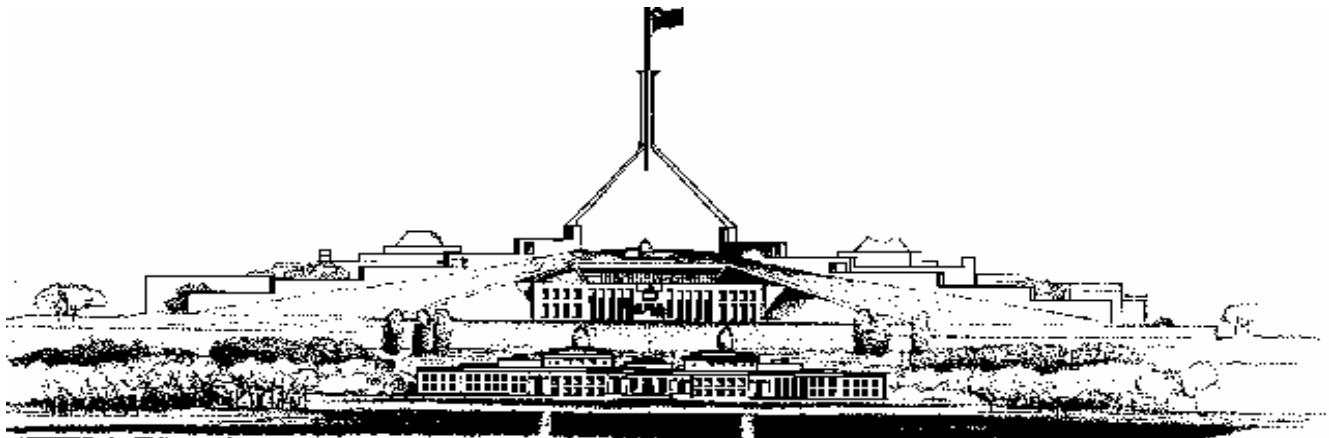




COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



House of Representatives

Official Hansard

No. 7, 2007

Thursday, 24 May 2007

FORTY-FIRST PARLIAMENT
FIRST SESSION—NINTH PERIOD

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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SITTING DAYS—2007

Month	Date
February	6, 7, 8, 12, 13, 14, 15, 26, 27, 28
March	1, 20, 21, 22, 26, 27, 28, 29
May	8, 9, 10, 21, 22, 23, 24, 28, 29, 30, 31
June	12, 13, 14, 18, 19, 20, 21
August	7, 8, 9, 13, 14, 15, 16
September	10, 11, 12, 13, 17, 18, 19, 20
October	15, 16, 17, 18, 22, 23, 24, 25
November	12, 13, 14, 15, 26, 27, 28, 29
December	3, 4, 5, 6

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

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Deputy Leader—The Hon. Peter Howard Costello MP

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The Nationals

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Thomson, Kelvin John	Wills, Vic	ALP
Ticehurst, Kenneth Vincent	Dobell, NSW	LP
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Vale, Hon. Danna Sue	Hughes, NSW	LP
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Vasta, Ross Xavier	Bonner, Qld	LP

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Windsor, Antony Harold Curties	New England, NSW	Ind
Wood, Jason Peter	La Trobe, Vic	LP

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ALP—Australian Labor Party; LP—Liberal Party of Australia; Nats—The Nationals;
Ind—Independent; CLP—Country Liberal Party; AG—Australian Greens

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Clerk of the House of Representatives—I C Harris
Secretary, Department of Parliamentary Services—H R Penfold QC

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Treasurer	The Hon. Peter Howard Costello MP
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Minister for Defence	The Hon. Dr Brendan John Nelson MP
Minister for Foreign Affairs	The Hon. Alexander John Gosse Downer MP
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(The above ministers constitute the cabinet)

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Parliamentary Secretary to the Minister for Fi- nance and Administration	Senator the Hon. Richard Mansell Colbeck
Parliamentary Secretary to the Minister for Indus- try, Tourism and Resources	The Hon. Robert Charles Baldwin MP
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Parliamentary Secretary to the Minister for De- fence	The Hon. Peter John Lindsay MP
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Shadow Minister for Foreign Affairs	Robert Bruce McClelland MP
Shadow Minister for Ageing, Disabilities and Carers	Senator Jan Elizabeth McLucas

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Shadow Parliamentary Secretary for Industrial Relations	Brendan Patrick John O'Connor MP
Shadow Parliamentary Secretary for Industry and Innovation	Bernard Fernando Ripoll MP
Shadow Parliamentary Secretary for Northern Australia and Indigenous Affairs	The Hon. Warren Edward Snowdon MP
Shadow Parliamentary Secretary to the Leader of the Opposition (Social and Community Affairs)	Senator Ursula Mary Stephens

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Thursday, 24 May 2007

The SPEAKER (Hon. David Hawker) took the chair at 9 am and read prayers.

**NATIONAL HEALTH AMENDMENT
(PHARMACEUTICAL BENEFITS
SCHEME) BILL 2007**

First Reading

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

Bill read a first time.

Second Reading

Mr ABBOTT (Warringah—Minister for Health and Ageing) (9.01 am)—I move:

That this bill be now read a second time.

The Pharmaceutical Benefits Scheme (PBS) is an excellent system for funding access to medicines and has served the Australian people well for many years.

The PBS provides Australians with timely, reliable and affordable access to necessary and cost-effective medicines. Patients normally pay only standard copayments to access medicines which often would otherwise be unaffordable. Doctors and patients can often choose between a variety of medicines and brands to treat a particular condition. Medicines that are listed on the PBS are assessed by experts to be clinically effective and cost effective.

In 2005-06, the government provided \$6.2 billion to subsidise access to medicines listed on the PBS. More than 168 million prescriptions across a wide range of PBS listed medicines were dispensed, ranging from relatively low-cost, high-volume medicines for the treatment of long-term chronic conditions to highly targeted, expensive medicines for acute and life threatening illness.

Every year important new medicines are listed on the PBS. Since August 2006, more than \$1.3 billion has been committed to fund

access to new medicines: medicines such as Herceptin for early breast cancer, Lantus and Levemir for the management of diabetes and Raptiva for the treatment of psoriatic arthritis. This is good news for patients, more of whom now have access to the latest medicines.

Other PBS listed drugs have recently had their criteria extended so they are now available to more patients. These include the statin group of drugs, including extensions to the listing of Ezetrol and Vytorin, and broadened eligibility for alendronate for the treatment of osteoporosis.

It is our responsibility, however, to continue to scrutinise schemes like the PBS to ensure that we are getting good value for taxpayers. The structures we have in place must be able to continue to provide access to new and expensive medicines for future generations.

The integrated package of reforms to the PBS I announced on 16 November 2006 delivers this dual aim. It puts in place structural changes to the pricing of medicines to achieve good value for listed medicines, while delivering long-term savings to support the continued listing of cost-effective medicines into the future.

The reform package includes:

- a new structure to the PBS schedule with new pricing arrangements for listed medicines, including statutory price reductions and greater transparency through price disclosure requirements;
- a pharmacy support package to help community pharmacists to adjust to the new arrangements;
- streamlined authority approvals for a large number of medicines, which will give doctors more time to spend with their patients;

- establishing a working group to consider issues of continued access to innovative medicines through the PBS; and
- a public awareness campaign to increase knowledge and usage of generic medicines.

Key industry stakeholders, particularly Medicines Australia, the Pharmacy Guild and the Australian Medical Association, have indicated their general support for these reforms.

The bill contains amendments to the National Health Act 1953 that will change the pricing arrangements for medicines to make sure that the government pays better prices for multiple brand medicines, without increasing the costs for patients and taxpayers.

These changes are forecast to save more than \$580 million over the next four years, growing to \$3 billion over the next 10 years.

The fundamentals of the PBS will not change. Patients will continue to meet only the standard copayments, currently \$4.90 for concessionary patients and \$30.70 for general patients. In some cases, where the price of a medicine falls below the general copayment, patients will pay less. The Pharmacy Guild has estimated that about 400 brands will fall into this category.

The government will continue to list only those medicines that the Pharmaceutical Benefits Advisory Committee (PBAC) has assessed as safe, effective and cost effective. The legislation does not amend those sections of the act that set out the basis on which the PBAC provides advice on the listing of medicines.

The main changes will be in the way that the government prices medicines that are operating in a competitive market. In recent times, the government has been paying too much for many multiple brand medicines where there is a competitive market operat-

ing. These medicines will take price reductions in the short term, and eventually will move to a more transparent system where the price the government pays is much closer to their market price.

The Formularies

The first major reform enacted by this bill is to divide medicines on the PBS into separate formularies, F1 for single brand medicines and F2 for multiple brand medicines. A medicine can be listed on only one formulary. Importantly, there will be no price links between these formularies.

This classification of medicines into formularies is an important step in tackling a problem that has arisen in the current system of PBS pricing, where the price of single brand and multiple brand medicines that provide similar health outcomes has been linked.

In this environment, it has been difficult to impose price reductions on those multiple brand medicines which the government knows are being discounted to pharmacies. This is because, in many cases, the reductions flow directly on, through price linking, to single brand medicines that are not being discounted. This has caused some difficulties for industry and places patients at risk of losing subsidised access to many worthwhile medicines.

Classifying medicines into formularies with no price links between them allows the government to reduce the price paid for medicines operating in a competitive market while protecting single brand medicines from unsustainable price reductions.

The government and pharmaceutical stakeholders have worked cooperatively to develop the criteria to determine on which formulary each drug should be placed. I would like to thank the industry for their constructive work with the government

through periods of consultation and negotiation.

Statutory Price Reductions Applying to Formulary

The F1 formulary will comprise single brand medicines, which are not subject to price competition in the market. No statutory price reductions will apply to these medicines. When a new brand of an F1 medicine is listed on the PBS, the medicine will move to the F2 formulary and be subject to the F2 pricing arrangements.

This means that single brand medicines may retain their original listed price until such time as they become subject to competition. This will provide companies with greater certainty about the price of these medicines and help ensure that patients continue to access them, without keeping the price of other medicines artificially high.

The F2 formulary will comprise those medicines which have multiple brands, and those which are interchangeable at the patient level with multiple brands that operate in a competitive market.

From 1 August 2008 reductions in the prices of F2 medicines will be required:

- There will be a price reduction of two per cent a year for three years for medicines where price competition between brands is low (these are referred to as F2A medicines); and
- There will be a one-off price reduction of 25 per cent for medicines where price competition between brands is high (these are referred to as F2T medicines).

The National Health (Pharmaceutical Benefits) Regulations will set down the formularies at the commencement of the legislation on 1 August 2007.

Medicines will move from F1 to F2 when a new brand is listed, reflecting the introduction of competition for that medicine. The

criteria for moving between formularies are provided in the bill.

Certain medicines which are a combination of two or more medicines (at least one of which is PBS listed) are to be placed on a list outside the formularies. Their prices are to be based on the weighted price of their component medicines. Therefore, if one of these component medicines has a price reduction, the price reduction will be apportioned to the combination medicine. This is consistent with the current approach to pricing combination medicines.

In discussions with industry on these changes, concerns have been raised that some medicines have unique formulations that serve the particular needs of a sub-population, such as oral solutions for paediatric or geriatric patients. Industry has told me that they supply these medicines at low volume and with little profit and cannot afford to reduce the price of these formulations.

In response, I have allowed for single brand formulations of some medicines to be exempt from the price reductions applying to the medicine as a whole. The exemption will apply as long as there is only one PBS listed brand of that formulation. It will apply to statutory price reductions and those that may arise from future price disclosure arrangements. Exempting these formulations from price reductions will ensure that they will continue to be supplied to the patients who need them.

Exemptions from price reductions will be established through ministerial determination, in accordance with criteria set out in this bill.

When an F1 medicine moves to F2, it will be subject to a statutory 12.5 per cent price reduction. Similarly, if a medicine on F2 has not already received a 12.5 per cent price

reduction, then it will receive that price reduction when a new brand is listed.

Price Disclosure

These price reductions will in the short term give better value to taxpayers for listed PBS medicines. In the longer term, this aim of improved value will be sustained by moving to a system of transparency in the pricing arrangements for multiple brand medicines on the F2 formulary.

From 1 August 2007, a company listing a new brand of a medicine on the F2A formulary must disclose market price data to my department. Sponsors of all other brands of that medicine which are administered in the same way will also be invited to voluntarily disclose market price data.

This price disclosure requirement will also apply to medicines listed on the F2T formulary from 1 January 2011.

The price data required by my department will include indirect financial benefits provided to wholesalers and pharmacies, as well as price discounts.

This price disclosure data, collected over a 12-month period, together with utilisation data, will determine the weighted average price of those medicines subject to price disclosure requirements.

Price reductions will occur only if the difference between the current approved ex-manufacturer price and the weighted average disclosed price is 10 per cent or more. This will allow room for some residual competitive market activity.

A company participating in price disclosure, either as a requirement of listing or on a voluntary basis, which fails to comply with price disclosure requirements will commit an offence, with a penalty of \$33,000 for a corporation.

Further penalties include delisting that brand or other brands from the PBS, or refus-

ing to list new brands of that company. The application of the penalties would depend on a range of factors, such as the number of times the company did not comply with price disclosure requirements and the reasons for non-compliance.

Price disclosure will introduce transparency to the pricing arrangements for PBS medicines. It will retain the benefits that flow from market competition, whilst enabling taxpayers to capture some of those benefits.

Guarantee of Supply

The bill also includes provisions for new bioequivalent brands of medicines listing on the PBS, and existing brands of F2 medicines offering price reductions, to guarantee supply for a minimum period of 24 months, or until a new lower priced brand is listed, whichever is the sooner.

If during the guarantee of supply period, a responsible person forms the belief that there could be a failure to supply, or if there is a failure to supply, that person must notify the minister, in writing.

Should a responsible person fail to comply with the guarantee of supply requirements the penalties would again include delisting that brand or other brands from the PBS, or refusing to list new brands of that company.

Regulations and Legislative Instruments

A number of elements of the reforms are managed through regulations and legislative instruments.

The original allocation to formularies will be through regulations.

The method for collecting and analysing data for price disclosure purposes will also be provided for in the regulations.

Additionally, medicines that are subject to the new streamlined authority provisions will be listed in a legislative instrument. The list of these medicines has been considered by

the Pharmaceutical Benefits Advisory Committee.

Other Elements

Finally, there are several additional elements to the reform package which will be managed through administrative arrangements.

A community education campaign will be undertaken to ensure that consumers and health professionals are aware of the safety, health and economic benefits of generic medicines. The campaign will focus in particular on high users of the PBS and will increase awareness that:

- All medicines in Australia, including generics, meet the same high standards of safety and effectiveness;
- Generic medicines may save consumers money; and
- Generic medicines help maintain the affordability of the PBS into the future.

An Access to Medicines Working Group has been formed. It comprises representatives from my department and from Medicines Australia, and has been set up to consider issues relating to timely and appropriate access to effective new medicines. The first meeting of the Access to Medicines Working Group has already taken place.

This group will be the key forum for high-level engagement between my department and the industry on access to medicines issues.

Conclusion

In conclusion, these reforms achieve necessary change to the PBS to make it sustainable into the future, without changing the fundamentals of how it works.

The PBS will continue to provide access to a wide range of medicines, and will support the listing of new cost-effective medicines.

The PBAC will continue its crucial role in advising on clinical and cost-effectiveness to inform listing decisions.

Patients will continue to have a clinically effective medicine at the copayment price. For many medicines that are priced below the general copayment, patients will pay less.

There will be no change to the PBS safety net, which will continue to ensure affordability for patients with chronic conditions or high use of medicines.

Access to medicines will continue to be through community pharmacies but with much greater transparency about the level of pharmacy remuneration, resulting in better prices being paid by government.

These reforms have been designed following a long period of consultation with industry groups. Again I would like to thank all those who have participated for the open and collaborative way in which they have contributed to discussions of reform.

There is no doubt that the new arrangements will require a period of adjustment. It is good that all industry groups have been willing to set aside their short-term interests to contribute to designing a sustainable PBS that can continue to provide Australian patients with access to a wide range of medicines at an affordable price.

Patient access is at the centre of these reforms and should be guaranteed by the structural changes that I presented today.

I commend the bill to the House.

Debate (on motion by **Ms Plibersek**) adjourned.

EVIDENCE AMENDMENT (JOURNALISTS' PRIVILEGE) BILL 2007

First Reading

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

Bill read a first time.

Second Reading

Mr RUDDOCK (Berowra—Attorney-General) (9.16 am)—I move:

That this bill be now read a second time.

This bill implements an important reform to the Commonwealth Evidence Act 1995 by introducing a privilege that will protect confidential communications between journalists and their sources. This privilege will assist journalists to reconcile their ethical obligations with their legal duty to provide courts with relevant evidence when requested. In applying the privilege, courts will be required to give consideration to the protection of interests including freedom of the press and the public's right—or need—to know.

There has been significant recent commentary about the need to ensure and maintain freedom of the press. Currently, except in New South Wales, if a court compels a journalist to produce evidence about a confidential source or information provided by that source, there is no legal basis for the journalist to seek to refuse. Yet, journalists also operate under a strict code of ethics which stipulates a clear obligation to keep a source's confidence.

This conflict between the legal reality and ethical obligation can lead—and indeed has led—to situations where journalists have been forced to choose between protecting their sources or being charged with contempt of court and facing imprisonment.

This bill seeks to achieve a balance by introducing a privilege—at the trial and pre-trial stages of civil and criminal proceedings—for communications made in confidence to journalists.

The proposed privilege is based on recommendations made by the Australian, New South Wales and Victorian law reform commissions in their Uniform Evidence Law

report tabled in this place on 8 February 2006. The report proposed a privilege based on New South Wales provisions that have been operating since 1998.

In the interests of achieving a national, uniform approach to this issue the Australian government has accepted the recommended model.

The new privilege will not be absolute. The proposed provisions set out a guided discretion for the court to exclude evidence which would disclose confidential communications made to a journalist who is under an ethical obligation not to disclose that information. The protected information can be information provided to the journalist, information about the source's identity, or information that would make it possible for that identity to be discovered.

In deciding whether to exclude the evidence, a court will take into account:

- the nature of the proceedings
- the importance of the evidence
- the likely harm to the journalist's source
- other means to obtaining the evidence, and
- the means available to limit the impact of disclosure.

Further, in a modification to the New South Wales model, the court will be required to give greatest weight to the risk of prejudice to national security. This deviation from the model is a justified and necessary update.

The bill also amends the Family Law Act 1975 to ensure that the privilege can be claimed on behalf of a child and that the best interests of the child are paramount when a court is determining whether confidential communications should be disclosed.

While this bill implements a new privilege, there are some recognised situations

where it would not be appropriate for it to apply. Accordingly, the bill makes consequential amendments to the Proceeds of Crime Act 2002 and the James Hardie (Investigations and Proceedings) Act 2004 to ensure that the journalists' privilege does not apply in circumstances where legal professional privilege has already been abrogated for public policy reasons.

Further, the privilege will not apply if the communications between the journalist and his or her source involve misconduct such as furtherance of fraud or another offence.

Protection of journalists and their sources is a national issue. It is important that any approach be a national one. The amendments being introduced today will protect journalists in federal proceedings, but to ensure protection before the other courts, the states and the Northern Territory will need to enact similar legislation. I will be continuing to encourage my state and territory counterparts to introduce similar amendments as expeditiously as possible.

The Standing Committee of Attorneys-General has also been considering a variety of other amendments to the uniform evidence acts. I remain committed to working to achieve model uniform evidence laws as this will be a great outcome for all Australians. It is my hope that I will soon be introducing another bill which will implement more general reforms to the Evidence Act. However, the protection of journalists is too important an issue to wait for the finalisation of that other bill.

This bill represents a significant amendment to the Evidence Act. It will assist the courts to balance the interests of justice in needing to make evidence available with the public interest in ensuring a free press by protecting confidential communications between journalists and their sources.

Debate (on motion by **Ms Plibersek**) adjourned.

MIGRATION AMENDMENT (STATUTORY AGENCY) BILL 2007

First Reading

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

Bill read a first time.

Second Reading

Mr ANDREWS (Menzies—Minister for Immigration and Citizenship) (9.21 am)—I move:

That this bill be now read a second time.

The Migration Amendment (Statutory Agency) Bill 2007 will implement the last of a range of minor changes to the legislative framework of the Migration Review Tribunal and the Refugee Review Tribunal recommended in the Uhrig report, *Review of the Corporate Governance of Statutory Authorities and Office Holders*, in 2003.

The purpose of the recommended changes is to strengthen the governance of the two tribunals and give legal effect to the practical reality that they have progressively been administered as one agency since 2001.

The bill will insert a new section into the Migration Act 1958 that will establish a single statutory agency for the purposes of the Public Service Act 1999, consisting of the Principal Member of the Refugee Review Tribunal and the registrars, deputy registrars and other officers of both the Refugee Review Tribunal and Migration Review Tribunal engaged under the Public Service Act.

The new section will also provide that the Principal Member of the Refugee Review Tribunal will be the agency head of the statutory agency.

