this measure. We look forward to ADF families utilising this subsidy and, subsequently, retention rates in the ADF increasing. There is one point that I would raise. In my capacity as the shadow minister for Defence science and personnel, I work with a

committee of backbenchers—our policy committee. This Friday, it was my intention to visit the RAAF Base East Sale to meet with members of Defence and their families, and for my policy committee to do the same. I have been given approval to visit the base and undertake meetings. However, the policy committee of the backbench—the people who work on issues such as this—have been denied access. So, what opportunities do those members of this parliament as individuals or as members of a policy committee have to ascertain the thoughts, views and contributions of those in our Defence force and their families if the minister blocks their attempts to go to the base? The minister said that the opportunity is there for the Joint Standing Committee on Foreign Affairs, Defence and Trade to visit, but I would ask the minister to reconsider. These are not only members of a policy committee but also individual members of parliament with a right to obtain information for the purposes of conducting the business of this House. We support this legislation. We urge the government to adopt our amendment and we ask the minister to provide access for all members of parliament to visit Defence installations.

The DEPUTY SPEAKER (Dr MJ Washer)—Is the amendment seconded?

Mr Robert—I second the amendment and reserve my right to speak.

Mr COMBET (Charlton—Parliamentary Secretary for Defence Procurement) (1.17 pm)—As a parliamentary secretary in the Defence portfolio, I am very pleased to be able to speak today on the Defence Home Ownership Assistance Scheme Bill 2008 and the Defence Home Ownership Assistance Scheme (Consequential Amendments) Bill 2008. This scheme will offer great assistance for ADF members and their families who are purchasing their own home. The bills before us establish the Defence Home Ownership

Assistance Scheme. It is important to note at the outset that funding for the scheme totals more than \$988 million in the years to 2017-18 and was provided for in the government's recent budget and the projections within the Defence budget.

The scheme provides eligible ADF members with access to home ownership assistance in the form of a monthly subsidy on the interest expense incurred on a home loan. The scheme will provide tiered home loan subsidies to permanent members of the ADF who serve over four years and to reservists with service of more than eight years. There are three tiers within the scheme. Tier 1 applies to permanent ADF members who have served for at least four years or reserve members who have served at least eight years. This tier allows for a subsidy calculated on the basis of 40 per cent of the average house price. Tier 2 of the scheme applies to permanent ADF members who have served for at least eight years or reserve members who have served at least 12 years. This tier allows for a subsidy calculated on the basis of 60 per cent of the average house price. Tier 3 of the scheme applies to permanent ADF members who have served for at least 12 years or reserve members who have served at least 16 years. This tier allows for a subsidy calculated on the basis of 80 per cent of the average house price. For each of the tiers, the average house price for the purposes of the scheme is determined by the national weighted average house price.

As an indication of the subsidy that will become available, based on 2007-08 figures, the following subsidies would apply under the three tiers: under tier 1, a subsidy of \$241 per month on a subsidised loan limit of \$160,000; under tier 2, a subsidy of \$353 a month on a subsidised loan limit of \$234,000; and, under tier 3, a subsidy of \$470 per month on a subsidised loan limit of \$312,000. As can be seen from these figures,

it is a substantial level of assistance and one which is well deserved. The actual subsidy under the scheme will be equal to 37.5 per cent of the average interest incurred over 25 years on the value of a loan equivalent to the subsidised loan limit or the amount borrowed, whichever is less. The member may borrow more than the subsidised loan limit but will not receive subsidy assistance for the excess borrowings. Unlike its predecessor schemes, the subsidy assistance available under this new scheme will not be tied to a specific home loan or loan amount offered by a home loan provider. Instead, ADF members will have far greater flexibility and choice in accessing the scheme. Defence has already completed a competitive tender process to establish a home loan provider panel to support the scheme. On 23 April 2008, my colleague the Minister for Defence Science and Personnel, Mr Snowdon, announced the successful tenderers as the National Australia Bank Ltd, Australian Defence Credit Union Ltd and Defence Force Credit Union Ltd. A panel arrangement will: provide choice for ADF members, provide greater potential for panel members to develop specific loan products and contain scheme administration costs.

It is important to touch on who is eligible for the scheme. Members who are serving on or after 1 July 2008 and who have met the eligibility requirements may access subsidy assistance under the scheme. Members may access the scheme at any stage during their military career subsequent to becoming eligible members. Periods during which an eligible member does not access the scheme will accrue and may be accessed by the member on separation from the ADF. Assistance to members separating from the ADF will be reduced to the tier 1 level, except for those with 20 years of service or more who will continue to receive assistance at tier 3 level.

Special consideration is given for members discharging with a compensable injury, including waiver of the qualifying period and reduction of tier on separation and provision of an eight-year minimum period of subsidy assistance. If a member dies, their entitlement to subsidy assistance—and this is important in the context of the amendment that has been moved by the member for Paterson—will be transferable to their surviving spouse or partner. Former ADF members will continue to have access to benefits available to them under the Defence Service Homes Act 1918 and the Defence Force (Home Loans Assistance) Act 1990.

One of the biggest challenges currently facing the ADF is the shortage of the right people with the right skills. In my responsibilities as Parliamentary Secretary for Defence Procurement, this is an issue that I confront every day when moving about various bases within the ADF. To help overcome this challenge, the Rudd Labor government is committed to improving retention amongst ADF members. That is extremely important to meet the challenges for national security in the future. That is why Labor's election policies contain support for this new home loans scheme, which will be established by these bills. It is estimated that the scheme will reduce separations from the ADF by up to 500 members per year in the first three years of the scheme's operation. Features of the scheme have been designed to specifically achieve higher retention rates. This is why under the scheme higher levels of subsidy assistance will be available to members on the completion of specified years of service. Further to the measures outlined in the bill today, the Minister for Defence Science and Personnel is working to develop a strategic retention framework to ensure answers to enduring retention problems.

The government has taken action in this area already. For example, we have intro-

duced a Navy capability allowance, providing a significant amount of support for service sailors and submariners from able seaman to chief petty officer rank, with important incentives to complete a further 18 months of service. On 19 March 2008 the Prime Minister also announced the appointment of the new service chiefs, and it was announced that each service chief will be directly responsible for ensuring that sufficient trained and skilled personnel are available. Progress in this matter will be monitored by cabinet. However, the government also recognises that more needs to be done in this area to meet the needs of the ADF in the future. Greater training incentives, provision of more stability for families through reduced relocations, introduction of national education curricula to reduce the stress of interstate posting on families, a review of the current superannuation arrangements and measures designed to promote meaningful spouse employment during different postings will all be considered in due course.

The government is determined to make sustained improvements in the area of retention in the ADF. Today's bills go some way towards achieving this aim. I am sure that the minister, in speaking to this bill in due course, will make observations about the amendment moved by the member for Pater-son. It is not one that I anticipate the gov-ernment will be supporting. We understand its sentiment but are concerned about the equity impact of it. I commend these bills to the House.

Mr ALBANESE (Grayndler—Leader of the House) (1.25 pm)—I move:

That the question be now put.

Question put.

The House divided. [1.30 pm]

(The Deputy Speaker—Dr MJ Washer)

Ayes.....	75
Noes.....	57
Majority.....	18

AYES

Adams, D.G.H.	Albanese, A.N.
Bevis, A.R.	Bidgood, J.
Bird, S.	Bowen, C.
Bradbury, D.J.	Burke, A.E.
Burke, A.S.	Butler, M.C.
Byrne, A.M.	Campbell, J.
Champion, N.	Cheeseman, D.L.
Clare, J.D.	Collins, J.M.
Combet, G.	D'Ath, Y.M.
Danby, M.	Debus, B.
Dreyfus, M.A.	Elliot, J.
Ellis, A.L.	Ellis, K.
Emerson, C.A.	Ferguson, L.D.T.
Ferguson, M.J.	Fitzgibbon, J.A.
Georganas, S.	George, J.
Gibbons, S.W.	Gillard, J.E.
Gray, G.	Grierson, S.J.
Griffin, A.P.	Hale, D.F.
Hall, J.G. *	Hayes, C.P. *
Irwin, J.	Jackson, S.M.
Kelly, M.J.	Kerr, D.J.C.
Livermore, K.F.	Macklin, J.L.
Marles, R.D.	McClelland, R.B.
McKew, M.	McMullan, R.F.
Melham, D.	Murphy, J.
Neal, B.J.	Neumann, S.K.
O'Connor, B.P.	Owens, J.
Parke, M.	Perrett, G.D.
Plibersek, T.	Price, L.R.S.
Raguse, B.B.	Rea, K.M.
Ripoll, B.F.	Rishworth, A.L.
Roxon, N.L.	Saffin, J.A.
Shorten, W.R.	Sidebottom, S.
Snowdon, W.E.	Symon, M.
Tanner, L.	Thomson, C.
Thomson, K.J.	Trevor, C.
Turnour, J.P.	Vamvakinou, M.
Zappia, A.	

NOES

Abbott, A.J.	Andrews, K.J.
Bailey, F.E.	Baldwin, R.C.
Billson, B.F.	Bishop, B.K.
Bishop, J.I.	Ciobo, S.M.
Cobb, J.K.	Coulton, M.

Downer, A.J.G.
Farmer, P.F.
Gash, J.
Haase, B.W.
Hawke, A.
Hull, K.E. *
Irons, S.J.
Keenan, M.
Ley, S.P.
Macfarlane, I.E.
Markus, L.E.
Morrison, S.J.
Pearce, C.J.
Ramsey, R.
Robb, A.
Ruddock, P.M.
Scott, B.C.
Simpkins, L.
Smith, A.D.H.
Southcott, A.J.
Truss, W.E.
Turnbull, M.
Vale, D.S.
Wood, J.

Dutton, P.C.
Forrest, J.A.
Georgiou, P.
Hartsuyker, L.
Hockey, J.B.
Hunt, G.A.
Johnson, M.A. *
Laming, A.
Lindsay, P.J.
Marino, N.B.
Mirabella, S.
Neville, P.C.
Pyne, C.
Randall, D.J.
Robert, S.R.
Schultz, A.
Secker, P.D.
Slipper, P.N.
Somlyay, A.M.
Stone, S.N.
Tuckey, C.W.
Vaile, M.A.J.
Windsor, A.H.C.

Emerson, C.A.
Ferguson, M.J.
Georganas, S.
Gibbons, S.W.
Gray, G.
Griffin, A.P.
Hall, J.G. *
Irwin, J.
Kelly, M.J.
Livermore, K.F.
Marles, R.D.
McKew, M.
Melham, D.
Neal, B.J.
O'Connor, B.P.
Parke, M.
Plibersek, T.
Raguse, B.B.
Ripoll, B.F.
Roxon, N.L.
Shorten, W.R.
Snowdon, W.E.
Tanner, L.
Thomson, K.J.
Turnour, J.P.
Zappia, A.

Ferguson, L.D.T.
Fitzgibbon, J.A.
George, J.
Gillard, J.E.
Grierson, S.J.
Hale, D.F.
Hayes, C.P. *
Jackson, S.M.
Kerr, D.J.C.
Macklin, J.L.
McClelland, R.B.
McMullan, R.F.
Murphy, J.
Neumann, S.K.
Owens, J.
Perrett, G.D.
Price, L.R.S.
Rea, K.M.
Rishworth, A.L.
Saffin, J.A.
Sidebottom, S.
Symon, M.
Thomson, C.
Trevor, C.
Vamvakinou, M.

* denotes teller

Question agreed to.

Question put:

That the words proposed to be omitted (**Mr Baldwin's** amendment) stand part of the question.

The House divided. [1.35 pm]

(The Deputy Speaker—Dr MJ Washer)

Ayes.....	75
Noes.....	<u>58</u>
Majority.....	<u>17</u>

AYES

Adams, D.G.H.	Albanese, A.N.
Bevis, A.R.	Bidgood, J.
Bird, S.	Bowen, C.
Bradbury, D.J.	Burke, A.E.
Burke, A.S.	Butler, M.C.
Byrne, A.M.	Campbell, J.
Champion, N.	Cheeseman, D.L.
Clare, J.D.	Collins, J.M.
Combet, G.	D'Ath, Y.M.
Danby, M.	Debus, B.
Dreyfus, M.A.	Elliot, J.
Ellis, A.L.	Ellis, K.

NOES

Abbott, A.J.	Andrews, K.J.
Bailey, F.E.	Baldwin, R.C.
Bishop, B.K.	Bishop, J.I.
Ciobo, S.M.	Cobb, J.K.
Coulton, M.	Downer, A.J.G.
Dutton, P.C.	Farmer, P.F.
Forrest, J.A.	Gash, J.
Georgiou, P.	Haase, B.W.
Hartsuyker, L.	Hawke, A.
Hawker, D.P.M.	Hockey, J.B.
Hull, K.E. *	Hunt, G.A.
Irons, S.J.	Johnson, M.A. *
Keenan, M.	Laming, A.
Ley, S.P.	Lindsay, P.J.
Macfarlane, I.E.	Marino, N.B.
Markus, L.E.	May, M.A.
Mirabella, S.	Morrison, S.J.
Neville, P.C.	Pearce, C.J.
Pyne, C.	Ramsey, R.
Randall, D.J.	Robb, A.
Robert, S.R.	Ruddock, P.M.
Schultz, A.	Scott, B.C.
Secker, P.D.	Simpkins, L.
Slipper, P.N.	Smith, A.D.H.

Somlyay, A.M. Southcott, A.J.
 Stone, S.N. Truss, W.E.
 Tuckey, C.W. Turnbull, M.
 Vaile, M.A.J. Vale, D.S.
 Washer, M.J. Wood, J.

* denotes teller

Question agreed to.

Original question agreed to.

Bill read a second time.

Message from the Governor-General recommending appropriation announced.

Third Reading

Mr SNOWDON (Lingiari—Minister for Defence Science and Personnel) (1.38 pm)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

DEFENCE HOME OWNERSHIP ASSISTANCE SCHEME (CONSEQUENTIAL AMENDMENTS) BILL 2008

Second Reading

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

That this bill be now read a second time.

Question agreed to.

Bill read a second time.

Message from the Governor-General recommending appropriation announced.

Third Reading

Mr SNOWDON (Lingiari—Minister for Defence Science and Personnel) (1.40 pm)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

INDIGENOUS EDUCATION (TARGETED ASSISTANCE) AMENDMENT (2008 BUDGET MEASURES) BILL 2008

Second Reading

Debate resumed from 29 May, on motion by **Ms Gillard**:

That this bill be now read a second time.

Dr STONE (Murray) (1.41 pm)—I rise today to speak to the Indigenous Education (Targeted Assistance) Amendment (2008 Budget Measures) Bill 2008. I am pleased to inform the House that the coalition understands the significance of any measures that are going to further advance the life chances of Indigenous Australians. As many in this House will recall, it was the coalition government under the leadership of John Howard and the then Minister for Families and Community Services and Indigenous Affairs, Mal Brough, who responded heroically to the *Little children are sacred* report from the Northern Territory. That report identified, not for the first time, the most extraordinary distress and victim status of families, particularly those living in remote settlements in the Northern Territory.

We understood that the causes of those dysfunctional communities and the violence, disease, oppression and lack of employment in the people's lives were a combination of a whole range of factors but key amongst those was the lack of educational opportunities for Indigenous Australians. We, therefore, support very much the measures in this bill, particularly the targeted assistance. The minister called the measures 'Closing the gap—expansion of intensive literacy and numeracy programs and individual learning plans' and 'Closing the gap—contribution to Indigenous boarding colleges' and they are described in Budget Paper No. 2 of 2008-09.

We know that in order to be employed today in Australia—as a driver, in a kitchen, as

a teacher or in any job—you need literacy and numeracy. Without literacy and numeracy in English, our major language, you are going to be substantially disadvantaged and perhaps locked out of the workforce for all time. Therefore, the additional funding that is to be made available for intensive literacy and numeracy programs is going to be money very well spent in assisting Indigenous Australians.

We also understand that one option for helping Indigenous Australians attend school is to establish boarding colleges. It is not the silver bullet and it is not the only option of course. In some of these remote Northern Territory communities, the community families themselves have said that, if there could be established places where the children can sleep and have their meals and then attend school, the chances are there would be more regular attendance and less opting out of school at a very early age. As a consequence more Australians would have the opportunity to have a decent education.

So we are most pleased to support additional funding for education. This, as I say, continues on the excellent work of the coalition government, which was absolutely determined to close the gap and to make sure that Aboriginal Australians had the same life expectancy as others, that Aboriginal children were as likely to be disease free and have proper nutrition as others, and that there was no longer the very strong possibility of children being deaf before they even attended preschool or experiencing violence in their young lives.

In the Northern Territory—in fact, right throughout Australia—we have a program called Community Development Employment Projects, or CDEP. One of my big concerns is that of helping all Australians have independence, self-esteem and a real sense of choice in their lives, and this is all about em-

ployment. Welfare dependency disempowers an individual; it deprives any Australian of the opportunity to enjoy their leisure time as they want, to live where they would like, to travel as they would and to take on the full responsibility of a family.

Employment is a foundation of and fundamental to a good life in Australia. The CDEP program was developed many decades ago as work for the dole for Indigenous Australians. As with a lot of Aboriginal programs many years ago, it was designed with very good intentions, but, in the many years since, it has proved not to be a stepping stone to employment. In fact, what it did was lock a lot of Indigenous Australians out of real training and education opportunities. It locked them into dysfunctional communities where there was little work. Locally, this program came to be known colloquially as ‘sit down money’.

We are therefore most concerned that the CDEP program be replaced with real education and training opportunities for all Indigenous Australians who reach working age. One of my serious concerns is that this new government has chosen not to continue our rolling back of CDEP but has instead, I suggest, bowed down to the pressures of those who were exploiting CDEP by obtaining cheap, government-subsidised labour for the 20 per cent who were in real jobs and enrolled in the CDEP program. In the case of the Northern Territory prescribed communities area, this 20 per cent—we think about 2,000 people—were doing real jobs in schools as teachers’ assistants, in night patrolling, in health centres, and with the local government in areas such as town maintenance and rubbish collection.

It is of critical importance that we do not lose sight of the fact that Aboriginal Australians deserve to have the same job-seeking support and opportunities as other Austra-

lians. The CDEP program did not require any person in that program to actually seek work or to attend literacy, numeracy or other training programs in return for the welfare they received. In other words, it was a debilitating program with no mutual obligation or shared responsibility. That is why I say that we will be disappointed if this government, which is currently reviewing CDEP, chooses to maintain that debilitating program when we know that it has done nothing to change the very serious levels of unemployment throughout communities, in Northern Australia in particular, where there are jobs but also significant unemployed Indigenous populations.

In supporting this bill today I want to repeat that it is important that we understand that without a decent education in Australia, particularly in English language literacy and also in numeracy—without all Australians having the opportunity to attend school—we cannot expect there ever to be a closing of the gap between those who have and those who have not. For a very long time Indigenous Australians in the Northern Territory have been exploited by the CDEP program, which saw some of them working, but for a welfare wage, not for a real wage, when in fact they should have been on the payroll of the Northern Territory government, for example as professional teachers, not teachers' aides.

The John Howard government understood so profoundly the effect of welfare dependency on the human condition that we put some \$70 million from our budget into the emergency response to transfer people off CDEP into real jobs, including some \$30 million to the Northern Territory government in particular, to transfer their public servants, such as teachers assistants, into their professional teacher workforce. In talking to the minister today I was disappointed to hear that that transitioning work is going very slowly. I have to ask: why is the Northern

Territory dragging its feet when it comes to putting teachers' assistants, previously on CDEP, onto their payrolls with superannuation, career opportunities, real training and professional development? Failing to do this comes at the expense of educational advancement for their students and stymies their own personal career development. How can these Indigenous teachers be role models for the rest of their communities if they are treated as second-rate citizens by the Northern Territory government?

The Indigenous Education (Targeted Assistance) Amendment (2008 Budget Measures) Bill 2008 is a very important continuation of the John Howard government's determination for Aboriginal Australians to have a better go, and I certainly commend this bill to the House.

Mr MARLES (Corio) (1.51 pm)—I rise to speak in support of the Indigenous Education (Targeted Assistance) Amendment (2008 Budget Measures) Bill 2008. This bill seeks to amend the Indigenous Education (Targeted Assistance) Act 2000. It does this through two very important appropriations aimed at assisting our Indigenous population. It is very much part of the Rudd government's commitment to closing the gap in the social, economic and health indicators between Indigenous and non-Indigenous Australians. As a part of the federal budget, the government has provided \$1.2 billion over the next five years towards closing the gap. It includes 37 separate measures which were contained in the budget.

We believe that, in implementing these very practical approaches, it is very important that we adopt a ground-up approach, that we work and consult with the Indigenous communities themselves and that we find solutions through that process. That is exactly what this bill will do.

The starting point of the framework of action by the Rudd government in this term was the apology made to the stolen generations on 13 February this year. That apology was quite simply a momentous occasion in our country's history. It acknowledged the wrongs that were committed in relation to the stolen generations. It acknowledged on the part of non-Indigenous Australia that it was wrong to have a program of forced removal of Indigenous children from their parents, a program which ultimately had at its core an agenda of trying to bring about an end to Aboriginal culture in this country.

Whilst that is the pre-eminent example of the wrongs that have been committed towards our Indigenous people since European settlement, it is only one of those wrongs and it is representative of the larger history of this country which, with some notable exceptions, has by and large been very sad and difficult in relation to our Indigenous population. But the fact that we have had a sad and difficult history with respect to our Indigenous population does not condemn this country to a sad and difficult future. It does not condemn us at all. The apology was so important because it represented the gateway from that sad and difficult past to a much brighter and greater future in our Indigenous relations. That ultimately is why the apology was such an important act. It represented a turning point in this country in our Indigenous affairs, but it also represented a turning point in the reconciliation of our own identity as a country.

Soon after the apology was made in this place, we in Geelong held our own apology to those in the Indigenous community within our region. Within our region, it was in its own way a very powerful, emotional and significant event. It was, for the first time, an opportunity for all three tiers of government within the Geelong region, local, state and federal—the City of Greater Geelong, the

state of Victoria and the Commonwealth of Australia—to make their apology to the Indigenous community in the region. That was important for a few reasons. Firstly, it allowed all of those in Geelong, non-Indigenous and Indigenous Australians, to participate in an extraordinary national event. It also allowed us to highlight Geelong's peculiar history in relation to Indigenous affairs.

In many ways, Geelong is a centre of the stolen generation in this country. Geelong had five orphanages in its history, which was the largest number of orphanages in any city outside a capital city. That means that there are a number of people in Geelong who grew up in institutional care, which is something that I have spoken about previously in this place. It was to these orphanages that representatives of the stolen generation were taken when they were removed from their parents. The consequence of that is that there is a large number of the stolen generation who now live in our region. Whilst this was an opportunity to make our own apology to the Wathaurong people—the Indigenous people of the Geelong region—by virtue of the process of the stolen generation there are in fact representatives of a number of peoples in our Indigenous community who live in Geelong and it was important to be able to make our apology to them. It was also very important for them to participate in the apology and to hear it themselves.

Geelong has another peculiar history in relation to this country's Indigenous affairs. Geelong is the country of the Wathaurong. It is also the country of William Buckley. Between William Buckley and the Wathaurong, it is arguable, we had the first act of reconciliation in this country. William Buckley was a convict in that first failed attempt to establish a penal colony in Port Phillip Bay. He escaped from that colony, which was very short lived. He was in a very desperate

situation and on the point of death when he was ultimately taken in by the Wathaurong people. In that, we had the first act of reconciliation in this country. That was a very important act, as is this bill in committing a significant amount of money for targeted assistance for education for Indigenous Australians. With that, I commend the bill to the House.

Question agreed to.

Bill read a second time.

Message from the Governor-General recommending appropriation announced.

Third Reading

Mr ALBANESE (Grayndler—Minister for Infrastructure, Transport, Regional Development and Local Government) (1.58 pm)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

QUESTIONS WITHOUT NOTICE

Budget

Ms LEY (2.00 pm)—My question is to the Minister for Housing and Minister for the Status of Women and concerns changes to the GST and the sale of property announced in the budget and forecast to raise \$620 million over the next four years. Minister, by how much will this new tax on residential land drive up the price of a house-and-land package for first home buyers?

Ms PLIBERSEK—I thank the member for Farrer for her question. The member for Farrer should know that this is a very modest measure that will affect a very small number of people and that the money will go directly to the states. Again, I find extraordinary the sudden interest of the opposition in the issue of housing affordability. In government, they did nothing for 12 years to progress housing affordability. I think people can draw their

own conclusions about the sincerity of the opposition's interest in this issue.

Economy

Ms SAFFIN (2.01 pm)—My question is to the Prime Minister. Will the Prime Minister outline to the House the government's response to today's national accounts?

Mr RUDD—Today's national accounts, reflecting 0.6 per cent increased growth in the March quarter and 3.6 per cent in the year to the March quarter, reflect some moderation in overall economic growth. Today's national accounts paint a clear picture of the economic challenges which now face the nation. We have continuing economic growth, but at the same time we have a real problem in dealing with supply-side constraints in the economy, which have had a cumulative effect in increasing inflationary pressures.

We are very much at the initial stages of a 15-round fight against inflation. Inflationary pressures have taken a long time to build in the economy and they will take a long time to turn around. Inflation is a critical challenge facing the national economy because inflationary pressures running ahead have an upwards impact on interest rates. If you have an upwards impact on interest rates, that represents a long-term drag on economic growth and therefore a long-term impact on employment as well. That is why it is important that this government places at the centre of its economic priorities the fight against inflation.

That is what the government did in January this year when we announced our five-point strategy for dealing with the inflation challenge. Remember that, at the point at which we assumed office, inflation was running at a 16-year high. Therefore, we announced a strategy which was going to have as its core elements: (1) responsible economic management through bringing about a

significant budget surplus; (2) encouraging private savings; (3) increasing capacity when it comes to skills formation in the economy and dealing with skill shortages; (4) investing in infrastructure and overcoming infrastructure bottlenecks; and (5) enhancing workforce participation. This is a coherent strategy for dealing with the inflation challenge, and if there is one sobering message to emerge from the national accounts data today it is that this challenge must be addressed head on.

The government's response in the implementation of this strategy has been clear cut. We have brought about a \$22 billion surplus and, in the engineering of that surplus, we have also brought about \$7.3 billion in savings in the coming year and \$33 billion worth of savings across the forwards estimates. Ensuring that you are bringing about significant savings and that you are exercising appropriate restraint on expenditures is a responsible course of action for the future. Again, we have done that by ensuring that expenditure growth as a proportion of GDP has been kept low and that, similarly, tax as a proportion of GDP has been kept low as well.

The second element of the government's budget strategy has been to deal with others of those inflationary pressures which are evident upon any analysis of the national accounts data. That means dealing with our supply-side constraints. That is why the government is clear cut in its strategy to invest in skills and invest in infrastructure. That is why we have established the Building Australia Fund to deal with infrastructure challenges for the future. On that point, I commend the Minister for Infrastructure, Transport, Regional Development and Local Government for convening today the first meeting of the advisory council of Infrastructure Australia. It is six months to the day, I think, since this government was sworn in, and we

have a meeting of the advisory council of Infrastructure Australia and a Building Australia Fund, which has been part of the budget papers because this government is serious about dealing with the challenges of infrastructure bottlenecks and the constraints that they represent in terms of not just long-term economic growth but ensuring we are effectively fighting inflation. Similarly, on the skills front, there is the establishment of the Education Investment Fund of some \$10 billion for the future.

We need look no further than the part of the national accounts which deals with the contribution of net exports to overall growth. The net exports contribution has been negative 0.7, and this of itself reflects the fact that we are still not overcoming infrastructure bottlenecks and skill shortages when it comes to getting our product out to market. It is very simple: we are depending at present on prices going up when it comes to demand globally for our resources, but, while we have a lot of volume coming in by way of imports, we basically have modest growth when it comes to the volume of exports leaving the country. Therefore, if we are going to deal with these challenges, we have to finally respond to those 20 consecutive warnings contained in one Reserve Bank document after another to act on capacity constraints in the economy. There was warning after warning, year after year, about skills and infrastructure, and that is nowhere more evident than in the national accounts data today and their reflection on the net contribution of exports to overall growth.

Of course, the third element of the government's budget strategy is not only to bring about responsible economic management through a sizeable budget surplus—and to invest in our future in skills and in infrastructure to deal with these constraints and to deal with those factors which are fuelling inflationary pressures in the economy—but also

to deal with the financial pressures faced by working families, working Australians and those doing it tough, because for those Australians inflation is not a charade. For those Australians inflation is not a fairy tale. For those Australians inflation is a real problem, and it is a real problem when inflation going up has an upwards impact on interest rates and that feeds through to their mortgage rates and the overall cost of living. That is why this government has been determined as part of its budget strategy to deliver a package of support for families, for individuals as well as for pensioners and carers, as I outlined to the House yesterday.

The government inherited, after 12 years in office by those opposite, inflation running at 16-year highs. We inherited 10 interest rises in a row. We have inherited these economic circumstances and, as a consequence, the real challenge we face with inflation is either to regard it as a charade, to regard it as a fairy tale or to take that fight head on. This government's resolve is to take that fight head on. As I said before, taking on the fight with inflation is critical for this country's long-term economic health and the wellbeing of individuals and families, who depend on the cost of credit and the cost of finance to do so much when it comes to their normal everyday lives. Fighting the fight against inflation is core business for us but I say this: the best way you can fight inflation in terms of the outlays from government is to engineer—and not render a threat to the integrity of—the budget surplus. In this process we have generated a \$22 billion budget surplus. That represents responsible economic management. The contrast is a \$22 billion raid on the surplus which is the essential accumulation of all the individual budget measures which those opposite have said they will oppose. The contrast on responsible economic management is clear. The government's resolve in fighting the fight against inflation,

particularly on the back of this new national accounts data, is clear. We fight the fight against inflation. That means dealing with upward pressure on interest rates. If we fail to do that then higher interest rates will flow through to economic growth and flow through to employment. We have a responsible strategy for dealing with it; those opposite do not.

Economy

Mr TURNBULL (2.09 pm)—My question is addressed to the Minister for Finance and Deregulation. I refer to the minister's remarks yesterday where he observed that real growth in expenditure next year is estimated at 1.1 per cent per annum which he said was lower than in recent years. Will the minister confirm, however, that in the following year, 2009-10, expenditure is forecast to grow in real terms by four per cent, if adjusted by the CPI, and by 5½ per cent if adjusted by reference to the non-farm GDP deflator, which is higher than in all but one of the Costello budget years? Hasn't the government just pushed its expenditure out for 12 months to make its first budget look good?

Mr TANNER—I thank the member for Wentworth for his question. It appears that he has changed his position on this year's budget yet again. So we now have a third position on the budget—it appears that the 2008 budget is now a rather good budget. But we will take that on board. We are happy for today's endorsement. It may well change tomorrow, but we will take that on board. I notice the trickiness in the question in that he referred to two different indicators. What he did not mention is that if we use the GDP deflator indicator it would show that government spending in this year's budget is actually going to fall in real terms. So you choose one indicator when it suits you, but you do not want to choose it when it actually

suits the government. What a remarkable coincidence.

What is most astonishing about this performance is that this question is coming from the party which says that this budget is expansionary, that the budget is a high-spending budget and yet that the government should be loosening the purse strings to the tune of billions and billions of dollars. It should add \$22 billion to net government spending. It should reduce the surplus by \$22 billion over those years. That is the position of the opposition.

Mr Turnbull—I rise on the point of order of relevance. The minister has had more than enough time to think of the answer.

The SPEAKER—Order! The member cannot approach the table on a point of order and make added remarks. The point of order is on relevance and the minister is responding to the question.

Mr TANNER—I will conclude on one point. If you would care to finally get around to reading the budget papers, which you will eventually do, no doubt, what you will find—

The SPEAKER—Order! The minister will refer his remarks through the chair.

Mr TANNER—Sorry, Mr Speaker. What the member for Wentworth will find is that government spending as a proportion of GDP across the four years of the forward estimates is substantially lower than it was under the member for Higgins in the 2007-08 budget. So the percentage of GDP the government is spending as a proportion of the total economy across the forward estimates stays below the level we inherited from the former government.

Economy

Ms CAMPBELL (2.13 pm)—My question is to the Minister for Finance and De-regulation. How does the Rudd government's

first budget address the economic challenges and opportunities outlined in today's national accounts?

Mr TANNER—I thank the member for her question. In the context of a slowing world economy, today's national accounts provide reassuring news on economic growth but they also show that the inflation fight is very definitely far from over. As the Prime Minister said yesterday, we are still in the early rounds of what is definitely a 15-round fight. That is why the figures that I have released today, the national accounts figures, underline the importance of a tough, responsible budget—the budget that the Treasurer handed down last month—and underline the importance of the \$22 billion surplus that we brought about, as the Prime Minister said.

Mr Costello interjecting—

Mr TANNER—I must say I am delighted to see there is some life in the member for Higgins.

Mr Tuckey—I rise on a point of order: standing order 75 on irrelevant and tedious repetition.

The SPEAKER—As the member for O'Connor on further research will note, that standing order applies to speeches, not actually to answers. The only standing order that is relevant to answers is the standing order on relevance, and the minister is relevant.

Mr TANNER—I know that members of the opposition find it tedious that we have handed down a \$22 billion surplus, but you had better get used to it. Today's figures reinforce the need for responsible spending and dealing with the capacity constraints that we inherited after a decade of neglect under the recently revived member for Higgins. The government will not rest until we get the long-term policy settings right that will enable the building of a modern economy that will deliver sustainable, strong growth and low inflation.

I have a very simple message for the opposition here: the last thing that the Australian economy needs, the last thing that the Australian people need, is to loosen the fiscal settings that have been put in place by this government to slash the surplus and to pump more money into the economy. That is the last thing that the Australian economy needs and that is the real message that comes through from these national account figures. The opposition are endeavouring to mount a smash-and-grab raid on the surplus through the Senate. They have the swag over the shoulder, the funny mask on and they are off in the corridors of the Senate seeking to mount a smash-and-grab raid on the surplus. That is simply a recipe for higher inflation and higher interest rates. I understand that the Leader of the Opposition was out there handing out even more money this morning, but still there are no offsetting savings and no explanation of what impact this would have on inflation and interest rates. These accounts indicate that real growth eased to 0.6 per cent in the March quarter, or 3.6 per cent over the year, and they do show that families are feeling the impact of rising prices and higher interest rates, with household consumption slowing to 0.7 per cent in the quarter and 4.3 per cent over the year.

It is good news, though, that business investment continues to grow strongly, rising by 1.6 per cent in the March quarter and 6.6 per cent over the year and, as a share of the nominal economy, business investment remains at approximately its highest level since the early 1970s. Net exports detracted from GDP growth in the March quarter and reflect, as the Prime Minister indicated, ongoing weakness in export volumes and, in turn, the problems with capacity constraints that this government is so committed to tackling.

In conclusion, the Rudd government is committed to playing its part to putting

downward pressure on inflation and interest rates through a responsible budget that delivers a strong surplus and invests in the future. That is something the Leader of the Opposition did not understand a few months ago. Higher inflation means higher interest rates which, in turn, tend over time to reduce economic growth and reduce employment growth. That is why it is so crucial to get inflation in check and that is why it is so crucial to run a strong surplus. I urge the opposition to think very carefully before they throw their economic responsibility credentials completely out the window in the Senate.

Alcopops

Mr HOCKEY (2.18 pm)—My question is to the Prime Minister. Will the Prime Minister confirm Treasury advice before estimates in the Senate that the Department of Health and Ageing was not even consulted before the \$3.1 billion alcopop tax was introduced? Is this the Prime Minister's idea of evidence-based health policy? Prime Minister, doesn't this just prove that the initiative is just a tax grab and the government does not have a plan to address teenage binge drinking?

Mr RUDD—I thank very much the member for North Sydney for his question. What we have seen in the period since the measure has been increased, I am advised, is that there has been a 39 per cent decrease in dark spirit based drinks and a 37 per cent decrease in light spirit based drinks. That is one thing. Of course, there have been increases in other categories of drinks.

Opposition members interjecting—

Mr RUDD—That is true. The question, though, is what is happening in this particular category and what the overall impact is.

Opposition members interjecting—

The SPEAKER—Order! The question has been asked and the Prime Minister is answering it.

Mr RUDD—Of course, this is early data. We are talking about a month's worth of data. That is the first thing. The second thing is that this government is determined to act on binge drinking. Those opposite stand on the side of the distilleries on this question. We believe that the responsible course of action lies in acting in the face of the data that we have received, and the data we have received shows that ready-to-drink products targeted at girls and young women have seen a 23 per cent growth since 2005. On top of that, we have seen a 250 per cent increase in RTD sales since the Howard government created a tax loophole back in 2000. So what you can do is: ignore that data, ignore the social problem and ignore the public statements by the police commissioners of the nation and do as those opposite are doing and simply wave a white flag—or act as this government has decided to act.

Mr Pyne—Mr Speaker. I rise on a point of order. Under standing order 104 the Prime Minister was asked a specific question about whether the advice of the Department of Health and Ageing was sought before the alcopops' introduction—

The SPEAKER—The honourable member will resume his seat. The question then went on to another two parts, which opens very widely the ability for the Prime Minister to be totally relevant to the question. The Prime Minister has the call. The Prime Minister has finished? The member for Sturt was very lucky to get the call.

Dr Nelson—The Prime Minister was citing data from papers that he was reading. Would he please table those for us?

The SPEAKER—Was the Prime Minister quoting from documents? Are the documents

confidential? The documents are confidential.

Infrastructure

Mr TREVOR (2.21 pm)—My question is to the Minister for Infrastructure, Transport, Regional Development and Local Government. Will the minister outline to the House why a strong surplus is needed to deliver nation-building infrastructure?

Mr ALBANESE—I thank the member for Flynn for his question. The government has indeed delivered a strong budget surplus of \$22 billion that ends wasteful spending and sets aside the vital funds to begin to make up for years of neglect. The government is taking the steps necessary to drive down inflation and drive down interest rates. I refer to the statement by the Governor of the Reserve Bank yesterday where he again, on top of the 20 warnings about capacity constraints in the economy leading to increases in inflation and increases in interest rates, indicated that the capacity constraints in the economy were what had led the Reserve Bank to address demand in the economy by increasing interest rates through 12 consecutive rises.

But you can only invest in infrastructure and address these long-term issues if you have responsible economic management, and that is what the advisory council members of Infrastructure Australia who met for the first time here in parliament today are making a contribution to. The Infrastructure Australia Advisory Council will make recommendations to the government on a range of issues. Firstly, addressing infrastructure is not just about new investment; it is actually about using more efficiently the infrastructure that we have. It is also about making sure that we have greater harmonisation of guidelines and regulations, including on public-private partnerships.

They will also be conducting a national audit into infrastructure and will produce a national infrastructure priority list at the COAG meeting in March 2009. This will be aimed at addressing the infrastructure bottlenecks that those opposite might ignore, not just in speech but in practice, by their \$22 billion raid on the surplus. But those who acknowledge that infrastructure bottlenecks are a major capacity constraint on the economy, along with skill shortages, know that we need that long-term planning. The Rudd government is determined to do that. We have the structures in place to do that through Infrastructure Australia. We have put our money where our mouth is by investing in these long-term infrastructure funds, not just in the Building Australia Fund but also in education and health. If we are serious about addressing these issues, we have to be also serious about being responsible economic managers. That means maintaining a commitment to a strong budget surplus as the first point in the Rudd government's five-point plan to fight inflation.

Private Health Insurance

Mr HOCKEY (2.24 pm)—My question is addressed to the Prime Minister. Will the Prime Minister confirm Treasury advice to the Senate estimates hearings that the government's estimated private health insurance drop-out figure of 484,000 people does not include children and dependants? Will the Prime Minister confirm that the estimated drop-out figure for private health insurance is now closer to one million people and that these people will now add to the massive burden on state public hospitals? Prime Minister, doesn't this just prove that the private health insurance changes were just a savings measure and the government has no plan for better hospital care?

Mr RUDD—The government has a first-class plan for dealing with the future of hos-

pitals in this country. When it comes to the future of hospitals in this country, you can either invest in the future of hospitals or ignore them, which is why this government, for the first time in the nation's history, has established a hospitals investment fund of some \$10 billion to look at the long-term needs of the system. This is fundamental to making sure that the capital needs of the nation's hospitals are set in the right direction. If you travel around the hospitals, as the Minister for Health and Ageing and I have in recent times, you will discover one set of capital needs after another. Then there are the workforce needs—again, monstrously underfunded by those opposite who, year after year and for a full decade, did nothing to address the undersupply of doctors and nurses across the nation despite the fact that doctors and nurses are trained in tertiary institutions which are the exclusive responsibility of the Commonwealth.

If the opposition are raising questions seriously about the future of hospitals, the future of health policy and the future of our health workforce, I would suggest that after 12 years in office, with ample opportunities to act in each of these areas, they should have done so. We have a long-term plan for the future when it comes to health and hospitals—\$10 billion worth of investment and a cooperative negotiation currently underway through the Council of Australian Governments to work with the states and territories on how we overcome duplication and overlap and bring an end to the blame game in this critical area of concern to the people of Australia.

Mr Abbott interjecting—

The SPEAKER—Will the member for Warringah sit down. He cannot act in that disorderly manner. I use this point, after a comment was made to me, to remind people that nobody needs a warning to get one hour

under standing order 94(a). The warning would also then lead to an ability to be named for one day. Without going to a point of order that was not raised, the illustration in that question and answer was that that was a three-part question that went to mentioning whether the government did or did not have a plan—that is, *inter alia*. I think that that then becomes a difficulty for people who wish to seek a question being ruled out as irrelevant.

Mr Albanese—Mr Speaker, I rise on a point of order. The member for Warringah should withdraw.

The SPEAKER—I cannot remember what he actually said, but it would assist if he did withdraw.

Mr Abbott—I withdraw. I am justly—

The SPEAKER—The member for Warringah will resume his seat.

Mr Albanese—Mr Speaker, I rise on a point of order. Under the standing orders for disorderly conduct, you have just raised with the member for Warringah the inappropriateness of his point of order. He then came to the dispatch box and acted in a disorderly fashion in defiance and contempt of your ruling, and I ask that you take action.

The SPEAKER—The Leader of the House will resume his seat. The member for North Sydney will resume his seat. I have taken note of the point made by the Leader of the House. We are now in questions.

Productivity

Mr SIDEBOTTOM (2.29 pm)—My question is to the Minister for Education, the Minister for Employment and Workplace Relations, and the Minister for Social Inclusion. Will the minister detail the government's approach to boosting productivity? In addition, will the minister contrast this approach to alternative approaches?

Ms GILLARD—I thank the member for Braddon for his question and note his interest in productivity, because he understands that today's productivity growth is the nation's future prosperity.

Opposition members interjecting—

Ms GILLARD—I understand from the reaction that members opposite do not care to discuss productivity, because they would be rightly ashamed of the record of the former government on productivity, and, of course, as they shred their economic credentials and try to mask that behind bullyboy carry-on, they do not want people talking about the economy at all. But whilst the opposition, the Liberal Party, demonstrates each and every day just how much it has lost its way, the government is getting on with the job of building productivity and prosperity for the future. There is no more important part of that agenda than the human capital agenda—the investment in education and training, which goes from the education of our youngest children, through schools, through vocational education and training to higher education. We need to make a difference for all of that breadth of education if we are to make a difference over time for national productivity growth.

This is a government that is committed to an education revolution and to reform in all areas. We have embarked on a comprehensive range of measures in child care and the early education agenda—a \$2.4 billion investment. It includes our changes to the childcare tax rebate to take pressure off working families, with an increase from 30 per cent to 50 per cent. It includes our commitment to the delivery of up to 260 new childcare centres. It includes our commitment to deliver \$126.6 million to build capacity in the early years workforce. This level of activity and investment stands in stark contrast to the neglect of the previous

government, where the current Deputy Leader of the Opposition, the then minister for education, said:

... I agree that investment in early childhood is very, very important and traditionally the State Governments have been responsible for early childhood. I'm not blaming anyone, I'm just stating a fact that State Governments are responsible for early childhood ...

That is, that the former government was going to do nothing, did not care to do anything, did not believe in doing anything and never acted.

On the question of schools, we have investments in new capital and we have investments in the quality of teaching. We have investments to try to assist students in schools that are in the most disadvantaged circumstances. We are working towards new national partnership arrangements for all of those areas of schooling that the former government put in the too-hard basket.

In skills, we are investing \$1.9 billion to create up to 630,000 new training places, with the first 20,000 of them already delivered. What we will not do and what we know the alternate approach was, one so graphically articulated by the member for Goldstein when he was the relevant minister, is to sit idly by and watch a skills crisis grow and do precisely nothing about it. That was the record of the previous government.

Of course we are investing in our university sector, with our \$500 million investment this financial year through our Better Universities Renewal Fund and a new long-term Education Investment Fund—\$11 billion available to assist with infrastructure in universities and in vocational education and training.

Once again, this approach, of investment, is a stark contrast to a government whose only concern about universities was to meddle in their industrial relations by tying fund-

ing to industrial relations extremism and Work Choices. And we are bringing fairness, balance and productivity to Australian workplaces by dismantling the industrial relations extremism of those opposite, putting the focus back on cooperation and on lifting productivity. In each of these areas the government is determined to act.

I know members opposite don't like to listen to this because they don't like to listen to talk of their more than decade of neglect—neglect of early childhood, indifference to the quality of schooling, creation of a skills crisis, ideological intervention in our universities in pursuit of industrial relations extremism. Where the former government failed, this government is acting. We understand that productivity growth is about prosperity tomorrow. That is economic responsibility on display.

Private Health Insurance

Dr NELSON (2.35 pm)—My question is to the Prime Minister. Will the Prime Minister confirm the statement of fact by Treasury that, as a result of the Medicare levy surcharge, almost one million Australian men, women and children will be leaving private health insurance to queue up in Australian public hospitals?

Mr RUDD—The government stands by Treasury's modelling and has no basis to question the Treasury modelling upon which the government's decision has been based. We notice that that modelling has been challenged both by the Australian Health Insurance Association and the AMA. Again, it is no passing coincidence that those opposite always rely upon organisations like those who represent the big supermarkets, the big oil companies and the private health insurance companies to underpin their argument. As I said before, we stand by the modelling which Treasury has provided us in framing our policy on this.

The second point I would make on it is that those opposite are still of the view that a \$50,000 salary is a high income, because that is the threshold at which they introduced the surcharge on families way back when and they have refused to adjust it since. And each time the member for Higgins, when he was Treasurer, was challenged on this, he said, 'No, no, not now, not yet.' Now, \$50,000 may have been the calculation of the Liberal government back then as representing those on a high income; I would say, as a further indication that those opposite have lost touch with working families and those under financial pressure in the community, that \$50,000 is no longer a high income. Therefore, they are standing in the road of providing savings of up to \$20 per week per individual and \$30 per week for families and couples. I would suggest that those opposite get themselves back in touch with those Australians who are struggling deeply with the challenges to their family budget. This is one measure—together with the education tax refunds, together with the childcare tax rebate, together with our initiatives in the housing portfolio, together with \$44 billion worth of tax cuts to families and individuals under financial pressure—to take pressure off the overall family budget. I would suggest that is the productive way forward in dealing with this and, secondly, with a radical program of investment in the nation's hospital and health services—a system from which those opposite extracted \$1 billion during their time in office.

Mr Hockey—Mr Speaker, I seek leave to table a copy of the *Hansard* from the Senate where the Treasury's own modelling says that they only covered adults and forgot about the children, therefore taking the figure up to nearly one million Australians dropping out of private health insurance.

Leave not granted.

Small Business

Ms NEAL (2.38 pm)—My question is to the Minister for Small Business, Independent Contractors and the Service Economy. In light of today's national accounts figures, will the minister advise the House of the importance for business, especially small business, of maintaining responsible fiscal policy?

Dr EMERSON—I thank the member for Robertson for her question. She is a very strong supporter and advocate of the local small business community on the Central Coast of New South Wales. The national accounts released today are reassuring news at a time of global uncertainty in an economic downturn, but they also confirm that the fight against inflation here in Australia is far from over. Members opposite will be aware that, when the Rudd government was formed, we inherited an inflation rate at a 16-year high. This is despite 12 interest rate rises in a row. We know that high interest rates are public enemy No. 1, but they are especially the enemy of small business.

There have been several small business surveys that have confirmed that businesses are identifying high interest rates as a key factor affecting business confidence and their business planning decisions. I will refer to three of them. One is the National Australia Bank's quarterly business survey, which says:

... the combination of much tighter financial conditions, falling global equity markets and the global credit crunch has produced a sharp fall in business confidence.

The Dun and Bradstreet National Business Expectations Survey says:

... the combination of high interest rates and market turmoil has fuelled executive concerns regarding the impact of the credit market on operations.

And, finally, an SAI Global/ACCI survey on investor confidence was released and in relation to that ACCI said:

The survey shows that interest rates and ongoing financial sector turmoil has significantly dented business confidence.

The point is that interest rates are having an effect on business confidence and on business planning decisions.

The budget, however, is designed to help put downward pressure on interest rates through putting downward pressure on inflation. It is a contractionary budget, Malcolm, with a surplus of almost \$22 billion or 1.8 per cent of GDP. It cuts spending growth from five per cent in the current financial year down to one per cent. I am reminded that, at the time of the release of the former Prime Minister's biography, the member for Higgins was prompted to say about the then Prime Minister, 'In formulating budget policy, I showed him the menu and he took the entree, the main course, the dessert and the vegetarian option.' It was an unprecedented spending spree and we are now reining in that irresponsible government spending.

Indeed, the budget cuts spending as a share of gross domestic product goes from 24.4 per cent to 23.4 per cent. That is a full one percentage point reduction in government spending as a share of GDP in a single year. That is a very big achievement for the Treasurer, for the Minister for Finance and Deregulation, the Prime Minister, for everyone involved in formulating that budget—bringing in a budget surplus of \$22 billion, 1.8 per cent of GDP, and a very, very substantial reduction in government spending as a share of GDP. And that is why it is vital in this fight against inflation that this budget is passed by the Senate, so that it can do its work and help put that downward pressure on inflation and downward pressure on interest rates. The last thing small businesses in

Australia need is a \$22 billion raid on the surplus, which is being orchestrated by the coalition. That would be very bad news for small business and very bad news for the Australian economy.

The budget also helps ease the capacity constraints, which were identified again yesterday by the Reserve Bank in its statement announcing that it was keeping interest rates on hold. There was some dispute about this. The infrastructure minister was pointing this out. He was asserting that the Reserve Bank did identify capacity constraints. Members opposite do not seem to believe there are any. But the Reserve Bank does say, from that statement yesterday:

Inflation in Australia has been high over the past year and in an environment of limited spare capacity and earlier strong growth in demand.

So there you have it, Mr Speaker: yet again, on top of the 20 warnings, another warning yesterday saying that the problem is—

Mr Ciobo—That's a lie! That's a complete lie!

Dr EMERSON—we have capacity constraints. The budget provides \$1.9 billion over five years to create 630,000 training places. This is very important for small business in easing the skills crisis—

Mr Ciobo—That's a lie!

Dr EMERSON—and investing very heavily in infrastructure.

The SPEAKER—Order! The minister will resume his seat. The member for Moncrieff will withdraw.

Mr Ciobo—Mr Speaker, it is a lie that there were 20 warnings. I am stating the truth; it is incorrect.

The SPEAKER—The member for Moncrieff will continue to the door for one hour under standing order 94(a).

The member for Moncrieff then left the chamber.

The SPEAKER—The minister will respond to the question.

Dr EMERSON—The Rudd government is building a strong surplus for a strong economy, capable of meeting the challenges of the 21st century for the working people of Australia and for Australia's 1.9 million small businesses.

Schools: Computers

Mr ANTHONY SMITH (2.44 pm)—My question is to the Deputy Prime Minister.

Mr Rudd interjecting—

Mr ANTHONY SMITH—I would not laugh, Prime Minister. We know that Julia cooked the hot dog.

Honourable members interjecting—

The SPEAKER—Order! The member for Casey will resume his seat. Members on both sides are not assisting.

Mr Pyne interjecting—

The SPEAKER—Order! The member for Sturt is denying the member for Casey the call.

Mr ANTHONY SMITH—Can the Deputy Prime Minister confirm that, as was revealed in Senate estimates today, she still has not attempted to calculate, or even estimate, the additional costs of actually implementing the government's computers in schools policy? Deputy Prime Minister, doesn't this prove that your computers in schools initiative was a plan designed to last only until election day?

Ms GILLARD—I am glad to see that the shadow minister for education finally got a question. He is no longer the Marcel Marceau of Australian politics. I was looking forward to that miming of eating an apple later on in the session. We are obviously going to miss out on that. But, if he is going to routinely get questions in the future, I think he is going to have to up the quality. No

wonder the shadow ministry tactics committee has been holding him back, with the calibre of questions like that.

Mr Anthony Smith interjecting—

The SPEAKER—Order! The member for Casey will assist by not repeating his question—he has now asked it—and by not interjecting. The Deputy Prime Minister will now respond to the question.

Ms GILLARD—I certainly will, Mr Speaker. I was just hoping to offer a little bit of encouragement along the way. On the question that the member asks about computers in schools, the government's policy is absolutely clear. We are delivering now a \$1.2 billion investment in computers in schools. Have a look at the budget papers; you will see it there. That \$1.2 billion investment in schools includes \$100 million which will be delivered before the end of this financial year. On the question of the partnership with the states ensuring that computers are in settings where they can be used, at the last meeting of the Ministerial Council for Education, Employment, Training and Youth Affairs, MCEETYA, a resolution was adopted unanimously by the ministers who met there on partnership and cooperation about the digital education revolution. Of course, what the government is trying to achieve here—which is something, I understand, that members opposite must be opposed to from the way that they are calling out—is to invest in upper secondary schools, years 9 to 12, to ensure—

Mr Anthony Smith—Mr Speaker, a point of order on relevance: the question was whether the minister could—

The SPEAKER—Order! I know what the question was. The member for Casey will resume his seat.

Ms GILLARD—To conclude my answer: the government's program is being delivered. All I can conclude from the antics of mem-

bers opposite is that they are opposed to students in years 9 to 12 learning with digital education technology. If one looked at their track record in government, what one would see is 12 years of neglect of the need to ensure that students are learning in 21st century classrooms. This is a government that is committed to that process and is investing \$1.2 billion in getting the job done.

Anticompetitive Practices

Mr NEUMANN (2.49 pm)—My question is to the Assistant Treasurer. Will the minister update the House on the government's actions to crack down on anticompetitive behaviour by powerful business? Why has this reform been delayed?

Mr BOWEN—Prior to the last election, the Labor Party made a commitment to strengthen the Trade Practices Act to crack down on anticompetitive conduct by powerful businesses. I am pleased to inform the House that the government is acting on that commitment. Australian consumers need small and medium sized enterprises to provide rigorous competition. The Australian economy depends on rigorous competition so that Australian consumers can benefit. Predatory behaviour by large and powerful businesses means that they abuse their power in the market with a view to damaging a small business to increase their market dominance.

Through a series of cases, the courts have watered down the Trade Practices Act over several years. For example, in 2003 the High Court, in the Boral case, said that if a big firm cuts its prices to drive a small business out of operation to dominate the market the ACCC must be able to prove that that big firm can make up the losses into the future. That evidentiary burden proved so high that the ACCC immediately discontinued all its predatory pricing cases and has not commenced any others. Unfortunately, the member for Higgins completely ignored calls

from across the board to fix that situation, and it has taken the election of a new government, five years after the Boral case, to fix the Trade Practices Act. On 28 April we announced the government's package of reforms to fix this problem. This amounts to the biggest reform of the Trade Practices Act in 22 years. The new rules will make it easier for the ACCC to prosecute businesses who are engaging in anticompetitive behaviour. The government's amendments will ensure that victims of predatory pricing, or the ACCC, will no longer have to prove that the predator has the ability to recoup losses after participating in anticompetitive, below-cost pricing.

We will also clarify the meaning of the term 'take advantage' in section 46 in response to concerns raised that the present meaning of the term has prevented section 46 from capturing anticompetitive behaviour. And we will remove the uncertainty that arose in the dying days of the previous government under the cobbled-together amendment which resulted in a two-track process. It is very important for business certainty that that situation is fixed, and we are looking for bipartisan support for that very important reform. We will also give small business cheaper and easier access to the courts to prosecute situations in which they are being disadvantaged by anticompetitive conduct by big and dominant players by giving them access to the Federal Magistrates Court. We will also enshrine in legislation—make it the law—that one of the deputy chairs of the ACCC will have a small business background.

I am pleased that these reforms have been welcomed as striking the right balance from businesses across the board and are seen as a sensible approach. They have been welcomed by the Council of Small Business Organisations, by the Australian Industry Group, by the Motor Traders Association, by

the Fair Trading Coalition and by that well-known friend of the government the Australian Chamber of Commerce and Industry. These reforms have been welcomed because they are sensible, they have been welcomed because they are long overdue and they have been welcomed because the previous government wilfully neglected to act.

Fuel Prices

Mr DUTTON (2.53 pm)—My question is to the Assistant Treasurer and Minister for Competition Policy and Consumer Affairs. Minister, what was the process used to draft the Fuelwatch legislation? Can the minister explain why two bureaucrats were locked in a room overnight to draft the legislation instead of the government drafter, the Office of Parliamentary Counsel, being used? Minister, doesn't this just prove that the Fuelwatch initiative is just policy on the run and the government has no plan to reduce petrol prices?

Mr BOWEN—The assertion by the honourable member is incorrect. The Office of Parliamentary Counsel was integrally involved in the development of the Fuelwatch legislation, as is normally the case.

Wheat Exports

Mr CHAMPION (2.54 pm)—My question is to the Minister for Agriculture, Fisheries and Forestry. Will the minister update the House on the latest developments in providing certainty to wheat growers?

Mr BURKE—I thank the member for Wakefield for his question and acknowledge his strong engagement with the wheat growers in the electorate of Wakefield, who have a prime involvement in the export market. The reform that was dealt with in the chamber earlier today was required for the \$5 billion industry that is the wheat industry in Australia. It was required because of failures of the previous government. If there was ever a moment where it was made clear that

the old system was not serving growers well, it was the moment that can be defined by three letters, AWB, or three words, wheat for weapons. At that moment it was made clear to everybody around this parliament that the system had to be changed. Last year the previous government, instead of providing certainty for growers, took the legislation to a point where it provided the worst of all worlds.

To find the best endorsement of that, look at what people have defended in this chamber over the last 24 hours. We had the National Party position. They said, 'Forget the current legislation,' and advocated the rules we had at precisely the time that wheat for weapons took place. We then had the Liberal Party position in the Senate inquiry, which said we needed more regulation than what our bills provided. We then had the Liberal Party position in this chamber last night, which said we needed less regulation than what our bills provided. But nobody at any point said the way to provide certainty to growers was to leave the previous government's legacy in place. Not one person in this chamber at any moment during the debate on that bill has said that the previous government's legislation got it right. The reason that no-one can defend it is that it is truly indefensible.

I have been seeking for some months to provide certainty for wheat growers through a sensible marketing system into the future. On 5 March we released an exposure draft bill. At any time since 5 March it was open to the Leader of the Opposition to declare what the position of the Liberal Party would be. Growers have had to go through, work out whether they are going to plant and work out exactly what sort of wheat they are going to plant. They have had to make all those business decisions while waiting for the convenience three months later of the Leader of the Opposition to finally declare a position.

Certainty for wheat growers is finally getting closer.

But we saw divisions when earlier today we had the division here in this chamber on going to the next stage of providing certainty for growers. Let us not pretend that there was any small gap among the members opposite. The Leader of the Opposition, when he talked about the reasons why the Liberal Party would be not opposing it referred to the legislation as being 'consistent with the core philosophy of the Liberal Party'. The National Party, when explaining their reasons for opposing it, referred to the legislation as being a 'fundamental tenet of the National Party'. Each of the parties opposite has completely elevated how wide and fundamental to their core beliefs this issue is. So they have decided that now—when they are voting on opposite sides of the chamber, when they are disagreeing on absolutely fundamental issues and core principles—is the time to say, 'Why don't we amalgamate?' In working out whether now is the time to amalgamate, go to the ABC Online website and you will see comments from plenty of people seeking certainty for growers who are making their thoughts clear. Tony Gilleland writes:

The abolition of the single desk is because it lost all credibility through AWB on the National Party's watch, trying to suggest otherwise is laughable.

Peter says:

What people have to understand is there has been a lot of debate about scrapping the single desk for years, but that it was never going to happen under the Coalition Government.

The big, long-term reforms that were necessary to provide certainty for growers were not going to happen under the previous government.

Greg A. says:

This only shows that the Nationals need to be more independent and not just vote like lemmings to support their Liberal colleagues. It is clear that the Liberals do not treat their election partners well, look at the McGauran defection.

As we move forward to try to provide certainty for growers for the next harvest, the chasm between the opposition parties could not be greater—and that is not due to how I define their differences, but due to how they define their differences. They talk about it being a difference between fundamental tenets and core philosophy. When their fundamental tenets and their core philosophy clash but they are still talking about a merger then it can only be because they have given up on plans for a future and are just out there looking for a logo.

Stockfeed

Mr KATTER (3.00 pm)—My question is to the Minister for Agriculture, Fisheries and Forestry. The minister would be aware that most of our beef, pork, poultry and even dairy products come from grain not grass. Is the minister aware that in the United States this feedstock grain is only \$178 a tonne while in Australia feedstock grain is sorghum and is priced at \$234 a tonne? The American feedstock grain is of course dried distillers grain, more concentrated and therefore more nutritious than grain sorghum. Since it comes as a by-product of ethanol, can the minister advise what progress is being made with the ethanol inquiry? Finally, can the minister assure the House that the government ethanol inquiry encompasses biodunder cattle feed production from Sarina's ethanol plant which, combined with some moderate water projects in North Queensland and dried distillers grain, is likely to see, as in America, Australia dramatically increase protein production without diminishing grain or sugar exports?

Mr BURKE—I thank the honourable member for his question. For all the talk about people not knowing where they stand, I do not think that is an accusation that will ever be levelled at the honourable member for Kennedy. There is no doubt that the high grain price is an issue that people in the live-stock industries are perilously aware of. There is also no doubt that the ethanol debate is not nearly as simplistic as the simple food-for-fuel debate it is often depicted as.

I have visited the Sarina mill to which the honourable member refers, and I have seen and spoken to the people there about some of the opportunities for that ethanol plant and the way forward. The specific question goes to what is happening with respect to progress on the inquiry. There is a review, as has previously been made public and as I have spoken to the honourable member about, being conducted jointly by me and the minister for energy. There is, particularly with the current global food crisis, a great deal of complexity playing into world prices and the individual protectionist policies of some nations—and the United States is the one referred to in the question. Our growers have also taken a particular hit with respect to seven or eight years of extended drought. Those issues all play in together.

In terms of the progress, the current part of that inquiry is a review of all existing government policy. Once that review is complete, we will then move forward to look at the issues that were raised specifically in this question. We will then be in a better position to get that balance right in making sure that we deliver economic opportunity, energy security and also a better deal for those who are reliant on various forms of grain, and, in particular, sorghum.

Domestic Violence

Ms GEORGE (3.03 pm)—My question is to the Minister for Housing and Minister for

the Status of Women. Will the minister update the House on how the government is delivering on its election commitments to reduce domestic violence and sexual assault against women and children? How will this be an improvement on past responses?

Ms PLIBERSEK—I thank the member for Throsby for her interest in this area. I know that she has a longstanding commitment to addressing the issues of violence against women and children. Today the Prime Minister and I attended the first meeting of the National Council on Violence Against Women and Children. Establishing an expert body in this very important area is a major milestone. During the election campaign we said that if we were elected we would accept some responsibility as a Commonwealth government to reduce the incidence and impact of domestic violence and sexual assault on women and children in our community and that we would ask an expert council to help us and guide us in that work. Today we delivered on that commitment.

The Australian Bureau of Statistics reports that around one in three Australian women experience physical violence in their lifetime and almost one in five experience sexual violence in their lifetime. It is a problem that remains still too hidden in our community and is one that requires the urgent attention of our government. We released new figures today that show that 90 per cent of women who experience physical or sexual assault do not access crisis support services, legal help or helplines. We also know that two out of every five women who do get help and take out a restraining order against a former partner experience further violence after that restraining order has been put in place. That is simply not good enough. It requires practical Commonwealth leadership in this area.

Our council is made up of 11 experts with very high standing. The chair of the council

is Libby Lloyd, who is one of the founders of the Australian White Ribbon Day campaign and an internationally respected voice in human rights. The deputy chair is Heather Nancarrow, the Director of the Queensland Centre for Domestic and Family Violence Research. She is also working with us on the homelessness steering group. The other members of the council include: Lisa Wilkinson, Pauline Woodbridge, Vanessa Swan, Dorinda Cox, Andrew O'Keefe, Dr Melanie Heenan, Associate Professor Moira Carmody, Maria Dimopoulos and Rachel Kay-rooz. These people are extraordinary community leaders from a very diverse range of backgrounds. I am sure that they will make an enormous commitment in helping us reduce violence against women and children.

The Prime Minister has asked this council to oversee not just our national plan but the practical measures that have already begun in this area, including a resource that will roll out to high schools all around the country educating young men and young women about what respectful relationships look like and about the impact of domestic violence and sexual assault on our community. They will also oversee work on the expansion of the White Ribbon Day campaign and a number of other projects that we have already initiated in this area. This is in contrast to the actions of the former government in this area. There was a degree of—

Opposition members interjecting—

Ms PLIBERSEK—I do know. Mr Speaker, I know they are a little bit sensitive about this. It is in stark contrast to the record of the former government that did, I agree, spend quite a lot of money on advertising in this area. Part of the difference in approach is that the previous government did focus a lot on advertising and publications. In fact when the deputy leader was the minister for women in the financial year 2006-07 they

spent more than half a million dollars on publications alone including public information.

Dr Nelson—Mr Speaker, on indulgence, can I strongly associate our side of politics with the beginning remarks of the minister, but she diminishes herself and this issue by this political tack.

The SPEAKER—Order! The Leader of the Opposition will resume his seat.

Ms PLIBERSEK—The Deputy Leader of the Opposition said that they spent this money on a public education campaign. Indeed if we have a look at the public education material that we are talking about, one of the things produced was—

Ms Julie Bishop—Mr Speaker, I rise on a point of order. The book the minister is about to refer to is not to do with domestic violence and if she is seeking to infer—

The SPEAKER—Order! That is not a point of order. The deputy leader will resume her seat.

Mr Hockey—Mr Speaker—

The SPEAKER—Order! The member for North Sydney will resume his seat. The minister will bring her answer to a close.

Ms PLIBERSEK—I am very happy to offer the—

Opposition members interjecting—

The SPEAKER—Order!

Mr Tuckey—No.

The SPEAKER—Order! The member for O'Connor is really not assisting at all.

Ms PLIBERSEK—We have 13,000 copies of this book left. It is a beautifully-produced book—

Ms Julie Bishop—It has nothing to do with domestic violence. She will not mislead the House.

The SPEAKER—Order! The Deputy Leader of the Opposition will resume her seat. The minister is concluding her remarks.

Ms PLIBERSEK—I would like to offer the remaining 13,000 copies of this book to the opposition. If they are able to dispose of them, they are welcome to have them.

Mr Hockey interjecting—

The SPEAKER—Order! The member for North Sydney will resume his seat. Has the minister concluded her answer?

Ms PLIBERSEK—Yes.

Opposition members interjecting—

The SPEAKER—Order! The member for Bowman is just not assisting. Those who are aggrieved have other avenues open to them. I would just highlight that.

Sustainable Regions Program

Mr JOHN COBB (3.11 pm)—My question is to the Minister for Infrastructure, Transport, Regional Development and Local Government.

Mr Dutton interjecting—

The SPEAKER—Order! The member for Dickson is denying the member for Calare the call.

Mr JOHN COBB—Is the minister aware of the Yarrawarra Indigenous aged care facility, which would offer a much needed safe home to 15 Aboriginal elders and their carers and would also provide training and employment opportunities for 25 unemployed Indigenous youth on the New South Wales North Coast? Is it not a fact that \$470,525 was approved under the Sustainable Regions Program for this project? Why is the minister refusing to fund this worthy community-driven project? Minister, when will you release a full electorate by electorate breakdown of your party's election promise of 105 better region projects?

Mr ALBANESE—I am very pleased to get a question, the first question, indeed, in this parliament, from the shadow minister for regional development. I am particularly pleased to get a question about the Sustainable Regions Program. In this House we have had some debate about Regional Partnerships. Many of the members here, even those in regional areas, would not be aware that the previous government had a Sustainable Regions Program. The Parliamentary Secretary for Regional Development and Northern Australia and I had a meeting with the new Regional Development Australia board, made up of the chairs of the executive of the old area consultative committees here in this parliament. It was a pretty interesting meeting because we discussed the Sustainable Regions Program. There were a number of sustainable regions. One of those was the North Coast of New South Wales.

For information on the North Coast of New South Wales I asked the former chair of the area consultative committees, 'What electorates were in the North Coast region of New South Wales?' We all know the North Coast begins at the Queensland border. You cross the Tweed and you hit the electorate of Richmond. But was Richmond included in the Sustainable Region for the North Coast of New South Wales? No! Why? Because after the 2004 election, when Labor won the electorate of Richmond with our outstanding candidate Justine Elliott, they excised it from the North Coast of New South Wales. The North Coast Sustainable Region consisted of Lyne, Cowper and Page but it excluded Richmond. Do not let me think that it was just discrimination against people who happen to vote Labor, because the honourable member's question goes to the Darling Matilda Way region. The Darling Matilda Way begins at the Victorian border and goes—

Mr Hartsuyker—Mr Speaker, I rise on a point of order that goes to relevance. This question went to the heart of a specific project on the North Coast.

The SPEAKER—Order! And then it went on to be a wider question towards the conclusion. The minister has the call.

Mr ALBANESE—The Darling Matilda Way Sustainable Region area begins down around Balranald and the Wentworth local government area. It goes all the way up through Bourke and Brewarrina, which is where this particular project is included. It goes up into Queensland; it has got Diamantina and Barcoo and goes right up to Winton, Longreach, Aramac and Jericho, which, before the election, were of course all held by the National Party exclusively.

Ms Ley—Mr Speaker, it is incorrect. The electorate of Farrer, which is held by the Liberal Party, comprises a large part of that.

The SPEAKER—Order! The member for Farrer does not have a point of order.

Mr John Cobb—Mr Speaker, I rise on a point of order. Apart from the fact that he has got the wrong program, why won't the minister answer the questions he was asked? What are you trying to hide?

The SPEAKER—Order! The member for Calare will resume his seat. As I said, the construct of the question went to concluding about an electorate-by-electorate breakdown of 105 Better Regions projects, or something. The minister has the call.

Mr ALBANESE—The Sustainable Region for Darling Matilda Way stops, though. It does not include Mount Isa, Cloncurry, McKinlay, Richmond, Flinders or Dalrymple. Why? Because they are represented by the member for Kennedy. That is why. The member for Kennedy's area was deliberately excluded from this Sustainable Region.

But let us go further and look at a third sustainable region, the Campbelltown Sustainable Region. You know: remote and rural Campbelltown, represented from Mosman. We had two areas—Camden and Campbelltown; not Liverpool around it; not Wollondilly, which is far more regional than either of them; not Wollongong, which is a regional centre—just Camden and Campbelltown. I wonder why? I wonder why you would single out Camden and Campbelltown to make into a sustainable region. What an outrage.

The only thing that makes the Regional Partnerships program just look red hot, rather than totally on fire, is the Sustainable Regions program. What an outrage. This mob opposite define 'regional Australia' by how people vote and not by where it was actually located. It was all about politics and not about geography.

Disability Services

Mr CRAIG THOMSON (3.19 pm)—My question is to the Attorney-General. Will the Attorney-General update the House on what the government is doing to assist persons with disabilities, including on the international stage?

Mr McCLELLAND—I thank the member for Dobell for his question on this very important matter. Today the Rudd government will take an important step for the rights of persons with disabilities. Today I will table a national interest analysis proposing that Australia ratify the United Nations Convention on the Rights of Persons with Disabilities.

This convention aims to remove barriers faced by people with disabilities. It enhances opportunities to participate in social and political decision making. It also recognises their rights to education, health, work, decent living conditions, freedom of movement and equal recognition before the law. We are

grateful for the valuable input received during the extensive consultations that have occurred in the preparation of this matter.

The lead we are taking on the international stage is complemented by practical steps we are taking to improve the rights of persons with disabilities at home. The Prime Minister recently announced an additional \$100 million in capital funding to build supported accommodation for people with disabilities. Earlier this week the Minister for Families, Housing, Community Services and Indigenous Affairs outlined a new agreement to provide a \$1.9 billion boost in funding. She rightly congratulated the Parliamentary Secretary for Disabilities and Children's Services for his role in this important area.

The Rudd government is committed to a whole-of-government national disability strategy to increase participation, social inclusion and support for people with disabilities and, importantly, for their carers. The Minister for Employment Participation and others are also developing a specific national mental health and disability employment strategy to identify barriers to employment for people with a disability and practical steps to increase their participation in the workforce and hence their independence. In my portfolio we are developing standards for access to premises and finalising a review of transport standards. I would like to acknowledge the work and assistance of my colleagues the minister for transport and the minister for industry in respect of those matters.

In conclusion, the government has a long-term plan and is committed to being a regional and international leader for people with disabilities and, importantly, for their families. I commend the national interest analysis to the House and I urge all members to support the timely ratification of this very important convention.

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

PERSONAL EXPLANATIONS

Mr PYNE (Sturt) (3.22 pm)—Mr Speaker, I wish to make a personal explanation.

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

Mr PYNE—Yes.

The SPEAKER—Please proceed.

Mr PYNE—In question time the Minister for Housing and Minister for the Status of Women implied that members of the former government trivialised domestic violence. This is utterly untrue. It is an outrageous slur.

The SPEAKER—Order! The member must show where he has been misrepresented. The member for Sturt will resume his seat.

QUESTIONS TO THE SPEAKER

Question Time

Mr PEARCE (3.23 pm)—I have a question for you and I seek your very wise counsel, Mr Speaker. Earlier in question time today the Minister for Finance and Deregulation said in answer to a question that this morning he released the national account figures. Mr Speaker, there is no provision under the legislation for a minister to do that and my concern of course is about the independence of the ABS.

The SPEAKER—Order! The member will resume his seat. Wise counsel or not, I will just have to let that go through to the keeper.

PARLIAMENTARY SERVICE COMMISSIONER

Annual Report

The SPEAKER (3.23 pm)—I present the annual report of the Parliamentary Service Commissioner for 2006-07.

Ordered that the report be made a parliamentary paper.

AUDITOR-GENERAL'S REPORTS

Report No. 38 of 2007-08

The SPEAKER (3.24 pm)—I present the Auditor-General's Audit report No. 38 of 2007-08 entitled *Administration of Job Network service fees: Department of Education, Employment and Workplace Relations*.

Ordered that the report be made a parliamentary paper.

MATTERS OF PUBLIC IMPORTANCE

Asia Pacific Region

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

The failure of the Government to manage, protect and grow Australia's foreign relationships in the Asia/Pacific region in a balanced manner.

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 ROBB (Goldstein) (3.25 pm)—For all the talk of the Prime Minister's foreign affairs experience, after six months in government all the talk in our region is about the Prime Minister's obsession with China at the expense of all other major relationships in North, East and South-East Asia. Already there has emerged a serious concern about the lack of balance and perspective in Australia's regional foreign policy under the Rudd government. Already it is clear that this government came to office with no clear plan for protecting and growing and balancing our critical relationships in the Asia-Pacific region. Outside of China the major actions so far appear to be designed to 'trail

our coats' with old friends and with strategic allies alike.

In just six months the Prime Minister has failed to pick up the phone to the Prime Minister of Japan to explain Australia's gunboat diplomacy against Japanese whalers. It took 5½ months to make contact, despite the great honour that Japan bestowed on Australia immediately after the election in inviting our Prime Minister to the G8 talks in July. That was an invitation which was purely at the discretion of the Japanese Prime Minister and yet there has been no contact despite highly provocative actions being taken by Australia against the Japanese.

In just six months the Prime Minister has snubbed Japan and every other Asian country except China in his 17-day world tour. In just six months the Prime Minister has taken the axe to an already lean Department of Foreign Affairs and Trade by slashing over \$100 million from the budget despite already committing Australia to an increased role in climate change, the UN, Asia and the Pacific and Afghanistan. Again, this government does not match actions with words. It slashed \$100 million from the department of foreign affairs despite announcing a much upgraded program on the world stage.

In just six months the Prime Minister downgraded negotiations on a free trade agreement with both China and Japan. In just six months the Prime Minister effectively told India that we do not trust them with our uranium by reneging on the agreement of the former coalition government to supply India with uranium for power generation, seriously reducing India's capacity to combat climate change. In just six months the Prime Minister abandoned Australia's commitment to the quadrilateral dialogue involving India, the United States, Japan and Australia, again raising concerns, especially with India and

Japan, about the Rudd government's China bias.

All of this is against a background where the standing and the influence of Australia had never been higher when the Rudd government took office. Yet all those actions have occurred in the space of six months which have undermined that standing and influence. Over nearly 12 years of coalition government Australia found its confidence on the world stage and did not shy away from its responsibilities as a free nation. We were able to balance both of those important objectives. Over 12 years the coalition worked to strengthen simultaneously all of our key relationships. As a result the US alliance had never been stronger or our ties with Japan as broad and as deep. Relations with China had never been more productive. We enjoyed a close and frank relationship with the democratic leaders of Indonesia and we welcomed India as a major emerging power in global affairs.

Our approach to foreign policy was, first and foremost, directed to delivering greater national security and economic prosperity to Australians. It was grounded in realism to serve the national interest and was ably led by our former Prime Minister and the member for Mayo. We ensured that Australia played an important leadership role in our own neighbourhood while also being willing to fulfil broader international responsibilities with confidence and with resolve. Much of that in six months in the region has been undermined. Years of painstaking work to strike that balance has been undermined. We strongly believe that Australia can and should make a positive and enduring difference in international affairs.

Critically, our standing and influence around the globe, and in particular in our own region, was built upon an uninterrupted and superior economic performance com-

pared with other major Western economies over the last 12 years, despite confronting the Asian financial crisis, the 2001 US recession, the tech bubble, 9-11 and the worst drought in 100 years. Much of our position, standing and influence in the region was born out of that superior economic performance. Good economic management assists good diplomacy, and good diplomacy helps to deliver good economic management. It enabled us to strike good relationships and to develop a measure of cooperation, especially with countries in the region, many of whom were very badly affected by the Asian financial crisis and the US recession, saw the aftermath of 9-11 in a serious way and were affected by the tech bubble. Because of our performance as an economy we were able to provide cooperation and that in turn enabled us to weather those storms. But all of those things are about consistency and balance in our international affairs.

In this context, Mr Rudd's longstanding relationship with China and his Mandarin-speaking abilities should be a great advantage to Australia. However, to fully capitalise on those attributes—that longstanding relationship, that knowledge of China—Mr Rudd needs to almost overcompensate with other countries in the region so that fears of China bias do not sour many other critical relationships. So far, the opposite has been the case. India and Japan have been offended—gratuitously, unnecessarily. Indonesia has been overlooked—gratuitously, unnecessarily. Malaysia, South Korea, Thailand, Singapore and many others have rated no mention, no consideration. In March, Indonesia's defence minister made a most unusual public intervention when he publicly expressed concern that the Rudd government may be putting too much stock in its relationship with China to the detriment of its links with near neighbours.

As our strongest friend in Asia, and our largest export market by a country mile, the only question the Japanese wanted answered when the Prime Minister took office after 24 November was: would he visit Tokyo before Beijing? Here is a man who is supposedly enormously experienced in the region and in international affairs. He understood the implications of not only not going to Tokyo before Beijing but ignoring the Japanese government and the Japanese Prime Minister for 5½ months, despite taking highly provocative action against whaling, despite receiving an invitation to the G8 summit and despite all sorts of other issues—ignoring all of those overtures from Japan. The Prime Minister must have understood the implications of his actions. For Mr Rudd to then spend four days in China on a 17-day world tour and not find one hour to visit Japan caused a great loss of face in Japan. He must have understood this. He knows these things. It was an act of diplomatic stupidity or, the more I look at it and try to search for explanations the more it seems an act of diplomatic perversity.

No doubt this action will serve to undermine Japan's sense of confidence in its own position and in its relationship with Australia. It has set back our relationship a long way. This is our closest friend in Asia. We have had 50 years of a most extraordinary relationship with this country, Japan. And with six months of, in my view, ignorance, the Prime Minister of this country has severely undermined that relationship. Japan also lost face when our Foreign Minister, Stephen Smith, made his offensively worded remarks on the abandonment of the quadrilateral talks between Australia, the United States, Japan and India while in a press conference with China's foreign minister. Can you imagine that? What were they thinking about to put our foreign minister up with the Chinese foreign minister at a time when a

series of actions had made other countries in the region doubt and worry about the China bias? What were they thinking about to put our foreign minister up to announce the unilateral abandonment of the quadrilateral talks? This has worried not only Japan but also India, and it has confused the United States. They wonder what we are on about. This is disturbing. China is of course of great importance to Australia—

Mr Kerr—You wouldn't think so, listening to you!

Mr ROBB—It is called balance; that is what we are talking about. The quadrilateral dialogue of democracies was clearly abandoned to appease China. This is disturbing. China is of great importance to Australia, but we must not be in the position of tugging the forelock to any country. We must not be in that position. Further concerns have been raised in Japan and India and among South-East Asian countries over the lack of meaningful consultation with Australia over the Prime Minister's preference to institutionalise and expand the six-party talks that were originally established to discuss North Korea—expand them to include Australia but not India or Indonesia.

The Rudd government's decision to reverse the former coalition government agreement to supply India with uranium for clean power generation is also a serious snub to India and reduces India's capacity to combat climate change. Its grubby motivation for renegeing on this understanding with India is born purely out of party politics. And that is what they told the Indians—this is just a matter of party politics; this is not about the national interest. Nuclear power generation would be a safe, sustainable and nonpolluting source of energy for India. Clean nuclear power has the potential to meet 35 per cent of all of India's expanded energy needs by 2050.

Yet what do we do with 40 per cent of the world's uranium? We put our heads in the sand. It makes absolutely no sense at all to sell uranium to China and Russia and not to India. And 95 per cent of the people on the other side would believe, accept and agree with that. But, no, party politics says otherwise. Indian government officials have said they were angered by the Rudd government's pathetic hypocrisy on this issue. This issue alone could make Australia a strategically important partner to India, the world's largest democracy and an emerging regional powerhouse. It is the only thing they really want from us, the major thing. It is a big issue.

To date the Prime Minister has offended or ignored most countries in Asia and has failed to present a coherent policy towards Asia other than for China. Even in China, there are growing and persistent concerns about the way in which they are being discouraged from investing in resource projects in Australia. They are getting all sorts of funny signals coming out of Australia. They are being directly told to withdraw applications while this Australian government thinks about it. It is another watching exercise. But this is a dangerous situation.

The Howard government demonstrated that Australia could simultaneously deepen and broaden all of these relationships. The Rudd government has a regional repair job to do, and has to do it fast. The Prime Minister should start tonight, in his address to the Asia Society annual dinner, and acknowledge the damage his 5½ month snubbing of Japan has done—(*Time expired*)

Mr McMULLAN (Fraser—Parliamentary Secretary for International Development Assistance) (3.40 pm)—It is a pleasure to have the opportunity to participate in this discussion, but it is a rather strange piece of timing by the shadow minister that leads me to do so. After all the time

that the parliament has been sitting, we get an MPI from the shadow minister for foreign affairs when he knows that both the cabinet ministers in the portfolio are overseas. It does not give great confidence in his capacity to lead the discussion. But we are quite happy to take it on.

There is another very interesting element in how this MPI came about. I think that if the Speaker did a forensic assessment he would find that there is actually an old signature overwritten and the member for Goldstein's put in its place. I am sure that when I was on the tactics committee for the opposition we drafted exactly the same thing. We must have left it behind in the tactics committee room and they found it after all this time and thought, 'Oh, that's a good idea,' and Andrew signed it and sent it in!

What it describes, if you take a step back 12 months, is the situation of foreign policy failure in this region by the previous government which we have taken six months to fix. I noticed of course that, while the MPI refers to the Asia-Pacific, the shadow minister did not mention the Pacific once. It is not surprising. Our relationships with all the countries in the Pacific were in chaos. I will leave my colleague the Parliamentary Secretary for Pacific Island Affairs to deal with that in greater detail, but they were in chaos. And we have taken a long time to start to turn around the damage that was done by the arrogance, ignorance and incompetence of the previous government.

It has taken us six months to repair a large number of our international relationships. It did not take us very long because we started by signing the Kyoto protocol, which changed the perception of countries in our region about our willingness to carry our share of the burden and participate. It did not take us very long because, apparently unbeknownst to the shadow minister, the Prime

Minister made his first overseas visit to Asia to Indonesia and had a very good meeting with President Yudhoyono, who of course he knows quite well. That has substantially enhanced the character and standing of our relationship with that crucially important neighbour, Indonesia.

I do not feel the slightest need to be defensive about foreign policy issues when comparing the performance of this government over six months with the 12 years of our predecessors—12 years that included the greatest foreign policy failure of a modern Australian government: the commitment to the war in Iraq and the insidious influence that had on our relationships with countries throughout the region who made their judgements about us by the character of that commitment. I am very proud of the foreign policy progress we have made in the region and more broadly. I want particularly to talk about the relationship with China and the relative capacity of any government to have a good relationship with China at the same time as we have a good relationship with Japan and India.

I want first, though, to go to this extraordinary proposition that somehow or other the previous government was passionately committed to the quadrilateral arrangement and that we no longer are. Strangely, on 9 July last year the then Minister for Defence, Dr Nelson, said that he had assured his Chinese counterpart that Australia was not interested in forming a security pact with Japan, the United States and India as a regional buffer to China. He said:

I have explained the nature of, and basis of, our trilateral strategic dialogue with Japan and the United States. But I have also reassured China that so-called quadrilateral dialogue with India is not something that we are pursuing.

Didn't the leader tell you that is what he said? Hasn't he told you that he said you did not support it? Are you saying that the leader

forgot to tell you that he does not support that dialogue? Then again, on 8 September the foreign minister said—

Mr Robb interjecting—

Mr McMULLAN—He said that in China to his Chinese counterpart. The foreign minister said that expanding the strategic dialogue to include India was not on the table for the moment. 'Nothing like that is going to happen anytime soon; we are looking more in a general sense at progressing the relationship,' he said. Let's get real. That is the position that the previous government held. We think the relationship with all those countries and the capacity to engage in good relations with them is important. I want to start by talking about Japan and then I want to say something about India.

We have, it is true, a very important relationship with Japan. There is no controversy about that proposition. Everybody who has ever engaged in any foreign policy discussion in Australia knows that the relationship with Japan is as fundamental to Australia's future, economically, diplomatically and strategically, as any of our other relationships. We share and continue to share a comprehensive strategic security and economic partnership with Japan, and our relationship with Japan is at a historically high level of substance and intimacy. On 9 April, in his ASPI speech, the foreign minister said:

Japan has been our closest and most consistent friend in our region for many years.

Australia and Japan have many things in common, including our shared values, our democratic outlook and our shared regional engagement.

Japan is a key economic, security and strategic partner of central importance.

It does not actually sound like the minister is referring to a country that we are snubbing or ignoring, and of course six cabinet ministers have visited in the first six months. Very soon the opposition will be complaining that

too many people are travelling. As soon as the figures come out they will be saying, 'Too many people are going around the place,' but today they are saying that there are not enough. Mr Smith has been to Japan twice and he is visiting again in late June. Mr Crean visited very early, in January. Minister Carr, Minister Ferguson, Mr Burke and Minister Wong have visited. The Treasurer is visiting on 13 and 14 June and of course the Prime Minister will visit twice this year, including next week's dedicated bilateral visit as well as the G8 summit in Hokkaido, to which the shadow minister correctly referred and which we regard as very important. We are very pleased to be invited as an outreach partner by Japan and we will enthusiastically respond. We are going there with concrete propositions to put, consistent with the interest which Japan has shown in the relationship by inviting us.

We have also been actively engaged in the relationship with Korea, which I was pleased the foreign minister did eventually mention but to which he gave no serious consideration. I would like, if time permits, to come back to that, but it is a relationship that I regard as underestimated as a key element in our North-east Asian relationship.

I want to turn to the other relationship to which the shadow minister referred at some length—that with India. I feel rather strongly about this because in 1996 we left our relationship with India on an upward trajectory. It was ignored for a decade and then the previous government suddenly decided they might be able to do something—

Mr Robb—That's not true.

Mr McMULLAN—I can tell you why it was on an upward trajectory: I put it there and I left some propositions for the previous Prime Minister to pursue. He did nothing about them. I know that for a fact, because they were propositions which I set down,

invitations which I arranged for him to receive which he never took up. That is not something that I imagined. That is something I know I did on behalf of this country, and I thought it was a useful thing. I was rather hoping it would not be that Prime Minister who took up the invitation, because I was hoping we would win the election, but, when we lost, I was looking forward to Prime Minister Howard taking it up and he never did. I thought it was a very sad event and I feel really disappointed about it. But the relationship was on an upward trajectory, and they were underplayed, underestimated and undersupported for a decade until we saw, shortly after the United States saw it, the fact that we might be able to sell some uranium there. It was never a central element of the modern strategic assessment of the previous government.

If you look at anybody who has taken a sensible analysis of any country's position in the 21st century, particularly Australia's, the key relationships are the North-east Asian relationships that we fundamentally need to focus on and our friends in Asia and South Asia. We finally have to recognise that we are an Indian Ocean country with significant relationships with the countries of South Asia. It has unfortunately been left to us to repair that decade of neglect, and I am determined to do that. It is not going to be built on a one-issue strategy of saying, 'We have a brilliant idea. We're going to sell uranium to India,' which will fail. I think that internationally that was never going to be a successful proposition. But I really deplore the attitude of the previous government to India, and to come now with this bit of cant and pretend that there was some great relationship with India which is being underplayed—

Mr Billson interjecting—

The DEPUTY SPEAKER (Ms AE Burke)—Order! The member for Dunkley will desist.

Mr Billson interjecting—

The DEPUTY SPEAKER—Order! The member for Dunkley is ignoring the chair.

Mr McMULLAN—We have, however, very important relationships to pursue with a whole range of other countries in our region. We have a significant need to enhance our relationship with ASEAN, and I do not think this needs to be a matter of partisan controversy in this country. Everybody in Australia knows that there is no sensible way forward for Australia without good relationships with the countries of ASEAN. I was very disappointed with the early years of the Howard government and its relationship with some of those countries but, by the end, I think we were on a trajectory that was consistent with that which the previous Labor government had and which all governments should maintain.

I am not going to say they did everything wrong. I think they started badly with China and I think they started badly with ASEAN, but by the end they had got back on a trajectory which I thought had some merit. There is absolutely no sign that it is in any danger. There is absolutely no sign that there is some concern in the countries of ASEAN that Australia is not enthusiastically cooperating with them institutionally through the Secretary-General of ASEAN, with whom I have had the opportunity to have meetings directly and who I think is offering very significant possibilities for enhancing Australia's participation in the region and for strengthening the role of ASEAN in the region—which I regard as an unqualified plus.

There is no sign that the governments of Singapore or Malaysia think that the Australian government is not actively engaged in their concerns. And we do have an opportu-

nity, which the previous government did not have, through no fault of theirs, to enhance our relationship with Thailand because the military government has gone and democracy has been restored. We have the capacity to re-establish that relationship and we are actively engaged in that process. So to say that those relationships are on a downward trajectory is entirely a hallucination. There is no evidence for that whatsoever. These are governments with whom we have a very good relationship and with whom we intend to maintain a very good relationship. Most of them are ones where the relationship is already good. In some instances, as with Thailand, for reasons that are understandable and were inevitable, they are going to be substantially improved. However, with regard to the Pacific, we have also been left a record of chaos and resentment which has been substantially improved by the direct intervention of the Prime Minister.

Mr Robb—Have you looked at the \$400 million? Was any of that ours?

Mr McMULLAN—It was lost during your term. If it was ours, you lost it. But, no, clear evidence is that it was not. In fact it was in your term, so I would not go on too much about that. The fact is that we were left a legacy of chaos and resentment which the Prime Minister has gone a long way to improving, particularly through the Port Moresby Declaration and through the establishment of the Pacific Partnerships for Development. If any of our neighbours were to read the speech which the shadow minister just made—and the only saving grace for our diplomatic relations is that none of them will—all the countries of the Pacific would be appalled to find that in a speech about the Asia-Pacific not one country of the Pacific was mentioned. Why would the shadow minister not mention them? Because there is no story to tell. We had cancelled ministerial forum after ministerial forum with Papua

New Guinea because we had no ministerial-level relationship—none at all. That is not a controversial statement; that is simply a statement of fact. There had been none; they had been cancelled. We needed to do a lot of hard work to restore our relationship with all the countries in our region. The Prime Minister has transformed our relationship in a positive manner by the Port Moresby Declaration and by the initiative he took in going to Papua New Guinea and the step he took to build on ministerial relationships. (*Time expired*)

Mr FORREST (Mallee) (3.55 pm)—It continues to amaze me the way that politics interfere with dealing with reality in this place, honestly. The member for Fraser is looking for examples. I would like to recap on some of those and subsequent speakers will do the same. It is worth while to think about Japan as our largest export market and, certainly from a constituent point of view, an important market for the people I represent in this place. It is a fellow Pacific Rim democracy. The relationship has 50 years of experience in its strength. In recognition of Japan's increasingly active role internationally, relationships between our two countries have broadened into a closer strategic partnership in the promotion of peace and prosperity not just in Asia and the Pacific but beyond that. It has included cooperation in disaster relief after the Asian tsunami, peace-keeping operations in Cambodia and East Timor, and direct coordination between our military forces in southern Iraq. To put this strong relationship at risk is just not acceptable. How members of the government can stand here and defend the Prime Minister's snubbing of Japan just beggars belief.

Let us look at Indonesia, an important strategic near-neighbour of ours with a large population. We have put in tremendous cooperative arrangements with this near-neighbour of ours on border security, the war

against terrorism and inter-aid support. To put that at risk beggars belief. It is true that China represents a huge opportunity, not just for Australia but for other countries. It is the fastest-growing economy on the globe, and its rising political and strategic importance is one of the most significant changes that are currently occurring in a global order. To stand here in this place, as the member for Fraser has done, and defend the way in which the Prime Minister has overemphasised our developing relationship with China at the risk of jeopardising our increasingly strong relationships with our Pacific neighbour countries beggars belief.

But maybe I will cling to the fact that perhaps he has recognised his lack of courtesy in not ringing the Japanese Prime Minister about the gunboat diplomacy in terms of the whales. Maybe he has recognised that, because he is off to Japan on Sunday. I would like to put on the record some advice to the Australian Prime Minister on some of the things he might address in restoring any misunderstandings he has created with this important trading partner of ours. He might provide long-term assurances on energy resources to Japan which are commensurate with the strong relationship we have developed in our 50-year partnership. He might get the free trade agreement discussions back on track after downgrading these negotiations. I do not know how he is going to do that when, after perusing the budget documents, I see that valuable funding to achieve those negotiations has been scuttled. But he needs to be mindful of how important that free trade agreement is to the country he is representing.

He might attempt to add real meat to the bones of the historic agreement we made in 2007, the Japan-Australia Joint Declaration on Security Cooperation, and he might explain, as the member for Goldstein has pointed out, why Australia has just unilaterally

ally abandoned the quadrilateral dialogue between Japan, India, the United States and China. The quotation from the member for Fraser is an absolute misrepresentation of the position of previous government members. The need for a regional security arrangement and establishing strong bilateral relationships are entirely different matters. Quotes ought to be kept in context. I am disappointed to hear that from the member for Fraser.

The Prime Minister might give some assurance about resurrecting the Asia-Pacific Partnership on Clean Development and Climate with Japan and other nations on a bilateral and regional basis, given the insult that has been indirectly delivered—and one needs to understand these are cultures that are easily insulted and do not understand the Australian way. He might propose that Japan and Australia mutually agree to initiatives that each country should take to enhance nuclear disarmament in the Asia-Pacific region, and he might explain to Japan what, if any, legal action he intends to take against Japan over this issue of whaling. He needs to explain the ironclad commitment to take Japan to the International Court of Justice rather than the International Whaling Commission and explain to them in a way that does not damage our relationship with this important trading partner.

So far he has indicated that he has a four-day program in Japan and he will focus on shared regional concerns over climate change, regional architecture and regional issues. I hope he concentrates on compensating for the indirect insult he has made by previously not even allowing one day—not even a phone call, as the member for Goldstein has been constantly saying through this discussion—and jeopardising an important relationship. Let us hope he can achieve that early next week and reassure the Japanese that a longstanding and very strong relationship over 50 years will continue.

How he is going to fix the indirect insult to the Indians is going to take even more hard work. To say to the Indian government, 'We just don't trust you,' and tear up a very strong agreement on the export of uranium to India—that has taken years to develop in the interests of the nation's strong economy and mining—will take some explaining. To put that in jeopardy and just tear up all that work, driven by ideology rather than a decent understanding of the arrangements that could be put in place to ensure there are safeguards on where the breakdowns in uranium product ultimately end up—there are very strong and scientifically based rules to achieve that—was a mistake. That insult to the Indians is going to set this nation's economy back, because there is no doubt that, as one of the largest holders of uranium in the world, it is a very important commodity to our economy.

I might conclude my remarks by making reference to my anxiety about the Rudd government's commitment to building on these strong relationships and converting them into strong trading relationships for the benefit of hard-working primary producers of this country. I hope he will recognise the need to have a balance between a pursuit of multilateral forums for trade reform and a parallel policy with respect to the need for bilaterals. We have heard the Minister for Trade vacillating from one side to the other on this. First off, bilaterals to be a minor role, then a balanced role, then a minor role again. Yet last week he is out there beating his chest on the establishment of the FTA with Chile—completely and entirely the work of the previous government. At least I am encouraged that he has recognised that bilaterals have an important role. But bilaterals will not work unless countries have strong, trusting relationships with one another. I will be looking to make sure that the Prime Minister is going to undo his terrible indirect insult to Japan. I

wish him well from Sunday until the end of next week in re-establishing that important relationship.

Mr KERR (Denison—Parliamentary Secretary for Pacific Island Affairs) (4.04 pm)—The member for Goldstein has proposed a matter of public importance, and the terms in which that matter of public importance was proposed were:

The failure of the Government to manage, protect and grow Australia's foreign relationships in the Asia/Pacific region in a balanced manner.

He did not mention the Pacific at all. When my counterpart as the first speaker in this debate drew attention to this the response by way of interjection was, 'We'll leave it to further speakers.' Well, I waited, and the member for Mallee spoke and he has not mentioned the Pacific at all.

Mr Robb—Be patient.

Mr KERR—Be patient? It is plain that the leading speakers who are speaking about this government's approach to the Pacific, to our region, are following what they did in government: ignoring it as an important subject of our foreign policy in this debate just as they did in government for 11 years. They ignored our nearest neighbourhood for 11 years and they are still ignoring it.

The member for Fraser was kind enough, on behalf of the government, to acknowledge that we are not making the case that in the period of the Howard government, and the period in which the foreign minister was Alexander Downer, everything was wrong. But what we do say is that their claim that everything was right is hysterically overblown and their attack on this government—a government that has made the best ever start in terms of restoring credibility to our relationship with our own region—is entirely a fig leaf to disguise the failures that they left behind.

Let us identify those failures. Firstly, they claimed that they held the greatest regard in the international community of any previous Australian government, and yet when they contested a seat on the Security Council, that bid ended in abject humiliation. We take no pleasure from that. We seek that seat ourselves so that Australia can have the status that it ought to have in the international community, but the fact is their bid ended in abject humiliation. Secondly, they put us on the wrong side of the greatest issue of our time: climate change. They refused to sign the Kyoto protocol. They did not adapt to the changing science and they left us in a position where our international credit was reduced because of that. Thirdly, they led us into participation in Iraq on flawed intelligence—the greatest foreign policy blunder of our time—and they followed it up with the mismanagement of the AWB, which traduced our trading relationships that they say are so important to them. Fourthly, they failed to listen to the warnings that were coming out of the Solomon Islands when requests were being made of them for assistance in our own neighbourhood. They did not make small interventions with assistance when required so that when the country collapsed in internal chaos, they had to inject, at a very high cost, military forces and extensive policing that is still ongoing. It needed the cooperation of the whole region to deal with something that could have been dealt with in a much more cost-effective way with an early response to the warnings. I myself took up the issue by writing directly to the then Minister for Foreign Affairs, which the then Minister for Foreign Affairs ignored. And finally, we have a situation where the previous government ignored not only climate change, but they also failed to respond to the growing need to deal with hunger and poverty in our world by not addressing the Millennium Development Goals in a serious

way. They kept our overseas direct assistance program at a tragically low level—0.32 per cent of GDI at the moment. The previous government ignored those issues, but we have committed to increasing it to 0.5 per cent to play our part in making poverty history.

This debate is a hysterically overblown smokescreen ignoring those gaping wounds in the credibility of the former government. And they are attacking us for what? For our key error, articulated as putting a visit to China before a visit to Japan. One country had to be visited first, and I am certain, had the visit been the other way around, we would be hearing quite a different story. But we have had a whole series of meetings with key ministers, with Japan. Our Prime Minister is on the verge of a visit to Japan. What an absurdity to come in here with this timing, this courage, for this debate on foreign affairs. The shadow minister has sat silently, almost mute, in all of these great events that have swirled, and now that the foreign minister is away—speaking and making Australia's representations to conferences about global hunger as food prices go up—and our trade minister has been representing Australia at the World Trade Organisation and is now in the United States discussing trade initiatives with that country, we hear the roar of the mouse. He has the courage to come forward now to say that there is a strategic flaw in what we have been doing in the balance of our relationships in foreign affairs. This government has made the best start ever in rebalancing our relationships with our region and with the global community.

I will now come to my area of specific responsibility. We came to office determined to articulate an alternative approach to Australia's strategic relationship within our own neighbourhood. It is a neighbourhood that has not been mentioned. It is the one area in our global environment where we are, in ef-

fect, the superpower. We can influence events in many other areas, but within our own strategic area we must draw back from the bullying approach that characterised the previous government and use our influence wisely and with restraint. But we do have great influence in our region. And where we have our greatest influence, we hear the greatest silence from the opposition. No effective discussion of what they say is the key rebalancing; it is a rebalancing which we have led. Since the election, the Rudd government has undertaken an intense program of high-level personal contact with our regional neighbours. The Prime Minister's first overseas trip was to Indonesia, to Bali, for climate change discussions. He met the Indonesian President and he met the Prime Minister of Papua New Guinea. Then he went on to East Timor and then to Papua New Guinea and the Solomon Islands. The foreign minister, Stephen Smith, and other ministers—my parliamentary colleague, Bob McMullan—have visited our Pacific neighbours. We have visited Kiribas, Papua New Guinea, Samoa, the Solomon Islands, Tonga, Vanuatu; more visits are anticipated in coming months. We had a very significant meeting in Medang, the most important ministerial visit for years between Papua New Guinea and Australia—one which had been repeatedly put off by the former government. This meeting has rebuilt a relationship that the Labor Party set out in its fundamentals of how we would approach the Pacific in the Port Moresby Declaration. That strategic shift in our focus to recognise the importance of our own region is something that should be recognised by the Australian community.

Next week I am attending the ministerial arrangements that are held between Australia and New Zealand. We are sending across the Deputy Prime Minister with the strongest ever delegation to New Zealand, as it was the strongest ever delegation to Papua New

Guinea. My appointment as Parliamentary Secretary for Pacific Island Affairs demonstrates that our region is the continuing priority for the Rudd government. It was something that the former government simply allowed to slip right off the radar. It permitted bad relationships, bad blood to form—manifested most obviously in the disaster of the Solomon Islands, which evolved under the nose of the former foreign minister despite it being brought to his attention in direct correspondence—and it manifested in the poor relationships that were allowed to evolve between Australia and Papua New Guinea. But we are turning those things around. We have already commenced negotiations with Papua New Guinea and Samoa on new partnership arrangements, and we will soon be commencing discussions with a number of other countries interested in developing Pacific partnership developments with Australia. And the response from our Pacific neighbours to the new Australian government has been overwhelmingly positive. The change in tone has been noticed, and appreciated. Whatever were the motivations of the former government, there is no doubt that under its stewardship—(*Time expired*)

Mr SIMPKINS (Cowan) (4.15 pm)—As a former major in the Australian army and a former member of the Australian Federal Police, I certainly appreciate the opportunity to speak today about the importance of Australia's foreign relations in the Asia-Pacific region. I think there should be no doubt that a nation such as Australia has an important part to play in the region. Stability and economic prosperity are critical to ensure that states in the Asia-Pacific region do not fail. The coalition understands that security does not begin and end at our borders. The prospect of failed states on our doorstep providing soft targets for criminals such as drug traffickers, people smugglers, extremists and

even terrorists is not something we want to contemplate. The intervention by the former government to restore order and stability to a number of neighbouring states is not only morally right but also completely in Australia's self-interest.

It is important to remember that Australia has a history of supporting nations in our region with money, advisers and other resources and aid. That aid should never be provided without accountability. These were principles by which the Howard government operated and which we on this side of the House still stand true on. I recall that earlier this year the Prime Minister made some disparaging remarks about the Howard government's foreign policy stance with Papua New Guinea. I ask members to recall that elements within the government of Papua New Guinea put up barriers to the assistance of the Australian Federal Police. Elements within the government helped the fugitive Julian Moti escape justice on a PNG Defence Air Force flight. They have resisted the accountability conditions attached to Australia's foreign aid payments. I note that it has recently been reported that \$400 million is missing from the government of PNG's finance department.

The Prime Minister has put aside all these points of accountability and responsibility—instead sacrificing important principles of 12 years of highly effective regional foreign relations, all to score a political point. The Prime Minister might think it useful to try to demonstrate a new relationship with the government of Papua New Guinea where a photo opportunity is more important than an effective foreign policy. But, while the government ignores accountability requirements, money is going missing in PNG, and their people are there suffering. This is not good for regional stability and it is not good for the confidence of the people of PNG in de-

mocratic processes. They want their government to serve them and not narrow interests.

Mr Kerr interjecting—

Mr Billson interjecting—

The DEPUTY SPEAKER (Ms AE Burke)—Order! Would the members at the table desist. The member is trying to give his speech. Member for Dunkley, if I have to tell you again, you will be out of here!

Mr SIMPKINS—The Prime Minister's soft, uncritical approach to the government of PNG serves no interest but the government's. While the Prime Minister struts the world stage with Jeeves in tow, following closely behind, we have so far seen little regional involvement, but what we have seen has been ineffective and counterproductive at best. This is in stark comparison to the approach of the Howard government and of the member for Mayo, who were there for the people of East Timor in 1999 and again in 2006. The former government acted decisively with troops, armoured vehicles, ships, financial aid and technical advice. In the Solomon Islands, who was it that stepped in with the Regional Assistance Mission to the Solomon Islands, RAMSI? That is about safety and security, but it is also about repairing the machinery of government, and a critical aspect of that is the requirement for economic governance.

I worry for the people of the Solomon Islands if the Rudd government adopts the same approach that it took with Papua New Guinea. I worry that the Rudd government will choose the photo opportunity of big smiles and mutual backslapping ahead of what is necessary—a critical assessment of economic governance. Nations that have no economic stability and nations where the people have no confidence in democratic processes are nations that are at risk of failure. They are nations at risk of takeover by extremists and fanatics. The former govern-

ment worked with many of the nations of the Asia-Pacific region to lock in strong democratic principles and effective economic governance arrangements.

With the examples of the Rudd government's soft and uncritical approach to regional foreign affairs we have perceptions of progress. Above all, we have a clear and present failure of the government to manage, protect and grow Australia's foreign relations in the Asia-Pacific region. If we do not get it right now, we will end up going backwards in the future and possibly into more dangerous environments. *(Time expired)*

Mr MARLES (Corio) (4.20 pm)—The motion moved by the member for Goldstein in this debate is one of such hypocrisy that even the member for Mayo might be blushing. Here they are raising the whole issue of the Asia-Pacific region when they, in government, had only one foreign policy iron in the fire, and that involved a direct beeline north-east beyond the Pacific to the United States of America. We need a little bit of a reality check here. The fact of the matter is that China is actually important. It is now our biggest overall trading partner, and it is growing. It will, in time—in all likelihood—become the largest economy on the planet, and it is shaping our own economy. It is right that we place a focus on it. But placing a focus on China has not stopped us from having relationships with our other Asia-Pacific partners with a much greater intensity than the Howard government ever did. The Minister for Foreign Affairs, in one of his first major statements to the Australian Strategic Policy Institute, said in relation to Japan—if you have a concern about Japan:

Japan has been our closest and most consistent friend in our region for many years.

You do not get clearer than that, and you do not get clearer than the volume of ministerial traffic which has been going up to Japan

since the Rudd government was elected into office. You can see similar activity in relation to India, where there is the pursuit of a free trade agreement. You can see similar activity in relation to Indonesia.

When the other side of the House talk about Asia, they completely forget the Pacific—that is, except for the member for Cowan, who has taken the opportunity in this debate to talk about the Pacific in a way to give Papua New Guinea another kick. That only follows on from the legacy of the Howard government. The Howard government took our relationship with Papua New Guinea to its lowest ebb. The only thing they did that was going to be of any use at all was to take police up there, and that initiative fell on its face because of heavy-handed diplomacy. They did not pursue a relationship with Papua New Guinea as equals pursuing a common agenda; they pursued it as Australia acting as superiors seeking to dictate to Papua New Guinea our own agenda. As a result, we saw our ministerial council—our most important bilateral forum with that country—fall into a state of disrepair.

The member for Goldstein is sitting there and in his heart of hearts he is thinking: ‘This is actually about Japan and India. Who cares about Papua New Guinea?’ Let me tell you that Papua New Guinea is our closest neighbour. It is a country which is larger than New Zealand. It has an appalling law and order problem and appalling health problems. It has the lowest life expectancy of any country in the world outside of Africa, and I would think the consequences to our country if that nation fails would be obvious. It is with little surprise that there is a joy to our north about the renewed relationship that they have with Australia through the Rudd government. One of the first prime ministerial visits was to Port Moresby in March, when the Port Moresby Declaration was established—articulating shared goals and re-

sponsibilities. We now have the ministerial council up and running and we have a meaningful engagement with Papua New Guinea, and Papua New Guinea has a chance to deal with its problems. At the end of the day we do have a strong voice in the Pacific. The rest of the Asia-Pacific region look to what we say with that voice and the manner in which we exercise our voice. The rest of the Asia-Pacific region looks to us, and they judge us on how we perform in our most immediate region.

Let us be absolutely clear. The Liberal Party made one contribution to policy in the Pacific, and that was the Pacific solution. The Pacific solution set back our relationships with our Asia-Pacific partners by a generation. Labor has a proud record in its engagement with the Asia-Pacific region, stemming right back to Curtin and Chifley projecting into Asia after the Second World War, to Whitlam’s engagement in China and to the Hawke-Keating government seeing our economic future in the Asia-Pacific region. That is where Labor stands. Labor cares about the Asia-Pacific region but understands that, in order to succeed in Asia, we have to care about the Pacific, and Labor intends to do both.

The DEPUTY SPEAKER (Ms AE Burke)—Order! The discussion is now concluded.

**SOCIAL SECURITY AND OTHER
LEGISLATION AMENDMENT
(EMPLOYMENT ENTRY PAYMENT)
BILL 2008**

Second Reading

Debate resumed from 29 May, on motion by **Ms Gillard**:

That this bill be now read a second time.

Mr BILLSON (Dunkley) (4.25 pm)—Madam Deputy Speaker, thank you for your forbearance. The Social Security and Other

Legislation Amendment (Employment Entry Payment) Bill 2008 is a fascinating piece of legislation. My friend and parliamentary colleague the member for Boothby could no doubt elucidate in a more erudite way than I on what the bill is actually about. I thank the clerks for passing me some material that I can work with. The employment entry payment, which I understand was available primarily for disability support recipients—and please jump in any time, colleagues, if I am misunderstanding the nature of the payment—was introduced some time ago to assist with the costs of taking up employment. That is probably why it was called the employment entry payment. It has been there since 1989. It was designed to give particular assistance to those who were experiencing some barriers to gaining employment, such as those with special employment circumstances. You will have seen some, I suppose, evolution of the idea through the Howard government years, with the training credit accounts and other support that has been available. I particularly liked the measure that saw our apprentices able to be assisted with their tools. Those tool vouchers have been extremely well supported.

We have before us today a bill that I believe the government is advancing to give effect to a budget decision to axe the employment entry payment, which according to the government will save a little under \$61 million over five years. This bill is something that I am sure the member for Boothby would have a lot more to say about than I do. I wonder whether it might be appropriate if, with the consent of my colleague across the table, I defer for a moment and invite the member for Boothby to add his comments. I seek the indulgence of the House to invite my colleague to conclude these remarks if that would be appropriate.

The DEPUTY SPEAKER (Ms AE Burke)—I thank very much the member for

Dunkley for assisting the smooth procedures of the House.

Mr Fitzgibbon—Madam Deputy Speaker, I intend to be extremely generous and allow this transition to occur. While I am on my feet, I am trying to think of a precedent for this. In my 12 years in this place, I do not recall this happening. I will allow it to happen on this occasion, but I do so without prejudice and indicate to the opposition, that it is not a practice we would be looking to tolerate in the future.

The DEPUTY SPEAKER—I thank the minister.

Mr Billson—I thank the Minister for Defence and suggest the parallel of an AFL footballer being awarded a free kick but not being able to take it and instead passing the ball to the colleague nearest to the point of play.

The DEPUTY SPEAKER—I thank the member for Dunkley and call the member for Boothby, so we can proceed smoothly with the business of the House before us.

Dr SOUTHCOTT (Boothby) (4.28 pm)—I move:

That all words after “That” be omitted with a view to substituting the following words:

“whilst not declining to give the bill a second reading, the House:

- (1) notes that the Australian Labor Party opposed the repeal of the employment entry payment in 1996 and 1999;
- (2) recalls that the Member for Lilley said in March 1999 that removing the employment entry payment would put ‘up a roadblock for people to move from welfare to work’;
- (3) notes that recipients of the Disability Support Pension and recipients of Newstart Allowance and Youth Allowance with a limited work capacity who move into work will not receive the \$312 payment in future;
- (4) notes that recipients of Carers Payment, Mature Age Allowance, Youth Allowance, New-

start Allowance, Special Benefits, Widow Allowance and Parenting Payments who move into work will not receive the payment of \$104 in the future;

- (5) calls on the Government to release the numbers of recipients of income support payment who will be affected by this measure; and
- (6) calls on the Government to indicate what impact this decision will have on workforce participation”.

The Social Security and Other Legislation Amendment (Employment Entry Payment) Bill 2008 repeals the employment entry payment, which is currently given to job seekers who gain employment after 12 months or more of unemployment. It provides a payment of \$104 to job seekers who are in receipt of an eligible Centrelink payment. Job seekers who are in receipt of a disability support pension or who have a partial work capacity and are on Newstart or youth allowance may be eligible for the higher rate of \$312. These payments can only be claimed once in a 12-month period.

We have to say that the Labor Party have had a change of heart on the employment entry payment because they did oppose the repeal of the employment entry payment in 1996 and 1999. The member for Lilley, now the Treasurer, said on 9 March 1999 that the employment entry payment was a measure ‘which encourages the movement from welfare to work’. The current Leader of the Opposition, also on 9 March 1999, said, ‘We should be about encouraging people in employment rather than imposing additional burdens upon them.’ The current Minister for Families, Housing, Community Services and Indigenous Affairs again was vocal in opposing taking away the employment entry payment. All of these payments were introduced to assist people into employment.

The Labor Party is saying one thing in opposition and another thing in government. We also see that people who move from a

disability support pension into work will now not be getting \$312 to assist them with whatever they like—transport, clothing. That will be taken away on 1 July 2008 and will be replaced with nothing—so much for the compassion of the Australian Labor Party. This has been replaced with nothing. This is simply a savings measure.

The opposition raised some questions in Senate estimates to find out how many people will lose the \$312 payment and how many people will lose their \$104 payment. The department was unable to provide an immediate answer but has undertaken to provide an answer on notice. The people who will be most disadvantaged by this decision will be those in receipt of a disability support pension who are enrolled with a Disability Employment Network provider. And, like job seekers engaged with the Job Network, these job seekers have no access to the job seeker account, money which can in essence be used for a similar purpose to the employment entry payment.

We are in the position where something is being removed from income support recipients and we do not yet know, in some of these cases, what it will be replaced with. Certainly from 1 July 2008 to 1 July 2009 it will be replaced with nothing and there will be no additional compensation available for these people. This is \$60 million coming straight out of the pockets of people on disability support pension, parenting payment, carers payment, widows allowance and so on. The opposition has moved an amendment to note:

- ... that the Australian Labor Party opposed the repeal of the employment entry payment in 1996 and 1999;
- (2) recalls that the Member for Lilley said in March 1999 that removing the employment entry payment would put ‘up a roadblock for people to move from welfare to work’;

- (3) notes that recipients of the Disability Support Pension and recipients of Newstart Allowance and Youth Allowance with a limited work capacity who move into work will not receive the \$312 payment in future;
- (4) notes that recipients of Carers Payment, Mature Age Allowance, Youth Allowance, Newstart Allowance, Special Benefits, Widow Allowance and Parenting Payments who move into work will not receive the payment of \$104 in the future;
- (5) calls on the Government to release the numbers of recipients of income support payment who will be affected by this measure; and
- (6) calls on the Government to indicate what impact this decision will have on workforce participation”.

With those remarks, I thank the House.

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

Mr Byrne—The amendment is lapsed.

Mr Somlyay—I second the amendment.

The DEPUTY SPEAKER—The amendment is seconded. The original question was that this bill be now read a second time.

Mr Byrne—Mr Deputy Speaker, I rise on a point of order. The amendment was not seconded. As you know, there was no-one in the House when there was a call for a seconder of the amendment and a speaker was on his feet. Therefore, I say, the amendment lapses.

The DEPUTY SPEAKER—I was calling for a seconder to the amendment. I called twice. I did pause. The amendment has been seconded.

Mr BIDGOOD (Dawson) (4.35 pm)—I hear what the member for Boothby has to say, but I will categorically reject each and every point. Past evaluations of the employment entry payment scheme have indicated that it does not appear to have been a major factor in influencing the person’s decision to

take up work. There have also been changes to the incentive structures of the income support system and the tax system subsequent to the implementation of the employment entry payment in 1989 which mean that the assistance it provides is largely duplicated. The government is simplifying the assistance available to job seekers. This includes not only reducing the overlap and duplication in financial assistance but also building a better employment services system. Under the new employment services model, an Employment Pathway Fund will be available to job seekers. This will be able to be used to assist people with the cost of entering employment.

Other measures introduced subsequent to the last time Labor opposed the abolition of the employment entry payment in 1999 mean that now this specific form of assistance is not necessary. These include the special employment advance of 1999, the job seeker account of 2001 and working credit of 2003—all of which provide financial assistance to smooth people’s entry into work. In addition, the government is introducing a new and improved employment services model for assisting job seekers into work.

I would like to take this opportunity to say that, consistent with its theme of responsible economic management, this government has identified a number of programs that were inefficient, wasteful or largely duplicated elsewhere. The employment entry payment is one such scheme. The employment entry payment was initially introduced in 1989 to assist with the cost of taking up employment. Since then, three other schemes have been introduced which provide similar or better assistance and which are more flexible in their application. These are the special employment advance, the job seeker accounts provided via the Job Network, and the working credit. Further improvement will be implemented under the new employment services model.

The Social Security and Other Legislation Amendment (Employment Entry Payment) Bill 2008 will repeal the employment entry payment, effective from 1 July 2008. Removal of the payment will simplify the assistance available to those commencing work, particularly in relation to the complex interactions now in place between the employment entry payment and the special employment advance; will realise savings of \$60.8 million over five years; and will deliver on the government's commitment to responsible economic management.

Mr BRENDAN O'CONNOR (Gorton—Minister for Employment Participation) (4.39 pm)—I rise on behalf of the Minister for Employment and Workplace Relations to sum up the debate on the Social Security and Other Legislation Amendment (Employment Entry Payment) Bill 2008. I was watching the monitor in my office and I was trying to work out what was going on with the amendment moved by the member for Boothby. I understand there was not a seconder immediately but a seconder was found in time—or the Deputy Speaker was using his discretion to assist the opposition!

The Social Security and Other Legislation Amendment (Employment Entry Payment) Bill 2008 will repeal the employment entry payment, effective from 1 July this year. The employment entry payment was introduced to assist with costs associated with taking up employment. Subsequent measures have been introduced that mean that this type of assistance is duplicated. These include the special employment advance, the job seeker account and the working credit. These schemes also provide financial assistance to aid the transition to work.

Removal of the employment entry payment will simplify and reduce overlap and provision of financial and other assistance to income support recipients moving into em-

ployment. The measure reduces the duplication in the provision of assistance to job seekers and helps deliver on the government's commitment to responsible economic management. I commend the bill to the House.

The DEPUTY SPEAKER (Hon. BC Scott)—The original question was that this bill be now read a second time. To this the honourable member for Boothby has moved as an amendment that all words after 'That' be omitted with a view to substituting other words. The question now is that the words proposed to be omitted stand part of the question.

Question agreed to.

Original question agreed to.

Bill read a second time.

Third Reading

Mr BRENDAN O'CONNOR (Gorton—Minister for Employment Participation) (4.42 pm)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

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

Second Reading

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

That this bill be now read a second time.

Dr NELSON (Bradfield—Leader of the Opposition) (4.43 pm)—We believe in the equal right of every Australian citizen to be treated with dignity and respect. We believe that all must have an equal right to lead their lives in their own way, according to their own choices and their own decisions, so long as they respect the equal right of all others to do the same. We believe that every Austra-

lian is equally entitled to a fair go, regardless of who they are, where they live or whether their parents were rich or poor. They are entitled to equal treatment regardless of the colour of their skin, the god whom they worship, if any, the political beliefs which they hold, their gender or professed sexual orientation.

The opposition, therefore, supports in principle the stated purpose of this legislation to 'eliminate discrimination against same-sex couples' in the nine pieces of Commonwealth legislation which are subject to this bill. These deal with superannuation and related matters in respect of Commonwealth public servants, members of the defence forces, parliamentarians, judicial officers and other Commonwealth officers who are in permanent, bona fide domestic relationships with partners of the same sex.

I point out that our side of politics has a long record in ending laws which discriminate against homosexual people. We do well to remember that it is only a generation ago, within the memory of many members of this House, that not only was there no antidiscrimination legislation but even the private sexual conduct of homosexual people was treated as a crime.

The first occasion of law reform in this area occurred only 36 years ago, in 1972, when a Liberal member of the South Australian parliament, the late Murray Hill, the father of former senator Robert Hill, introduced and secured the passage through the parliament of a private member's bill decriminalising homosexual acts between consenting adults. All of the Australian states and territories followed suit over the course of the following two decades, but the path-breaking initial reform was brought about by a member of my own party. When this chamber debated the decriminalisation of homosexual conduct for the very first time

on 18 October 1973, it was on a motion moved by another great Liberal, in fact a former Prime Minister of this country, Sir John Gorton.

The Liberal Party yields to no-one in its historic commitment to reform in this area. For us, it is not about tolerance, which implies a reluctant acquiescence to acceptance; it is about respect—the respect for the rights and dignity of every person unless, in exercising those rights, they diminish the rights of others. But, in supporting the principle behind this bill and its basic stated intention, it is absolutely essential that we do not turn this debate into something that it is not. In giving our in-principle support to this legislation, I make it very clear what the opposition is not supporting. We do not and will not support any change to or devaluation of the traditional status of marriage as the foundation, indeed the bedrock, of our society. In fairness to the Attorney-General, I do not at this point consider that this is his intention, but it may be a consequence. Acceptance that people who live in a permanent domestic same-sex relationship should be treated the same in relation to superannuation benefits as people living in a permanent domestic opposite-sex de facto relationship must not be allowed under any circumstances whatsoever to devalue the traditional status of marriage as being between a man and a woman. The opposition does not accept that there is either a legal or a moral equivalency between such relationships and that of marriage.

That is not to treat such relationships with disrespect. It is merely to make the point that marriage is a unique institution which, in one form or another, has been the foundation stone of every civilised human society, whether modern or ancient. It is a relationship which by its very nature can only exist between people of opposite sexes, and it remains the surest and most stable relationship for the nurture and upbringing of children.

To recognise the unique and intrinsic status of marriage is not to treat the relationship of same-sex partners with disrespect, just as to abolish unfair discrimination against same-sex partners is not in itself to devalue the institution of marriage. It is to accord the proper and appropriate treatment to different relationships which are of a fundamentally different character. The opposition is concerned about some of the language in the bill. In particular, the repeal from existing acts of the expression 'marital relationship' and its replacement by the austere and clinical expression 'couple relationship' might have that perhaps unintended effect. Those who value the traditional institution of marriage as highly as we do on my side of politics are alarmed to see marital relationships reduced to being one among several classes of permanent domestic relationships along with the same-sex and opposite-sex de facto relationships. Protection of the unique status of traditional marriage starts with preserving its explicit recognition in our statutes. A misguided change in this legislation has the potential to encourage similar dilution of the language of marriage into other acts of the parliament—and if that is the case we will certainly move to have this amended. We will steadfastly oppose this.

The opposition is also concerned at the way in which the bill defines children who may live in same-sex households. Of course we accept that nothing should be done—absolutely nothing—to discriminate against a child who happens to grow up in such a household when it comes to the circumstances in which he or she may be entitled to a superannuation benefit on the death of a parent. Conversely, we need to ensure that children who grow up in such households do not enjoy rights which are unavailable to other children who grow up in de facto heterosexual households. Equal treatment of children is just as important a value as equal

treatment of the partners in those relationships.

Finally, as I said when the Attorney-General foreshadowed this legislation on 30 April this year, the opposition will not support—in fact we will resolutely oppose—any measure which might open the door or otherwise give legitimacy to gay adoption, gay IVF or gay surrogacy.

At the start I spoke about the importance of treating every human being with dignity and respect. That is the principle which in the end underlies all varieties of antidiscrimination laws, including in this bill. Yet in pursuing law reform in this area we must be very careful to avoid the trap of creating new inequalities by according economic recognition to the status of some types of relationships but leaving others unrecognised.

This bill opens the door on the whole question of the proper treatment of all kinds of interdependent relationships outside marriage. There is an infinite variety of circumstances in which two people who are not married to one another might nevertheless decide to live their lives together. Not all of those relationships are sexual, nor is it any of society's business whether or not they are. The key characteristics are that they are co-dependent, exclusive and are intended or at least are expected to be permanent. Most importantly of all, they are founded on a deep, mutual commitment to one another and love of a platonic kind.

A common example is of two unmarried sisters who decide to live together as a household and do so throughout all of their adult lives. Should they not have the same rights in relation to property, taxation and superannuation as two gay people who decide to do the same in a sexual relationship? What of a woman who gives up the opportunity of marriage and children to spend her entire life looking after an invalid brother?

There are many kinds of such relationships. We have all seen them amongst our constituents, and I have certainly seen them in my life as a medical practitioner.

There is, in the opposition's view, a strong argument for giving those relationships as much recognition and respect as we give to same-sex relationships. In our view, just as same-sex couples should not be discriminated against, so too they should not be accorded a recognition and status denied to other permanent, domestic, non-marital relationships. This has been the course followed by some of the states—in particular, Victoria and Tasmania. It is a course which commends itself to the opposition.

We should not deal with one set of injustices by creating others. Accordingly, while not denying this bill passage through the House of Representatives and, as I have said, while supporting the anti-discriminatory principles behind it, it is the intention of the opposition to refer the bill to the Senate Standing Committee on Legal and Constitutional Affairs to examine the various matters of which I have spoken.

Further, I note that the opposition has been advised via the office of the Attorney-General, for which we are grateful, that there is another, much larger omnibus bill to be introduced into the House of Representatives shortly which deals with all other areas of discrimination against homosexual people in Commonwealth law and, in particular, gives effect to other recommendations of the Human Rights And Equal Opportunity Commission's *Same-sex: same entitlements* report of May 2007. The opposition had expected to see the bill before now but evidently there has been some delay in its preparation, and I can understand that. It is important that this matter not be dealt with in a piecemeal way but be considered as a whole. I therefore foreshadow that it is the intention of the op-

position to refer this additional bill to the Senate Standing Committee on Legal and Constitutional Affairs as well so that the whole issue of the elimination of unjust economic discrimination against same-sex partners and the potential expansion of the reach of anti-discrimination laws to other categories of interdependent relationships can be considered together. To do otherwise would be to abrogate our responsibility as legislators to carefully examine and fully understand the consequences to society of the decisions that we will ultimately make.

This is not a delaying tactic. If there has been a delay, it has been on the part of the government in not introducing the omnibus bill before now. But if we in this parliament are to embark on this major piece of law reform—as we should, in principle—which, as I have said, has the opposition's in-principle support, we must get it right. It is more important that this be done properly than it be done immediately, whilst recognising that it is time for justice to be done.

It is also important that we bring the whole community along with us and in doing so respect the legitimacy of views that are held with great conviction by those at either end of this debate. No Australian should pay a dollar more in tax or receive a dollar less in support by virtue of his or her sexuality. That is the principle for which we stand which needs to be addressed.

It is time to address economic injustice but, in doing so, we must not—indeed, we will not—through indifference, neglect or undue haste allow legislation to pass that undermines the institution of marriage in any way or that possibly has unintended consequences for the treatment of children in same-sex relationships. This bill alone will not end injustice on the basis of sexuality. But if we get it wrong, we may create other injustices and do great damage to the institu-

tions and values that define who we are and which built a resilient society.

On behalf of the opposition, therefore, I move:

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

- (1) affirms its commitment to the central importance of the institution of marriage to Australian society;
- (2) recognises that partners to permanent interdependent domestic relationships other than marriage (including, but not limited to, same-sex relationships) ought not to be discriminated against in relation to their financial affairs; and
- (3) notes that the Opposition will refer the bill to the Senate Legal and Constitutional Affairs Committee with a view to ensuring that, in removing discrimination against people in same-sex relationships:
 - (a) the centrality of marriage is not devalued, whether by the use of inappropriate statutory language or otherwise;
 - (b) the rights and status of children are properly protected; and
 - (c) the rights and status of people in interdependent relationships other than same-sex relationships are recognised and properly protected”.

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

Mr Pyne—I second the amendment and reserve my right to speak.

Mr BUTLER (Port Adelaide) (4.59 pm)—In the government’s view, the truest measure of a genuinely enlightened society is how we treat difference and diversity. The history of humanity is riddled with prejudice and discrimination and I, like many members in this House and in the other place, have been fortunate to have lived during a period which included the most significant advances in this respect in the history of humanity. We

have seen, if not the entire elimination of discrimination, at least the beginnings of a serious fight against discrimination on the grounds of race, gender, religion, political belief and a number of other historical grounds of prejudice and discrimination. But discrimination on the grounds of sexuality or sexual preference remains a deep and continuing problem in our society. It remains a stain on the soul of this nation. The Same-Sex Relationships (Equal Treatment in Commonwealth Laws—Superannuation) Bill 2008 is a watershed in addressing discrimination against homosexuals and discrimination on the ground of sexual preference. It follows on from significant action in recent years by a number of state governments. In my own state of South Australia, legislation passed in the last couple of years now allows a same-sex partner visitation rights to the hospital to visit their sick partner as of right. Before the legislation passed in South Australia, a same-sex partner would not have been able to collect the remains of their dead partner from the morgue and would not have had the next-of-kin rights in relation to funerals and other post-death arrangements.

Unfortunately, though, as we know, the key levers in this area, as in so many others, lie with the Commonwealth, and the last government simply chose not to act. There was the glimmer of hope in May 2004 when the then Prime Minister, at a press conference, said that same-sex partners should have the same superannuation rights as married couples. One week later, every single member of the then government voted against a motion by the then opposition to introduce legislation to put that statement into effect. The present Leader of the House, the member for Grayndler, first moved a private member’s bill to establish these same-sex superannuation rights in 1998, and he has moved that private member’s bill on several occasions since. On every single occasion,

he was opposed by every single member of the government.

As happens so often, the Human Rights and Equal Opportunity Commission cast a very great public spotlight on this problem. In the Human Rights and Equal Opportunity Commission report in 2007 entitled *Same-sex: same entitlements*, it was revealed that 58 pieces of legislation of the Commonwealth parliament discriminated against same-sex partners and children of same-sex partners. Those pieces of legislation involved breaches of a number of our international obligations, including the rights of children under various UN instruments. This was the result of very wide-ranging public consultations and 680 written submissions. The report was of almost 500 pages, but there is a community guide available, which I commend to everyone. It is short and very readable and contains some very stark examples of the discrimination that some 20,000 same-sex couples and their children in Australia face every day—discrimination at the hands of legislation of this parliament. For example, in the area of Comcare, the same-sex partner of a worker covered by that scheme is not entitled to lump-sum workers compensation death benefits as is the case with other couples. I could go on and illustrate many other examples, but I will not for the sake of time.

As an election promise for last year's election, the Labor Party made a commitment to implement all of the recommendations of the HREOC report, and this bill starts that process. Indeed, after the election the new Attorney-General conducted an audit of Commonwealth legislation that revealed 47 additional instances of discrimination against same-sex partners. Those will be part of the program that this government has to remove this stain of discrimination.

The first phase of this phased approach, though, is to deal with the question of superannuation, and the first part of that is a range of reversionary benefits that apply under various Commonwealth superannuation schemes. Now a surviving same-sex partner, or a child of a same-sex couple, will have the same reversionary benefit rights that exist with other couples. The second part of the legislation is to extend tax concessions that apply on death benefits that flow from all superannuation schemes in South Australia—death benefits that would be paid to a same-sex partner or to the child of a same-sex couple when the deceased partner is not a biological parent. These are instances where at present under existing law those people get nothing.