Under the current statutory arrangements, the Australian Public Service employees working at the tribunals are legally employed

by the secretary of my department. However, for all practical purposes, tribunal staff are directed by the principal member, who is the executive officer of both of the tribunals, under powers delegated by the secretary.

This bill gives legal effect to the administrative arrangement that the principal member of the tribunals is the employer of the Australian Public Service employees working at the tribunals, not the secretary of my department.

Since 2001, the two tribunals have progressively amalgamated their administrative operations to achieve efficiencies and savings and allow for more flexibility in managing the fluctuating caseloads of the two tribunals. Creating a single statutory agency for the purposes of the Public Service Act is consistent with this administrative reality.

Both tribunals are now co-located in Sydney and Melbourne and have common registries and legal, research, library, corporate and administrative facilities.

As with the principal member, other members are also cross-appointed to both tribunals to allow them to hear cases in either tribunal. The Australian Public Service staff who work at the tribunals are covered under the same certified agreement and provide their services to either tribunal, as required.

Mr Speaker, I said earlier that the bill provides for the principal member of the Refugee Review Tribunal to be the agency head of the statutory agency established for the purposes of the Public Service Act. This is an important provision because it ensures that, if in future two individuals are separately appointed as the Principal Member of the Refugee Review Tribunal and the Principal Member of the Migration Review Tribunal, there will still be certainty about who is the head of the single statutory agency established for the purposes of the Public Service Act.

As a statutory appointee, the Principal Member of the Migration Review Tribunal will not form part of the statutory agency.

The bill provides for the Principal Member of the Refugee Review Tribunal to be the agency head because this is consistent with similar amendments to the Financial Management and Accountability Regulations 1997, which establish the tribunals as a single prescribed agency for the purposes of the Financial Management and Accountability Act 1997 and makes the Principal Member of the Refugee Review Tribunal the head of that agency.

It is important to stress that this bill will not change the functions of the two tribunals under the Migration Act and will not diminish the role and responsibility of the position of Principal Member of the Migration Review Tribunal under that act.

By making the Australian Public Service employees of the two tribunals a single statutory agency for the purposes of the Public Service Act, the bill will clarify the employment arrangements of the tribunals' staff and will bring the tribunals into line with other merits review tribunals which are already statutory agencies, such as the Administrative Appeals Tribunal.

I commend the bill to the House.

Debate (on motion by **Ms Plibersek**) adjourned.

**FAMILY ASSISTANCE LEGISLATION
AMENDMENT (CHILD CARE
MANAGEMENT SYSTEM AND OTHER
MEASURES) BILL 2007**

First Reading

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

Bill read a first time.

Second Reading

Mr BROUUGH (Longman—Minister for Families, Community Services and Indigenous Affairs and Minister Assisting the Prime Minister for Indigenous Affairs) (9.26 am)—I move:

That this bill be now read a second time.

This bill is an important step towards fulfilling the government's recent childcare initiatives for Australian families.

It provides in particular for the Child Care Management System (CCMS), which is a significant investment in improving the supply of information and accountability across the childcare sector. The CCMS is a national childcare computer system and recognises the need for better management and information underpinning the government's projected \$11 billion investment over four years in child care.

The new system will provide the best information on childcare supply and usage that has ever been available across Australia for families, childcare services and government. In part, this will support the Child Care Access Hotline, which gives families access to up-to-date information on childcare vacancies, in that childcare services will now have simplified arrangements for reporting to the hotline.

Just as importantly, the CCMS will simplify and standardise the administration of childcare benefit for families. All approved childcare services will be brought online to give weekly information on childcare usage and fees directly to the Department of Families, Community Services and Indigenous Affairs and Centrelink, to allow swift calculation of childcare fee reductions and weekly delivery of payments to services in arrears. Families will also be able to access directly an online statement through the Family Assistance Office about their childcare usage

and childcare benefit payments made on their behalf to their childcare services.

The CCMS will reduce the administrative burden on childcare services. It does, however, represent a significant change to the way in which services currently interact with federal government. All Australian government approved childcare services, and therefore very many families, will benefit from the improvements from the CCMS. Accordingly, the new system will be rolled out progressively across childcare services from 1 July 2007 over a period of two years.

The CCMS will complement the childcare compliance strategy announced in the 2006 budget to protect the integrity of payments made in support of families using child care. This bill also provides these compliance measures, which will strengthen the relationship between government and the childcare sector, as a means of maintaining the focus on Australian families and most importantly their childcare needs. This measure will target projected funding of around \$1.7 billion per annum in childcare benefit. Childcare benefit is most commonly delivered to families through childcare services. Approval of services to participate in the childcare benefit program is based on their compliance with certain conditions and it is this compliance system that is being strengthened.

In combination with the new CCMS, the new compliance measures will help to minimise the risk of incorrect payments and fraud, and to detect them as soon as possible should they occur. They will also help to increase services' awareness of their obligations and the consequences of non-compliance with their obligations.

An essential new element of strengthening the compliance system is the introduction of a civil penalties scheme. The civil penalty scheme provides for the imposition of a pecuniary penalty on a service that contravenes

a civil penalty provision. This bill sees the introduction of a new obligation on a service to provide information in relation to the Child Care Access Hotline on time. This obligation is a civil penalty provision. The delivery of up-to-date information on time to the hotline means that families are able to be fully informed of any vacancies at childcare services in their local area. The hotline is also a source of information and an indicator enabling the assessment of childcare place needs in a particular location or region.

The civil penalties scheme will operate in conjunction with an infringement notice scheme. An infringement notice that is issued to a childcare service will provide the service with the option of paying the lesser penalty set out in the notice or proceeding to a court to determine liability.

The civil penalty and infringement notice scheme will be developed further in the future. Its introduction will provide a wider range of penalties that may be applied to childcare services to ensure that penalty is suited to the level of non-compliance. This will require further legislative amendment.

The civil penalties and infringement notice scheme will not directly impact on families receiving childcare benefit. A family will be affected only where an approved childcare service consistently fails to comply with its obligations under family assistance law, such as through the application of existing sanction provisions.

Families are entitled to know if the service's approval is under threat or terminated because their childcare benefit may stop and they may become as parents liable for full fees. Therefore, if a particular childcare service should fail to comply with one of its conditions of approval, or have its approval suspended or cancelled, another compliance measure in this bill will allow the department to pass that information on to the families

who have their children in care with the service.

Other compliance measures are included in the bill. The bill also includes other measures that make improvements to childcare benefit administration. For example, the amendments to the absence provisions will reduce the administrative burden on both families and services. Childcare benefit will be paid for the first 42 days of absence from care for each child, regardless of the reason for the absence and without the need for documentation. Other amendments of a similar order are also made by this bill. I commend the bill to the House.

Debate (on motion by **Ms Plibersek**) adjourned.

**ABORIGINAL LAND RIGHTS
(NORTHERN TERRITORY)
AMENDMENT (TOWNSHIP LEASING)
BILL 2007**

First Reading

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

Bill read a first time.

Second Reading

Mr BROUSSH (Longman—Minister for Families, Community Services and Indigenous Affairs and Minister Assisting the Prime Minister for Indigenous Affairs) (9.30 a.m.)—I move:

That this bill be now read a second time.

The purpose of this bill is to establish an office of Executive Director of Township Leasing to hold 99-year leases over townships on Aboriginal land in the Northern Territory.

In February 2005, the Northern Territory government proposed that the Australian government amend the Northern Territory Aboriginal Land Rights Act to facilitate 99-year leases of Aboriginal townships to allow

for certainty of land tenure for housing and commercial development.

The government initiated the township leasing scheme in amendments to the Northern Territory Land Rights Act last year to enable Aboriginal people to have the same opportunities as other Australians living in towns.

Traditional owners of the town of Nguui on the Tiwi Islands in the Northern Territory have in principle agreed to arrangements for a 99-year lease of the township. The formal grant will proceed once the statutory processes of the Land Rights Act have been completed.

A senior traditional owner of Nguui said: 'We will now be legally entitled to play a direct role in the administration and development of our town, now and into the future. We have not been in that position since Nguui was first established nearly 100 years ago.'

Negotiations for other township leases are underway and it is expected that further leases will be agreed in the near future.

It was the government's understanding that the Northern Territory government would establish an entity to hold township leases, issue subleases, collect rent and administer township leases. However, this has not yet occurred.

The Land Rights Act contains provisions allowing the Commonwealth to establish an entity to hold township leases. These provisions were inserted into the amendment bill last year to anticipate the possibility that a Northern Territory government entity would not be in place when the first township lease was ready to be granted.

The government is therefore acting to establish a mechanism through which the Commonwealth can hold and administer township leases. The bill allows for the ap-

pointment by the Governor-General of an Executive Director of Township Leasing for a term of up to five years. The terms and conditions of the executive director would generally be set by the Remuneration Tribunal. The bill allows for the termination of the appointment of the executive director by the Governor-General in certain circumstances.

The bill provides that the executive director would be assisted by departmental officers as well as consultants engaged by the executive director. The bill also contains reporting requirements for the executive director.

It remains the government's view that township leases would best be administered by the Northern Territory government. The amendments made to the Northern Territory Land Rights Act last year allow for the transfer of township leases from the Commonwealth to the Northern Territory. Accordingly, the bill provides for the repeal of the provisions related to the executive director if and when township leases held by the Commonwealth are transferred to an entity established by the Northern Territory government. I make it clear that that would occur only with the approval of the traditional owners who have entered into the lease arrangements. I commend the bill to the House.

Debate (on motion by **Ms Plibersek**) adjourned.

HIGHER EDUCATION LEGISLATION AMENDMENT (2007 BUDGET MEASURES) BILL 2007

First Reading

Bill and explanatory memorandum presented by **Ms Julie Bishop**.

Bill read a first time.

Second Reading

Ms JULIE BISHOP (Curtin—Minister for Education, Science and Training and

Minister Assisting the Prime Minister for Women's Issues) (9.37 am)—I move:

That this bill be now read a second time.

The bill amends the Higher Education Support Act 2003 to provide for the Australian government's 2007-08 budget commitments.

The initiatives in this bill will fundamentally reshape the higher education landscape. The era of universities being forced into a one-size-fits-all model is now over. These reforms will allow more world-class universities to emerge and encourage excellence, diversity and specialisation in the sector.

This bill will amend the act to simplify university funding structures and give universities greater scope to adjust their student numbers and course mixes to respond to student demand and address skills needs.

It also provides for the creation of the new Diversity and Structural Adjustment Fund for universities. The fund will give more support for structural reform, promoting greater specialisation and diversity.

Through the fund, the Australian government will allocate \$209 million over four years to universities that can identify strategies to better meet student and employer demand. The fund will focus particularly on addressing the capacity of universities to meet local labour market needs.

Institutions could use the funding to diversify, specialise, build on existing dual-sector activities, create new dual-sector activities, respond to local labour market needs or improve learning and teaching. Priority will be given to universities in regional areas and smaller metropolitan universities which can demonstrate the greatest need for structural reform. Sixty-seven million dollars in new funding will be provided to universities through the Diversity and Structural Adjustment Fund.

This bill simplifies university funding structures and provides additional funding for key disciplines in areas of skills need. Funding for the Commonwealth Grant Scheme will be increased for particular disciplines and the number of discipline clusters will be reduced from 12 to seven.

The revised cluster funding model addresses key pressure points identified by the sector in the recent review of the Higher Education Support Act 2003.

This bill will deliver an additional \$557 million for the disciplines of mathematics and statistics, allied health, engineering, science and surveying, clinical psychology, education, nursing, behavioural science and social studies and medicine, dentistry and veterinary science.

Reflecting the higher salaries that business graduates expect to receive over a lifetime, the maximum student contribution for accounting, administration, economics and commerce units and the Commonwealth Grant Scheme subsidy will be aligned with law. It will be a decision for each institution as to whether it raises the student contribution for these disciplines. The change will affect students who commence studying at higher education providers in 2008. Students studying prior to this date will be able to continue under the existing arrangements until the end of 2012. Universities will be compensated during the transition period.

This bill will also introduce three-year Commonwealth Grant Scheme funding agreements from 2009, instead of the annual agreements. Institutions that finalise a three-year agreement during 2007 will be able to take advantage of this arrangement from 2008. The new three-year terms replace the current one-year terms and give Australian universities better scope to plan for the future and also cut down on administrative costs. The agreements will reflect improved re-

quirements for governance, financial accountability, quality and data reporting.

This bill will also provide for the relaxation of caps on Commonwealth supported places and domestic full fee paying undergraduate student places.

For Commonwealth supported places, table A and table B providers will be provided with full additional funding for overenrolments of up to five per cent of funding, up from the current discretionary allowance of one per cent. There will be no penalties for overenrolments above five per cent and universities will receive the full amount of student contributions from all Commonwealth supported students they enrol. The current arrangements which guarantee that there will be no Commonwealth Grant Scheme funding penalties for universities which underenrol by up to one per cent of funding will be continued. Funding will automatically reduce for underenrolments beyond the first one per cent of funding. However, a new minimum funding guarantee will mean that there will be no Commonwealth Grant Scheme funding reductions for underenrolments beyond five per cent of funding.

This bill removes the caps on the proportion of domestic full fee paying undergraduate places in each course. Universities, however, will still be required to offer their Commonwealth supported places in a discipline cluster before offering full-fee places.

The number of eligible students unable to obtain a place at university is at historically low levels, down from a peak of over 100,000 in 1992. The Australian Vice Chancellors Committee has said that unmet demand is virtually negligible. The 2,300 additional Commonwealth supported places to be allocated for next year and the additional flexibility the budget measures provide for universities will mean that students who are able to complete a course will generally not

be prevented from going to university by caps on places. Relaxing the caps on university places will allow universities greater flexibility to change their course mix and student numbers. The reforms will support greater diversity and specialisation in the sector and will encourage the emergence of more world-class institutions.

Through this bill, the Australian government is also increasing the number of Commonwealth scholarships available and extending their coverage. The number of existing Commonwealth scholarships will be increased from around 8,500 to 12,000 per year at a cost of \$91.4 million over four years. Two thousand of the new scholarships will be available to students who may not otherwise qualify for a higher education place to study two-year associate degrees as a pathway to full degrees. This is over and above the additional Commonwealth scholarships being provided to Indigenous students.

Participation rates for students in rural and regional areas have been largely unchanged over the last decade. These additional scholarships will provide more help to students who really need it.

The current administrative arrangements will also be changed to ensure that scholarships are offered before or at the same time students are offered a place. This will help students make better informed decisions about which offer to accept. Scholarship funding will now be paid directly to the student by the Australian government.

The increased number of scholarships will help to build the nation's skills base for the benefit of our future prosperity. This measure is further evidence of the Australian government's commitment to making the Higher Education sector more responsive to student demand by making a university degree even more accessible for students.

To improve higher education access for Indigenous people, the Australian government has created a new access scholarship. \$27.7 million will be provided annually for up to 1,000 Indigenous higher education students, particularly those who need to relocate from rural and remote areas, to receive a one-off payment of \$4,000 to take up an undergraduate or enabling course. These students will also be eligible to receive Commonwealth scholarships to assist them with their accommodation and education costs.

This bill also provides an additional \$77 million to universities over the next four years to improve teacher education programs so that all three- and four-year bachelor degree teacher education students receive a minimum of 120 days in-school teaching experience, and meet new entry level teaching standards.

The Australian government has made an unprecedented investment in higher education through the 2007-08 budget package. This package builds on the Our Universities: Backing Australia's Future package which provided an additional \$11 billion to the sector over 10 years from 2004. The Australian government will provide \$8.8 billion to the higher education sector next financial year—a 31 per cent real increase since 1995-96.

This bill will promote a more diverse and internationally competitive sector. Together with the landmark ongoing \$5 billion Higher Education Endowment Fund, provided from the 2006-07 budget surplus, which will give universities access to a perpetual growth fund, and the further \$1.9 billion provided for higher education in this budget, this bill will promote excellence and quality in Australian universities for years to come. It will provide a more flexible framework for universities to meet the needs of students and employers and additional funding to improve

access to tertiary education even further. I commend the bill to the House.

Debate (on motion by Ms Plibersek) adjourned.

**FINANCIAL SECTOR LEGISLATION
AMENDMENT (RESTRUCTURES)
BILL 2007**

First Reading

Bill and explanatory memorandum presented by Mr Dutton.

Bill read a first time.

Second Reading

Mr DUTTON (Dickson—Minister for Revenue and Assistant Treasurer) (9.47 am)—I move:

That this bill be now read a second time.

This bill will facilitate the adoption of a non-operating holding company as the ultimate holding company of a financial group in Australia.

This bill will provide greater flexibility for financial groups in choosing a corporate structure to manage their risk exposures and comply with prudential requirements. The bill will also provide financial groups with the opportunity to improve their business efficiency and international competitiveness. As a result, the bill further enhances prudential regulation of the financial sector in Australia to the benefit of both consumers and business.

Adopting a non-operating holding company at the head of a financial group can allow the group to more efficiently and effectively meet prudential requirements. This is because it enables the appropriate allocation of risk between prudentially and non-prudentially regulated businesses of a financial group through organising different types of activities into separate business lines. This can aid in partially quarantining risks in the various parts of a financial group, for exam-

ple, through separating entrepreneurial investment activities from a group's banking operations.

Since the government's reforms to the Banking Act in 1998, banking groups headed by a company which is an authorised deposit-taking institution have had the option of substituting a non-operating holding company at the top of the group. However, financial sector transfer, income tax and some corporate laws have acted as a disincentive to restructuring because they do not treat the restructuring as merely an internal rearrangement which, in economic substance, it is.

The bill amends the Financial Sector (Transfers of Business) Act 1999 by introducing a new part dealing with restructures.

An authorised deposit-taking institution, general insurer or life insurance company will be able to apply to the minister for approval to restructure a group headed by one of these prudentially regulated entities. The bill will provide the minister with the power to approve and grant consequent relief from specific statutory restrictions in the Corporations Act which currently impede the adoption of a non-operating holding company structure. The relief will be set out in a restructure instrument issued by the minister.

The minister will also be provided with the power to approve the transfer of assets and liabilities between two bodies of a financial group to allow for the reorganisation of different types of activities into separate business lines. For example, such a reorganisation could allow a group to separate its banking and non-banking businesses.

Any relief allowed by the bill will be limited to nominated specific restrictions in the Corporations Act and does not in any way relieve an entity from meeting its general obligations under that act and other relevant legislation.

The bill also makes consequential amendments to the consolidation membership rules, the franking rules and the capital gains tax regime in the income tax law. These amendments remove tax impediments that would otherwise discourage restructuring.

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

Debate (on motion by **Ms Plibersek**) adjourned.

**SOCIAL SECURITY AMENDMENT
(APPRENTICESHIP WAGE TOP-UP
FOR AUSTRALIAN APPRENTICES)
BILL 2007**

First Reading

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

Bill read a first time.

Second Reading

Mr ROBB (Goldstein—Minister for Vocational and Further Education) (9.51 am)—I move:

That this bill be now read a second time.

The Social Security Amendment (Apprenticeship Wage Top-Up for Australian Apprentices) Bill 2007 will increase the take-home pay of Australian apprentices in the initial years of their training.

This government's sound financial management has produced a strong economy, an economy that is about one and a half times larger than it was in 1996. A strong and growing economy requires skilled employees.

The Australian government is a strong supporter of vocational education and training (VET). This bill supports the government's intention to address skills shortages in the Australian economy. It is aimed at encouraging people to participate in Australian apprenticeships, providing them with the

skills needed to enter or re-enter the workforce, retrain for a new job or upgrade for an existing job. Australian apprenticeships provide people with a nationally recognised qualification and a strong prospect of a personally and financially rewarding career. This measure will increase the supply of skilled people to meet the needs of business and support a more competitive and innovative economy.

The Apprenticeship wage top-up for Australian apprentices acknowledges that the first and second years of an apprenticeship can be particularly difficult, when wages are at their lowest. It also acknowledges how important these people are to our continued economic competitiveness, performance and growth.

This measure will provide a tax-free \$1,000 per year, over two years, to Australian apprentices under 30 undertaking an Australian apprenticeship in a trade occupation identified as experiencing national skills shortages.

Payable in \$500 six-monthly instalments the apprenticeship wage top-up payment will ease the financial burden faced by Australian apprentices in the first two years of their training. In total Australian apprentices will receive \$2,000 under the initiative over the two-year period. Part-time and Australian school-based apprentices will also benefit on a pro-rata basis.

The apprenticeship wage top-up payment will provide additional support to more than 228,000 Australian apprentices over four years.

This amending bill contains provisions for exemptions from the Social Security Act 1991, the Income Tax Assessment Act 1997 and the Veterans' Entitlements Act 1986. This will mean that Australian apprentices will receive the full payment and not be required to declare it as part of their income

and will also ensure receipt of this payment will not affect any pensions or allowances they may be eligible to receive.

Assistance provided under this initiative will encourage many young people to consider technical and trade training, to ensure that Australia has the skilled workforce to meet our future needs. It will also allow many Australian apprentices to remain in training and reach their goals to become fully qualified tradespersons. The apprenticeship wage top-up payment will not affect the eligibility for other initiatives or incentives available to Australian apprentices.

This measure, combined with the suite of other initiatives already put in place by this government, represents a significant investment in the future growth of Australian industries.

I commend this bill to the House.

Debate (on motion by **Ms Plibersek**) adjourned.

PRODUCT STEWARDSHIP (OIL) AMENDMENT BILL 2007

First Reading

Bill and explanatory memorandum presented by **Mr John Cobb**.

Bill read a first time.

Second Reading

Mr JOHN COBB (Parkes—Assistant Minister for the Environment and Water Resources) (9.55 am)—I move:

That this bill be now read a second time.

The Product Stewardship (Oil) Act 2000 is designed to ensure the environmentally sustainable management, recycling and reuse of Australia's used oil. It provides for the payment of benefits to used oil recyclers as an incentive to increase the volume of used oil collected and recycled in Australia.

The Product Stewardship (Oil) Act 2000 establishes the Oil Stewardship Advisory

Council and provides that an independent review of the operation of the Product Stewardship (Oil) Act 2000 be undertaken every four years.

The purpose of the Product Stewardship (Oil) Amendment Bill 2007 is to amend the Product Stewardship (Oil) Act 2000 to give effect to the recommendations of the first review of the act.

In particular, this bill gives effect to the recommendations arising from that review concerning the constitution and operation of the Oil Stewardship Advisory Council, which provides advice on matters relating to product stewardship arrangements for oil.

The bill provides that the members of the Oil Stewardship Advisory Council, other than the members appointed to represent the Commonwealth and the Commissioner of Taxation, will be appointed on the basis of their knowledge of, or experience in, a range of prescribed subject areas relevant to product stewardship arrangements for oil. Currently members are appointed to the council as representatives of specified bodies relevant to the product stewardship for oil arrangements. This amendment will enable members with a wider range of expertise to be appointed to the Oil Stewardship Advisory Council than is the case at present.

In addition, the bill provides that the members of the Oil Stewardship Advisory Council appointed to represent the Commonwealth and the Commissioner of Taxation will become non-voting members. This amendment will remove the potential for these members to have a conflict of the interest between their roles as Commonwealth employees and as members of the Oil Stewardship Advisory Council.

Finally, the measures contained within the bill will provide clear and more rigorous procedures for the disclosure of pecuniary interests by members of the Oil Stewardship

Advisory Council and for ensuring that any pecuniary interests that members may disclose do not compromise the advice provided by the Oil Stewardship Advisory Council.

This bill will strengthen the Oil Stewardship Advisory Council's role as a source of independent expert advice, which in turn will enhance its contribution towards ensuring that the objects of the act are met.

I commend the bill to the House.

Debate (on motion by **Ms Plibersek**) adjourned.

**CORPORATIONS LEGISLATION
AMENDMENT (SIMPLER
REGULATORY SYSTEM) BILL 2007**

First Reading

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

Bill read a first time.

Second Reading

Mr PEARCE (Aston—Parliamentary Secretary to the Treasurer) (10.00 am)—I move:

That this bill be now read a second time.

The government is delivering on reducing the regulatory burden for Australians. Australia is experiencing one of the most successful periods of economic growth since Federation. The current unemployment rate is at a 32-year low of 4.4 per cent; business investment continues to be strong, and both business and investor confidence is high. This is evidenced, for example, in the growth of the managed funds investment industry, which recently increased to \$1.1 trillion in consolidated assets.

These results have not been coincidental. The management of the Australian economy over the last 11 years has involved consistently sound decision-making and of course prudent judgement. The government has focused on three policy levers of productivity,

population and participation as the key elements to forging this success.

We, in the Howard government, have determined that cutting red tape is one of the most important investments we can make in enhancing productivity gains. One of the ways I believe we can do this is by looking at options to allow business to get on with conducting business.

The government recognised the importance of this in commissioning the Banks Taskforce to identify practical options to reduce regulatory burdens on business. In response to the taskforce's recommendations, the government has implemented a number of initiatives, including improved regulation-making and, as a part of that, an expanded role for the new Office of Best Practice Regulation to ensure objective, comprehensive analysis of compliance costs and competition impacts of all regulatory proposals.

Further, the government is also focusing on its commitments under the regulatory reform stream of the COAG National Reform Agenda to reduce the regulatory burden imposed by all three levels of government, and is developing an annual red tape reduction agenda, informed by annual reviews of regulation undertaken by the Productivity Commission.

Today I introduce a package of measures that will further deliver on the government's commitment to reducing red tape. This bill will make the corporate and financial services regulatory system simpler.

By contributing to greater business efficiency and productivity, the bill will, in turn, contribute to economic growth and better living standards for all Australians.

The bill is the culmination of extensive consultation with stakeholders. It shows that, when this government sets out to reduce red tape, it delivers.

Despite some suggestions to the contrary, the feedback from the community has shown that there are no easy solutions when dealing with the important balance between maintaining investor protections, and enhancing business productivity. This government has tackled these issues though, and is committed to simpler regulation.

The outcome of the consultative process with the business and investor community is a package of 32 measures to simplify and streamline Australia's corporate and financial services law.

The bill will reduce the burden of regulation in the areas of:

- financial services regulation;
- fundraising;
- company reporting obligations;
- auditor independence;
- corporate governance;
- takeovers; and
- general compliance.

The provisions in this bill will achieve better disclosure outcomes, enhance auditor independence and improve enforcement arrangements in the event of corporate misbehaviour.

The bill will amend various provisions of the Corporations Act 2001 and related acts to improve the efficiency of corporate and financial services regulation. The majority of these provisions are based on the proposals outlined in the Corporate and Financial Services Regulation Review Proposals Paper, which I launched last November.

Over 100 submissions were received in response to this paper, which emphasises the significant interest that both industry and consumer representatives have in progressing these reforms. The bill, importantly, includes some additional measures to address issues which arose during consultations.

The bill will also implement the government's response to several recommendations relevant to corporate and financial services regulation, which were made in the Rethinking Regulation report of the Banks Taskforce.

The second intergenerational report clearly indicates that our future prosperity depends on the policy decisions that we make now. The establishment of the Future Fund and the reform of the superannuation industry are examples of how this government is setting the foundations for long-term economic prosperity, rather than solely concentrating on short-term financial gains. This bill builds on these reforms by facilitating improved access for investors to sound and affordable financial advice.

In this way, the bill also complements the policies being progressed through this government's superannuation reforms by improving all Australians' ability to plan effectively for their financial futures by growing their superannuation assets.

Financial services regulation

As individuals and households accumulate greater wealth and are looking to fund their futures, there is a growing need for them to get access to appropriate financial advice.

A key measure in this bill will improve the ability of all Australians to access financial advice. It will do this by making the provision of advice in relation to smaller investment amounts more cost effective. This will be achieved by enabling financial advisers to provide clients with a record of advice, where the investment amount is under a prescribed threshold, rather than a full statement of advice.

A record of advice is a more concise document, and is easier to produce for advice in relation to smaller investment amounts. It is also more appropriate where the cost of producing a full statement of advice is oth-

erwise likely to make financial investment advice beyond the reach of many Australians.

The proposed threshold will be set at \$15,000 under regulations that will support the bill. This targeted measure will therefore provide better incentives for Australians to seek the advice they need about their financial decisions.

In an environment which provides Australians with choice of super fund, this measure can be expected to enhance the ability of investors to consolidate existing superannuation amounts up to the prescribed limit, and thereby assist them to fulfil their financial aspirations.

However, I want to be clear. Whether an investor received a record of advice or a statement of advice, the financial advice given must be made on a reasonable basis, having regard to that client's personal circumstances.

Fundraising

In the IMD *World Competitiveness Yearbook* 2006, Australia ranked third of 61 countries for the protection of shareholder rights and share market financing.

This bill will assist in maintaining Australia's excellent international reputation in this area.

I recognise that corporate entities in our financial markets need to raise funds quickly and at a low cost if they are to expand their business activities within and outside Australia.

This bill includes initiatives to facilitate corporate fund raisings by streamlining regulatory processes. This will be achieved through various measures, including by aligning certain disclosure requirements and removing inconsistencies between different parts of the law. At the same time, the relief provided is made subject to conditions in

order to maintain an appropriate level of investor protection.

The government seeks to encourage employee ownership of many companies through employee share schemes, given the many benefits it is recognised as bringing to the wider economy. The bill will increase the opportunities for unlisted companies to establish employee share schemes by removing certain restrictions without diluting important protections.

Through this bill, the government is also reducing the cost of raising funds by corporate entities through various means, in particular, by removing some burdensome disclosure requirements. The bill will ensure that sensible conditions are maintained such that all material information is provided to the market before the issue can proceed.

Company reporting obligations

Australian companies should not suffer under the weight of excessive reporting obligations. Feedback received in response to my November paper suggested that company reporting could be reduced, without compromising the need for the Australian public to have access to important company information.

In line with the Banks recommendations, the bill will simplify company reporting obligations.

Importantly, the bill will increase the thresholds used to define a 'large proprietary company', which will result in a reduction in the number of proprietary companies required to lodge audited financial reports. The amendments, which will increase the current operating revenue and assets thresholds by 150 per cent, ensure that only economically significant proprietary companies are required to lodge such reports. This measure will result in cost savings for some 33 per cent of companies currently required to report.

In this way, the government is addressing the concerns of smaller business enterprises that reporting obligations should be proportionate to the size of their operations. To ensure that the monetary thresholds keep pace with economic growth, the bill also allows future changes to the thresholds to be prescribed under regulations.

The government recognises the importance to companies of being able to choose how best to communicate with shareholders in an effective and timely manner.

Australians are increasingly making use of the internet and, in recognising this, the bill brings the corporate law into the modern age by allowing companies to make annual reports available on the internet, and only require hard copies to be sent to shareholders who request them.

This will result in significant costs savings to business but, importantly, shareholders will continue to have the opportunity to elect to receive hard copy annual reports free of charge. These amendments are also expected to deliver environmental benefits for the broader community.

The bill also reduces compliance costs through: streamlined executive and director remuneration disclosures; simplified notifications to ASIC; more flexible payment arrangements for annual company fees; and improved company deregistration procedures.

Auditor independence

In the global economy, it is important that the independence of auditors is appropriately regulated.

The bill will implement a number of improvements and reduce complexity in this area, following from comments on my November proposals paper and the results of the recent comparative review of Australia's auditor independence requirements.

Corporate governance

Australia has a robust corporate governance regulatory framework. This bill further balances the needs of business to operate efficiently while upholding shareholder expectations about company behaviours and operational standards.

The rules regarding related party transactions are an important check on the powers of the board to manage a public company. However, obtaining member approval for every related party transaction imposes a disproportionate compliance expense on companies in cases where the value of the transaction is relatively low.

This bill will remove the requirement for member approval for such transactions that are at or below a prescribed minimum level, aggregated over a financial year. This rule will strike a better balance between measures to guard members from improper conduct, and excessively burdensome procedural requirements.

Takeovers

Experience has shown that telephone monitoring during takeover bids and 85 per cent notices impose onerous obligations without demonstrated investor benefits.

The bill will, therefore, repeal these requirements.

Compliance

The bill enhances regulatory processes in various other ways including by allowing companies to register company charges electronically, thereby making that process much more efficient.

Consultation processes

The bill has been developed following extensive consultations on the proposals and the government appreciates the participation of stakeholders in this process.

Under the Corporations Agreement between the Commonwealth and the states and territories, certain elements of the bill needed to be considered by the Ministerial Council for Corporations. The ministerial council has approved those provisions.

The bill is another significant instalment in the government's overall objective of reducing red tape for the benefit of all Australians.

To ensure that the Australian community can take the earliest possible advantage of the bill's red-tape reductions, it is my desire and my hope that the bill be passed as soon as possible by the parliament. I commend the bill to the House.

Debate (on motion by **Ms Livermore**) adjourned.

CORPORATIONS (FEES) AMENDMENT BILL 2007

First Reading

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

Bill read a first time.

Second Reading

Mr PEARCE (Aston—Parliamentary Secretary to the Treasurer) (10.15 am)—I move:

That this bill be now read a second time.

The Corporations (Fees) Amendment Bill 2007 supports the Corporations Legislation Amendment (Simpler Regulatory System) Bill 2007.

The bill makes a minor amendment to the Corporations (Fees) Act 2001 to allow a fee to be charged in respect of some additional market supervision functions which the main bill will vest in the corporate regulator.

The bill shows that the government recognises the importance of maintaining confidence in financial markets and anticipating the needs of all market participants.

I commend the bill to the House.

Debate (on motion by **Ms Livermore**) adjourned.

CORPORATIONS (REVIEW FEES) AMENDMENT BILL 2007

First Reading

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

Bill read a first time.

Second Reading

Mr PEARCE (Aston—Parliamentary Secretary to the Treasurer) (10.16 am)—I move:

That this bill be now read a second time.

The Corporations (Review Fees) Amendment Bill 2007 supports the Corporations Legislation Amendment (Simpler Regulatory System) Bill 2007.

The bill will amend the Corporations (Review Fees) Act 2001 to provide companies with the option of paying their annual review fees up-front to cover a period of 10 years.

The reform will reduce transaction costs for companies that take up this option, complementing other reforms that remove the need for companies to interact with the corporate regulator annually.

In particular, this measure recognises the importance of businesses to interact with government authorities more effectively. The bill also responds to the need to enhance the efficiency with which businesses can comply with their corporate law obligations.

I commend the bill to the House.

Debate (on motion by **Ms Livermore**) adjourned.

TAX LAWS AMENDMENT (2007 MEASURES No. 3) BILL 2007

Second Reading

Debate resumed from 23 May, on motion by **Mr Dutton**:

That this bill be now read a second time.

upon which **Mr Bowen** moved by way of amendment:

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

“whilst not declining to give the bill a second reading, the House condemns the Government for its lack of commitment to the Australian managed funds industry and its lack of commitment to ensure Australia becomes an Asian financial services hub and calls on the Government to reduce the withholding rate applied to non dividend, royalty and interest distributions from managed investment funds to non-residents to a flat and final rate of 15 per cent”.

Ms OWENS (Parramatta) (10.18 am)—I rise to speak on the Tax Laws Amendment (2007 Measures No. 3) Bill 2007. In general, Labor supports much of the bill. There are 10 schedules: seven of them are fairly straightforward and three of them have been subject to some debate—and two of those have been covered in detail by my colleague the member for Prospect. Today, I want to mainly concentrate on schedule 10 because—as dry as the tax law appears to be with its dense language and convoluted sentences which are guaranteed to make your eyes glaze over if you are a sane person—the philosophies and attitudes of the government well and truly show through, and how those attitudes and philosophies are applied impacts on our daily lives. Schedule 10 deals directly with an issue that deeply concerns the people in my electorate, and that is the net movement of Australian jobs overseas.

The bill and the amendment moved by Labor illustrate the differences in approach by the government and the opposition to building our future. Schedule 10 deals with new withholding arrangements for managed fund distributions to foreign residents. It improves certainty and provides simplicity—and those are good things. We support schedule 10 as far as that goes. The way that

schedule 10 does this is by amending the Taxation Administration Act 1953 to implement a new withholding regime for distributions to foreign residents of net income from managed investment trusts attributable to Australian sources. The new regime applies where the distributions are made directly or through certain Australian intermediaries. However, income consisting of dividends, interest or royalty income are generally excluded from this measure, as are capital gains on assets other than taxable Australian property.

Under the current law, and as a result of schedule 9 of this bill, a trustee of a managed investment trust will be liable to pay tax on a beneficiary's share of the net income of the trust if the beneficiary is a foreign resident at the end of the income year and is presently entitled to income of the trust. The rate at which tax is payable varies and depends on whether the foreign resident is a company, individual or trustee.

In practice, most distributions from Australian managed investment trusts to foreign residents are made through one or more Australian intermediaries. There is uncertainty about the nature of the legal relationship between Australian intermediaries, managed investment trusts and foreign resident investors, which could vary depending upon the terms and conditions of the arrangement under which the intermediary provides its services. This creates uncertainty about taxation obligations in terms of both the requirement to pay tax and the rate of tax payable.

Leaving aside those excluded items, under the existing law a managed fund that makes a distribution of income to a foreign resident must withhold at different rates, depending on whether the foreign resident is an individual, company, trust or foreign superannuation fund, and rates vary from 29 per cent to 46.5 per cent. Schedule 10 introduces a flat rate of

30 per cent, which applies to all types of nonresidents, thus taking out the uncertainty. It also reduces the compliance burden by reducing costs associated with tracing different types of income and different types of recipients of that income, as is currently the case. It also removes the need for managed investment trusts and intermediaries to have to classify the nature of a foreign investor as an individual, company, trustee or foreign superannuation fund. Consequently, the measure will also reduce the uncertainty regarding the obligations of managed investment trusts and intermediaries to withhold amounts from distributions to foreign residents. This in turn will improve Australian property trusts as a designation for foreign capital.

These compliance cost savings and the reduced uncertainty would increase the efficiency of the Australian managed funds industry in providing funds management services to foreign residents. This would result in a greater ability of the Australian managed funds industry to compete against foreign managed funds for the management of the investment of foreign residents' savings. However, we on this side of the House do not believe it goes far enough. Our amendment asks the government to go further: not to 30 per cent but to a lower, flat and final 15 per cent rate. We do this because fund management is one of the areas where we have great strength as a nation and where we are internationally competitive with our skills and experience but not with our tax regime, even with the new 30 per cent flat rate. It is because of our obligation and commitment to the future of this country, to its businesses and its workforce, that we must act as a country to exploit our strengths for our own benefit and the benefit of our children. This is one of the great differences that we find in this dry tax amendment: a government that is still essentially coasting on good times, tink-

ering and making some changes, and an opposition committed to the future and prepared to make bold steps to ensure that we remain prosperous beyond the mining boom.

It is a role of government to find the strengths of a nation, to exploit those strengths and to remove the impediments that prevent them moving forward. Our amendment to reduce the flat rate to 15 per cent does just that. When I am out door-knocking in my electorate, the concern that members of my community show about the number of Australian jobs that are moving offshore is quite strong. It is an issue that is raised incredibly frequently in my electorate and has been for quite some time. Every time we see another Australian company talking about moving some of its jobs offshore, I receive a number of phone calls and people raise it with me at the shopping centres and when I am doorknocking.

This is, of course, a very real concern and it is something we should all be concerned about. I am not suggesting for a moment, with the global trend of companies finding various inputs in various parts of the world, that we can stick our finger in the dyke indefinitely and prevent jobs from going offshore. There are some things that we can do that protect the safety, security and privacy of Australian citizens but, in the long run, we will find greater and greater movement of inputs, particularly in services, from one country to another. What we can do is be concerned now—preferably before now, but certainly now—that we maintain a strong net movement of jobs towards Australia by identifying where our strengths are and where Australia can actually attract jobs from offshore to our shores. The area of film comes to mind, and after a long, 11-year delay the needs of the film industry have very recently been dealt with by the government. Areas of the environment come to mind as well, where for some time we were leaders in pro-

viding solar power, for example. We certainly are not now.

The funds management industry is another one where we have great strength and the ability to attract jobs from elsewhere to Australia. That is certainly something that we should be doing robustly. Australia has a robust funds management sector. Thanks to the superannuation guarantee established by the Hawke and Keating governments Australia has one of the most developed funds management sectors in the world. Australia's funds management industry is the biggest in Asia and the fourth-biggest in the world. The managed fund market can be split into two broad categories: Australian real estate investment trusts and other trusts, for example share trusts.

Australian real estate investment trusts comprise 73 per cent of the listed management investment market and pay the majority of withholding tax. The 2006 budget announced that the government would simplify the withholding arrangements by introducing the amendments in this schedule. The Leader of the Opposition announced in his budget reply that we would reduce the headline withholding rate on the distributions from managed investment funds to nonresidents from 30 per cent to 15 per cent and abolish the deductibility of debt to all managed investments. This would boost the exporting of Australian financial services to the region, making Australia a managed funds hub. It was strongly supported by the industry.

Australia has more than a trillion dollars under management but attracts only a small proportion of the funds available to be managed internationally. The international market is predicted to top \$60 trillion over the next three years, and a large proportion of that will be found in our region.

Labor's commitment to reducing the withholding rate to 15 per cent brings our tax

rate into line with the US and Hong Kong. Our funds management industry is one of which we can all be proud. It is well regarded around the globe and with competitive tax regimes in place is well positioned to become the financial hub for the region. If we want to prosper, the job of government is to build on our competitive strengths and to remove impediments to success. Our policy and our amendment today do just that.

The policy has been well received around the country. Peter Verwer, CEO of the Property Council of Australia, said:

The Opposition's proposal for a 15% final withholding tax rate is more likely to generate additional tax revenue and create jobs as the world will give us more of its money to manage. The Opposition's proposal also makes sense because it:

- puts Australia's withholding tax rates on a similar footing to other advanced markets, in particular the United States—

and—

protects government revenue.