The public support for these proposals is overwhelming, contrary to what the Leader of the Opposition just said. A poll conducted last year in June by Galaxy showed that fully 71 per cent of Australians supported the proposals contained in the HREOC report. For that reason the opposition position, if a bit predictable, is highly disappointing. The referral of this legislation, or any other legislation that seeks to implement the HREOC findings, to a Senate committee simply delays something that has been on the public agenda for years and has been examined in minute detail by HREOC, as I have sought to outline. Time is of the essence in relation to these matters. Same-sex couples and their children have waited too long for this discrimination to be removed from the Commonwealth legislation books. The tax arrangements that would apply if this bill were passed quickly should come into effect on 1 July, and the opposition's position will delay that. Every death that takes place from now on before the legislation passes will see a reversionary benefit denied to same-sex partners or the children of non-biological parents in a same-sex relationship.

The second point made by the Leader of the Opposition goes to interdependency—again, a fairly predictable point raised by the opposition. Again, the House has a standing committee which is currently inquiring into interdependency issues. The Standing Committee on Family, Community, Housing and Youth is currently conducting an inquiry into the question of interdependent relationships, and it is more than appropriate, in our view, that that question be considered by that committee. This legislation seeks to deal with a range of family relationships which operate under same-sex couples and are quite different in type from the interdependent relationships outlined by the Leader of the Opposition. The government's position is that those relationships deserve attention and examination but that there is a process in place that will do that and that that process should be allowed to continue.

One of the other aspects of this bill, and the bills that will follow it, that is incredibly important is to make uniform across the nation the way in which same-sex couples and their children can access these newly-won rights. The various bits of state legislation that have passed in this area frankly contain fairly inconsistent approaches to this. The Labor Party's position on this is well known and was taken to the last election. We favour a system of registration based on the Tasmanian scheme and schemes which are either newly in place or soon to be in place in Victoria and the ACT. There is, for example, no such system in South Australia, which has relied instead on a range of qualifying criteria, and it is the view of the government that those different arrangements need to be brought into line.

Again predictably, the Leader of the Opposition's address on this bill contains something of a scare campaign around the sanctity of marriage. Well, the position of the government is quite clear on this point. Our pol-

icy was quite clear before the election and it has been quite clear since. For that reason we have sought to bring in bills that focus, instead, on practical discrimination. The Labor Party has supported changes to the Marriage Act in recent years, and to say that these bills might somehow affect a completely different piece of legislation—the Marriage Act—is to draw a very long bow and to engage in nothing more or less than a scare campaign. To paraphrase HREOC, all that this bill seeks to do is to focus on ensuring that all couples have the same rights, whether or not they are married.

In conclusion can I say that this is the most significant advance in the rights of gay and lesbian Australians since the decriminalisation of homosexuality in the 1970s. This stain has remained on our nation's soul for far too long and it is high time that it is removed. I commend the bill to the House and I urge the opposition to allow it to pass forthwith.

Mr PYNE (Sturt) (5.09 pm)—I welcome the opportunity to speak on the Same-Sex Relationships (Equal Treatment in Commonwealth Laws—Superannuation) Bill 2008. This bill continues the long march towards the removal of unfair discrimination against Australians on the basis of their sexuality. Liberals initiated that march. Murray Hill, a Liberal member of the Legislative Council in South Australia, introduced a bill in 1972 to decriminalise homosexuality in my own state. John Gorton, a Liberal Prime Minister, moved the first motion in the House of Representatives to address homosexual law reform. In 1973 he moved that 'in the opinion of this House homosexual acts between consenting adults in private should not be subject to the criminal law'. This was the first time that any member of this House had tried to address unfair discrimination against members of the Australian population on the basis of their sexuality.

In the previous government, steps were initiated to remove discrimination against people on the basis of their sexuality. Superannuation laws were changed to include same-sex partners as potential beneficiaries of death benefits in certain circumstances. The Income Tax Assessment Act, the Superannuation Industry (Supervision) Act and the Retirement Savings Accounts Act were amended to expand the potential beneficiaries of tax-free superannuation death benefits to include 'interdependency relationships'. These included same-sex relationships.

The momentum occasioned by those changes and the report of the Human Rights and Equal Opportunity Commission in 2007 entitled *Same-sex: same entitlements*, which recommended the amendment of 58 laws that discriminate against same-sex couples, caused me to reach the conclusion that reform in this area would have come no matter the outcome of the election on November 24, 2007.

Recently, in April of this year, the State Council of the Liberal Party of Australia in South Australia, led by the President of the South Australian Young Liberals, Hannah Treloar, passed a policy motion that called on the federal government to introduce omnibus legislation to deal with 58 federal laws that will redefine the terminology used in these laws by inserting a new definition of de facto relationship and de facto partner that is inclusive of same-sex couples. This bill is the first of two bills that will effect that long-overdue reform.

So, the members of the Liberal Party in South Australia, like the rest of the community in general—in all but a handful of cases—have no desire to further an outdated, archaic and discredited view in relation to discrimination against members of same-sex couples. Further, I am glad to be able to say that I speak in concert with the federal plat-

form of the Liberal Party of Australia. That platform condemns 'narrow prejudice' as 'an enemy of liberalism' and commits its members to oppose 'discrimination based on irrelevant criteria'. It is a platform of long standing—hardly the work of a party seeking to entrench the ignorance that would lead anyone to treat another differently because of their sexuality.

As my esteemed colleague the now shadow Attorney-General, Senator the Hon. George Brandis SC, said in a debate in the other place in October 2006:

It is far too late in the day for anyone sensibly to suggest that in Australia there is a place for discrimination against people on the grounds of their sexuality. That attitude reflected the prejudices of a different time and a different age which are now obsolete and must be seen to be ignorant.

I abhor discrimination in all its forms. Discrimination on the basis of ethnicity, religion, gender, disability, age or sexuality is to be condemned. The philosophy of liberalism does not countenance discrimination.

This bill acts in an area which is long overdue: the discrimination that exists against same-sex couples in the treatment of tax and in the payment of superannuation benefits. I congratulate the government for introducing it. It is the first of what I understand are two bills: this one and an omnibus bill that will implement the recommendations of the HREOC report that I have referred to and, besides that, will amend more than two dozen bills.

This bill is supported by the opposition in both its principle and its reach. Like all packages of legislation of great import it is intended that it will be examined by the Senate Legal and Constitutional Affairs Committee in order to ensure it does what the government says it does. The same process has been followed since time immemorial. It is not a delaying tactic any more than the

committee's inquiries into the republic and preamble bills, the amendments to the Australian workplace or the introduction of the new tax system were delaying tactics. With an issue of such importance and magnitude, it would be more unusual if there were not such an inquiry. That said, an inquiry into this bill in particular should be able to be completed before June 30—an outcome that I would welcome.

The opposition would like to see the definitions in this bill refined to clearly encompass bona fide interdependent domestic relationships. To me, the bill does not rise or fall on this point, but it would properly recognise that, from a financial and property ownership perspective, ensuring clear definitions in the bill that included bona fide interdependent domestic relationships would benefit many households that encompass many of the hallmarks of same-sex couple relationships. Some of these have been outlined by the Leader of the Opposition.

There are some who seek to characterise support for this bill as a diminution of support for the family unit. This is a false dichotomy. The family is a robust unit in our society. It is in no way threatened. It does not need to be buttressed by diminishing the rights of others. Do these people who make such a claim believe that the family unit will be threatened because discrimination in superannuation and pension schemes based on sexuality is to be removed? Of course it will not be threatened. In a wider sense, fellow Australians with a same-sex orientation do not suddenly cease to be members of a family—they are brothers, sisters, sons, daughters, neighbours and friends. In some cases they are fathers and mothers. In the modern era everyone has an equal part in making our society great. Removing discrimination is far from controversial; it is overdue.

This bill amends the superannuation and pension schemes under the Defence Forces Retirement and Death Benefits Act 1973, the Defence Forces Retirement Benefits Act 1948, the Federal Magistrates Act 1999, the Governor-General Act 1974, the Judges' Pensions Act 1968, the Law Officers Act 1964, the Parliamentary Contributory Superannuation Act 1948, the Superannuation Act 1922 and the Superannuation Act 1976. It also amends five regulatory superannuation and taxation acts. It is a precursor to the second bill, which will come in the next session of this parliament, which will be more far-reaching in its elimination of discrimination. Currently, the same-sex partner of a beneficiary in a Commonwealth defined benefit superannuation scheme and the children of that relationship are not entitled to direct access to reversionary death benefits on the death of the beneficiary. To change that position, the bill amends the acts to replace 'marital relationship' with 'couple relationship' and 'husband', 'wife' and 'spouse' with 'partner'. A couple relationship is defined as having existed when a person ordinarily lived with another person as their partner on a permanent and bona fide domestic basis. To establish such a relationship requires evidence that: the person was wholly or substantially dependent on the other person at the relevant times, they were legally married to each other, they had a child or had adopted a child during their relationship, they had jointly owned a home which was their usual residence or the relationship was registered under a prescribed law of a state or territory as a prescribed kind of relationship—in other words, a relationship not unlike the current definition of a de facto relationship in law. There is some suggestion that a non-sexual interdependent relationship may qualify as a couple relationship under this definition. This is a matter to be properly inquired into by the Senate Standing Committee on Legal

and Constitutional Affairs, if the Senate should decide to make such a reference to that committee.

In relation to children, the amendments define the child of a couple relationship as: a child born of a couple relationship, a child adopted by the people in the couple relationship during the period of the relationship or a child who is the product of the relationship. For a child to be the product of the relationship, the child must be the biological child of at least one person in the relationship, conceived using the gametes of one party to the relationship or the birth child of a woman in the relationship. Thus, a child of one party to a previous relationship would not be considered the child of the other party for the purposes of the amendments. As the Leader of the Opposition has made clear, the status of children within the ambit of the bill is something the opposition believes should be made clear. Again, this is a matter to be quite properly inquired into by the Senate Standing Committee on Legal and Constitutional Affairs should such a reference ensue. As to non-sexual interdependent relationships, the intention of the drafters was not to include them in the current round of legislation. However, because the bill provides for recognition of relationships registered under state and territory legislation, some such relationships will be included. Just how this will be achieved and the reach of the legislation is something not entirely clear in the bill and a matter that the Senate Standing Committee on Legal and Constitutional Affairs will address, I am sure, if a reference is made to it.

The government has described the bill as 'time critical' because it will allow payment of reversionary benefits to partners and children who have no entitlement under the current law. It hopes to enact the legislation before 1 July in order for the taxation consequences of the amendments to apply in the

2008-09 financial year. It is not the intention of the opposition to frustrate this legitimate intention; however, the bill's introduction has been delayed some time by the government's own actions. While this is unfortunate, it is not the fault of the opposition. The government has entirely itself to blame for this delay. If there is a criticism to be made here, the cards must fall at the feet of the Attorney-General, and no-one else. The timing for the consideration of this bill lies with the Senate. The Senate Standing Committee on Legal and Constitutional Affairs will determine—should it receive a reference—if the bill can be appropriately considered and dealt with by June 30. Many of the concerns of my colleagues will be able to be addressed by a reference to the Senate Standing Committee on Legal and Constitutional Affairs, still others are matters for the omnibus bill to come. In the meantime, I support this bill and I support the opposition position that it go forward at the second reading without substantive amendment. I commend the bill to the House.

Mr NEUMANN (Blair) (5.20 pm)—I rise to speak in support of the Same-Sex Relationships (Equal Treatment in Commonwealth Laws—Superannuation) Bill 2008. The conviction and the force with which the member for Sturt came into this House this afternoon indicates to me the genuineness with which he believes this. But it must have been difficult for 11½ years to sit in a government—a ministry—in which he did nothing. The 'march to reform' he referred to was really a screaming halt, characterised by inertia and procrastination. The Leader of the Opposition said that the Liberal Party yields to no-one with respect to these matters. Where were they for 11½ years? The best and most charitable thing I can say about them is that they are inconsistent in their position now. They talk about delays and blame the Labor Attorney-General. Where were

they for 11½ years on this, and other issues such as family law reform in terms of the rights for same-sex couples to bring proceedings for property settlement in the Family Court. They opposed it. They opposed reform in that area and they opposed reform in this area simply by doing nothing—there was idleness, indolence and nothingness. To feign concern now, and to delay this, simply says everything about their attitude.

I am sure there are people in the opposition who genuinely support this, but there are others who do not. I wish the opposition leader had made the same speech as the member for Sturt, because I would have thought more highly of him. I think that the member for Sturt made a great speech and a great contribution. Unfortunately, it is not believed by the rest of his colleagues, and this amendment is simply a compromise to cover the cracks between the conservatives and those few remaining ‘small l’ liberals opposite. That is exactly what it is about. This response is about a division in the opposition, nothing more and nothing less. And the delay tactics mean that economic justice to same-sex couples will be delayed, because we know that that Senate Standing Committee on Legal and Constitutional Affairs will not report until September. What they are about is delay. That is what it is about, nothing more and nothing less—papering over the problems in the opposition, procrastination and the extension of discrimination. That is what it is about. It is interesting because the opposition leader said on the *Insiders* program on 2 December 2007:

... I believe very strongly that the economic and social injustices faced by homosexual people across this country need to be addressed, from taxation to social policy issue.

Where was the bill? Where was the opposition bill when they were in government? Where was the private member’s bill by the member for Kooyong? Where was the mem-

ber for Sturt’s bill in relation to this particular matter? It was nowhere to be seen. Why? Because the previous Prime Minister opposed it and they knew they did not have the numbers. That is exactly what it is about.

There is no need for an affirmation of the centrality of the institution of marriage to Australian society, because there is bipartisan agreement in relation to the Marriage Act. It is also recorded in the old 19th-century definition of the whole common-law case of *Hyde v Hyde* from the UK in relation to marriage. It is in the Family Law Act and it is in the Marriage Act. There is no need for this. And to say that somehow it is somehow necessary to look at these interdependence relationships in this context is simply a way to fudge the issue and to put off resolution of an issue which has been going on for year after year. That is all that it is about. It is exactly what it is about.

This bill will help tens of thousands of Australians and their children. It is a clear demonstration of the Rudd government’s commitment to equality before the law, to the notion of non-discrimination and to the principle that the best interest of children is the paramount consideration in all legislation which affects their rights. This bill ends discrimination in laws in relation to superannuation and taxation which deprive some Australian adults and their children of the same rights to financial and other entitlements that other Australian adults and their children enjoy. The 2001 Australian census suggests that there are about 20,000 same-sex couples living together in domestic arrangements in the one house. Of those 20,000 couples, about 20 per cent are lesbian couples and about five per cent are gay male couples with children. I think that is conservative. Like many in this House, I have gay and lesbian friends and relatives. I think it is fundamentally wrong and indecent that they are deprived of the same rights to pensions,

superannuation and taxation benefits as I have. It is wrong. It is simply wrong. Why should people who live in relationships of intimacy, love and commitment be denied the same pecuniary rights as others? It is an indictment of the previous Howard government that this discrimination went on for so long.

The Rudd government is committed to ending this practice and is equally committed to treating all Australians equally when it comes to work related benefits and superannuation. This is the first stage in our plan to ensure legal treatment of same-sex couples, particularly in terms of evidence, administrative law and other areas. It is the government's response to the Human Rights and Equal Opportunity Commission report which was tabled in this House on 21 June 2007. Where was the legislation by those opposite after that? It did not happen. A total of 58 federal laws were identified as discriminatory by the commission, but our audit said that it is a hundred federal laws or even more.

This bill ends discrimination against same-sex couples and their children. There is a whole raft of legislation that has been dealt with. I am not going to go through and list those off, because the member for Port Adelaide and those opposite who made contributions have mentioned them. Presently, the same-sex partner of a beneficiary of a Commonwealth superannuation scheme which is a defined benefits scheme is not entitled to what are known as reversionary death benefits on the beneficiary's passing. In my practice as a family lawyer before I came to this House, I had many gay and lesbian clients. I knew the discrimination that I dealt with every day in terms of the challenges they faced and how they were dealt with differently. This bill deals with death benefits, which will help them where there is no current entitlement. I am sure there are many

clients of mine from my old law practice who will be very pleased with this legislation.

I am not troubled by this change of reference from 'marital relationship' to 'couple relationship'. I am not sure that anyone should be fazed about it. I am certainly not troubled by it. I have been married for a long time and it does not worry me if someone is defined as being in a couple relationship. It does not make my marriage to my wife Carolyn any less valid, or anyone else's relationship any less valid or important. This change is important for children as well, because they will inherit the benefit. They will get the benefit they deserve. Interestingly and appropriately, the new definitions overcome difficulties arising from surrogacy issues where even children of a heterosexual relationship may presently fail definitional requirements in these acts.

These reforms also dovetail with the position adopted at the national conference of the Australian Labor Party, a position I supported as a conference delegate from Queensland and I am now pleased to support as the member for Blair. The national conference of the Australian Labor Party adopted the position of supporting a consistent national approach to the issue of people's relationships being registered under state or territory law based on the Tasmanian and the Victorian model. I supported it at the national conference in Sydney. I support it now.

This bill overcomes the challenges that were left by the Howard government. It is a fair and humane bill. It ends disadvantage. It has got nothing whatsoever to do with gay adoption, gay IVF or civil unions. It ends disadvantage and it is consistent with Labor's long-held belief in equality of opportunity and equality before the law. The bill is long overdue. It will help surviving partners and the children of the deceased with finan-

cial security. It is hard enough to cope with the loss of a loved one—a lover, a friend, a mother or a father—hard enough to handle the bereavement, without being able to be sure about the inheritance or financial support you might have been expecting.

This bill is not about undermining the traditional commitment of marriage contained in the Marriage Act. It is a position which the Rudd government supports. I know that in my electorate there are many with religious faith and many without such convictions who would support this bill. As a Christian I have no problem whatsoever supporting this bill. I do not believe it is appropriate to discriminate against people and I do not believe that it in any way interferes with my religious faith or convictions. And I do not think that the God that I worship at my church is in the least bit offended by the fact of this legislation. I do not believe that God shows any partiality when it comes to these matters. I do not believe that this bill in any way derogates the traditional institution of marriage, and I believe it is a discredit to the Howard Government that they failed to produce legislation like this.

I urge the opposition, who did nothing about this for 11½ years, to consider the children and adults who may survive parents or partners who will die in the next few months. I implore them to support this bill. I ask them to reconsider their position, because I think it is important that in this parliament we show where we stand on the issues of nondiscrimination, equality before the law and financial security for all Australians.

Mr ROBERT (Fadden) (5.31 pm)—The government's Same-Sex Relationships (Equal Treatment in Commonwealth Laws—Superannuation) Bill 2008 is proposing to provide equality of treatment between same-sex couples and opposite-sex de facto cou-

ples in nine pieces of legislation. This is apparently the precursor to a larger, omnibus bill that is seeking to amend a raft of Commonwealth legislation to remove discrimination against people in same-sex relationships. Whilst not denying the government a second reading of the bill, I strongly support the coalition putting this bill to the Senate Standing Committee on Legal and Constitutional Affairs for greater scrutiny and amendment if needed, as I have significant reservations about the wording of the bill. The bill in its current form is not supportable—though, in fairness to the Attorney-General, this may just be due to drafting.

By way of background, the Liberal Party is the party of the individual, of free enterprise, of opportunity. We believe in families as the bedrock of this nation. We believe that marriage is between a man and a woman. We do not believe that gay marriage, gay adoption, gay surrogacy and gay IVF should be permitted. This is based on the firm conviction—we believe, shared overwhelmingly by ordinary Australians—that children do best when raised by a mum and a dad and that nothing should be done by the parliament to make it likely that more children will be raised by same-sex couples, who by definition cannot provide a child with a mum and a dad. I fully support these views and will defend them in this House till I draw my last breath. I will not support anything that seeks, even in small part, to undermine marriage as being anything other than between a man and a woman.

I do support financial and property justice for all people, regardless of their interdependency, sex, colour, creed or sexual orientation. You should not have to pay a single dollar more in tax or receive a dollar less in government support just because you are living in an interdependent relationship, such as two sisters living together, a disabled person living with a family or those in a same-

sex relationship. Financial and property justice transcends all of these issues. Yet there are elements of what the government is proposing that, on the surface, are of concern.

Firstly, this bill is being debated in isolation, not in cognate with the other, omnibus bill that is soon to follow. This body of legislation deserves to be debated in cognate, as a whole, so the full impact of what is being proposed can be evaluated. The government has flagged something like 100 pieces of legislation as needing amendment, yet the Human Rights and Equal Opportunity Commission's National Inquiry into Discrimination against People in Same-Sex Relationships only listed 58 laws. Thus, some could treat this series of bills with suspicion because the number of laws has increased by 42.

Secondly, this bill is being rushed through the House as part of 22 bills that the government want pushed through in a few days, even though the Senate cannot review them until 16 June. The question is: why rush this bill? If it is so important, why wasn't it tabled months ago instead of today, in June? Why try and push it through with a raft of other bills?

Thirdly, I contend that the overall issue is not about same-sex relationships but about interdependent relationships, of which same-sex relationships are but a subset. Two sisters living together or a disabled person living with a loving family—all sharing finances and expenses, domestic requirements and for all purposes living interdependently—are as deserving of changes to Commonwealth legislation as two women engaged in a sexual relationship. This bill should not just be for same-sex couples; it must recognise the wider issue of interdependent relationships.

Fourthly, this bill is seeking to achieve its aims through removing all references to 'marital relationship' and replacing them

with 'couple relationship', and replacing 'husband', 'wife' and 'spouse' with 'partner'. The explanatory memorandum states:

The inclusion of same-sex relationships within this definition is not intended to change the treatment of married or opposite-sex de facto couples. It removes same-sex discrimination but does not change or re-define any other indicia of a relationship.

Whilst taking the Attorney-General's comments through the memorandum at face value, this seems illogical. It is hard to see how removing references to marriage through as many as 100 bills does not slowly chip away at the institution of marriage.

It is interesting to note that justice in superannuation and indeed other acts may be able to be achieved by simply adding a new category, such as interdependency, into the relevant laws. There would not appear to be any need to undermine 'marriage' through removing all reference to marriage, wife, husband or spouse.

Fifthly, according to the second reading speech, the bill proposes to redefine a child as 'a product of a couple relationship where one partner is linked biologically to the child or where one partner is the birth mother of the child'. The impact of this depends on the existing definition of a child in each affected law. If there is a presumption that a child has one father and one mother then this will be an undesirable move, as the existing definition will be replaced. This change could directly favour and support the practice of 'gay IVF' by proposing to treat the lesbian partner of a woman who has a child by artificial insemination or IVF as a legal parent for the purposes of all Commonwealth law. The changes may also propose to treat all de facto partners—opposite sex and same sex—of people with children as having a step-parent relationship with their partner's children. At present only marriage creates a step-parent/step-child relationship.

Given the higher break-up rates and shorter duration of non-married relationships, especially same-sex relationships, compared to marriages, I do not believe this measure is in the best interests of children. Children whose biological parent or parents participate in a series of de facto—opposite sex or same sex—relationships could accumulate an indefinite number of legally recognised ‘step-parents’ under the current wording. Any such legal recognition of a parent-child relationship would, unless statutory provisions to the contrary are explicit, survive the break-up of the relationship between the child’s biological parent and the ‘step-parent’. This has serious implications for family law, as each ‘step-parent’ could potentially be able to advance a claim to access or even gain custody of the child. Having a sexual relationship with a child’s parent should not be sufficient grounds for acquiring legal status as a parent of a child! Our children deserve greater protection than that.

Lastly, private organisations such as health insurance funds should not be legally bound to recognise homosexual couples and children as families. Some funds may have an ethical objection to this and they should retain the right to uphold their views of what constitutes marriage and family life. Market forces will regulate this, as they do at present, as some funds provide for homosexual families and others do not.

I support the coalition’s intent to move this bill to the Senate Standing Committee on Legal and Constitutional Affairs for consideration and amendment if needed, as the bill in its current wording is unsupportable.

Mr BEVIS (Brisbane) (5.40 pm)—The Same-Sex Relationships (Equal Treatment in Commonwealth Laws—Superannuation) Bill 2008 is long, long overdue. I thought the opposition was supporting this bill, although they have moved an amendment, which

starts by saying, ‘Whilst not declining to give the bill a second reading,’—and, listening to some of those opposite speaking in the debate, you would wonder. I also note at the outset that we are restricted in time; there is a lot of business to be dealt with. Whilst many of us would like to make a more extensive contribution, in consideration of others, that is not possible.

I do not want to go over some of the things I have previously said in this parliament about the importance of removing discrimination against people based on their sexuality or other similar defining aspects of their life. I am, however, amazed at the continuing position of the Liberal and National party members who seem unable to address this issue without trying to provide some political spin, as John Howard did a couple of years ago when he sought to introduce into the legislation of the land a definition of marriage. Contrary to what most may believe, that definition of marriage was not in legislation until a few years ago. The definition of what constituted marriage in Australian law was determined through common law, and that is a system which had evolved over a couple of centuries and was seen on a bipartisan basis to be a far better way of addressing this issue. I want to go to that because it highlights what I think is a level of duplicity that enters this debate when people try to deny the same rights to others purely on the basis that they may be in a same-sex relationship or that their sexual preference may be different.

The Australian law until a couple of years ago was predicated on both Australian and British common law going back some centuries, best encapsulated by a decision of Lord Penzance in England in 1866 when he said this:

... marriage, as understood in Christendom, may for this purpose be defined as the voluntary union

for life of one man and one woman, to the exclusion of all others.

That definition basically stood the test of time until quite recently. It has been changed in a couple of respects around the world to reflect different attitudes in the community, but I find it amazing that some of those opposite can be so accommodating of certain changes that happen to suit their personal lifestyle and then denigrate others and try to prevent others from having equal rights. That definition held and, indeed, one of the early debates in this parliament about introducing a definition into the legislation was in 1961. A debate occurred in the Senate in which an amendment was moved to legislation then before the parliament effectively to insert these words:

'Marriage' means the voluntary union of one man with one woman, for life to the exclusion of all others.

That is remarkably similar to the common-law position at that time, which had been enunciated 100 years earlier.

That particular wording was put before the Senate in 1961 during a period in which the Liberal Party was in government. Bob Menzies was Prime Minister. It was defeated in the Senate by 40 votes to eight. There was clearly a widespread view across the political divide that these matters are best dealt with in common law rather than statute. That was not good enough, however, in the last parliament. John Howard and the Liberal government wanted to divide and conquer in this area of social engineering. They introduced into the parliament legislation to define marriage. It made no difference to the common law. It did not stop any same-sex relationships being determined as marriage under law, because there were not any under Australian law. It was done as a political vehicle to try and divide, and it was very hurtful to a lot of constituents in my electorate in same-sex relationships. I am amazed to find today

that the Liberal Party, after its election defeat and with a new leader, wants to persist with the same approach. The amendment that has been moved by the Leader of the Opposition, in my view, goes down the same grubby path that John Howard went down.

Let us have a look at the difference that has occurred since 1961. I want to read that definition again:

'Marriage' means the voluntary union of one man with one woman, for life to the exclusion of all others.

We no longer define marriage that way, even though it was the common-law definition for more than 100 years and even though it was the proposition advanced in the Senate in 1961. We do not define it that way anymore because we have dropped off the business about it being 'for life to the exclusion of all others'. It is a convenient thing for people in this parliament to say, 'We don't have to worry about marriage as a bond between a man and a woman for life; we'll get rid of the life bit,' because that does not happen to suit the way those individuals and those they represent want to live their lives. That is the truth of it.

Twenty per cent of marriages in Australia end in the first 10 years, so we conveniently change that part of the law. That conforms to the party set for all of us; you do not get into any trouble by doing that. There are a few people for whom that may have been a convenient change, and they want to have the same rights extended in a second, third or subsequent marriage or relationship as they had in the first, and I have no problem with that at all. But it strikes me as enormously hypocritical that those people who advanced that change, and live their lives in that way, then turn around and say that people in a same-sex relationship do not deserve the same rights at law that they enjoy. That is fundamentally flawed.

I am one of those people who must be approaching minority status in the Australian community. I was happily married very young, before I turned 19. I took advantage of Gough Whitlam's 18-year-old adult suffrage and said, 'That'll do me. I'm 18 and I'm getting married.' Thirty-four years later I am very happily married to the same lovely lady, Cathy, and we have four wonderful children, but I readily accept that that is not a model of love that suits everybody. The key ingredient that we surely must acknowledge in a relationship is the open, honest, loving nature with which those individuals embrace one another. It is fundamentally wrong for a society to deny people the same rights purely because of their sexual preference or similar personal attributes.

I think that view would be shared by the overwhelming majority of people on both sides of this parliament, which is why the amendment moved by the Leader of the Opposition and Leader of the Liberal Party is not to deny a second reading. But I think in order to pander to the more extreme right-wing conservative group behind him on the opposition benches, the Leader of the Opposition has decided to put a skewer in—another divisive tool, just like John Howard did. It is about time this parliament stopped trying to victimise people because of their sexual preference or other similar lifestyle choice.

The people of Australia elected a Labor government knowing that we had a commitment to remove all discrimination against people based on their sexuality. There was no doubt about that. In fact, we moved private members legislation in the parliament when we were in opposition to try and engender debate in this place on that very point. We also made it clear before the election that we would not alter the legal status of marriage as being between a man and a woman. Our position on that has been clear and often

stated, and the people of Australia knew it and clearly took it into account when they decided they wanted a change in government. I say to those people in the opposition, in the Liberal and National parties, who share the sentiments voiced on this side of the parliament about those basic principles: do not allow yourselves to be dragged down by the small rump of extreme conservatives on the opposition benches who cannot help themselves when these issues come up. It is about time—it is past time in the 21st century—that we accord all Australians, irrespective of their sexual preference, the same rights in law.

This is the first step along that road. There will need to be additional pieces of legislation, and I look forward to voting for those additional pieces of legislation. I congratulate the Attorney-General on bringing this before the parliament. I know that the overwhelming majority of people in my electorate share that view—I do not pretend they all do, but I know the overwhelming majority do. What is more, in my heart I know it is right and I am pleased to see a Labor government moving on this fundamental question of civil liberties and human rights so early in our first term.

Mrs VALE (Hughes) (5.51 pm)—In rising to speak on the Same-Sex Relationships (Equal Treatment in Commonwealth Laws—Superannuation) Bill 2008, I am mindful of an old friend and colleague Mr Warren Entsch, the previous member for Leichhardt, who for many years campaigned passionately and diligently for the equal treatment of people in same-sex relationships under our laws, especially our superannuation and taxation laws. In the many times he rose to speak on this subject in our party room or individually with colleagues, or even in private conversations with our previous Prime Minister, his clear advocacy about the unfairness of the discrimination against same-

sex couples under our Commonwealth laws that relate to property rights or beneficiary status was understood and accepted by many on our side of the House, as I believe it is by many of my fellow Australians. It is my belief that many fair minded Australians do not accept that the sexual nature of a relationship should have any bearing on the rights to property or the status of beneficiaries under superannuation policies of either of the parties to that relationship.

Having said that, on closer reading of this bill I have some very genuine concerns about other provisions of this legislation, and I support the amendment that has been moved by the Leader of the Opposition. Firstly, it seems to me that this legislation goes far beyond the understanding that I and many reasonable Australians had expected in providing for the property or financial entitlements of people in same-sex relationships under superannuation and taxation legislation. Secondly, I am very concerned about the use of language and the changes to specific definitions in this bill. Thirdly, I am concerned at the speed in which this important legislation is being rushed through this parliament. I am wary of the supposed urgency that forces a bill such as this to be pushed through the House in such inordinate haste. What are the grounds for such urgency? None have been explained. This bill cannot be introduced into the Senate until mid-June and, even then, may be subject to a referral to a Senate committee. If so, the Senate will not be able to debate this bill until the resumption of the Senate on 26 August. This rush of legislation is chaotic in itself. We, as the people's opposition here in this chamber, do not have reasonable and appropriate time to consider the bill, which may in its ultimate impact on the wider Australian community prove to be destructive of one of the fundamental institutions within our Australia and society—and I do refer to the institution of marriage.

Like my old friend Warren Entsch and many fellow Australians, I want to see those in same-sex relationships be treated equitably under our superannuation laws, but none of us here expected that such provision would be at a risk to the special status that we all agree should be accorded of marriage. I have these concerns because of my initial reading of this bill. I am quite frankly alarmed to see that the terms 'husband', 'wife' and 'spouse' are being deleted and replaced with the word 'partner', and the description 'marital relationship' is replaced with the term 'couple relationship'. Many Australians understand and accept that marriage and the family is the foundation institution of our nation. What are these changes to the definitions of such relationships in this bill—which is about superannuation entitlements—if they are not a threat to undermine the special status that marriage has held within our society and culture by homogenising all relationships as couple relationships.

Words are important tools. It is well known that words are the first salvo in any assault of cultural change. Initially, I understood this bill to be about the cause so ardently espoused by my friend Warren Entsch. It does seek to deal with those areas of discrimination in the tax treatment and payment of superannuation benefits for members of same-sex relationships and, also importantly, the children of those individuals. Many Australians may not be aware that currently the same-sex partner of a beneficiary in a Commonwealth defined benefit superannuation scheme and the children of that relationship are not entitled to direct access to reversionary death benefits on the death of the beneficiary partner. This is clearly unjust. By this bill, the government seeks to provide for equality of treatment between same-sex couples and opposite-sex de facto couples. That is fair and far enough. Many understand that opposite-sex de facto couples already have

equality of treatment with married couples in Commonwealth laws. However, by this legislation, the government actually proposes to grant equality of treatment between same-sex couples and married couples. On the basis that the government has made clear its commitment to exclude same-sex couples from marrying and thus maintaining the special status and definition of marriage, it is difficult to understand why in this bill dealing with property entitlements the government is changing the definition and special status of marriage to give those in same-sex relationships equal treatment when it is not necessary to do so to achieve the alleged objectives of this bill—that is, to give equal treatment to same-sex relationships and not a disguised tactic to weaken the status of marriage by diluting it to merely a partner arrangement.

At this point, one can logically ask that, if the objective of this bill is to offer equality of treatment to all relationships other than marriage for superannuation and taxation purposes, why should such relationships depend on a definition that describes the sexual nature of that relationship. At this juncture, one can honestly ask: what has sex got to do with it? There are other kinds of relationships which should also be included in this bill. For example, within many Australian families there may be two sisters or two brothers who live together in economically and socially supportive relationships, and many of us have such relationships within our own families. Here we are talking about reversionary superannuation benefits and tax treatment for families. Why should these relationships also not be included in this bill? For example, in 2004 the previous government made amendments to the Superannuation Industry (Supervision) Act 1993 and provided for interdependency relationships under section 10A of that act that covered relationships that could be identified by a

shared, close personal relationship and where one or both persons in the couple provided financial support or where one or both provided the other with domestic and personal care. This amendment also made provisions on the criteria by which such a relationship could be identified. Such a new category of a relationship, an interdependent relationship, may have been a better tool by which the government could provide for equal treatment for same-sex relationships without the distortions caused by the language and definition changes suggested in this bill. By such means, all same-sex relationships would have their reversionary rights under the superannuation law recognised, as this legislation seeks to do, without threatening to undermine, deliberately or inadvertently, the unique relationship of marriage within our society.

The language used in relation to children in this legislation is another grave cause of concern for me. While most Australians will agree that any child dependants within the relationship of a same-sex couple should also be able to benefit from the superannuation benefits of the couple, the bill proposes to redefine a child as a product of a couple relationship where one partner is linked biologically to the child or where one partner is the birth mother of the child. The word 'product' is a highly inappropriate term to apply to a human being because it reduces the person to a commodity. I raised this concern in my speech on the RU486 debate in 2006, in which I expressed concern that in the future a human being would no longer be valued for its intrinsic value as a human life but rather for the use to which it could be put. By the use of this language—by the description of a child as a product rather than an offspring—a child is described as a commodity. Further, this lends weight to the utilitarian view that increasingly is pervading our society. In addition, it is a nonsense to use the

term 'product' in relation to same-sex relationships, as it is a biological impossibility for a homosexual couple to produce offspring of their own. It would be better language to describe a child in such a relationship as 'a child born as the result of a couple relationship where one partner is linked biologically to the child or where one partner is the birth mother of the said child'.

I wish to make it quite clear at this point that, while the opposition and the majority of families in my electorate of Hughes accept that people in same-sex relationships are fully entitled to equal treatment under superannuation and taxation laws, as set out in this bill, I remain opposed to gay marriage, gay adoption and gay IVF, because children have a natural right to a mother and a father. I will always uphold the rights of a child against the rights of an adult on any day. My main concern regarding this legislation is that the use of language within the bill represents a revolution in the definition of parent and child under Commonwealth law and I am not sure that this was the intention of the government.

This bill also provides that de facto partners, in opposite-sex as well as same-sex couples, of people with children have a step-parent relationship with their partner's children. My constituents should be aware that at the present time only marriage creates a step-parent and stepchild relationship. This bill is not a good outcome for such families because this bill is fraught with snares for the unwary. Many of us are fully aware of the high attrition rate and shorter duration of non-married relationships. It is not too difficult to imagine a scenario where the biological parent—or indeed both parents—of a child enters into a series of de facto relationships, whether they be opposite- or same-sex couples, and the child accumulates an indefinite number of legally recognised step-parents who could, under this bill, be subject

to all the legal ramifications such a status would attract.

Such a recognition at law of a parent-child relationship would, failing explicit statutory provisions to the contrary, survive the break-up of that relationship with the child's biological parent and the new step-parent. This would then have serious implications at family law in that each de facto step-parent would potentially be able to claim access or even custody of the so-called stepchild. Further—and I would have thought of concern to the de facto step-parent—the biological parent could seek child support under the relevant child support legislation. Clearly, this legislation is ill-formed and poorly drafted. Having a sexual relationship with a child's biological parent should not be a sufficient basis at law for gaining the legal status as a parent of a child and nor should it attract the rights and responsibilities that attend that status under Commonwealth law. I repeat: at the present time a stepchild can only be a child under the care of a subsequent partner who marries the birth parent.

I am sure there would be many de facto couples, including same-sex couples, who will be alarmed at some of the provisions in this bill and the possible consequences. All is not quite what it appears and therefore I do not support what is otherwise a good and welcome piece of legislation. Clearly, while the main objectives of this legislation are welcomed, the language, the complexity and the new definitions that will certainly undermine the institution of marriage cause great concern to me and I believe would certainly cause similar concern to my dear old friend Entchy. However, I support the amendment of the opposition and thank the House for the opportunity to address this legislation.

Mr PERRETT (Moreton) (6.04 pm)—I am pleased speak in support of the Same-Sex

Relationships (Equal Treatment in Commonwealth Laws—Superannuation) Bill 2008 because I believe all Australians are entitled to be treated equally, regardless of their sex, age, disability, race, religion or sexuality. It is a sad fact of life that many Australians have been discriminated against for too long by Commonwealth laws, and I will tell you the tale of two families and how these laws affect them.

This bill amends the relevant superannuation and taxation acts—that is, 105 discriminatory Commonwealth laws—to ensure a new standard of fairness and consistency for same-sex couples and their children. Under current reversionary superannuation laws, only a surviving spouse or child can receive a reversionary benefit upon the death of a scheme member. In other words, same-sex partners or children of such relationships would have no entitlement to receive reversionary death benefits even if the couple had been together for 10 years, 30 years or even 50 years. This bill will amend the definitions in the acts to make death benefits available to de facto same-sex partners of scheme members and their children. This bill will enable reversionary death benefits to be paid to same-sex partners and the children of same-sex couples. This will be achieved by adding a new concept of a couple relationship, which includes same-sex partners.

As I have said, the bill also allows for the equal recognition of children who are the product of same-sex and opposite-sex relationships. A child for this purpose is the product of a couple relationship, where one partner is linked biologically to the child or where one partner is the birth mother of the child. By applying this definition, opposite-sex and same-sex families are treated equally. This is not an assault on any families. Instead, it is the triumph of common sense.

The new definition will also solve the problems arising from some surrogacy arrangements where even children of an opposite-sex relationship may currently fall outside the defined benefits legislation. By way of example, I inform the House of a particular couple who will benefit from this legislation. To protect their identity, I could call them Dick and Dora from Victoria. However, as their situation has already received much media attention, I will instead call them Senator Stephen Conroy, the Minister for Broadband, Communications and the Digital Economy, the Deputy Leader of the Government in the Senate, from Victoria, and his wife, Paula Benson—and their lovely live-wire daughter, Isabella. I have seen Isabella cutting a swathe through the Canberra airport and she seems like quite a child.

Unfortunately, Isabella's mum was unable to conceive, because she was an ovarian cancer survivor. Thankfully Ms Benson and Senator Conroy received help from two family friends, one of whom donated an egg that was fertilised via IVF using Senator Conroy's sperm, while the other good friend carried Isabella to term in her womb. Such surrogacy arrangements were illegal in Victoria at the time so Senator Conroy and his partner had to decamp to New South Wales so that they could experience the joys of parenthood. The reality is, as I am sure everyone in the House knows, that Australian families come in all different shapes and sizes and it is appropriate that this House recognises every single one of them. You would have to have a heart of stone to look Senator Conroy, Ms Benson and Isabella in the eyes and argue that they are not a normal family and therefore should not be treated the same before the eyes of the law. This would be a very skewed view of justice. The example of Isabella confirms that these amendments before the House are long overdue. They are only the first step in delivering the Rudd

government's election commitment to remove discrimination against people in same-sex relationships in a wide range of laws and in doing so they provide equal recognition for same-sex couples and families.

I assure my constituents, especially practising Christians and Catholics and people from any other religion, that this legislation before the House is not an attack on marriage. Rather, it is about restoring fairness and equality by ensuring that superannuation and the like is available to all Australians. Same-sex relationships will be treated equally with all opposite-sex de facto relationships. Unfortunately, the media and those opposite have informed us of the opposition's plan to delay this legislation by referring it to a Senate inquiry and they have proposed an amendment. I do not want to be overly critical of this strategy, but I am very agitated that this will prolong what is basically a simple case of restoring equality to Australian law. I hope that these delaying tactics from the opposition do not deprive same-sex couples of their entitlements for one minute more than is necessary.

The Commonwealth has already been slow to remove all forms of discrimination from legislation in terms of the history of Australia. Meanwhile state and territory governments have stolen a march on us by already doing so. Not only is this legislation promoting the right thing to do, but in certain cases it is actually an international prerequisite for the Commonwealth of Australia to live up to our international obligations under various human rights treaties. I am very proud to rise tonight to support this bill because I know it will make a real and practical difference for many Australian families.

I know that this legislation is a little bit confronting to some people. Particularly for those of faith, it might be a little troubling; it might be even a little confronting. For this I

apologise. I do not wish to offend anybody, especially those people in my electorate. I might even cop a bit of a hard time at my own church on the weekend. I had a lovely conversation with Archbishop John Bathurst last Thursday night. He spoke glowingly about my deceased aunty Judy Jones and my uncle Lionel Jones, who he went to school with, and also my mother. In fact if I recall correctly, he might have called my mother a 'living saint'. So there you go: despite all my prayers with the sisters of St Joseph's, Mum got the jump on the blessed Mary Mackillop.

To return to the legislation before the House, I look forward to sitting down with anyone who has concerns about this legislation and explaining why I feel compelled to speak in support of this law. To all those people who will insist on quoting the Old Testament to me, I say two things. Firstly, I am pretty sure there was actually a sequel to the Old Testament. Secondly, I ask you to invite me to your church, temple, mosque or local hall to talk about this legislation. Do not condemn me until you have had a chance to have a yarn and understand my motivations. Hopefully it will not end up like that line from Yeats:

The best lack all conviction, while the worst
Are full of passionate intensity.

The last family I wish to refer to in support of this legislation is one that is very close to home—my own family. I grew up in a family with 10 kids, seven of them boys. One passed away when he was young but the other six boys and three girls all grew up in a small country town. Like most country towns in Australia, footy was king and netball was queen. Despite the examples set by all of his older brothers, my youngest brother, Nick, never really played footy. Not surprisingly, he came out of the closet even before he had finished high school! I say this tongue in

cheek but that is the reality. Coming from a country town, it was difficult to come out of the closet but that is what my youngest brother did. There were prejudices in my youth in terms of looking at people who played footy. Nick will no doubt give me a hard time when he reads this speech, which he has given me permission to make, but I hope that one day my darling brother, Nick, will be the beneficiary of the legislative changes we have placed before the House.

I wish to also talk about another brother, my older brother Simon, who did play footy, just to confuse the stereotypes. In fact my brother, Simon, made the Queensland Schoolboys Rugby League team as hooker even though he was only in grade 11 and lived 600 kilometres west of Brisbane. He was the best footballer by far in my family. Nevertheless, the town of St George had to recalibrate its manliness criterion when my brother Simon also came out of the closet much later. Simon has been in a relationship with Michael Threlfo for over 10 years. Michael, or 'Comrade Darling' as I and his friends call him, is a very good Catholic boy. If you are listening tonight, Archbishop Pell, please close your ears! Michael goes to church with my mum whenever he is up in Queensland. Why should Michael and Simon and my brother Nick be treated differently to me and my wife? Michael and Simon are fed with the same food, hurt with the same weapons, subject to the same diseases, healed by the same means and warmed and cooled by the same winter and summer as any Christian or any other member of our community. If you prick them, do they not bleed? If you tickle them, do they not laugh? Well, maybe not Michael! But my question remains: why should Michael and Simon be discriminated against?

I stress again that we are not suggesting any tinkering with the Marriage Act. The Rudd government is simply talking about

introducing fairness and removing discrimination in laws pertaining to superannuation, taxation and social security. Unfortunately, there will be some people in the community who will argue that we should maintain the status quo and should continue and protect the discrimination. I ask you to please look in your hearts. Please think of the consequences of such negativity. Think of Isabella, Simon, Nick and Michael. How could you not but change? To quote the great Australian poet Bruce Dawe:

How to go on not looking

despite every inducement to the contrary

... ..

How to subdue the snarling circle of ifs

by whip-crack, chair-twirl, seeming to look each steadily

in the eye while declining to unwrap

the deadly golden bon-bons of their hate ...

This is not the time for hate. I hope that my brothers, Nick and Simon, are the beneficiaries of this legislation. For too long this wrong has been ignored. Now is the time for all fair-minded Australians to speak out in support. I proudly commend the legislation to the House.

Mr GEORGIU (Kooyong) (6.15 pm)—I speak today in support of the Same-Sex Relationships (Equal Treatment in Commonwealth Laws—Superannuation) Bill 2008. This bill initiates a process of long overdue reform to remove discrimination against same-sex couples and their families from the federal statute book, beginning with superannuation. In 2004, the coalition government improved access to superannuation for interdependent and same-sex couples in private funds. A similar move was proposed for Commonwealth superannuation. This extension had not taken place by the time the government was replaced in the 2007 election. Today, discrimination on the grounds of sexuality still exists in administrative areas

of federal legislation, including taxation, social security, superannuation, health care and employment.

On 21 June 2007 the Human Rights and Equal Opportunity Commission tabled in parliament the final report of their *Same-sex: same entitlements* inquiry. Conducted over a 14-month period, the inquiry included an extensive consultation and review process which heard firsthand of the impact of discriminatory laws on same-sex couples and their children. It concluded that same-sex couples in Australia:

... experience systematic discrimination on a daily basis.

Same-sex couples are denied the right to carers leave when their partner falls ill, they incur higher health costs because they are unable to access Medicare and Pharmaceutical Benefits Scheme safety nets as a couple and they are excluded from numerous tax concessions enjoyed by opposite-sex couples. As partners of federal government public servants they are denied access to certain superannuation and death benefits. As partners of veterans they are not entitled to a range of pensions or concessions and in their old age they pay more for access to aged-care facilities.

HREOC found that 58 federal laws relating to finance and work related entitlements discriminate against same-sex couples and that this discrimination constitutes a breach of the International Covenant on Civil and Political Rights. Where these same laws discriminate against the children of same-sex couples, it found them to be in breach of the Convention on the Rights of the Child. HREOC described these breaches as:

... contrary to one of the most fundamental principles of international law: the right to equality.

The recommendations of the *Same-sex: same entitlements* report form the basis of the reforms before us today. When HREOC

handed down its report in June last year, the then government—the Howard government—committed to review the commission's recommendations and confer with interest groups in preparing its response. The response was not formalised before the 2007 election, but the Labor Party, as part of its election campaign, committed itself to implementing the HREOC reforms in full.

On 11 March this year I placed on the *Notice Paper* the question of when the government intended to implement the recommendations of the *Same-sex: same entitlements* report. I thank the Attorney-General for his answer and I welcome his commitment to eradicating this discrimination by implementing all the necessary legislative changes.

The amendments proposed in this bill have been prioritised due to the time-critical nature of the reforms that will allow reverendary death benefits to be paid to same-sex partners and their children where they presently have no entitlement. As the House is aware, the opposition proposed to refer the bill to a Senate committee to ensure it removes discrimination against people in same-sex relationships without unintended adverse side effects. Such references are the norm and I trust the committee will undertake its review expeditiously so that this reform can be implemented as planned on 1 July 2008.

The same-sex relationships bill addresses the discrimination identified in the HREOC report by amending 14 Commonwealth acts. Some of these govern particular superannuation schemes while others regulate superannuation and related taxation more generally. The affected superannuation schemes include—and I will only name a few—the Commonwealth Superannuation Scheme, the scheme under the Superannuation Act 1922, the Governor-General Pension Scheme and

the Parliamentary Contributory Superannuation Scheme.

Same-sex couples are particularly adversely affected by current discriminatory legislation in the area of death benefits. Generally, superannuation savings flow through to the family of the beneficiary. But for same-sex couples this is not always the case. Because Commonwealth superannuation schemes require the couple to be of the opposite sex, same-sex partners may be ineligible to access their deceased partner's entitlements. Alternatively, if they qualify as the beneficiary's dependant they may receive an amount far less than that awarded to a spouse. In particular, a same-sex partner cannot normally receive a reversionary benefit. This inequity flows through to the children of same-sex relationships who may also fail to qualify for entitlement. But the impact is not just pecuniary. As one federal government employee expressed to HREOC:

I write to you to highlight the real consequences that the Commonwealth's active discrimination of people in same-sex relationships have had in my life. I felt sick when I realised that once again the loving and supportive relationship I had with my same-sex partner, was not supported by the legal and social systems under which I conduct my daily life.

This bill creates equal treatment for same-sex and opposite-sex couples in superannuation legislation. It amends the legislation by removing the term 'marital relationship' and replaces it with 'couple relationship'. It also changes the terms relating to the members of that relationship from 'husband and wife' to 'partner'. Similarly, gender-specific terminology such as 'widow' is changed to the gender neutral 'spouse'. I emphasise that removing discrimination offers nothing more and nothing less than equality. This bill does not introduce new entitlements for couples and families. It simply creates a long-awaited parity between same-sex and opposite-sex

relationships with respect to existing entitlements. I also know—and it is sometimes glossed over on occasions—that the impact of equality will be negative on some same-sex couples. They will be treated in ways where they will lose benefits, not just gain them.

I have mentioned previously that HREOC identified 58 separate pieces of federal legislation that discriminated against same-sex couples and their children. I understand that an audit commissioned by the government earlier this year identified approximately 100 areas of discrimination. I welcome the government's commitment to introduce legislation which will end discrimination against same-sex couples in federal law across all areas identified by the government audit.

That these future reforms occur in a timely manner is crucial. As a society, we do need to face up to the fact that discrimination devalues our society. I should note that there have been concerns expressed about some issues this bill raises: that of interdependent relationships and the definition of the child. With respect to the first issue, it was an election commitment of the coalition government to ensure that all permanent interdependent domestic relationships, including but not restricted to same-sex couples, are treated equally in relation to financial affairs. I call on the government to consider extending the reforms to these people. However, I believe that this bill itself should be enacted promptly.

As to the second issue, that of children, this bill defines children of same-sex and opposite-sex couples in the same way and treats them equally for the purposes of superannuation benefits. It leaves in place any difference in the treatment of the children of married and unmarried couples, whether the latter are heterosexual or same-sex couples. With respect to any concerns that this bill

devalues marriage, I have to say frankly that I think that these concerns are unfounded.

I would like to put on record my appreciation and thanks for the work that HREOC has put into its report. I believe that the report has played an unparalleled role in bringing these issues before the House today. I would also like to give special acknowledgement to Warren Entsch, the former member for Leichhardt, who put his heart and soul into ending the discrimination faced by same-sex couples. I believe that Warren belongs to that group of liberal statesmen and leaders that acted in the best tradition of the Liberal Party and ended the criminalisation of homosexual acts. I think it was a great disappointment that the coalition government did not resolve this issue while Warren was in parliament.

I would also like to extend my gratitude to all those in the wider community who have worked tirelessly for many years in the effort to end discrimination on the grounds of sexuality. I look forward to the promised further legislation to remove discriminatory provisions and I congratulate the government for commencing these important and long-overdue reforms. I commend the bill to the House.

Ms ANNETTE ELLIS (Canberra) (6.26 pm)—It is indeed a pleasure for me to have the opportunity, brief as it may be, to speak this evening on the Same-Sex Relationships (Equal Treatment in Commonwealth Laws—Superannuation) Bill 2008. The purpose of the bill, of course, is to eliminate discrimination against same-sex couples and the children of same-sex relationships in acts that provide for reversionary superannuation benefits upon the death of a scheme member and in related taxation treatment of superannuation benefits. The commencement of the amendments to the acts governing the Commonwealth defined benefit superannuation

schemes within a short time frame will enable the schemes to commence paying death benefits to same-sex partners of scheme members. Currently, persons in a same-sex relationship with scheme members are not entitled to receive any benefits upon the death of their partners, and any delay in the commencement of the amendments will in fact continue this very blatant discrimination. The reforms will be prospective in operation and the related taxation treatment provisions are expected, we were hoping, to commence on 1 July this year to align with the commencement of the 2008-09 financial year. The amendments in this bill will have a positive impact on same-sex families by enabling death benefits to be conferred on de facto same-sex partners of a scheme member and on the children of same-sex couples in situations where they currently just do not have that entitlement.

There has been an interesting debate going on this evening and I would like to make a couple of passing comments in relation to some of the contributions that I have heard. First of all, I would like to commend my colleague the member for Moreton for what I thought was a fantastic contribution to the debate, bringing a very important human element to the considerations that we are making. I would also like to acknowledge the contribution just made by the member for Kooyong on the other side of the House. There is no doubt that I understand and I have been around here long enough to realise that sometimes when we get what appears to be a controversial piece of legislation—though it should not be—we can imagine that everybody on one side has a view. In this particular case I know very well that there are people on the other side of the House who agree entirely with what we are doing. I hope that they can exercise whatever influence they have within their internal processes to ensure that any reference to a

committee is not unduly delayed or held up in any sense whatsoever.

The member for Kooyong just made mention of the previous member for Leichhardt in the last parliament, Mr Entsch. An earlier speaker actually referred to him as 'my dear old friend Entschy—I wish he was here'. I wish he was too, because he could have been part of a counter to that particular member's contribution. That particular member's contribution was very much in the negative and I think it strayed to the point that it had little connection at all to the bill and to the arrangements that we are discussing here this evening. There has been mention made by other speakers about the threat this will be to the institution of marriage. I have tried really hard to find any reference to marriage at all other than an explanation that it has no connection to the institution of marriage. I wish that we could stick to the subject in front of us.

The other thing is the protection of children. I have spoken today to people at HREOC to make sure that I was not misreading this. There is absolutely no threat at all in relation to children; in fact, it is putting them into the correct context in the legal sense. I am pleased to see that that is what this particular bill does.

We have heard about the category 'interdependency'. I take this opportunity to put my clarification on the record. In 18.3.2 of the HREOC report about this particular subject, the interdependency category question is discussed. The question that has been raised is that the interdependency category does not give full equality to same-sex couples. The report goes on to explain the reality in face of that argument and says very clearly:

The interdependency category has not brought full equality to same-sex couples, primarily be-

cause it treats genuine same-sex couples differently to genuine opposite sex couples.

The problems with using an 'interdependency' category to remove discrimination against same-sex couples include—

things like—

The 'interdependency relationship' label for a same-sex relationship mischaracterises a genuine same-sex couple as different or inferior to a genuine opposite sex couple.

It goes on with other very good points. The HREOC report explains very carefully the question of interdependency. Without wishing to be too critical, if the members opposite, or for that matter anyone listening to this debate, have an objection to same-sex relationships generally, then say so, and do not try to mess with this particular bill and this particular debate. This debate is about removing blatant discrimination in the area of same-sex couples on the question of superannuation benefits. It is not to do with children, other than the fact that they benefit as well; it is not to do with marriage; it is not to do with interdependency couples; it is to do with stable, strong, recognised same-sex relationships and the removal of discrimination against them for the purposes of superannuation. It is as simple as that, really, and I wish we could just stick to that and not bring in these other arguments, which I believe confuse the discussion at hand.

The Human Rights and Equal Opportunity Commission found in many instances that the elimination of discriminatory terms in Commonwealth laws is necessary to ensure that our obligations under international human rights treaties are met. That is very important. Currently, under the reversionary benefits schemes, only a surviving spouse or child of a scheme member may receive a reversionary benefit upon the death of a scheme member. The definitions of 'spouse' and 'child' currently exclude same-sex partners and children of scheme members who

are in a same-sex relationship where a scheme member does not have a biological link to the child.

Removing sexuality discrimination does not, as I have said, undermine the institution of marriage at all. In fact, it has nothing to do with it. Removing discrimination is about making sure that same-sex couples are recognised for all practical purposes and have the same entitlements as opposite-sex de facto couples. That is what these government reforms will achieve.

A question that has been raised by some contributors to the debate is: why the urgency? The urgency is really, if we want to call it urgent, because it is about time this was done. Every day that it is not done somewhere in this country someone in a same-sex relationship is losing a partner to death and is being discriminated against under the current law. That is the reason for the urgency. Every day that this act is delayed is another day where we will see that discrimination continue. The urgency is also because it should have been done years ago and it was not.

I take note of the contribution from the member for Kooyong. With the greatest respect to him, I believe him when he says that on receipt of the HREOC report the previous government was planning to go down the path of looking at how it could in fact meet the recommendations of that report. I have to say that the cynic in me suggests, after hearing some—not all—of the contributions opposite, that if they were in government it may not have happened. There are some people who have very strong views, which I respect but which should not be part of this debate, about same-sex relationships generally. I am extremely pleased to be part of a government that is doing this. I know that the Attorney-General has put a great deal of work into this and I know that he is indebted

to an incredibly hard working Public Service who have put all their energy into coming up with this package in the time that they have. I know that to be a fact and I would like to join him in congratulating and acknowledging the work that has gone into creating this legislation in the first place.

In the limited time that I have had I am very pleased to have been able to endorse this bill. I remind the Leader of the Opposition of what he said on 30 April, which is not that long ago:

The economic and financial injustices faced by same-sex couples and homosexual Australians are ones that we believe need to be addressed.

But we will not under any circumstances support anything which undermines marriage between a man and a woman, nor will we give any kind of support to civil unions or gay adoption or gay IVF.

But the coalition will certainly support dealing with those things, based on common sense, which means that economic justice is brought to Australians who are homosexual.

This is not dealing with civil unions; this is not dealing with marriage; this is not dealing with gay adoption; this is not dealing with gay IVF. Thank you.

Mr TURNBULL (Wentworth) (6.36 pm)—I thank my colleague the member for Cook for allowing me to jump ahead of him in the queue; I will be very brief. I strongly support the object of this legislation, the Same-Sex Relationships (Equal Treatment in Commonwealth Laws—Superannuation) Bill 2008. Discriminating against people on the basis of their sexual orientation is as abhorrent as discriminating against them on the basis of their religion or their race. That is why I was very proud, as a member of the Howard cabinet, in November last year—having never backed away from my commitment to equal treatment of and justice for people of the same sex who are living together—to be able to announce as part of our

election commitment going into the election that the Howard government would recognise interdependency relationships for the purpose of eligibility for death benefits under the Australian government's defined benefit superannuation schemes. That is essentially the object of the legislation in front of us today.

There has been criticism from the current government's ranks about the proposal to have this legislation considered by a Senate committee. This is important legislation. It will affect the lives of thousands of people. It will affect the lives of children and it will affect, in very complicated ways, different claimants in the event of somebody dying and there being a range of claimants on their superannuation benefits. So this is an area of some complexity. Having, in my days as a lawyer, practised in the courts and dealt with *de facto* cases, I readily understand the complexity of some of these issues. Government members should not regard the referral of this matter to a Senate committee, if the Senate chooses to do that, as being in any way designed to frustrate, obstruct or delay the passage of this legislation with a view to delaying the granting of the benefits, the granting of the justice, that this legislation seeks to confer.

The key point that I wish to make now is that if the government wishes to have the benefits of this legislation available to people who would benefit from it, were it to be law today, it could choose to backdate the effective date of this legislation from whenever it chose. We know the tax laws and laws relating to superannuation are routinely—in fact, almost invariably—made effective as of the date of announcement. And it will take some months, often many months, for them to be passed into law. There is no reason why referral to a committee should defer the granting of the benefits that both sides of this House are committed to in terms of sub-

stance and in terms of the overall objective. That would ensure that those people who are concerned that they or their partner may die before this bill becomes the law of the land can have their concern set aside, and then the focus can be on the parliament getting the detail and the drafting right.

This is the challenge I throw down to the government: if you are serious about delivering justice to people in same-sex relationships then you can say, as the government, that it will be effective as of budget night, the day after the election or whatever date you choose. It is entirely a matter for the government. It is the government's liability. It is its money. The only consequence would be that there would be an additional number of people, probably a small number, who would benefit from the additional cost in the scheme of the Commonwealth budget. Having regard to the great objective of equality and equal treatment of people regardless of their sexual orientation, the additional cost is not something that I would imagine would delay or deter members on either side of this House.

So let us stop the slur that suggests that the Liberal Party are homophobic or are trying to frustrate the object of this legislation. The Liberal Party are committed to this. We were committed to this at the time of the election; we are committed to it now. If the government are fair dinkum about it then they can make this change effective from whatever date they choose, and they could do so effective as of tonight, as of budget night or, as I said, as of the day after the election if they choose. Or—and here is a challenge—they could make it effective from the date I made the announcement on behalf of the Howard government which, as I recall, was 9 November 2007. I commend the bill to the House.

Mr MORRISON (Cook) (6.42 pm)—I thank the member for Wentworth for his contribution. There are always good contributions from the member for Wentworth. I support the intent of the Same-Sex Relationships (Equal Treatment in Commonwealth Laws—Superannuation) Bill 2008. I am opposed to discrimination in all of its forms. I am sympathetic to the injustices that this bill seeks to address in respect of property rights. However, I believe the government is risking the good faith that is available for these measures—and there is a large reservoir of good faith for these measures on both sides of this House—with the choice of language in the bill. There are moral absolutes that protect our society which should never be compromised. If we do so then it is at our peril. This bill, in its unnecessary choice of language, takes the chisel to these absolutes.

Language is important, particularly in this place. This is the first of a number of bills that will seek to undermine the primacy of marriage in the language of these laws. The bill removes the terms ‘husband’, ‘wife’ and ‘marital relationship’ from the laws that are subject to this bill and replaces them with other terms: ‘spouse’ and ‘couple relationship’. Some have attributed benign motives of convenience to these changes but I remain to be convinced about this because in the second reading speech the minister said:

It will also be necessary to consider the need for consistency in Commonwealth legislation in relation to the use of terms such as ‘partner’ and ‘spouse’, but these issues can be given further consideration after—

after—

we proceed with the expeditious passage of this very important first tranche of legislative reform.

Other changes, other harmonisations, are afoot.

The language in this bill is seeking to re-write how we describe marital relationships

in our laws. This language I cannot tolerate. Where do we draw the line? Today we debate the removal of these terms in this bill. Some would argue that this issue that I raise is a minor matter. They may be overwhelmed by the significance of putting an end to this injustice relating to property rights—an injustice that I believe must be addressed and an injustice that I would like to see addressed. But where will these changes end? I encourage those who sit opposite and who I have sat and listened to throughout this debate who genuinely support the primacy of marriage between a man and a woman, and who wish to see this principle forever protected in our laws, to challenge the Prime Minister on this matter.

I encourage you not to be taken in just by the symbolism of this moment on an issue where I do not doubt our shared sincerity to end this injustice, but to think again about the language used to give effect to this measure. The bill has defects. They must be fixed. I fear that, as a result of the language in this bill and those that follow, it will not be long before we will be debating in this place a harmonisation of laws bill that seeks to standardise this language across all statutes, including the Marriage Act. I cannot stand idly by and allow this march to undermine marriage to get out of the barracks. I agree with John Howard when he said:

Marriage, as we understand it in our society, is about children, raising them, providing for the survival of the species, and I think if the same status is given in our society to gay unions as are given to traditional marriage we will weaken that bedrock institution.

Again, in relation to the coalition’s action to protect marriage under the Marriage Act, the former Prime Minister said:

... as far as we were concerned, marriage was a voluntary union for life of a man and a woman to the exclusion of all others. Now, that is our view

of marriage. It remains our view and it will always be our view of marriage.

The test of those opposite is whether you really agree with this, as your leader promised prior to the last election. The bill does not require the exchange of language but the addition of language. The bill requires the creation of a new provision, in addition to the measures dealing with marriage relationships, to deal separately with the property rights of interdependent relationships, including same-sex relationships. This bill fails to recognise the many other interdependent relationships that exist within our community, preferring to give precedence to same-sex couples. This is another defect in this bill that should be addressed.

The language adopted by the bill seeks to create a fiction in relation to the definition of a child. The bill proposes to redefine a child as a 'product of a couple relationship where one partner is linked biologically to the child or where one partner is the birth mother of the child'. As the Australian Christian Lobby I believe has rightly argued, if 'product' is meant to be synonymous with 'offspring' then nonsense is being written into the Commonwealth law, as it is a biological impossibility for a homosexual couple to produce offspring of their own. The choice of language to describe a human being as a 'product' is also completely unacceptable. Human beings are moral beings—body, soul and spirit. We are not products to be manufactured. We cannot treat the language of life in our laws carelessly, as is the case in this bill.

Some common-sense suggestions have been made to overcome these issues—to retain the existing definition of a child for those in heterosexual marital relationships and then provide a new definition for couple relationships to read 'a child born in a couple relationship where one partner is linked biologically to the child or where one partner is

the birth mother of the child'. Solutions are being put forward by those on this side of the chamber to address these challenges of language to ensure that this bill can become law and the injustices are ended. We want to see the injustices ended but we also want to see the language got right. We want to see the language in a way that protects the things that people in this place have said they so strongly and nobly support.

However, I have a further concern with the change to the definition of a child in that it included as a parent a person with no biological link to the child, who would otherwise in a same-sex couple be denied adoption rights under our laws. They will now receive, under this bill in this specific set of laws, the same recognition as a step, adoptive or biological parent. This language is dangerous and, as I sit and listen to the debate, I do not see an understanding or a willingness to accept the dangers that this language presents. There is no sense of withdrawal on this side of the chamber in seeking to support these laws. We simply make an honest plea that you consider this language carefully and think about the implications of this language for other matters that are held very dear by many in this place. These changes, particularly the last one I have mentioned, open the door to recognition as parents not otherwise available under our laws at a state or federal level, in particular our adoption laws. It potentially recognises what I believe is a violation of the rights of the child. There is often a presumption in this debate and related matters that children are a right, not a gift. We can be obsessed with our rights but there is one class of future Australians that have no rights in this country, and they are the unborn Australians. We talk about our choice and our rights but one thing I have learned, having been a father now for almost a year, is that it is not about you. Children are a gift, a blessing; they are not a

right, possession or commodity. I am sure that all in this place would agree with that statement. As those on this side of the House were recently reminded, we owe them safe passage through their innocence.