Robert Gilbert, CEO of the Investment and Financial Services Association, said: 'The proposed introduction of a new 15 per cent flat and final withholding tax would remove a significant and burdensome administrative requirement for non-resident investors and Australian fund managers. Importantly, this measure also entails boosting tax integrity, as a flat and final rate would protect the public revenue.' Here in this bill, if the government accepts out amendment, we can make a significant difference and invest in our future. We have no choice, if we want to prosper beyond the mining boom, but to do just that.

Our export performance has been appalling in recent years. A report released this week by the Committee for Economic Development of Australia shows that infrastructure bottlenecks are contributing to all-time low export volumes and Australia's skyrock-

eting foreign debt. The report shows that in 2005 export volumes had fallen to just over 17 per cent of GDP from 19 per cent in 2001, the biggest fall in export volumes as a share of GDP in 45 years of data. And this is at a time of the biggest mining boom and the highest global growth in 30 years. The annual average export volume growth of 7.3 per cent in the eighties and nineties is now absolutely a thing of the past, with growth virtually frozen at just 2.1 per cent a year over the period 2001 to 2006. Labor's amendment, which would allow significant growth of the funds management industry in Australia, would go a small way towards redressing that trend.

Since the superannuation guarantee was introduced by Labor in 1992, funds under management have grown from \$250 billion to \$1 trillion—that is, averaging growth of 11 per cent a year for 13 years. In 2004-05 the finance and insurance industries combined added \$62 billion to Australia's gross domestic product and accounted for 8.5 per cent of the total economy. This was up from six per cent in 2000 and represents a 157 per cent increase since 1985. This in turn represents average annual growth of 5.3 per cent over that 20-year period, making it the third fastest growth sector in the Australian economy after communications and property.

This is an industry that is confident in its future. The *Australian Investment Management Survey 2005* reported that 50 per cent of CEOs surveyed in the sector expect growth of more than 20 per cent over the next three years. This is a great success story. This is a confident, skilled sector that is capable of an even greater contribution to our economy and to our future. I commend the amendment to the House and ask that the government let this sector get on with what they are doing—get the impediments out of the way and let them get on with it. They

will be a great export story, they will create jobs here, and we will all benefit.

Mr McARTHUR (Corangamite) (10.32 am)—I rise to speak on the Tax Laws Amendment (2007 Measures No. 3) Bill 2007. This bill is an omnibus bill which amends a number of provisions related to income tax law. The provisions I rise to make specific reference to are the government's changes to the tax treatment of forestry managed investment schemes, which are provided in schedule 8 of the bill.

There has been a lengthy debate across rural Australia about managed investment schemes for forestry and for horticultural enterprises. There have been concerns that managed investment schemes have benefited from tax advantages not available to other agricultural enterprises that are competing for land. The government has undertaken extensive consultation on forestry managed investment schemes. The Minister for Revenue and Assistant Treasurer, the Hon. Peter Dutton, has held a review of the taxation treatment of forestry managed investment schemes and consulted widely with farmers, timber community representatives and the MI scheme promoters.

The regional forest agreements process was introduced to bring about some scientific and reasoned evaluation of timber harvesting activities and to ensure forest activities were environmentally sustainable. The environmental forest debate of the 1980s was partly resolved with the creation of the regional forest agreements. These agreements were signed off by state governments with the federal government, with designated areas identified for locking up national parks, and other designated areas being accepted as areas for timber harvesting. In reaching this difficult compromise, environmental values and sustainable harvesting regimes were taken into account. Both Labor and Liberal

governments accepted this compromise. However, in Corangamite the Bracks government overrode the RFA and locked up the Otways.

The national forest statement issued by the previous Keating government in 1992 gave a clear direction as to the way in which sustainable forestry should be undertaken in Australia. Part of this statement was the development of plantation forestry to fill the gaps that locking up former forest areas had created. Again there was general agreement on this policy position. The development of the policy position of *Plantations for Australia: the 2020 vision* was a plank which gave the imprimatur to plantation investments. I have always agreed with growing trees and supporting the forest industry and the timber workers, but I have come to the view that plantation investments were skewed by the overwhelming tax considerations. For instance, \$1,600 per hectare is the actual cost of growing trees, whereas the MIS promoters were charging investors up to \$9,000 per hectare. Also there were some concerns that plantations were in locations where trees would not grow very well. My very strong view is that it is bad public policy to run any industry, be it forestry or agriculture, on tax breaks. The key element of forestry investment should be the final return—actually growing trees for profit, not for tax.

It is interesting to note that around the world the experience has been that forestry has a long investment horizon. In the case of Australia, the blue gums have an investment horizon of between 12 and 15 years, soft-wood trees have an investment horizon of 25 to 30 years and, of course, hardwoods have a longer growing period and have an investment horizon of about 50 years. The blue gums now have a shorter growing rotation, coming from 14 years to 11 years, and this has changed the approach of the taxation arrangements.

The blue gum, *Eucalyptus globulus* as they are known, should be grown in areas that have 650 millimetres, or 26 inches, of rain and a good soil type, and preferably in areas that have over 30 inches of rain. They are evident in the Heytesbury settlement in southern Victoria and in a large part of western Victoria in the seat of Wannon. Promoters of the MI schemes for blue gums emphasise the tax advantages rather than productive investment. That has been my main argument over the last 12 months.

Tax minimisation is the objective of investors who are trying to deal with an income tax problem at the end of the financial year, in June. They are less concerned with the end profitability of the MI scheme. They hope to get a return or to get their money back, in the end, but they invest for the up-front tax deduction. It is interesting to note that the cost to Commonwealth revenue was in the area of \$600 million in 2005. I am pleased that the government has decided that horticultural MI schemes will no longer be allowed by the Australian Taxation Office in relation to almonds, olives, walnuts and cattle stations. These schemes have not taken into account market signals but have been driven purely by tax. Horticultural MI schemes developed using the forestry model enable people to rearrange their tax affairs. The bigger MIS companies rely totally on fees-for-service for their profitability, not on timber outputs. They do not have an ongoing commitment to the final forestry woodlots.

I have given this issue a lot of thought and made a public submission to the Dutton Review of the Taxation of Plantation Forestry. It is on the minister's website. In that submission I covered a number of issues, which I would like to list: plantations, *2020 Vision*, investment horizons, forestry policies around the world, the woodchip export industries, imports of timber products, managed investment schemes, tax incentives for selected

industries, *globulus* blue gums, the current position of MI schemes in Australia, investor costs and investor returns, timber companies' profitability and capitalisation, world market and woodchip values, MI schemes for other land users, value of the investment, the ATO and the MIS tax regime, and the production of timber for the national good. I made some observations and recommendations relating to: tax incentives being provided at the end of the production cycle; the sale of woodlots in a secondary market, which is something the government has agreed to; investors in the agricultural business of growing trees; MI schemes for other agricultural products; and horticultural products. As I said, the government has agreed with my recommendation that those schemes be discontinued. The Taxation Office has raised concerns at the uncertainty of whether investors in MI schemes are 'carrying on a business' or are passive investors, and the ATO commissioner has foreshadowed that the ATO will change the way they assess MI schemes.

In responding to the ATO's decision, the government is introducing a new, specific tax deduction for investors in MIS forestry schemes, to encourage further investment in growing trees and to help achieve the government's forest industry policy *Plantations for Australia: the 2020 Vision*. The key element of the legislation is that, to qualify for tax deductibility, 70 per cent of the cost of forestry MI schemes will need to comprise direct forestry expenditure, or DFE. Under these reforms, the whole definition, accounting, tax reporting, structure and management of forestry MI schemes will hang on the 70 per cent DFE test. The 70 per cent test is likely to lead to ongoing conjecture, debate and legal court challenges over what costs are allowed and what are not. The proposed court case on the passive investor compared to the active investor could pale into insignificance by comparison. Direct forestry ex-

penditure is defined as ‘amounts spent by the scheme manager, or an associate of the scheme manager, under the scheme that are attributable to establishing, tending, felling and harvesting trees; and amounts of notional expenditure reflecting the market value of land, goods and services provided by the scheme manager that are used for establishing, tending, felling and harvesting trees’. The provisions apply specifically to forestry for growing timber—not for tree plantings for the purpose of growing horticultural produce, such as avocados or olives et cetera. The legislation also provides for a change from the current 12-month rule to an 18-month pre-payment rule. The act states:

The 18-month pre-payment rule provides for ‘seasonally dependent agronomic activities, including ripping and mounding a plantation site, applying fertiliser, tending the seedlings prior to planting, and the actual planting’.

The changes also allow for the introduction of a secondary market in MIS plantations whereby investors are able to sell their investment after four years. It is intended that this will encourage additional investment in plantation forestry, particularly in long rotation softwoods and hardwoods, by unlocking investors from a 14-year or 25-year investment commitment before seeing a return.

There are concerns about how the 70 per cent on-ground expenditure test will apply to forestry MI schemes. This measure is being introduced to discourage potential robbing of MI schemes with unreasonably high profits at the expense of taxpayers and to address concerns under the previous arrangements that MIS promoters were charging \$9,000 per hectare for MIS trees when the actual cost of putting trees in the ground was only around \$1,600. Given the long lead times of investment and production before harvest, it will be difficult to legislate for the 70 per cent direct forestry expenditure test. The de-

tail of how the 70 per cent direct forestry expenditure test will work is covered in the fine detail, buried away in schedule 8 of the bill and in the explanatory memorandum.

In an attempt to define what MIS company costs may and may not be included in the 70 per cent on-ground direct forestry expenditure, the bill states that the following costs may not be included: MI scheme marketing—including advertising, sponsorships, sales and entertainment; insurance; contingency funds or provisions for MI scheme financing; lobbying activities; general business overheads, which include the salaries of MIS promoter company CEOs but not overheads directly related to forestry; subscriptions to industry bodies; and commissions for financial planners or financial advisers. The perceived high commissions paid by MIS promoters to financial advisers have been a key concern of those who fear these schemes have been abused. Compliance with requirements related to the structure and operations of the forestry management scheme, supervision of contracts and legal fees relating to any matter mentioned in subsection 394-45(3) also may not be included.

This list of costs specifically excluded in the bill from the items of allowable direct forestry expenditure under the 70 per cent rule is not an exhaustive list. There may be other costs that cannot be included in the 70 per cent list. The definition of allowable direct forestry expenditure is wide enough to hide many sins. Establishing a plantation includes: planting, coppicing and grafting activities, and other methods of plant propagation; site preparation costs, such as ground clearing, fence clearing, deep ripping and mounding, fertilisation pre-planting, weed control, constructing channel irrigation, roads or fire breaks; pre-establishment costs such as site selection; costs of tending plantations, including inspection, monitoring, pest control, fire hazard reduction, re-

planting, coppice management, fertilising, pruning and thinning; and felling costs, including harvesting activities, felling trees, lopping off branches and bark removal.

There is great potential here for MIS promoters to overstate the cost of these allowable direct forestry expenditures. How will the tax office monitor and determine whether the proposed expenses are reasonable or overstated? Australian taxpayers have reason to be concerned at any costings for forestry MI schemes that claim to comply with the 70 per cent DFE because many of the schemes we have seen would not comply. The Bureau of Rural Sciences undertook a survey of the costs of plantation investment in the first year of MI schemes for the Department of the Treasury's review of MIS schemes last year. The findings were that, on average, the eligible DFE costs as under this bill were \$2,180 and the non-DFE costs were \$3,870. Therefore, on average, MI schemes surveyed by the BRS would not have complied with the new provisions. If we see many forestry MI schemes complying with the 70 per cent DFE test under the new legislation then we should be concerned that something is wrong. How will the tax office be able to effectively assess the accuracy of claimed expenses?

Despite the best of intentions, it does not appear that the reforms introduce a 'market pressure' test on forestry MI scheme expenditure. There are no market signals on direct forestry expenditure. On the contrary, there is an incentive for MI scheme managers to incorporate gold-plated costs under the DFE to achieve the 70 per cent test. A concern with the current MIS arrangements is that there are no market signals limiting the expenses of promoters—high commissions, full-page advertising in national newspapers and the latest and most expensive technology use on the ground. These are things normal farmers could never afford to pay, but any-

thing is affordable under MIS so long as you can market the scheme to an investor desperately looking for a tax deduction in June.

The MIS promoter will need to demonstrate 'reasonable expectation' that costs will be incurred, and this 'reasonableness' will need to be assessed by the tax commissioner. But at no time is there a requirement that the DFE costs be assessed compared with the costs a normal farmer could be expected to incur to establish a hectare of trees on his land for profitable timber production. In the long debate on MI schemes I have established through consulting with people in the industry and on the ground that it costs around \$1,600 per hectare to establish tree plantations. An independent valuer in Western Australia quoted establishment costs of \$1,427 per hectare. The Forest and Wood Products Research and Development Corporation's 2005 report *Eucalypt plantations for solid wood products in Australia—a review* put the cost of establishment for pulp logs at \$970 per hectare, before rent. At a meeting I was challenged by a departmental official in the forestry sector who claimed establishment costs were really in the order of \$4,000. There is a lot of difference between \$1,600 and \$4,000, and the taxation commissioner will have a hard time finding the truth! The BRS survey also demonstrates what a difficult time the tax commissioner will have sorting out reasonable costs. The survey found land lease costs varied between \$175 and \$420 per hectare.

It was always going to be difficult for any government to legislate that 70 per cent of the cost to an investor of a forestry MI scheme be for direct forestry investment. The range of costs the BRS has found for land leases just demonstrates the potential for an MIS promoter, with a slick accountant, to manipulate the DFE costs. Forestry MIS arrangements last over many years—around 14 years for pulpwood or longer for soft-

woods—and this bill provides that the life-long payments by investors and lifelong DFE expenditure be assessed under the 70 per cent rule at day one. There will be no audit several years into the forestry MI scheme to assess whether or not the DFE share claimed at the start of the project is in fact the reality. The concern would be that as the scheme progresses the actual share of allowable DFE costs will slip below the 70 per cent rule. It is important that the assessment of the 70 per cent rule be rigorous because the taxman will potentially lose a lot of revenue to these schemes which may have otherwise been directed to improving government services or general tax cuts. By incorporating land leases, or effective lease rates, in the allowable direct forestry expenditure, it will still be possible for MIS promoters to use these schemes to pay off massive investments in land—and in doing so to push up the price of agricultural land in competition with farmers, as we have seen occur in Heytesbury and in south-west Victoria in my electorate of Corangamite.

In times past there has been a lot of debate in this place over tax complexity, with the GST being an example. When it comes to the 70 per cent DFE, this bill would fail the birthday cake test. The wages for a project coordinator who undertakes ‘community liaison’ or ‘education programs’ are included; the wages for a project coordinator who undertakes lobbying are not. Legal advice for drawing up contracts for forestry contractors is included; legal advice for drawing up contracts for forestry investors is not. Wages for accounts staff who deal with both MIS forestry workers and head office need to be apportioned—and therefore would be both allowable and not allowable. Harvesting and lopping off branches is included in DFE; in-field chipping or milling is not. There are a lot of frills and icing on the MIS forestry cake. Some of it is allowable direct

forestry expenditure and some is not. It will be very complex for the tax commissioner to sort it out.

In conclusion, I have been a strong advocate for sustainable forestry and for the jobs of our hardworking timber workers. These men and women have been forced out of the public forests. If Australia is to supply the demand for timber and paper products, we need to encourage investment in plantations. The challenge is to encourage legitimate investment in forestry where the motive is growing useable timber and generating a profit. Any scheme that relies on generous tax breaks is subject to failure and may not deliver the timber our industries need. The government has decided to close down MI horticulture schemes because of concerns they are tax driven. The government will need to monitor the implementation of these new provisions, which I have set out in my speech, very carefully.

Mr HAYES (Werriwa) (10.52 am)—I rise to speak in the debate on the Tax Laws Amendment (2007 Measures No. 3) Bill 2007. I find it a little odd that this omnibus bill contains 10 significant tax measures ranging from the tax treatment of lump sum superannuation death benefits paid to the nondependants of ADF personnel, Australian Federal Police, police officers of each state and territory service, as well as the Australian Protective Services, right through to the repeal of the dividend tainting rules. The minister has obviously decided to put these measures into one instrument with a view to proceeding. I intend to limit my remarks to schedule 4, which aligns tax treatment of lump sum superannuation benefits paid to nondependants with that which currently applies to dependants where the deceased:

... died in the line of duty as:
(a) a member of the Defence Force; or

- (b) a member of the Australian Federal Police or the police force of a State or Territory; or
- (c) a protective service officer ...

Superannuation death benefits paid to dependants of a deceased person are taxed more concessionally than those paid to non-dependants. ‘Death benefits dependant’ is defined in the legislation as a deceased’s spouse or former spouse, a deceased’s child aged less than 18, any person with whom the deceased had an interdependency relationship just before he or she died, or any other person who was a dependant of the deceased person just before he or she died. As a result of the simplified superannuation reforms, from 1 July 2007 superannuation death benefits will be tax free without limit if paid to dependants and taxed concessionally if paid to nondependants—at 15 per cent if paid from a taxed fund and at 30 per cent if paid from an untaxed fund. Labor is supporting these provisions as they recognise the valuable role played by defence personnel and police in maintaining the safety and security of local communities and the nation as a whole.

As most members would be aware, prior to coming to this place I spent a number of years representing the professional and industrial interests of police officers in each state and territory police jurisdiction and the Australian Federal Police. I know first-hand the dedication, commitment and professionalism exhibited by these people in fulfilling their duties on behalf of their respective police services.

From talking to these people over many years—I am sure the Minister for Revenue and Assistant Treasurer, who is in the chamber, would agree, as would the member for La Trobe—I know that it is very rare for the motivation of people entering the police force to be anything other than that they are joining to make a difference. This bill, par-

ticularly schedule 4, is a recognition of the special role played by the ADF and certainly our police officers.

Only last year the National Police Memorial was opened on Police Remembrance Day, 29 September 2006. The Prime Minister attended, as did many members of this House. The memorial, situated at Kings Park, has 719 names of police officers who have died serving their respective state or territory during the course of their duties. Since January 1999, over 30 police officers have been killed in the line of duty.

Schedule 4 of this bill goes some way towards recognising the important role that Australia’s police play in our society. It is also a well-recognised fact that police face significant physical and psychological rigours which are reasonably unique to that occupation. One thing which stands police apart from other employees is their oath of office. Police officers take an oath of office which gives them enormous powers but at the same time places them under enormous responsibilities. This personal responsibility distinguishes the obligations of police officers from those of most other employees. A police officer is obliged under their oath of office to put himself or herself in a situation of physical or psychological harm where it is necessary to keep the peace or to protect the lives and properties of members of the public. I am sure that is something we all sometimes take for granted. It is very easy to blame the police for not being somewhere when a crime is being committed. I assure members that these people take their job very seriously, and part of that is putting themselves in harm’s way to protect their community.

The other significant aspect of their oath of office is that it obliges a police officer effectively to be on duty 24 hours a day, seven days a week. The oath of office

obliges a police officer to intervene in any situation in which he or she perceives an offence is being committed, regardless of whether he or she is on a roster. That has significant implications for an officer's safety. Those things are taken into account.

I will briefly mention a very unfortunate incident that occurred in Ultimo on 28 February 1998. Young Constable Peter Forsyth, who was off duty at the time, saw a drug deal taking place. As was required under his oath, he put himself back on duty and tried to apprehend the people involved. Unfortunately, he was fatally stabbed. That brings home not only the dangers involved in police work but also the fact that the people who take on this occupation must be prepared to put themselves on duty if they witness an incident. That is not required of other employees who may or may not be rostered on. If police officers are aware of an incident, they are obliged to take action to address the situation. I understand from the commissioner that Constable Forsyth was extremely well regarded. This incident demonstrates the commitment, dedication and professionalism of police officers and what they are prepared to do to look after the communities they serve.

I should also mention the fact that police officers have been serving with various overseas detachments on behalf of this country for many years. Police officers commenced service in Cyprus in 1964. In addition to that detachment, Australian police officers have been serving in Thailand, Namibia, Cambodia, Somalia, Mozambique, Haiti, Bougainville, the Solomon Islands and, more recently, East Timor. Australia's peacekeeping obligations have seen this government and previous governments call upon state and territory governments to ask for volunteers for overseas service to honour Australia's peacekeeping obligations. Once again, these police officers demonstrate dedication and

commitment not only in serving their state but also in the way they continue to serve this country in its peacekeeping role.

In concluding, I pay tribute to the activities of the Police Federation of Australia, which is the professional body that represents the nearly 50,000 police officers serving in the various state, territory and national jurisdictions. I particularly commend federation president Peter Alexander and the chief executive officer Mark Burgess for their persistent lobbying on behalf of all Australian police officers. That persistence has resulted in major changes to superannuation death benefits paid to nondependants of police personnel. Nondependants of Australian police officers killed in the line of duty will now have access to the same concessional tax treatment for superannuation death benefits as dependants when they receive a lump sum. That is a significant step forward. It is also significant for other services, including the Australian Defence Force and the Australian Protective Service. For that reason, I support this bill.