A right to non-discrimination for children is provided under numerous international conventions. I believe this includes their fundamental right to a mother and a father. John Howard said:

This issue primarily involves the fundamental right of a child within our society to have the reasonable expectation, other things being equal, of the care and affection of both a mother and a father.

I am married. I am a husband to my wife, Jenny, of 18 years. I am a father to my baby daughter Abbey, our miracle child, a blessing of almost one year. May it never be that any of us can make these statements in this place or anywhere else in the future and be considered politically incorrect in this country. Our institutions of marriage and family are sacrosanct to the wellbeing of our society. These increasingly fragile institutions are under enough pressure from the effects of gambling, substance abuse, violence, pornography, financial stress, work-life balance and good old-fashioned selfishness. We should not add to this fragility the dangerous language contained in this bill.

Mr COMBET (Charlton—Parliamentary Secretary for Defence Procurement) (6.51 pm)—The fundamental core belief that led me into public life and to my membership of the Australian Labor Party was the need to treat all people as equals—my thorough distaste and abhorrence of discrimination. Freedom from discrimination and a guaranteed equality before the law are some of the fundamental human rights in our society. Article 26 of the International Covenant on Civil and Political Rights, to which Australia is a signatory, states clearly that:

All persons are equal before the law and are entitled without any discrimination to the equal protection of the law. In this respect, the law shall prohibit any discrimination and guarantee to all persons equal and effective protection against discrimination on any ground ...

That is clear and I agree firmly with it.

The Same-Sex Relationships (Equal Treatment in Commonwealth Laws—Superannuation) Bill 2008 before us today holds true to those principles and seeks to remove the form of discrimination currently experienced by same-sex couples and their children. As is the situation for some other members of the House who have spoken in relation to this issue, this discrimination is not simply theoretical from my experience. It is real in the experience of others to whom I am close and I wish to see it ended. The Human Rights and Equal Opportunity Commission last year, following a substantial inquiry, tabled a report in parliament titled *Same-sex: same entitlements*. The report found that same-sex couples experienced discrimination in a wide range of Commonwealth laws, including superannuation, taxation and social security laws. But more specifically the report identified a number of areas where there was legal and financial discrimination faced by same-sex couples and their children.

I want to run briefly through some of the findings. Others have referred to them, but I will touch upon them, as I think it is important that the House acknowledges the situation that people face. The report found, among other things, that: same-sex couples and their families are denied basic financial and work related entitlements which opposite-sex couples and their families take for granted; same-sex couples are not guaranteed the right to take carers leave to look after a sick partner; same-sex couples have to spend more money on medical expenses than opposite-sex couples to enjoy the Medicare and

PBS safety nets; same-sex couples are denied a wide range of tax concessions available to opposite-sex couples; the same-sex partner of a federal government employee is denied access to certain superannuation and workers compensation death benefits available to an opposite-sex partner; and older same-sex couples will generally pay more than opposite-sex couples when entering aged-care facilities.

The report also concluded that it was not just the couples who were facing discrimination, as we have heard, but also their children. It is estimated that approximately 20 per cent of lesbian couples and five per cent of gay couples are raising children. Inevitably the financial disadvantages faced by their parents will impact upon those children. Article 3(1) of the Convention on the Rights of the Child, to which Australia again is a signatory, states clearly:

In all actions concerning children, whether undertaken by public or private social welfare institutions, courts of law, administrative authorities or legislative bodies, the best interests of the child shall be a primary consideration.

I am far from an international lawyer, I have to concede, but it seems rather evident to me that causing a family financial disadvantage solely on the basis of the parents' sexuality would not fulfil the test of the Convention on the Rights of the Child, to which Australia is a signatory. It is important, therefore, that we remember the impact upon the children of same-sex couples when we are considering the bill before us. In summary, the *Same-sex: same entitlements* report found that approximately 20,000 Australian couples and their children were experiencing discrimination and a lack of equality for no other reason than their parents' sexuality. That is a disgraceful situation that must be remedied, and the bill before us today marks the first stage of the government's commitment to address

the inequality for same-sex couples that exists under a wide range of laws.

The bill, in this instance, deals with the issue of superannuation benefits. These are extremely important for any individual. They provide security for them and their families during retirement and are often an individual's largest asset after their house. When a person dies there is a reasonable expectation that their benefits will be passed on to their families. However, this is not always the case for same-sex couples. In chapter 13 of its report, HREOC found in relation to the current superannuation benefits, and it is worth quoting at modest length:

The same-sex partner of a member of a private superannuation fund may receive superannuation death benefits if he or she can establish an 'interdependency relationship' with, or financial dependence on, the deceased member of the fund. However, the 'interdependency' and financial dependence categories impose more onerous qualifying criteria than for an opposite-sex de facto couple in the same position.

The same-sex partner of a federal government public servant will not get any direct access to superannuation death benefits, unless his or her partner joined the public service after 1 July 2005. This is because a same-sex partner does not qualify as a 'spouse' under the relevant legislation.

HREOC went on to observe the following:

Further, a same-sex partner may not get the same tax benefits for superannuation contributions and earnings as an opposite-sex partner (in either private or federal government funds). Some tax concessions flow onto 'dependants' who inherit superannuation death benefits and this may include a same-sex partner in some circumstances. However, other tax concessions are only available to a 'spouse'. The definition of 'spouse' under the relevant tax legislation and federal government superannuation schemes excludes a same-sex partner.

Finally, the child of a same-sex couple may not be entitled to the same superannuation benefits and tax concessions as a child of an opposite-sex cou-

ple. This is because of the definition of 'child' in the relevant legislation.

These failures and these discriminatory definitions must be remedied, and the bill before us today will remedy these situations and go to the heart of how we define a partner or a child. The effect of the bill will be to ensure that the relevant definitions apply equally to both same-sex and opposite-sex couples. To achieve this, the bill will expand on the definition of a de facto couple, creating the new concept of a couple relationship which will include same-sex couples. The Attorney-General also indicated in his speech introducing the bill that his department will apply lessons learnt from the legislative drafting of these provisions and definitions for a future reform program in this area.

I am pleased to say that the bill also allows for the equal recognition of children who are, as we heard a moment ago, the product of same-sex and opposite-sex relationships. For the purposes of the bill a child will be defined as the product of a couple relationship where one partner is linked biologically to the child or where one partner is the birth mother of the child. A further benefit of such a definition will be a solution to the problems arising from some surrogacy arrangements, where at times the child of an opposite-sex relationship may fall outside of the current definitions. The changes in these definitions will finally eliminate the discrimination felt by these Australians for so long. A lot of effort has gone into the wording and analysis of the wording in the construction of the bill, in my understanding, and I think some of the concerns that have been expressed by some of the members opposite do not properly reflect the fact that the wording is quite appropriate.

The bill will also amend the Superannuation Industry (Supervision) Act 1993, which established the superannuation regulatory framework for regulated super funds. This

will allow all super funds to make allowance for same-sex couples and their children in the same way that they will now be provided for under the Commonwealth schemes. I join the Attorney-General in encouraging all superannuation funds to make this provision.

It should also be noted, particularly in view of the amendment that has been proposed by those opposite, that there are very real and important reasons for this bill to be passed by the parliament as soon as is possible. I do not think these were necessarily addressed by the brief submission made by the member for Wentworth. As soon as this bill is passed the benefits and entitlements that would be enacted will become available. It is to be hoped that the opposition will act with credit in this regard to facilitate the rapid passage of the legislation. I have not heard an argument, at least in the debate, that would satisfy me that it is appropriate to adopt the method of analysis and potential delay that is suggested in the opposition's proposed amendment.

Until the bill becomes legislation we will have the situation where people in the Public Service of our nation are denied the benefits they deserve for no better reason than old-fashioned and outdated discrimination. The bill is about providing for benefits and entitlements for all Australian families on an equal basis. It is about providing human rights in a modern Australia by removing discrimination grounded solely on an individual's sexuality. I would like to congratulate the Attorney-General and all those involved in bringing forward this bill. I would also like to congratulate HREOC for the excellent report they produced and which has obviously had a significant influence on the construction of the legislation. I would also like to congratulate all the activists in the community who for many years have been fighting these forms of discrimination. I hope that they take some encouragement that this

government—the Rudd Labor government—has got the courage and commitment to address this form of unfair, unjustified and abhorrent discrimination.

Mr HAWKE (Mitchell) (7.02 pm)—Consistent with other speakers and I believe the vast majority of our community, I support the intentions of the Same-Sex Relationships (Equal Treatment in Commonwealth Laws—Superannuation) Bill 2008 and will support the bill as amended by the opposition leader. The intention to deal with areas of discrimination in tax treatment and payment of superannuation benefits for members of same-sex couples and the children of these individuals is a good intention. It is an intention that I believe should also be extended to include non-sexual interdependent relationships. However, the government is taking the broad consensus that I believe exists in our society and risking division if it is not clear in the specific provisions and statutory language of this legislation.

The role of marriage between a man and woman in our society is central. Whether members opposite accept it, like it or not our society has been structured around marriage for thousands of years. There are proven reasons for supporting marriage as one of the foundations of our social fabric and cohesion. I want to put on record my support for the unanimous agreement between the current Prime Minister and the former Prime Minister prior to the November 2007 election that marriage is between a man and a woman and that we ought not to move down the path of gay marriage. This is an election commitment that I believe is important for the Labor Party to uphold.

I have some concerns with the language of the bill. The attempt to replace the term ‘marital relationship’ with ‘couple relationship’ and the removal of terms such as ‘husband’ and ‘wife’ clearly concerns a lot of

members of this place. There are those who do seek radical change to the way our society is structured. It could be argued that a change to marriage could be one of the most radical changes in the way our society has functioned for some time. Some members have come in here, spoken on this bill today and I think driven people further away from the intention of this bill. In particular, I would note the contribution of the member for Brisbane, who referred to anybody with a different view on this matter as ‘extreme’. It is not extreme to be a Christian, it is not extreme to support the central role of the family in our society and it is not extreme to support marriage as between a man and a woman—lest we hark back to the Keating era and ‘the politics of intolerance masquerading as the politics of tolerance’, as Paul Sheehan aptly defined it.

No bill should attempt to make radical change in statutory language or in its provisions that will have undesirable effects that can be prevented. I am concerned that the term ‘marital relationship’ is to be replaced with the non-specific term ‘couple relationship’. I am further concerned about the definitions of children and that this does not disadvantage children in de facto relationships. The Parliamentary Secretary for Defence Procurement just made a contribution on international law relating to the children in same-sex couples relationships. He may also want to consider the international law that would prevent discrimination against children in de facto relationships and other forms of relationships as well.

I also concerned that in enacting this legislation we do not create the very discrimination and inequity members are attempting to prevent against other interdependent relationships. I am concerned that the intention of the government is not to include non-sexual interdependency. Like so many other members of this place, I am aware of so

many real and no less deserving interdependent relationships that exist in our community: mothers who live with their sons for a long time or two friends that have lived together for 40 or 50 years. These relationships are real. They have nothing to do with sexuality but there are no less valid reasons why they should not be discriminated against in our society and in law. In fact, I would remind members of this House that the Prime Minister and others went out of their way prior to the election in November 2007 to state that the government would not be seeking any change to the status of marriage or other arrangements.

Government members have come into this place to express concern about the opposition's amendment to send this to a Senate committee—what I regard as due diligence and care in examining this legislation. We ought to realise and recognise that this does not need to be made political, and I would say to government members who have come in here and attempted to portray this as a result of the Howard government that that is a very unfair characterisation. Indeed, those members who have come in here and said that the discrimination has occurred because of the Howard government, or that somehow the Howard government did not act, disregard that there were Labor governments prior to the Howard government. The Keating government did not implement this legislation, the Hawke government did not implement this legislation and the very radical Whitlam government did not implement this legislation. I do not think there is any value in politicising this topic or this bill today.

Society takes time to change. The opposition have the right to carefully examine legislation on behalf of the 48.5 per cent of the two-party preferred vote that put the opposition here. We have been presented with 22 bills this week to examine with very little or

no notice and we have not had the right to ask for further scrutiny of this legislation. There is no other attempt to delay or hinder this legislation, as I said at the beginning of my speech today. I support the intention of this bill; so do many members on this side. I will repeat it for members of this House: we support the intentions of this legislation. We are asking the government to please allow some scrutiny to ensure that there is not a radical change that follows on from the removal of terms such as 'marital relationship' or 'husband' and 'wife' in this legislation.

The member for Port Adelaide said that there was a time pressure in relation to same-sex couples and that inquiries and committees would cause a major issue. The shadow Treasurer came in here just now and recorded for the House's benefit that this legislation can be backdated. The government can, if it seeks to, set a time where this discrimination can be removed and that can be done retrospectively. The member for Port Adelaide also put remarks on the record that I thought were very unpleasant about the fact that people in homosexual relationships may die before 1 July—which is why we should not delay this bill. But he then said that the issue of people in interdependent relationships could be referred to the inquiry that the government has set up to consider those interdependent relationships. It is an odd position for the government to take: that it cares about one set of relationships where people may die before 1 July but not about another set of relationships—nonsexual interdependent relationships—where people may also die before 1 July. If it is good enough for these matters with respect to one set of people to be referred to a committee to be examined further, it is a strange and unconvincing argument that we have to rush for another set of people who may die before 1 July—taking into account the very serious nature of those matters that the member raised.

I say again: there is no need to take broad agreement on the intention of this bill and turn it into division. The House has the right to seek clarification about the statutory language of this bill from the government, its implications for marriage and the definitions of children. We do not want to see this legislation used to weaken the institution of marriage or as a precursor to gay adoption or gay marriage. I support the opposition leader's call for the Senate Standing Committee on Legal and Constitutional Affairs to inquire into this bill—not to delay it, not to hinder it, but to ensure that it is achieving its intentions and only its intentions. As a Christian and as a Liberal, I support the equal and non-discriminatory treatment of people in law. However, I appeal to the members opposite—to those on the government benches—to drop the politics out of this issue, to take the agreement and consensus that exists for the intention of this legislation and to end this injustice but to not seek to make radical change without seeking the approval of the people of the Australian electorate. This legislation and its potential impacts require further scrutiny, and it is right and proper for the House to ask the Senate to do so.

Mr ANDREWS (Menzies) (7.10 pm)—I rise this evening to support the amendment moved by the Leader of the Opposition to the Same-Sex Relationships (Equal Treatment in Commonwealth Laws—Superannuation) Bill 2008. I do so for two reasons: firstly, to support the extension of superannuation to all interdependent relationships and, secondly, to make clear that this bill should not further undermine marriage as conventionally understood in Australia. This bill is about superannuation entitlements. Superannuation in my view is a new form of property. If one looks at the savings of most ordinary Australians, the wealth creation of most ordinary Australians, then for a great many people that major form of

savings or wealth creation these days occurs through their superannuation account. If superannuation can today be properly and appropriately characterised as property, then a person ought to have the right to dispose or divest themselves of that property as they can with any other piece of property—be it money they have saved and can buy something with or gift to another person, or real estate, which they can sell or equally gift to another person.

If the government wishes to extend to relationships other than marriage equality of treatment for superannuation purposes, there is no reason as a matter of logic to limit this to relationships based on a same-sex relationship. Why, for example, should two single sisters who have lived together for many years and who provide for each other with financial and domestic support not receive equal treatment with two lesbians in identical circumstances? Or what about a brother and sister? That was the case for some of my relatives, one of whom died recently. In one case the sister's husband died tragically in the Second World War and her brother has lived with her for the 60-odd years since in an interdependent relationship. Why should they be treated any differently in relation to their property—namely, superannuation—from others? I note that the Attorney-General is at the table. It would be interesting to hear why this bill does not canvass all interdependent relationships, because this was the approach taken by the Howard government in its 2004 amendments to the Superannuation Industry (Supervision) Act. There was a provision relating to the private sector. The key provision in the act was section 10A(1), which says:

... 2 persons ... have an interdependency relationship if:

- (a) they have a close personal relationship; and
- (b) they live together; and

- (c) one or each of them provides the other with financial support; and
- (d) one or each of them provides the other with domestic support and personal care.

If this was a provision which had the unanimous support, as far as I can recall, of the parliament to define an interdependent relationship which would include people in all relationships, whether or not they are on the basis of sexual preference, why should this provision not apply equally to this bill and, as I understand it, to a suite or package of other bills that relate to those in the public sector in Australia? I believe it should apply to people in interdependent relationships. This bill therefore ought to be extended along the lines suggested in the amendment moved by the Leader of the Opposition.

I said secondly that I supported the Leader of the Opposition's amendments to make clear that the bill should not further undermine marriage as conventionally understood in Australia. In talking of undermining marriage, I quote from Jonathon Sachs in his recent informative book, *The home we build together*, where he says, 'The fact that we have deconstructed the family morally, psychologically, economically, politically, is the single most fateful cultural development of our times.' I certainly believe that that is right.

Other members have spoken about changes of language—'marital relationships' to 'couple relationships'. Does this mean that a marital relationship from a cultural, indeed from a legal, perspective in Australia is seen now as just one other permanent type of relationship that has no special value beyond that? I put this in the context that in 2004 this parliament passed a bill to define marriage as 'the union of a man and a woman to the exclusion of all others, voluntarily entered into for life'. There is nothing radical in this proposition. It reflected the common-law

approach stated by Lord Penzance in the 1866 case of *Hyde v Hyde and Woodmansee*, namely, that marriage is the voluntary union of one man and one woman, to the exclusion of all others. It was supported by this parliament including the then opposition Labor Party.

That parliamentary action followed decisions and comments by judges in a number of court cases that the traditional understanding could be changed. The Federal Court took this further when it ruled that the common-law test could include psychological and social considerations. In other words, if you consider yourself a man or a woman, that will do! No wonder the overwhelming majority of parliamentarians decided that they and not some unelected judges should determine the boundaries of marriage in Australia. But some want to reverse this long-held view of the majority of Australians. For example, under a proposal by the Greens put to the Senate, I think on the first day of this parliament, marriage means the union of two persons, regardless of their sexuality or gender identity, voluntarily entered into for life.

Missing from their discussion is any consideration of the purpose of marriage. Social science research shows that the optimal way to raise children is in a well-functioning family comprising both a father and a mother. For the Greens, this is all about discrimination. But maintaining that individuals should be able to direct their will, their pension or their superannuation to whomever they wish is different from upholding the very structure upon which society is founded. The Greens and their supporters reject this notion. Hence the latest push to prohibit words such as 'mother' and 'father' in schools.

Society has an interest in functioning families and healthy children. It has an interest in what Mary Anne Glendon called 'the seedbeds of virtue'—those structures which

enable children to be formed in the virtues. Society has an interest in promoting the institution of marriage because it seeks to unite men and women and to promote child rearing in a setting which provides male and female models. As the demographer Kingsley Davis writes:

The genius of marriage is that, through it, the society normally holds biological parents responsible for each other and for their offspring. By identifying children with their parents and by penalising people who do not have stable relationships, the social system powerfully motivates individuals to settle into a sexual union and take care of ensuing offspring.

David Blankenhorn, the author of *Fatherless America*, puts the economic consequences succinctly. He said:

No amount of public investment in children can offset the private disinvestment—

arising from dysfunctional families. The Greens are not alone in this retreat from marriage. In New South Wales, the government has legislation before state parliament which would remove the longstanding presumption that a child has one father and one mother, which is the case for the overwhelming majority of children. The reason advanced is to provide day-to-day parenting rights to the non-biological mother of a child conceived to a lesbian couple through artificial reproductive technology. Yet this objective can already be achieved by a Family Court parenting order.

As I understand it, this bill treats all de facto partners of people with children as automatically having a step-parent relationship with their partner's children, something which only marriage creates today. Accordingly, for the reasons I have set out, I believe it is appropriate for the opposition to refer this matter to a committee. I therefore commend the amendment to the House.

Mr KATTER (Kennedy) (7.20 pm)—Recently, I was invited to address the Young

Liberals (Australia) conference. I think the blokes who invited me were consequently sacked. The president there said I should be Prime Minister of Australia. I naturally agreed with him and felt he was a very wise and perspicacious person. He struck me as a bloke who was not a fool—although this seemed to be the indication of a fool. He said: 'In Australia we don't have conservatives who espouse conservative values. We have a lot of people who call themselves conservatives, who run around trying to explain that they are not really conservatives at all.' That is what I have watched tonight—people on this side of the House who claim to be conservatives. I said, 'Be specific.' He said, 'Ronald Reagan and Margaret Thatcher.' I do not think I would agree with any of Margaret Thatcher's policies—none at all—but there is no doubt that what he was saying was correct. These people were enormously successful politicians.

I served under a bloke called Bjelke-Petersen. We were described as troglodytes and rednecks and everything else. We moved legislation to make abortion illegal in Queensland—there was vagueness in the law. The verdict of the people was 72 per cent against what we were trying to do, but there was no doubt that the then Premier believed it was the right thing to do. It was not a matter of whether or not we got votes out of it—that was the right thing to do and he was doing it. In the subsequent election, at the expense of the Liberal and Labor parties, our vote went up about eight per cent.

Whilst they disagreed with what we were doing, it was clear that we were acting out of moral beliefs. That is the thing that people will respect and follow. They will not respect you people on this side of the House getting up one after the other and making all sorts of arguments why this is not quite right but you vote for it anyway. Let me state unequivocally that the bill is a bill of approbation for

homosexual relationships. Either you believe that that is a good thing for society or you do not.

Many of you know my background. I spent many, many years in the bush with people of Aboriginal descent, and they have what they call 'Quinkan' beliefs. This is devil-devil country. Devil-devil country at the back of Cooktown was Black Mountain, which was alive with taipan snakes. The Quinkan lore, if you like, for Mount Fox—there were no trees on it—said that devil-devils come out and stick spears in you. That almost certainly indicates—for people with geology backgrounds such as I have—sulphur emissions which are alive volcanically. In fact, it was a live volcanic area about 10,000 years ago. The Quinkan for the Ingham area is 'water from mountain to mountain'. If we have a double flood, the entire coastal plain will go 25 feet under water and probably result in thousands of lost lives. The point I am making here is their belief system—Madam Deputy Speaker, you shake your head and laugh—

The DEPUTY SPEAKER (Ms AE Burke)—No.

Mr KATTER—I do not think the people of Aboriginal descent in my electorate would particularly appreciate your shaking your head and laughing.

The DEPUTY SPEAKER (Ms AE Burke)—No. Member for Kennedy, I am trying to ascertain its relevance to the bill before the House and I would draw your attention back to it.

Mr KATTER—You will have it in one sentence, Madam Deputy Speaker, and that sentence is the survival of the race, the survival of the tribe. People have belief systems because they are important for the survival of the race and the survival of the tribe. If homosexuality is a fashion statement, it is a

very dangerous fashion statement and it is at the present moment in Australia.

I refer to Bob Birrell's article in the Australian newspaper some years ago where he said that in 100 years the population of Australia would be seven million. I thought the man must be mad. I went down to the demography boss at the Parliamentary Library here and I said, 'This could not possibly be right.' He said: 'Well, you can work it out for yourself. If every time 20 people die in Australia they are replaced by 17 people, then over five or six generations you will end up with that figure. So I sat down and worked out the mathematics and I was quite horrified at what I found. There may be people in Australia, but they will not be the race of people that are here today. We have chosen a values system that says that we do not have children, and other races have chosen a value system that says that they do.'

Patrick J Buchanan, in his book *Death of the West* said that Europe in 15 years time will need 23 million people just to keep their essential services going, and those people can only be supplied from the Muslim countries because they are the only countries that have a positive birthrate. I might be a little intemperate in my remarks about protecting the state of Israel, which I am a very strong supporter of, and critical of some of the people that would take away their right to exist, but one has to say, though, that they have a belief system that will ensure that they will be around while we have a belief system that guarantees we will not be around—unless we change that belief system.

People come in here with the hypocrisy of crying about this. I saw that in the abortion debate. The people who thought it was quite all right to kill an unborn child are the same people who go and cry about a stranded whale. Their value systems are skewed. I am not going to be intimidated by moral fashion

to adopt policies which I do not think are correct for our children or our future. What you are doing here is talking about a bill of approbation for this sort of behaviour.

When I spoke on this in this place the last time the issue of AIDS was a very real issue in Australia. There was not a single person in this place that related it to homosexuality. Anyone could go down and get the figures. There were about 75 AIDS cases in Australia. I have not checked the figures, but you can go back to my speech at the time—the figures then were dead accurate. There were about 75 AIDS cases in Australia. Of those, all of them were people that had indulged in homosexual behaviour or were intravenous drug users, with the exception of six people—and there is a third category I will refer to in a moment—who claimed they were not in either of those categories. But the bloke taking the figures pointed out that four of them were living with an ‘at-risk’ partner—which is code for homosexual. So, in actual fact, there was no AIDS phenomenon in Australia outside homosexuality and intravenous drug use. These are not my figures; these are medical figures.

The third category is a very, very sad category of people. Homosexuals said, ‘We are being discriminated against.’ That is what is being said tonight—‘We are being discriminated against.’ They said, ‘We’ve got a right to give blood transfusions the same as everybody else.’ The New South Wales government—moral relativists—decided, ‘Oh yes, that’s terrible, we are discriminating against them.’ So they allowed them to give blood, and some 60 or 70 people—mostly little children—contracted AIDS as a result of that decision. This is all a matter of public record.

When I look back to the days of very great upheaval in the world, there are two people that leap out to me—Martin Luther and St

Thomas More. The fashion of their day should have led them both to certain death. By some miracle, Luther escaped but Thomas More did not. But they were both men that did not hesitate to place themselves in danger of death for their beliefs—what they profoundly believed to be the true and right thing to do. So, though it is not very fashionable and though it will bring great opprobrium upon anyone speaking in the manner in which I am speaking, I think that it is everyone’s duty to reflect upon the fact that the sort of viewpoint that I have must win in the end because the other viewpoint leads to the nonsurvival of the race.

I go back to a lot of my old blackfella mates. They had survival laws there that were very valuable and very important for their survival and the preservation of their tribe and their race. But let the last words lie with the great Jim Killen. Writing a letter to the *Australian*, he said: ‘If the definition of marriage is a love relationship, I for many years of my life was a ringer up in the Gulf Country, and I loved my horse.’

Debate interrupted; adjournment proposed and negatived.

Mrs MARKUS (Greenway) (7.30 pm)—With all due respect to the member for Kennedy, can I clarify that those of us who are standing in support of the intention of the Same-Sex Relationships (Equal Treatment in Commonwealth Laws—Superannuation) Bill 2008 with a proposal for an amendment and referral to a Senate committee actually have the capacity to stand for principle but at the same time stand for what is just, right and fair for those this bill applies to. This debate is about fairness. It is about the balance of what is just and what is right.

I say at the outset that the dignity and value of every individual is critical to this House and also to the people we represent. Respect for all Australians and their capacity

and their right to choose how they live their lives, while respecting the rights of others, is paramount. Laws and legislators have the responsibility to place value on all humanity.

The introduction of legislation that focuses on fairness in financial and work related entitlements and benefits for all Australians is to be commended. Adults in dependent relationships including but not limited to same-sex relationships—and people within those relationships who wish to ensure that dependants, including children, are rightly entitled to be treated fairly in Commonwealth law—are to be supported. Aspects of fairness that are presented in this bill to eliminate discrimination against same-sex couples and the children of same-sex relationships from the several acts affected by this bill—I will not list them all tonight—are worthy of support.

However, there are a couple of things that I am concerned about. In my view, the revision of the existing definitions of 'spouse' and 'child' and creation of new definitions not only errs on the side of devaluing marriage but also puts at risk the rights of children. The bill provides for the removal from various bills of the phrase 'marital relationship', to be replaced with the term 'couple relationship', and for the removal of 'husband' or 'wife', to be replaced with the term 'partner'. With all due respect to the House, I fought for marriages for many years when I worked as a social worker, and marriage is indeed one of the bedrocks of our society and ought to be supported and strengthened in all legislation.

Item 17 of the bill refers to the child as being a 'product'. With all due respect again to the House and to members opposite, referring to children as products is somewhat impersonal and again devalues the significance of children. As has already been noted by members on this side, children are valuable

human beings. The potential for unintended negative consequences is yet to be thoroughly explored. It is important that children dependent on adults who care for them ought to be entitled to the Commonwealth benefits referred to in this bill, but the detail needs to be further explored.

In my view, the preference for children to be raised by a father and a mother—a male and a female—ought to be strengthened and supported. While I have respect for those who, through circumstances and/or choice, live in various and different family relationships and circumstances, it is my view that it is important to strengthen and add value to marriage and to children being raised in a home where both parents are present. I urge the government to adopt the coalition's amendments, which will enable the removal of barriers to fairness, which is the intention of the bill, and will place equal value on marriage and protect the rights of children. It is the language of this bill that needs to be reviewed and changed.

Prior to the election, the Australian Labor Party noted its lack of support for legislation to recognise same-sex marriage or civil unions. The Labor Party also agrees with the Australian Christian Lobby that:

... same-sex couples should be able to share their finances and property with each other and in addition supports the removal of discrimination in areas such as taxation, superannuation and social security benefits.

The Labor Party stated that it:

... does not support legislation to recognise same-sex marriage or civil unions or to make changes to the definition of marriage.

I think that changing the definition of what a couple is in this legislation would question its commitment to that.

Earlier this week I received a letter from the Anglican Diocese of Sydney, and I will refer briefly to their comments:

We commend the government for addressing some of the inconsistencies in current legislation as well as some of the legal and administrative impediments that are imposed on same-sex couples, which in effect deny them access to various financial and work related benefits that others in the community enjoy. However, there are two aspects in this area of law reform that particularly concern us.

Our first concern is that many of the benefits which we understand are to be extended to same-sex couples may be equally applicable to other types of caring, interdependent relationships—for example, elderly siblings or disabled family members. We can see no reason in principle why other categories of caring, interdependent relationships should not also enjoy those benefits which are not dependent upon the relationship being a sexual relationship. Our second concern relates to the apparent removal in relevant principal legislation of any reference to marriage as a separate and distinct category of relationship. We understand the terminology proposed to be used in amending legislation will cover married couples. However we are concerned that, for the sake of drafting expediency, the special place that society has traditionally accorded to marriage will be hidden by these reforms.

While I support the principle and intent of this bill, I strongly commend the amendment to the House.

Mr McCLELLAND (Barton—Attorney-General) (7.38 pm)—I would like to thank the honourable members for their contributions to the debate. I would like to echo the simple words of the member for Sturt: it is overdue. As I informed the House last week, the Same-Sex Relationships (Equal Treatment in Commonwealth Laws—Superannuation) Bill 2008 introduces the first part of historic reforms to amend the Commonwealth laws that discriminate on the basis of sexuality. I am proud that within six months of coming to government we have managed to audit all Commonwealth laws to identify discrimination against same-sex couples and to introduce this legislation. The

public servants involved have, quite frankly, done an outstanding job. The reforms in this bill will make a practical difference to the lives of a group of fellow Australians who for far too long have suffered discrimination in superannuation at a Commonwealth level.

However, members of the opposition may not be aware that the drafting of legislation to remove discrimination on same-sex relationships has not been easy—and that is an understatement. It required care to ensure that existing entitlements are not detrimentally affected while seeking to remove discrimination. I will say a little more about that in terms of the concept of close personal relationships that has been raised throughout the debate.

These particular amendments that relate to these particular superannuation laws are time critical because of the benefits that will flow to people who are grieving from the loss of a loved one. For that reason, we have split the legislation into two parts to enable these amendments to pass now while the rest of the legislation is drafted. I fully expect and think it is appropriate for the second tranche of the legislation to be scrutinised by a Senate or House of Representatives committee. Amendments to discriminatory terms in Commonwealth laws will set a new legal standard for fairness and consistency and will provide functional recognition of same-sex couples and, importantly, their children. Discrimination on the basis of sexuality has largely been removed from state and territory laws, and this bill will take equality for same-sex couples and their children to the next level by introducing long-overdue reform to remove discrimination from Commonwealth laws.

In terms of the issues raised in the debate, I would like to address up front the concern of the Leader of the Opposition that replacing the term ‘marital relationship’ with the

new definition 'couple relationship' could be construed as undermining the institution of marriage. Removing sexuality discrimination does not undermine marriage. The question of recognition of same-sex marriage is a separate issue entirely from that of providing equal recognition for same-sex couples. The government's policy on marriage reflects the widely held view in the community that marriage is between a man and a woman. This in turn reflects the traditional view of marriage that has been built over many centuries. Removing discrimination is about making sure that same-sex couples are recognised for all practical purposes and have the same entitlements as opposite-sex de facto couples. There will be winners and losers, but the government has made it known that this is precisely what the reforms will achieve. I think, in fairness to those who are potentially losers, they recognise this is part of the principle of removing discrimination.

I wish to make it abundantly clear that the use of the term 'couple relationship' does not undermine existing marriage laws. As I said in my second reading speech specifically—and I will refer honourable members to it again—the government's position in relation to the existing definition of marriage is unambiguous. We believe that marriage is between a man and a woman. However, the government has also made clear its commitment to implementing its policy of conferring the same entitlements on same-sex de facto couples that are conferred on opposite-sex de facto couples. The bill seeks to treat opposite-sex and same-sex couples equally for the purposes of payment of reversionary benefits. It is important to know that we are talking about reversionary benefits as part of these measures. As such, it is desirable to use consistent terminology for recognising persons in certain relationships.

This has been a difficult and technical piece of legislation to draft. It is not the case,

as suggested by some of those opposite, that the terms of this legislation are clinical and austere. As the Leader of the Opposition also noted, and we agree with him, it is important that new discrimination not be introduced by these amendments. Currently both opposite-sex de facto couples and married couples are entitled to death benefits if they are considered to be in a marital relationship. These are death benefits in the context of a reversionary benefits scheme—in other words, a monthly, fortnightly, weekly or other payment. However, it would be contrary to the government policy on marriage to include same-sex de facto couples within the definition of 'marital relationship'. That is precisely because we believe that marriage is between a man and a woman. The alternative is to separate marital from de facto couple relationships. However, I am advised that this could create statutory interpretation problems by giving 'marital relationship' a narrower meaning, potentially enabling it to be treated unequally to de facto relationships. There would be the risk that a court would take the view that a 'couple relationship' was a different test to a 'marital relationship'. This might in fact take the form of a superannuation benefit being given or denied to a person in a marital relationship when compared to a person in a de facto relationship. This might have created marital status discrimination contrary to Australia's international obligations and contrary to the intention, I am sure, of members of both sides of the House.

As a result, the bill ensures equality by replacing the term 'marital relationship' with the term 'couple relationship'. This is similar to the approach recommended by the Human Rights and Equal Opportunity Commission. The bill also replaces the phrase 'husband or wife' with the term 'partner'. The definition of partner is non-discriminatory and applies to persons, whether the persons are in a

same-sex or opposite-sex relationship. This will place all persons who have an opposite-sex or same-sex relationship with a scheme member on an equal footing. Let me state again: removing discrimination in no way diminishes the status of a marriage in the assessment of superannuation benefits.

The bill aims to allow same-sex partners and their children to receive superannuation benefits on the same basis as opposite-sex de facto partners and their children. Recognition is necessary if we as a community are to remove discrimination against same-sex families and their children. The definition of 'child' in the acts has been expanded to extend superannuation death benefits to include children of same-sex relationships. The new definition expands the classes of children who may be taken to be a child of the member for the purposes of determining eligibility for orphaned children benefits. It has been suggested by a member opposite that all that is required under these amendments is a simple biological connection between a child and a member of a superannuation scheme. I want to make clear that this is not possible. The overriding requirement in the definition of a child under the legislation is that they be a child who is the product of the relationship. Not only must a child have a biological connection to one of the partners of the relationship or be born to one of the partners; they must also be the product of the relationship.

In addition, under the legislation it is also an existing and separate requirement that a child be an 'eligible child' in order to be entitled to a reversionary payment. For this to occur, a child would need to be dependent on the member and meet the other requirements of being an eligible child. That requirement will not be changed by these amendments. I reject entirely the suggestion that this bill opens the door to gay adoption, gay IVF or gay surrogacy. Adoption, IVF and surrogacy

are matters primarily for the states and territories.

The bill does not create relationships that do not already exist. The issue from the government's perspective is not about encouraging gay parenting but about ending discrimination. The reforms in this bill recognise real family situations. Recognition is necessary if we as a community are to remove discrimination against same-sex families and their children.

Members opposite have suggested that the proposed definition of 'couple relationship' should include interdependent couples. The concept of 'partner' takes its ordinary meaning and cannot extend recognition to interdependent couples, such as the example frequently given of two elderly sisters living together. This is made clear in the explanatory memorandum. I note that the opposition want to broaden the bill's scope to include interdependent relationships. This option was explicitly rejected by the Human Rights and Equal Opportunity Commission. It is also an option which appears to have been previously rejected by the opposition when they were in government. I note, in fact, that the opposition, with respect to many members who I respect on a personal level, have not thought through the implications of their current position on interdependent couples.

Bearing in mind that we are talking about the first tranche of a package of laws that will remove discrimination from Commonwealth laws, I would like to provide some examples. Let me take the example of two elderly sisters who live together and look after each other, which was raised by the opposition in debate, as I have noted. Suppose each sister currently receives the age pension at the single rate of \$546.80 per fortnight. If, as the opposition proposes, they were recognised as a couple under Commonwealth laws, each would receive the

couple rate of \$456.80 per fortnight—that is, their payments would go down. In other words, they would be \$180 worse off per fortnight. Currently, each would also receive a utilities allowance of \$500 per year. In other words, they are treated as individuals. If, as the opposition proposes, they were recognised as a couple, they would only receive one utilities allowance between them, losing a further \$500. And there are likely to be other negative financial implications, such as telephone allowances and rent assistance. As the member for Menzies appeared to appreciate in his contribution—and I respect the member for Menzies—we are talking about amendments including, to use his phrase, a package or suite of other laws where these measures will necessarily occur.

The opposition's renewed interest in the role of the Senate in scrutinising legislation is welcome, but I fully expect that when the second tranche of legislation is introduced it will occur. However, this legislation is time critical. The only reason to refer this legislation to a Senate committee would be to achieve a prolongation and extend the discrimination that currently exists against same-sex couples, discrimination which the opposition leader and many opposite are determined—and we appreciate their genuineness—to remove.

Honourable members interjecting—

The DEPUTY SPEAKER (Ms AE Burke)—The Attorney-General has the call and should be heard in silence.

Mr McCLELLAND—Our challenge is to sincerely ask ourselves: 'How would I feel if that were me? How would I feel if I had a son, a daughter, a brother or a sister in these arrangements?' It is not desirable to be overly emotive about these matters, but it is appropriate to ask: what is the situation of a person who is potentially the beneficiary of a reversionary benefit in circumstances where

the superannuant dies before this legislation is passed?

I note that there is a suggestion for back-dating. But the problem is that when you are talking about reversionary benefits you are usually talking about a fortnightly or monthly contribution; that is, a contribution that is in lieu of income and sustains the person. If there is a gap—particularly a substantial gap—there are complications as to how that individual is to sustain themselves and their family until the legislation is passed. There are complications. I appreciate the numbers in the Senate, but I would implore those opposite to prevail upon their senators to conduct their inquiry as expeditiously as possible.

The Rudd Labor government recognises the important and tireless contribution of carers to the community. However, the issue of whether to recognise interdependent relationships such as a caring relationship is complex, as I have indicated by the examples I gave. Indeed, it is no secret, although it was not the intention of the government in removing discrimination, that there will at the end of the day be a saving to budget as a result of removing discrimination. This is because many persons who are currently entitled to greater benefits as individuals will end up having their benefits determined on a collective basis; in other words, effectively as couples. In that sense, the proof of the pie is in the eating. In the specific example that I have given in respect of the aged couple, that will necessarily be the case.

In other words, careful consideration should be given to these complex issues to do with recognising interdependent relationships, particularly caring relationships, in Commonwealth legislation. Indeed, how to best recognise caring relationships is being considered by an inquiry by the House of Representatives Standing Committee on

Family, Community, Housing and Youth. However, this is a separate issue to removing discrimination against same-sex couples and should not hold up the implementation of these important reforms.

As the introduction of the bill highlights, the government believes that people are entitled to respect, dignity and the opportunity to participate in society and receive the protection of the law regardless of their sexuality. The government is committed to removing discrimination against same-sex couples and their children. This bill will implement the first part of this commitment by removing same-sex discrimination from Commonwealth superannuation laws. Put simply, the same-sex partner or a child of a same-sex relationship today does not have an equal right to receive important superannuation benefits, literally to sustain them. Those rights will be provided by the passage of this bill. This approach imports a new standard of fairness and consistency into the law in this area and ensures that same-sex families are treated with fairness and equity.

Some opposition members want to have it both ways, with respect. They want to have same-sex relationships not equated to a married relationship but also want to support the removal of discrimination against same-sex couples. With respect to those opposite—and I appreciate their good intent—they cannot have it both ways. Removing discrimination simply means that same-sex relationships are treated equally to de facto opposite-sex couples. The reforms in this bill will recognise real family situations, and this is the only way to remove discrimination against same-sex families and their children. I commend the bill to the House.

The DEPUTY SPEAKER—The original question was that this bill be now read a second time. To this the Leader of the Opposition has moved as an amendment that all

words after ‘That’ be omitted with a view to substituting other words. The immediate question is that the words proposed to be omitted stand part of the question.

Mr Katter—Madam Deputy Speaker, I wish my vote to be recorded in the negative, because the amendment approves the bill and I am opposed to the bill. Thank you.

The DEPUTY SPEAKER—We will deal with that. Thank you.

Question put.

The House divided. [8.00 pm]

(The Deputy Speaker—Ms AE Burke)

Ayes.....	73
Noes.....	<u>56</u>
Majority.....	<u>17</u>

AYES

Adams, D.G.H.	Albanese, A.N.
Bevis, A.R.	Bidgood, J.
Bird, S.	Bowen, C.
Bradbury, D.J.	Burke, A.S.
Butler, M.C.	Byrne, A.M.
Campbell, J.	Champion, N.
Cheeseman, D.L.	Clare, J.D.
Collins, J.M.	Combet, G.
D’Ath, Y.M.	Debus, B.
Elliot, J.	Ellis, A.L.
Ellis, K.	Emerson, C.A.
Ferguson, L.D.T.	Ferguson, M.J.
Fitzgibbon, J.A.	Garrett, P.
Georganas, S.	George, J.
Gibbons, S.W.	Gray, G.
Grierson, S.J.	Griffin, A.P.
Hale, D.F.	Hall, J.G. *
Hayes, C.P. *	Irwin, J.
Jackson, S.M.	Kelly, M.J.
Kerr, D.J.C.	Livermore, K.F.
Macklin, J.L.	Marles, R.D.
McClelland, R.B.	McKew, M.
McMullan, R.F.	Melham, D.
Murphy, J.	Neal, B.J.
Neumann, S.K.	O’Connor, B.P.
Owens, J.	Parke, M.
Perrett, G.D.	Plibersek, T.
Price, L.R.S.	Raguse, B.B.
Rea, K.M.	Ripoll, B.F.

Rishworth, A.L.
Shorten, W.R.
Snowdon, W.E.
Symon, M.
Thomson, C.
Trevor, C.
Vamvakinou, M.
Zappia, A.

Saffin, J.A.
Sidebottom, S.
Sullivan, J.
Tanner, L.
Thomson, K.J.
Turnour, J.P.
Windsor, A.H.C.

NOES

Abbott, A.J.
Billson, B.F.
Bishop, J.I.
Cobb, J.K.
Coulton, M.
Farmer, P.F.
Georgiou, P.
Hartsuyker, L.
Hawker, D.P.M.
Hull, K.E. *
Irons, S.J.
Johnson, M.A. *
Laming, A.
Macfarlane, I.E.
Markus, L.E.
Mirabella, S.
Nelson, B.J.
Pearce, C.J.
Ramsey, R.
Robert, S.R.
Schultz, A.
Secker, P.D.
Slipper, P.N.
Somlyay, A.M.
Stone, S.N.
Tuckey, C.W.
Vaile, M.A.J.
Washer, M.J.

Andrews, K.J.
Bishop, B.K.
Ciobo, S.M.
Costello, P.H.
Dutton, P.C.
Gash, J.
Haase, B.W.
Hawke, A.
Hockey, J.B.
Hunt, G.A.
Jensen, D.
Keenan, M.
Ley, S.P.
Marino, N.B.
May, M.A.
Morrison, S.J.
Neville, P.C.
Pyne, C.
Randall, D.J.
Ruddock, P.M.
Scott, B.C.
Simpkins, L.
Smith, A.D.H.
Southcott, A.J.
Truss, W.E.
Turnbull, M.
Vale, D.S.
Wood, J.

* denotes teller

Question agreed to.

Original question agreed to.

Bill read a second time.

Message from the Governor-General recommending appropriation announced.

Third Reading

Mr McCLELLAND (Barton—Attorney-General) (8.06 pm)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

HIGHER EDUCATION SUPPORT AMENDMENT (2008 BUDGET MEASURES) BILL 2008

Second Reading

Debate resumed from 29 May, on motion by **Ms Gillard**:

That this bill be now read a second time.

Mr ANTHONY SMITH (Casey) (8.07 pm)—I rise to speak on the Higher Education Support Amendment (2008 Budget Measures) Bill 2008, which was introduced into the House last week. As members will know, this bill deals with a number of issues and proposes a number of measures with respect to higher education. Specifically the bill deals with a range of capital works projects at the James Cook University Dental School, capital infrastructure and additional Commonwealth supported places in medicine, nursing and education at the University of Notre Dame. It makes provision for additional Commonwealth supported places in early childhood education and nursing and for the expansion of undergraduate scholarships over the next four years. There are a number of other measures as well. One of the bill's major measures, of course, is the reduction in HECS for certain courses, specifically maths and science, down to the minimum rate. For graduates of those courses who go into areas of workforce shortage, specifically teaching, there is a 50 per cent reduction in the HECS repayments. Finally, the bill deals with domestic full-fee-paying places. It provides for the abolition of those places and also provides for what the government says is the necessary number of additional Commonwealth supported places to compensate for the abolition of domestic full-fee places.

I say at the outset that all of these measures and initiatives within the bill were spo-

ken about before the election. We say that quite up front. They were within the Labor Party's policy platform. Obviously some of them are non-controversial, and by that I refer to the capital infrastructure grants to some of the universities and some of the other measures. Some of them received more prominence than others, specifically the longstanding policy decision by those opposite to abolish domestic full-fee places at Australian universities. The opposition will not be forcing a division on this bill. We do not wish to delay those good parts of the bill for Australian universities or for them to be delayed in the other place. However, let me just say in the brief time available that, with respect to the HECS reductions for maths and science and some of the other courses mentioned, obviously the government's intention, as they stated before the election, is, firstly, to encourage more people into these courses and, secondly, to encourage them into areas of workforce need, specifically teaching. That intention is a noble one, but it is one we are sceptical about. We would hope to be wrong, but we do not think this approach is a silver bullet, particularly when it comes to teaching.

We think the big issues in teaching—and the shortage of science and maths teachers, if I can just take one example in the short time available—relate more to the teaching profession itself and the lack of performance pay structures and the like. That is a very big debate that is ongoing at the moment. We would all agree in this House that we need to attract the best and brightest into teaching and then we need to keep them there. I think most members here in this House would agree that, for a long period of time, it has not been the case that we have been able to attract the best and the brightest into teaching. We are not keeping them in that profession long enough. The statistics tell the story. It is not a matter of political argument or

debate. Too many teachers leave within the first three to five years and we lose them forever.

Another thing we need to do is think about initiatives and incentives that will attract people into the areas of maths and science teaching mid-career. This is a big issue beyond the power of just this House; we need our state counterparts to think about this creatively. We all know intuitively, and members on each side say it in various debates on other issues, that in today's modern economy in Australia people will change jobs or careers throughout their lifetimes. The structure of teaching is predicated on someone doing a teaching degree and never leaving. We need to be able to attract people in their 30s, 40s and 50s who will be looking for a second career and for whom teaching would be an attractive option. We need to be able to attract them into the profession. We think that, whilst the intent behind the measures within this bill is obviously to make a difference, these bigger issues that I have just canvassed will be what is required to actually make the real difference.

Finally, it is well known that those opposite have always opposed domestic full-fee places at Australian universities. This bill provides for the abolition of those places. We think that is a big mistake. This side of the House believes that students who have just missed out on a HECS funded place or a Commonwealth supported place who want to take up the option of a full-fee domestic place, and who want to work and save and make that sacrifice for their own future, should have the ability to do that. That is why we introduced that option of additional places above and beyond the Commonwealth supported places. Those opposite have been opposed to this for a long time, and we think that it is blind ideological opposition. Those opposite—the Minister for Education and members of the Australian Labor Party—

operate on the assumption that there is not one single student occupying one of these places in an Australian university who comes from a poor background. They cannot conceive that someone who has had a difficult year in their final year of high school or has had a disrupted education, who has worked their guts out and who may have just missed out on a place will actually take out a loan and work and take up one of these places. It is their preference that they be denied that choice and that they instead, presumably, fly overseas to take up a full-fee-paying place or that they go to a private university.

I know that those opposite cannot conceive that such people exist. They do. They have been taking up these courses, and this legislation, which will prevent that from occurring, will remove choices for those people. I foreshadowed earlier that I would move a second reading amendment—a pious amendment—in my name on this issue, and I will do that now. I move:

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

- (1) condemns the Government for:
 - (a) its blind ideological opposition to domestic full fee paying places in Australian universities;
 - (b) its deliberate plan to legislate to prevent an Australian student from taking up a full fee paying place just as overseas students can and will continue to be able to do;
 - (c) its restriction of flexibility for our universities to respond to student demand; and
 - (d) its constant false claims that those full fee paying students are buying their degree when in fact they must meet the same academic standard as every other student at their university doing their course to pass each year of their course and obtain their degree; and

(2) notes:

- (a) that students including some from low socio economic backgrounds who may have experienced disruption, difficulty and obstacles in their final year at high school will no longer have the option of making their own individual choice to take out a loan, or work and save, to access a full fee paying place if they have just failed to obtain a Commonwealth supported place;
- (b) the Government’s pious pretence that it cares for those students who may need access to assistance whilst at the same time outlawing access to their desired university course;
- (c) that the bill will further limit pathways for Australian students to get into a desired university course and embark on their chosen career; and
- (d) that this bill restricts further the choices available to Australian students in assessing the best courses to suit their own circumstances”.

The DEPUTY SPEAKER (Ms S Bird)—Is the amendment seconded?

Mr Pyne—I second the amendment.

Mr CRAIG THOMSON (Dobell) (8.17 pm)—The blind hypocrisy of the opposition in relation to this second reading amendment to the Higher Education Support Amendment (2008 Budget Measures) Bill 2008 is absolutely unbelievable. Of the areas that were neglected in our economy—in our country—it is higher education that has suffered more than most over the last 11½ years. Not only has it suffered through a reduction in money being invested there, but the former government’s ideological approach to higher education in trying to tie the unfair Work Choices to the funding for universities makes an absolute mockery of this particular amendment.

Under the former government, in order to guarantee that they retained their funding, universities were forced to offer AWAs to all

university staff. The former government blindly forced an unfair ideology—one that was completely rejected by the Australian people on 24 November—onto both the academic and general staff of universities around this country. The member for Casey came into this place today and moved an amendment that accuses the Rudd government of blind ideology—it just bowls me over. It shows the hypocrisy and the gall of the opposition. It clearly shows that they do not take education seriously. It shows that they have not changed and they have not learnt their lessons from 24 November. What they are about is cheap political stunts to try and cover up for the fact that for 11½ years this was an area that suffered greatly from the neglect of the former government. In fact, the neglect of the former government was so bad that, while other OECD countries on average increased their funding by up to 48 per cent in the 10 years leading up to 2004, in Australia we saw a decline of four per cent. That is a 52 per cent difference between what happens everywhere else and what happens in this country. They did it even though they knew that there was a skills shortage in this country—one that was growing. It was growing because of the inaction of the former government in relation to their approach to education generally but particularly to higher education.

The Higher Education Support Amendment (2008 Budget Measures) Bill 2008 and part of some other bills that were outlined in the budget and are now before this place seek to redress some of these issues and make sure that we can start to look at those capacity constraints that have been brought about by skills shortages throughout the country. In particular, the budget identified two key infrastructure initiatives: the Better Universities Renewal Fund, which is a \$500 million fund available now for use by universities to address the rundown in facilities;

and the \$11 billion Education Investment Fund, which is available from 2009-10 for major infrastructure investments. With this bill we are looking to restore equity to higher education, firstly, by abolishing full fees for domestic students. This is not an ideological position; we are not saying that we are not going to increase the number of places. In fact, universities will have 11,000 new Commonwealth supported places by 2011. With this legislation we are saying that students will be able to compete for these places on merit rather than on ability to pay. That has always been a tenet of Labor Party policy and it is something that those on the opposite side simply do not get. Education is a social imperative, but it is also an economic imperative and it is one that should not be based on someone's ability to pay.

In relation to capacity constraints that are there, it was very interesting looking at what the Reserve Bank Governor had to say in relation to capacity constraints and the opportunities that the former government had over 11½ years to try to address those issues. Earlier this year in the review of the RBA, Glenn Stevens indicated that indicators of capacity utilisation had reached their highest levels for two decades and firms continued to report considerable difficulty in expanding operations due to shortages of suitable staff. Mr Stevens added:

The economy has for a few years now been approaching a point where the level of utilisation of labour and capital is very high, and we are as fully employed as we have been for 30 years.

The Reserve Bank Governor was making the point that there are capacity constraints because of the need to reskill. These warnings had been given to the former government on numerous occasions, but what did they do in terms of higher education? They effectively cut funding. They did not look to the future; they did not say that there were going to be problems. Their approach was simply to

slash and burn and look at reducing the federal contribution to universities. On this side of the House we believe in the education of the country. We believe in an education revolution, and we believe that an education revolution is vital for the economy of the country to put downward pressure on inflation and therefore keep interest rates lower.

The key initiatives in this bill will restore equity to higher education by abolishing full fees; providing incentives to study and work in priority areas for our community and the economy in maths, science and early childhood education; and helping to increase access to higher education by doubling undergraduate scholarships and postgraduate scholarships. As I said, by 2011 there will be 11,000 new Commonwealth supported places. This bill also looks at funding valuable places and infrastructure for the James Cook University Dental School and the University of Notre Dame in medicine, nursing and education. Under the previous government these were areas where we saw cuts in numbers at universities, contributing to the skills crisis that we have.

This is an important bill. It is just one part of the Rudd government's ongoing education revolution. It is an important piece of legislation that needs to be seen in the context of the other measures that were announced in the budget, and it is a piece of legislation that I commend to the House.

Mr BRENDAN O'CONNOR (Gorton)—Minister for Employment Participation (8.25 pm)—I firstly thank those members who spoke on the bill and I commend the member for Dobell for his very compelling contribution to this debate. The Higher Education Support Amendment (2008 Budget Measures) Bill 2008 amends the Higher Education Support Act 2003 to implement the government's education revolution 2008-09 budget package for higher education.

These measures carry through the government's election commitments. The government's immediate priorities for higher education implemented through this bill will address skill shortages in critical areas, restore equity and support access to higher education, and fund places and infrastructure in key areas.

This bill makes important amendments to the Higher Education Support Act 2003 to address urgent and immediate priorities. It will provide for increased funding under the act to provide incentives for students to study priority areas like mathematics, science and early childhood education at university. It will ensure that students gain access to higher education on merit, and not on the ability to pay, by phasing out full-fee-paying undergraduate places for domestic students in public universities from 2009 and providing for additional Commonwealth supported places in early childhood education and nursing. This bill will provide for the expansion of Commonwealth scholarships, including the doubling of the number of undergraduate scholarships from 44,000 to 88,000 by 2012 and the doubling of the total number of the Australian postgraduate award holders to nearly 10,000 by 2012. It will provide for capital infrastructure and additional Commonwealth supported places and clinical outreach funding for the establishment of the James Cook University Dental School and for capital infrastructure and additional Commonwealth supported places in medicine, nursing and education at the University of Notre Dame Australia.

The measures in this bill in addition to our commitment to the \$11 billion Education Investment Fund and the \$500 million Better Universities Renewal Fund that are not covered by the act represent the start of the government's education revolution in the higher education area. Again I thank the members who contributed to this debate. It is an im-

portant debate, as is of course the bill. I indicate to the House that, as a result of the extensive debate across the chamber, we have I think, particularly when it comes to members on this side, highlighted the important elements of the legislation that is being proposed. Of course we are disappointed that the opposition could not accept the evidence and the compelling arguments put by government as to why they should support the bill. They have moved an amendment, which we do not support. I am very happy to commend the bill to the House.

The DEPUTY SPEAKER (Ms S Bird)—The original question was that this bill be now read a second time. To this the honourable member for Casey has moved as an amendment that all words after ‘That’ be omitted with a view to substituting other words. The question now is that the words proposed to be omitted stand part of the question.

Question agreed to.

Original question agreed to.

Bill read a second time.

Message from the Governor-General recommending appropriation announced.

Third Reading

Mr BRENDAN O’CONNOR (Gorton)—Minister for Employment Participation) (8.30 pm)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

CUSTOMS TARIFF AMENDMENT (TOBACCO CONTENT) BILL 2008

Report from Main Committee

Bill returned from Main Committee without amendment; certified copy of the bill presented.

Ordered that the bill be considered immediately.

Bill agreed to.

Third Reading

Dr KELLY (Eden-Monaro—Parliamentary Secretary for Defence Support) (8.31 pm)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

FISHERIES LEGISLATION AMENDMENT (NEW GOVERNANCE ARRANGEMENTS FOR THE AUSTRALIAN FISHERIES MANAGEMENT AUTHORITY AND OTHER MATTERS) BILL 2008

Report from Main Committee

Bill returned from Main Committee without amendment; certified copy of the bill presented.

Ordered that the bill be considered immediately.

Bill agreed to.

Third Reading

Dr KELLY (Eden-Monaro—Parliamentary Secretary for Defence Support) (8.32 pm)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

VETERANS’ AFFAIRS LEGISLATION AMENDMENT (INTERNATIONAL AGREEMENTS AND OTHER MEASURES) BILL 2008

Report from Main Committee

Bill returned from Main Committee without amendment; appropriation message having been reported; certified copy of the bill presented.

Ordered that the bill be considered immediately.

Bill agreed to.

Third Reading

Dr KELLY (Eden-Monaro—Parliamentary Secretary for Defence Support) (8.33 pm)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

**CUSTOMS LEGISLATION
AMENDMENT (MODERNISING)
BILL 2008**

Report from Main Committee

Bill returned from Main Committee without amendment; certified copy of the bill presented.

Ordered that the bill be considered immediately.

Bill agreed to.

Third Reading

Dr KELLY (Eden-Monaro—Parliamentary Secretary for Defence Support) (8.33 pm)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

**SUPERANNUATION LEGISLATION
AMENDMENT (TRUSTEE BOARD
AND OTHER MEASURES)
(CONSEQUENTIAL AMENDMENTS)
BILL 2008**

Report from Main Committee

Bill returned from Main Committee without amendment; certified copy of the bill presented.

Ordered that the bill be considered immediately.

Bill agreed to.

Third Reading

Dr KELLY (Eden-Monaro—Parliamentary Secretary for Defence Support) (8.34 pm)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

**CUSTOMS AMENDMENT
(STRENGTHENING BORDER
CONTROLS) BILL 2008**

Report from Main Committee

Bill returned from Main Committee without amendment; certified copy of the bill presented.

Ordered that the bill be considered immediately.

Bill agreed to.

Third Reading

Dr KELLY (Eden-Monaro—Parliamentary Secretary for Defence Support) (8.35 pm)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

**FAMILY ASSISTANCE LEGISLATION
AMENDMENT (CHILD CARE BUDGET
AND OTHER MEASURES) BILL 2008**

Second Reading

Debate resumed from 29 May, on motion by **Ms Gillard**:

That this bill be now read a second time.

Mr ABBOTT (Warringah) (8.35 pm)—I apologise if the business of the House had to be slightly rearranged. Speakers are dropping off the list very rapidly, so the ordinary timetable is apparently a little out of joint. The Family Assistance Legislation Amendment (Child Care Budget and Other Measures) Bill 2008 involves a means test that should have been announced prior to the election. I want to put it to the House and to members opposite, in particular, that you cannot announce good news before an election without also announcing the bad news. The fact that most people will be better off is beside the

point. A means test is a means test, and some people will not get the benefit that they were led to expect because of this secret means test which the government has sprung on the Australian public subsequent to the election.

I think it is pretty clear now that the Rudd government won office under false pretences. It took policies to the election without disclosing the fine print. There were policies on means testing the childcare benefit that we are debating this evening. There were policies on the baby bonus, which is now subject to an undisclosed means test. There are policies on family tax benefit part B, also subject to an undisclosed means test. The Australian people are rightly bitter about the fact that the government which they elected was elected with a secret agenda that was not disclosed to them prior to 24 November last year.

I say to members opposite that, if a business went to the public with a policy with secret fine print, that business would now be before the courts of this country for breach of contract. Very likely, the ACCC would be investigating its conduct. And, if that is correct for businesses, it certainly ought to be correct for governments. Any government which goes to the election letting people know the good news but not the bad news is a government which is behaving in a way that would rightly bring a business before the courts and to the attention of the ACCC—and governments should not do it just because, sadly, they are often able to get away with it.

The opposition will be moving an amendment against this dishonest means test, and we certainly intend to divide on the amendment although, in the end, we do not intend to obstruct the passage of the legislation as a whole. Let me concede that the government did promise pre election to increase the childcare rebate to 50 per cent of

out-of-pocket childcare costs. The government has a mandate for this, so the opposition certainly does not intend to oppose this aspect of the bill. I want to say, though, that the government, in my view, did not clearly think this through pre election.

If the government had been thinking carefully about this pre election it would have understood that the greater the percentage repaid, the smaller the percentage burden that the consumers must pay, the greater the potential for profiteering by the providers of the service. This move to a 50 per cent rebate has effectively given hard-pressed operators of childcare services a green light to increase their prices. I should remind the House and, in particular, members opposite that in the March quarter of this year, in anticipation of the increased rebate that this government was going to bring in, childcare costs rose 4.5 per cent. Childcare costs rose 4.5 per cent in one quarter in anticipation of the government's increase to the childcare rebate.

Because this government suddenly saw the benefits of the childcare rebate increase going to providers rather than consumers, we now find the government talking about 'child care watch'. This was the panicky reaction of the Deputy Prime Minister on *Lateline* earlier this week to the news that some childcare providers at least are contemplating increasing their fees by 10 per cent. So we have a half-baked policy, that which the government took to the election, followed now by policy on the run. On *Lateline*, as many of us in this House would have seen, the Deputy Prime Minister repeatedly said that prices would be watched.

When the Deputy Prime Minister was challenged, as she rightly was, by Tony Jones, she kept talking about how the government was considering its options. Then in parliament the next day she said to this House that any unfair price increase would

trigger an exercise of the government's powers. She was not specific about what those powers were or what precisely might be done, but everyone in this House who is at all familiar with this area knows that the only power the government has is the power to change the subsidy. And, if the government were to cut the childcare subsidy for children attending centres which had increased their prices unfairly, the government would be hurting the parents for the sins of the centre. It would be imposing a penalty on the parents who could least afford to bear it, because they would be the parents who would be facing the allegedly unfair increases in childcare costs.

In the wake of the Deputy Prime Minister's remarkably inept and stumbling performance in the parliament the other day, there is now a suggestion that there will be ministerial approval of childcare price increases, analogous to the system for ministerial approval of private health insurance premiums. I cannot say that in all circumstances a system of ministerial approval is utterly wrong, because it was in fact the Howard government that put in place the system for ministerial approval of private health insurance increases. But I make this important point: there are about 40 private health insurers in this country, and monitoring those prices is hard enough. There are thousands of childcare centres in this country, and any attempt to monitor their prices, any attempt to require them to submit their prices to the minister or the department for prior approval, would be an absolute bureaucratic nightmare.

It goes without saying that any system of price control for child care would be a complete abrogation of the principle of economic conservatism which the government claimed it stood for prior to the election. Any system of ministerial approval for childcare prices would not be a conservative system; it would

be, quite plainly, a socialist system. But a socialist system would not, I suspect, particularly worry the Deputy Prime Minister. In fact, any such system would, I believe, be used by her as a weapon with her colleagues to undermine her leader—a leader for whom it is plain she does not have a great deal of respect.

This is legislation which certainly does, in the end, offer significant benefits to most users of childcare services. The last thing the opposition want to do is to deny benefits which were promised by the government at the election and which people have a right to expect, but one thing we certainly must do and will do is expose the dishonesty and deception of this government. If this government were fair dinkum, if the Prime Minister really was mentored by Dietrich Bonhoeffer, as he used to claim, he would have been up front, he would have come clean, about the secret means test. This secret means test, little enough though it may well be, is still an important breach of faith with the Australian people. It deserves to be exposed, and that is why I move:

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

- (1) records its concern at the proposed amendments to the Child Care Benefit; and
- (2) calls on the Government to maintain the current structure of Child Care Benefit eligibility and to maintain the minimum rate."

The opposition certainly intends to divide on the amendment.

The DEPUTY SPEAKER (Mr S Sidebottom)—Is the amendment seconded?

Mr Coulton—I second the amendment and reserve my right to speak.

Ms McKEW (Bennelong—Parliamentary Secretary for Early Childhood Education and Childcare) (8.46 pm)—As opposed to what

we have just heard from the member for Warringah, the Family Assistance Legislation Amendment (Child Care Budget and Other Measures) Bill 2008 marks a milestone in the delivery of more affordable child care and points the way to an ambitious and high-quality early childhood platform for Australian families. The government went to the 24 November 2007 election on the promise of an education revolution and right here, right now, as opposed to what we have heard, we start delivering on that promise. This bill contains measures that are focused on our youngest and on their families. We know that access to affordable quality child care is a central issue for over 700,000 families, families where both parents are working, families where a secondary earner is likely to increase his or her hours, or single-parent families.

The measures contained in this bill will help all of these families with the cost of child care. The effect of this legislation is to put money back into their pockets, something that the member for Warringah finally acknowledged. The increase in the childcare tax rebate from the current 30 per cent of out-of-pocket expenses to 50 per cent, to be paid quarterly instead of annually, will reduce the cost of approved child care and bring welcome relief to families. Importantly, families will receive the increased rebate closer to the time they incur the costs, and the benefits are substantial—they are real. The mothers and fathers I have been meeting in my electorate have all done their sums and they know they will be better off. For example, for a family on a household income of \$70,000 a year with one child in part-time care, these changes will mean around \$300 extra in their pockets each quarter. For a family on an income of \$110,000 with two children in part-time care, the changes will mean an extra \$790 extra a quarter.