Mr CREAN (Hotham) (11.06 pm)—I rise to speak on the Tax Laws Amendment (2007 Measures No. 3) Bill 2007 to make a couple of observations about two of the schedules in particular but also to support the amendment moved by the member for Prospect. This TLAB 2007 measures No. 3 bill is an omnibus bill comprising 10 measures. It effectively amends five separate tax acts. Most of the amendments proposed are non-controversial and they make the tax system fairer. They are designed to cut down on tax avoidance and, as the member for Werriwa indicated, they very importantly recognise our defence force personnel killed in action.

The first schedule I wish to touch on is schedule 8, which deals with forestry managed investment schemes. Schedule 8 inserts a specific deduction into the tax law to pro-

vide that initial investors in forestry managed investment schemes receive a tax deduction for their contributions. Labor support this proposal. We think it strikes the right balance between ensuring that Australia has a sustainable plantation industry and addressing tax integrity. Forestry has a vital role to play in our approach to dealing with climate change, but we do have to recognise that there is a long lead time before people who invest in forests and carbon sinks get a return. In our view, the 70 per cent rule gets the balance right between maintaining integrity in the tax system and fostering sustainable plantations.

The 70 per cent requirement does impose some compliance and administrative burdens. We hope they will not prove unduly burdensome, but the importance of managed investment schemes to rural and regional communities is a terribly significant factor. There are a number of downstream jobs associated with the businesses that grow under managed investment schemes and, whilst we understand that these schemes have caused some controversy between competing interests in rural and regional Australia, we believe that the plantation and forestry industry attaining critical mass so that it can make its contribution to our sustainability is important. So we welcome those changes.

While I am on the subject of investment schemes, I note that the government consulted the forestry sector about these schemes. That is in stark contrast to managed investment schemes in other sectors where there has been a failure by the government to consult. The Minister for Revenue and Assistant Treasurer made an announcement in February this year that tax deductions would no longer be provided for non-forestry managed investment schemes, but those in the industry were not given adequate notice or appropriate consultation, and there was an inadequate transition period. That has created

massive uncertainty in rural and regional Australia.

Clearly the government does not have any idea about the impact its decision will have in rural and regional Australia. Labor recognise the need to assess this impact. We called for a Senate inquiry into non-forestry MISs and a full and open analysis of the impact of the government's decision on rural and regional Australia. We think that when these decisions are taken, whether by the tax office or as a result of lobbying the government, there has to be appropriate consultation. That has not happened. Labor will continue to consult on these issues and to discuss them with the agricultural sector and those affected in regional Australia.

The second schedule I want to go to is schedule 10, which deals with a decision made by the government last year to introduce a flat withholding tax from Australian managed investments to overseas residents. The member for Prospect has moved an amendment which embodies an announcement that the Leader of the Opposition made in his reply to the budget speech that Labor propose to halve the tax rate that this bill imposes. Schedule 10 enacts a flat 30 per cent withholding tax on distributions to foreign residents from managed investments. Under the law, all trustees must withhold an amount from distributions to nonresidents, the unit holders of the various trusts.

In essence, the law does that in order to require people to pay tax. A problem exists because the rate of tax that is withheld varies according to the entity receiving the dividend. That has caused a lot of complications and this bill seeks to address that by providing for a flat withholding tax. The problem is that the tax proposed to be imposed is a flat 30 per cent. Not only does that involve an increase in taxation—whatever happened to the commitment the government carries on

about that it will never increase taxes? This schedule does that because it imposes a flat 30 per cent, and that involves increases for certain categories—but the worse problem is that the 30 per cent is well in excess of withholding tax rates in other countries. It is double that of Canada, France, Germany, the Netherlands, the United Kingdom and the United States. It is triple that of Singapore and more than four times that of Japan.

The problem should be obvious: a higher rate will be a deterrent from investing in management investment vehicles in Australia. That is what will happen, and what will that do in turn? It will impact on the ability of Australian fund managers to compete globally. It is a deterrent to investment in our financial services sector, which is highly regarded around the world and whose funds under management provide the largest saving pool in our region and the fourth largest in the world. Australia is the No. 2 property trust manager in the world. This nation pioneered real estate investment trusts. The Real Estate Institute has called for a lower rate of withholding tax, but that request has fallen on deaf ears as far as the government is concerned. You would think the government would want to support one of its champion industries, an industry that has actually gone out and made it and cut it in the world. But, no, not this government.

I might also say that funds under management, and the significant growth there, did not come about just by chance. Nor did it come about because of anything this government did. The fact of the matter is that it came about because of an initiative of the Hawke and Keating governments in the eighties and nineties to establish compulsory superannuation in this country. We faced up to one of the great intergenerational challenges of our time, and that was the ageing of the population and how to ensure that people can retire with economic dignity. We

did not just commission an intergenerational report—this government commissions reports and then ignores them, and it leaves out things such as climate change when assessing what the intergenerational challenges are—we set about acting upon it. Labor in office in the eighties and nineties developed a compulsory superannuation scheme and a provision for retirement income savings that is the envy of the world. They did it with the cooperation of the trade union movement—that group of people that this government wants to pillory every occasion it gets.

The DEPUTY SPEAKER (Hon. BK Bishop)—I remind the member to come back to the subject of the bill.

Mr CREAN—This is the subject, Madam Deputy Speaker. This is very much the subject matter. This tax is going to cripple an industry which was developed by this country through the policies of a former government. I think it is important for this House to understand that this tax will hold back that which we have grown. That is the whole point of speaking in this debate. It is important for the House to understand—particularly when you have a rabid government trying to get its electoral survival back in shape by attacking the trade union movement for being a backward force—that the trade unions have been a very positive force in this country. The trade union movement has contributed to one of the great intergenerational challenges of our time. The trade union movement actually sat down and said they were prepared to forgo wage increases in return for the introduction of superannuation.

The Prime Minister, of course, wants to make comparisons about real wage declines but fails to include the growth in superannuation, which was the trade-off. When you think about it, it is just as important for workers in this country to have economic

dignity in their workplace as it is for them to have economic dignity in their retirement. But it was only Labor that had the will, the wit and creativity to develop that solution. I will not stand for the government's continuing attacks on the trade union movement in this country when in fact we have something that is the envy of the world and which the unions have been responsible for creating. By joining with business and the trade union movement—and through the sacrifice that they had to make through wage offsets—we established this scheme.

The significance of compulsory superannuation in this country now gets taken for granted, but it was fought every inch of the way by the party which now sits in government. The Prime Minister often comes into this place to talk about how his government supported the great reforms that we introduced. They did not support any of our measures to introduce compulsory superannuation in this country—not one bit. They then set about trying to nobble the industry funds, because they saw them as union controlled. Of course, they are not. The management of them—the trustee arrangements—is handled equally by the employers and the unions concerned. This is a genuine partnership that we must forge, not ridicule.

I am talking not just about the contribution the trade unions have made to developing superannuation in this country but also about the industry that comes off that. I am talking about the export opportunities, the pool of savings, the ability to fund the nation's investments and the commitments to infrastructure. We cannot achieve those in an economic sense unless we have savings. Superannuation provides that pool of savings, but it also provides a financial services sector which has expertise in the management of these funds and in ensuring that the investments return the maximum. This is a funds management industry that is recognised

worldwide, but it cannot compete if it has to deal with other countries that have significantly lower tax rates. That would nobble it—and that is what this particular bill does. That is why the opposition has moved this amendment.

I think it is very important, also, to remind the House that the financial services sector is one of the great service export opportunities for this nation. I have spoken on previous occasions about the appalling export performance of this government. Despite the resources boom, the rate of growth in exports under this government is only half that which was achieved when Labor was in office, with all of the inherited economic difficulties Labor had to confront—a 10 per cent unemployment rate, an inflation rate of 11½ per cent and interest rates up at 16 per cent. And they talk about our economic management! The government always want to ignore the economic management that we inherited back in 1982-83. Who was the Treasurer of the country in those days? It was one John Winston Howard. That was the legacy he left us—a sclerotic economy. It was an economy that was still essentially reliant on commodity exports because it did not have the confidence to develop the elaborately transformed manufactures or our services sector. Labor, in each of its 13 years of office, was able to grow exports at eight per cent a year. This government, with one of the longest resource booms in history, can only manage four per cent. And the case of services is even worse. Over the financial years 2000-01 to 2005-06 the growth was only 2.1 per cent. It was 7½ per cent when Labor was in office—three times the growth.

We often talk in this parliament about the importance of agricultural exports and resource exports. They are important to this nation, but the great opportunities for this nation are in services. If we have a tax regime that is going to hold those services

back, we are denying the opportunity for this country to realise much more effectively its potential. A major contributor to that exports slowdown that I talked of before—to the halving of the rate of growth in exports under this government—has been the government's failure to nurture the services sector. Here we have yet another measure that is actually going to hold the services sector back.

Financial services exports have really stalled over the last few years. We should be encouraging them. We should be saying to the world we are proud of what we have created. We have created a superannuation scheme that is the envy of the world. We have a fund management industry that is the envy of the world. Why don't we export those services? Why don't we encourage an environment in which they can be exported?

It has been very interesting to note in the last couple of days the great contrast in relation to the Future Fund, whose custodian role has been placed overseas—not here in Australia, not encouraging the services sector. It is an interesting contrast. Labor want to encourage the export of our services—in particular, our financial services. The government's solution is to nobble them with a tax and then to export the Future Fund and import their services. It is a very strange way to do business.

We should be proud of the industry that has been created. We should remind ourselves of what created that industry—it was Labor's initiatives. Now we have a government that cannot even see that the smaller dimensions of this can hold back those initiatives. This is an issue that we do have to address front on and squarely. It is why the leader of the Labor Party in his address-in-reply to the budget announced an initiative that was brought forward by the member for Prospect, a member who has consulted with

the industry. He spoke to the Property Council, the Real Estate Institute and all of those groups that were listed in his speech, all of whom applauded our initiative. Why? Because we are behind Australian industry. We are about encouraging it to export and to excel in that which it does well—and not just to excel here but to take the opportunities overseas and grow the opportunities for our young people.

This financial services sector could become the hub in Asia, but it will not if this initiative goes ahead. This will be one of the things that holds us back. The other thing that holds us back is the failure of the government to develop an export strategy that encourages our services sector. We really need the government to pick up our amendment in the short term. In the longer term we need to change the government and get back into office a government that believes in doing something for our export services in this country and taking the challenge to the rest of the world. We are up there with the best of them; let us provide the framework in which we can compete globally. (*Time expired*)

Mr DUTTON (Dickson—Minister for Revenue and Assistant Treasurer) (11.26 am)—in reply—Can I start by thanking all the members who have taken part in this very important debate on the Tax Laws Amendment (2007 Measures No. 3) Bill 2007. Schedule 1 to this bill amends the tax integrity rules concerning private company distributions, division 7A of the Income Tax Assessment Act 1936. The amendments will reduce the punitive nature of the provisions by removing the automatic debiting of a company's franking account when a deemed dividend arises. The amendments will also reduce the extent to which taxpayers can inadvertently trigger a deemed dividend under division 7A. The commissioner will also have the discretion to disregard a deemed dividend in certain circumstances. These

changes demonstrate the government's commitment to addressing legitimate concerns about the impact of tax integrity measures on taxpayers, especially where taxpayers are attempting to meet their tax obligations. Not only will the changes provide greater flexibility; they will also reduce compliance costs for taxpayers.

Schedule 2 to this bill will ensure that certain superannuation contributions made during the period 8 December 2006 to 30 June 2007, such as those made by a friend, are included in the non-concessional contributions cap calculation that covers that period. Schedule 3 will improve the taxation of resident testamentary trusts by ensuring that an income beneficiary of such a trust need not be assessed on the capital gains of the trust, from which they will not benefit. These changes will allow the trustee of such a trust to choose to be assessed on the capital gains instead.

Schedule 4 of this bill will allow nondependants of a member of the Australian Defence Force, a member of any Australian police force or an Australian Protective Service officer killed in the line of duty to access the same concessional tax treatment for lump sum superannuation death benefits as dependants. This means that from 1 July 2007 eligible nondependants will pay no tax on the lump sum superannuation benefit left to them by someone who has died in the line of duty. I acknowledge the contribution made to this debate by the member for Werriwa. I had the benefit of listening to his speech on this schedule to the bill and I know that he holds very passionately his views on this topic. I commend his presentation.

Schedule 5 will extend by one year a transitional period under the thin capitalisation rules. The extension will enable a thorough assessment of the impact of the thin cap rules of adopting Australian equivalents to interna-

tional financial reporting standards. It will also provide time to develop and consult on any permanent changes to the rules that may be considered appropriate.

Schedule 6 to this bill will reduce compliance costs for companies by repealing the dividend tainting rules. As a consequence of the introduction of the consolidation regime and the simplified imputation system, the dividend tainting rules are no longer necessary.

Schedule 7 to this bill clarifies the exemption from interest withholding tax by more closely specifying the types of financial instruments that will be eligible for the exemption. Broadly, the instruments now eligible for exemption are debentures, non-equity shares, syndicated loans and other instruments prescribed by regulation. These amendments reduce uncertainty for taxpayers by confirming the policy intent in relation to debt interest, which is broadly that Australian business should not face a constraint on access to offshore capital for significant investments because of interest withholding tax. They also, though, enhance the integrity of the tax base.

Schedule 8 of this bill inserts new rules to ensure that investment in forestry managed investment schemes is encouraged to facilitate the continued expansion of our plantation forestry estate. Initial investors will be eligible for income tax deductions for any contributions they make, provided a 70 per cent direct forestry expenditure rule and some other requirements are met.

To address the government's concerns about the level of commissions charged, this measure incorporates an arms-length pricing rule and a requirement that all the trees are established within 18 months. In addition, the schedule requires the manager to include investors' contributions in its assessable income in the income year the contributions

are first deductible to the investors. Secondary market trading of interests in forestry schemes will introduce pricing information regarding forestry scheme investments. To facilitate a deeper secondary market for forestry scheme investments, the schedule allows both existing and new interests to be traded. Initial investors will be subject to a full-year holding period and market value pricing rules and are required to return sale or harvest proceeds on revenue account. The schedule also clarifies the income tax treatment of sale or harvest proceeds received by secondary investors, and a deductibility of payments by secondary investors to the schemes.

Schedule 9 makes amendments to require Australian trustees to collect tax on trust taxable income payable to the trustee of a foreign trust. After these changes, Australian trustees will be required to pay tax on the taxable income of the trust attributable to any foreign resident entity, whether it be an individual, company or trust.

Schedule 10 to this bill enables Australian managed funds to collect a non-final withholding at a single rate—the company tax rate—on distributions of Australian sourced income to nonresidents that are not dividends, interest or royalties, and the nonresident investor will be able to claim a credit for the withholding tax on lodging an Australian income tax return. This schedule will improve the efficiency of Australia's managed funds industry and provide greater certainty to the industry.

I will turn for a moment to the second reading amendment moved by the member for Prospect, which has taken place in relation to schedule 10 of this bill. This schedule, as I outlined, expands the existing PAYG withholding system to cover distribution of Australian sourced income from managed investment funds or foreign residents. The

member proposes to reduce the withholding rate from 30 to 15 per cent and make it a final tax. The measure in this bill was recommended by the independent Board of Taxation in its review of international taxation arrangements, and the recommendation specified a non-final rate of 30 per cent. This measure does not introduce a new tax—it merely codifies and simplifies a tax withholding system already applied to many foreign investors.

This government has reformed Australia's tax system to allow the managed fund industry to grow and to prosper, and implementing recommendations from both the Review of Business Taxation and the Review of International Taxation Arrangements has put in place a highly competitive tax environment. In fact, Australia's managed investment fund industry is the fourth largest in the world, according to industry figures. Australia also tops the list of real estate investment trust markets in the Asia-Pacific region and is around the second largest in the world.

This government encourages foreign investment into Australia, and—this is a key point—the Treasury costing prepared in accordance with the Charter of Budget Honesty puts the cost at more than \$100 million. Members of the Labor Party believe the cost to be only \$15 million per year. This demonstrates what economic idiots they are. They provided their own assumptions to Econtech and did not require the assumptions to be questioned by Econtech. Labor Party assumptions were supplied to Econtech and were costed at \$15 million. Is it any surprise to people that the Labor Party wrecked the Australian economy when they were last in government? They have costed a measure at \$15 million—

Mr Bowen interjecting—

Mr DUTTON—It is only \$400-odd million out over the estimates. It has been a con-

vention by both this government and the previous government that the Treasury of the government prepares these costings and provides them to the government of the day. There was not a convention under the Labor Party that they would release the assumptions—

Mr Bowen interjecting—

Mr Crean interjecting—

The DEPUTY SPEAKER (Mr Wilkie)—Order! The member for Prospect and the member for Hotham will cease interjecting.

Mr DUTTON—because they know now that their costing of \$15 million over the estimates is out by about \$400 million. What does that say to the Australian people at the moment who are considering what a Labor government would mean to the economy? This should be a great demonstration to the Australian people that members of the Labor Party are still not ready to manage the Australian economy. They are \$400 million out in this one measure alone over the estimates. That would put the Australian economy on a path to disaster. If people in the Australian business community want a demonstration of how bad Labor would be in the management of the Australian economy, then look no further than this measure.

We know that the member for Prospect, the member for Lilley and the Deputy Leader of the Opposition were in a mad panic when they put forward their industrial relations policy, which had been put together by the union bosses. We knew that they had this policy, this grand statement, put together by the union bosses—the puppeteers of the Labor Party, the people who would again be in charge of the Australian economy if Labor were returned to power in this country. They put together this business- and job-destroying industrial relations policy, which was rejected quite properly and soundly by

business. They said: ‘This is a nonsense. The industrial relations policy of the Australian Labor Party, masterminded by the union bosses, the puppeteers of the Australian Labor Party, would destroy jobs. It would result in the same wrecking of the Australian economy that took place in the late eighties and early nineties.’

So that was the Deputy Leader of the Opposition, the member for Prospect and the member for Lilley. Some people do not realise that the member for Lilley would be the Treasurer of this country in a Rudd Labor government. People need to think about that. People need to think about how bad that would be for the Australian economy, for Australian families and for Australian small business. It is demonstrations such as this, where they cannot properly cost these sorts of policies, that undermine the legitimacy of the economic credibility that they claim to have.

In the face of all this sound opposition from business about Labor’s industrial relations policy that would crush jobs, put people out of work and drive up interest rates, Labor had a mad run-around between them. The Labor think tank—the member for Prospect no doubt, and the member for Lilley, the shadow Treasurer—raced to the Leader of the Opposition and said: ‘Jeez, we’ve got a real problem. How are we going to get business back onside? What’s the measure that could bring business back onside? How can we try and show business that we’re not about destroying jobs and we’re not about destroying the economy?’ Let me tell the member for Prospect and those opposite that Australian business is smarter than you think.

Australian business knows that Labor would wreck the economy. It knows that this policy has been put up not because the Labor Party believe in this policy, not because they

would want to commit \$400 million over some of their social programs to this policy, but because they are trying to recover themselves with Australian business. The Labor Party know, as Australian business knows, that the Labor Party and their union bosses—80 per cent of people who now sit in the Labor Party are former union bosses or union hacks—are dangerous for the Australian economy. If we want to return to the days of industrial disputation, of business being destroyed, of small business having to sack people, of interest rates of 17 per cent—and up to 20 per cent—for families, which drove them out of their homes, then the Australian Labor Party are what we need to run the Australian economy. That is what the Labor Party are all about. They are dictated to, they are dominated by and they are answerable to the Australian union movement.

This stunt by the Australian Labor Party is to try to curry some favour with the business community. Put aside all of the rhetoric: Labor do not believe in creating jobs in the business community. When they were in government last, their policies demonstrated that clearly. This is nothing more than a shabby attempt to try to mend bridges with the Australian business community. Let me tell you privately: the Australian business community see straight through it. They know this is a sham. They know that, when the Charter of Budget Honesty reveals the true costing, Labor in government will walk away from this policy at a moment's notice. I can promise the Australian people and the Australian business community that, when Labor have to properly cost this policy—when all these lunatic-Left people are running around as ministers in government—and they want to look at priorities in a Labor government, this will be the first policy that Labor would walk away from. That is because they costed it at \$15 million a year. This policy was costed by Treasury—not by

the Treasurer's office, by me or by the Parliamentary Secretary to the Treasurer but by the same Treasury that is hailed by some members of the Labor opposition. The Treasury has provided the costing assumptions, and it is the Treasury whose costings the Labor Party will have to abide by.

Let me say to Australian business: when Labor realise the error of their ways—when they realise that this is not a \$60 million project over the four years of the estimates but closer to a \$400 million or \$500 million measure—they will walk away from this in a heartbeat, because they are beholden to the union movement. The union movement destroys jobs in this country; it is not about creating opportunities for workers as the unions claim. The union bosses in the Labor Party sit along that front bench and they would sit around the cabinet table with Mr Rudd in a Labor government, and those that are out there believe in preserving jobs for union bosses. Their rhetoric is nothing to do with creating opportunities for Australians such as has been demonstrated by the economic performance of the government over the last 10 years. We have created opportunities for two million people to go into jobs. We have put real wage increases at greater levels than the negative levels they were at under the Labor Party. The Howard government, through our economic management, have been able to pay dividends to people in small business and to families. The Labor Party stands as shabby as ever, particularly on this measure. For those reasons, I commend this bill to the House.