It is important to emphasise that all families who currently receive the tax rebate will continue to do so regardless of their income. There is no sleight of hand here. Although the government has removed the minimum rate of childcare benefit, families will receive more assistance through the tax rebate changes than they will lose in CCB. There has been much discussion—I have to say: much of it ill informed—about the effect of these changes on the fees charged by childcare centres. This has been fuelled by press commentary in recent days about proposed fee increases by some parts of the sector. In fact, annual fee adjustments at the end of this financial year can be expected to be in the order of two to four per cent. That is the view expressed by the Childcare Association of Australia, one of the largest representative groups covering the private sector. I want to address this question a little bit more because it is important.

First of all, families should understand that, with the passage of this bill, 50 per cent of their out-of-pocket expenses will be met with the first quarterly payment coming this October. This is regardless of the fee structure at their particular centre. While the daily fee rate is often quoted in the media, this is not what parents actually pay. For example, a family on a combined income of \$70,000 with one child in part-time care have 70 per cent of their childcare costs subsidised by the Australian government. Equally, families higher up the income scale on \$115,000 with one child in part-time care attract a Commonwealth subsidy of 54 per cent. This is why Commonwealth outlays for childcare benefit and for the rebate now amount to around \$10 billion over four years to 2012. With the measures in this bill, the increase in the rebate to 50 per cent will add an extra \$1.6 billion to those outlays over four years. This is a huge investment by the Common-

wealth. It is why the Rudd Labor government is determined to get value for money.

On 24 November 2007, families across the country voted for a government that is committed to pursuing an ambitious quality framework for our youngest children. Parents know and value quality early learning. The combined policies that the government will enact—integrated care and learning, universal preschool for all pre-primary children, a rigorous A to E set of quality standards and a highly trained professional workforce—will all serve to give our youngest people the very best start.

We will also be moving over this next period to remove the false distinction between child care and learning. Everyone knows we begin to learn from the time we are born. Parents are the first teachers, but in their absence we have to ensure that those charged with the care of very young children are well qualified and provide the most appropriate developmental opportunities. That means customised programs in centres of excellence that identify the individual interests of children and programs that are delivered by attentive degree trained teachers. We have centres that provide this kind of excellent care but, regrettably, too few of them. It is fascinating to look at how affordable these excellent centres are. What is fascinating to me, as parliamentary secretary with responsibility for this area, is to visit these centres and to realise that, at these premium quality centres, the fees charged are no higher than the industry average. Be they centres in high-growth corridors in our major cities or in regional areas, it is instructive to see that those early-learning institutions that have high staff-child ratios and where the teaching leadership of the centre insists on constant professional development are not the centres at the top of the fees graph. We are committed to the establishment of another 260 additional early-learning centres to increase the supply

of available quality childcare places in areas of high demand. We acknowledge that quality costs, but it is a cost that the Rudd Labor government has budgeted for, with \$114 million for the first 38 of our new early-learning centres and \$126 million over the next four years that will support the development of the professional skills of the workforce that will be needed to staff Australia's 21st century early-learning centres.

Of course, we are determined at the same time to ease the cost burden for working families—which is why the measure in this bill is so welcome and why, come October, over 700,000 families with children in approved care will see their costs go down. This bill marks the start of the government's commitment to the future of our children. We are delivering on our commitment to provide affordable and quality child care and we will continue to provide better opportunities for children by pursuing the education revolution to benefit all young Australians.

Mr Abbott—Madam Deputy Speaker, on indulgence: I indicated that the opposition would be dividing on the amendment. I have subsequently been informed that an arrangement has been entered into with the Leader of the House that that will not be the case. So we will not be dividing, and I apologise if I inadvertently misled my colleagues.

Mr SIDEBOTTOM (Braddon) (8.54 pm)—In the 2007 election campaign, my campaign slogan was: 'Labor for a fair go in Braddon'. The recent budget is about giving people a fair go, and this amendment in the Family Assistance Legislation Amendment (Child Care Budget and Other Measures) Bill 2008, as the Parliamentary Secretary for Early Childhood Education and Childcare has so ably demonstrated, is a classic example. It helps people to cope with the financial stresses of living today in Australia and deals

with one of the most precious and valued areas—our children. The days where one parent stayed at home with the children are gone for many, whether it is through economic necessity or a desire to stay in touch with their careers. We must do everything we can to support families in this endeavour. To do this we need, and must have, access to affordable child care—a fair go for childcare costs.

People on Tasmania's north-west coast are no different from people anywhere else in Australia. We have some fine examples of childcare innovators such as Chantal Williams, who operates some 12 childcare centres in Tasmania and eight out-of-school-hours care centres in Victoria as well as other childcare centres in my electorate such as the Wynyard Child Care Centre and Keiko Child Care Centre in East Devonport. But, no matter how good these centres—or, more importantly, the people who run and staff them—are, if parents cannot afford to access these services they will be left wondering where to turn. This amendment bill is about giving working families a fair go, by increasing the rate of the childcare tax rebate from 30 to 50 per cent for out-of-pocket expenses. That could mean up to \$7,500 per child. It will also be paid quarterly, which will help working families to cope with the costs they face from week to week and month to month rather than their having to perform the annual juggling act. The amendment bill will remove the minimum childcare benefit to high-income families, but this change will be more than offset by the increase in the childcare tax rebate.

Giving parents the support to return to work is vital, particularly in regions like mine, where skills are at a premium. We have businesses crying out for skilled people, but what option do people have in returning to work if it costs them too much to put their children in quality child care? Part of deliv-

ering quality child care, as the parliamentary secretary mentioned, is a commitment to provide 260 new early-learning and childcare centres, including 38 in this budget year. This includes six specialist centres to provide the best care for children and families with autism. One of these centres will be in my electorate, and I am working hard to see that it is in place as soon as possible. This amendment bill is a vital part of an overall package not only to give parents and their children access to affordable and quality child care but indeed to build a quality system from the ground up.

The Rudd government is determined to meet its commitment to provide a fair go for families, and this is one of the first but most important parts of that \$2.4 billion investment over the next five years in integrated early childhood initiatives. To reinforce the importance of this increase in the childcare tax rebate for families, it is worth remembering two important and sobering statistics. An ABS survey has found that concerns about quality, accessibility and affordability of child care were important factors in the decisions of 85,000 secondary earners to stay out of the workforce. More than 700,000 Australian families use child care each year. Between 2003 and 2007, childcare costs have grown much faster than the price of other goods and services. Indeed, in the last 12 months to June 2007 alone, after factoring in the childcare benefit, childcare costs rose by 12.8 per cent—the fifth year in a row of double-digit increases. I have much pleasure in supporting this bill.

Mr SYMON (Deakin) (8.59 pm)—I rise tonight to speak in support of the Family Assistance Legislation Amendment (Child Care Budget and Other Measures) Bill 2008. During the 2007 election campaign, Labor committed to increasing support for childcare costs through the childcare tax rebate. The cost of child care has been an increasing

burden on working families for many years. The ABS consumer price index published in June 2007 shows that childcare costs doubled under the 11½ long years of the Howard government. The ABS also revealed that childcare costs have grown much faster than the costs of other goods and services.

This bill will implement the Rudd Labor government's election commitment to help working families meet the costs of child care by increasing the rate of childcare tax rebate from 30 per cent to 50 per cent of out-of-pocket costs up to \$7,500 per child per income year. From 1 July 2008, CCTR will also be paid quarterly instead of annually, at the end of the tax year, to help families meet the regular costs of child care closer to when they arise. Indexation for the CCTR will take effect from 1 July 2009.

It took the previous government three years to realise that having families receive their 30 per cent CCTR two years after they had to fund increasing childcare costs was a luxury that many parents could not afford. This pea-and-thimble trick pulled on working families by the Howard government meant that the 30 per cent rebate figure initially sounded attractive. That was until parents realised that there would be no money, no rebate, in their hands to defray the costs of child care for two years.

Even now, under the existing system, parents are waiting too long to receive a rebate on their out-of-pocket childcare costs. Although child-minding fees are payable weekly, fortnightly or monthly, the CCTR currently is only paid annually. That means parents wait for up to a year or more just to receive the 30 per cent rebate on their out-of-pocket costs for child care. These childcare costs can be very substantial, adding up to hundreds of dollars per week in many cases and, therefore, many thousands of dollars out

of the household budget when added up over a full year.

Our 50 per cent childcare tax rebate is directed at working families and those parents who are looking to get back into the workforce or undertake further training. Not just in my electorate of Deakin but right across Australia, all parents with children in approved child care or those considering approved child care will benefit. We are providing more frequent payments to help families meet the costs of child care closer to when they are incurred, to provide a positive incentive for families to participate in the workforce. The Rudd Labor government will continue to provide the highest levels of total subsidy—through CCB and CCTR—to working families on low incomes.

It is important to note that all families who are currently receiving the childcare benefit and childcare tax rebate will be better off as a result of the changes being implemented. Families with higher out-of-pocket expenses will benefit the most. All families currently receiving CCB and CCTR will continue to be eligible for CCTR, even if the changes mean that they are no longer entitled to receive a CCB payment, based on their income level. Families may still receive CCTR, regardless of their income, as long as they meet the basic eligibility criteria for CCB. These eligibility criteria are not income related.

Payments for the July to September 2008 quarter will commence from October 2008. We know that, for many parents, the accessibility and affordability of quality child care affects their decisions about staying in or returning to the workforce. Guardians, including foster parents and grandparents, responsible for the day-to-day care of children and grandchildren may be eligible for CCB and therefore may also be eligible for CCTR.

The measures outlined above are in addition to the \$46.7 billion of tax relief directed at working families, the 50 per cent education tax refund and the Teen Dental Plan, which will enable eligible families to claim up to \$150 per year of preventative dental costs for their teenage children. The Rudd Labor government is delivering on yet another election commitment to working families. This bill will provide parents of children in approved child care with a substantial boost to their household income. I commend the bill to the House.

Mr BRADBURY (Lindsay) (9.03 pm)—I rise in support of the Family Assistance Legislation Amendment (Child Care Budget and Other Measures) Bill 2008. I am very pleased to do so, having been a person who campaigned very hard through the last election on the issue of childcare costs. Those on this side of the House went to the election with a very clear commitment when it came to child care and our plan for easing the costs on families that had their children in child care.

One of the key elements of our package of measures here is that not only do we want to ease the burden on working families; this is also very much targeted towards workforce participation. When you bear in mind both of those factors—easing the burden and lifting workforce participation—that feeds in very much to the overall strategy of this government when it comes to the budget. We have been determined to take the pressure off inflation and interest rates but at the same time to deliver much-needed assistance to those people doing it tough and to deliver it in a timely fashion—and this initiative will do that.

In short, the range of measures outlined in this bill will increase the rate of the childcare tax rebate from 30 per cent to 50 per cent. In addition the new childcare tax rebate, or

CCTR, limit will be increased from \$4,354 to \$7,500. Most importantly for many families in my electorate, these measures will allow them to access the benefit of that rebate in a timely fashion. If they receive their benefit by way of fee reduction, they will be able to obtain that benefit on a quarterly basis.

The speakers on this side of the House who have spoken before me have articulated the arguments in favour of this proposal very well. I know that there are many families in my electorate depending upon this House and the other place to pass this legislation as a matter of urgency so the benefits can flow through and take some pressure off their budgets as soon as possible. But there were a couple of comments that the member for Warringah made that I would like to respond to. The first was that this was some sort of sleight of hand and that the government was misleading the Australian people. To echo the comments of the member for Deakin, I think it is a bit rich for the member for Warringah to come forward with such a proposition when his party, when they first announced the childcare tax rebate in the 2004 election—and I remember that well because I happened to be a candidate in the election—did not tell anyone anything about the fact that they would have to wait until the end of the 2005-06 tax year in order to claim the benefit through their tax return. Talk about sleight of hand! Apart from being a candidate, I have to say I was stung as a parent, and I was not very happy at having to wait that extra period of time in order to get a benefit. Frankly, the reality of the situation is that families need the relief as and when the fees need to be paid, not when they put their tax return in 18 months later.

The member for Warringah also said that this was a sleight of hand because there would be some losers out of this package. He was not very forthcoming on the type of sce-

nario that might yield a loser. I undertook a bit of research—admittedly, I have not had a lot of time in the short space since the member for Warringah spoke—and, taking the average daily childcare cost in my electorate, \$60 a day for a child for a 10-hour period, I looked at two scenarios. One is a two-days-a-week scenario for a parent in part-time employment and the other is a five-days-a-week scenario. I looked at a family that is currently claiming the maximum amount of the minimum rate for the CCB, the childcare benefit. They are the only ones that I can infer the member for Warringah is suggesting might potentially be losers. If we take people in that situation and look at the five-days-a-week scenario, under the 30 per cent rebate with the minimum rate of the CCB, the benefit for that particular family would be \$109.74 a week. But, if we look at the 50 per cent rebate without the existence of the maximum amount of the minimum rate of the CCB, that family would obtain a benefit of \$40.26 a week. For the two-day scenario, the difference would be \$16.10. But, still, the family would be better off under our proposal. I challenge the member for Warringah, when he says that there are losers as a result of this package, to identify who they are, to come forward and tell us who they are, because I know that there are none of them in my electorate. In fact, there are none of them in this country. I defy him to come forward and identify them.

The final comment that I would like to make is in response to the comment of the member for Warringah that this would push prices up. That is an interesting revelation from someone who was part of a government that designed the model in the first place. This was the best thing since sliced bread when they introduced it at a 30 per cent rebate. Now all of a sudden they say, 'This will deliver no benefits to working families because it will simply be passed on by way of

increased fees.' Let us have a bit of balance in this debate. The member for Warringah, who along with his colleagues was one of the great advocates of the 30 per cent rebate when it was first introduced, must concede that the 50 per cent rebate will deliver an even more significant benefit. It is a great benefit to working families in my electorate. I absolutely stand by the election commitment we made, and I am very pleased to be speaking in support of it in the bill that is before the House tonight.

Ms RISHWORTH (Kingston) (9.10 pm)—I rise tonight to support the Family Assistance Legislation Amendment (Child Care Budget and Other Measures) Bill 2008. Few investments that a government will make are more important or more rewarding than investment in early-childhood education. The previous government's underinvestment in child care and early-childhood education was a case study in their short-term approach to Australia's future. At the election, the Rudd government committed to the Australian people that they would take childcare and early-childhood education seriously. This bill is part of the government's \$2.4 billion investment in integrated early-childhood initiatives that will help build a stronger economy for Australia's future.

I regularly visit childcare centres throughout my electorate, and childcare centre managers, staff and parents collecting their children always tell me about the pressures that childcare costs are putting on family budgets. While a shortage of childcare places is a continuing problem around the nation, in some areas of my electorate after-school-care services and other childhood services have vacancies. The feedback that I am regularly given is that childcare costs are too expensive for parents to afford. This bill makes child care more affordable for families. This bill delivers on the government's commitment to increase the childcare tax rebate

from 30 per cent to 50 per cent of out-of-pocket childcare costs. It also increases the annual cap on the rebate from just \$4,354 to \$7,500 dollars per child. Together these increases deliver significant assistance to help families make ends meet, with many families receiving an extra \$2,000 in assistance every year.

The rebate will now also be paid quarterly rather than annually. This measure has been warmly welcomed by all parents who I have spoken to in the southern suburbs of Adelaide. This means that the assistance to families will be available closer to when the out-of-pocket costs are incurred so that the pressure is eased on family budgets immediately rather than just at tax time.

Assistance with paying for child care will make it easier for more parents to participate in the workforce. Improving workforce participation spurs economic growth and will drive down inflation in the long term by increasing the productive capacity of the economy.

This government knows that, while increasing direct assistance to parents is an important part of the solution to the challenge of providing affordable child care, finding a childcare place can be difficult. In many areas, there is a dramatic shortage of quality child care and it can be very difficult for parents to find a place close to home or on the way to work. Increasing the number of available childcare places is a priority of this government, and that is why this government is committed to supporting the establishment of an extra 260 early-learning and childcare centres across the nation.

While the cost of child care has a deep impact on family budgets, caring for children is not merely a commercial arrangement between two parties. It involves the deepest of trust, and the quality of care provided is a matter of great concern for all parents. Par-

ents have a right to know that their children are receiving the care and opportunities for early learning that they deserve. Therefore, transparency in compliance is the only option. This bill includes provisions that will permit the secretary of the department to publish information on the department website about childcare services that have received criminal or civil sanctions for non-compliance with the scheme.

As a nation, we have a responsibility to provide young children with the best quality early-childhood services in the world. This bill makes quality child care more affordable to many Australian families, and I commend the bill to the House.

Mr TURNOUR (Leichhardt) (9.14 pm)— I rise to support the Family Assistance Legislation Amendment (Child Care Budget and Other Measures) Bill 2008. The Rudd government has brought down a responsible budget that delivers on all our election commitments, eases cost-of-living pressures on working families and on those doing it tough and invests to secure the long-term prosperity of our nation. At the centre of our budget are measures to put downward pressure on inflation and interest rates. The Rudd budget delivered a \$22 billion budget surplus. We need to remember that interest rates have risen 12 times since 2001 and that it is critical that we tackle the 16-year high in inflation left to us by the Howard government by reining in government spending and being fiscally responsible. The budget plans for the long-term prosperity of the nation by establishing three funds worth \$40 billion to tackle the infrastructure, skills and health bottlenecks left to us by the former Howard government. Crucially, the budget provides relief for working families through a \$55 billion package of measures. This bill is a very important part of that \$55 billion families budget package aimed at easing the cost-of-living pressures being experienced by

many families, particularly families in my electorate.

This, like all of our election commitments, is being delivered in full by the Rudd government. It will help working families meet the costs of child care by increasing the rate of the childcare tax rebate from 30 to 50 per cent of out-of-pocket costs—up to \$7,500 per child per income year—and paying it quarterly rather than annually. All families who currently receive the childcare benefit and the childcare tax rebate will be better off as a result of the changes being implemented.

I doorknocked many houses in the election campaign and had many families raise concerns with me about the increasing cost of child care and the pressures it was placing on their family budgets. I remember knocking on the door of a young family with two kids in Brinsmead, a suburb of Cairns, and the mother talking to me about the costs of child care. Both she and her husband worked, and she had gone back to work after initially caring full time for her two children. They had a mortgage and were feeling the financial strain from not only rising costs of living but rising interest rates and they needed two incomes to make ends meet. She worked in an administrative role in the construction industry. It had not been easy to find places for her children in child care, and the increasing costs of child care were making her reconsider whether it was worth while to keep working, as so much of the money she made went to pay for child care for her two children. She wanted to keep working but the costs were becoming prohibitive.

This measure was welcomed by her as an election commitment, and she will welcome the fact that we are delivering on this, like all of our election commitments. I know that this measure will enable her to keep doing

what she wants to do, and that is to remain in the workforce and help pay the bills for her family. There are many families like this in my electorate and all across the country that will benefit directly from this budget measure and our plans to tackle inflation and put downward pressure on interest rates. This budget and these measures deliver, particularly for those working families doing it tough and suffering under rising interest rates and cost-of-living pressures left to us by the Howard government.

These changes are part of a significant new \$2.4 billion investment over the next five years on integrated early-childhood initiatives that will provide high-quality services for young children and help build a productive, modern economy for Australia's future. This measure is supported by our commitment to develop rigorous new quality standards and a quality rating system to raise the quality of services and drive continuous improvement in the sector and by our commitment to support the establishment of up to 260 additional early-learning and childcare centres to increase the supply of quality child care.

I welcome the fact that two of these new early-learning and childcare centres have been earmarked for my electorate of Leichhardt. One of these will be located in Weipa, a mining town on the west coast of Cape York Peninsula. Weipa has a critical shortage of childcare places, with over 100 people on the waiting list for the town's only centre. The local community established the Weipa Community Child Care Group in 2007 to plan for a new centre. This group consists of senior representatives from Rio Tinto Alcan, a major mining company; the Weipa Community Care Association; the Weipa Town Authority; the local chamber of commerce; Queensland Health; Education Queensland; Weipa Family Day Care; Weipa's creche and kindergarten centre; state government repre-

sentatives; and federal government representatives, currently from the Indigenous coordination centre. The group welcomed the Rudd government's commitment to build a new childcare centre in Weipa and has developed a childcare strategy paper to provide input into the planning of the new centre. I look forward to continuing to work with the Weipa Community Child Care Group and with the parliamentary secretary in the chamber this evening, the Hon. Maxine McKew, in the delivery of this election commitment.

This bill, like other budget measures, delivers for working families and those in the community doing it tough. I am proud to be part of a government that is listening and responding to the needs of the community. We have delivered a responsible budget that tackles the 16-year high in inflation left to us by the Howard government and puts downward pressure on inflation and interest rates. This is a budget that delivers for working families, easing cost-of-living pressures through measures like those in this bill to increase the rate of childcare tax rebate from 30 to 50 per cent of out-of-pocket costs—up to \$7,500 per child per income year—and paying it quarterly rather than annually, while investing in the long term to secure the nation's prosperity into the future. I commend the bill to the House.

Ms COLLINS (Franklin) (9.20 pm)—I am pleased to support the Family Assistance Legislation Amendment (Child Care Budget and Other Measures) Bill 2008, both as a representative of families in my electorate of Franklin and also as a parent of three who has used child care extensively. In fact, my family has used child care almost every working day for the past 14 years. The Rudd Labor government in this bill is delivering on its election commitment to increase not only the rate but the frequency of the childcare tax rebate to help working families meet the

costs of child care. For parents with children in approved care, this increase in the childcare tax rebate from 30 per cent to 50 per cent will mean more money in their pockets and more money for the family budget. Increasing the childcare rebate will put an extra \$1.2 billion back into the hands and pockets of families around Australia. This will mean an extra benefit ranging from \$500 to \$2,500 per year for the average family with one child.

All families currently in receipt of childcare cash rebate will be better off under this measure. Providing quality, affordable child care will also have the effect of improving productivity and allowing skilled and experienced workers to rejoin the workforce after having their families. We all know there is a skills crisis and a labour shortage, and this measure will boost workforce participation and productivity. It will allow parents who want to work to be able to work, and parents who want to train or study to be able to train or study, by making quality child care more affordable. Greater workforce participation is needed to help build capacity in the economy and help put downward pressure on inflation.

This bill will also increase the yearly limit of the cash rebate from \$4,354 per annum per child to a limit of \$7,500 per annum per child. It will also now be paid quarterly, with the Rudd Labor government's first payment to families, in my electorate of Franklin and in other electorates around the country, beginning in October 2008.

Yesterday we heard from the opposition about the media speculation on childcare cost increases. So I too would like to take this opportunity to remind the House about what happened to childcare fees under the former government. Members would be interested to know that, under the former government, childcare costs increased—yes, in the 11 years they were in government, they

almost doubled. In fact, for the last five years of the Howard government costs increased by on average more than 12 per cent per year. For many families paying these childcare fees it was like having a second mortgage. Families at my local childcare centre with two children were commonly paying between \$25,000 and \$30,000 per year in childcare fees. It was this pressure from the community that forced the former government to provide some form of childcare relief. But what did they do? We have heard from other members about the massive smoke-and-mirror trick that the former government introduced with their legislation that reimbursed childcare costs to families not one but two years after they were paid. That is right—the member for Higgins, the out-of-touch former Treasurer, forced families to wait two long years to get the childcare tax rebate when it was first introduced. And then what did we see? In a desperate bid in the last few months before the last election we saw those opposite change the payment to an annual payment at the end of the financial year. To demonstrate just how out of touch they were I want to quote the former member for Longman. When challenged on the spiralling costs of child care he said in April last year: ‘There is no crisis. I’ve been saying long and hard there are no crises.’ He was so out of touch that he received the ultimate judgement by the people of his electorate.

Not only have the Rudd Labor government delivered on our election commitment with this legislation but, just as importantly, we recognise that child care needs to be affordable and available. That is why the federal Labor government has already pledged up to 260 new early-learning centres around Australia on primary school and community grounds. These childcare measures are part of the Rudd Labor government’s \$55 billion Working Families Support Package. It is a package that delivers for families. It is a

package that recognises and rewards families’ efforts. And it is a package that provides essential relief against cost pressures for families in Australia. I hope to see those on the other side support this bill, and I commend it to the House.

Ms McKEW (Bennelong—Parliamentary Secretary for Early Childhood Education and Childcare) (9.26 pm)—by leave—I would like to thank all those members of the House who have contributed to this debate. The many comments that I have been hearing from speakers on this side of this House show just what a touchstone issue this is for so many in the community. The Family Assistance Legislation Amendment (Child Care Budget and Other Measures) Bill 2008 is an important bill. It is a key step, as many members have pointed out, in the government’s plan to equip Australia for the challenges of the future. This is a large commitment, which cannot be achieved easily or quickly.

The government has already announced a comprehensive package of initiatives, including reformed child care, which will boost Australia’s participation rate and improve the productive capacity of the economy. This bill is a responsible investment in early learning and child care. It will help prepare us for future economic challenges by making it easier for parents to return to work after the birth of a child. It will also assist people who want to work to get back into the workforce, boosting the economy and putting more money in the pockets of working families.

As has been pointed out, this bill will increase the childcare tax rebate from 30 to 50 per cent of all out-of-pocket costs. The removal of the minimum rate of childcare benefit certainly ensures that payments to assist families to meet their childcare costs are fair and equitable across the different

income levels. The changes provide assistance where it is most needed.

This bill also encompasses a range of other amendments that will enhance the operation of the childcare management system and improve the compliance framework currently in place. We have listened to the needs of the Australian community and we will continue to listen. We have delivered on our commitment to make child care more accessible and we will do more. The government will safeguard this investment in Australia's future and continue its work to secure the prosperity that all Australians deserve. I commend the Family Assistance Legislation Amendment (Child Care Budget and Other Measures) Bill 2008 to the House.

The SPEAKER—Order! The original question was that this bill be now read a second time. To this the member for Warringah has moved as an amendment that all words after 'That' be omitted with a view to substituting other words. The question now is that the words proposed to be omitted stand part of the question.

Question agreed to.

Original question agreed to.

Bill read a second time.

Message from the Governor-General recommending appropriation announced.

Third Reading

Ms McKEW (Bennelong—Parliamentary Secretary for Early Childhood Education and Childcare) (9.29 pm)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

House adjourned at 9.31 pm

NOTICES

The following notices were given:

Mr Georganas to move:

That the House:

- (1) acknowledges the important contributions of cleaners across Australia as recognised through the International Day for Cleaners in June 2008;
- (2) recognises that cleaners require jobs that provide them with basic economic security, enough time to do their jobs properly, and respect in their workplaces as essential elements of these reforms;
- (3) supports the call for a fair go for cleaners across Australia; and
- (4) congratulates all cleaners for the work they have done in promoting the 'Clean Start' campaign and the rights of cleaners across Australia.

Mrs Hull to move:

That the House recognises:

- (1) there is a rising rate of HIV infection in Australia with around 1000 new HIV infections per year;
- (2) there are more Australians living with HIV/AIDS than ever previously experienced;
- (3) Australia requires a new and innovative strategy for a model of service delivery in prevention, reduction, and long term treatments of HIV/AIDS;
- (4) attention must be given to the provision of better access to HIV/AIDS services for rural and regional communities;
- (5) it is crucial for Australia to be a leader in the international fight against the spread of HIV/AIDS;
- (6) a new international strategy for Australia needs to be developed;
- (7) more resources and funding is critical to the future success of Australia's HIV/AIDS strategies; and
- (8) all policy and decision makers have an obligation to ensure HIV/AIDS sufferers and their families are given the best possible options for long term health management.

Mr Randall to move:

That the House:

- (1) recognises the severe financial distress and hardship faced by a number of current and former franchisees throughout Australia as a direct result of franchisor conduct;
- (2) acknowledges that franchisors must be held accountable for their unconscionable conduct, including non-disclosure, through a more stringent and determined application of existing Trade Practices legislation;
- (3) notes that there are many franchisees that have no adequate or available means to redress their grievances without recourse or expensive and often unaffordable litigation; and
- (4) considers the introduction of provisions, similar to those available in industrial relations legislation, for mediation, conciliation and arbitration, at no cost to the franchisee.

Mrs Irwin to move:

That the House:

- (1) notes:
 - (a) that the first week of June marks the week of International Church Action for Peace in Palestine and Israel; and
 - (b) the statement by Australian church leaders issued in a statement of 4 June 2008—prepared by Archbishop Phillip Aspinall, Primate of the Anglican Church of Australia; Rev Gregor Henderson, President of the Uniting Church in Australia; and Archbishop Philip Wilson, President of the Australian Catholic Bishops Conference; and supported by 12 national Heads of Churches, 36 other Australian Church Leaders, 8 Heads of Church and related International Aid agencies—calling for the Australian Government to give a much higher priority to working for peace in the Holy Land; and
- (2) supports the Church Leaders' call on the Australian Government to increase its support for peacemaking between Israel and Palestine, including:

- (a) persistent advocacy for a freely and peacefully negotiated solution acceptable to both Israelis and Palestinians, whether in the form of two states or one;
- (b) greater recognition of the plight of Palestinians after 41 years of military occupation;
- (c) advocacy for the implementation of international law in reaching a negotiated solution;
- (d) a quadrupling of Australia's aid contribution to the social and economic development of Palestine; and
- (e) the facilitation of a multi-faith delegation from Australia to visit Israel and Palestine.

Dr Jensen to move:

That the House encourages the Government to lift the amount that a person in receipt of an Age Pension can earn from productive employment to an amount equivalent to the senior Australian's tax offset before applying a penalty that reduces their Age Pension payment.

Wednesday, 4 June 2008

The DEPUTY SPEAKER (Ms AE Burke) took the chair at 9.30 am.

STATEMENTS BY MEMBERS

Greenway Electorate: Fundraising

Mrs MARKUS (Greenway) (9.30 am)—Today I rise to talk about the community of Greenway. It is a community that digs very deep, particularly in these times of cost-of-living pressures, to help a worthy cause. Over the last two weeks there have been a number of events in the community where people have gone the extra mile to raise money for cancer research. I would like to highlight two. One was the Hawkesbury Relay for Life, which was conducted last weekend, and the second was the Biggest Morning Tea, which was held in Stanhope Gardens. The Biggest Morning Tea was led by Warren Weir and his team from Community Connections in conjunction with shopkeepers from Stanhope Gardens Village. It was held on Thursday, 22 May and raised \$1,300. I thank Gloria Jean's, Michel's Patisserie and Norwest Christian College for their contribution to the event. There were 36 raffle prizes from over 25 generous retailers who supported this worthy cause.

The Relay for Life, which was conducted at Hawkesbury Showground last weekend, was led by Jenny Hamilton. She has been the coordinator for a number of years now, working with a team of volunteers. I also acknowledge the four Hawkesbury Rotary clubs for their involvement. Teams set up their own tents, or base camps, around the perimeter of the showground. Rotary were cooking sausage sandwiches and bacon and egg rolls, and a coffee cart was open all night long, providing cappuccinos to late-night walkers. People walked around the clock for 48 hours. Last year \$85,000 was raised. This year, a record of over \$100,000 was raised, and that amount is still increasing on a daily basis. Over 1,000 people were registered. I would like to congratulate everybody who was involved, particularly the RAAF. A RAAF crew showed their fire truck designed for aeroplane fires. The RAAF were involved all weekend. This year a big fireworks display was a highlight of the event, celebrating half a decade since the start of Relay for Life and the generosity of the Hawkesbury community in raising funds for this cause. Participants included Windsor Riverview; Westpac; Curves; students from Bede Polding; RAAF Base Richmond, who raised over \$8,000; Glossodia Rural Fire Service; the 'Happy Feet' team; and the 'Schoolies from Schoies' team, made up of parents and teachers from Schofields Public School. (*Time expired*)

Leichhardt Electorate: Fundraising

Mr TURNOUR (Leichhardt) (9.33 am)—I had the great pleasure of attending Australia's Biggest Morning Tea at the Manoorra Community Centre on 22 May 2008. This fundraiser for the Cancer Council happens every year and is the council's foremost fundraising event, having raised over \$40 million since it began in 1994.

Cancer touches everyone's life, with one in two men and one in three women developing cancer before the age of 55. In Australia each year, 106,000 new cases of cancer are diagnosed, and cancer is the leading cause of death in Australia, with more than 39,000 people dying each year. Cancer is difficult to deal with at the best of times, but for families living in rural and regional areas like Cairns and tropical North Queensland, where there are a lack of facilities to properly treat cancer, it can be extremely difficult to manage. Many people have

to travel away to Townsville or Brisbane for treatment. That is why the efforts of Chris Acraman, Robyn Martin, Tapu Rea, Paulo Leaso, Roxanne Rae and Ipu Leaso at the Manoora Community Centre to host a Biggest Morning Tea and raise money to help find a cure, as well as to support cancer sufferers, is so appreciated by our local community. They joined with thousands of others who attended Biggest Morning Teas across our region and the country to raise money for this very worthy cause.

The efforts of Cairns and tropical North Queensland to raise money for cancer were also on display last weekend. The Queensland Cancer Council's Relay for Life event in Cairns again attracted thousands of people to Barlow Park. I am happy to report that the Cairns Relay for Life was the second largest in the country, behind Perth. Given that the region's population is in the hundreds of thousands, not in the millions like other regions, this is a great achievement by the committee led by Grahame Doeblen and project officer Carol Hopkins.

This year 178 teams participated, representing a vast array of the community, from Cairns hospital to the local department of primary industries, banks and local community organisations. They came together for Relay for Life and raised over \$425,000. They walked continuously for 18 hours around Barlow Park tracks. The highest number of laps achieved by the team was 502 laps, which was a great effort. The other great thing about Cairns Relay for Life this year was that 215 cancer survivors came out and led the walk—this was up from 145 cancer survivors who participated last year.

Along with other members of the community, I salute the efforts of those who participated in the Biggest Morning Tea and the organisers of the Relay for Life. We thank them for their efforts through the good work of the Queensland Cancer Council to raise money to find a cure and to support those people suffering cancer.

Apprenticeships

Mr RANDALL (Canning) (9.36 am)—I wish to raise today the situation that a number of Western Australian apprentices are now finding themselves in and the impact that the shortage of TAFE teachers is having on both apprentices and the 57 trade industries listed on the department's national skills needs list. An example is Ryan Crutchley, who lives in my electorate of Canning. Ryan's parents first approached me regarding their son's plumbing apprenticeship in July 2007. It seems that the plumbing industry is faring badly as a result of the skills shortage. Last year, despite being in his third year of on-the-job training, Ryan had only completed his first year of theoretical training at TAFE. He was unable to gain a position at TAFE because of the extremely limited placements—a striking but not surprising result of the teacher shortage. Ryan was not alone: there were around 70 apprentices at Beaconsfield TAFE in the same situation at that time.

This year the situation has worsened. As Ryan and a number of other apprentices move into the fourth year of their apprenticeships, they still have not completed their second year of TAFE training, preventing them from moving on to their third-year units. This situation is of great detriment to apprentices. It could mean that young people complete their on-the-job apprenticeship training but are not able to get a ticket because they still have one or two years of theoretical training to go. It hampers employers, who are required to pay the apprentices fourth-year wages but then reluctantly have to forgo utilising their workers for three months training at TAFE. It also means that, despite having four years of on-the-job training, apprentices cannot work unassisted. Although the state Minister for Education and Training, the

Hon. Mark McGowan, denies it, there remains a concern that all the focus is being given to getting new apprentices into the system and that the current crop of those already in training is being adversely affected.

The federal government has committed funding for skills training, recognising the importance of upskilling Australians because of the severe shortage. I am all for investing in skills training, as was the coalition. I was a strong advocate of the Australian technical colleges, of which there is one in the Canning electorate; it has been successful. It is vital that those apprentices that are already getting training have the facilities and the teachers to enable them to get into the workforce as fast as possible.

I have raised Ryan's case with Minister McGowan on more than one occasion, and I am disappointed that the minister has failed to address the underlying issues in relation to the on-going problem for many apprentices in Western Australia. On 19 May the minister advised me that Challenger TAFE anticipates that Ryan will complete his studies within the indentured period, which concludes on 22 July 2009. At this point in time this seems like wishful thinking. To meet this deadline, the apprentices in these circumstances will have to do more than two years of practical study in the final year of that apprenticeship. (*Time expired*)

Dobell Electorate: 2020 Summit

Mr CRAIG THOMSON (Dobell) (9.39 am)—I rise to talk about the local 2020 summit that was held in my seat of Dobell, because there were some fantastic ideas there, and to put on the record the support that we had from Wyong Shire Council and the state government in holding the summit at Wyong, in Dobell. In particular, I would like to acknowledge the mayor for his efforts—he contributed greatly to the day—and the two state members for the area, David Harris and Grant McBride, who also contributed.

The Prime Minister said that the Australia 2020 Summit that was held in Canberra had Australia's best and brightest, but, let me tell you, on the Central Coast we know that that is not the case, because we had 150 of the best and brightest at our summit. Many of the ideas that were canvassed at our summit were similar to those that came out of Canberra, but we focused on a range of issues that were specific to the area—in particular, the lack of infrastructure. The No. 1 issue in relation to that was transport. The Rudd government has done something towards that, with its promise in the budget of a rail freight link between Newcastle and Strathfield, which will help ease the freight that goes down the F3. The electorate of Dobell has close to 35,000 people who commute for over an hour and a half every day, so issues to do with transport between the Central Coast and Sydney are of paramount importance. A second important infrastructure issue that was raised was access to broadband. Ours is one of those areas where we have more broadband black spots than operational broadband. Again, it is pleasing that the Rudd government has taken that head-on already in terms of the policy that has been announced.

I suppose, though, the overarching issue that was raised at the 2020 summit on the Central Coast was about trying to give our area a greater local identity. We have over 300,000 people living on the Central Coast, yet, for almost all infrastructure issues or even not-for-profit organisations, we are seen as somehow part of either Sydney or the Hunter. People on the Central Coast think that we need to be looking at our local identity more than just in terms of name; we also need to look at it in terms of the institutions that are there.

I think it was vitally important that local 2020 summits took place, enabling the community to be properly involved, as well as the summit that took place here in Canberra.

Agriculture Advancing Australia Funding

Ms MARINO (Forrest) (9.42 am)—I rise to call on the Minister for Agriculture, Fisheries and Forestry to reconsider his decision to refuse funding to the Western Australian Red Meat Stocktake program. Their application was made under the Agriculture Advancing Australia package in May 2007 and was approved in October 2007. In spite of this approval, following the election the program was scrapped by the Labor government. This funding is extremely important to the beef industry in Western Australia. The funding was specifically to undertake an objective, strategic analysis of the beef industry in WA, with the key objectives of providing a detailed examination of the WA supply chain and a description and situation analysis; developing a future model for the WA beef-processing industry, production sectors and supply chain; and developing strategies to move from the current situation to a future model.

The beef industry in WA is at a critical point. Soaring production costs, including fertiliser and diesel prices—now over \$1.87 in Manjimup—mean beef and sheep producers are rapidly becoming unable to sustain their farmlands and therefore WA's multimillion-dollar slaughter industry is at risk. Meat prices are significantly lower than production costs. This is resulting in a mass exodus of experienced rural agricultural expertise from the farming industry. I strongly urge the minister to reconsider his decision and provide this very practical and necessary funding to the beef industry in Western Australia.

United Nations

Mr MARLES (Corio) (9.44 am)—In an increasingly connected world, it is important for us as global citizens to have an understanding of the forces that drive global events and an understanding of the issues faced by sovereign nations, particularly in our region. Recently we have seen cyclones devastate the people of Burma, earthquakes wreak havoc in China, civil unrest in Indonesia as a result of the global rise in the cost of living, the materialisation of strong Asian based economies, the establishment of regional trade blocs and partnerships in South-East Asia and the Pacific, the emergence of new governments and the end of others—all of which are events that, in a post Westphalia world, will have an effect upon Australia, our economy, our policy decisions, our way of life and our future.

The rise of globalisation has forced a rethink on how sovereign states engage one another on the world stage. Whether the result of planning or of circumstance, it is nonetheless a reality. The question that it presents Australia as a nation with is: how well do we understand it? What do we know about the system that governs international relations? Sadly, recent studies indicate that Australians—in particular, younger Australians—have very little knowledge of global governance and the United Nations. Figures supplied by the United Nations Association of Australia from a study of Victorian university students showed:

[Of] 691 respondents, 85% described their own knowledge of the United Nations as 'low' or 'very low'. Students' responses to a series of questions about the UN further supported this assessment. Only one of ten basic questions elicited a correct answer from more than half of the students. The average rating for the answers was only 33 percent.

These statistics paint a troubling scenario, suggesting that, as our nation becomes more responsive to global and regional forces, our existing understanding of the system that guides international relations, and the United Nations in particular, will affect the way we respond.

It is with this in mind that I shall be seeking to establish a region-wide model UN conference for secondary students throughout the City of Greater Geelong, with the support of the member for Corangamite. It is envisaged that the conference, currently earmarked for a date in mid-August, will be conducted in partnership with the United Nations Association of Australia. With close to 30 schools in the region eligible to participate, it is seen that delegations of two students from year 10 and/or year 11, representing the interests of one UN member-state in a range of debates focused on regional issues in the Asia-Pacific, will provide the most suitable discussion format for the conference. Having now received in-principle support from the CEO of the City of Greater Geelong to supply a venue, my office intends to send a letter to all local secondary schools in the next fortnight, providing them with pertinent information and inviting them to provide a delegation to the conference. It is hoped that a successful conference will provide the impetus to make it an annual event for the region—something that can only be beneficial for both Greater Geelong and the nation.

Boeing Australia

Mr LINDSAY (Herbert) (9.47 am)—Today I want to talk about a very impressive Australian company: Boeing Australia. Recently I was able to visit Boeing Australia at RAAF Amberley, where they have a very significant investment. They have 13½ thousand square metres of hangar space, 34,000 square metres of workshop space, 8,000 square metres of warehouse and 710 Australians working in that complex. It is a magnificent complex, a magnificent operation on the RAAF base.

The kinds of capabilities that Boeing add to Australia's defence are things like program, project and contract management; avionics design; electrical and structural airframe design and repair; an aircraft design drawing office; systems and software engineering; fleet modification and aircraft maintenance; aircraft prototype integration; weapons integration; kit and wire harness production and fabrication; ground tests, EMI, EMC and flight tests; mission and laboratory simulation; life support; cold proof load testing; fuel tank repair; aircraft and surface finishing; non-destructive testing; hydraulics component maintenance; structures and bonded repair; wing and flight control maintenance; logistics, materials and process management; configuration, data and publications management; training course development; spares and supply chain management; and of course reliability, maintainability and supportability. That is a terrific CV for a company with a large workforce at RAAF Amberley, adding to our capability in the Australian Defence Force.

I particularly want to recognise the team at Boeing who are working on the AEW&C Wedgetail modification program. In this program, 737 aircraft arrive from the United States as green aircraft. They are quite literally green. They are a shell of a 737. The people in the AEW&C program then proceed to remove large sections of the aircraft and install all of the electronics, hardware and software that go with the capability that this new AEW&C aircraft will provide to the Australian Defence Force. It is truly amazing that about 100,000 hours are spent here in Australia modifying the 737s, and it is Australians who do it. They are as good as anybody in the world in this most complex, technical, state-of-the-art technology that is being installed in this aircraft. That group have established the capability and infrastructure necessary to perform the modifications. As Australians we can be mighty proud of what we can do in staying up with the rest of the world in leading-edge technology.

Petrie Electorate: Education

Mrs D'ATH (Petrie) (9.50 am)—Today I rise to talk about the wonderful work being done in the schools in my electorate. With over 30 schools in the electorate, there are always an overwhelming number of inspirational stories about the activities being undertaken, but today I would like to mention two particular schools. The first is Aspley Special School, which recently won a Showcase Award for Excellence in Schools for its school based skills training for students with disabilities. The school won \$1,000 to spend on its student coffee shop and recycling centre facilities. It currently has a fully functioning cafe that it opens to the public every Friday and that is teaching children with disabilities in the school and surrounding schools how to use both front and back-of-house hospitality skills, which is fantastic.

The school has also created a sensory garden for stimulation. The principal, Chris Lassig, has said the new garden would help disabled students at the school to use their five senses more effectively. As we know, students with a disability often have associated sensory impairments that mean they have difficulty accessing information through all their senses. The purpose-built sensory garden will incorporate features that rely less on sight and enable students to use their senses of touch, smell, taste and hearing. I visited the new garden a couple of weeks ago. There is still a lot of work being done. I congratulate the students and the school for their tremendous efforts, but I also congratulate the local Good Guys store, at Carseldine, which has helped fund this project. It is always great to see local businesses contributing to such important initiatives in our local community.

At the second school I would like to mention, teacher Noel Gibson yesterday received an Australian Government National Award for Quality Schooling. He received a highly commended award for excellence by a teacher in his area of information and communication technology. Mr Gibson's dedication and inspiring work have provided new vocational pathways for students and brought about an increase in student enrolments in information and communication technology courses. Noel has greatly improved the way teachers work and communicate throughout the school and has influenced primary and secondary teaching of information and communication technology across the state. He has done this through the use of interactive teaching strategies and resources. He has fostered high-order thinking and problem-solving skills that connect students to learning anywhere, anytime. The year 10 transition course he introduced enables students to develop multimedia skills through self-paced online activities, providing them with successful pathways to senior learning. (*Time expired*)

Dunkley Electorate: Budget

Mr BILLSON (Dunkley) (9.53 am)—I rise this morning to lament history repeating itself. The last time Labor was in power at a federal level, the then Labor member for Dunkley conceded that our community had been forgotten. I fear this is happening all over again. I learn that in the budget the Minister for Sport, Kate Ellis, has a \$21 million pot of money for 91 sporting projects. We only know about five of those. My community and I are curious, as I am sure are many members in this place, about what the other 86 are, how they were arrived at and whether we are going to see history repeat itself and see a federal Labor government ignore the peninsula, as it did last time it was in power.

As there is no clear pathway to show how these projects have been identified, nor an indication of what they are, I thought I would add to Kate's list. I thought I would point out that in the Dunkley electorate there are a number of election commitments that a re-elected Howard

government would have implemented that reflected the close collaboration that was in place between the Howard government, the local member and many local sporting and activity organisations. We were looking to make a \$125,000 contribution to the redevelopment of the Eric Bell Reserve pavilion, in Frankston North. That was going to be \$100,000 to Frankston City Council, which did not match anywhere near the council's contribution but recognised the partnership opportunities, and \$25,000 for the fit-out of the junior and senior Pines football and cricket clubs. So we had earmarked a contribution to the Eric Bell Reserve. The project that I have just described is estimated at about three-quarters of a million dollars, and our contribution was a significant, modest but important one.

We were looking to put \$100,000 into the expansion of Langwarrin's Lloyd Park pavilion and club rooms and \$70,000 towards the Mornington Basketball Association for its entrance and car-parking works. That was on the back of the partnership between the Commonwealth, the local basketball association, Mornington Secondary College and the local council to see a new three-court facility established there under—guess what—the Regional Partnerships program. This is another example of a worthwhile initiative that has been achieved through collaboration and partnership.

There was funding to support the new Seaford Lifesaving Club facilities, some assistance for the Seaford Bowling Club and also funding for the Seaford-Edithvale Wetlands to reinstate the crushed rock, all-seasons walking trail that was damaged as a result of a fire when firefighting vehicles ran over the top of it.

Those are just some of the projects that my community is very interested in. That level of interest is matched only by the interest in what is on Kate's list.

The DEPUTY SPEAKER (Ms AE Burke)—The member will refer to the minister by her appropriate title.

Mr BILLSON—I hope our contribution will be heard by the minister and the minister will recognise that these projects, which are well developed, thoughtfully developed, well advanced and looking to achieve things in partnership, can find their way onto Kate's list. I wait to hear what the minister has to say about that list. *(Time expired)*

Budget

Ms GEORGE (Throsby) (9.56 am)—I want to spend this morning outlining some of the very positive health initiatives that were contained in the budget. I also want to compliment the Minister for Health and Ageing for the tenacity with which she is undertaking her job, the foresight she brings to the portfolio and, very importantly, the impact that the substantial commitments will have on the electorate that I represent.

I want to begin by saying that the additional \$500 million to our public hospital systems, which will be paid before the end of this financial year, will go a long way towards addressing some of the problems that are being experienced particularly as a result of the decline in the number of people working in a professional capacity as doctors and nurses in our public hospital system. That, together with the major commitment that the government has made of \$600 million to slash elective surgery waiting lists, will certainly be of great assistance, particularly as we know that, in 2005-06, more than 25,000 patients waited for more than one year for elective surgery. It is an issue that constituents bring to my attention on a regular basis.

The second initiative that will have great bearing on my electorate is the investment that the Rudd Labor government has made in 31 GP superclinics. I am delighted to say that one of these superclinics will eventually come to the Shellharbour local government area, which for years under the former government had been classified as a district of workforce shortage but about which very little had been done. I am delighted that the minister will be coming to my electorate on 2 July to speak to the division of GPs, doctors, medical professionals, nurses and anyone else who is interested in looking at the framework for these superclinics and the planning steps that we need to undertake to make sure that that commitment sees the light of day.

The other area that is very important in the Throsby electorate is the substantial waiting list for dental attention in the public hospital system. The last time I looked at the figures, there were somewhere in the vicinity of 7,000 people in the Illawarra on these waiting lists. The substantial investment to help states reduce waiting lists, together with the Teen Dental Plan, will be of major benefit to the people I represent—as will the Rudd Labor government's commitment to transition beds to ease the transition for our elderly people from hospital to suitable care, either in the community or in a transition bed, before accessing nursing homes. All in all, I want to compliment the Minister for Health and Ageing, in particular, and the Rudd Labor government for their very positive initiatives.

The DEPUTY SPEAKER (Ms AE Burke)—Order! In accordance with standing order 193 the time for members' statements has concluded.

APPROPRIATION BILL (No. 1) 2008-2009

Cognate bills:

APPROPRIATION BILL (No. 2) 2008-2009

APPROPRIATION (PARLIAMENTARY DEPARTMENTS) BILL (No. 1) 2008-2009

APPROPRIATION BILL (No. 5) 2007-2008

APPROPRIATION BILL (No. 6) 2007-2008

Second Reading

Debate resumed from 3 June, on motion by **Mr Swan**:

That this bill be now read a second time.

Mr IRONS (Swan) (10.00 am)—I rise today to speak on the Appropriation Bill (No. 1) 2008-2009 and cognate bills. Three weeks ago the Rudd government delivered federal Labor's first budget in 13 years. It was an opportunity for the Rudd government and federal Labor to finally prove they were the economic conservatives they claimed to be in the lead-up to the 2007 federal election. Instead, the Rudd government delivered a stereotypical Labor budget that was high taxing and high spending yet tried to win a few brownie points by playing on the politics of class envy. While campaigning for the votes of working Australians, the then opposition leader Kevin Rudd and his shadow cabinet toured the nation, bestowing various vacant promises upon each electorate visited. The expectations of Australians were raised; the nation was led to believe that, if they voted for Kevin Rudd and Labor, petrol prices would be reduced, inflation would be reduced and grocery prices would be reduced.

The 2008-09 federal budget does nothing to address these three mandates upon which the Rudd government was elected into office. Instead, six months into his term as Prime Minister, Kevin Rudd capitulated and announced at a press conference on 22 May 2008 that he has

done all that he can to address the problems he promised to fix and that under federal Labor prices will continue to rise. Mr Rudd said:

We have done as much as we physically can to provide additional help to the family budget, recognising that the cost of everything is still going through the roof; cost of food, cost of petrol, cost of rents, cost of childcare.

The people in my electorate of Swan in Western Australia were among the many marginal electorates visited by the Rudd spin machine during last year's campaign. Unfortunately, the people of Swan are also among the many Australian electorates left disappointed. Now that they have tricked their way into government, federal Labor have asserted that what the Australian people believed were promises were instead 'top priorities' and that apparently there is a difference between the two. I have since learnt that this difference is basically that if you prove the Rudd government mentioned 'promise' or 'pledge' in any of their press releases then you have a chance of receiving your funding. If not, then tough luck.

One of these 'top priorities' was a Medicare office in the suburb of Belmont, in the north of my electorate. The previous, Labor, member for the seat of Swan had pilloried the coalition government for at least six years due to the lack of a Medicare office in this area. With great fanfare and much publicity the ex-member, Mr Wilkie, and the then shadow minister for health, Nicola Roxon, made an announcement that a Medicare office in Belmont would be a 'top priority for a Rudd government'. The people of Belmont and the surrounding suburbs welcomed this announcement, which was cleverly designed to give the impression it was a promise. The fact that this announcement was made only four days before the election date of 24 November shows that it was nothing more than a clever stunt to try to swindle votes from the people of Belmont. A media statement released by Nicola Roxon stated:

There are many frail and elderly people in the Belmont area who have difficulty getting to Perth, Midland or Canington to claim their Medicare rebates.

It went on to say:

Its terrific that Federal Labor is prepared to recognise the needs of the community.

It also states that the previous federal member for Swan had:

... been campaigning for a Medicare office in the area since 2000 when he presented a petition in Parliament signed by thousands of local residents calling for improved access to Medicare services.

Again, here are all these wonderful expectations just four days prior to election day. However, the Belmont Medicare spin did not stop with the election. In early May the local newspaper, the *Southern Gazette*, ran an article saying that a petition signed by 10,000 people at the local shopping centre, Belmont Forum, would be presented to parliament for due consideration. The local state Labor member for Victoria Park joined WA Senator Mark Bishop in supporting this petition because, as Senator Bishop stated:

Access to services is a key focus for the Rudd government.

With all the expectation and excitement surrounding all this spin, the first thing I checked when the budget came out was Budget Paper No. 2. I went straight to page 247 and looked under 'Human services'. And guess what, Madam Deputy Speaker: I could not see anything about the suburb of Belmont in Western Australia listed anywhere under the Medicare section. I will tell you what was in the Medicare section: a commitment to fund a Medicare office in Emerald. Surprise, surprise—Emerald is in Queensland, the home state of our Prime Minister.

To the people of Emerald, I say: good luck to you; I am sure the Medicare office you are going to get will serve your community well. But to the people of Swan in my electorate, and in particular to the frail and elderly that health minister Nicola Roxon was so concerned about four days prior to the election, all I can say is that unfortunately you have now learnt what the Rudd government is about: spin, spin and more spin. The Swan electorate has been forgotten by the Rudd government and it will happen again and again. However, the people of Australia are slowly catching on to the trickery of this government. I will continue to fight for a Medicare office in Belmont and ask that the Minister for Health and Ageing, Nicola Roxon, meet the expectations she gave to the people of Belmont for a Medicare office.

While I am on the issue of the elderly, I would also like to say that this budget has failed pensioners in Swan and across the nation, particularly single aged pensioners. The local member for Victoria Park was recently quoted in the *Southern Gazette* as saying, 'Time and time again I hear stories of pensioners struggling to pay bills on the current pension rate.' The Labor MLA prepared a petition in his office to present to the Rudd government, as even he believed the recent budget failed to provide pensioners with suitable remuneration. The Labor MLA went on to say, 'The federal government is aware that pensioners are at subsistence level.' He continued with, 'I strongly believe that pensioners have worked hard for the benefit of the whole community and this should be recognised.' Here we have a state Labor member who is confirming what we, the opposition, have been saying about the lack of support in this budget for the aged and pensioners.

Another blow to the seat of Swan was given in the Rudd government's inaugural budget with the axing of the previous coalition government's Regional Partnerships program. The Rudd government axed this program because, according to the Minister for Infrastructure, Transport, Regional Development and Local Government, Anthony Albanese, this program was a rort.

One of these so-called rorts is in my electorate of Swan. A local community organisation called Southcare received a grant of \$273,350 from the coalition government under the Regional Partnerships program. Southcare is a community group that delivers programs which improve the quality of life for frail aged people, disabled youth and Indigenous people in need of assistance. The Regional Partnerships grant provided to Southcare by the previous coalition government was to help fit out a new building, purchase and install IT equipment, construct a garden store and undertake external works on their new building. As a side note, Lotterywest, who have given fantastic grants to people in Western Australia, must also be guilty of rorting in the eyes of this government, as they also provided \$550,000 to Southcare to undertake this project. Unfortunately a couple of weeks ago Southcare was heartlessly informed via letter that the funding it had been allocated had been revoked under the new Rudd government.

It did not take the media or the public long to realise what this government had done. Newspapers and television programs like Channel 7's *Sunrise* ran stories about local community organisations that had been thrown into financial difficulties by a callous government wielding its budget axe. Minister Albanese attempted to deflect attention from his terrible mistake by relentlessly claiming that Regional Partnerships was a coalition government rorting program. If he had looked more closely at each of these programs in the first place, he would have realised that they were mainly for non-profit organisations that provide services to the more vulnerable members of our community. If it had not been for the individual commu-

nity groups, the opposition and the media fighting the scrapping of these Regional Partnerships programs, some invaluable programs such as those provided by Southcare would have been lost to communities across Australia. Thankfully, Minister Albanese has performed a backflip of enormous proportions and has had the common sense to reinstate 86 of the 116 programs he originally scrapped. Still, it remains that Minister Albanese failed in his duty of care and responsibility to properly scrutinise each of these programs before deciding to axe them and causing undue stress to local community groups. His actions were not what one would expect from a cabinet minister and the Commonwealth government. I dare say that Southcare and the many people in the Swan electorate who benefit from their services will welcome this turnaround. I myself welcome the turnaround and look forward to attending the opening day of the new Southcare building and facilities.

Another positive initiative of the previous coalition government which the Rudd government decided to scrap was the Investing in Our Schools Program. Again, the Rudd government used their catch phrase of 'Howard government rort' as their reasoning behind axing a program that has delivered benefits to local communities. Many schools in my electorate of Swan benefited greatly under this program, including Queens Park Primary School, Cloverdale Primary School, Kent Street Senior High School, Manning Primary School, Kewdale Primary School—and the list goes on.

The Investing in Our Schools Program provided schools with the opportunity to decide for themselves what it was that their school required, unlike the Rudd government's uncoded education revolution, which tells the schools what they want. According to Rudd's revolution, schools do not need new playgrounds to help boost the physical activity of students during lunchtime, they do not need an undercover area to protect our children from harmful UV rays and they do not need reverse cycle airconditioning systems to keep their students warm in winter and cool in summer. According to the Rudd government, what our schools need is computers—just computers. Computers were available under the Investing in Our Schools Program if the individual school community decided that that was what they needed. However, the ridiculousness does not end there. Not long ago we learned that schools not only are to be deprived of funding for necessary projects but also are to have hundreds of computers dumped on their doorsteps.

After getting into office, the Rudd government has now told us that it intends to share the cost of the education revolution with the unsuspecting state governments. We are told that the state governments will have to pay for the installation, maintenance and power costs of each computer. In Western Australia, the Carpenter government has said that it will not share these costs with the Commonwealth, and many other states have followed suit. This is yet another uncoded federal Labor election commitment that has come back to bite the government, and the costs are expected to be picked up by the community.

On another note, yesterday I heard the member for Fremantle speaking on the success of the FuelWatch program in Western Australia. The member lauded the program and stated that the Western Australian members of parliament supported it. I hate to rain on the member for Fremantle's parade and the government's apparent enthusiasm for the FuelWatch debacle, but I seriously doubt that this program has provided any major benefits to WA motorists. Any program that is anticompetitive and does not allow the natural pressures of the marketplace to

occur is a program that defies the logic of a free trade market that the Rudd government claims to support.

This is a waste of \$20.9 million over four years of taxpayers' money. It is yet another spin program designed to give a warm, fuzzy feeling to the electorate to persuade them to believe the government is putting downward pressure on the price of petrol. But I ask: how can the price of petrol go down if outlets cannot reduce their pricing to compete in the marketplace? If an independent petrol outlet owner gets up on Monday morning and finds that the petrol of one of the large corporate outlets down the road is 10c a litre cheaper than his, he cannot adjust his prices to compete. The independent may as well shut the doors for the day and head home.

This same analogy applies to the proposed 'grocery watch' program, except that I am at a loss to understand how this program will actually list the prices of a basket of produce and also take into consideration the quality of the vegetables and fruit. Is the produce fresh? Is it one day old, a week old? Are the bananas yellow or black? How are they going to put this on the website? How are these variances going to be part of the 'grocery watch' program? This is yet another example of spin from a government more interested in selling the story than in actually providing anything of real substance to the Australian people by delivering on the expectations it created during the election.

Next we have the change by the Rudd government to the Medicare surcharge levy—another story of spin with no facts. Yesterday in Senate estimates, Treasury department officials confirmed: (1) the government's modelling understated the impact on public hospitals of the policy change by failing to take into account the children and dependants of members expected to desert private health insurance; (2) Treasury were not asked to consider the impact on state public hospitals from the resulting increases in demand for public hospital services; and (3) the Commonwealth expects to save \$300 million overall from the change but has not consulted the states or territories about the impact on them.

Senator Mathias Cormann said that the industry estimates that more than 700,000 people will leave private health insurance as a result of this change. That is clearly well above the Treasury's own estimates of 484,000 people. The government used this figure from Treasury in its spin but obviously failed to check the figure and do the duty of care by actually getting the facts. Treasury conceded yesterday that they did not even conduct any modelling on the impact on public hospitals, as it was 'not normal practice' to assess secondary impacts of federal budget measures. Senator Cormann said, 'So much for the commitment before the election to pursue a new cooperative federalism on health'. Any economic conservative running any business would know that if you make changes to your business or corporation you have to look at the secondary and even tertiary effects on the decisions you make and at how they impact on your business and all affiliated stakeholders. It is just good business practice.

In the electorate of Swan we have the Perth domestic and international airports. I checked for any funding for Swan with regard to the Australian Noise Exposure Index area around the airport. Unfortunately I again saw nothing in the budget. Hopefully the minister for this area, Mr Albanese, will be able to see past his own electorate and provide funding for noise insulation into the necessary areas as required. The Great Eastern Highway—which again had much fanfare with \$225 million of funding committed during the campaign—has been forgotten,

with a paltry sum provided in the budget to do a review. That is another review to add to the long list of them.

In summation, it is clear that the Rudd government has failed the Australian people in the 2008-09 budget. With this budget the chance to prove that this government was run by economic conservatives has gone. The chance to give the Australian public some proof that the country is in safe hands has gone. What Mr Rudd fails to understand is that you do not become an economic conservative overnight by calling yourself one. You have to actually be one, and this budget has clearly demonstrated that Mr Rudd is not an economic conservative. You cannot run any business, let alone a trillion-dollar economy, on ideology and spin. The economy has to be run on sound basic fiscal principles.

The more this budget is dissected the more holes appear in it. The Rudd government have failed to deliver on the pre-election promises to lower petrol prices and the cost of groceries. They have failed to keep their promises to individual electorates, including my electorate of Swan, and have only funded those election commitments which they are unable to escape from. It is clear that many of the Rudd government's pre-election promises were uncoded and economically irresponsible. However, they were still promises made to the people of Australia and in failing to deliver on these promises Kevin Rudd and the Labor Party have failed the very people who voted them into government.

However, what remains is even worse. In order to provide for these campaign commitments the Rudd government appears to be attempting to acquire funds from projects for the more vulnerable members of our community, such as pensioners, who they believe are not strong enough to fight back. The scrapping of many coalition programs, such as the Investing in Our Schools Program and Regional Partnerships, just to create an image of doing something, is disgraceful. The Australian public deserve better.

Mr KERR (Denison—Parliamentary Secretary for Pacific Island Affairs) (10.16 am)—The debate on the Appropriation Bill (No. 1) 2008-2009 and related bills gives all members an opportunity to speak broadly on subjects of their interest but, sadly, it also gives occasion for members such as the speaker immediately preceding me to repeat the drone of routine political drivel that passes for serious comment on public affairs. It is a great tragedy that we traduce the opportunities that are presented to us in this parliament to really get to grips with the larger national issues and our own local concerns when we waste our time repeating, ad nauseam, the kinds of rote opposition lines that the member delivered unto us in this chamber.

I want to focus on three specific issues which have emerged from this budget and which will benefit my electorate of Denison. The first builds on the work of previous Labor and coalition governments and has seen Hobart effectively the focus of much international work in the southern oceans and Antarctica. Certainly as far as Australia is concerned, Hobart has become the centre of almost all research activity in the southern oceans and Antarctica. And there is a further initiative, cemented in the most recent budget, where Australia will become the home of the secretariat for the Agreement on the Conservation of Albatrosses and Petrels—the great seabirds that we associate with the southern oceans and whose preservation and support is well supported by many Australians. That will now be cemented, in terms of the architecture of the international community, through this secretariat.

The permanent home of the secretariat will now be Hobart. The government will be providing income tax, customs duty, GST and other Australian government tax relief to this secre-

tariat and the secretariat's non-Australian staff. That is the same kind of relief that has been granted to other international organisations in Australia, including the Commission for the Conservation of Antarctic Marine Living Resources, CCAMLR, which is also in Hobart. I am delighted to recognise that, with the new home of the secretariat for the Conservation of Albatrosses and Petrels coming together with the work of CCAMLR, the work of the University of Tasmania and the work of the CSIRO, Hobart is very much cemented as the centre for international conservation efforts focusing on the southern oceans and Antarctica. I want to congratulate all who have worked so hard to achieve that end.

The second issue, again, has a conservation bent but is more focused on my own home state with \$10 million in funding for Tasmanian devil research over the next five years. I am certain that members from all sides of the House would share my concern about the future of the Tasmanian devil and what that species is facing as it is decimated by rather grotesque facial tumours and about the struggle to find a solution that will enable the species to survive. That will of course be part of a larger program, the Caring for Our Country initiative, which altogether is worth \$2.2 billion. The funds will go into research into the facial tumour disease and allow the necessary management actions to be undertaken to save the devil from extinction.

Last week, the Tasmanian devil was recognised as being in danger of extinction; it was declared endangered by the Tasmanian state government. So we need to do all we can to minimise the spread of this disease amongst Tasmanian devils, to try to establish an insurance population and to engage the community in a suite of recovery actions.

There are some promising signs. The most recent research conducted out of the University of Tasmania's Menzies Research Institute focused on a Tasmanian devil that has been nicknamed Cedric. Cedric is a three-year-old Tasmanian devil. He apparently has a specific genetic make-up which has rendered him immune to the disease that has affected the rest of his community and he has resisted infection even after being injected with the deadly disease. There are apparently a number of other devils which have the same genetic make-up, and tests are now being undertaken to see whether a sufficient number of Cedrics and Cedric's close genetic relatives will be able to form a population immune from the disease. We do hope that there can be greater resistance. We are certainly continuing to work on immunisation programs. We are trying to do all we can to identify the means by which the disease is transmitted and to build robust survival populations.

The tragedy is that the facial tumour disease is estimated to have already killed almost half of the devils in the wild and has been found in over 60 per cent of Tasmania. Anybody who has seen photographs of Tasmanian devils that have been affected by the facial tumours will see what a cruel and painful disease it must be for those that suffer it, and the suffering of those animals is enough reason for us to take action.

A division having been called in the House of Representatives—

Sitting suspended from 10.24 am to 11.04 am

Mr KERR—Immediately prior to the division being called, I was mentioning the fate of the Tasmanian devil and the fact that more than 50 per cent of devils in the wild are understood to have died. The cruel and painful way in which that would happen has everyone very concerned. The hope that would be common to all members is that the research that has recently seen a young three-year-old devil, nicknamed Cedric, being able to resist infection

proves to be fruitful so that the species has a good chance of survival. Sadly, Cedric's brother paid a price for that research because, in order to test whether a genetic benefit was able to provide immunity, both Cedric and his brother, who did not have that similar genetic make-up, were injected with the facial tumour disease, and the brother has contracted it. Whilst the researchers are obviously doing all they can to treat that, so far treatment has proved pretty unavailing in most instances, and it may be, in the end, that that is a price that will be paid in that individual case. If it can be established that a genetic group of devils can be found to breed and be immune from the disease, the benefit will be profound; it is something that we all hope can be established.

Finally, I will comment on something that I know all Tasmanians have been very keen to see, and that is the availability in Tasmania of a PET scanner. There are presently about 350 Tasmanians having to travel interstate for specialist diagnostic services. The availability of a positron emission tomography machine at the Royal Hobart Hospital, to provide a nuclear medical imaging technique for three-dimensional imaging of functional processes in the body, is going to be very much appreciated. It is especially useful for cancer diagnosis and treatment, and of course it has been something that my community has been seeking for a long time. I am very pleased to say that this budget has delivered that facility for the people of Hobart, and I look forward to it providing very useful assistance to those in my electorate—and in your electorate, Mr Deputy Speaker Sidebottom—when they need diagnosis for those measures.

I conclude my remarks there and indicate that I am certain all members of this House will join together at least in appreciation of the two budget measures that I mentioned previously—the Antarctic sea birds, the petrels and the albatrosses, and the Tasmanian devil. Whilst we do have our political differences and our rhetoric sometimes becomes a little inflamed in these kinds of debates, there is no doubt that where we do have common agreement—and we would around the need to do all we can to ensure the survival of petrels and albatrosses in the southern oceans and the survival of the Tasmanian devil—we actually come together as a parliament. Those measures in the budget, whilst monetarily not large perhaps, are going to be very important in terms of our national self-image. I commend those measures to the House.

The DEPUTY SPEAKER (Mr S Sidebottom)—I thank you for your contribution.

Mr SCHULTZ (Hume) (11.09 am)—Australia has about 30,000 wheat growers. On average, 13.4 million hectares of wheat are planted each year. Western Australia is the largest wheat-producing state despite having only 18 per cent of wheat growers. Interestingly, New South Wales and Queensland currently produce only four per cent of the wheat crop despite comprising one-third of all wheat growers. Why is it then that the loudest protest against the scrapping of the single desk is coming from fellow growers in the states which produce the lowest volume of wheat?

Recently, the member for New England, for whom I have a lot of respect, carried out a survey of just over two-thirds of Australian wheat growers—20,000 plus. His press release says that the results of his poll show that only 14 per cent want change from the single desk. Was that 14 per cent of more than 20,000 wheat growers? The answer is no. It was 13.52 per cent of the 2,819 wheat growers who responded to his questionnaire—in other words, 18,026, or the majority of wheat growers from all over Australia whom the member for New England

targeted, discarded his very narrow questionnaire into the rubbish bin. Were any of the respondents asked in that survey if they exported wheat? Were they B-class shareholders in AWB or any of its subsidiaries? Or were they simply running a political agenda to support the proponents of the single desk? The obvious answer is no—they were not asked these questions. It was a very subjective use of figures and questions to produce the outcome he wanted. I am bemused as to why the member for New England would undertake an inaccurate representation of export wheat growers in that way, and, listening to him in the chamber this morning, I can only conclude that it was an independent drive for recruitment of disenchanted National Party members.

There are of course a significant number of furrphies which the opponents of the single desk for export wheat in this place and in the Senate use to try and protect the status quo. The real agenda on their minds is of course not what is best for the export wheat growers but what is best for their party-political agenda. No wonder they will fight to the death to retain it.

Let me now turn to the mess which you hear pro-single-desk advocates promoting. Classic furrphy No. 1: the single desk allows the monopoly exporter—for example, AWB—to extract a price premium. No, it does not. Let me quote a letter from AWB chairman, Brendan Stewart, to the Iraqi minister for trade, his Excellency Mohammed M. Al-Jiboury. It was written on 24 March 2005. The following are some quotations from that letter:

In the spirit of full disclosure I will also provide evidence which demonstrate AWB's contract prices have, in most cases, been equal to or lower than prices offered by the US. In comparison (with US), not only does AWB wheat exceed the specifications requested by ... (Iraqi Grains Board), it also provides superior milling performance in terms of flour yield.

When all the facts are analysed, it is clear that AWB provides the best quality wheat, delivers it more reliably, provides a valuable package of extra services, and importantly does this at a price that reputable suppliers find difficult to match.

It is clear from the evidence I have disclosed that AWB has consistently provided prices that are either equal to or in most instances lower than supplies of similar quality.

That is all code for saying that, in contrast to rhetoric you hear peddled at grower meetings, it is important to retain the single desk operated by AWB to obtain premium prices and protect Australian growers against the corruption in world markets. AWB was actually providing wheat of a higher quality than requested—that is, not getting the market price—providing services for which it was not charging and undercutting the price of competitors; for example, getting a lower price for Australian wheat than it could have and, indeed, should have obtained for Australian growers.

This is consistent with the complaints that the US agricultural attache, Jim Parker, raised regularly with one of my constituents, with whom he had regular contact in the 1980s—namely, that the US wanted AWB's powers removed because AWB consistently undercut prices of US suppliers, not that AWB achieved premium prices in the markets in which it competed. Jim Parker also noted to my constituent that Australian growers and their organisations were easily hoodwinked by AWB claims of premiums because they had no way of knowing what prices AWB achieved in world markets and had no way of knowing the cost of operating the pool. They meekly accepted what was left over.

Jim Parker's views were echoed in the US Wheat Associate's 'wheat letter' of 20 January 2004, in which they complained that AWB:

... set their price by administrative fiat, and the AWB's ability to work outside the norms of global competition directly and often egregiously undercuts U.S. wheat sales.

The letter went on to say:

"It is terribly frustrating when your competition can underprice you at will," points out Alan Lee, USW chairman and a wheat grower in North Dakota.

So the evidence tells us that AWB used its single desk status to hide its prices and costs and to sell at prices under the prevailing market value. It is not that we should help the Americans, but, rather, that the assertion that AWB was extracting premiums from the market is rubbish.

There is more evidence, this time from the then Wheat Export Authority, to debunk the assertion of price premiums from the single desk. Comparing container bag exports which are not covered by the single desk monopoly rules, the WEA reported on a price comparison of non-AWB exports with AWB exports and said:

The analysis shows for the 16 countries ... evidence exists that non-AWB(I) exporters gained better prices for container and bag exports than AWB(I) in some of those countries.

That was the Wheat Export Authority addendum to the *Growers Report 2006*.

There is certainly no independent evidence that compulsory collective marketing extracts premiums from export markets. In principle, the reasons that it is not possible for the single desk—that is, AWB—as a price taker to extract price premiums on export markets are that it cannot: use its monopoly of Australian wheat exports to drive up prices on international markets, where there are many competitive suppliers, by withholding wheat, because potential wheat buyers can source their wheat elsewhere; control sufficient quantities of the world's wheat to restrict supply to target markets; know the different elasticities of demand—for example, responsiveness to price changes—of each of its target buyers and how these elasticities change over time; and have full knowledge of rival suppliers' behaviour.

Where increased prices have existed, they have not been premiums due to the single desk. It actually costs wheat growers \$10 per tonne, due mainly to higher than necessary supply chain and pool management costs. Various studies—for example, Accenture, 2002; ACIL Tasman, 2005; Allen Consulting Group, 2000; Joint Industry Group, 2000; and GrainCorp, 2006—have estimated increases in net returns of \$8 to \$10 per tonne, solely due to a reduction in costs if growers were not compelled to deliver export wheat to the AWB.

Furphy No. 2: without the single desk, Australian wheat growers will compete against each other and drive down the price. That is absolute rubbish. This is a variant of the argument that competition equals lower prices. But let us look at the evidence. Decades of experience in the dairy, beef, lamb, wool, barley, canola, sorghum, pulse, wine and horticultural export sectors—all of whom have multiple Australian exporters—shows that growers are better off with several buyers competing for products and offering a range of services for price, delivery, storage and so on. Wheat growers who have diversified into these commodities—and they are in the majority—know that competing exporters do not drive prices down. Competition in these industries drives product innovation and customer service. This adds value to exports and increases growers' net returns.

Furphy No. 3: the single desk provides wheat growers with a buyer of last resort. There is no buyer of last resort. At best there has only been a receiver of last resort—AWB—but that receiver has no obligation to pay one cent to growers. It took export wheat growers' wheat

provided it met quality specifications, but there has been no protection from the market. The buyer of last resort argument is essentially a demand that some growers of wheat be paid more at the expense of other growers than their wheat is worth in the marketplace. While the Wheat Marketing Act stipulated that the holder of the export licence must receive all grain presented to it, the exporter had the right to accept only the grain that met its receival standards, which were set by AWB Ltd itself. Those receival standards applied across broad quality bands, for which an average price was paid to growers.

The concept of buyer of last resort is, in itself, disingenuous because it implies that without the monopoly market some wheat would be unsaleable at any price. Although that is obviously false, the buyer of last resort creates the impression, which it is designed to do, that in an open market there would be no buyers for some parcels of wheat below the price at which the AWB would have acquired the wheat for the pool. That proposition is of course absurd, because such wheat would never be priced at zero. Rather than some wheat being valued at zero without the so-called buyer of last resort, there is always a market for a very wide range of grain types. What the buyer of last resort argument really amounts to is a plea for AWB to accept wheat into the pool and pay to the grower of that wheat the average pool price, which is above the market value for that wheat.

The proponents of this argument are effectively and knowingly demanding that the market value of all other wheat in the pool be reduced in order to accept their lower valued wheat. The result is that the buyer of last resort culture in the wheat industry creates a situation in which growers who produce good quality grain are subsidising producers of lower quality grain. Under monopolised marketing rules, growers are reliant on a mandated receiver of last resort being supported by those who do not. Also, the industry more broadly is disadvantaged because growers are being encouraged to grow lower quality/higher yielding wheat than they would have if they had received accurate price signals about what the market wanted. Productivity, competitiveness and incomes would improve by replacing buyer of last resort with wheat sold for the best price on offer.

Furphy No. 4: the single desk protects Australian growers from corrupted world markets. This is also false. The argument that the export monopoly provides protection against corrupted world markets relies on the ability of the single desk manager to price discriminate, which in fact is not possible. I refer to my comment on furphy No. 1. A related reason cited in support of the single desk is that, by holding large volumes of Australian wheat, the single desk is a strong negotiator in world markets and can secure access to markets and other non-price outcomes not otherwise available to Australian growers. However, the effect of being the sole marketer of Australian wheat disadvantaged the AWB, as buyers knew that every year AWB must clear most if not all of the wheat it held before the next harvest. In addition to this, domestic consumption in the AWB's regular markets was well known by most buyers and competitors. In contrast, the competitive market buyers' and sellers' stock positions are commercially important items of information that are used as significant negotiation tools. AWB's negotiating position was further weakened as it had to receive all of the grain that met quality standards offered to it by growers. Also, AWB did not enter into any trade negotiations on behalf of the growers and offered no other counter to subsidies or any other trade distorting policies of competitor nations.

Furphy No. 5: growers need control of the market to protect themselves from other commercial interests. Nonsense! Grower ownership doubles the bet or the risk of the grower since his or her prospects are tied to both the wheat market and the production risk, as is the share price of AWB Ltd. At present, growers provide the capital to grow the grain and, through their shareholding in AWB, finance most of the supply chain as well as the products and services sold back to them. Almost every instance of grower ownership of a commercial company has ended in growers losing considerable money. Two examples are the New South Wales Grains Board, where growers lost \$165 million, and the wool stockpile, worth \$2 billion, and the industry took at least a decade to recover. At present, AWB Ltd's grower ownership is only 70 per cent, with institutions making up the rest. Grower ownership creates a serious ambiguity for the directors of the corporation, as they are divided between serving customer and shareholder interests. This reduces the prospect of raising capital from sources other than growers. External investors discount the company because of this ambiguity.

Furphy No. 6: the single desk gives grower protection against fly-by-night traders. Possibly at times, but at a cost. As in every other aspect of their business, growers need to take responsibility for managing their credit exposure and selling only to reputable buyers. As in every other aspect of their business, growers cannot and should not be mollycoddled into looking after their commercial interests. Like most other business people, they should stand by their own decisions and not expect specially legislated privileges. Experience in other grain markets that have been opened to competition shows that growers would retain the option of selling to AWB and would have the additional choice of dealing with the other bulk exporters.

Anecdotal evidence demonstrates that, in deregulated barley markets, new entrants have to gain the confidence of growers before they achieve significant market share. AWB, in its role as operator of the single desk, has cost growers heavily by driving down the domestic price by about \$10 per tonne as a result of setting very conservative estimated pool returns, which act as a reference price for wheat on the local market; by allowing bulk-handling transport and loading charges to become higher than competitive rates; by high pool management costs; by high ship chartering costs; and by underselling competitors in export markets. As a result, any protection provided by the single desk against fly-by-night traders has been very expensive, in the order of \$15 to \$20 per tonne. At the very least, growers should be able to choose if they want that protection and for how much.

What do growers want from the marketing system? The main objective is to maximise net returns to growers at the lowest possible risk. This is achieved by obtaining the best prices and the lowest possible costs; removing constraints on the development of new products and services, which will improve provider choice of marketing options for individual circumstances, including the provision of risk management and financing options; ensuring that prompt and accurate price signals are provided to all players along the marketing chain, allowing growers and others to respond to market trends and improve efficiency; allowing growers to make informed decisions about whom they deal with when selling grain and utilising risk management services; removing the constraints on the development of highly liquid secondary markets that provide efficiency, price discovery and risk management options; and ensuring there is transparency of supply chain costs, operations and services.

How can this be done? Competition between buyers and suppliers of marketing services is the best way. If free to exercise choice, growers will be able to make an assessment of the

quality of the product, and the business can choose the one that best satisfies their individual business needs. Each wheat grower will be able to choose with whom he or she deals and the sort of information needed to make that choice. What the single-desk growers who support the status quo will not be able to do is impose, through government legislation, their choice of whom they deliver their wheat to on the 86.48 per cent of growers who decided not to respond to the survey. Growers who sensibly opted to test their options to maximise the profits for their family farming business, by either consigning their wheat to an alternative purchaser, warehousing their grain in a silo while they test their options or retaining it on-farm in their own storage and then making direct sales to flour millers or other offshore buyers, cutting out the middleman, have been the beneficiaries of much better financial returns for their wheat.

The wheat growers of Australia—more specifically, the growers who export wheat—have suffered enough in the way of financial losses by being forced to deal with one government-approved entity. The monopoly system has resulted in high risks, high costs and poor adaptation to market changes. The licensing of accredited exporters will allow wheat growers to exercise their own judgement on how to obtain the best commercial return for their product.

In closing, I point out that the Liberal Party has suggested some common-sense amendments to the Wheat Export Marketing Bill before the Senate, and it is to be hoped that the government will see the merit of these amendments and pass the amended bill in its entirety for the good of wheat growers in the export market.

Mr BIDGOOD (Dawson) (11.28 am)—This budget delivers for the workers in Dawson and across the nation. All politics is local. Yes, we delivered tax cuts. We promised them and we delivered them, and we did so more efficiently—not four major tax bands but three tax bands. It is all about local politics. It is all about the family around the kitchen table. It is all about looking after working people and their families, treating them with dignity and respect.

So what does this mean in the seat of Dawson? It means that we are going to deliver on building a multipurpose stadium for the people of Mackay and the region. The previous, National Party member for Dawson went to two elections promising and promising without ever delivering one cent to the rugby league and junior rugby league stadium over 11 years. It is absolutely terrible. The Rudd Labor government has delivered, not what the former member promised, which was \$5 million, but \$8 million—in full, in the first six months of its term. Yes, all politics is local. We have delivered for the Mackay region.

In this financial year \$20 million will be spent on the Townsville Port Access Road. That is part of an overall development of \$95 million. We will deliver on basic, essential infrastructure for the people of Dawson. Also, in the sugarcane town of Ayr in the Burdekin shire, the Burdekin Bridge is going to have an upgrade worth \$50 million over the next four years, and in this financial year we will deliver \$4 million to begin that upgrade. Yes, all politics is local. Yes, the Rudd Labor government is delivering for the people of Ayr and the Burdekin shire. We also believe in delivering skills, training and education for the people of Dawson. Yes, we have delivered again—a \$14 million mining technology innovation centre. The first \$3.5 million will be delivered in this tax year. Yes, all politics is local. Yes, we are delivering for the people of Dawson.

The previous member for the seat of Dawson promised funding but never delivered one dollar. There has not been one dollar delivered for the Mackay aquatic park facility, which was a joint venture between three levels of government: local government—the Mackay City

Council; the state government; and the federal government. Yes, the promise was made, but guess what: not one dollar was delivered. It is left to this government to actually roll out \$4 million in this financial year for that. We do deliver. All politics is local and we are delivering for the people of Dawson.

Not only that, we are also delivering \$4.8 million in Roads to Recovery funding in this 2008-09 tax year. We have amazing growth in the seat of Dawson due to the ongoing resource mining boom. We have acres and acres of cane fields along the Bruce Highway being converted to industrial estates. Access to the Bruce Highway and the facilitation of the movement of goods and services are vital. I am pleased to say that we are delivering locally for the people of Dawson in helping productivity and in upgrading Connors Road and Farrelleys Lane. We are going to deliver \$1.1 million to get that process started to facilitate access to the Bruce Highway. Not only that, we will also be upgrading Farrelleys Lane from Temples Lane through to Boundary Road. Some 3.5 kilometres of road will be upgraded to make the two-lane Bruce Highway into four lanes. The overall cost of that will be \$50 million. There is a total of \$150 million being spent directly on the Bruce Highway by this Rudd Labor government in the seat of Dawson. How much was delivered in the last 11 years? Guess what: nowhere near \$150 million.

We can talk in millions and millions of dollars, and that is great, but what made me so happy was to deliver for the Dolphins Soccer Club in Bucasia, in the northern beaches of Mackay. All that the club had asked for was \$112,000. They had been asking other levels of government consistently. They were given lip-service but not one dollar. Guess what: this Rudd Labor government has delivered to the Dolphins Soccer Club \$112,000 in this tax year. When I went to the soccer fields and I met Darryl Gibbs, the coach and team manager, and all the young soccer players on a Saturday morning, they were so delighted and so overwhelmed that the big hand of government had come to their little community and given them a helping hand. You should have seen the joy on those kids' faces. The manager said to me, 'James, I honestly did not think we were in the frame to get any funding, with all the cuts that were going on.' And I said, 'Darryl, nothing pleases me more than to be able to deliver to the grass-roots, to the poor kids who need a helping hand.'

That club is going to service an area of northern Mackay which is one of our fastest-growing residential areas due to the resources boom that is taking place. Members would be aware that the Queensland Resources Council has said that by the year 2015 we are going to need an extra 15,000 resource workers in Queensland. And one in four of those jobs will be in the Bowen Basin. The people who work in the Bowen Basin live in the electorate of Dawson. Our government will facilitate the major infrastructure for the Bruce Highway and also deliver socially, for sports; because the people of Dawson love their sport. They work hard and—guess what—they play hard too. We are facilitating not only basic infrastructure but also social activity.

Under the Rudd Labor government three major funds have been established. The first is the education fund. We have clear political determination to deliver for the children across this nation in every single school, regardless of whether they are public or private. We want a smart country. We want smart education infrastructure, and we have made clear decisions to invest in computers and in technical facilities in every school across the country. And that is being facilitated by our education fund—something which was lacking in the last 11 years.

Why was it lacking? It was lacking because there was no political determination, no political will and no real vision to make it happen. But this government has made it happen.

The second fund that we have established is the Infrastructure Australia fund. It deals with issues like Roads to Recovery, port access roads and helping the productivity not just of the electorate of Dawson but of the whole nation—helping export productivity through shipping out our resources around the world. That is a very important fund.

Third but not least is the health fund. Again, we have taken it very seriously. We have decided that there is a political determination to invest strongly in elective surgery, to invest and make things happen. An extra 25,000 elective surgery operations will take place because of the political determination of this government to make it happen: political will, political action and a direct result to everyday people.

Of course, we must not forget our seniors. What a fantastic result for them. They are going to be \$900 a year better off. The utilities allowance under the previous government was just \$107 a year. Now, under the Rudd Labor government, we will be paying out \$500 a year, \$125 every quarter, and it will be paid quarterly, in time to pay those quarterly utility bills. Why is this? It is because we listen to everyday people. We listened to our seniors, and they said, 'What is the point of having just \$107 paid half now and the other half in six months? We need it in time for the bills when they come.' This government listened to what everyday seniors were saying, and we have delivered an increase from \$107 to \$500 per year, paid quarterly. Yes, our seniors are much better off under a Rudd Labor government.

Carers are \$2,100 a year better off under the Rudd Labor government. Again, they are better off because we had the political determination, the political will, to make things happen. If we had not made those decisions, our carers, as they were under the previous government, would be \$2,100 a year no better off. But under Labor they are better off.

Good news was delivered yesterday by the Reserve Bank of Australia, which chose not to increase interest rates. I believe it is because of the good fiscal management that this government has demonstrated to the people of Australia. The financial markets have responded, and interest rates will not rise—as a result, I believe, of good stewardship of the nation's money. This is really good news for everyday people paying mortgages. As we know, there have been 12 straight interest rate rises. Well, we have put a stop to it. Yes, there have been cuts, but those cuts and good fiscal management have delivered the largest surplus that this nation has ever known: \$22 billion. What a fantastic achievement! Without that surplus, we cannot deliver on the promises to everyday working Australians, families, our seniors and our carers.

I commend the political determination of this government. I commend the budget. It is a fantastic budget that meets so many needs in this nation, whether it is the needs of working people and their families, our seniors and our carers or whether it is the needs of the business community and our international export community. This budget is helping productivity and helping everyday people. It is good for small business, it is good for big business and it is good for everyday people. This is a fantastic budget that delivers for the whole nation.

Mrs VALE (Hughes) (11.42 am)—I welcome the opportunity to speak on Appropriation Bill (No. 1) 2008-2009 and the related bills. The Rudd Labor government's first budget has been found to be lacking in several areas over the past few weeks. I wish to look at a few of the areas of concern that are of interest to me and my constituents. They include petrol prices

and grocery prices, which were also of concern to the Prime Minister after the last election but are particularly of concern to carers and pensioners. I also want to speak about the Northern Territory intervention.

Firstly, I would like to put on record for my constituents that I do not support Fuelwatch. The planned Fuelwatch price monitoring system will fail all families and crush many a small business. You need look no further than the letter from the Minister for Resources and Energy to his colleagues in which he said:

The biggest losers ... would again be working families in places like western Sydney.

I represent a part of south-western Sydney and I am very pleased to have the opportunity to stand up for people in that area, because this government will not. This is a government that took only six months to lose touch with ordinary Australian families. The honeymoon is over, and the division within is becoming public. The Prime Minister has even given up, as we heard from his Adelaide declaration:

We have done as much as we physically can to provide additional help to the family budget ...

Well, Prime Minister, there is a chance that Fuelwatch will even increase the cost of petrol. The advice from the Prime Minister's own department was made public last week. It said:

Econometric modelling undertaken by the Australian Competition and Consumer Commission ... is somewhat inconclusive with respect to the overall pump price, but indicates that a small overall price increase cannot be ruled out.

The proposed scheme will also result in an increase in the compliance burden in the economy, with treasury estimates indicating that the proposed scheme will result in ongoing increased operating costs of around \$4000 per annum to affected small businesses.

This is a real concern to the many small businesses that make up the electorate of Hughes. But the Prime Minister's department is not the only one against this proposed system. As well as the Minister for Resources and Energy and the Department of the Prime Minister and Cabinet, there were others who were against the scheme. These include the Department of Finance and Deregulation, which said:

Finance considers that the introduction of a price commitment rule may result in higher average petrol prices over time ...

Again, the Department of Resources, Energy and Tourism said:

The scheme will reduce competition and market flexibility, increase compliance costs, and has more potential to increase prices.

Another important, key department, the Department of Innovation, Industry, Science and Research, said that it is concerned about the anticompetitive effects of the proposed Fuelwatch scheme. Other bodies and organisations also listed their concerns regarding petrol prices, which are of main concern to ordinary working Australian families. The RACV said in March this year that it believed that the introduction of a 24-hour rule for petrol pricing, as used by the Western Australian government's FuelWatch scheme, would be detrimental for motorists and would create higher fuel prices. The RACQ said in April that the government needed independent expert evidence that a Western Australian style FuelWatch scheme would really deliver low prices. Later it said:

The Federal Government's desire to get fuel prices off the newspapers' front pages at any cost could be at the expense of most motorists ...

The RAA of South Australia said that most of the experts pushing for the Fuelwatch scheme seemed to be poorly informed.

Looking at some of the recent media reports, I note that it does not get much better for the government. Some of the headlines included: 'Rudd begs for time as petrol makes us fume', 'Fuelwatch to hurt Western Sydney', 'Leaky vessel will sail on with Fuelwatch', 'Fuel leaks could explode Rudd's petrol policy', 'Cabinet leak leaves Rudd petrol strategy in tatters', 'Under the pump', and 'Petrol leak rocks Rudd'.

But seriously, looking at the future, economists are telling us that the cost of oil is going to continue to rise. Therefore, more effort needs to be put into finding alternatives. Oil is a precious resource and it is used in the manufacture of polymers and chemicals, yet we burn it for energy. Alternatives at the moment include LPG and hybrid cars. There are also some promising technologies on the horizon with the much hyped Chevy Volt plug-in vehicle. General Motors is set to get the Volt into production by 2010. Looking long term with hydrogen fuel-cell vehicles, there is a lot more work to be done, especially with regard to infrastructure. I cannot help thinking that a lot of the great fuel companies have helped to actually engender this scarcity. In the past, where initiatives have been brought to them for biodiesel fuels or other alternatives, many large fuel companies have been known to buy up those copyrights and virtually just sit on them.

Another of Kevin 07's favourites was grocery prices, but the Prime Minister seems to have gone missing on this issue now that he is in government. We are hearing reports that food prices could double within a few years on the back of global shortages and soaring fuel prices. The drought, a shortage of water in agricultural land, unstable demand from China and India and a lack of investment in research have combined with higher oil prices to create a grim future for Australians and, indeed, members of Third World countries. Australia has had its worst rice crop in more than 80 years, and rice, wheat and corn prices have more than doubled in the past two years.

One of the biggest disappointments in this budget was the treatment of carers and pensioners. Before the budget, the Prime Minister was making comments such as:

There is no way on God's earth that I will leave pensioners in the lurch.

Also, when on his visit to Honiara, he said:

They are at the forefront of our attention and that will be the case as we frame this budget, and that will be seen on Budget night as well.

Unfortunately, the Prime Minister did not deliver. This budget does not include anything at all for carers, especially when it comes to people who require supported accommodation for their adult children with a disability—except, perhaps, to promise yet another review.

In my speech on the budget I would like to raise the matter of the Northern Territory intervention. For several years I have been privileged to be a member of the House of Representatives Standing Committee on Aboriginal and Torres Strait Islander Affairs and I got to visit and meet many of the people of our remote Indigenous Australia. In my speech on 7 June 2000 on the budget, which was eight years ago, I raised the issue of the abuse of women and children in remote Indigenous communities. It would seem that there are some issues that are a little bit like weeds in the garden—you can spray them with weedicide or even dig them out but they keep coming back—as with the issue of the abuse of women and children in remote

Indigenous communities. That was the subject of my speech back in the year 2000 and I also spoke of the impact of the harm that is caused by pornography.

Eight years ago I said that there was a war zone in Australia, that it was more dangerous than any battlefield, and it existed in many of our Indigenous remote communities, particularly in the rural regions of Queensland, the Northern Territory, Western Australia and South Australia. But of course it was not exclusive to those communities. I was actually referring to the findings of the Aboriginal and Torres Strait Islander Women's Task Force on Violence, which was commissioned by the Queensland government and reported back to the Queensland parliament in the previous December, in 1999. That report was led by Professor Bonnie Robertson of Griffith University, and she was supported by several Indigenous women elders who were then, and are, congratulated for their courage in speaking out about the scourge in their communities—against, I might say, threats and intimidation by many of the male elders.

One of the reasons that I sat up and took notice of the report at that time was that it contained the views of ordinary women and children and even aged Indigenous Australians in those remote communities—people you never hear on television or on the radio and who never write articles. It came from their real-life experiences, and it was undistorted by ideology or political correctness. They spoke about the abuse and the violence perpetrated on innocent Indigenous women, children and older members of their communities. And, as bad as the abuse against the adults was, the worse abuse was the sexual abuse of little children.

Eight years ago it was clear that the type of sexual abuse had become worse because of the widespread introduction and availability of pornographic videos. Indeed, one of the recommendations of Professor Robertson and the Indigenous women elders was that pornographic videos be banned from the remote communities. The task force reported that the incidence of sexual violence was rising and was in direct relationship to the negative and deformed male socialisation that is associated with alcohol and other drug misuse and the prevalence of pornographic videos in many of these remote communities. About six years later, the *Little children are sacred* report said that pornography, including pay TV porn, was readily available to children and parents in these remote communities and that exposure to pornography played an important role in what is known as grooming children for sexual abuse.

This report, with its identification and condemnation of pornography, was one of the triggers for the Howard government's intervention in remote Indigenous communities in the Northern Territory in the second half of 2007. Mr Deputy Speaker, as you would be well aware, the federal government was in no position and had no authority to actually intervene in Queensland or any of the other state jurisdictions that reported similar abuse. But the Commonwealth government certainly had jurisdiction to intervene in the Northern Territory—and it did. This was, I believe, one of the most significant achievements of the Howard government, and I am pleased to have been a member of the parliament and of the government that lifted what the task force described as the 'veil of silence' and did something resolute about this epidemic. Most importantly, as I think Indigenous people are aware, the intervention had the support and goodwill of many ordinary Australian families. Many ordinary Australian families in mainstream Australia are very concerned about the abuse of women and children.

I take this opportunity to honour the work that was done in this regard by the previous Minister for Families, Community Services and Indigenous Affairs, the Hon. Mal Brough, and I

acknowledge and salute the support that he had from many of the women and children in many of those remote communities that he visited. To its credit, the succeeding Rudd government has continued with the policy of prohibiting the possession, control and supply of pornographic material in prescribed communities, and I thank the opposite side of the House for doing that. But I am concerned that it has gone a little weak in the knees in overturning the Howard government's restriction on pay TV pornography, which has been masked by an R-rating classification.

This is of real concern to the many disempowered women and children in remote communities, because I understand that the minister responsible has said that he will leave it to those communities to ask for pay TV pornography to be prohibited on an individual community basis. This does not provide for the women in these communities who have been traditionally and historically excluded from such decision-making processes. Just about all the reports that have been handed in on this very sad and tragic issue have identified the prevalence of pornography and its combination with drugs and alcohol as one of the causes of abuse of women and children. I feel it is up to us as a parliament to take that step. Perhaps, if it is felt that the communities themselves should have that choice, the women should also be asked to contribute their point of view and it should be done in a situation where they are not victimised or harassed by the male members of their society. I ask the government to consider that move out of fairness.

I understand that, since the introduction of the 2007 legislation, a large quantity of pornographic material has been collected by police in the Northern Territory. I do not know whether it was collected by the Northern Territory Police or the Australian Federal Police. I understand that only about a dozen members of the AFP have been assigned to the Northern Territory intervention, and it is not widely understood what roles the police forces carry out in relation to each other. My concern is that in the past there have been reports, in the long history of prosecution against illicit drugs, that some of the drugs that were seized by police and other authorities have subsequently disappeared. I am concerned that this could also occur with the seized pornographic materials. I urge the government to ensure that the banned material collected by the police and the authorities has been properly registered and that audited destruction procedures are in place to avoid mishandling and, most particularly, to protect the integrity of the police. It would be a scandal if the pornographic material collected ended up being recycled back into the communities, into either prescribed areas or non-prescribed areas.

I would like to urge the government to introduce and promote in Indigenous communities a voluntary hand-back scheme whereby responsible members of the community could easily dispose of pornographic material in the sure knowledge that it will be destroyed and not be recycled again, endangering the little children of those communities. In fact, this is a scheme that could well be extended to the rest of the Australian community, because we know that the poisonous effect that pornographic material has in the socialisation of males in the Indigenous community is repeated in the deforming effect it has on the wider Australian community. It is well documented that pornographic material is corrosive to all relationships. Similarly, pornographic material has been used to groom Indigenous and non-Indigenous children for premature sexualisation. We have actually seen many reports on that in the newspapers. In the words of the Aboriginal and Torres Strait Islander Women's Task Force on Violence in Queensland, 'Silence is the language of complicity,' so let us speak up against the harm that pornog-

raphy is known to cause and take further, resolute action to protect all Australian children from this corrosive influence.

Before I leave this matter, I would like to appeal to the creative arts industry to take a good, hard look at itself and what it produces in the name of art. I refer particularly to the Bill Henson images of very young children that received such media attention in the past fortnight. I do agree with the Prime Minister and the Leader of the Opposition. I acknowledge their point of view and the honesty with which they spoke out about the position they took, and I utterly and totally encourage them to maintain that position. There is something strange about a society where art is pursued at the expense of the most vulnerable, through their exploitation. There is something terribly sick in our society if we have people amongst us who say it is okay to exploit a fellow human being. As if that were not bad enough, we have here the exploitation of children who are not in a position to give consent themselves. There are some who have said, 'Their parents gave consent.' Well, parents cannot give consent for the abuse and exploitation of their children. Indeed, not only is that not an understanding amongst ordinary, well-reasoned Australians but there is also case law on the matter: no parent can give consent to the abuse and exploitation of their child.

I often wonder if the question here is whether such exploitation even constitutes art. It is exploitation and abuse of the most vulnerable in our society. When our society turns on its most vulnerable members and pretends to call this 'art', we clearly know that the people who actually posture in this regard are speaking like the emperor dressed totally in his new clothes, because that is exactly what they are trying to purvey. This particular situation is abhorrent to a civilised society. I applaud the Prime Minister and the Leader of the Opposition for their statements, and I join them and add mine.

In conclusion, this is a budget from a shaky Treasurer in which Labor goes out of its way to play a class war. We have seen it before from some sections of Labor with education and health. We on this side strongly support choice, but this government seems to want Australians to have it where there is no other way, whether they can pay for it or not. It is the government that would actually implement issues on health and education, not those Australians who would prefer to have the choice and pay for it themselves. We do need leadership. We do not need spin. The Prime Minister said the buck would stop with him. He will find that, in the future, most Australians will take him at his word and will hold him to it. Having said that, I do otherwise support the appropriation bills and thank the House for the opportunity to address them.

Mr BYRNE (Holt—Parliamentary Secretary to the Prime Minister) (12.01 pm)—It is with pleasure that I rise today to speak on Appropriation Bill (No. 1) 2008-2009 and related bills. This bill certainly does deliver for working families in Holt. It delivers for working Australians and others experiencing financial difficulties in these difficult economic circumstances. The key aspect of this budget that appeals to me and to people in my electorate is that it attempts, in difficult economic circumstances, to reduce cost of living pressures. When you listen to those opposite talk about cost of living pressures, one gets the impression that we are talking about cost of living pressures that manifested themselves on the day of the federal election, when in fact those pressures have been there for some period of time.

Inflation is not created overnight. Cost of living pressures are not created overnight. In fact, when we did a survey in my electorate in June 2006, one of the things that struck me—other

than the very large response rate, which was in the order of 25 per cent—was the number of people who wrote back saying that they were struggling under the cost of living pressures. This was June 2006, well before the last federal election. So this momentum, this head of steam in terms of inflation and cost of living pressures, has been building for some period of time. The challenge that our government faces in dealing with these pressures is to produce a budget which provides relief to families but does not do it in a way that stimulates inflation—a budget that eases the financial and cost of living pressures without putting upward pressure on interest rates.

In terms of the Working Families Support Package that was announced in the federal budget, particular measures that resonate with my electorate are the significant family tax relief, the education tax refund to help parents with the cost of education, the increase to the childcare tax rebate from 30 per cent to 50 per cent and having it paid quarterly, and the dental plan that allows eligible families to claim up to \$150 per year for a preventative dental check on each teenage child.

Importantly, particularly in my area, which has the highest mortgages in the country, families are going to have the opportunity to seek more financial counselling. In fact, we have doubled the support for financial support services. Prior to this initiative, in the City of Casey area and in the region, there were two federally funded financial counselling services or providers for a population of 300,000 people. If you are talking about an electorate and a region that disproportionately experience cost of living increases, to have two federally funded financial counsellors is completely inadequate. So I certainly welcome the support that has been provided by the government. These services are needed because there are a lot of families struggling under cost of living pressures.

On top of the financial counselling, in terms of some localised services that are going to be provided, there are two important initiatives. One is the \$5 million that the federal government is giving for the Cranbourne Aquatic and Leisure Centre, which is a very innovative project. It basically does not use fresh water. This pool is going to be filled by water harvested off the roofs, so there is no fresh water. Cranbourne is one of the top water-saving areas in the state and in the country. Now they are getting a state-of-the-art pool, and there is nothing like this in the rest of the country. It is a tribute to the people of Cranbourne that have been pushing for this centre and to a particular City of Casey councillor, Councillor Kevin Bradford.

A program that I want to talk about is the Casey Kidz Club. Prior to the election, we had announced a funding commitment of \$40,000 per annum for this incredibly innovative program. This Casey Kidz Club is a service that provides respite care for parents with special needs children between the hours of 3 pm and 6 pm. The kids go to a special school and then get a bus to Beaconhills College in Berwick, where they will be between 3 pm and 6 pm. There are very few programs like this being run in the country. It is a very innovative program. The moving spirits behind this program were Kellie Hammerstein and Amanda Stapleton. Amanda Stapleton is the mother of a special needs child called Pete, whom I have had the pleasure of meeting and dealing with for some period of time. I am proud to say that this government has funded this service for \$40,000 per year for two years initially, with the expectation of recurrent funding. I went down there recently to meet with the parents and the people involved in this service, and it is a great service. It is such a unique service that I think the Department of Families, Housing, Community Services and Indigenous Affairs are looking at

it and at some of the good bits and seeing if they can apply those around the rest of the country. I am very proud as the local federal member to be part of a program that provides much needed support for families with special needs children in my area.

I move on to talk about things in a more general sense. I am Parliamentary Secretary to the Prime Minister, so I obviously have some dealings with the Department of the Prime Minister and Cabinet. In my dealings with them I find them to be a very hardworking department with some fantastic public servants. I have certainly had great pleasure in working very closely with them. They do work very hard and very long hours and they are doing a great job. I want to talk about some of the programs they are working on that I have some level of interface with, because they will have some additional portfolio budget statement expenditures over the next five years. One program in particular relates to the social inclusion agenda. The interesting thing about growth corridors, particularly in areas like Melbourne and Sydney, is that we have enormous growth without infrastructure growth and social infrastructure growth to match it. So we have housing estates but, in my view, we do not have the essential social infrastructure to underpin that particular growth.

So I was very pleased to see in this budget that the government is going to provide \$14.6 million over five years to establish and resource a social inclusion unit in the Department of the Prime Minister and Cabinet. In accordance with its election commitment, on 7 December the government established the Social Inclusion Unit in the department. This unit reports to the Prime Minister and the Deputy Prime Minister and it will perform a strategic policy advisory and coordination function across whole of government as a means of pursuing the government's broader social inclusion agenda. This unit will also provide secretarial support to the Australian Social Inclusion Board, which has just been announced.

The Social Inclusion Unit will work with colleagues in other departments and agencies to take the lead on progressing three of the government's early priorities for social inclusion—that is, jobless families, children at greatest risk of long-term disadvantage and locational disadvantage. The Social Inclusion Unit will also coordinate the development of a long-term plan for social inclusion in Australia. The funds to be appropriated will provide for salaries and on-costs for Social Inclusion Unit staff, remuneration for members of the Australian Social Inclusion Board, travel and other costs associated with board meetings and board consultations, and will support one-off research projects and/or the requirement for specific expertise as issues emerge.

The government's social inclusion goals are to ensure that all Australians are able to recognise their full potential, regardless of race, colour or creed, and to ensure full participation in social and economic life. The government believes that, in order to be socially included, all Australians must be given the opportunity to secure a job, access education and services, connect with others, deal with personal crises and have their voices heard. Low levels of social inclusion can lead to a range of problems, such as unemployment, low incomes, poor housing, crime, poor health, disability and family breakdown.

The government's social inclusion initiatives are not about welfare; they are about investing in all Australians. The government has established the Social Inclusion Board, which brings together community leaders with significant networks, experience and knowledge. Why do we need a social inclusion unit? I have heard some commentary about the fact that we do not actually need it. As part of National Youth Week—and I think this amplifies the

reason why we do need this organisation in a section within the Department of the Prime Minister and Cabinet—I had a meeting with 14 young community leaders from a range of schools on Tuesday, 11 April. My electorate is very famous for young people—in particular Corey Worthington. He used to live and go to school in the area of Narre Warren South, so when people talk about youth in my area they talk about Corey Worthington.

In dealing with these young people, I found enormous common sense and leadership. As a tribute to the common sense and very interesting viewpoints that they put forward, I would like to read a little bit about what they discussed, what they want in the area and what their expectations are from government in this region. They represent youth from a spectrum of between 13 and 18 years of age in the region. We basically had a 1½-hour workshop where we discussed some pretty topical and controversial issues. Some of the key issues raised were: young people out of control, depression, family relationships, racism, teenage pregnancy, activities for young people in outer metropolitan areas, hoon driving, road safety, alcoholism and high-risk behaviour. After we talked about those broad areas of concern, we narrowed them down to three key areas: young people out of control, depression and family relationships. I completely appreciated the honesty of these young people. ‘Young people out of control’ was the issue of greatest concern to the group and represented an overarching theme under which depression and family relationship stress fell.

The key points outlined in the discussion surrounding young people out of control included rebellion and attention-seeking behaviour, parents allowing young people too much freedom, family and relationship violence, alcoholism and assistance with facing peer pressure. A point of particular interest was that the group felt—and this is important in terms of the debate that we are having about youth binge drinking, for example—that media organisations influenced young people and their decision-making processes. Issues such as alcohol consumption and, interestingly, the sexualisation of young people through some of the mainstream media outlets were of concern.

The second issue that particularly concerned this group was depression. The group outlined some personal examples of how depression had directly affected them and their relationships with friends and parents. Discussion points included lack of support mechanisms for young people and their families during stressful situations such as divorce, stigmatisation of mental health issues within the school environment, difficulty accessing discreet counselling services and the need for a broad education and public awareness campaign to expand understanding of mental health issues.

The third point was family relationships. Family relationship breakdown within the region was a concern, and it is accelerating as a consequence of families being under financial pressure. A number of the issues were linked closely to the topic of depression. The group’s issues included parents often playing the role of a friend and not a parent, a lack of support mechanisms for families in stressful situations such as divorce and relationship difficulties, and that friends should not have to act as therapists for their friends. The number of children that we spoke to who said that they were actually having to talk to some of their friends and discuss the issue of suicide is amazing. What are we doing as a community when we are not providing appropriate access to support services and when we are having peers counselling some of their peers about not committing suicide? There is something wrong in these outer suburban communities when we do not provide the appropriate social infrastructure to ensure that we

provide that support. We are passing the responsibility on to our teenagers, and it is completely unacceptable. It is something that as a government and as a society we have to do something about.

The other issue is education, and understanding that stressful life events and situations for parents and young people are important. Throughout the discussion that became very clear. There has been a lot of discussion about the 2020 Summit and the consultation the Prime Minister is having. These people wanted ongoing dialogue. They appreciated that their views were being heard. One key thing they wanted was a broader preventative program to deal with the three key themes that I have just outlined. It was recommended that, by allowing young people to have a more inclusive role in their community and easier access to support services and by having a wide-ranging education and public awareness campaign on mental health issues, there would be significant changes in attitude within the broader community.

I was very impressed with these people. I will read their names out—and I am aware of the fact that I am running very short on time—Carina Bailey, Hayden Ostrom Brown, Sam Crongaeger, Natalie Heynesbergh, Danielle Kutchell, Teghan McLeod, Sarah Messana, Kate Miles, Dale Patman, Alana Sattler, Stacey Sewell, Reannah Smith, Casey Ward and Jade Wylie. They were very well looked after by Brett Owen, who is the youth resources officer from the Cranbourne police station. I have made them part of a youth reference group that will report to me, and via reporting to me they will report to the Prime Minister.

There is a heck of a lot more that I could say, but knowing that there are other speakers in this debate and the time constraints, I will cease. We have an ambitious agenda. One thing I can say is that, regardless of what side of the political divide you come from, there is an urgent need to address social infrastructure concerns. That is why I am so supportive of the implementation of the Social Inclusion Unit within the Department of the Prime Minister and Cabinet. I will be talking more about that and more about the activities of the Department of the Prime Minister and Cabinet in the coming weeks.

Mr NEVILLE (Hinkler) (12.16 pm)—I was about to say it gives me pleasure to speak to this budget but it does not really, because quite frankly I think for regional and rural people it is a dog of a budget, and I think it is a budget that lets Australian families down. It is a typical Labor budget: high taxes, high spending and targeting groups which are not Labor friendly. There is a forecast of 134,000 fewer jobs and no answer to the growing problems of higher grocery and fuel prices. It increases taxes massively, as it does spending. It plays the politics of envy and shows that Labor does not know what it is doing in running our economy, particularly in regional areas.

Over the past fortnight we have seen on television the drama unfolding of the Lake Ellen Regional Partnerships project in Bundaberg. The government was about to axe 116 Regional Partnerships programs on the premise that there were no signed contracts—quite apart from the fact that it breaks a longstanding protocol. When assessed programs are in the pipeline and there is a change of government, in the past it has always been the protocol that those projects were completed—always. I am not talking about flash-in-the-pan ones that come up just prior to elections; I am talking about ones that had been in the pipeline in some cases for up to six or seven years.

Why do I say that? You have 116 projects, 86 of which are community projects. Communities which would not otherwise be able to have these facilities depend on these projects. The

government says that contracts were not signed. What is the process? First, applicants have to go to the area consultative committee; secondly, they have to go to the state office of DOTARS; then they have to go to the Canberra office of DOTARS; and then they have to go to the minister for advice. So there were four levels of scrutiny. Even for the ones that have been criticised and that may not have been the most successful projects, there were four levels of scrutiny.

By comparison with that, the minister has lectured the parliament over recent days about the dreadful, shocking conduct of the coalition government in relation to the Regional Partnerships program. But the government itself has named \$145 million worth of projects which have not been subjected to any form of scrutiny—not one iota of scrutiny. They are merely election promises, and for some reason they get a tick. Some of them are not even explained.

We have got these big amounts of money like \$5.3 million, \$14.9 million and \$9.8 million for growth corridors, whatever that might mean. I am not against programs that upgrade roads. I tabled a report last year saying that we need to be spending up to \$70 million and \$80 million around most of our ports. But growth corridors are such an amorphous thing, whereas there are hard-edged projects that communities and councils want, and they want them now. My colleague the member for Herbert would know that. He has been wanting projects completed in the Townsville district.

I will give some history about Lake Ellen. The project has been rigorously looked into for over six or seven years. The site was changed and the project went back to the department for finetuning on a number of occasions. Finally, a decision was made to go ahead with it. It is a very good project. It is based on the edge of what is called the Baldwin Swamp in Bundaberg, which is an environmental heritage area. The project was to establish a playground which picks up the theme of the sugar industry in playground equipment. It is quite innovative. On top of that, it has play areas for disabled kids. It also has a road safety cycle track where kids are taught what is meant by a stop sign, a give-way sign, a roundabout and all those sorts of things that you would probably not learn until you were going to get a drivers licence. Kids are being inducted into road safety and road rules as part of this park. It is set in the surrounds of what is known as Lake Ellen, which is a small lake. In the great scheme of things, it is not a very expensive project—about a million dollars. The state government has contributed generously. Bundaberg City Council has contributed generously. Rotary clubs in particular, Lions clubs and the business community have contributed generously. There was \$235,000 to come from the Commonwealth, and what did we do? Pulled it. It was pulled on the spurious grounds that it did not have a contract.

This project has been going backwards and forwards to the department. It had been publicly announced as going ahead. In fact, the Commonwealth plaques were on the fence; the department required that plaques be put on the fence stating it was a Commonwealth program. Even at that late stage, the project was pulled because there was no written contract, but there was certainly a verbal one. One of the reasons that the written contract was held up was that at one stage the department sought of the proponents that they demonstrate they were fit and proper people to administer the project. Guess who the proponents were: the Bundaberg City Council. You would think that would be a given. So we grind through a whole process of bureaucracy to establish whether the Bundaberg City Council is a 'fit and proper person' to administer a project. What mindless bureaucracy! Then they said there was no contract signed.

I commend the government for going back to those 80 programs. They are very important and will make a huge difference to regional Australia, both in coalition and Labor electorates. But I make a plea for some of the private schemes—the commercial ones, if you like. The new government seems to be a little ambivalent about this. I encourage my colleague the Parliamentary Secretary for Regional Development and Northern Australia, Gary Gray, for whom I have a lot of respect, to also look at industry. One of the great things the Regional Partnerships program did was to encourage industries to locate in regional areas. It was not big spending in the great scheme of things, but grants in the order of \$200,000 up to \$600,000 could make the difference between an industry locating in a country area and not doing that.

At present there is one in my electorate called AusChilli. AusChilli is the biggest grower and manufacturer of chilli products in Australia, and it is now exporting. Under the Regional Partnerships program, it applied for some very sophisticated equipment from America—for \$2 million-plus—that will prolong the shelf life of a number of products, particularly chilli and things like guacamole, based on avocado. It will contribute to import replacement; at present some of these products have to come from Mexico but they can be made in Australia with Australian farm produce. That project was assessed. I saw the sheaf of papers the other day; it is about an inch thick with correspondence and paperwork that has gone backwards and forwards between this company and the department. This was not a flash-in-the-pan project. It is in stage 2—the Commonwealth had previously contributed to stage 1 of this project. The minister at the time, Mark Vaile, went up and actually announced it. There was an expectation in the community that this was going ahead, and equipment was purchased. Now the project is in limbo.

We are not just talking about some community project that could perhaps wait for a year or two. This is a real-life Australian company in the business of creating jobs and selling products here and now. This is a company that wants to get into import replacement. This is a company capable of exporting. This is a company capable of employing people as field workers and factory workers and also employing technical people. We are putting all that at risk because the contract was not signed. It was rigorously assessed; again, there was certainly a verbal contract. I would encourage the government to go back to look at not only the regional community projects but also the commercial ones. I have some fabulous commercial projects in my electorate that came out of this program.

Jabiru Aircraft, the biggest light aircraft manufacturer in Australia, had its international type certification approved under this program. It would never have been able to raise the half a million dollars to do it had it not been for this program. Next-door to them is a company called Microair. They have taken transponders, which in some aircraft used to be a fairly hefty size, and brought them down remarkably in size. It is real cutting-edge stuff. They got a grant under Regional Partnerships. In terms of the environment, we had a scallop replacement project, where you take the spat of the scallop, you breed it in tanks, you take it out to a scallop farm, you distribute it into the ocean and you double or treble your scallop intake for the following year.

These are great, innovative projects. In fact, with the exception of one project in Hervey Bay, which the government demonised—the fisherman's hall of fame—I have not got a dud in my electorate out of this program. I could proudly take anyone here, coalition or opposition, into my electorate and show them these marvellous projects. Australian Prime Fibre at Chil-

ders is building a magnificent factory, a goat factory providing food for the Muslim community and for the frozen food market. There is a whole plethora of these projects. As I said, with the exception of one that was demonised by the government, there has not been one dud in my electorate. I would proudly take any of you there. I would love to take you there, Jennie, to show you—the member for Throsby who has a background in promoting jobs and looking after working people—what can be done. What a huge difference these sorts of projects make to the profile of our communities.

I would like to say a few words about another project that was demonised in the parliament yesterday. It is called the turtle interpretive centre and it is a very good environmental project. It was meant to be an aquarium on the south bank of the Burnett River where the council was doing a big south bank development—environmental, aquatic and various other things. The aquarium was to be a lead-in to a natural hatchery at Mon Repos, one of the few hatcheries in Australia where the flatback turtle comes up and lays eggs. It is a very popular tourist attraction from October to March each year. That project went through a hell of a lot of trouble. It finally got state government funding and council funding, but it fell just a bit short, so they came to the Commonwealth for half a million dollars. A mistake, that we think was departmental, was made and they were paid twice the amount that they had sought. Originally they sought \$1 million. When some other state government money—I think it was \$700,000—became available, they amended their application to, I think, about \$570,000, but do not hold me to that figure. I imagine what happened was that the department mixed up the two applications and paid the earlier one. There was no dishonesty or corruption. There was nothing like that; it was just a simple mistake. The council wrote back to the government and said that they did not need that money. In fact, at an earlier stage in March they wrote to say that they only needed \$570,000-odd.

So in the parliament yesterday we had the charade of demonising that project. The mayor, who was quoted yesterday, wanted to step away from the project because the EPA in Queensland would only allow them to put the little hatchling turtles into the tank. No-one is going to come from halfway across Australia to see lots of hatchling turtles in a tank. It is going to be a big aquarium. It should have other fish life in it. It should have full sized turtles. I was down at Darling Harbour just a few weeks ago with my granddaughter. That has a stunning display of sharks, seals and turtles—full-size marine turtles; it is a magnificent display. For some reason, EPA in Queensland said, 'You can have an aquarium there but you can only have these little baby turtles in it.' No-one is going to come to Bundaberg to see that. The mayor quite rightly said, 'If that's the way you are going to limit it, there is no point in us going on with the project.' That is the story of what you heard in question time yesterday. That is the background to it. It was never one of the projects that I personally fostered. I did work hard for it, and yet it was heaped onto me yesterday as being something that Paul Neville stuffed up. Well, I didn't. The history of it is very interesting, too, but I will leave that for another day. I have some very interesting history on this particular project and I think it will be very embarrassing to some of the people who tried to demonise it.

I would like to talk briefly in this particular debate about private health insurance. The government has decided to lift the threshold from \$50,000 to \$100,000. It will make a loss of \$660,000 on one aspect of it and a profit of \$960,000 on another, with a net cost on paper of \$300 million. But it does not say what the impact will be on our public hospitals. Every public

hospital I can think of in Australia has waiting lists for elective surgery and even for emergency surgery—for all forms of hospital service. In fact, the member for Herbert might correct me if I am wrong but I think it was in the last fortnight that Queensland's waiting list for elective surgery actually slipped. So, on top of that, what are we going to do? We are going to take 700,000 Australians and say, 'You don't need to take out private health insurance anymore.' That might sound very attractive on the surface of things. The government's estimate is 400,000, I might add, but Treasury and others, and the private sector, seem to think it will be 700,000 or 800,000.

Mr Lindsay—They forgot to include young people.

Mr NEVILLE—I was just about to say that; you are one step ahead of me. There are about 484 dependent spouses and young people. So the figure will be somewhat higher than 700,000 or 800,000, if and when it happens. Regarding the impact on my electorate, I have just under 91,000 people in my electorate, and nearly 37,000 of them have private health insurance—that is 41 per cent. When you add in the dependants and, as the member for Herbert said, the children, it is 49,000. That is over half of my electorate that will be dependent on private health insurance. If you encourage them to go out of that, the impact on our public hospitals is going to be horrendous. I think this will be one of the decisions the government will rue. It is very important for older people—they like private health insurance—and I take some pride in being the one that talked the former Prime Minister into the higher rebate for older people. It is 35 per cent at 65 years, and 40 per cent at 70 years. That has allowed pensioners and people on modest incomes, especially retirees, to stay in the system. It is a very important system for Australia.

What is the government going to replace this with? We are going to have a \$5 million superclinic. Why would we want that in Bundaberg? We have got four clinics now, and three of them are eight- or nine-man practices that have only got four or five doctors. We are short of doctors before we even put a Commonwealth facility there. Even the Commonwealth is equivocating now, saying 'up to \$5 million' and 'we will renovate a building if a suitable building is available'. There has been so much equivocation that I do not think there will be \$5 million superclinics; there will be some compromise. I would urge the government, as part of its budget process, to go back and have a look at the facilities in country towns and take them as the base before they get involved in putting needless superclinics into the process. *(Time expired)*

Ms GEORGE (Throsby) (12.36 pm)—I want to make some comments today about the overall budgetary framework and some of the particular appropriations that are contained in the Appropriation Bill (No. 1) 2008-2009 and cognate bills. It was just over six months ago that the Australian people decided to change the course of the nation by electing a Labor government—a government that the electorate understood was committed to tackling the long-term challenges facing Australia. We said in our election campaign that we were committed to building a modern Australia capable of meeting the challenges of the 21st century. In that regard, we drew constant attention to the fact that the former government had been asleep at the wheel on some very major challenges facing Australia—challenges related to the skills crisis, challenges related to global warming and challenges that related to a government that was really out of touch with the average family struggling under the weight of economic factors

that were making it harder for them to reconcile their household budgets at a time of continually rising interest rates.

One thing I think is terrific about the budget is that we are implementing the commitments and promises we made. I think there was a growing cynicism in the community about governments that promised but did not deliver—and, of course, there is the history of core and non-core promises. So I take great pride in the fact that what we said to the nation is in fact what we are intent on delivering. That also goes for specific commitments that were made in the electorate of Throsby. I am very happy to be able to say to the people I represent, ‘We are a government that will do what we say we will do.’

We said that we would be responsible economic managers—in fact, I think the expression ‘fiscal conservatives’ was used on numerous occasions. That is reflected in the overall framework of the budget, which sets aside reasonably large surpluses, in the order of \$22 billion, because we understand that, in our first budget, the major imperative is to take the pressure off the possibility of further interest rate rises. So the budget delivers a sensible economic strategy for the short term and the long term.

We said that as a party in government we would be committed to nation building and we would want to continue the fine traditions of Labor in power, which sees the future of the nation beyond the short-term electoral cycle. We have committed this surplus and future surpluses to three major funds. One fund, the Building Australia Fund, with a \$20 billion allocation, will ensure that we have the capacity to pay for ongoing and much needed improvements to our roads, railways and ports and, very importantly, for communities like mine that do not have access to high-speed broadband—

A division having been called in the House of Representatives—

Sitting suspended from 12.40 pm to 12.53 pm

Ms GEORGE—As I was saying before the suspension, I am pleased that the commitments we made in the lead-up to the federal election have been rapidly and enthusiastically embraced by the Rudd Labor government. We are also a government which is planning for the long term. We have committed \$20 billion to the Building Australia Fund to pay for ongoing improvements to roads, railways, ports and broadband. In my electorate, broadband is a major issue because so many of my communities lack access to ADSL and high-speed broadband connection. We have also invested \$11 billion in the Education Investment Fund. Very importantly, we have made a \$10 billion commitment to the health and hospital fund, which will be beneficial in the long term as we face the challenges of an ageing population, the costs of the introduction of new technologies, new medicines and new fields of endeavour and research.

So you can see that not only are we a government addressing the immediate issues but we are planning for the long term. In that regard, my community is very delighted that the Rudd Labor government is tackling the issue of global warming and the impact of dangerous climate change on our continent.

We are committed to building a modern, competitive Australia through a sustained focus on driving strong productivity growth. We see that in the substantial investment that we are making in addressing the skills shortage. Then there is our investment in schools. Next week we will hear more about our computers in schools program. I know the secondary schools in my

electorate are very keenly waiting for the Trade Training Centres in Schools Program to come to fruition as well.

But the most important thing in the budget for the people I represent was the very substantial package to look after the interests of working families. Our Working Families Support Package will provide very significant assistance for the average income earner. Often in a family the father is at work full-time and the mum works part-time. This package will address a lot of the pressures that families are facing through increases in rent, petrol or grocery prices.

The former government kept telling us that working families had never been better off, but when you talk to the people in my electorate you hear very clearly about the daily struggles they have to try and make ends meet. In that regard, the tax cuts will be very welcome. We know that for a person on a single income of about \$40,000 there is a tax cut of about \$20.19 a week. For families on a single income of \$80,000 the tax cut is around \$21.15 and for families with a combined income of around \$100,000 the tax cut is \$31.73. In a typical family the father is the primary earner and the mum is usually working on a part-time basis. In that regard, the low-income tax offset will be of particular benefit.

I also want to make particular mention of the education tax refund—a very good innovation that comes with this budget. There is also the childcare tax rebate, which will rise to cover 50 per cent of out-of-pocket expenses. The Fuelwatch system will empower consumers to make informed choices about where they can get the best bargain without the daily fluctuations that we see and which we know are often inexplicable. We are looking into the issue of grocery prices through a comprehensive ACCC inquiry. And, of course, we are not forcing people into private health insurance by setting the levy surcharge at the low level that it was in the past. We are raising the threshold for a single person from \$50,000 to \$100,000 and for families to \$150,000. It will be the case that many will want to retain private health coverage, but I think it also will put pressure on the private health insurance industry to come up with products and packages that speak for themselves in terms of the value that they provide.

As in other electorates, I have some concerns expressed by seniors, but I have assured them that the Prime Minister is very mindful of the financial pressures on seniors, pensioners, carers and people on the disability support pension. They have welcomed the fact that the Henry review will also be looking at the interrelationship between tax, welfare and our retirement income systems. This naturally will include a review of age pensions. That review is due to report in February 2009. We do not want pensioners to feel that their plight is being ignored; it is just that in six months time you cannot reverse the legacy of more than a decade of the former government. We do appreciate the contribution of pensioners and carers. We have increased payments to carers and people on the disability support pension, and I am very confident that we will see more good news in this regard in the months ahead.

In education, in addressing climate change and in improving our public hospital system, I think the government have understood the concerns of the electorate at large. In climate change, for example, we are making up for years and years of inaction and denial about the significant challenges that the economics of climate change as well as the environmental impacts will have on our nation. I know our ministers are working very hard to put together the framework of the emissions trading scheme and are looking at the equity issues that come with that.

In education, I am very delighted that we are investing substantially in the childcare and preschool area, that we are addressing the digital divide that occurs in many areas of secondary education and that we have made a substantial allocation to fixing capital works problems in our universities—and there is more to come, with our investment in the Education Investment Fund.

In conclusion, the budget has delivered on the commitments that the Prime Minister and ministers made nationally. It will deliver substantial benefits to people in my electorate, starting with the commitment to a GP superclinic to address the health workforce shortages that have been so obvious in that area for decades, with little or no attention from the former government. But we are also a party that believes in sensible economic management; we know that it is imperative to keep putting downward pressure on interest rates and inflation. We remember too that we have a particular responsibility to people who work very hard, be it in the paid workforce or in a voluntary capacity in the community. The community of my electorate is greatly relieved that one of the first acts of the Rudd Labor government was to abolish the iniquitous AWA stream, which as we know was having a marked impact on disposable income through the attacks on overtime, penalty and shift loadings.

We are still in uncertain economic times, and I do not think any of us can afford to underestimate the challenges that will face a reforming Labor government at the national level. But I certainly believe—and I think I speak on behalf of the people that raised their concerns through my office—that this budget will provide a strong foundation for assisting those who are doing it tough, working families and the people who have worked but are no longer in the paid workforce but still feel the impact of rising cost-of-living pressures. So we are doing what we can in the short term while at the same time making substantial investments in our nation's future.

Mrs D'ATH (Petrie) (1.02 pm)—It is my great pleasure to speak in support of the appropriation bills before the committee today. I specifically wish to put on the record my support for the childcare initiatives that form part of the Rudd Labor government's budget. The various childcare initiatives are part of an overall childcare strategy to deliver quality child care to working families throughout my electorate and the broader community of Australia. The childcare package delivers an increase in the childcare tax rebate, from 30 to 50 per cent, and will see the rebate paid quarterly instead of annually, which is what previously occurred.

In addition to this initiative, the Rudd Labor government will add to the supply of childcare places through an additional 260 new childcare centres in priority areas. As part of this budget, the government will invest \$115 million over four years to build the first 38 centres. These centres will focus on the specific needs of the local communities in which they are situated and can include many other services that support families, such as speech therapy and health services. The centres that I have spoken to in my electorate are also supportive of the government's investment of \$22 million over four years to develop new national quality standards for child care.

Over the next five years, the Rudd Labor government will spend \$534 million to provide universal access to a preschool year—15 hours per week for 40 weeks per year for all four-year-olds by 2013. There is also an allocation of \$337 million to further improve the quality of and access to early childhood education and care, particularly for disadvantaged children.

These initiatives will collectively deliver long needed improvements and support to working families who access or would like to access childcare services. As a parent who has had two children in child care at the same time and who now accesses before- and after-school care and vacation care, I can certainly empathise with those parents who talk to me about the financial pressures that child care creates. That is why it is my great pleasure to support this legislation, which delivers on the Rudd Labor government's commitment to comprehensive investment in child care and early childhood education.

Not only does the government, through this bill, deliver financial assistance to parents who access child care; this government will deliver improved compliance and administrative processes for the childcare industry. This is important, as the demand for child care continues to grow. This growth has been occurring over the past two decades and has occurred for many reasons. With changes in work patterns requiring parents to work extended hours, additional demand on childcare places has grown. In addition, the mobility of the workforce around the country has meant that people are moving away from their immediate family circle and support. People are also moving further away from family circles due to the increase in the cost of housing. People are struggling to purchase homes in the area that they grew up in and where their parents live. These changes require alternative care options beyond the primary carer, being the parent or a grandparent. As an answer to the problem that these changes present, families have turned to child care. The difficulty is that not only are everyday costs of living, such as petrol, groceries, rent and mortgages, increasing, but the cost of child care is increasing as well. At the same time, we have seen a decline in the additional services that some childcare centres provide, such as nappies, milk and meals. Although some centres provide these services, they are now in the minority. The reduction in these services means that, on top of the daily childcare fee, there is an additional cost to the parents in providing meals, milk and nappies during the day.

I have personally found that having children has been the most rewarding experience of my life and has assisted in changing my perspective on many issues. Having said this, I also acknowledge the sacrifices that come with having children and the financial pressure that it creates. This does not in any way take away from the pleasure of having children; it simply adds another dynamic to the household and the decisions that parents make in relation to finances and the need or desire to work. It is about trying to get the balance right. Either needing to work for financial reasons or wanting to work, parents must then face the situation of finding the best care available for their children.

Of course, we have seen from much research that it is still female parents who make up the majority of primary carers. As this is the case, it is females who are affected the most by the decisions that couples make about the care of a child or children. An article in this week's *Courier Mail* reported on women trading in cash for children states:

A mother who has one child sacrifices more than a third of her lifetime earning potential, which amounts to about \$162,000 in after-tax terms, an inquiry into paid maternity leave has been told.

This information forms part of submissions that have been lodged with the Productivity Commission inquiry. The Department of Families, Housing, Community Services and Indigenous Affairs is quoted as saying that Australian women forgo an estimated \$37 billion in earnings each year due to their child-rearing commitments.

What needs to be considered in addition to the loss of income while on maternity leave is the loss of income when the mother returns to the workforce. This loss of income arises from the extra expense of child care. These costs are becoming a significant burden on families. Long day care fees in my electorate of Petrie range from \$46.50 per day to \$59 per day, with the average across the electorate being \$51 per day. This equates to \$13,260 per annum. The long day care figures are based on a 2½-year-old in full-time day care, five days a week. The average household income in Petrie is \$1,196 per week. This means that, on average, 22 per cent of the household income for families in my electorate is being spent on child care. Many families have said to me that it is not worth working when the bulk of the second parent's income goes on paying childcare fees. This problem is significantly exacerbated when a family has two children in child care at the same time. This is not uncommon when many families elect to have their children within two to three years of each other.