Question put:

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

The House divided. [11.47 am]

(The Deputy Speaker—Mr Wilkie)

Ayes.....	78
Noes.....	52
Majority.....	26

AYES

Andren, P.J.	Andrews, K.J.
Bailey, F.E.	Baird, B.G.
Baker, M.	Barresi, P.A.
Bartlett, K.J.	Billson, B.F.
Bishop, B.K.	Bishop, J.I.
Broadbent, R.	Brough, M.T.
Cadman, A.G.	Causley, I.R.
Ciobo, S.M.	Cobb, J.K.
Costello, P.H.	Draper, P.
Dutton, P.C.	Elson, K.S.
Entsch, W.G.	Farmer, P.F.
Fawcett, D.	Ferguson, M.D.
Forrest, J.A.	Gambaro, T.
Gash, J.	Georgiou, P.
Haase, B.W.	Hardgrave, G.D.
Hartsuyker, L.	Henry, S.
Hockey, J.B.	Hull, K.E. *
Hunt, G.A.	Jensen, D.
Johnson, M.A.	Jull, D.F.
Keenan, M.	Laming, A.
Ley, S.P.	Lindsay, P.J.
Lloyd, J.E.	Macfarlane, I.E.
Markus, L.	May, M.A.
McArthur, S. *	McGauran, P.J.
Mirabella, S.	Nairn, G.R.
Nelson, B.J.	Neville, P.C.
Pearce, C.J.	Prosser, G.D.
Pyne, C.	Randall, D.J.
Richardson, K.	Robb, A.
Ruddock, P.M.	Schultz, A.
Scott, B.C.	Secker, P.D.
Slipper, P.N.	Smith, A.D.H.
Somlyay, A.M.	Southcott, A.J.
Stone, S.N.	Thompson, C.P.
Ticehurst, K.V.	Tollner, D.W.
Truss, W.E.	Tuckey, C.W.
Vaile, M.A.J.	Vale, D.S.
Vasta, R.	Wakelin, B.H.
Washer, M.J.	Wood, J.

NOES

Adams, D.G.H.	Albanese, A.N.
Bevis, A.R.	Bird, S.
Bowen, C.	Burke, A.E.
Burke, A.S.	Byrne, A.M.

Crean, S.F.	Danby, M. *
Edwards, G.J.	Elliot, J.
Ellis, A.L.	Emerson, C.A.
Ferguson, L.D.T.	Ferguson, M.J.
Fitzgibbon, J.A.	Garrett, P.
Georganas, S.	George, J.
Gibbons, S.W.	Gillard, J.E.
Grierson, S.J.	Griffin, A.P.
Hall, J.G. *	Hatton, M.J.
Hayes, C.P.	Irwin, J.
Jenkins, H.A.	Kerr, D.J.C.
Lawrence, C.M.	Livermore, K.F.
McClelland, R.B.	McMullan, R.F.
Melham, D.	Murphy, J.P.
O'Connor, B.P.	O'Connor, G.M.
Owens, J.	Plibersek, T.
Price, L.R.S.	Quick, H.V.
Ripoll, B.F.	Roxon, N.L.
Sawford, R.W.	Sercombe, R.C.G.
Smith, S.F.	Snowdon, W.E.
Swan, W.M.	Tanner, L.
Thomson, K.J.	Vamvakinou, M.

* 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 DUTTON (Dickson—Minister for Revenue and Assistant Treasurer) (11.55 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 (SMALL BUSINESS) BILL 2007**Second Reading**

Debate resumed from 10 May, on motion by **Mr Dutton**:

That this bill be now read a second time.

Mr BOWEN (Prospect) (11.55 am)—The Labor Party supports the Tax Laws Amendment (Small Business) Bill 2007. The burden of regulatory compliance on small business

is huge, and governments of all persuasions must work actively to reduce that burden. The burden of tax compliance is one of the biggest issues that needs to be addressed. An OECD paper, *Business views on red tape: administrative and regulatory burdens on small and medium-sized enterprises*, six years ago identified tax compliance as the largest regulatory burden on small business in Australia. This was confirmed by a survey by the Institute of Chartered Accountants in Australia, which found that the complexity of tax legislation is the No. 1 issue that the federal government needs to address. That is the view of accountants servicing small business around this country. The chair of the Institute of Chartered Accountants' small and medium enterprise division, Sue Prestney, said:

These repeated frustrations expressed by small businesses, year after year, over Federal tax legislation sends a clear message to the government: reduce red tape ...

She goes on to say:

... until this changes, tax legislation will continue to impose onerous compliance costs for small businesses ...

I was drawn to an article by Peter Switzer, a well-respected commentator, in the *Australian* on 9 May 2006. The lead item in the article was:

Treasurer Peter Costello has served up a decade of disappointment for small business owners, who hope that each budget night will deliver some relief from excessive regulation.

'A decade of disappointment'. That article went on to quote a Sydney electrical contractor, Matt Ryan, who talked about how his business could not expand because of the burden of tax regulation: that it just did not make sense to put more staff on and expand because the amount of time that was devoted to compliance with tax laws was just so huge. This is a real-life example of what we are talking about.

We welcome the alignment of definitions for tax purposes contained in this bill. Myriad definitions are throughout the two tax acts and other acts, and there is little consistency or transparency about how those definitions are reached and why there are different criteria for different tax measures.

And on behalf of the Labor Party I welcome the move to a single criterion for receiving small business tax concessions of a turnover of \$2 million and an additional assets test for some particular measures. This is a step in the right direction. I would say two things in relation to that. Of course, this aligns definitions in the tax act but, across government, there are a range of other definitions of small business and other criteria that small business have to meet either to gain concessions or to meet legislative requirements. For example, the Corporations Law says that a business must comply with two out of the following three: it must have gross operating revenue of under \$10 million, assets under \$5 million or fewer than 50 employees. The Privacy Act defines a small business as a business with a turnover of less than \$3 million, as opposed to \$2 million in this act. And, of course, the Workplace Relations Act defines a small business as a business with fewer than 100 employees.

It could well be the case that there is good reason for those different definitions. It could well be the case that it is appropriate that different government concessions and different programs have different criteria. I am not saying it is not the case, necessarily; I am pointing out that this is simply an alignment of definitions for the purposes of the tax acts. It does not align the definition of small business across government. Should we form a government later in the year, something we would be interested to look at is whether there could be a more broad alignment of the definition of small business across different acts. I stress, that may or may not be the

case. But it is something that we would have a look at, and I am sure my colleague the shadow minister for small business would be looking at that with me should we form the government later in the year.

I also note that this bill sets a threshold for turnover but does not index that threshold. If that threshold is not indexed then from time to time the government of the day is going to have to come back with refreshed legislation to increase that threshold to ensure that, as businesses grow, we are not stopping businesses which are, under any definition, small businesses from accessing tax concessions. Again, indexing the threshold is something that we would examine. It is something that we would look at to see if that makes sense. It may or may not make sense. It is something that we would examine and that we would be interested in. It may be that it is more appropriate for the government to come back with regular increases in the threshold every couple of years, but it may be that an indexation is the right way to go. That is something that we will consult with small business on and will look at, should we form the government.

While this bill is a step in the right direction, it needs to be stressed that there is still much more to do in reducing the compliance burden on small business generally, including reducing the compliance burden on small business in relation to tax. The simplified tax system was introduced, as the name suggests, to simplify the tax arrangements for small business. This bill in part relaxes some of the eligibility criteria for the simplified tax system. The amendments reflect that the simplified tax system has not been overly useful to many businesses.

The Certified Practising Accountants examined this issue last year. The major reasons provided by the respondents to their survey was that the simplified tax system

was 'too complex' and 'of little value'. The Institute of Chartered Accountants, a separate organisation, estimates that only 20 per cent of eligible businesses have become involved in the simplified tax scheme. Clearly there is a need to further examine simplification of the STS to ensure that it is open, accessible and available to as many small businesses as possible.

I also note that, as Mark Pizzacalla of HLB Mann Judd has pointed out—and as an aside I would like to compliment him on the quality of his work on small business tax issues; I think he makes a good contribution to the debate—the tax consolidation regime has meant that it is likely that many small and medium enterprises have not consolidated, due to the complexity of the regime and the cost of seeking specialist advice on tax consolidation. Again these are two areas that perhaps the government needs to look at to ensure that the tax system is as simple as possible for small business, who do not have the resources that big business have to engage outside advice—to have a constant stream of accountants on tap—but are often trying to run their small business and do the books at the same time, who from time to time will engage outside accountants but often are not able to engage full accounting advice on how they should structure their operations.

The biggest compliance burden in relation to tax is the GST and the BAS. The Ralph review of 1999 noted that small business would suffer the compliance burden of the GST but in many instances would not gain the benefit of the reduction in the corporate tax rate because many small businesses are unincorporated. And of course the Labor Party has been releasing policy on reducing the compliance burden of the GST and the BAS.

In his address to the National Press Club, the Leader of the Opposition announced that a Labor government would increase the threshold from \$50,000 to \$75,000 for GST reporting purposes, as recommended by the Banks review of regulation. The government responded in the budget by matching that policy. As I have said previously, I am not sure that would have occurred had not the Labor Party announced our policy of increasing that threshold, something which has been welcomed by small business and small business groups. At the same time, the Leader of the Opposition flagged BAS Easy. In the same speech he announced that Labor would move down the road of introducing BAS Easy. The government, I have to say—if I dare say it—have been walking both sides of the street on this issue. On 26 April this year an article appeared in the *Financial Review* headlined ‘Costello sour on Labor’s BAS sweetener’. It said:

But Mr Costello said the government had already introduced simplified accounting methods to restaurants, cafes and caterers ...

But what it did not point out is that Labor’s policy is that this should be applicable to all businesses who have a mixed GST regime between GST being taxable and GST not being taxable. So first of all they said, ‘We’ve already done it,’ and then in the budget they came out and said: ‘We’ve already done it but we’re going to do it again. We’re going to now apply it to all businesses which have a mixed product regime between GST being taxable and GST being free.’ The announcement from the Treasurer said:

The Government will allow more simplified accounting methods for small businesses. This will give more small businesses the option of using a simplified method to calculate their GST obligations if it suits their requirements. From 1 July 2007, any small business that makes mixed (taxable and GST-free) supplies or mixed purchases will be able to approach the Australian Tax Office

(ATO) to discuss the development of a simplified accounting method for their use.

I must say that on budget night I thought, ‘I’ve heard that before.’

Dr Emerson—Sounds familiar.

Mr BOWEN—It sounds familiar. I went and checked the writings of the honourable member for Rankin, who had been saying exactly the same thing: that a Labor government would introduce BAS Easy for all businesses which have a mix of GST and non-GST products. But the devil is in the detail. The last line in the Treasurer’s statement is:

... will be able to approach the Australian Tax Office (ATO) to discuss—to discuss!—

the development of a simplified accounting method for their use.

They are going to have a chat. That is the government’s policy: ‘We’re going to have lots more chats with small business. We’re going to discuss the use of a simplified accounting method for their use.’ Is the government really committed to this? They have announced discussions. Why don’t we just do it? You cannot be half-pregnant. Why don’t we just introduce BAS Easy? Why don’t we get on with it and introduce BAS Easy? The Council of Small Business Organisations certainly thinks we should. COSBOA has backed BAS Easy. I quote Mr Steven, not always somebody who supports Labor policy—not a card-carrying member of the ALP, I hazard a guess. He says:

Taking an opt-in approach will allow those businesses that are working with few or no staff to adopt the new BAS Easy system—

we should have copyrighted that—

and save time and effort should they so wish.

The Council of Small Business Organisations of Australia has backed BAS Easy, particularly by extending it to independent con-

tractors and small business owners. COSBOA wants it, small business wants it, the Labor Party wants it and the government sort of want it—they are not sure. They thought they had done it. Then on budget night they said: ‘Well, we thought we had done it but actually we are going to extend it to more businesses. However, it is only going to be for discussion.’ Let’s just get on with it. Let’s just do it. My colleague the honourable member for Rankin, the shadow minister for small business, will move a second reading amendment in his contribution to this debate calling on the government to introduce BAS Easy. Let’s just get on with it. Government members will have the chance to stand up for the small businesses in their electorates by walking into this chamber and sitting on this side of the House to support Labor’s proposal to introduce BAS Easy. I suspect there will not be many.

As I said, this is a step in the right direction, but there are a number of regulatory burdens on small business which still need to be dealt with. This bill deals with federal tax, but small business not only pay federal tax; they also pay state taxes. The lack of harmonisation between state systems is of concern to many small to medium sized enterprises as well as to large enterprises. There are many businesses now—you do not have to be too big—operating across state boundaries. That is something that, again, the Labor Party has tackled—not just in relation to tax but in relation to regulation generally. In the same speech to the National Press Club, the Leader of the Opposition announced:

A Labor government will adopt a system of incentives to states to harmonise their regulations. There has been some movement on a payroll tax basis. That is welcome, although I do not think it goes far enough. It makes no sense to have different payroll tax bases from state to state. It would be much easier for small businesses and medium sized enterprises, as well

as big business—this affects them as well—to have consistent payroll tax bases across the nation. This is just one of many areas right across business regulation. It would make so much more sense to have harmonisation across the states wherever possible so that you do not have to have a different type of first aid kit in Sydney and Brisbane, so that bandages in a first aid kit in Adelaide can be the same length and width as they are in Perth, so that we can have some decent, consistent business regulation across the board.

One of the biggest contributions to the economic growth and the economic prosperity that this nation is enjoying, and that we hear about on a daily basis from the government, has been national competition policy. That, amongst other reforms, planted the seeds for the economic prosperity we are enjoying. This proposal is based on those same national competition principles. I will express the view—I do not think I will be controversial; I think most people would agree with me—that national competition policy would not have worked without incentives built into the system. The only reason the states got on board national competition policy was that the Keating government made it in their best interests to do so—and so it is with regulatory reform. The time for reviews is over. The time for reports has been and gone. The time for more reports about how states should reform their regulatory burden and harmonise across state borders has been and gone. It is now time for action. It is time for the federal government to show some leadership, to work cooperatively with the states, to disengage from the blame game and say, ‘Let’s sort this out.’ I have a suspicion that it will take a Rudd Labor government to achieve that.

Other things were announced by the Leader of the Opposition in his address to the National Press Club. He announced that

under a Labor government there would be a ‘one in, one out’ policy. If the Commonwealth government introduces a new regulation, we find another regulation for it to replace. There has been lots of evidence that the amount of legislation—pages of legislation—and regulations passed by this parliament, if I recall correctly, has been bigger in the last 10 years than it had been in all the other years of our Federation. Something is going wrong. We need to have a system whereby, whenever a new regulation comes in, there must be an attempt to remove another regulation so that the regulatory burden, not just on small business but on society generally, does not continue to grow. It is not, in fairness, an Australian phenomenon; it is happening throughout the world. But we can do something about it in Australia by adopting Labor’s policy.

It was also announced—and it is relevant to this debate—that Labor will introduce a superannuation clearing house. You would think that would be welcomed. The government introduced Super Choice. That debate has passed and Super Choice is in. But small business, as we warned they would, are facing the burden of implementing superannuation choice. They are facing the massive paperwork burden of administering the superannuation choices of all their employees. Labor says that a clearing house will do it for them, if they wish. The Minister for Revenue and Assistant Treasurer raced out a press release about this proposal. He said two things. Firstly, he said:

The Labor Party should not be directing small business to put their superannuation funds into a superannuation clearing house.

And he is right; I agree with him. The Labor Party should not be directing people to do that, and we never were. The Leader of the Opposition’s announcement was clear—the press release was clear—that this would be optional. Small business could choose to use

the service. The Assistant Treasurer, in the first line of his press release, said, ‘The Labor Party will direct small business.’ The Assistant Treasurer needs to be more careful about the facts. He needs to be more careful when he criticises Labor policy. We can disagree about the impacts, but let us not misrepresent the facts. He also said:

This is a policy that has been thought up by the union bosses.

The Assistant Treasurer really needs some new material. We hear this day after day.

Dr Emerson—It is the shell press release, obviously.

Mr BOWEN—It is the shell press release, a template—it doesn’t matter what it is. The Labor Party comes in here with an amendment which has been welcomed by every financial business group and some of the biggest financial operators in this country—AMP, CGT and Barclays Bank have endorsed Labor’s policy—and the Assistant Treasurer, not 15 minutes ago, says that the Labor Party is just dominated by union bosses. Why would he say that, when it has been endorsed by every major business group in this country? He really needs new material. The business community in Australia is looking for more substance than that. You cannot come in here and, during debate on every bill and in every press release, say that this is all about the trade unions, because not everything is.

He changes the words—sometimes it is ‘union masters’, sometimes it is ‘union task masters’, sometimes it is ‘union bosses’—but the principle is the same. He really needs to get more substance. He needs to start talking about the issues that Labor is setting on the agenda. He needs to start explaining to people why, for example, they do not support a superannuation clearing house, why they do not support BAS Easy, why they do not support the Australian managed funds indus-

try. I say to the Assistant Treasurer: justify your position. Explain why you are not responding to Labor's agenda and picking up some of Labor's ideas. You cannot constantly rely on saying that the Labor Party is controlled by the trade unions. You need new material.

There have been a series of reviews in relation to small business regulation and small business tax. This has been going on for some time. Indeed, in 1990 a committee of this House—the Beddall committee—looked at these issues. In 1996, when the current government took office, they appointed the Bell review of small business regulation, presumably in an attempt to meet their commitment to cut red tape for small business by 50 per cent. I have yet to find a small business who thinks their red tape has been cut by 50 per cent over the last 11 years. The member for Rankin may correct me, but I have yet to find one who would say, 'Yes, the government has implemented that promise.' It was clearly a non-core commitment.

The Bell review was quite limited in the work it could do. Its terms of reference were to maintain revenue neutrality and to not consider taxation measures. We had a situation where for a long time, under governments of both persuasions, taxation regulation had been identified as the biggest regulatory burden on small business, and the Bell review did not deal with it. But the Bell review did make certain recommendations. Time went by and 10 years later we had the Banks review which, it is fair to say, was like a carbon copy of the Bell review. The Banks review made similar recommendations to the Bell review's recommendations some 10 years earlier which had not been implemented. There is a lot of rhetoric from the government about small business regulatory reform. There are lots of reports and reviews, but we do not see much change. In fact, we had a situation where a review made similar

recommendations to a review commissioned by the same government 10 years earlier. The time for reports has passed. The time for action is here.

This bill contains some sensible measures which we support. We will be voting in favour of this bill. We will also be proposing a second reading amendment which will provide relief to small businesses who are operating under the burden of administrative paperwork created by the GST and the business activity statement. We would invite government members to support that amendment. We would invite government members to join with members on this side of the House in standing up for small business and not walking on both sides of the street. On the one hand they say: 'We've already done it. The Labor Party's got it wrong; we've already done that,' and, on the other, a couple of weeks later they introduce a similar policy to the Labor Party's and say that the tax office will discuss with small business the ratio method. We say: let's introduce the ratio method; let's have fewer reviews, less discussion and more regulatory reform.

Mr HAASE (Kalgoorlie) (12.18 pm)—I rise today to address the Tax Laws Amendment (Small Business) Bill 2007. There are currently separate eligibility tests for the goods and services tax, the simplified tax system, the capital gains tax, the fringe benefits tax, pay-as-you-go instalments and small business concessions. This bill is about making things easier for small businesses in Australia. The bill will standardise the eligibility criteria for small business tax concessions from 1 July this year. It will create just one eligibility test to access a range of small business concessions. Any business—subject to satisfying existing eligibility criteria, not related to business size—with an aggregated annual turnover of less than \$2 million will be eligible. The bill will allow small businesses to choose the concessions that meet

their business needs. Businesses will not be obliged to adopt any concessions not suited to their requirements.

The concessions are: a 15-year asset exemption from capital gains tax, a 50 per cent active asset reduction of capital gains tax, a retirement exemption from capital gains tax, rollover provisions for capital gains tax, simpler depreciation rules and trading stock rules, immediate deductions for certain prepaid business expenses, the choice to account for GST on a cash basis and the choice to pay GST by instalments. The concession is also an annual apportionment of input tax credits for acquisitions and importations that are partly creditable. The bill provides for a car parking exemption from fringe benefits tax and pay-as-you-go instalments based on notional tax. There will be a two-year amendment period for the implementation of this bill.