Once you have two children, the average cost of child care in my electorate becomes \$102 per day, or \$26,520 per year. Going back to the average income of \$1,196 per week in my electorate, we are now talking about 43 per cent of the annual income going to child care. Without financial assistance from the government, this cost is unsustainable. The childcare rebate increase from 30 to 50 per cent will bring financial assistance to families that are already struggling with other costs of living. Equally important as the increase to the childcare rebate is the timing: paying parents the rebate quarterly. To not have to wait until the end of the financial year and instead receive this payment at a time when many other large bills are coming in, such as rates or electricity, will certainly help families.

No parent should ever have to make the choice to stay home or to work simply on the basis of whether they can afford child care. Nor should parents put off having a second child due solely to childcare costs, especially at a time when there is a major skill shortage in this country and we want to encourage people with skills to return to the workforce. As a government we should be assisting those who wish to work. I also remind members of the House that these changes do not just benefit families with children who are not yet at school age. In fact, these changes and this rebate will also benefit those parents who access before- and after-school care and vacation care. We should not undervalue this expanding service to school children. For the same reason stated previously, many parents need to place children in before- or after-school care, or both, or need to access vacation care. This is because most individuals do not have sufficient annual leave to cover all of the school holidays.

Currently, many families receive the childcare benefit and the childcare tax rebate for outside-school-hours care. The CCB and the CCTR assist families juggling the increasing costs of care and the need for care for children not only during the first four to five years of their life but also during their early school years. There is also the possibility of a further increase in demand for child care from families who previously would have chosen to have the child remain at home until school age. Some of this group may in the future choose to send their child to child care to benefit from the Rudd Labor government's delivery of early childhood education for 15 hours per week, 40 weeks per year. This will give parents the option of accessing early childhood education at a reasonable cost and allow the primary carer to re-enter the workforce on a part-time or full-time basis.

As part of delivering on high-quality child care, the Rudd Labor government will invest \$73½ million over four years to provide incentives and opportunities to improve the qualifica-

tions of childcare workers to ensure that our children receive expert early learning and care, by supporting 8,000 current and prospective childcare workers each year to gain nationally recognised qualifications by getting rid of TAFE fees for eligible childcare diplomas from 2009; creating additional early childhood education university places each year from 2009; raising the number of commencing students each year to 1,500 by 2011; and paying half the HECS repayments of 10,000 early childhood educators who agree to work in rural and regional areas, Indigenous communities and areas of socioeconomic disadvantage for up to five years, commencing 1 July 2008.

Never before has there been such a comprehensive plan to provide high-quality child care in Australia: more affordable child care through the childcare tax rebate; additional places for 260 new childcare centres; improved early childhood education; and a more highly skilled, quality childcare workforce through our education revolution. This is what a Labor government is all about: not short-term gimmicks but long-term strategies to improve the services so essential to working families throughout Australia and my local community. As a parent and as a federal member, I am extremely proud to support this legislation as part of the Rudd Labor government's commitment to deliver a responsible budget that delivers for working families and those most in need in our society.

Sitting suspended from 1.12 pm to 4.00 pm

Dr EMERSON (Rankin)—Minister for Small Business, Independent Contractors and the Service Economy and Minister Assisting the Finance Minister on Deregulation) (4.00 pm)—On behalf of the Minister for Finance and Deregulation, I am pleased to bring the second reading debate on Appropriation Bill (No. 1) 2008-2009 and the cognate bills to a close. The government's first budget delivers on election commitments to ease pressure on working families by helping them deal with rising living costs. It outlines far-sighted steps to address the long-term challenges for education and skills, infrastructure, health and climate change. We are keeping our election promise to reduce inflationary government spending, by introducing an economically responsible budget. We are delivering a strong surplus of 1.8 per cent of GDP in 2008-09, to put downward pressure on inflation and to help build a strong economy in the face of difficult global financial conditions.

By honouring our election promises, we have kept faith with the Australian people—and this is no minor matter. Over the years, our opponents eroded the trust between electors and their elected representatives with their distinction between 'core' and 'non-core' election promises. That exercise in bad faith resulted in a certain amount of voter cynicism and alienation from the democratic purpose. It is important, therefore, that we deliver on our election promises in this budget. In doing so, we are helping to restore trust and confidence in Australia's political processes and institutions.

As the Treasurer explained on budget night, we have delivered a coherent package of reforms based on four principles: delivering for working families, meeting our commitments, investing in the future, and beginning a new era of economic responsibility. The government is delivering on its commitment to help working families to cope with day-to-day cost of living pressures through its Working Families Support Package. This package, costing \$55 billion over four years, contains targeted initiatives in tax, child care, education, housing and other essential components of the family budget—and I will go through a number of those.

First, we will be implementing on time and in full our personal income tax cuts, as promised at the election, totalling \$47 billion, including increasing the 30 per cent threshold from \$30,001 to \$34,001 and increasing the low-income tax offset from \$750 to \$1,200. Second, we are introducing, at a cost of \$4.4 billion, the 50 per cent education tax refund, which will help parents invest in their children's education. The childcare tax rebate will increase from 30 per cent to 50 per cent and will be paid quarterly, at a cost of \$1.6 billion. The housing affordability package, costing \$2.2 billion, will assist first home buyers and renters and includes enhanced first home saver accounts, the National Rental Affordability Scheme and the Housing Affordability Fund. Further, the Teen Dental Plan will help families meet the cost of dental check-ups for teenage children, and that will cost \$490 million.

The government has also proposed an additional \$100 million in Appropriation Bill (No. 6) 2007-2008 to provide to state and territory governments in 2007-08, the current financial year, under the Commonwealth state/territory disability agreement. This funding will increase the availability of supported accommodation for people with a disability where their carers are ageing.

I now turn to our undertaking to meet our commitments to Australia's future. The government is meeting its commitments to the country's future by investing in education and skills, infrastructure, health and hospitals and environmental sustainability to provide practical solutions to immediate problems. The government's education revolution, costing \$5.9 billion over five years, will provide quality learning opportunities for all Australians. It will help boost productivity and participation and reduce entrenched disadvantage.

This is an area where the economy truly meets society, where good economic policy is good social policy. I will go through just a few of those initiatives. Through the budget the government is providing \$1.2 billion over five years for the digital education revolution, which will provide up to \$1 million per school to deliver computers and communications technologies to all students in years 9 to 12. The budget provides \$2.5 billion over 10 years to provide secondary schools with grants between half a million dollars and \$1.5 million to build or upgrade trade training facilities to enhance vocational training for students in years 9 to 12. Further, the budget provides \$1.9 billion over five years to improve skills by delivering up to 630,000 additional training places in the vocational education and training sector to help address current and future skills shortages. This was the subject of some debate during question time today: the necessity to ease the capacity constraints that were identified again just yesterday by the Reserve Bank and that are causing some of the inflationary problems that we are experiencing in this country.

The budget also provides a \$3.2 billion national health and hospitals reform plan which will revitalise the public health system. I will again go through some of the initiatives under this plan. The budget provides up to \$600 million over four years to reduce elective surgery waiting lists, including \$150 million to conduct 25,000 additional procedures in 2008. The budget also provides \$490 million over five years to assist families to cover the cost of an annual preventative dental check-up for eligible teenagers aged between 12 and 17 years. The budget provides \$290 million over three years to reduce public dental waiting lists by funding up to one million additional dental consultations with the Commonwealth Dental Health Program. It also provides \$275 million over five years for GP superclinics, bringing GPs and allied health professionals together in one place to improve chronic disease management. Also

in the health arena, the budget provides \$249 million over five years for the government's comprehensive National Cancer Plan, to foster a holistic approach to tackling the many aspects of this disease. Finally, the budget provides \$391 million over five years to invest in upgrading hospital and community health infrastructure and improving access to essential medical equipment.

The government is moving quickly to implement its comprehensive framework for tackling climate change. The 2008-09 budget includes measures costing \$2.3 billion over five years, from 2007-08, to help reduce Australia's greenhouse gas emissions, adapt to unavoidable climate change and ensure that Australia shows global leadership in the transition to a low-emission economy. I draw the opposition's attention to the tangible measures that we have announced to modernise the economy for the future and help reduce Australia's greenhouse gas emissions. Some of those initiatives are as follows. The budget provides \$500 million over eight years for the National Clean Coal Fund, to support projects and activities that accelerate the development and deployment of clean coal and low-emission technologies. The budget also provides \$500 million over six years for the Renewable Energy Fund, to accelerate the development and commercialisation of renewable technologies in Australia and support the renewable energy target. Further, the budget provides \$150 million over four years for the Energy Innovation Fund, to support the development of clean energy technologies in Australia, including the establishment of the Australian Solar Institute. The budget also provides \$240 million over four years to support business in making the transition to a low-carbon economy through the Clean Business Australia program. These initiatives are in addition to other measures, such as green loans, to help families reduce emissions and assist Australian households to take practical action on water and energy efficiency at home, which will cost \$300 million over five years.

The effects of climate change mean most Australian cities and towns will have less water, and we cannot rely on rainfall to supply all of our drinking water anymore. National leadership is required to respond to this challenge, and the government is providing that leadership by supporting Australian cities and towns as they seek to diversify their water supply.

The government's new 10-year, \$12.9 billion national water policy framework, Water for the Future, brings a strategic and coordinated approach to address the significant urban and rural water challenges facing the nation. The budget improves Australia's water security by establishing the \$1 billion National Urban Water and Desalination Plan to attract up to \$10 billion worth of investment in desalination, water recycling and major stormwater projects. In addition, \$255 million will be provided for the National Water Security Plan for Cities and Towns to work in partnership with government and local water authorities to minimise water loss and invest in more efficient water infrastructure.

Australia will be better placed to meet future environmental challenges through the Caring for Our Country program, costing \$2.2 billion over five years. This provides further evidence of the government's commitment to protect Australia's unique environment through sustainable natural resources management. Caring for Our Country will cut red tape and focus natural resource investment on national priorities. Communities will be empowered to put their energy into practical, on-ground action rather than into filling out forms.

This budget marks the beginning of long-term, responsible planning and investment in Australia. It starts to deal with the big, over-the-horizon issues. The government will establish

three new nation-building funds. The first is the Building Australia Fund, to help finance the current shortfall in critical economic infrastructure in transport and communications—such as roads, rail and port facilities—to ease urban congestion and enable growth in trade and broadband internet. The second fund is the Education Investment Fund, which will provide financing for capital investment in higher education and vocational education and training. The third fund is the Health and Hospitals Fund, for capital investment in health facilities, including renewal and refurbishment of hospitals, medical technology equipment and major medical research facilities and projects.

Subject to final budget outcomes, the government intends to make initial contributions to these funds from the 2007-08 and 2008-09 budget surpluses, once realised. Including transfers from the Higher Education Endowment Fund and the Communications Fund, this will provide in the order of \$40 billion for future capital investment to modernise and reinvigorate the Australian economy. Contrary to the opposition's claim that these funds constitute nothing more than an election war chest, all projects financed from the funds will need to satisfy rigorous evaluation criteria and will be assessed by independent bodies. Where funds are used to finance projects with the states, they will be channelled to the states through the new Council of Australian Governments Reform Fund. The COAG Reform Fund will also channel funding provided in future budgets to the states for recurrent expenditure in areas of COAG national reforms through National Partnership payments.

To ensure that total spending from the funds is consistent with the government's macroeconomic goals, the Loan Council will provide advice to governments on whether the proposed spending envelope from funds each year can be delivered in the prevailing economic conditions without prejudicing the government's inflation target. The Loan Council will not approve or advise on individual infrastructure projects.

The final principle upon which this budget is based is that it is economically responsible. The budget delivers a strong budget surplus and reprioritises spending to sustain growth in the long term while putting downward pressure on inflation. The opposition has got itself into a muddle—'Malcolm in a muddle'—in its attempts to portray this budget as irresponsible. It would have the Australian people believe the two contradictory propositions that it is putting at the same time. The Leader of the Opposition and the shadow Treasurer have claimed that the budget is a big-spending budget, while a procession of opposition members have come into this place to catalogue and lament the budget cuts that have been made to their favourite programs. Our opponents cannot have it both ways.

The truth is that the Rudd government's razor gang has delivered \$33 billion in cash savings over four years, including \$7.3 billion in 2008-09. These savings will reduce inflationary pressures in the economy by cutting the wasteful, election-driven spending of the previous government. They will also safeguard the fiscal position against economic shocks and allow taxes to remain at levels consistent with supporting long-term economic growth. The 2008-09 underlying cash surplus is the largest budget surplus as a proportion of GDP since 1999-2000 and the second highest in 35 years. On a consistent accounting basis, which includes Future Fund earnings, it is the highest budget surplus as a percentage of GDP since way back in 1970-71. A strong budget surplus ensures fiscal policy is playing its part to take pressure off inflation.

All new policy for 2008-09 announced since the election, including the government's election commitments, has been more than offset by razor-gang savings. These savings, plus revenue measures, more than offset election commitments and other spending priorities across the forward estimates. Real spending is estimated to grow by only 1.1 per cent in 2008-09. That is a very substantial reduction in real spending growth from the previous year and, indeed, from the previous period from 2000 overall. This reprioritisation of spending in the establishment of the nation-building funds allows us to channel government spending towards those activities that address constraints on the economy—in particular, the areas of infrastructure and human capital.

In conclusion, this is a budget for working families. We are keeping our election commitments to reduce inflationary government spending, while providing tax cuts for working Australians hit hard by rising living costs. We have trimmed the fat from this budget, and we will use the savings to invest in the future—tackling long-term challenges like climate change, infrastructure bottlenecks and skill shortages. This is the end of short-term, irresponsible spending and the beginning of long-term, responsible investment. The Rudd Labor government has delivered a tight, well-managed budget that focuses on practical solutions to immediate problems and on long-term planning and investment for future challenges. I commend the bills to the House.

Question agreed to.

Bill read a second time.

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

CUSTOMS TARIFF AMENDMENT (TOBACCO CONTENT) BILL 2008

Second Reading

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

That this bill be now read a second time.

Mr PYNE (Sturt) (4.17 pm)—I will be brief in speaking on the Customs Tariff Amendment (Tobacco Content) Bill 2008. The purpose of this bill is to make a minor amendment to the Customs Tariff Act 1995. The bill will insert a definition of 'tobacco content' into subsection 3(1) of that act. This amendment will clarify the existing references to tobacco content found within the Customs Tariff Act, confirming that the non-stick excise-equivalent customs duty on tobacco and tobacco products is based on the total weight of the goods, as intended. This is how tobacco content has been treated since 1 November 1999, when the term was introduced into the act by the previous government, and this bill is to be retroactive to that date. The amendments in this bill were initially suggested by the Customs department last year to clear up any potential misunderstanding. The legislation is non-controversial in that it puts into legislation what has been the practice for over eight years. The opposition supports the bill.

Mr HAYES (Werriwa) (4.18 pm)—The purpose of the Customs Tariff Amendment (Tobacco Content) Bill 2008 is to make minor amendments to the Customs Tariff Act 1995. The bill will insert a definition of 'tobacco content' into subsection 3(1) of that act. This amendment will clarify the existing references to tobacco content found within the Customs Tariff Act, confirming the non-stick excise-equivalent customs duty on tobacco and tobacco products is based on the total weight of the goods, as intended. I commend this bill to the House.

Mr PYNE (Sturt) (4.19 pm)—by leave—The member for Werriwa would be taking a rather unusual step if he did not grant me leave to speak again on this bill, given the predicament the House finds itself in, awaiting the arrival of the Minister for Home Affairs. The Customs Tariff Amendment (Tobacco Content) Bill 2008 is putting into legislation something that has been in practice for some time. But I will say, in speaking more widely about tobacco content, that the previous government had a tremendous record in terms of lowering tobacco use. When we came to power in 1996, the rate of tobacco use was in the mid-20s in terms of the percentage of the population using tobacco. The figures from the latest national household survey on drugs and alcohol, which were released in December 2007, actually show that the use of tobacco among all Australians has dropped to 16.4 per cent. So the campaigns that we conducted over that 11-year period did actually work. Education, rehabilitation and treatment of comorbidities and other issues have made all the difference to the rate of tobacco use in our country.

I think we all know, too, that the more we can reduce tobacco use, the greater the impact on the health budget. It is the single most important factor in cost saving within the health budget. You may be wondering how I know these things, Mr Deputy Speaker. It is because when I was the Parliamentary Secretary for Health and Ageing I had responsibility for tobacco, alcohol and drugs. I welcome the opportunity that has been afforded by the House to talk about tobacco in a wider sense—the excellent record of the previous government on that issue—rather than in the narrower sense in which I expected to speak on this technical bill. I welcome the arrival of the Minister for Home Affairs.

The DEPUTY SPEAKER (Mr PD Secker)—I thank the member for Sturt for his assistance.

Mr DEBUS (Macquarie—Minister for Home Affairs) (4.21 pm)—in reply—I sincerely thank the honourable member for Sturt for filibustering for me while I found my way through the back passages of the parliament. I did not hear his exact words but I am inclined to believe that his general observations about the health implications of tobacco were correct.

The Customs Tariff Amendment (Tobacco Content) Bill 2008 is of an almost terminally technical nature. I am told that the term ‘tobacco content’ was first introduced into the Customs Tariff Act in 1999; that it was intended then that tobacco content would include the sugar, flavour and anything else added to the tobacco leaf during the manufacturing or processing of the product; and that it has been Customs practice and indeed an assumption of the industry since the introduction of that term that it included those elements. Nevertheless, the bill has not formally so defined ‘tobacco content’ and that is what we are now doing. The bill provides a definition of the term ‘tobacco content’ for the purposes of the act and confirms existing practice. It will serve to protect government revenue with regard to imported tobacco products. As it is not my purpose to diverge into questions of the health implications of tobacco, I find myself really unable to say anything more about such a minimal change to a piece of legislation. Indeed, I do think that, in my own career, it marks something of a record in terms of its brevity. I commend the bill to the Committee.

Question agreed to.

Bill read a second time.

Ordered that the bill be reported to the House without amendment.

**FISHERIES LEGISLATION AMENDMENT (NEW GOVERNANCE
ARRANGEMENTS FOR THE AUSTRALIAN FISHERIES MANAGEMENT
AUTHORITY AND OTHER MATTERS) BILL 2008**

Second Reading

Debate resumed from 20 March, on motion by **Mr Burke**:

That this bill be now read a second time.

Mr TRUSS (Wide Bay—Leader of the Nationals) (4.25 pm)—The Fisheries Legislation Amendment (New Governance Arrangements for the Australian Fisheries Management Authority and Other Matters) Bill 2008 will amend the Fisheries Management Act 1991 and make consequential amendments to the Torres Strait Fisheries Act 1984 and the Migration Act 1958 to improve the governance of the Australian Fisheries Management Authority, AFMA, by moving AFMA from being a statutory authority to a commission. The bill is also designed to strengthen and tighten measures to combat illegal, unregulated and unreported fishing within the Australian exclusive economic zone.

The Australian Fisheries Management Authority is the statutory authority responsible for the efficient management of Commonwealth fishery resources on behalf of the Australian community. The functions of AFMA include policy and planning. In managing Commonwealth fisheries, the Australian Fisheries Management Authority has an obligation to develop plans and implement policy in the performance of its functions and the pursuit of its objectives. It is also responsible for licensing and quota management. AFMA grants permits and statutory fishing rights for Commonwealth fisheries, processes transactions in relation to these concessions and maintains registers of individual transferable quota to give effect to fisheries management arrangements. It has a compliance role. AFMA has a responsibility to enforce the provisions of the Fisheries Management Act 1991 and the Torres Strait Fisheries Act 1984 through the detection and investigation of illegal activities by both domestic and foreign fishing boats in the Australian fishing zone and the Commonwealth managed territories.

It has responsibilities for the environment and sustainability. AFMA is strongly committed to the protection of the ocean's ecosystems and biodiversity by promoting the sustainable use of our fisheries resources. It is tasked also with data collection. Good decision making depends on having the best quality information available. This means providing information which is relevant, accurate and timely to our fisheries managers and researchers. Research undertaken for the Australian Fisheries Management Authority seeks to address a number of fisheries management related issues. It also undertakes an observer program. The observer program currently places observers on domestic and, if required, foreign fishing vessels within the Australian fishing zone and some adjacent areas under international agreements. It works in partnerships with a range of other agencies. AFMA maintains a firm commitment to managing Commonwealth fisheries resources for the benefit of the community as a whole. Accordingly, cooperation with the community, industry, government agencies and others with an interest in the sustainable management of the Commonwealth's fishery resources is a vital part of our approach.

AFMA manages fisheries within the 200 nautical mile Australian fishing zone, on the high seas and, in some cases, by arrangement with the states and territories, to the low water mark. AFMA looks after around 20 Commonwealth commercial fisheries and three nautical miles

out to the extent of the fishing zone. These include the Antarctic's Heard, McDonald and Macquarie islands, the Bass Strait Central Zone Scallop Fishery, the Coral Sea Fishery, the Eastern Tuna and Billfish Fishery, the Southern and Eastern Scale Fish and Shark Fishery, Norfolk Island Fishery, North West Slope Trawl Fishery, the Northern Prawn Fishery, South Tasman Rise, the Southern Bluefin Tuna Fishery, the Southern Squid Jig Fishery, the Western Tuna and Billfish Fishery, the Western Deepwater Trawl Fishery, the Skipjack Tuna Fisheries, the Small Pelagic Fishery, the Commonwealth trawl, the Great Australian Bight Trawl Sector, the Gillnet, Hook and Trap Sectors and the East Coast Deepwater Trawl Sector. The state and territory governments generally look after recreational fishing, commercial coast and inland fishing and aquaculture. AFMA is charged with ensuring fishing is conducted in a sustainable way so as to provide the benefits we get today, such as healthy seafood and employment, and to ensure that these will be continued into the future.

The Australian fishing industry is one of our great industries. It carries with it great traditions, and there are many Australians who dream of participating in an industry of this nature. But the reality is that recent times have been very tough for the fishing industry. The contraction of their resource, the closure of very large areas to fishing, the creation of a whole range of national parks from which fishing is excluded and significant developments, especially the Great Barrier Reef Marine Park plan and in the Torres Strait, have made a huge difference to the profitability of our fishing industry. A great many of these changes have been made without adequate consultation with the men and women involved in the industry. There has certainly been pain and hardship.

The previous government devoted substantial financial resources towards compensation for fisheries that had been adversely affected by conservation and other priorities. I appeal to the new government to follow a similar path. If resources are to be taken away from the fishing industry, and if their capacity to have an economic industry is to be restricted because of some kind of perceived greater national good, then the livelihoods of the men and women involved in the industry need to be considered. There are many family fishing operators, and they can ill afford shocks in relation to their access to the available resources. The industry needs to be able to plan effectively. The massively increased cost of diesel fuel, in particular, is having a huge impact on the Australian fishing industry.

The industry has little opportunity to pass on the increased costs to its customers. We have seen how changes to the subsidy arrangements for fishermen in Europe have led to protests on the streets. The Australian fishing industry, whilst not subsidised, is enduring similar experiences with cost increases. It is facing difficulties in obtaining crew and in meeting the huge costs associated with maintaining operations. Australians love their seafood and are proud of what our fishermen are able to deliver to the market, but fishermen are also facing increasing competition from cheap imports, much of it coming out of Asia and much of which requires detailed supervision and testing at the border to make sure that there is no risk of pests, diseases and chemical residues coming into the country. Australian consumers have enjoyed unprecedented access to comparatively low-cost seafood as a result of these imports, but they have had an impact on the Australian industry—both the wild catch and the aquaculture sectors—and we need to make sure that there is an appropriate balance to guarantee that there are no disease risks imposed upon the Australian industry so that it can prosper.

This is a particularly difficult sector. The Australian fishing product is also in high demand around the world. Our premium prawns can attract a very high price in Europe, the United States, Hong Kong or other key markets. On the other hand, we have lower quality products being imported into Australia in significant quantities. This applies to other fish as well which frequently bring much higher prices in other markets around the world than can be achieved domestically. That is the way in which trade occurs, and it is appropriate that products find their way to the highest priced market, but so often there is intervention for one reason or another which prevents the fishing industry from achieving its best marketing advantage. Sometimes it is protection in other parts of the world; sometimes it is the demands of conservationists and those who demand that additional areas be protected. All of these initiatives are placing enormous threats and challenges on the industry. I have a significant fishing fleet based in my electorate, so I appreciate and face these difficulties on a personal, one-to-one basis. It has happened quite a lot over recent times.

The changes that are proposed in this bill will of course improve governance arrangements, but they will not of themselves do anything to improve the profitability of the industry. So it will be important for the government to monitor very closely the viability of this sector. It needs to be responsive to the particular challenges of the fishing industry, which, in many instances, are beyond those of other primary industries. Particular challenges are the demand that certain areas be locked away from commercial fishing and the competition between recreational fishers and commercial fishers and, for that matter, those who need to use nets or trawls or other fishing gear. Some of those issues are not easy to deal with, but we need to remember that our country does need reliable supplies of quality fish. It is important to cater for the needs of the recreational sector, but we must also ensure that the capacity to provide needed fish for our diet is taken as a very important national priority.

I welcome the arrival of the minister to the room. I hope that he might take a little time to read some of the things that I have said about the particularly difficult plight confronting many in the fishing industry at the present time. There are the challenges of the availability of the resource, the locking up of areas for conservation or other purposes, the difficulties of competing with imports and, perhaps more pressing than anything at the present time, the skyrocketing cost of fuel, which is devastating the viability of many in the industry. I appeal to the government to look very seriously at the economic viability of the sector and to do what it can to make sure that fishing families, people who have given their lifetime to this industry, have a strong and optimistic future.

I will return to the specific detail of the bill. The previous government announced in October 2006 that AFMA would become an independent commission from 1 July 2008. The principal changes in the legislation relate to AFMA's governance structures and resource management. Considerable rationalisation of Australia's Commonwealth managed fisheries has been carried out, and the opposition expects the government to use the changes to AFMA's structure to also rationalise their operations, with the objective of reducing costs that are passed on to industry.

A significant aspect of the bill is the increased fisheries enforcement role that AFMA will perform. AFMA works in close cooperation with Coastwatch, the Australian Customs Service and the Australian Defence Force. As international waters to our north in particular come under increasing pressure from overfishing, Australia faces rising levels of illegal fishing within

our zone. Increasingly sophisticated criminal syndicates target valuable stocks and have attempted to avoid prosecution by locating mother ships in international waters and effectively raiding our fisheries in small boats. The ability to intercept in international waters and take into custody people suspected of fishing in Australia's exclusive economic zone will provide a greater deterrent to illegal fishing activities. AFMA is seeking this power. Australian fisheries need this added power to protect their future sustainability. The opposition totally supports this initiative.

The budget for AFMA that was announced just last month was increased from \$52.763 million to \$55.574 million—an increase of just \$2.8 million. The role of AFMA is being considerably increased, especially in the area of high-seas fisheries and compliance, as I mentioned a few moments ago. The recent incident off Darwin, with AFMA being found to have incorrectly detained fishermen in a joint Australian-Indonesian managed fishery, has highlighted the necessity for AFMA officials to be well trained and equipped to carry out their duties, especially with the proposed new functions contained in this legislation. The credibility of the Australian government and the integrity of our fisheries compliance depend upon ensuring we have highly trained officials and clearly defined procedures that are adhered to.

The minimal \$2.8 million additional funding in the budget for AFMA seems inadequate to allow them to implement the new management arrangements as well as implement the new roles and functions assigned to AFMA. I am concerned that the amount the government has announced for AFMA will not be enough to enable the authority to implement its new roles. I would be interested in a comment from the minister as to how he believes that the organisation will be able to undertake its increased functions within the budget that is being provided without passing on significant additional costs to the industry. Indeed, the objective of all this is to reduce the cost to industry. I have always believed that the policing role of AFMA is not just one for the industry. It is a national function that is an important part of our national security, so the nation as a whole should share in the cost and not expect that it be borne entirely by the industry. We want to make sure that AFMA does not end up with another funding black hole. It has experienced a few of those in its lifetime under successive governments. If we expect it to do its job, it is important that we adequately resource it.

In relation to the bill, the opposition shares the concerns of industry that the commissioner and the organisational component of AFMA must separate policy setting and service delivery. This is why the opposition will be moving the amendments that we have circulated to legislate that the CEO be not eligible to also be appointed as the commissioner. AFMA manages Commonwealth fisheries and is largely funded by the fisheries industry. It is therefore fair that the industry have the opportunity to make recommendations for the position of commissioner. The opposition is also moving an amendment that would mandate a consultative process with industry in the appointment of AFMA commissioners. Industry support and involvement in AFMA policy development is vital in ensuring that AFMA continues to deliver the services that the industry needs while protecting Australia's Commonwealth fisheries.

As I mentioned earlier, this legislation fulfils a commitment that the previous government had made. I commend this government for having carried forward this proposal. It is, I think, a helpful advance for AFMA and for the fishing industry. The industry faces many challenges, and I hope that these new governance arrangements will give it increased confidence and that it does enjoy the support of the government and the community for its future.

Mr HALE (Solomon) (4.42 pm)—I rise today to make my contribution to this debate on the Fisheries Legislation Amendment (New Governance Arrangements for the Australian Fisheries Management Authority and Other Matters) Bill 2008. There are two very equally important aspects of this bill. Firstly, this bill will amend legislation to improve the governance of the Australian Fisheries Management Authority, commonly known as AFMA; and, secondly, and particularly importantly for us in the north, this bill will provide strong tools to help fight illegal, unreported and unregulated fishing.

The proposal restructures and strengthens the obligations and powers relating to boarding and inspection of foreign fishing vessels to give effect to Australia's obligations under international fisheries agreements and arrangements in which Australia is involved. These amendments will clarify the ability of fisheries officers to exercise the powers of the Fisheries Management Act 1991 outside the Australian fishing zone, commonly known as the AFZ. This aspect of the current act requires clarification, particularly in cases when AFMA officers undertake their duties following the hot pursuit of a boat that was in Australia's fishing zone or that has been providing support to foreign boats fishing illegally in the Australian fishing zone.

While speaking about the amendment bill, it would be remiss of me not to mention my thanks to all our hardworking AFMA officers. There are roughly 50 AFMA office personnel in Darwin, primarily engaged on illegal foreign fishing surveillance and enforcement activities. These officers are often away from home for weeks at a time carrying out their work. I think as parliamentarians we can relate to that side of the job because, like us, our AFMA officers are often missing out on milestone events with family and friends. I must also mention Australian Customs, NT Fisheries and the Australian Defence Force, who work closely with AFMA officers to undertake Australian government fisheries enforcement activities in Australia's northern and southern waters.

Under current arrangements, fisheries enforcement officers are often unable to apprehend the mother ship or support vehicles such as fuel and other supply vehicles, which generally sit just outside the Australian fishing zone. Currently, the hot pursuit of a mother ship on the high seas is only permitted when there is also a hot pursuit of vessels being supported from within the Australian fishing zone. This bill will provide for enforcement officers to pursue a fishing vessel or support vessel individually where the support vessel outside the Australian fishing zone is identified as supporting an illegal fishing vessel inside the Australian fishing zone. Importantly, the legislation provides for officers to shift the focus of their pursuit from fishing vessels to the mother ship should vessels separate during this operation.

The amendments in the bill strengthen Australia's existing enforcement framework to ensure compliance, conservation and management measures adopted under international fishing management organisations and arrangements. It also clarifies the powers of the fisheries officers to commence hot pursuits of foreign vessels outside of the AFZ which are providing support to other illegal foreign fishing vessels within the AFZ. The amendment also clarifies requirements in the Fisheries Management Act for foreign fishing vessels transiting the Australian fishing zone to stow their equipment properly so that they are not tempted to engage in illegal fishing in our zone. The proposal amends the act to make it an offence for Australian nationals to breach the conservation and management measures of the international fisheries and management organisations to which we are a party. This amendment brings our domestic

legislation in line with emerging international calls for states to control the activities of their nationals in the fight against illegal, unreported and unregulated fishing.

The bill will improve Australia's enforcement capacity relating to Australian nationals and foreign fishers engaged in illegal, unreported and unregulated fishing. The amendments will engage Australia's obligations under international fishing agreements and arrangements to which we are a party. As I said, the bill will strengthen requirements for foreign vessels transiting Australian waters to have their fishing equipment stored in a practical way. These amendments are absolutely essential to ensure that Australia's approximately \$2 billion a year commercial fishing industry and aquaculture sectors are protected.

In summary, these amendments to the act will improve the governance and resource management of Commonwealth fisheries. They will support our efforts to combat illegal, unreported and unregulated fishing. They will bolster Australia's case for continued leadership internationally and they advocate sustainable access to the fisheries resource. I commend this bill to the House.

Dr WASHER (Moore) (4.48 pm)—The main purposes of the Fisheries Legislation Amendment (New Governance Arrangements for the Australian Fisheries Management Authority and Other Matters) Bill 2008 are, firstly, to amend the governance arrangements of the Australian Fisheries Management Authority; secondly, to strengthen the enforcement provisions of the Fisheries Management Act 1991; and, finally, to enhance the enforcement provisions to take action against foreign vessels contravening international management measures.

The governance arrangements proposed by the bill are in accordance with the recommendations of the Uhrig review. This review was commissioned by the previous government for the purpose of improving the performance of statutory authorities without compromising their duties. The Australian Fisheries Management Authority is a statutory authority responsible for the efficient management and sustainable use of Commonwealth fish resources. It manages fisheries from three nautical miles out to the extent of the Australian fishing zone, on the high seas and in some cases, by agreement with the states, to the low water mark. The Australian fishing zone is the third largest in the world, covering nearly nine million square kilometres. It extends out to 200 nautical miles from the Australian coastline and includes the waters surrounding our external territories, such as Christmas Island in the Indian Ocean and Heard and McDonald Islands in the Antarctic.

The authority manages more than 20 Commonwealth fisheries, which are worth nearly \$500 million in production value and generate more than 72,000 tonnes of catch annually. The largest of these by value are the Northern Prawn Fishery, the Southern Bluefin Tuna Fishery, the Eastern Tuna and Billfish Fishery, the Commonwealth Trawl Sector and the Southern and Eastern Scalefish and Shark Fishery, which provides much of the table fish for the east coast. Currently its operation is overseen by an eight-member board of directors. This bill would replace this board with a commission involving a chairman and a limit of eight commissioners, including a CEO. The commission would be responsible for domestic fisheries management and the CEO would be responsible for foreign compliance matters. These foreign compliance matters will be reported directly to the minister. Provisions also include requiring commissioners to disclose any conflict of interest.

The bill widens a number of definitions to broaden the application of the Fisheries Management Act 1991. The act will then encompass references to fish stocks by any prescribed

fisheries management organisation and not just the UN Fish Stocks Agreement. Australia is a key member of a number of international and regional fisheries and fisheries related forums, such as the Commission for the Conservation of Southern Bluefin Tuna, the Indian Ocean Tuna Commission, the Convention for the Conservation and Management of Highly Migratory Fish Stocks in the Western and Central Pacific Ocean and the Convention on the Conservation of Antarctic Marine Living Resources. This more comprehensive framework will enable authorised officers to exercise their powers more broadly to enforce these other international fisheries agreements or arrangements—that is, under certain circumstances it will allow the boarding and inspection of foreign vessels not only in Australian waters but also on the high seas or in the waters of a foreign country.

Australia's fishing industry is rated as our fifth largest food-producing industry. Fish are a major industry for Australia, worth more than \$2.2 billion to our economy each year. Fish are also a healthy source of food, with Australians consuming around 16 kilograms of fish and seafood per person per year, purchased from fish markets, supermarkets and food outlets. The impact of illegal, unreported and unregulated fishing on this industry is significant and extensive. Within each of our states a number of our marine species are on the verge of extinction, with illegal fishing aggravating the situation. The Department of the Environment, Water, Heritage and the Arts periodically releases a priority assessment list of threatened species and ecological communities. This list includes the green sawfish and the southern bluefin tuna, both common targets of illegal fishing. The list also includes the dugong, marine turtles and the manta ray in Queensland waters, the western blue groper and the harlequin fish in southern Australia, the spotted handfish and the freshwater lobster in Tasmania, and the grey nurse shark in Victoria. The populations of these endangered species can be controlled with sustainable fishing practices. However, illegal fishing could cause a collapse of these fisheries. Other endangered members of the marine ecosystem, such as the albatross, are also placed at risk by illegal fishing.

Illegal fishing in the Australian fishing zone around Heard and McDonald Islands is threatening the sustainability of fisheries in this area. A prime target is the endangered but highly valuable patagonian toothfish. In 2000, around half the total trade of patagonian toothfish was illegal catch. In our northern waters, sharks, trochus and trepang stocks are being seriously damaged in the 'memorandum of understanding box' around the Ashmore and Cartier reefs and their surroundings due to illegal motorised Indonesian vessels. The problem of illegal fishing in Australia grew steadily over the last few years, with the number of illegal fishing vessels apprehended increasing by 250 per cent between 1999 and 2005. During the 2005-06 year there was a further 80 per cent increase. However, in 2006-07 there was a 58 per cent drop in sightings of foreign fishing vessels by the Australian Customs Service. In the first six months of 2007 alone there was a 90 per cent drop in sightings in our northern waters. This success has been attributed to the whole-of-government approach taken by the previous government to combat illegal fishing. As stated by Peter Venslovas, a regional director at the Australian Fisheries Management Authority:

What we are seeing is a real turnaround in the number of fish is trying to enter our water to fish illegally. Continued visible the trials, education programs in Indonesia and some high profile cases have helped get the message across. They are finally starting to understand the risks they face by coming into Australian waters to fish illegally.

As mentioned earlier, Australia—along with Japan, New Zealand, the Republic of Korea and Taiwan—is a member of the Commission for the Conservation of Southern Bluefin Tuna. The southern bluefin tuna is considered the most endangered of all large fish species. These creatures can reach weights of around 680 kilograms and lengths of up to four metres. Whereas most of the approximately 20,000 fish species are cold-blooded, with body temperatures similar to the waters in which they swim, the southern bluefin tuna is one of the few warm-blooded fish species. Even when diving to depths of one kilometre, where the temperature is around five degrees centigrade, the bluefin can maintain a body temperature of 27 degrees centigrade—close to that of a mammal. Bluefin hunt in packs and will eat anything they can catch; and they can catch almost anything that swims, floats or crawls. Unfortunately, these are the ones that are now being hunted to endangerment. A single bluefin can sell for more than \$170,000. The industry is rife with illegal and unregulated fleets, and with Japan alone devouring over 60,000 tonnes of bluefin every year there are many eager to buy, regardless of how it is caught.

It is not only illegal practices that are damaging fish stocks. Every country along the Mediterranean, except Israel, is taking advantage of a legal loophole that allows countries to take undersize tuna and fatten them up in floating pens. Hundreds of thousands of half-grown tuna are being captured in this way. Catching the fish before they are old enough to breed and keeping them penned until they are killed is decimating the breeding population. As the Mediterranean is one of the breeding grounds for this highly migratory species, this practice, in combination with overfishing in the foraging grounds of the Atlantic, is seeing bluefin stocks collapse throughout the oceans.

We are reaching, or have already reached, the stage where the hunting of certain wild fish stocks is no longer sustainable. We must look at ways in which to breed, raise and harvest commercially valuable species in an environmentally sustainable way. Unless bluefin can be raised like domesticated animals, such as cattle, they will be taken to the brink of extinction. An Australian company is, in fact, leading the way. The previous government provided Clean Seas Tuna with \$4.1 million through a Commercial Ready grant to assist in the commercialisation of southern bluefin breeding. I was surprised and saddened to hear that the current government has scrapped this highly successful program. In March of this year, Clean Seas Tuna became the first organisation in the world to create an artificial breeding regime for southern bluefin tuna. This breeding breakthrough will give them the ability to at least duplicate Australia's annual bluefin quota within the next few years and to dramatically grow the aquaculture industry without impacting on wild tuna stocks.

Perhaps one of the most insidious legal practices that occur is deep-sea trawling. Bottom-trawlers operate at depths of two kilometres with nets of around 55 metres across and 12 metres high. These traverse the seabed on giant rollers while trawl doors, weighing up to six tonnes, scrape along the bottom. They are a weapon of mass destruction, demolishing ancient coral reefs, giant sponge communities and seagrass beds. The benthic environment accounts for 98 per cent of marine species. Deep sea fish are characterised by slow growth and low fecundity, and they are rapidly depleted to commercial extinction, even within a single season. While these fish species will take decades to recover, coral recovers over centuries. Deep-sea trawling is practised by relatively few vessels, perhaps no more than 200 worldwide, and accounts for about 0.2 per cent of the total world catch. The scale of the destruction is out of

proportion to the gain in terms of the value of the fishery. This problem has been recognised by the UN, which has made moves to implement a moratorium in the past but without success. Although we have had success in the past 18 months in tackling illegal fishing in our waters, the threat will not only remain but increase as worldwide demand for seafood increases.

The UN Environment Program released a report in February noting that rising greenhouse gas emissions threaten at least three-quarters of the key fishing grounds, affecting about 2.6 billion people who derive their protein from seafood worldwide. The combination of climate change, overharvesting, bottom-trawling, invasive species infestations, coastal development and pollution will see the demand for seafood protein increase as supply dwindles. Legislation which assists Australia in tackling illegal fishing is to be commended. However, we must also look to the future and provide support for those who are seeking to address the demand sustainably through aquaculture. I commend the bill to the House.

Mr ADAMS (Lyons) (5.00 pm)—The purpose of the Fisheries Legislation Amendment (New Governance Arrangements for the Australian Fisheries Management Authority and Other Matters) Bill 2008 is to turn the Australian Fisheries Management Authority into a commission and to improve AFMA's financial management and accountability to government. The changes are in accordance with the findings of John Uhrig's *Review of the corporate governance of statutory authorities and officeholders* of June 2003—I guess it has taken a Labor government to put those changes in place. The bill will not make any significant changes to the day-to-day functions of the authority or operations of Commonwealth fisheries, fishers or stakeholders. I understand the new body will retain the existing functions and powers conferred on the existing body by legislation, and the bill will not reduce the body's net funding or cash reserves in any way.

This bill establishes the requirement for AFMA to consult and specifies that AFMA is obliged to have consultation periods on management plans or amendments to management plans. The existing consultative process will be retained. Management plans are legitimate legislative instruments and are subject of course to parliamentary scrutiny, which allows feedback from those consultations. The bill will provide strong tools to help fight illegal, unreported and unregulated fishing, and I think the community will support the changes in this bill in a very strong way.

The board of directors of AFMA will be replaced by commissioners, and the managing director will be replaced by a chief executive officer. I understand the CEO may also be the chairperson but need not be, depending on how the commission wants to operate. There will be modified eligibility criteria which require fields of expertise to be considered in the selection process for the appointment of commissioners. There are also new obligations to disclose and report conflicts of interest, which will probably be a godsend to this body. The current board will be replaced by nine commissioners, whose expertise will include fisheries management, fishing industry operations, science, natural resource management, economics, business or financial management, law and public sector administration. Although there will be no government representative on the commission, the Minister for Agriculture, Fisheries and Forestry has ensured, as far as practicable, that the commissioners collectively possess expertise in all fields just mentioned. After an open and transparent process, the minister will make appointments for up to five years. The CEO will be responsible for AFMA's foreign compli-

ance functions. I understand that the CEO will report to the minister in that regard and not to the commission. The bill therefore acknowledges the responsibilities that the government has to protect our borders, operations and important bilateral and international obligations regarding sea fisheries.

As noted in the Uhrig review, independence and objectivity are important contributors to good governance. This bill will establish eligibility criteria to exclude anyone who is an executive officer or a majority shareholder in a company which holds a Commonwealth concession, permit or licence and anyone who holds an executive position in a fishing industry association from being appointed a commissioner. These requirements are strengthened by more detailed requirements to disclose and report conflicts of interest prior to and following appointment as a commissioner.

In my state of Tasmania, concerns have been raised with me about who exactly would be eligible to be a commissioner, as this legislation is fairly restrictive. However, I have been informed that fishers who hold licences under any state government legislation, including the fisheries management by the states under offshore constitutional settlements, would be eligible to be a commissioner. Fisheries such as crab, rock lobster and stripy trumpeter fisheries are managed under the Tasmanian laws and therefore under the OCS arrangements. Fishers holding concessions in these fisheries would be able to apply to be an AFMA commissioner. I think the minister advertises these positions, people apply and, after a merit based process, the appointments take place. There appear to be about a thousand concession holders under the Fisheries Management Act and the Torres Strait Fisheries Act and well over 10,000 concession holders under the state regime. So there is a lot of opportunity to find people with specific skills and experience in the fishing industry organisations to fill these roles.

The bill also amends the Australian fisheries legislation to strengthen the government's ability to combat illegal, unreported and unregulated fishing, which I think people would be very pleased about, and to fulfil Australia's obligations under international law and agreements. We are party to a number of international fisheries management organisations and arrangements established to manage and conserve fish stocks and marine living resources of the high seas.

This bill allows Australian nationals to be prosecuted in Australian courts for activities on board foreign vessels in waters outside the Australian fishing zone where such activities are offences under the Fisheries Management Act. Some years ago such incidents occurred on the South Tasman Rise, which is below Tasmania, when Australian and New Zealand nationals were involved in helping rogue fishers to poach our waters and escape. This bill will allow for pursuit, capture and charges in relation to such offences, which was not possible before. I look forward to the minister pursuing those in the future.

This is in line with emerging international calls, which Australia supports, for states to control the activities of their nationals in the fight against illegal, unreported and unregulated fishing. This will also enable Australia to give effect to the Western and Central Pacific Fisheries Commission's boarding and inspection procedures. The framework outlined in this structure will enable Australia to more easily give effect to all future boarding and inspection procedures adopted by other international fishing agreements.

Foreign vessels going through our fishing zones will be required to disengage, secure and store inboard their fishing equipment in a manner that will not allow for fishing gear to be

readily employed. Fishers often tell me that as they are coming down the coast to Tasmania they will shoot the nets and act in that way. To my knowledge, no-one has been prosecuted for that activity. This requirement will make it tougher for anyone to be able to do that. I have heard of many examples in Tasmanian local waters, as well as those just beyond our state limits, in the Commonwealth jurisdiction.

I remember sitting on the House of Representatives Standing Committee on Primary Industries, Resources and Rural and Regional Affairs in 1997 when it compiled its report on managing fisheries, called *Managing Commonwealth fisheries: the last frontier*. The committee put together a number of very important recommendations on fisheries management. Although some have been put in place, there is still a large gap in trying to monitor and change the activities of illegal fishers within and outside our waters.

The illegal, unreported and unregulated fishing operations put at risk millions of dollars of investment and thousands of jobs as valuable fish resources are wantonly depleted below sustainable levels. This disregard for the environment, the high seabird mortality and the abandonment of fishing gear gives rise to even more concern, as does the general disregard for crew safety in these illegal, unreported and unregulated fishing boats. These boats fishing on the high seas are highly organised, mobile and elusive. They are undermining the efforts of responsible countries to sustainably manage their fishing resources. We need international cooperation, which is vital to effectively combat this serious problem. By using regional fisheries management organisations as a vehicle for cooperation, fishing states, both flag and port states, and all major market states should be able to coordinate actions to effectively deal with these illegal fishing activities. These boats that are fishing illegally are jeopardising the Australian harvest of fish stocks, both within and beyond the Australian fishing zone. The long-term survival of the fishing industry and the fishing communities is threatened. The recent incident of illegal fishing of Patagonian toothfish in Australia's remote Southern Ocean territories is a prime example of the damaging effect of unregulated fishing on the sustainability of stocks and the viability of the Australian industry. In the southern Indian Ocean, 4,000 kilometres south-west of Perth, six vessels have been apprehended since 1997 by Australian authorities for illegal fishing in the Australian fishing zone around Heard and McDonald Islands. Illegal fishing also occurs in Australia's northern waters, but it is largely undertaken by traditional small-scale Indonesian vessels.

We need to strengthen our powers and our borders against these incursions by illegal fishers. I believe this bill will enhance our opportunities to do that and make our task a little easier. Our legal fishers are our eyes and ears on the high seas and they will be in a position to report other illegal activities, if given the right to do so. I have always believed that any development of a coastguard should include those who spend the most time at sea. I support the bill wholeheartedly. I am sure it will lead to keeping our fisheries safe and sustainable.

Mr BURKE (Watson—Minister for Agriculture, Fisheries and Forestry) (5.12 pm)—in reply—I thank all members of the House for their contributions to the debate on the Fisheries Legislation Amendment (New Governance Arrangements for the Australian Fisheries Management Authority and Other Matters) Bill 2008 and in particular thank the members for Wide Bay, Solomon, Moore and Lyons. Both the member for Lyons and the member for Solomon have been kind enough on different occasions to introduce me to members of the fishing sector in their electorates. I know from that experience the truth of some of the issues raised by

the member for Wide Bay in terms of not only the pressures, the most severe of which is the price of fuel, but also the issues of exclusion zones, including but not limited to marine parks, import sustainability and, of course, stocks being under pressure because of illegal fishing.

The Leader of the Nationals also raised a concern about the appropriations that were being made for AFMA. I received advice during that speech that the bill does not task AFMA with new tasks in relation to illegal foreign fishing but does task AFMA with better tools. This is implemented by AFMA in consultation with Customs and Defence, and appropriations made on illegal foreign fishing are consistent with the former government's appropriations. AFMA is itself implementing a business efficiency review to pursue efficient service delivery to AFMA levy payers. The member for Moore raised an issue with respect to the scientific research program, referring to its abolition. I would say in response that it would be probably better described as its completion. It was set up, I am advised, as a six-year program. Under the final budget of the previous government there was an appropriation for 2007-08 which has been used. There was never an appropriation for 2008-09. It was a five-year project that ran to the end of its five years.

As I informed the House when the bill was introduced, the legislation contains amendments which deal with both the governance issues and the capacity to combat illegal fishing. There are other issues that have been raised, and I will save my contribution on those until we get to the amendments, which I understand will be moved when we consider the bill in detail.

AFMA is a government agency that manages the Australian fishing industry's access to fish stocks in Commonwealth waters and international fisheries agreements to which Australia is a party. Close to 16,000 people are directly employed in the seafood industry. These include the members of the Lakes Entrance Fishermen's Cooperative in Victoria, who only a few weeks ago hosted me at their seafood processing facility; men and women who get up before the sun rises every morning and receive at the metropolitan fish markets fish that then go on to the capital cities of Sydney and Melbourne; and tuna farmers, like Hagen Stehr in Port Lincoln, who rely on international fisheries agreements to which Australia is a party for an allocation of internationally shared fish stocks. The legislation improves the accountability of AFMA for the management of a significant natural resource, to better manage the fish stocks and to provide jobs for Australians into the future.

The change of government has not changed the need for Australia to maintain its tough stance on illegal fishing in Australia's waters and international waters to which Australia is a party. The AFMA managing director will report directly to the minister on matters relating to illegal foreign fishing under this legislation. This will improve the accountability of AFMA to the minister on illegal foreign fishing and enable the commission to get on with its job of managing Commonwealth fisheries.

The legislation also introduces new measures that will provide enforcement officers with better tools, improved tools, to combat illegal foreign fishing. The hot pursuit measures in the legislation better enable enforcement authorities to apprehend support vessels that frequently stop just outside the Australian fishing zone. More rigid stowage provisions, while maintaining a right of free passage, will make it more difficult for intending illegal foreign fishers to despatch and retrieve fishing equipment and avoid prosecution.

Strong enforcement provisions in our fisheries legislation reflect the Australian government's absolute commitment to protect our fish stocks. They ensure Australia continues to

support international efforts to address illegal, unreported and unregulated fishing and to send a strong message to foreign fishers about the consequences of fishing illegally in our waters. This bill will ensure that the Australian government is equipped with more robust enforcement, compliance and governance arrangements to secure sustainable fisheries for future generations. One of the key aims of the reforms is to ensure that the new arrangements involve minimal disruption to the fishing industry and AFMA personnel.

The reforms to AFMA were announced by the previous government in October 2006, and bipartisan support was offered at that point by the then Labor opposition. Further delays will only serve to create uncertainty for the fishing industry and for the staff and directors of AFMA. I thank all members for their contribution to the debate and do urge the swift passage of this bill through both houses.

Question agreed to.

Bill read a second time.

Consideration in Detail

Bill—by leave—taken as a whole.

Mr TRUSS (Wide Bay—Leader of the Nationals) (5.18 pm)—by leave—I move the opposition amendment:

(1) Clause 12

Insert

12(1)a. The Minister to seek recommendations for the appointment of commissioners from fishing industry representatives.

Insert

12(2) amend to read: The CEO may not be appointed as the chairperson and must not otherwise hold office as a part time commissioner.

The opposition support the bill, as I indicated in my opening remarks in my speech in the second reading debate, but we believe that there are a couple of improvements that can be made. The improvements that we are proposing come to us as a result of consultation with the industry. The amendments have the support of industry and we believe that they will make AFMA work better.

The opposition share the concerns of the industry that the commissioner and the organisational component of AFMA must separate the policy setting and service delivery roles. They are important functions that AFMA has. There is also a need for there to be a separation in the way in which those roles are delivered. That is why the opposition are moving the amendment to legislate that the CEO be not eligible to also be appointed as a commissioner. We believe that the office of CEO is a service delivery and administrative role and therefore the occupant of that position should not also be a commissioner.

AFMA manages Commonwealth fisheries and is largely funded by the fishing industry. It is therefore fair that the industry should have the opportunity to make recommendations for the commissioner positions. It is appropriate that the industry should be able to identify candidates for the role and that the minister should have an obligation to seek nominations from the industry for these positions. Our proposed amendment does not require that the minister accept those recommendations, but there should at least be a formal process in place which

ensures that the minister will seek advice from the industry about appropriate people for that role. Our amendment seeks to mandate a consultative process with the industry in the appointment of AFMA commissioners.

Industry support and involvement in AFMA policy development is vital to ensuring that AFMA continues to deliver the services the industry needs while protecting Australian Commonwealth fisheries. I think, therefore, that it is absolutely essential that the industry feels as though it has a direct role in the appointment of commissioners and the way in which this industry body functions.

I was somewhat concerned by a comment made by the member for Lyons, who has now left the chamber. It may have been a slip of the tongue but, as I heard it, he said that the CEO would be the chairman of the commission. That was not my understanding of the government's intention and, therefore, the minister might care to clarify precisely whether the legislation just makes it an option or whether it is actually the intention of the government that one person would fill the two roles. I would be very concerned if in fact the comments of the member for Lyons were a reflection of what the intent is.

Mr BURKE (Watson—Minister for Agriculture, Fisheries and Forestry) (5.22 pm)—In response to the two amendments, I will first deal with the issue of the separation of the CEO and the chair, which has just been raised by the Leader of the Nationals. The standard model for commissions is that the same person be appointed as both chair and CEO. However, this legislation provides flexibility to best suit the requirements of AFMA. I do not recall whether the comments by the member for Lyons were made in the precise fashion to which the Leader of the Nationals has referred, but I can assure him that my intention as minister, and the intention of the provision in the legislation, is to have flexibility as to whether the positions are separated or combined based on making sure we get the best people in the jobs. The minister will be able to appoint the same person as both chair of the commission and CEO but will also be able to make separate appointments. Either option is possible under the flexibility in this bill.

AFMA is a small agency with a high profile and broad responsibilities. It may sometimes prove difficult to attract the best individual qualified to oversee the full range of AFMA's fisheries management, regulatory, domestic and foreign compliance functions. For this reason I consider that there should be flexibility in combining the chair and CEO roles in order to attract the best people to those positions. As a matter of policy, if appropriate candidates can be found I would prefer to have the positions filled by two separate people. But I want to have the flexibility to make sure that merit is the prime concern. For that reason the government will be opposing the amendment and supporting the bill in its original form. We are also opposing the amendment with respect to the involvement of industry in the appointments process, not because it sets too high a bar but because I am concerned that, when you set a low bar, that is often all that ends up happening in the long term.

The bill establishes an expertise based commission that minimises the scope for conflict of interest in the management of this public resource. In line with broader government policy, the minister will have the authority to appoint the commissioners and the CEO for up to five years. To allow the government to implement a transparent, merit based appointments process and because of the proposed commencement date of 1 July, there is a need to appoint inaugural commissioners for a transitional period of up to six months. During this time a selection

process will be conducted in accordance with whole-of-government policies for the selection of senior public servants and statutory office holders. This process ensures the candidates are assessed objectively and selected based on their merit, knowledge and skill. This is consistent with the aim of the reforms to AFMA—that is, to improve its governance and to minimise circumstances in which perceived or real conflicts of interest could arise. The peak industry and other stakeholders do not have a statutory role in the selection of AFMA commissioners. Both sides of the House, though—and I am sure I am not misrepresenting the other side of the House—do have a desire to ensure that the government consults with industry on the appointment of commissioners.

It is important that industry has confidence in the appointments process. To the extent that this amendment aims to achieve that end point, I do not for a minute doubt the good intention of the amendment. I can inform the Leader of the Nationals that I have already written to stakeholders seeking their views on the appointment of the inaugural commissioners of AFMA and will continue to consult with key stakeholder groups on future AFMA appointments. As a simple example, if we had the clause in the amendment referring purely to industry stakeholders then as a matter of course, as time went on, there would be no consultation with anyone from the recreational fishing sector. Notwithstanding that, given the goodwill that I believe is on both sides of the House and the long-term intention of consultation, both industry groups and the recreational fishing sector have been consulted on those appointments. Given that the opposition and government share a policy commitment to consult, I do not see the insertion of these words into the legislation as necessary or good practice.

Mr TRUSS (Wide Bay—Leader of the Nationals) (5.27 pm)—I guess I could argue for exactly the same reasons as the minister has just espoused that those are good reasons to include these amendments in the bill. If both sides are basically happy that this is the sort of process that should be followed, I see no real impediment to including these proposals in the bill. For instance, it was never our intention that the only people who could put forward nominations for AFMA commissioners would be those who had met the favour of industry representatives. The use of the term ‘fishing industry representatives’ is also broad and would clearly embrace the recreational fishers, who I think also need to be seen legitimately as industry. It was always understood that the commissioner should bring to the new governance arrangements a mix of skills and experience. Just being a good fisherman does not necessarily mean that you are a good manager or a commissioner for AFMA. I would expect that the make-up of the new commission would include a broad representation from people with skills that are necessary to effectively govern an organisation of this nature.

I note the minister’s desire for some flexibility in relation to the appointment of a chair and a CEO. I also acknowledge that legislation establishing commissions is often drafted in a way that the one person fills two positions. However, that is not the wish of the industry in this instance. The minister has acknowledged that the industry feels quite strongly about this issue, and I would hope he would give that due weight in assessing not just the merits of the various candidates and their wishes but also what is important for the confidence that the industry needs to have in this body. I am somewhat assured by his statements in response to our amendments, and I can assure him that if in fact an alternative route is taken in the future and the one person is appointed to both positions the industry will be reminded of his comments of today and he will therefore have to have a satisfactory explanation for them.

Frankly, I cannot see any reason why the government should not accept these amendments, because it seems that we are one in spirit. If the government does not choose to follow that route, the second best option is the assurances that the minister at the table has given us, and I know that he is giving those assurances in good faith. If perchance I have or someone from this side has the opportunity to succeed him in his role at some stage in the future, I can assure the industry that the coalition has a similar view—that the CEO and the chairman should be different people and that the industry should be effectively consulted as part of the process of appointing the new commissioners.

Question negatived.

Bill agreed to.

Ordered that the bill be reported to the House without amendment.

**VETERANS' AFFAIRS LEGISLATION AMENDMENT (INTERNATIONAL
AGREEMENTS AND OTHER MEASURES) BILL 2008**

Second Reading

Debate resumed from 19 March, on motion by **Mr Griffin**:

That this bill be now read a second time.

Mrs BRONWYN BISHOP (Mackellar) (5.30 pm)—I rise to speak to the Veterans' Affairs Legislation Amendment (International Agreements and Other Measures) Bill 2008 and would observe from the outset that it would appear to be a benign bill. Consequently, we agreed to its coming here into the Main Committee for the debate on the second reading and subsequent stages of the bill's passage. Indeed, the first parts of the bill are pretty benign. Schedule 1 makes amendments to the Veterans' Entitlement Act 1986 to give effect to revised arrangements for entering into agreements with the governments of certain other countries in relation to the payment of pensions and the provision of assistance and benefits to eligible persons. The amendments are to authorise the use of funds from the Consolidated Revenue Fund for the payment of pensions and the provision of assistance and benefits to eligible persons authorised under the agreements entered into under the VEA—a sensible arrangement.

The strict provision that was required before—that the amount of money that can be paid to persons covered by the agreement can only be exactly the same as they would be entitled to in their country of origin or the country from which they came—was very cumbersome to administer because of the difference between the way benefits are paid in other countries and the way we pay them here. Schedule 1 of the bill authorises that the payments to be made do not any longer have to be strictly equal to what they would receive in that other country.

Schedule 1 also provides that, instead of the Governor-General making the arrangements and entering into agreements with other countries, it will now be the Minister for Veterans' Affairs, which is more in line with the way other agreements are struck. The maximum reimbursement for the costs associated with providing benefits will continue to be provided for in the agreements negotiated, and the country with whom the agreement is negotiated will of course reimburse the Australian government for the money that they have expended.

Schedule 2 of the bill deals with another important area—that is, dealing with Commonwealth and Federal Police who served at Maralinga. The question of nuclear testing has been

a vexed one for a long time here in Australia—not only at Maralinga but also at Montebello. These issues have been looked at, debated and inquired about for a long period of time.

Under this bill it is proposed that the period for which a person can be determined to be a nuclear test participant, who is then eligible for treatment for cancer and the accompanying travel expenses, be extended from 30 April 1965 to 30 June 1988. That means that someone with cancer who was a participant at Maralinga at that time will be eligible to have the cost of their treatment covered and their incidental travelling costs as well. There is a further provision that says that those persons who have had treatment but were not until now deemed eligible persons will be able to claim costs for treatment and travelling expenses retrospectively to 19 June 2006. There is only a six-month window of opportunity for persons affected by this provision to actually apply for that reimbursement.

The question of Montebello is still unresolved. It has been addressed by many an inquiry. I think the government ought to put its mind to Montebello. It has been said that many people at Montebello were not sufficiently close. There is more evidence starting to emerge that they were. I think it is a matter that should be looked at.

Back to the bill itself: schedule 3 amends the Military Rehabilitation and Compensation Act to correct minor errors and anomalies in the act. That looks pretty benign. That looks okay. Well, that is what I thought. The explanatory memorandum says:

Item 2 amends the definition of the number of days in section 196 of the MRCA, to recognise that some persons may have worked for more or less than 5 days a week, when working out the numbers of days of entitlement to compensation. Currently, the calculation of the number of days of compensation entitlement may provide for an incorrect result in cases where persons worked for more than or less than 5 days a week.

That sounds pretty benign. It sounds like we are just making a minor adjustment and that nobody would be particularly disadvantaged.

A funny thing happened. Somebody slipped me a bit of paper. That bit of paper has the heading on it 'Caucus-in-confidence'. Whereas the minister did not enlighten the parliament, the people or veterans as to what these amendments meant, the caucus was duly informed. The caucus was informed in the following terms:

A part week payment is calculated on the basis of the proportion of a week that the person is deemed to have been working prior to their incapacity. As set out in subsection 196(3) of the MRCA. Where section 196(3)(c) applies, the requirement to use 5 days is not always reflective of a person's actual work patterns. The following is an example that illustrates this.

What actually happens now? The existing act says that you work on a five-day basis. That is what the act says. That is what people debated. That is what has been the law, and that is how people have applied the law. Now this amendment actually amounts to a savings measure. Did we hear about that in the debate? Certainly not.

Let me tell you how it will disadvantage people. Client X is a reservist who is incapacitated for four days per week. He usually works six days per week and earns \$720 gross for his six days of work, or \$120 per day worked. Using the current formula applicable under section 196(3)(c) his entitlement for the above period would be four-fifths of \$720. That equals \$576 gross per week for four days at the rate of \$144 per week.

What will happen if this amendment goes through? Client X is a reservist who is incapacitated for four days a week. He usually works six days a week and earns \$720 gross for his six days work, or \$120 per day—exactly the same situation. As such, the compensation payable would reflect client X's actual loss. This would be worked out by the following formula: four-sixths times 720 equals \$480 gross per week for four days at \$120 per day, X's actual daily rate. The difference in this case is the difference between \$576 and \$480; in other words, \$96 a week. A nice little savings earner hidden away in the explanatory memorandum. It hides it nicely—the words are benign: 'This is a non-controversial bill.' But when I happened to get this little bit of paper slipped to me, we start to see that it is going to further disadvantage veterans.

This is a government which said lots of things about veterans. It said: 'We will stand up for veterans. We will always have a Department of Veterans' Affairs.' Yet, the language in the bill talks about this legislation 'further aligning the VEA with social security law'. One thing that the opposition stands for very firmly and very strongly is that veterans entitlements should never be turned into social security, that veterans entitlements come from a contract between the nation and the people who serve the Australian nation in uniform, and that those people are entitled to believe that we the people of Australia will look after them for the service that they have given. That has been the way since the first repatriation act; it has continued to be the way, but now we slip in language like, 'This will bring it further into alignment with social security law.'

Then we start to look at the savings measures in the budget on the pension for spouses of those entitled to a veteran's pension. At the present time spouses can receive a pension at 50 years of age but that is suddenly going to leap to 58.5 years. A nice little savings earner here, too. In other words, people coming back from service in Iraq, Afghanistan, Timor-Leste or the Solomons might think that they can retire and their spouse could be entitled to that service pension as well. Oh, no. They are going to have to wait another 8½ years. What if you had been budgeting for that in your retirement plans? Let us take the analogy of the way in which we planned the movement in the age pension from 60 years for women to 65 years to be the same as for men. We have taken over a decade to see any movement at all. It has been slow and gradual, so it was not seen to be mean and picky. But in one hit service people are to be disadvantaged. Instead of being entitled at 50 years of age, those women will now be entitled at 58.5 years. That makes a hell of a difference to people's budgets.

Then we come to the other nice little earner in savings. On this side of the chamber we are very much in favour of marriage; we like to promote it. Presently, if a man and a woman who are married to each other have for whatever reason separated—there can be myriad reasons as to why serving personnel and their spouse may choose to separate; there may be all sorts of injuries, mental injuries, that may have perpetuated from their service—the spouse can receive the spouse's pension. So they have agreed to this arrangement. Now, this mean and tricky little government comes along and says, 'When you have been separated for 12 months, we are going to chop out the spouse's pension.' Charming! And guess what—they say that will save \$77.8 million over four years. Isn't that wonderful!

But then if you read Budget Paper No. 2, it tells you a bit more. Budget Paper No. 2 tells you that actually the saving to the budget will only really amount to \$33.9 million because the remainder, \$39.4 million, will go into the social security department—by whatever name we

call it these days—because they will go on ordinary social welfare. And another \$4.4 million over four years will be spent because some of them will be sent back onto Newstart. We are taking away veterans entitlements and putting them into social security—welfare.

This government has said—in its speech, when it does not have to be answerable—that this government is kind and generous to veterans. Really? I say that the government is mean and picky: taking away from individuals who have been planning, thinking that these were their entitlements, and turning them into welfare recipients—everything that the opposition is utterly opposed to. We have said, and given a commitment—and always will—that veterans are entitled to their entitlements, not as welfare recipients but because of the contract that we as a nation strike with our serving personnel.

So I go back to this other nice little earner. I will remind you of what the explanatory memorandum says; see if you would have picked up that benefits available to veterans were going to be cut back. This is what the explanatory memorandum says:

Item 2 amends the definition of the number of days in section 196 of the MRCA, to recognise that some persons may have worked for more or less than 5 days a week, when working out the numbers of days of entitlement to compensation. Currently, the calculation of the number of days of compensation entitlement may provide for an incorrect result in cases where persons worked for more than or less than 5 days a week.

You would think that that was pretty benign, wouldn't you? But if you really got down and got lucky enough to get the piece of paper that came my way, you would think again. And every one of those members of the Labor caucus knew what this bill did—every one of them! How many of you in the Labor Party spoke out against it? How many of you complained? How many of you have gone back to your veterans and told them that that is what you are going to do to them? One? Two? None?

So, when we come to dealing with legislation, I put it to you, Madam Deputy Speaker, that the opposition is hampered by having been stripped of resources by the Labor government—our resources have been cut back by 30 per cent, so that we have fewer and fewer staff with which to do the work of interrogating what goes on in these documents—and by having less and less time, because bills are thrust in at a great rate of knots, all because the government want to appear to be doing something. Yet we are in a situation where every bill requires more scrutiny, for the simple reason that you do not know what is hidden in them, because the ways in which they are presented in the second reading speeches and, indeed, for that matter, in the explanatory memoranda, are not fair dinkum.

Let us look at how serious that is. The Acts Interpretation Act says that when a judge is making a determination he is entitled to look at three documents that come from this place: the act itself, the explanatory memorandum and the second reading speech. They are the sources that are meant to tell our court, if there is a dispute, what it is the legislation was meant to do. But, if you read the act, the explanatory memorandum and the second reading speech, unless you have a miraculous insight you will not pick it up. So here is a mechanism of subterfuge being used.

The government says, out here, that they will not hurt veterans. And yet I have just given you three examples that we have managed to ascertain are definitely aimed against veterans. I ask the question of the government: why does this Prime Minister break his promise to veterans that he will not turn veterans entitlements into social welfare? Because that is precisely

and exactly what he is doing—and doing it sneakily and nastily. I was talking to a Vietnam veteran on the phone this afternoon. They are very angry. They are very angry that they have been duped. And they are not even aware of this one yet.

So there are many issues that we have to deal with in opposition. The government cut back the resources for the opposition by 30 per cent, so that we have 30 per cent fewer staff to do the interrogatory work that you the government had in opposition—30 per cent fewer people than you had in order to do the job that we are now asked to do. Is that reasonable for the Australian people? Is it reasonable that you should put this burden on us in a way that we have accepted—we interrogate well—but in the way it is now being portrayed?

I simply say to you, Madam Deputy Speaker, that there should be a whole caucus of Labor Party members who have veterans in their electorate whom they have not spoken out about and tried to get something done for—because, quite clearly, the way the act was written it was meant to be that way. Yet it is dressed up in the language that, ‘We are just going to make a minor little twitch here,’ which in fact is going to result in somebody, in this example given to the caucus, receiving \$96 a week less—that is what it says on this piece of paper—than they would have been entitled to under the old act. So he is actually taking away veterans’ entitlements.

As well as that, there is a cut in staff for the Department of Veterans’ Affairs of 196 people. In reality, if you read the annual report of Veterans’ Affairs then you will see, of course, that veterans are dying and that the number is less. But, if you read the annual report, you will also see that each veteran needs more attention and has more incidents of health care. In other words, the system is not going to be less difficult to administer but, indeed, more difficult to administer.

In addition, if you take a look at the War Memorial, the favourite attraction in this capital city of ours—free for people to go into, with a magnificent display, a wonderful research department and a curating department—it functions as something of which we can all be proud. At this time, we have to give credit to the government. It implemented the plans that the previous, Howard government had put in place to honour the veterans of the battles of Coral and Balmoral. In fact, the government went ahead and gave the reception. We then had the commemorative service at the Australian Vietnam Forces National Memorial, and it was done very well. But, at exactly that time, when there is more and more interest in what veterans have achieved and in what veterans’ stories are—people want to know what their stories are; they want to know more about each battle—the one place that is going to record all that and give it to the people, the War Memorial, has had a cut of eight staff. These are tricky, mean, nasty little cuts. Eight staff have been cut from the War Memorial. Who is going to go—a researcher, somebody who is able to do the magnificent displays? Who is going to be considered not of any more value to the War Memorial and that magnificent product they put out?

When we look at the words of the Prime Minister—that he honours veterans—and he stands up to read his speech to them and tells them how valued they are, why isn’t it mirrored in the budget? I listen to the Prime Minister. I listened to him before the election when he said the buck stops with him. That is what he said. He said that he was going to be a Prime Minister who was going to make laws for working families. Well, we have suddenly learned precisely what that is, haven’t we? The majority of veterans are no longer working families. The majority of veterans are people who have retired; they are no longer in the paid workforce.

The majority of veterans are people who fall outside the parameters of that definition of 'working families'. What is becoming abundantly clear from this government over there is that, if you are not part of a narrow definition of 'working families', you are out on the scrap heap.

Take my retired veterans, for instance, who go every week to buy their petrol at the low end of the petrol cycle. They buy their petrol at the lowest price that is available to them, because every cent matters. They are on fixed incomes; they have got fixed budgets. And yet we are going to have Fuelwatch, which is going to get rid of the peaks and the troughs in the cycle and average it out, even out the bumps. If you are somebody like the Prime Minister, you do not care what you pay for your petrol because, after all, the taxpayer is going to pay for that. If you are somebody who is working for a big corporation, you do not care what you are going to pay for your petrol; you will buy it at whatever time is suitable for you.

The irony is that the person who does not care what they pay will actually pay less, because the averaging will get rid of the top price. So they will not have to pay that top price anymore. But if you are someone who is on a fixed income—somebody for whom every cent matters; who takes their shopper docket and gets in the queue every Tuesday night—you are going to be told that this government's Fuelwatch will put the price up. Those people are being tricked once again—and veterans fall very much into that category. But it will not affect the working family who might have their expenses paid. So the Prime Minister is making laws for working families! It is just that there are so many people who do not fit his narrow little definition any more—and he cares less for them.

As we talk to this Veterans' Affairs Legislation Amendment (International Agreements and Other Measures) Bill 2008, it seems like an innocuous little bill. My goodness me! You would not think there was anything harmful in that, would you? Neither did we, and so we agreed that we could have this debate up here in the Main Committee because the bill was not contentious. But I just got slipped a little bit of paper that told me what was really going into the bill and now I can share that with the rest of the Australian people. I ask the government: how many other sneaky little bits of legislation have we got coming our way? How many other items are there that were not apparent from the official published material, for which we need more staff to assist with interrogation work? The library is pretty overburdened at the moment because the Prime Minister cut back our staffing arrangements by 30 per cent. So we have 30 per cent less assistance than you had when you were able to build a case to say that you were going to bring down interest rates, bring down petrol prices and bring down the cost of grocery prices. You had 30 more staff that you could spread that work around.

So there we are! Veterans are being penalised in this bill. We found out that the formula is to be changed so that a veteran who applies after this amendment is passed will get less than a veteran with the same sort of injury and the same sort of condition is receiving now. Is that fair? Would we think that was fair? No way! It is very important that this is disclosed to the veterans community. If the government members on the other side of the chamber had any sense of decency they would be out there letting their own veteran constituents know that they were being duped by a government that said it would never turn veterans entitlements into welfare payments. Yet that is what the budget does. Here we have a reduction of entitlements, all in the name of a minor adjustment to a little section of the act.

I say to you that today is a shameful day and it is important that people are made aware of what is being done so that they may take some action themselves and come to know better what this government is really like. After all, it was the Prime Minister who said that the buck stops with him. I do not think it stops with Jeeves; I think it is with him. He has to wear the falsehoods that he perpetrates on the veterans community. As we said from the time that we agreed to it, we will not be opposing the bill, but it is with a sense of great sadness that we will now have to work to find ways to get things changed so that people can have their entitlements back.

Ms JACKSON (Hasluck) (5.59 pm)—I rise to speak on the Veterans' Affairs Legislation Amendment (International Agreements and Other Measures) Bill 2008. This bill aims to improve the process of Australia's repatriation system. The bill sets out a number of amendments to veterans affairs legislation to improve administrative arrangements, correct some minor errors and, where appropriate, further align the Veterans' Entitlement Act with social security law. The measures in this bill, along with the Veterans' Entitlements Legislation Amendment (2007 Election Commitments) Bill 2008, demonstrate this government's determination to honour its commitment to look after the veteran community and their families and to deliver improved services to them in Australia.

The Rudd Labor government recognises and acknowledges the great contribution our veteran community have made to the nation and the important role they play in our communities. Another couple of government initiatives deserve mention in this regard. The first of these initiatives is the veteran and community grants announced by the Minister for Veterans' Affairs, the Hon. Alan Griffin, on 21 May 2008. I would like to commend the government on the \$829,000 commitment to funding 77 local projects across the country to improve community support for Australia's veterans. The funding will assist veterans to access skills programs aimed at keeping them independent and active. Since last year's federal election the Rudd Labor government has funded more than \$1.5 million in grants to local community organisations who offer programs to support veterans and their dependants.

The other initiative that I want to commend the minister for is the \$11½ million Vietnam Veterans' Family Study, a significant research program into the health problems that have occurred as a result of service in Vietnam, along with protective factors and characteristics that help build resilience in the families of veterans. This research needs to involve large numbers of participants. Invitations have been or are being sent to two key groups: the service personnel who were deployed to Vietnam and those who stayed at home. The success of this world first research lies in recruiting sufficient numbers of Vietnam veterans' families and the families of those who were not deployed to participate, and I urge them to do so. The study is expected to be finalised in 2016 and will pave the way for future research for younger veterans and their families from more recent deployments such as East Timor, Iraq and Afghanistan.

Let me return to the substance of the bill before the House, the Veterans' Affairs Legislation Amendment (International Agreements and Other Measures) Bill 2008. The bill will provide greater flexibility with the international agreements already in existence with other countries, meaning that overseas veterans who are legal residents of Australia and who have the requisite qualifying service will be extended the appropriate level of care and income support payments. While it will continue to remain the responsibility of the veterans' respective foreign governments to pay the veterans entitlements, this amendment will allow the cost of their

benefits and assistance to be covered by the Consolidated Revenue Fund during the cost recovery process.

Income and assets tests under the Veterans' Entitlements Act 1986 and the Social Security Act 1991 will be more closely aligned in two principal ways: the first will exclude certain scholarships awarded on or after 1 September 1990 from the definition of income, and the second will exclude the disability expenses maintenance that is paid to parents with a disabled child. The bill will also amend the Veterans' Entitlements Act by excluding foregone rental income from the deprivation provisions of the income test. In other words, an income support pensioner opting not to receive rental income or choosing to receive a lesser amount of rental income from a family member will no longer be penalised as a consequence. In addition to that, a further amendment will exclude any value rights or interests held by any person or group or community where that person is a member in respect of native title rights, and amounts that any person has received from the Mark Fitzpatrick Trust.

Importantly, this bill will also amend the Australian Participants in British Nuclear Tests (Treatment) Act 2006. These amendments give effect to the findings of the 2006 Senate Standing Committee on Foreign Affairs, Defence and Trade inquiry that were not acted on by the previous government. It will extend the period for which Commonwealth and Australian Federal Police can be considered as nuclear test participants at Maralinga from 30 April 1965 to 30 June 1988. There is scientific evidence that officers who patrolled the Maralinga exclusion zone were exposed to possible contamination until 1988. They will be entitled to be reimbursed for treatment and travel costs backdated to 19 June 2006, when eligibility for cancer treatment, testing and associated travel expenses commenced under the act for nuclear test participants. It is estimated that up to 100 officers may be eligible to receive assistance under this extension, and justice is served by ensuring that these officers, who patrolled the nuclear test sites, are eligible to receive assistance.

I referred earlier to the election commitments made by Labor. I am pleased that an earlier bill has seen some of these reforms put before the House: the Veterans' Entitlements Legislation Amendment (2007 Election Commitments) Bill 2008. There were three significant measures proposed in that legislation. Firstly, there was the automatic grant of war widows or war widowers pensions to widows and widowers of veterans or members in receipt of temporary special rate or immediate rate disability pension immediately before their death. Secondly, it extended the income support supplement to all war widows and war widowers under qualifying age without dependants. Thirdly, it extended disability pension bereavement payments in respect of single veterans or members in receipt of special rate or extreme disablement adjustment disability pension who die without sufficient assets to pay for a funeral. As I said, these measures, along with this bill before the House, demonstrate the government's determination to honour its commitments to look after the veteran community and their families and to deliver improved services to them.

I could speak longer on the bill but, in conclusion, I would like to record my thanks to and appreciation of my local RSL clubs for their fine services commemorating Anzac Day this year. I was fortunate to join with them for these ceremonies. The services conducted by the Darling Range RSL, the Gosnells RSL and the Bellevue RSL were better attended than those in past years. This is in no small measure the result of work these organisations do in the community as well as the direct result of the enormous pride and respect the Australian com-

munity has for our Defence Force personnel, past and present. I especially wish to acknowledge and thank our combat troops who are coming home from Iraq for their service. I commend the bill to the House.

Mr ROBERT (Fadden) (6.07 pm)—I was intending to rise to support the Veterans' Affairs Legislation Amendment (International Agreements and Other Measures) Bill 2008 on the premise that this was an incontestable bill, that it would slide quietly and easily through the Main Committee, until a caucus-in-confidence document that was slipped to the shadow minister for veterans affairs was presented to me. Let me speak on behalf of the veterans community, not only as a member of the opposition but as someone with an Australian Service Medal who is indeed a veteran. The veteran community has a very special place in our hearts. They are special not for any one reason but for a whole host of different and unique reasons that many people who have not walked the path may not understand. Veterans joined, trained, served, endured, fought and many times suffered whilst we, the recipients of their service, enjoyed the benefits—notably, freedom.

Veterans in many parts know the cruel injustices of conflict, war and military operations, including peacekeeping, peacemaking and peace-enforcing. They know the consequences on the field of operations, and with loved ones at home they are separated from, yet they serve regardless. Many of them serve in places of great fear, knowing full well that courage is just fear hanging on a minute longer—a place of bullets and bombs, and indeed biscuits and tins, of unhygienic conditions, of living in tents, of outdoors, of night operations, of difficult terrain and different weather. It is not just that they are tremendously brave and self-sacrificing; it is that they care so much more about their country than at times about themselves.

In such an environment I find it incredibly difficult to be faced with the prospect of reading the caucus-in-confidence document, which makes it very clear that every member of the government knew that in this supposedly uncontentious bill was hidden a change. For any reservist or part-time soldier who was injured and received compensation, rather than that compensation being worked out at a normal five-day week, it will now be pro rata, based on their previous service. And the example given in the caucus-in-confidence document made it very clear that, if a veteran or a reserve veteran was injured in conflict or in operations but was only doing four days a week, they would get four-fifths of the compensation payout.

What is even more appalling is that the caucus-in-confidence document made the point that savings will be small but are likely to be around \$25,000. That is a saving of \$25,000 taken from an injured digger—\$25,000 taken because you want an injured reserve soldier to not receive compensation for five days a week; you want to pro-rata it down to what they served. When this particularly heinous bill passes, it will create an environment where some veterans will be on one measure and others will be on a different measure. Veterans affairs compensation—veterans pensions and payments—is not welfare, as those who have had the courage to put on a uniform and serve know full well. To hide in this bill a saving of \$25,000 to punish a part-time veteran who is injured is an absolute and utter disgrace. Compounding the disgrace are two measures we saw in the budget: increasing the pension age for a partner from 50 to 58½, to save \$33 million, and ensuring that the ex-partner of a veteran receives a pension for only 12 months following their separation, to save \$77 million—\$110 million ripped from the very people who fought to give you the freedom to stand up and make a law in this place.

On top of that, we go down to the pecuniary depths of ripping out \$25,000 of a range of veterans by pro-rata-ing what a reservist would receive if they were injured. I was to give a speech regarding the changes to this legislation and what was going through; I suggest that the speech is worthless in the face of what this government is trying to do. I make it my personal pledge, working in consultation with the other members of the opposition and indeed the shadow spokesman for veterans affairs, to ensure that every veteran in this country knows how this was snuck through, how the caucus-in-confidence document shows every member of the government knew about it, how the minister did not cover it in the second reading speech and how this government snuck it into this chamber within an 'uncontroversial' bill. It is an absolute and utter disgrace. How dare you do that to people who had the courage to fight for you! You should be ashamed to be in the House this day. I am ashamed to be finding out through the back door about changes of legislation in this way. I thought the government was better than this.

The DEPUTY SPEAKER (Hon. KJ Andrews)—I remind the honourable member for Fadden to direct his remarks through the chair in future.

Mr NEUMANN (Blair) (6.13 pm)—I speak in support of the Veterans' Affairs Legislation Amendment (International Agreements and Other Measures) Bill 2008. I know that the veterans in my electorate of Blair, particularly in Ipswich, welcome the legislation that has passed recently. They also welcome the commitment made by the Labor Party during the campaign that has been honoured in terms of the desal-reseal inquiry of the Joint Standing Committee on Foreign Affairs, Defence and Trade, which is being headed up by Arch Bevis. And I know the veterans in my community will welcome this legislation before the House.

This bill amends the Veterans' Entitlements Act 1986 to provide for the use of consolidated revenue to cover the health treatment costs of Allied veterans while these costs are being reimbursed by the country for which the Allied veterans served. There are a lot of Allied veterans in my community—I saw them when I visited nine Anzac Day services on Anzac Day this year. They spoke to me then about the challenges of being veterans. We honour those Allied veterans who fought with us in all wars, and we should treat them in the same way we treat our own veterans.

A review of the previous arrangement reveals that the use of the Consolidated Revenue Fund under the Veterans' Entitlements Act was not lawful as those funds were appropriated for the provision of services to Australian veterans only. This oversight is being corrected in the bill. This bill will enable the Minister for Veterans' Affairs, instead of the Governor-General, to enter into arrangements and remove the restriction limiting assistance and benefits to overseas veterans. The amendment will remove from the Veterans' Entitlements Act restrictions limiting assistance and benefits so that overseas veterans can be treated here in Australia as they would be elsewhere.

Australia has international agreements with Allied countries for the provision of income support payments to veterans who serve in the armed forces of Allied countries but who now reside in Australia—the most common form of this income support being the service pension. This means that Allied veterans with qualifying war service who are legal residents of Australia can be paid a service pension in Australia under the Veterans' Entitlements Act. However, under the current legislation, responsibility for service related health and compensation needs of Allied veterans or any other non-Australian veteran rests with the country whose armed

services they served in. Currently, medical treatment for Allied veterans is provided under agreements between Australia and each Allied country for accepted war service caused medical conditions or disability.

We have a gold card system here in Australia, and it is a wonderful system—which I know those veterans in my community appreciate very much. But the health coverage provided by other Allied countries may not be the same as that provided for Australian veterans. The proposed amendment will allow coverage for the cost of Allied veterans to be provided out of consolidated revenue. This reimbursement will be sought from the country for whom the Allied veteran served. The amendment does not really change the source of the funds; it just changes the process of recovery. It means that the funds will be used from our consolidated revenue and then sought from the veteran's service country. There will be no financial impact as a result, but the amendment is critical because it reflects the various ways veterans health services are delivered in different countries. Strict compliance with the requirement for the same assistance is problematic, as inevitably countries have different systems for delivering services to veterans. As I say, we want to treat veterans from our Allied partners in Australia same way we treat our own veterans.

I support this amending legislation because the existing legislation is very much based on the Repatriation Act 1920. This is quite extraordinary. The current law does not acknowledge the significant advances in administration, policy and practices over the last 60 years. The bill will enable the minister to enter into arrangements for best business practices for the business and eligible overseas veterans. I see that the Minister for Veterans' Affairs is here in the chamber. I congratulate him for the grants that we saw and I am sure that the veteran community in south-east Queensland will very much appreciate the assistance.

The bill also excludes from the definition of 'income' for the purposes of the income test certain scholarships awarded on or after 1 September 1990 and disability expenses maintenance paid to parents with disabled children. As I say, the bill seeks to amend the income test provisions of the Veterans' Entitlements Act to make it correlate to the Social Security Act. The longstanding practice has been that the provision should be consistent and equitable. So the bill seeks to amend the Veterans' Entitlements Act to exempt as income under the income test payments of an approved scholarship applied to means-tested income support payments under the Veterans' Entitlements Act.

I think one of the most interesting things is the amendment with respect to the rental income provision. The bill seeks to amend the Veterans' Entitlements Act to align it with the deprivation provisions in the Social Security Act. The exclusion of forgone rent from family members from the deprivation provisions of the income test will mean that those income support pensioners who assist their families with accommodation will no longer be penalised for this action. We see a lot of people who really want to help their children but for whom income forgone by way of abatement in rent means that they themselves suffer. This legislation will have a big impact. It will assist struggling families in terms of accommodation and it will also help the veteran community.

As the previous speaker, the member for Hasluck, said, there is an initiative in terms of Australian participation in British nuclear testing and a fairer treatment for Commonwealth Police who were involved in nuclear test participation from 1 May 1965 to 30 June 1988 for the purpose of eligibility for cancer screening and cancer treatment under the relevant legisla-

tion—that is, the Australian Participants in British Nuclear Tests (Treatment) Act 2006. We are pleased about this amendment because a 2006 Senate Standing Committee on Foreign Affairs, Defence and Trade inquiry recommended these changes but, regrettably, the Howard government failed to act.

Another important reform, the last one upon which I wish to touch, is the changes to the existing legislation concerning war widow and war widower pensions. The bill seeks to amend references to the rate of war widow pension used to calculate a payment rate of compensation where a partner of a deceased member chooses to receive weekly payments of compensation. The current references to the rate of war widow pension paid under the current legislation, the Veterans' Entitlements Act, do include the rate of war widow pension but not the whole of the amount paid to the war widow pension recipient. Included as a part of the war widow pension rate is a separate pension supplement amount, agreed by the then government, the Howard government—with the Democrats support, by the way, with respect to the goods and service tax agreement that commenced on 1 July 2000. Thereafter, the extra pension supplement amount has been separately indexed twice a year according to the CPI and is paid in addition to the base rate of the war widow pension. The base rate of the war widow pension is indexed to both movements in the CPI and movements in the male total average weekly earnings—whichever provides the greater increase. This amendment will mean that, where a calculation of the weekly payment rate of compensation is made based on the war widow pension rate, the calculation will include references to both the base war widow pension rate and also the pension supplement amount.

My constituents will benefit from that—there are many war widows and war widowers in the federal seat of Blair. There is a very big veterans community in Ipswich. It is a place where veterans have chosen to live after being based at Amberley and fighting long and hard for our country. I honour the contribution they make in all of the things I have talked about, the reseat-deseat issue and the practical support they give through their RSLs. This amending legislation will help them with their income and their entitlements, and it is a credit to the minister that this omnibus legislation is going through, because it will make a practical difference to assist members of my community in the federal seat of Blair. I commend the minister for the bill.

Mr SIMPKINS (Cowan) (6.22 pm)—In the many years before I came to this place, I served for 15 as an officer in the Army and, before that, for the better part of two years within the Australian Federal Police. So I felt this was a good opportunity today to come here and speak on the Veterans' Affairs Legislation Amendment (International Agreements and Other Measures) Bill 2008. I do think that my background is unique in this place and, because this bill covers the circumstances of defence veterans and former members of the AFP and what we used to call the COMPOL, or Commonwealth Police, I felt this was a good opportunity.

Like the last couple of speakers, during this week I did a bit of thinking about this bill and looked forward to the debate, both sides of which looked like they were going to add a great deal of value. But in sitting here and listening I have become greatly concerned about some of the changes, which we have found out about through various means, that are delaying access to pensions by partners of veterans for 8½ years. That part of this bill only surfaced through the release of a document that we managed to come in contact with.

Mr Griffin—That's not part of the bill, mate. You're in the wrong bill.

Mr SIMPKINS—Okay. I wonder what the Partners of Veterans Association in Western Australia would say about these changes—whether they are in this bill or in another one. They should certainly be concerned about that. In Western Australia we have a very strong Partners of Veterans Association, and a lot of people have done great work in setting that up. Recently I attended the opening of the new drop-in and resource centre. For their work, I congratulate: the patron, Mrs Judith Parker AM; the president, Sandra Cross; the vice-presidents, Gayle Yates, Judy Firth and Lyn Boreham; the secretary, Kerry McDonnell; and the treasurer, Sally Warner. I look forward to returning to Perth on Friday and taking the opportunity to consult with them on matters that they should be aware of, if they are not currently.

Of concern is the plan of the government to downwardly pro rata the compensation payments to injured reservists. In Perth we have 13 Brigade, a reservist brigade. In amongst that brigade, as I would hope those present who would want to talk about these matters would know, there is the 16 Battalion and the 11/28 Battalion—two fine reserve battalions with great histories from the wars that Australia has participated in.

Due to the high tempo that the Australian Defence Force is currently operating under while doing their great work around the world, the Defence Force has relied a lot more in recent times on the efforts of the reservists. There are many reservists who have gone overseas and served this country in a variety of roles, whether it is in combat or ready for combat, and, obviously, there are plenty of police that have also gone overseas for law enforcement. I am greatly concerned that the plans to undertake a pro rata payment of compensation to reservists really undervalues the great work these men and women do. Again, I look forward to returning to Perth, where I can consult with some of the service organisations and some of these units to see how they feel about these changes.

Within the electorate of Cowan there are a number of organisations that undertake great advocacy work. Again, I look forward to consulting with these organisations about some of these matters. In the suburb of Kingsley we are fortunate enough to host the North Perth branch of the Naval Association of Australia. The president of that sub-branch is Jack La Cras. He is also supported by the secretary, Doug Valeriani, who has done some great work with the Naval Association. Doug Valeriani also does some work for the Wanneroo war memorial. He has undertaken to raise and lower the Australian flag and the other flags at that war memorial every day, and he does a great job.

Also within the electorate of Cowan is the Ballajura sub-branch of the RSL, which is ably run by President, Roy Daniels, and his secretary, Scottie Alcorn. They have done some excellent work there. They work well with the local school—Ballajura Community College—and its principal, Dr Steffan Silcox. Ballajura is a great community that was due to receive a large funding grant from the previous government under Regional Partnerships—\$125,000 was granted to the City of Swan to help build a war memorial and peace park. Although that project has not been maligned by the government, I can assure them that there is nothing wrong there and it had great support.

Another fine organisation is the Wanneroo-Joondalup sub-branch of the RSL, of which Ron Privilege is the president. Apart from the advocacy services that they undertake for veterans, they run the great dawn service at Joondalup war memorial and the district commemoration service at Wanneroo war memorial later that morning. That sub-branch does great work.

I undertook to be fairly quick tonight. I would like to reiterate some of the points that previous speakers have made. It should be abundantly clear to those on the other side that veterans do not see their pension or payments as welfare support. I received a number of very agitated phone calls in recent weeks about veterans having to line up with welfare recipients in Centrelink offices. Veterans very much appreciate their direct involvement with the Department of Veterans' Affairs. I would like to see that close relationship, that direct relationship with DVA, continue, although with 196 fewer staff within DVA I worry about the services that veterans will be provided with. It is important that we do not have veterans standing in line at Centrelink offices. It is important that these pensions and other forms of payments for veterans are not classified as welfare support, because the work these people have done for their nation is not deserving of that characterisation. We owe them a debt of service. We should ensure that they are particularly well looked after and that we do not have petty little changes—mean changes that will damage their entitlements due to them because of the work they have done and the sacrifices they and their families have made throughout the history of this country.

Mr NEVILLE (Hinkler) (6.31 pm)—I have always stood up for the entitlements of veterans and support programs for veterans. I have great respect for their service both to our nation and to the military forces that they served in. I am pleased to speak on the Veterans' Affairs Legislation Amendment (International Agreements and Other Measures) Bill 2008 tonight, as I want to throw in a bit of a wild card here. I am glad the Minister for Veterans' Affairs is here to listen to this, because it is not said with any malice. I have about 4½ thousand veterans and their partners in my electorate. They are valued and vital members of our community and I stay very close to them. I have contact with many people in the veteran community and I stay close to two major RSLs, in Bundaberg and in Hervey Bay. There are Vietnam Veterans Associations in both Bundaberg and Hervey Bay and there are smaller RSLs in places, such as Childers, throughout my electorate. I am the patron of the Vietnam Veterans Association in Bundaberg and I am proud to be so. It is something that some members of parliament would not accept, but I have no problems with being their patron.

I am a proud advocate of systemic improvements being made to veterans entitlements and I congratulate the former government on what they did. It is fair to say that I have always been prepared to fight for further improvements when the need arose. I was one of those who rebelled and pushed for amendments, which resulted following the Clarke review in 2004, to the Veterans' Entitlement Act. I do not think the previous government took that matter sufficiently on board, and I have never resiled from that. I think we should have done more at that time and I was pleased to play a part in getting some of those things done.

But, having criticised my former government, let me say for the record that that government also increased spending on health care for veterans by 200 per cent. The funding went up from \$1.6 billion to \$4.8 billion. The coalition government also indexed all Veterans' Affairs disability pensions to both the consumer price index and MTAW from March 2008. And it was the same coalition government which increased payments for general rate and EDA recipients, as well as for people receiving war widows pensions and widowers pensions. Although I do not believe anything can ever fully compensate veterans for their experience, the benefits extended under the coalition government's term of office represented a significant improvement to the welfare of veterans and to the lifestyle of their families.

The amendments contained in the Veterans' Affairs Legislation Amendment (International Agreements and Other Measures) Bill 2008 continue that reform. Schedule 1 of the bill removes restrictions limiting assistance and benefits to veterans of other Commonwealth nations—Allied nations—such as those from Britain, New Zealand and Canada. But if I read the bill correctly, Minister—and correct me if I am wrong—the covenant of reciprocity coming from those countries is still the determinant of what those veterans will receive.

I have often talked about what is essentially the flip side of the arrangement—that is, recognising the service of Australians who, through circumstances beyond their control, served in the forces of other Allied nations. I am not talking about people who came from Allied countries to Australia as migrants subsequent to the war; I am talking about Australians who served in the RAF and in other spheres of war. There were people who were caught in Canada and the UK, and when war broke out, out of a sense of loyalty to country, Commonwealth and the Empire, if you like—we do not know about it now but at the time they talked about the Empire—they joined the military forces of the country in which they found themselves. They did not see the distinction between being strictly Australian and a British subject, because they were almost one and the same thing in those days. When the war broke out in the Pacific, there were a number of people who were caught in Fiji, and they joined the British colonial army. If you saw photos of these guys you would say they were Aussies—they wore identical uniforms, they wore the slouch hats, they had the .303s—but they were not. They were under British command, and because self-government subsequently devolved to Fiji after the war they were then only entitled to Fijian supplementary benefits. They are people who were prepared to serve and the only reason they did not join the Australian Army, Air Force or Navy—which they would have preferred to join—was that they could not get home.

Those veterans and their wives have found themselves in the position where they are not entitled to the same benefits as Australians who served in the Australian military forces. I would like to raise the case—and I have done this before in the parliament—of a lady in my electorate called Margaret Vint from Bargara. Margaret's husband served in the British colonial army in Fiji. He got caught there because he went over as an employee of CSR, which had sugar mills there at the time. The war broke out, and he joined the British colonial army, and that is where he served right through the war. After the war he worked for CSR and came back to Australia—but at a vastly different entitlement rate to those other Australians who served in our armed forces.

Margaret's husband, John Campbell Vint, died of a war type condition—it was a lung related disease—and it was subsequently recognised by the Australian Army. He was entitled to a war service loan, but he and his wife were on normal civilian pensions. Margaret gets \$220 every three months from the Fijian government. That is not nearly on a par with what the widows of Australian veterans get. These people need to be considered. There cannot be many more of these people and their widows left. They live in this country, having served their country in a civilian capacity, and having served the Commonwealth in the Second World War at some length, and they now find themselves without the benefit of things like gold cards. In this case, John Vint did not even have a white card. I just appeal to the Minister today to think of those people and see if we cannot be more inclusive of them.

I do not say anything to disparage Fiji—I know they have had problems with the Commonwealth; they are in and out of the Commonwealth because of the coups and the like that

have gone on over there—but let us be frank: Fiji is a country that needs support, support from Commonwealth countries and particularly Australia. So they are never likely to be in a position to compensate troops who served them in the same way that we do. I appeal to the minister to have a look at what it would really cost to help those veterans. I am talking about Australian citizen veterans who served in other Commonwealth or Allied countries as a result of circumstances beyond their control.

I also commend the bill for its recognition of Commonwealth and Federal Police officers who patrolled the Maralinga exclusion zone up to 2001. I commend their inclusion from April 1965 to June 1988. They should be treated for their cancers and compensated for their testing and travelling costs. I am sure that will be welcomed by all those veterans and ex-policemen.

The coalition's commitment to care, compensation and commemoration of our veterans and their war widows is rock solid. I take it as my duty to support those organisations. With the minister here today, I ask him most sincerely, at a time when we are reviewing the entitlements, to have a look at those Australians who served in Allied countries when they did not have the opportunity to get back to Australia.

Mr GRIFFIN (Bruce—Minister for Veterans' Affairs) (6.40 pm)—in reply—I will pick up on some comments of a couple of the earlier speakers, including my friend the member for Hinkler, a little bit later on. I will not hold up the House for too long, because I know that there is more legislation to be dealt with.

I will start off by making some general comments about the Veterans' Affairs Legislation Amendment (International Agreements and Other Measures) Bill 2008. This bill makes a number of amendments to Veterans' Affairs portfolio legislation which will improve the operation of Australia's repatriation system. The bill contains amendments that will further align the veterans entitlements means tests with the social security means test, provide greater flexibility in our arrangements with other countries, correct a number of minor errors in the Military Rehabilitation and Compensation Act and extend the eligibility period for Commonwealth and Australian Federal Police under the Australian Participants in British Nuclear Tests (Treatment) Act 2006. The bill also makes a number of technical and consequential amendments to the Veterans' Entitlements Act and the Military Rehabilitation and Compensation Act.

Greater flexibility in our international agreement arrangements will be achieved by enabling the Minister for Veterans' Affairs to enter into arrangements with other countries and removing the current restriction that limits the Repatriation Commission to providing the same benefits to a veteran that they would be entitled to receive in their own country. The removal of this restriction will enable eligible overseas veterans to be provided with the care and assistance to which they are entitled and in a way that is consistent with repatriation healthcare arrangements.

The bill also authorises the use of the Consolidated Revenue Fund for the initial payment of benefits and assistance to eligible overseas veterans and their dependants who are resident in Australia. These amounts are later reimbursed, to the maximum extent possible, by the respective foreign governments. The Repatriation Commission has a number of agreements to act as the agent for other countries in providing pensions and health services to over 6,300 eligible persons.

Minor changes to the income and assets tests will further align the VEA with the social security income and assets tests. Changes to coverage for nuclear test participants will extend the period for which Commonwealth or Australian Federal Police officers may be considered to be a nuclear test participant for the purposes of the Australian Participants in British Nuclear Tests (Treatment) Act 2006. This act provides treatment, including testing, for malignant neoplasia, more commonly known as cancer, suffered by eligible participants in the British nuclear testing program conducted at three locations in Australia, including Maralinga. The act already covers Commonwealth or Australian Federal Police officers who patrolled the Maralinga nuclear test area up until 30 April 1965. Scientific evidence indicates that the nature of police duties meant that these officers may have been exposed to possible contamination at this site until 1988, when a radiation safety monitoring program began. This bill will extend assistance for nuclear test participants to include Commonwealth Police or AFP officers who entered the Maralinga nuclear test area up until 30 June 1988. Finally, minor changes to the Military Rehabilitation and Compensation Act will ensure that widowed partners and incapacitated members receive the correct compensation payments to which they are entitled under the MRCA.

We came to government with a commitment to provide robust services and support to Australia's ex-service community. That commitment includes continuing to review the operation of Australia's repatriation and military compensation and rehabilitation systems. This legislation will strengthen support in a number of areas to ensure that the assistance available through the Veterans' Affairs portfolio is efficient, effective, equitable and fair.

I commend the bill to the House and I note that, overwhelmingly, speakers on both sides of the House have been positive about what is actually in the bill—although I need to pick up on a couple of issues that were raised by my colleague the member for Mackellar, the shadow minister. I think a couple of points need to be made with respect to aspects that relate to the act. Firstly, the shadow minister had in her possession a document which she used with great interest to suggest that there was a grand conspiracy at work. She quoted from the document with respect to what the impact would be on a reservist in a particular set of circumstances, and suggested that what we were dealing with here was a savings measure of some significance. I need to set the record straight there. If you read the same document, a bit further down the page it says, 'Minor savings in the vicinity of \$25,000 per year may result from this measure.' That is what we are talking about, and it is minor.

The explanatory memorandum says:

The measures in the Bill are expected to have a negligible financial impact.

Frankly, \$25,000, out of a budget of some \$11.59 billion, is negligible by any stretch of the imagination. I remind the House that legislation is often passed—and it was very often passed by the previous government—where the explanatory memorandum says 'the measures in the bill are expected to have a negligible financial impact'. When you go to the detail of those bills, and there have been many of them, you find that there was in fact some financial impact, but it was negligible. The suggestion that this is a misleading basis for continuing with this legislation, and that in fact some secret information on the nature of this bill was provided to the ALP caucus, is stretching it an awfully long way.

Another point made by the shadow minister, and it is a recurring theme, was that there be support for the system of Veterans' Affairs, for the Department of Veterans' Affairs and for

veterans, and that we ensure that veterans do not have to deal with the social security system. By and large, I agree with the shadow minister that that is what the aim should be. But I would like to go to the terms used in the explanatory memorandum. It states:

Schedule 1 also amends the VEA to further align the Veterans' entitlements means test with the social security means test ...

This is apparently the basis for why there are great dramas with the operation of these changes and the impact they have. Again, it is a standard term that is used. It was used in a range of legislation over the last decade by the previous government when dealing with similar matters. Go back over the last 10 years and check any legislation you like with respect to amending legislation in the area of Veterans' Affairs and you will find those terms used on a regular basis. Putting that to one side, I endorse the comments of the shadow minister on the basis that we too support a system where veterans get a fair deal. It should be their system and they should be treated in a beneficial fashion. That is what we have done and will continue to do with respect to these particular changes.

I could go into a wider discussion about issues around the budget, but we will be doing that at other times. Unlike some speakers, I will stick roughly to what the bill is about. But I will just say again that we are talking about an \$11.59 billion budget. It is a record. It builds on the work of the last few years, which builds on the work of the years before that. It recognises yet again that the significance and importance of our veteran community is there for all to see and we should support it. We do support it and we will continue to support it.

I note that the member for Hinkler is still here. I congratulate him on having previously taken a stand on things like the Clarke review. I agree with him that there are other issues that still need to be looked at. This government was committed during the election and is committed during its term to doing exactly that. The previous government did not. The previous government said that, as far as they were concerned, it was over and nothing more was being done. I note the comments of the shadow minister. He made a vague mention of nuclear issues—and there may be other issues to consider there.

Mr Neville—Mr Deputy Speaker, I seek to intervene.

The DEPUTY SPEAKER (Hon. KJ Andrews)—Is the minister willing to give way?

Mr GRIFFIN—Yes.

Mr Neville—Thank you. Would you undertake to look into the cases of those veterans I mentioned—Australians who have served in other spheres, especially people like Mrs Vint?

Mr GRIFFIN—I am happy to do that. The member for Hinkler has raised an interesting point. The thing that is most fascinating about this job is that there are always new issues coming up that need to be looked at, although they often prove to be too difficult to deal with. I am happy to look at this issue. I am amazed that it has not been raised with me before. Although I have been the minister for only a few months, I was the shadow minister for the best part of a term, so I am surprised by that. My understanding is that there were some domiciliary issues related to what Clarke said in his report. We have made a commitment to look at the recommendations from the Clarke report that were not accepted by the previous government, and it may well come up through that. But I certainly undertake to look at this on behalf of the member for Hinkler and I will get back to him as soon as I am able to do so.

Mr Neville—I would be happy to make a submission.

Mr GRIFFIN—If we go ahead on that basis, we would be happy for that to occur. My point beyond that is that essentially I want to assure the House that this legislation is in keeping with legislation over the years that has maintained the integrity of the veterans entitlements system. The government will continue to maintain the integrity of the veterans entitlements system. We are acting on the commitments we made at the election and through this budget, where we have continued down that track to a record level of \$11.59 billion. I look forward to implementing more of our commitments over the following 12 months and to ensuring that I do everything I can to make sure that the veterans community in this country are considered special and treated as they should be.

Question agreed to.

Bill read a second time.

Message from the Governor-General recommending appropriation announced.

Consideration in Detail

Bill—by leave—taken as a whole.

Mrs BRONWYN BISHOP (Mackellar) (6.51 pm)—I just want to say to the minister that, with regard to the fact that the formula has been changed—which will result in a downgrading of the amount of pension paid—even though the saving is, as you put it, ‘small’, to someone who is receiving but a ‘small’ pension, it is large. The fact is that there was an undertaking from your Prime Minister that the buck stops with him. I am making the point that he says that he will not take things away from veterans, but this does in fact take away from veterans.

Mr GRIFFIN (Bruce—Minister for Veterans’ Affairs) (6.52 pm)—I do not want to engage in an across the table debate on these matters. I would like to say that, so far anyway, the shadow minister and I have been getting on pretty well as we go around the traps, talking to the veterans community. But we have to be careful about putting words in the mouths of others with respect to this. Our commitment was very clearly about doing the right thing by the veterans community. It is a commitment which this budget delivers on because it delivers a record return. If you operated off the legislation as it currently stands, and if that were implemented in total in normal circumstances, you would have a situation where some people’s entitlements would be going up and some would be going down. So it is a bit of swings and roundabouts. The delegates interpreted this as being beneficial, and I welcome the fact that they did that. But that is the reason why we have this here, and again I stress that it is negligible.

Mrs BRONWYN BISHOP (Mackellar) (6.52 pm)—I just make the point that the savings made indicate that most of it will be down; there will not be too many ups.

Bill agreed to.

Ordered that this bill be reported to the House without amendment.

CUSTOMS LEGISLATION AMENDMENT (MODERNISING) BILL 2008**Second Reading**

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

That this bill be now read a second time.

Mr PYNE (Sturt) (6.53 pm)—It is my pleasure, on behalf of the opposition, to speak on the Customs Legislation Amendment (Modernising) Bill 2008, which proposes to amend the Customs Act 1901 and the Customs Legislation Amendment and Repeal (International Trade Modernisation) Act 2001 to update the brokers licensing provision to allow more flexibility in employment practices; to modernise provisions relating to duty recovery and payments under protest and to allow refunds to be applied against unpaid duty in some circumstances; to make it an offence to make false or misleading declarations in using the new SmartGate automated passenger-processing solution; and to reflect the new certificate of origin requirements for the Singapore-Australia Free Trade Agreement.

The amendments in this bill were initially included in the Customs Legislation Amendment (Augmenting Offshore Powers and Other Measures) Bill 2006 and the Customs Legislation Amendment (Modernising Import Controls and Other Measures) Bill 2006, which lapsed when the parliament was prorogued. The legislation is seen as uncontroversial by the opposition. It reflects, almost in its entirety and almost in every word, legislation that the coalition produced when in government. We were, of course, in favour of the bill when we introduced it, and we remain in favour of it today. I refer those people who wish to research the arguments of the opposition with respect to this bill to the second reading speech incorporated in *Hansard* by Senator the Hon. Eric Abetz when he introduced the coalition's bill in the Senate in 2006.

Ms SAFFIN (Page) (6.55 pm)—I speak in favour of the Customs Legislation Amendment (Modernising) Bill 2008. It does what its long title suggests: modernises customs legislation in a few key areas. This bill will, when law, give effect to the recommendations of the first ministerial review, in July 2004, of the Singapore-Australia Free Trade Agreement. Importers will be relieved of some cumbersome and unnecessary documentation that is required to be presented to Customs when exporters claim preferential rates and duty on imported goods. It gives recognition to modern employment practices in the customs broker industry by removing outdated requirements in the Customs Act that prohibit single customs brokers from being employed by more than one brokerage at the same time. It limits the period of recovery of customs duty to four years in all cases except those of fraud or evasion where, correctly, no time limit applies. This brings it into line with the existing regime for the recovery of indirect taxes. It also clarifies the process for making a payment of customs duty under protest. So it makes it clear, puts it beyond some doubt and spells out the requirements quite clearly.

The legislation will amend the Customs Act to ensure that any false or misleading information provided using the newly introduced SmartGate solution is covered by the existing offence provisions related to making false or misleading statements to an officer of Customs. I take it that the existing offence provisions are still able to be invoked but that this puts the matter beyond doubt. I also take it that the minister would be able to clarify that for me.

In summary, the bill reflects the new certificate of origin requirements for the Singapore-Australia Free Trade Agreement. It updates the broker licensing provisions, modernises the

provisions relating to duty recovery and payment under protest and makes it an offence to make false or misleading declarations in using the new SmartGate automated passenger processing system. It does what its long title says: modernises customs law.

Mr DEBUS (Macquarie—Minister for Home Affairs) (6.58 pm)—in reply—I thank the previous speakers for their contribution. As members in the Main Committee will have noticed, there is profound consensual agreement about the passage of this bill, which was indeed introduced into the parliament by the previous government. It was in some fashion held up in proceedings when the last election was called, and the new government has merely brought it forward in order that its common-sense provisions may be enacted into law.

Question agreed to.

Bill read a second time.

Ordered that this bill be reported to the House without amendment.

SUPERANNUATION LEGISLATION AMENDMENT (TRUSTEE BOARD AND OTHER MEASURES) (CONSEQUENTIAL AMENDMENTS) BILL 2008

Second Reading

Dr KELLY (Eden-Monaro—Parliamentary Secretary for Defence Support) (6.59 pm)—I present the explanatory memorandum to this bill and I move:

That this bill be now read a second time.

The Superannuation Legislation Amendment (Trustee Board and Other Measures) (Consequential Amendments) Bill 2008 proposes amendments which will update a range of legislation largely as a consequence of other legislative changes.

From 1 July 2008 the superannuation guarantee requirements will change by requiring employers to use ordinary time earnings (OTE) as the earnings base for an employee when calculating their superannuation guarantee obligations in all cases.

The bill therefore includes amendments to the Superannuation Act 1976, which provides for the Commonwealth Superannuation Scheme, the CSS, and to the Superannuation (Productivity Benefit) Act 1988 to reflect these new superannuation guarantee requirements. The amendments are intended to ensure that the benefits provided under those acts will, from 1 July 2008, continue to be sufficient to satisfy an employer's superannuation guarantee obligations in respect of employees who have entitlements under those acts.

In relation to the Superannuation Act 1976, the amendments will enable the detailed changes to be made to the CSS by regulation. The CSS regulations will be made once regulations have been made under the Superannuation Guarantee (Administration) Act 1992 to apply the new OTE requirements to defined benefit schemes like the CSS. Enabling changes to the CSS to be made by regulation will ensure that the changes to the CSS can be in place by 1 July 2008.

The bill amends 24 acts as a consequence of the establishment of the Public Sector Superannuation Accumulation Plan, or the PSSAP. The PSSAP replaced the Public Sector Superannuation Scheme, the PSS, as the main superannuation scheme for new Australian government employees and office holders from 1 July 2005.

Many Commonwealth acts include references to the CSS and PSS when dealing with specific terms and conditions of employment for persons engaged under those acts, such as re-

tiement on invalidity grounds. The bill proposes amendments to those acts to also include a reference to the PSSAP where appropriate, reflecting the likelihood that many future employees or office holders engaged under those acts could be PSSAP members.

Amendments are also proposed to 27 Commonwealth acts to reflect the consolidation of the governance arrangements for the three major superannuation schemes for Australian government employees—the CSS, the PSS and the PSSAP. Since 1 July 2006, the Australian Reward Investment Alliance, or ARIA, has been the trustee for the three schemes. The Superannuation Legislation Amendment (Trustee Board and Other Measures) Act 2006 transferred all the functions of the CSS board to the PSS board, which was already the trustee for the PSS and the PSSAP. The PSS board was renamed ARIA and the CSS board was abolished. The bill makes a number of technical amendments to reflect these changes.

The remaining changes in the bill are of a technical nature. For example, a number of acts which make superannuation arrangements for Australian government employees and members of parliament are to be amended to clarify that certain instruments made under those acts are subject to the Legislative Instruments Act 2003. The LI Act introduced a new, comprehensive regime for the making, registration, parliamentary scrutiny and sun-setting of Commonwealth delegated legislation from 1 July 2005.

Mr DUTTON (Dickson) (7.03 pm)—The Superannuation Legislation Amendment (Trustee Board and Other Measures) (Consequential Amendments) Bill 2008 is largely a replication of the Superannuation Legislation Amendment Bill 2007, passed by the House and introduced into the Senate prior to the 2007 federal election. It is a consequence of changes made in reforming and strengthening Australia's superannuation system by the coalition government. The coalition's reforms to superannuation and the significant long-term benefits to be gained by all Australians highlight the coalition as a party of substance when it comes to policies of this nature.

The reforms introduced by the coalition government have boosted, and will continue to significantly boost, retirement incomes for all Australians. As a result of the coalition reforms, superannuation benefits are tax free for people aged over 60 if they have paid tax on their contributions and earnings. This will be of substantial benefit to most Australians. Total contributions to superannuation increased by 230 per cent during the years under the coalition government, from \$29 billion in 1997 to \$96 billion in 2007. Similarly, total superannuation assets under management increased by 366 per cent, from \$245.3 billion in 1996 to \$1.143 trillion in 2007.

The coalition introduced the government superannuation co-contribution scheme of July 2003 as a means of assisting lower income earners to save for their retirement. Co-contributions increased from \$309 million in 2004 to over \$1.9 billion in 2007. To reward people for preparing for their own future, the coalition paid an additional one-off contribution to double the co-contribution in the 2005-06 financial year. From July 2007, the co-contribution extended to the self-employed, who can claim a 100 per cent deduction for all contributions. This significantly boosts the incentives for the self-employed to contribute to superannuation.

After paying down Labor's debt, the coalition started to prepare and save for the future. We instigated the coalition government's *Intergenerational report*, which shows that over the next 40 years there will be significant budget pressures from an ageing population, with the num-

ber of Australians aged over 65 expected to double by 2047. This will have significant ramifications in the areas of health, age pensions and aged care. Government spending in these areas is projected to exceed revenue by 3.5 per cent of GDP in 2046. As a result of the disciplined and far-sighted policy planning of the coalition government, this is less than the projections of the first *Intergenerational report*, which predicted spending in excess of five per cent of GDP in 2041. In addition to the establishment of the Future Fund, the coalition prepared for these long-term spending pressures by delivering budget surpluses, by eliminating net debt and through careful, long-term economic management.

The government is also facing mounting unfunded Commonwealth superannuation liabilities from 2020 onwards. This is currently the largest quantifiable liability for the Commonwealth. As at May 2007, this liability was \$103 billion and it is expected to grow to approximately \$148 billion by 2020. To alleviate this substantial financial debt for the next generation, the coalition, when in government, established the Future Fund. The Future Fund now has \$61.48 billion in assets as at 30 April 2008. Unlike Labor's so-called investment funds, the coalition ensured the Future Fund could not be used for frivolous expenditure, only making funds available for the Commonwealth's unfunded superannuation liability on 1 July 2020 or if sufficient funds are accumulated to fully meet the liability.

The Superannuation Act 2005 established the Public Sector Superannuation Accumulation Plan. This replaced the Commonwealth Superannuation Scheme and the Public Sector Superannuation Scheme as the main Australian government civilian superannuation scheme.

This bill ensures that the provisions relating to invalidity benefit entitlements are consistent among relevant acts in accordance with section 43 of the 2005 act.

The bill recognises the Australian Reward Investment Alliance, or ARIA, as the single superannuation board, as a number of acts still refer to the previous CSS and PSS boards. ARIA has the important responsibility of managing Australian government employees' superannuation. ARIA aims to ensure accurate and timely information is available to its members and accordingly publishes interest determinations for the CSS, the PSS and the PSSAP on the scheme websites. This bill rightly proposes that the requirement of the Superannuation Act 1976 for gazettal of CSS interest determinations be removed on the basis that compliance with such a requirement is onerous and expensive.

In addition to technical amendments to a number of acts, this bill will amend relevant superannuation acts to reflect the replacement of provisions in the Acts Interpretation Act 1901 with provisions from the Legislative Instruments Act 2003. This bill proposes amendments to ensure benefits under the CSS comply with the Superannuation Guarantee (Administration) Act 1992. Specifically, it will ensure compliance in relation to the ordinary time earnings method of calculation, which varies to calculations based on superannuation salary used under the CSS.

In closing, can I say that the coalition does support this legislation. I thank Mr Tom Fleming for his assistance and advice in the preparation of this speech tonight. This bill is uncontroversial, and the coalition lends its support to the bill before the House.

Mr SHORTEN (Maribyrnong—Parliamentary Secretary for Disabilities and Children's Services) (7.10 pm)—I rise to support the Superannuation Legislation Amendment (Trustee Board and Other Measures) (Consequential Amendments) Bill 2008. I believe it is long over-

due. I am pleased that the coalition is supporting it, although I suspect the tenor of my speech will be not one which the coalition can support—but I should not get ahead of myself.

The main purpose of this bill is to make changes to the Superannuation Act 1976 and some other 30 acts in respect of changes to the superannuation guarantee requirements from 1 July 2008, requiring employers to use ordinary time earnings as the earnings base for an employee when calculating superannuation guarantee obligations. These changes are intended to ensure that the benefits provided under those acts will continue to be sufficient to satisfy an employer's superannuation guarantee obligations in respect of employees who have entitlements under those acts.

Prior to this, employers could use a number of different bases for calculating nine per cent superannuation guarantee payments. For example, the superannuation salary in an award was one method of calculating entitlements. Superannuation salary often did not include allowances, over-award payments, shift loadings and commissions. But ordinary time earnings include all of these things—but do not, I must add, with certain exceptions, include overtime automatically. As the House would know, the minimum super amount that you have to pay is nine per cent of each eligible employee's earnings base. An employee's earnings base is generally their ordinary time earnings. From 1 July 2008, ordinary time earnings should always be used.

Some employers currently pay superannuation on an earnings base that existed before the superannuation guarantee was introduced. This has meant, historically, two employees in similar circumstances could receive different superannuation guarantee amounts. The new law standardises upwards the earnings base to ordinary time earnings for all employees, so employees in similar circumstances doing the same work receive the same contributions. This measure, in my opinion, will add certainty and consistency, and should be applauded. When I was a union official we struggled for better superannuation, and I believe this legislation is another part of Labor's commitment to ensuring a fair go all round for working Australians.

I would like to note Senator Andrew Murray's comments in the Senate, where he sought to amend this bill. Senator Murray's amendment concerned the equal treatment of same-sex couples under superannuation laws, and he correctly wanted to remove discrimination. He appeared, from his speech, to believe that, because the previous Howard government never acted to change this state of affairs, despite pledging to do so, the current Labor government would follow their lead. He said in the Senate chamber:

The coalition I think needs to stand up and say to the Labor government, both in the Senate and in the House: 'Come clean. When are you going to fix this problem?' You now have this HREOC report and the question is not what you are going to do about it, because you have said you are going to fix it, but when you are going to fix it. I will put to the minister again for the record the main question he must answer if he rejects the very well crafted amendment that I have circulated, which is: when will you act to rectify this deplorable and highly inconsistent treatment of superannuation for de facto and interdependent partnerships?

The senator should now be satisfied on a number of fronts. First, as you are well aware, the government has introduced the Same-Sex Relationships (Equal Treatment in Commonwealth Laws—Superannuation) Bill 2008. This change, which has been enacted by the Rudd government, is historic, welcome and a long-overdue correction of discrimination against citizens on the basis of their sexuality.

Senator Murray should also note that the Rudd government cannot be compared to the previous government. We have no core and non-core promises. We made commitments before the election, and we are implementing them. It is easy to understand why an honourable man such as Senator Murray may have been habituated by 11½ long years of the Howard doing-nothing government to accept the dissembling, the dodging and the downright untruthfulness as the norm of government in Australia. I hope that, in his remaining time in this place, he sees that not all governments are alike and that the current government—the Rudd government—is many, many cuts above what has gone before.

I have also noted the comments of Senator the Hon. George Brandis in supporting this bill. Senator Brandis claimed that the former Howard government was the great reform government in Australia's history when it came to superannuation policy, but even he would be hard-pressed to call his party the party of superannuation reform, because it never has been and it certainly is not. I think everyone will agree and recall that the true reformer in superannuation, just as in welfare, is the Labor Party.

It was the Hawke-Keating Labor government, ably assisted and working with Bill Kelty and the Australian Council of Trade Unions, which revolutionised the superannuation system—and thank goodness they did—providing us with a \$1 trillion plus savings sector in Australia. They introduced the superannuation guarantee charge, requiring employers for the first time to make private contributions to employees' superannuation to protect workers from poverty. It is a comprehensive system that makes financial security something for all Australians, not just those who can afford it. This is reform; it is not tinkering around the edges.

When the Hawke-Keating government was enacting its changes the Liberal opposition fiercely opposed the measure, as they have every time that Labor has sought to increase the contributions from three to nine per cent. This has been very short-sighted policy, which thankfully was defeated at the time. All Australians now are the beneficiaries of the Hawke-Keating government's commitment on superannuation.

One very good thing to come out of the changes of the Hawke-Keating era in superannuation was industry super funds, which today look after the superannuation needs of more than five million hardworking Australians. Prior to entering this place I was fortunate to be able to serve as a director on a range of superannuation and investment funds for up to a decade, so I read with real interest the research released by APRA last month on superannuation fund governance. It compared a number of governance activities of funds across different sectors. The not-for-profit part of the industry, the industry fund part, came out much better I believe than retail funds.

Here are some comparisons of note. Industry fund directors spent an average of 1,364 hours per year on their fund work and retail fund directors, according to APRA, spent 559 hours on theirs. The primary employer of 58 per cent of retail fund board directors is a fund service provider or the actual current fund. This applies to only four per cent of industry fund directors. Another finding I found very telling is that, while only 21 per cent of retail fund directors are actually members of the fund that they are a director of, 62 per cent of industry fund directors are members of theirs—taking an active interest in what goes on.

I look forward to APRA's next report, which will consider if there is a link between governance and investment performance. Members would be aware that the performance of industry funds has for over a decade been superior to that of the retail for-profit sector. It is ap-

parent, I am sure, that I believe that industry funds have been excellent performers for their members. I certainly believe that they have been better for workers, as they charge lower fees than the average retail fund and pay no commission to advisers and financial planners. Industry funds—part of the superannuation reforms of which this legislation is another strand—benefit their members. I am proud that they have emerged from the stable of Labor reform in superannuation.

Labor has always been the party which truly cares for and supports Australian workers and families. No amount of Johnny-come-lately revisionism from the opposition can change that. I commend this bill to the House.

Dr KELLY (Eden-Monaro—Parliamentary Secretary for Defence Support) (7.18 pm)—in reply—I thank the honourable members for their contribution to this discussion on the Superannuation Legislation Amendment (Trustee Board and Other Measures) (Consequential Amendments) Bill 2008, particularly the member for Maribyrnong for the invaluable historical and contextual information he provided. I note the consensual nature of the support for this bill. I commend the bill to the Committee.

Question agreed to.

Bill read a second time.

Ordered that the bill be reported to the House without amendment.

CUSTOMS AMENDMENT (STRENGTHENING BORDER CONTROLS) BILL 2008

Second Reading

Debate resumed from 20 March, on motion by **Mr Debus**:

That this bill be now read a second time.

Ms MARINO (Forrest) (7.19 pm)—The Customs Amendment (Strengthening Border Controls) Bill 2008 proposes to amend the Customs Act 1901 and the Customs Legislation Amendment and Repeal (International Trade Modernisation) Act 2001 to allow a person to surrender certain prohibited imports that have not been concealed; allow for the granting of post-importation permissions for certain prohibited imports; allow infringement notices to be served for certain offences, including importing certain prohibited goods and border security related offences; and enable Customs officers boarding a ship or aircraft to conduct personal searches for, and take possession of, weapons or evidence of specified offences. The amendments in this bill were initially included in the Customs Legislation Amendment (Augmenting Offshore Powers and Other Measures) Bill 2006 and the Customs Legislation Amendment (Modernising Import Controls and Other Measures) Bill 2006 that lapsed when the parliament was prorogued. This legislation is seen as non-controversial in that it reflects legislation that the coalition introduced when in government. There has been some redrafting of the bill but the effect is the same as the measures that were previously sought.

Mr HAYES (Werriwa) (7.21 pm)—I rise to support the Customs Amendment (Strengthening Border Controls) Bill 2008, which strengthens the enforcement powers of Customs officers. Customs plays an absolutely vital role in protecting the borders of this country against illegal entry of persons and harmful goods et cetera. We tend to take for granted the role played by many of our law enforcement agencies, particularly Customs. Customs is Australia's primary border protection agency and provides a sense of security for the community as

a whole. Quite frankly it is largely responsible for our safe environment. Customs remains focused on intercepting illegal drugs and other items that are potentially harmful to our community. This bill will give additional powers to those who go out and detect the unlawful movement of these goods to our shores. This bill contains provisions for strengthening the border enforcement powers of Customs officers and for implementing three regimes to allow Customs greater flexibility in dealing with the importation of prohibited goods.

Customs officers have always had the ability under the existing act to board vessels and detain persons. But this act gives additional search powers. It is all very well to board a vessel only to find that the contraband or the substance that is being looked for has been jettisoned or that weapons have one way or another been dismissed from the search. This bill allows our Customs officers to conduct an immediate search. There is the provision under the existing act for them to initiate a detailed search of an aircraft or a vessel of some description where the Customs officer has first formed a reasonable view or held a reasonable suspicion that either there was contraband on the vessel or the vessel was engaged in what is often referred to as the commissioning of an offence. That reasonable view will be tested by the lawyers in the courts, so this goes to the admissibility of the evidence that is collected in those activities by Customs. This bill seeks to strengthen powers not just to detain people but to obtain necessary evidence to effect prosecutions in Australian courts. It strengthens powers to initiate the search immediately. The Customs officer will no longer need to demonstrate to a court that there was reasonable suspicion—at least in his mind—to initiate the search.

On the one hand, people might think that this is pedantic but, on the other hand, in terms of defending a prosecution, this is something about which much is made by people who are apprehended by many law enforcement officers, including Customs. As my friend the member for Forrest said, the bill also makes it possible for officers to immediately, upon boarding a vessel, search for, take possession of and detain weapons, persons trying to escape and evidence of the commission of the relevant offence. These are things which I think everybody would support. Most people would probably take them for granted, but I do commend the minister for bringing this matter forward.

In addition to strengthening the powers of Customs officers in terms of initiating searches, the bill also provides additional powers for Customs officers to deal effectively with prohibited imports that are of low value and low risk. Currently, Customs only has the power to seize prohibited imports, which is a time-consuming activity and an intensive process. This will allow more discretion to Customs officers in dealing with contraband or prohibited items. It allows a person to be able to surrender to Customs proscribed prohibited imports. Should those items be surrendered, they can be treated as condemned items and be forfeited to the Crown; and, as a consequence, that person will not be subject to a residual prosecution.

The bill also amends the Customs Act to give Customs the option to allow a person to apply for post-importation permission to apply to import what would otherwise be prohibited goods that have not been concealed, rather than having the goods seized. That is not automatic but it is a discretion to be exercised by the Customs officer. If permission is granted, the goods are no longer regarded as prohibited goods. The amendment also gives Customs the option to issue infringement notices for certain imports. In that instance, the goods are treated as condemned and are forfeited but the person is not subject to any ongoing prosecution. This is

only in relation to goods that are of low risk and low value, and at all times Customs does retain the ability to seize goods which are prohibited imports.

This is a good piece of legislation. It strengthens the law enforcement capability of the Australian Customs Service which, as I said at the outset, we probably take for granted and yet it is our premier law enforcement organisation protecting our shores from foreign contraband. I commend the bill to the House.

Mr DEBUS (Macquarie—Minister for Home Affairs) (7.29 pm)—in reply—I thank the members for their contribution to the debate and observe that the member for Werriwa appears to be especially familiar with the work of the Customs officers who do so well in protecting the borders of this country! As has already been indicated, the Customs Amendment (Strengthening Border Controls) Bill 2008 implements three new regimes to allow Customs greater flexibility in dealing with the importation of prohibited goods that are of low value and low risk. It allows Customs officers to use additional powers to deal efficiently with proscribed and prohibited imports of that sort. The problem at the moment is that Customs has only got a single, blunt power—that is, the power to seize imports. That ends up being a very time-consuming and inefficient exercise when you are dealing with substantial numbers of goods that are, in fact, of low value or low risk. So the bill provides for this tiered response to sanctions that deal with prohibited imports.

First of all, it allows a person to voluntarily surrender certain prohibited goods that have not been concealed, in the same way you may do if you go through quarantine at the moment with some apples from the wrong part of the world. Second, infringement notices might be issued for certain offences, including for importing certain prohibited imports and for border security related offences. Third, the bill allows for the granting of post-importation permissions for certain prohibited imports rather than their automatic seizure. So, as has been agreed in the debate, the bill will allow Customs officers to perform their role more effectively and efficiently.

We should just speak very briefly about the search powers that are also amended in the bill. It is proposed to allow Customs officers, immediately upon boarding a ship suspected of being involved in offences against particular acts, to search for, examine, take possession of and keep items that might be a weapon, might be used to help a person escape detention or might provide evidence of an offence against acts that are here specified. Again, this is a legislative change that is designed to ensure the safety of Customs officers and to better allow them to protect themselves from possible attack while they are investigating a ship, for instance, suspected of being involved in an offence, as well as preventing the possibility of evidence of an offence simply being thrown overboard before the ship reaches Australia. In other words, this particular change actually acknowledges that, in the environment of the sea far offshore, you must ensure that Customs officers are sufficiently protected against the kinds of risks to which they are almost routinely subjected these days. This change ensures that that is so.

Where a person might be arrested as a suspect for an offence, the amendments just minimise the opportunities for the suspect to escape custody. These new powers, I should add, are complemented by provisions regarding the proper manner in which they might be exercised. In other words, it is recognised that these are powers that are beyond those that are available in the ordinary circumstances of arrest in a civilian situation. They are justified, but at the same time it is acknowledged by Customs that they should be exercised in an especially re-

sponsible manner. I commend this bill to the Main Committee, and I again congratulate Customs on the especially effective work that it continues to do in the protection of our borders.

Question agreed to.

Bill read a second time.

Ordered that this bill be reported to the House without amendment.

Main Committee adjourned at 7.34 pm