The bill includes other elements. The existing eligibility thresholds for accessing capital gains tax, fringe benefits tax and pay-as-you-go instalment concessions will be retained. The bill will increase the maximum net asset value test for accessing capital gains tax concessions from \$5 million to \$6 million. It will extend the rollover relief available under the uniform capital allowance regime to any business with a turnover of less than \$2 million that chooses to deduct amounts for depreciating assets. It will increase the GST cash accounting threshold from \$1 million to \$2 million. It will standardise the eligibility criteria, resulting in a reduction of compliance costs for up to two million Australian small businesses. This bill demonstrates the coalition government's continued commitment to reducing red tape and compliance costs for small businesses. The mining boom is creating wealth, but small business is the driving force in many regional communities across my electorate.

In the last decade, the coalition government has recognised and supported small business. Australia's small businesses are vital to our economy, accounting for 58 per cent of employment growth in the past six years. There are more than 1.2 million small businesses in Australia and they employ 3.3 million people. Over the past decade, the number of small businesses has grown 3.5 per cent each year on average. This sector generates 30 per cent of economic production. Forty per cent of all Australian small businesses are in regional areas. In my electorate, there are an estimated 18,000 small businesses operating and 67 per cent of all small business owners operate from home. This sector provides economic opportunities for women, who represent around one-third of small business operators.

The small business sector is very diverse. In 2000-01, the majority of small businesses were in the areas of construction, property and business services, retail, manufacturing and health and community services. The entrepreneurial culture of Australia's small businesses is well known, although very difficult to measure. There are a number of innovative, growing small businesses in my electorate, including a Carnarvon based company, Abacus Fisheries, run by Peter and Sandy Jecks, who catch, process and market whole blue swimmer crab from Carnarvon. The Abacus facility is the largest, most technologically advanced, purpose-built crab-processing facility in Australia and is geared to one thing—producing a culinary superior crab. The company recently secured a grant from the Australian government's Food Processing in Regional Australia Program to purchase and install processing equipment to grow their business.

Rosemary McGuigan and Gerri Ranieri are the directors of Kimberley Events Management. The company provides personalised conferences, holidays, events and wed-

dings for visitors to Broome and the surrounding area and to countless farmers, hoteliers, restaurant owners and tourist operators.

Small businesses are also becoming increasingly export focused, with presently 41 per cent of all goods exporters being small businesses. Wildlife crusader and crocodile hunter Malcolm Douglas established the Crocodile Farm in Broome in 1983. He has grown it into a world famous tourist attraction and is now an export success. Around 40 per cent of the farm's revenue comes from its exports. Crocodile skins are in great demand from fashion houses overseas. Of course, they want the very best quality and that is produced in Broome, Western Australia, in my electorate.

The economic environment in which small businesses operate has changed dramatically over the last 10 to 20 years, but small business has embraced change and grown with it. For example, small businesses have shown they are able to adapt to new technologies, with 62 per cent of small businesses using the internet for a range of uses such as research, email and making or receiving payments. Small businesses are essential to the future sustainability of regional and remote areas and must be supported. The most significant change we have legislated for the future of small business is abolishing the unfair dismissals law for companies with fewer than 100 employees.

We are supported by the Small Business Coalition, which is opposed to any changes to the current exemption from unfair dismissals. The Small Business Coalition is a coalition of 26 small business representative groups, including COSBOA, the Franchise Council of Australia, the Motor Trades Association, the Newsagents Federation, the Real Estate Institute, and the Master Plumbers and

Mechanical Services Association of Australia. The SBC considers:

... retention of this fundamental exemption as absolutely essential to ongoing growth and success of small businesses. Any moves to roll back or water down these reforms would be against the interests of small businesses.

The election of a Labor government would put all these positive changes at risk, a risk that small businesses cannot afford to take. The exemption from unfair dismissals is absolutely essential for small business. The exemption creates jobs and cuts red tape. Small business knows it but the opposition does not. Labor's decision to reimpose unfair dismissals on small business will cost thousands of jobs. Since small businesses were exempted from unfair dismissals, 276,000 new jobs have been created, a benefit to all those Australians and a benefit to the nation's economy. Small business groups have credited the removal of unfair dismissal impediments as being a major reason for new jobs growth across Australia.

Now Labor is promising to throw away this strong jobs growth with a costly, bureaucratic system. Small business operators will waste hundreds of hours and thousands of dollars as a result of this draconian change. Labor will force us back to the bad old days when small businesses were reluctant to hire staff for fear of having to pay 'go-away' money to ex-employees threatening legal action for trumped-up unfair dismissal charges. Labor has not listened to or consulted small business. Labor has only listened to the unions because union leaders dictate to Labor lackeys in the Australian parliament. Reintroducing unfair dismissal laws and then trying to disguise it by offering an extended probation period will not fool small business. Small businesses have made it clear they want no change to unfair dismissal laws. Small business can only rely on the coalition for present legislation to remain

in force. We have supported them in the past for greater employment opportunities for all Australians. We support them now and will support small business into the future.

We have heard a lot from the opposition leader about the unfair nature of AWAs, but I quote from today's *Sun-Herald* which has a headline on the front page 'Harsh Labor':

A COMPANY owned by Kevin Rudd's wife put workers on individual contracts that stripped them of key award conditions.

A common law contract, obtained by the *Herald Sun*, removed penalty rates, overtime and allowances for an extra 45c an hour.

The deal offered a \$30,000 annual salary, or \$576.93 a week.

This is only marginally better than the \$29,219 legal minimum (\$560.11 a week) applying to the most junior class of worker in the industry.

The offer did not include meal and travel allowances or loadings for work performed outside normal hours.

Mr Rudd's wife, Therese Rein, is a multi-millionaire businesswoman whose companies employ 1400 workers in Australia and Europe.

Her firm Ingeus is a global player in the employment and recruitment sector and last year achieved revenues exceeding \$170 million.

But the sting in the tail of the article is that:

The June 2006 contract noted that workers were covered by the Community Employment, Training and Support Services Award.

Employers would be forced to return to those sorts of situations if the Labor Party were successful in the election this year. The changes proposed in this bill will remove red tape, simplify the tax accounting process and cut costs for small businesses. I commend the bill to the House.

Dr EMERSON (Rankin) (12.31 pm)—The Tax Laws Amendment (Small Business) Bill 2007 provides some welcome relief for small business by simplifying the tax system in a number of significant respects. It intro-

duces a standard eligibility criterion of \$2 million in annual turnover applied across small business tax concessions. Prior to this legislation, the criterion for small business to gain access to a concession could have been \$5 million or \$6 million and in other cases \$1 million or \$2 million. The purpose of this legislation is to allow small businesses to access some of the concessions that are in the tax system for small business by standardising that criterion, wherever possible, to \$2 million in annual turnover.

Labor understands and accepts that sometimes standardising criteria is simpler in theory than in practice. We recognise that we cannot necessarily standardise every definition of small business within tax legislation, but this legislation makes very substantial progress. The legislation also increases the capital gains tax maximum net assets threshold from \$5 million to \$6 million and introduces a number of other measures. The legislation removes the \$3 million depreciating assets test from the simplified tax system eligibility requirements. That sounds technical, but essentially the purpose of this is to allow small business greater access to this simplified tax system. I will have more to say about that in a few moments.

Another provision of the legislation increases the turnover threshold for eligibility for the simplified tax system from \$1 million to \$2 million in annual turnover. Again, that will substantially increase the proportion of small businesses that can gain access to the simplified tax system. That is important because the simplified system offers benefits to small businesses by enabling them to group small assets and write them off either immediately or faster than would otherwise be the case. The purpose of that measure is to allow small businesses to keep more of their cash flow in the early years. It will not necessarily change the total amount of tax paid over the lifetime of those assets, but it will reduce the

amount of tax payable in the early years and commensurately increase the amount of tax paid later, if the business is still operating. Small businesses want and need positive cash flow in the early years if they are to survive and thrive. Australian small businesses experience a high failure rate during their first two years of operation, and that is why the simplified tax system is attractive in principle.

However, there is a quandary. The shadow minister for revenue, the member for Prospect, pointed out that the accounting profession has estimated that only 20 per cent of eligible small businesses are availing themselves of the benefits of the simplified tax system. In response to questions during Senate estimates hearings late last year, government officials estimated that figure at 28 per cent. That is a similar order of magnitude. It makes one wonder why 72 per cent of eligible small businesses do not choose to access the system. While the government's lifting of the eligibility threshold from \$1 million to \$2 million is welcome, it is well worth asking why so few small businesses are availing themselves of the opportunity to access a simplified system that includes accelerated depreciation and immediate expensing of some assets.

I do not believe we have any clear answers, and there were certainly none in the Senate estimates hearings last year. I note for the record that the government officials who were asked to provide more detailed answers on notice never did so. I fear that is part of a pattern of officials being instructed by the government not to provide basic information. I foreshadow that we will ask similar questions in the estimates hearings in the next fortnight. We do hope and expect that this time government officials will be more forthcoming so that we can get a better handle on why so many small businesses do not

avail themselves of the simplified tax system.

There is a further measure in this bill, and that is to increase the goods and services tax cash accounting turnover threshold from \$1 million to \$2 million—again, this is meant as a simplification measure. This certainly does bring me to a discussion of various proposals for simplifying the GST bookkeeping burden on small business. Those proposals have quite a history, and most of them come from the Australian Labor Party. Back in 2000, as a backbencher I developed a proposal called 'the ratio method'. The ratio method would allow small businesses to apply to the tax office for a ratio based on their historical financial GST performance and to have that ratio apply to future financial transactions, thereby quite dramatically simplifying the GST paperwork.

The government condemned this proposal at the time and said that it would not work. As a government it had just gone through a process of making some simplifications to the BAS bookkeeping requirements. You might recall that, around that time, there was a lot of small business anger and anxiety about the huge new paperwork burden being imposed upon them, and so some simplifications were made. This was a far more dramatic simplification, and I was amused when the then small business minister elicited a minute from the then Department of Employment and Workplace Relations and Small Business. I have managed to dust that off and I have it here today. It was not necessarily the minute that the minister wanted to receive. The minute commented on the ratio method:

A ratio by turnover method is a reasonable option for calculating GST as long as the ratio continues to be an accurate reflection of the net GST position of the business. As the actual turnover figure in a quarter is the basis for the calculation, it can be a sound means of reflecting seasonal or ab-

normal fluctuations provided the basic composition of a business's trading circumstances does not change.

Hear, hear! Good on the department for making those observations about the ratio method. In fact the ratio method did contemplate circumstances where the business's trading circumstances do change, in which case a new ratio was to be sought from the tax office.

In responding to this the Treasurer condemned it and said that it was a shocking idea and that small businesses would be forced to pay more in GST, even though this was an option—and it still is an option. It was always an option. But the Treasurer warned, 'Watch out for the ratio method, because small businesses will have to pay more GST and there'll be a loss to the revenue.' So we had the Treasurer making claims in two breaths: in one breath he was saying, 'Small businesses will pay more,' and in the other breath he was saying, 'The revenue will be adversely affected.'

While the government was condemning the ratio method it was quietly assembling the simplified accounting methods. The simplified accounting methods are a good concept and Labor supported simplified accounting methods. But we pointed out that simplified accounting methods are limited to mixed-food retailers. Mixed-food retailers are those who have some items for sale that attract GST and others that do not attract GST and/or have some purchases that attract GST and others that do not attract GST. Those are exactly the circumstances where the ratio method would apply. Those simplified accounting methods were limited to those circumstances of mixed-food retailers—small grocery and corner stores, fish and chip shops and so on.

The Banks report, commissioned by the government, said, 'Why not extend the sim-

plified accounting methods to small restaurants, cafes and catering businesses?' What a good idea—and the government has indeed done that. We have called for the government to go further and extend it as an option to all small businesses with a turnover of less than \$2 million. That is highly relevant because the government is standardising the definition of small business at around \$2 million in this legislation. We called for that. There would be two broad ways of doing the calculations under what we were proposing. What we were proposing comes under the terminology of 'BAS Easy'. BAS Easy would extend these simplified accounting methods to other businesses. In one approach under BAS Easy you would take two snapshots a year for a month: one in the first half of the year and one in the second half of the year. You would then apply the resulting ratio to GST sales for the rest of the year, hence the ratio method, hence BAS Easy.

We thought that was such a good idea and the Labor leader, Kevin Rudd, thought that was such a good idea that he announced in his National Press Club speech that Labor was circulating a proposal called BAS Easy. In response to Labor's proposal was a story in the *Financial Review* of 26 April 2007 headed 'Costello sour on Labor's BAS sweetener'. So he did not seem to like it. Let me cover some of the statements in that article by Fleur Anderson. The article says:

Labor's election sweetener to small business, to lift the burden of GST paperwork under its BAS Easy plan, was introduced by the coalition last year, Treasurer Peter Costello said.

So the Treasurer apparently does not like BAS Easy. He criticised it for five years but then he said, 'I introduced it last year.' The proposal that he condemned for five years the Treasurer said he introduced. The Treasurer said:

The simplified accounting method is available to businesses with an annual turnover of up to \$2

million, the same threshold that Labor says it will implement. It was developed in close consultation with industry and makes it easier for these businesses to meet their GST obligations and reduce their compliance costs.

Here is the Treasurer saying, ‘We’ve never liked this ratio method, we don’t like BAS Easy, but we implemented it a year ago.’ How amusing is this? COSBOA took a different position to the Treasurer, because COSBOA is full of praise for BAS Easy. In a release of 20 April, Tony Steven, the CEO of COSBOA, said that he welcomed the ALP proposal, called BAS Easy. He said:

For all small businesses working under a revenue threshold of 2 million dollars a year the BAS Easy system is a simple and practical answer to the current BAS red tape.

Taking an opt-in approach will allow those businesses that are working with few or no staff to adopt the new BAS Easy system and save time and effort should they so wish.

So there we have a small business organisation, COSBOA, welcoming BAS Easy, and the Treasurer condemning BAS Easy but saying that he had implemented it already. There was other praise for BAS Easy, too, but time will not allow me to go through all that praise. But here is the conundrum. The government did not in those changes in response to the Banks report extend BAS Easy—our proposal; the simplified accounting method, if the Treasurer wants to call it his proposal—to all businesses with a turnover of less than \$2 million. However, in the budget, the Treasurer put out a press release which said:

The Government will allow more simplified accounting methods for small businesses. This will give more small businesses the option of using a simplified method to calculate their GST obligations if it suits their requirements. From 1 July 2007, any small business that makes mixed (taxable and GST-free) supplies or mixed purchases will be able to approach the Australian Tax Office

(ATO) to discuss the development of a simplified accounting method for their use.

That is the ratio method. That is BAS Easy. This is the point: how could the Treasurer condemn BAS Easy for five years and then say he has already introduced it and then go to the budget saying, ‘Now I’m really going to introduce it,’ when what he has in fact introduced is a discussion, a chat, where a small business can go to the tax office? My concern is this: if this government were re-elected and a small business were to go to the tax office and say, ‘What ratio would you issue me?’, the government may well instruct or allow the tax office to issue a completely unfavourable ratio—one that no small business would go anywhere near with a barge pole. So what the Treasurer wants to do is have the benefit of being seen to simplify, or the appearance of simplifying, the GST bookkeeping burden and paperwork requirements for small business but not actually doing it. Only this Treasurer could design a GST that raises \$185 billion in order to collect \$37 billion. It is a very complex GST and one that imposes a disproportionate burden on small business.

In a special MYOB survey in January on the red-tape burden on small business—

Mr Cadman interjecting—

Dr EMERSON—The member for Mitchell has joined us; he may well have read that survey, but I bet he forgot to bring it into the chamber, because small business declared in a loud voice that the No.1 red-tape bugbear that they confront is completing the GST paperwork requirements. It is often, in the case of an independent contractor, the contractor’s spouse who does that work on weekends or at night. These are the unpaid bookkeepers; they are the unpaid tax collectors for this government. They have better things to do—have a better family life, grow their businesses—instead of doing this BAS

paperwork all the time. If the government were truly listening to the voice of small business in their own electorates and to the representative organisations, they would know that this is an ongoing problem, a huge problem, six years after the introduction of the GST.

The time of BAS reckoning is with us. I am moving a second reading amendment that will allow every member of this chamber to affirm its support for the BAS Easy proposal. We will know then whether the government is fair dinkum about BAS Easy or it is not. The Treasurer said he had already introduced BAS Easy last October. Then he says in the budget, ‘This time I’m really introducing BAS Easy.’ Labor is saying, ‘Here’s the opportunity.’ It is unlikely that there will be a division on this particular piece of legislation and the second reading amendment that I am about to move before we adjourn here this afternoon, having examined the speakers list. In those circumstances, government members have several days to have a think, have a look, get across this issue and come and support Labor’s second reading amendment. 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 calls on the Government to implement Labor’s BAS Easy option for simplifying GST bookkeeping requirements on small business with an annual turnover of less than two million dollars.”

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

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

Mr CADMAN (Mitchell) (12.51 pm)—I would like to deal with the proposed amendment later on in my comments on the Tax Laws Amendment (Small Business) Bill 2007. Firstly I would like to outline to the

House and those listening some of the great benefits that small business gives to Australia. Businesses with less than 20 employees in Australia is the usual definition for ‘small business’, and there are approximately 1,888,000 small businesses in Australia. Ninety-six per cent of all businesses are small businesses with fewer than 20 employees. It is estimated that 39 per cent of Australia’s economic production is generated by the small business sector—almost 40 per cent. Small businesses provide employment for almost 3.7 million people. Almost half of all private sector employment is in small businesses. Those figures exclude small business employees in the finance and insurance industries, of which there are large numbers.

The growth in small business was approximately 25,700 in 2005-06—the last year for which I have figures—so roughly 25,000 new small businesses year after year. Since June 2003 the number of employing small businesses has grown by 31.7 per cent. In New South Wales the total number of all businesses is approximately 671,000, of which 643,000 are small businesses. The rate of small business exits during the last financial year was 15 per cent, so there is a constant growth of businesses. Some of those exits should not necessarily be put down to bankruptcies or problems; a huge number are for positive reasons and possibly only 2.5 per cent are exiting due to lack of financial success. That is a very good result: small business growing fast, having great success, employing about half of our population and having a positive result on the economy.

About 62 per cent of small businesses are non-employing and 26 per cent employ between one and four people, so the tiny businesses comprise a substantial proportion of small business. Almost 70 per cent of small business operators are male, but there is a massively increasing number of females who are running their own businesses—often

franchise businesses and often doing exceedingly well. These are very positive results from women who are taking up small businesses. Sixty per cent of small business operators are aged between 30 and 50 years, which is not an unusual figure. Ninety-six per cent of small business owners have a computer and 90 per cent of small businesses are connected to the internet, so there is a high degree of dependence on technology in small business. They are innovators and hard working.

Let us now look at the proposals contained in this legislation to simplify and bring together a whole range of measures that make it easier for small business to comply, and this is within a framework which was announced by the Treasurer on 13 November 2006. There are five different small business tests. One is on the simplified turnover provisions, one is for the goods and services tax, one is for the capital gains tax, another is for the fringe benefits tax and another is for the pay-as-you-go—that is, the BAS payments. These have now been changed. The simplified tax system is for businesses under one million; for GST, \$1 million to \$2 million turnover; for the capital gains tax, active assets of \$5 million; for the fringe benefits tax, statutory income of less than \$10 million; pay-as-you-go for less than \$10 million—they have now all been brought in to an area where an annual turnover of \$2 million or less is the criteria. That will cover 96 per cent of businesses.

The small businesses, so classified with a turnover of less than \$2 million, will be eligible for the simplified trading stock rules, simpler depreciation rules, two-year amendment periods, intermediate deductions for certain prepaid business expenses, the entrepreneurs tax offset, choice of accounts for GST on a cash basis, choice to pay GST by instalments, annual apportionment of GST input credits, simplified accounting methods

for the GST, capital gains tax 15-year asset exemption, capital gains tax 50 per cent asset reduction, capital gains tax retirement exemptions, capital gains tax rollover provisions, fringe benefits car parking concessions and pay-as-you-go instalments based on notional tax. Those have all now been brought together for the simplified system. It will be much easier for 96 per cent of small businesses.

The Treasurer has certainly moved in accordance with the provisions that were announced on 13 November last year. There is a single definition for small business of \$2 million annual turnover for GST, the simplified tax system, capital gains tax, fringe benefits tax and pay-as-you-go instalments. This will cut taxes for small businesses by approximately \$277 million per year and save small business time and compliance costs. That is a twin win for small businesses: time saved and a tax concession at the same time.

Under this new framework, the separate eligibility test for these measures will be replaced by a single test. Any business with an annual turnover of less than \$2 million will be able to access any of these concessions. They will not need to make any further decisions to enter into the new arrangements. If they earn under \$2 million, they are in. A single definition of small business will result in significant compliance savings for the businesses and, as I have said previously, they represent about 96 per cent of businesses in Australia. They will not be obliged to adopt any of the measures not suited to their requirements, but will be able to choose the ones that they want. So there is the choice for small business—an easier process—which is often made with their financial advisers or accountants. Small businesses will now be able to adopt the measures that suit them provided there is the one test, the single test, of less than \$2 million per year.

The Australian Chamber of Commerce and Industry has welcomed the change, as has COSBOA, that the new definition replaces a set of complex and hard to understand rules with each tax having a different test for small business. I have read out the tests; there is a multiplicity of less than \$1 million through to \$10 million. They are all consistent now. And the Institute of Chartered Accountants, a very excellent organisation, I have found, which recently published its own research on this area and the small business definition in tax law, has welcomed the change. The institute has said that these changes would improve access to tax concessions and reduce compliance costs, which will also have flow-on benefits to business.

The new definitions build a strong platform of tax initiatives that this government has delivered for small business. This strong platform includes the entrepreneurs tax discount, which is delivering \$1.2 billion in tax cuts for more than 500,000 small businesses, enabling them to reinvest in their business or take a well-earned dividend. The government also has directed the Board of Taxation to inquire into where small business compliance costs can be further cut. So the government is on the job—moving ahead, changing tax law, simplifying the process and requiring the Board of Taxation to make further inquiries where further improvements can be made. The board is a consultative board—it is not owned by the Commissioner of Taxation—and it is comprised of people who have a knowledge of small business and can assess whether the changes are beneficial.

There were some additional measures within the budget which I need to mention. The 2007-08 federal budget contained other measures in addition to the simplification factors that we are dealing with today. Businesses with an annual turnover of less than \$75,000 will no longer be required to register for GST. The current annual turnover is

\$50,000 and this has been pushed up to \$75,000. But if businesses who wish to register have a turnover of less than \$2 million and make a mix of GST-taxable and GST-free supplies they will be able to approach the ATO for a simplified accounting system. The expenditure threshold for which tax invoices are required will be raised from \$50 to \$75. This test threshold will also apply to the no ABN withholding requirements, and the government will provide \$40 million over four years to the tax office to assist it in educating businesses to understand their GST requirements. It is not an auditing process, a scrutiny process or a standover process but a cooperative arrangement so that small businesses are not punished but understand their requirements.

The government will align the pay as you go instalment requirements for those entities which have voluntarily registered for the GST. This will apply to businesses with an annual turnover of less than \$75,000. The new measure will allow those entities to lodge one business activity statement per year and satisfy their PAYG and GST obligations. Those are further amendments to the tax law and changes in its administration that were implemented in the last budget.

The Australian Labor Party and the Leader of the Opposition have put forward proposals that have been proclaimed by speaker after speaker in the House today. Coming from a small business background—and none of the speakers so far can claim that—I had a look at what they are proposing and thought how practical their proposals were. You have to run a small business and sign the cheques to know whether or not this thing—GST easy or whatever it is called—is going to work. But I saw in the *Financial Review* a few days ago some comments by two practising accountants who deal with small businesses every day. I noted com-

ments by Greg Hayes, the Senior Partner of Hayes Knight accountants, who said:

They say the right things but in meaningful terms I don't think they will produce a result for small business.

PKF partner Helen Argiris says it is a vain attempt to gain the small business vote:

... with what sounds like a wonderful idea, when in fact, no one has sat down and thought of the potential implications and pitfalls.

I want to bring to the attention of the House and the Australian Labor Party that what they are going into could cause dangers and more problems than they are considering. They think it is a wonderful change that they are proposing, and to look at it superficially there may be some attractions. But when you look at the details of how it is going to work you see it uses a method of ratios determined by the Australian Taxation Office instead of calculating the GST liability for individual items, and it applies the ratio to sales, to purchases or to both. Mr Hayes of Hayes Knight has said that with so many types of businesses often running on fine profit margins owners are reluctant to rely on a statistical approximation in case they fall outside the norm and end up with a refund that is lower than if they had calculated all items individually. You could finish up with a refund that is lower but you could also finish up with an expenditure greater than you expected. So in depending on a tax-generated ratio there is huge risk for businesses which are running close to the margin. I draw that to the attention of the House. Mr Hayes is quoted in the *Financial Review* of 1 May as saying:

Most businesses I talk to prefer not to take the risk.

So they would prefer to do their own calculations on the exact turnover in their businesses rather than relying on an estimation or a ratio applied by the tax office.

Under the Labor Party proposals, businesses can opt for the business norms or the snapshot method. Under that method, dealt with by a previous speaker, two snapshots are taken—one in the first half of the year and one in the second half of the year—and the ratio is calculated on those two snapshots, thereby, it is proposed, getting an accurate picture of what is going on in the business. But many businesses are cyclical or seasonal in their activity and Ms Argiris said she was concerned that the apparent ease of the snapshot method could cause a tax flow problem for uneducated taxpayers. For instance, if the snapshot ratio were calculated during a brief period of low turnover and applied for the rest of the year when business was high, the operator would not be putting aside sufficient cash flow to cover the GST on actual sales.

So there is an additional problem here that is not obvious, because all of these factors are required to be reconciled under the current system at the end of the year. If that reconciliation does not take place, as proposed by the Australian Labor Party, in an audit two or three years down the track a business could find that the reconciliations are all out of whack because they have relied on a ratio for their expenditure which is going to cause them either to pay too much tax or to have a detrimental or advantageous imbalance. The fact of the matter is that according to two experienced accountants—not according to the Treasurer or me—the uncertainty of what is being proposed could create difficulties that are unforeseen by the business at the time and where a day of reckoning some three or four years later could be quite damaging. According to the *AFR* article, Mr Hayes says:

"You would see that businesses which have not gone through reconciliation have wide variations between their accounting and tax reporting."

The article continues:

Unravelling those differences could take three or four years to sort out.

So, whilst the system has become more complicated, these efforts by the government clarify and simplify tax for small business. I really do welcome them and think that they are long overdue. I particularly like the change now allowed to small business from \$1 million to \$2 million for cash accounting processes. Many businesses prefer cash accounting rather than the accrual system. That measure alone is very significant, but I warn small business—and I warn Tony Steven of COSBOA—that these matters need to be looked at very carefully. Mr Steven was not quite as glowing as was suggested by previous speakers. There was a degree of caution in his comments when he said he thought the proposals by the Australian Labor Party ‘might be an improvement’. But Mr Steven’s role is really to give a tick to anything that sounds as if it is going to make life better for small business. That is his job; that is the role of the CEO of COSBOA, so he would welcome anything that appeared to make things look better. However, the Treasurer sounded a degree of caution when he indicated that we have moved well in applying the ratio system where necessary. We are not going to go down the non-reconciliation line. Small businesses need to know that, at the end of their period, they are going to be right on the button and not have some unexpected bill or be running short of cash when there was no need to because they have overestimated what they should be paying. I think that the process that the government has adopted while holding open the prospect of more changes in the future is very sensible.

The Work Choices changes and the getting rid of unfair dismissal laws for small business have created job after job after job. Australian Labor Party MPs need to walk around their electorates and talk to small businesses

to find out how damaging those laws were and how they impacted on employment opportunities. Employers were not taking the risk—making their staff work longer hours, with unnecessary overtime in some instances, to cover the needs of their businesses under pressure to produce, when in fact getting extra people onto the floor or into the business was a much better solution. The unfair dismissal laws allowed that to happen. (*Time expired*)

Mr HAYES (Werriwa) (1.11 pm)—I can indicate to the member for Mitchell that, prior to coming into the parliament, I was a small business owner and operator, so I have a great fondness and appreciation for small business operators, particularly those who operate in my neck of the woods in the south-west of Sydney. I do not need to take a walk around my electorate to talk to small business owners; I know on a first-name basis the ones who beat a path to my door as they try to work through the various regulations of this government as they continue to produce the goods and services ever so necessary to the proper functioning of our economy.

Small business is a critical section of our economy. It is the employment generator. In the south-west of Sydney I have never made any bones about the fact that employment generation will come through expanding the role of small business and providing suitable incentives for them to invest further funds to grow their businesses. Through such measures in our suburban communities, local jobs and economies grow, which is obviously a very good thing for those local economies and for the economy generally.

It is easy for members of this House to stand up and profess their deep and abiding affection for small business operators, and we have seen much of that so far in this debate. But, quite frankly, it is a lot harder to

back those words up with action that really does assist the lot of small business. Over its 11 long years in office, this government has often professed its affection for the entrepreneurial spirit of small business operators but has systematically failed to back that up. It has left many small business operators shaking their heads and calling for a little less conversation and a little more action when it comes to dealing with their concerns in running their businesses in the community.

From the outset, I would like to make it clear that Labor is supporting the amendments to the tax laws contained in the Tax Laws Amendment (Small Business) Bill 2007. Labor supports improvements to the relative position of small business operators because Labor support small business. I also support the amendment proposed by the shadow minister for small business, the member for Rankin, and I will speak more about that amendment later. But let there be no confusion: Labor has always supported small business. Labor knows how important small business is and is willing to take appropriate steps to assist it—not the half-hearted steps that occur around election time. And what are seeing here? Once again we are seeing steps being taken by the government around election time.

This government's position on small business has been all about industrial relations so far. The one big thing that small business people locally constantly say to me is that they take umbrage at the fact that, as small business operators, they are now classified by this government as employers of anywhere from zero to 100 people. That is something that this government has brought on small business. It has used small business as the stalking horse for the GST and as a Trojan horse for industrial relations. It surprised me to hear that one of the main spokespeople on the industrial issues facing small business was Peter Hendy, the once

personal adviser to the former minister for industrial relations, who runs the largest employer based organisation in the country. He has a vested interest in small business industrial relations laws because he knows that employers of from one to 100 people covers 98 per cent of all Australian companies. That is why this bogus position has been put out by small business operators. Everyone spoke about small business in terms of industrial relations except nobody really took the time to talk to small business.

Mr Ciobo—What do you think the number should be?

Mr HAYES—There is one small business issue that keeps coming through. I am sure the member for Moncrieff has heard this in his local community, provided that he walks around that community.

Mr Ciobo—Regularly.

Mr HAYES—Most small businesses want to see the cutting of red tape. I challenge the opposite side to see how many of their members come from a small business background, because we have been challenged to do so. As I said, I am one of them. I know personally the problem of red tape for small business. This government made a promise back in 1996 to do something about cutting red tape. They even introduced the \$50 million Regulation Reduction Incentive Fund to streamline for small business the red tape at local government levels.

Mr Deputy Speaker Scott, you will no doubt recall that in the lead-up to the election in 1996 the then opposition leader made the bold promise that he would cut red tape by 50 per cent upon taking office. In coming to office, he engaged Charlie Bell, who ran a McDonald's at that stage, to lead a task force to look at the methods that could be put in place to cut red tape and seemingly make the plight of small business a little easier. Of course, the government did not manage to do

that. I do not think they ever really had any intention of doing that. It was just something they wanted to say to small business operators, who are a growing part of our community. It is something they have put out, once again, just before an election.

The Prime Minister made big promises to help out small business operators but, quite frankly, those big promises did not ever seem to materialise. In a sign of absolute arrogance, this government have now decided to repeat the promise to cut red tape by 50 per cent some 10 years later. They commissioned Gary Banks, the head of the Productivity Commission, to once again go through and do what Charlie Bell did and give us a heads-up on what we can do to reduce by 50 per cent the red tape that affects small business. They did not keep their promise the first time; why would we think they would keep it this time? On both occasions, this promise was only rolled out in the lead-up to a federal election.

I mention this broken promise, and the government's repeated disingenuous commitment to small business, in the light of the tax bill we have before us today, which purports to implement some simplicity, improvements and assistance for small business operators. Before members opposite take me to task, this bill does that to a degree. To the extent that those improvements are made, the bill is certainly welcome and will be supported by Labor.

The Tax Laws Amendment (Small Business) Bill 2007 implements the tax arrangements announced in the budget by the government. Under the existing tax law, there are a number of special arrangements for small business and each of those concessions has its own set of eligibility criteria. It seems a little nonsensical but that is the procedure which was in place. Of course, the multiple eligibility criteria for small business conces-

sions is not only legislatively confusing; it is also confusing for small business operators. To date, I have found six different definitions for small business contained in various Commonwealth acts, let alone the definition in the Workplace Relations Amendment (Work Choices) Act which refers to small businesses as employers of anywhere from nought to 100 people. That is not an issue that I want to dwell on in the debate today, but I think it is certainly worthy of some further investigation to find a true definition of a small business operator.

The bill before us today seeks to overcome the confusion and complexity of the eligibility of small business for various concessions. Different definitions under the simplified tax system are used to determine eligibility for concessions for the GST, the capital gains tax, the fringe benefits tax and the pay-as-you-go instalments. And people wonder why small businesses complain about the complexity of red tape. Under the framework introduced in this bill, all of these eligibility tests will now become one. Small businesses will be able to access their concessions provided that any additional criteria that relate to the specific nature of the concessions are satisfied. Their entity is considered a small business if it is defined by the criteria that (1) it carries on a business and (2) it satisfies a \$2 million aggregated turnover test.

Meeting these requirements will become known as satisfying the small business entity test. That is good stuff. I support that and I know that it will make a significant difference for a lot of small businesses operating in my area. However, satisfying the aggregate turnover test is a little more complex. There are three ways to satisfy the \$2 million aggregated turnover test: firstly, that the entity's aggregated turnover for the previous income year was less than \$2 million; secondly, that the entity's aggregate turnover for

the current income year is likely to be less than \$2 million, calculated as at the first day of the income year; or, thirdly, that the entity's actual aggregated turnover for the current income year was less than \$2 million, calculated as at the end of the income year.

In order to arrive at the aggregated turnover, the entity must first calculate its annual turnover, which is the total of ordinary income that the entity derives in the income year in the ordinary course of carrying on a business. There are a number of complexities in this calculation in relation to the consideration of wages and salaries, and dealings with associates not considered to be at arm's length from the entity. The entity must then determine whether the turnover for the year needs to be aggregated with the turnover of other entities to arrive at an annual turnover for the test entity.

I would suggest that for many small business operators this is starting to get relatively complex, and this is after we have tried to demystify the laws to make them easier. Some would have accountants on board for this. And I suppose in ordinary circumstances an accountant would not be considered necessary in a small business; that they would be able to work their way through this. But for the average small business, I think this area will prove to be complex.

The test goes on. If they do have another entity, it must be added to the first to form the test entity. If an individual or a company is an affiliate of the entity where the individual or company's business acts or could reasonably be expected to act in accordance with the entity's directions or wishes, it then must be treated in concert with the first entity.

I thought this was all about trying to make the lot of small business easier. There must be a more reasonable test of small business. There are about six separate definitions of

small business in Commonwealth legislation and the overarching definition is provided by Work Choices—that is, a small business will be any organisation of less than 100 employees. That is 98 per cent of all Australian companies. This is why small business is actually reeling. Small business really does need some assistance in streamlining the red-tape and making it more comprehensible so they can actually take care of their business as well as satisfy the reporting obligations of the Commonwealth.

That is why I support the amendment moved by the member for Rankin which states:

whilst not declining to give the bill a second reading, the House calls on the Government to implement Labor's BAS Easy option for simplifying GST bookkeeping requirements on small business with an annual turnover of less than two million dollars.

That is a sensible proposition being advanced by the shadow spokesman for small business and independent contractors.

In moving that amendment, the member for Rankin certainly draws the attention of the parliament to the real concerns that affect the genuine small business operators in this country. The BAS Easy proposal would provide a simpler and faster way for small business to be able to estimate their GST obligations. It would leave more time for small business to do what they do best: concentrate on their businesses and take what steps they can to grow and mature within their market. Rather than spending hours and hours fulfilling their reporting obligations, this proposal would reduce the time required to minutes.

In the south-west of Sydney—and I am not sure whether you are aware of the demographics of the seat of Werriwa, Mr Deputy Speaker Scott—*independent contractors* is a large and growing group. They are small business operators that cover a range of in-

dustries, including truck drivers and whole host of things. A lot of people work from their homes or from small business locations and they are a growing part of the economy of south-west Sydney. That is why I am very conscious of the position of independent contractors when we have a debate concerning small business owners. It is beyond doubt that independent operators form the majority of small business operators in my electorate of Werriwa, and I am sure that would be common in most of the electorates of members of this House.

A lot of the reporting required of independent contractors, whether they be owner-drivers or just a small family business, actually falls to women to undertake. Wives and mothers take care of a lot of the microprocessing from home based operations. I am not being demeaning of truck drivers in this regard. Owner-drivers are out there driving their vehicles and unfortunately, in many cases, it is their spouses and the mothers of their children who are taking the time to comply with the Commonwealth's BAS reporting requirements. That is a significant burden. I do not care what anyone in this place says, if you have gone through the rigours of completing these BAS requirements—as I have done, as a small business operator—you would not say that this is just a simple, non-time-consuming exercise. Most of us retain accountants to fulfil a lot of that reporting, but I am sure that those organisations that have not done that or cannot do it would understand what I am saying. If those opposite talked to small business people, they would know that what I am saying in this respect is right.

The steps that have been advocated in the amendment by the member for Rankin, in BAS Easy, try to make the lot of small business more manageable in terms of reporting requirements. This will give them the incentive to sharpen their edge, doing what they

do best—that is, serving their communities and producing the goods and services they do in running their businesses. I think the government should have a very clear look at BAS Easy. This could be something that would assist the government in terms of making it look more palatable to small business. (*Time expired*)

Mr CIOBO (Moncrieff) (1.30 pm)—If ever there was a time to be grateful for a 20-minute time limit on speeches in this chamber, I think we just witnessed it. The Australian Labor Party have a great deal of gall coming into the chamber to speak about the Tax Laws Amendment (Small Business) Bill 2007. Speaker after speaker from the opposition benches walk into this chamber and tell the coalition about how Labor's plans for small business are better than the coalition's plans for small business, about how the Labor Party is more in touch with small business than the coalition and about how the Labor Party is not interested in tokenistic gestures but is actually interested in meaningful reform for small business. The amazing thing about it is that they stand there and do it with a straight face. It is no wonder that the member for Werriwa stuck so closely to his script. If he had ventured off, I dare say he would have broken that poker face and started smiling as he was professing his great love and great interest in small business.

The fact is that there is no greater enemy—and I used that word advisedly—of small businesses across Australia than the Australian Labor Party. The record of the Australian Labor Party, when it comes to small business, is abysmal. It was this government which, on 42 separate occasions, tried to remove the shackles of unfair dismissal for the small businesses across Australia, and on 42 separate occasions the Australian Labor Party voted against it. That was one of the biggest single initiatives, which has had a positive and beneficial impact on

the small business sector, and the Australian Labor Party stood in its way each and every time. On 42 separate occasions they exercised the muscle that they used to have up in the Senate to prevent an initiative that was ultimately in the best interests of the small business sector. That is the Labor record, and that is why small business should be very afraid if that mob ever gets back into power.

We have started to see already the ambitions of the Australian Labor Party. I would be slightly concerned if the ambitions that Labor has with respect to small businesses in Australia were a function of the thinking of the Australian Labor Party, but I am more concerned because it is not a function of Labor Party thinking. The real puppet masters in the debate on small business are the unions across Australia. The Australian Labor Party is 100 per cent owned and controlled by the trade union movement in this country. Each of the people who sit on the opposition benches is accountable back to their respective union. Each of them is required to do the bidding of their respective union. That is the reason we see the Australian Labor Party floating the balloon of reducing the number of employees that a small business can have and remain exempt from unfair dismissal laws. That is the reason the Australian Labor Party is talking about reining those numbers back. It is the bidding of their trade union masters. And their job in this place, like puppets on a string, is to make sure that they carry out the will of their trade union masters. Australian small businesses recognise the direct threat that would flow to them if the Labor Party were elected.

I come from the Gold Coast, and I have said on many occasions that it is the small business capital of this country. On a per capita basis, no other part of Australia has a higher number of small businesses than the Gold Coast. It is a city of entrepreneurship. It is a city of wealth creators. It is a city of

people willing to roll their sleeves up and give it a go. To every single one of them I say, 'Congratulations for taking the initiative, for taking the risk and for chancing your arm to realise a better future.' But there is something else I know about the small business sector. I have a wife who is intimately involved in small business. She has her own small business. I come from a family that has had a number of small businesses.

Ms Gambaro—Hear, hear!

Mr CIOBO—I note that the minister at the table, the member for Petrie, has a very strong and proud small business tradition in her family as well. In the Labor Party, there might be one or two members who have some loose connection to the small business sector. On occasion one of them may have walked into a small business to purchase an ice-cream or something, so they stand up here and boast about their small business connections. Unlike that lot who sit on the other side of the chamber, on this side of the House there are a number of people—the vast majority of people—who come from various backgrounds in the small business sector and who are proud to be advocates for the small business sector.

Collectively, this government knows one key truth about Australian small business people—that they are a pretty good mob. We know that small businesses, as employers, recognise that one of the greatest assets they have is their people. They recognise, as employers, that they have a responsibility to their employees. All they ask in return is that their employees have the same sense of regard for them as employers. When it comes to unfair dismissal, this is one of the lightning rod issues for the small business sector. Small business people know that if they have a good person they do not simply dismiss them. They would not flick them away; they know that that person adds value to their

business. And any good employee is going to be looked after, rewarded and encouraged in a small business environment.

The Australian Labor Party travel around Australia stirring up trouble for the small business sector. They say to employees, in some kind of 1970s reference to class warfare, ‘You should be careful; you’ll be exploited by your small business bosses.’ That is the rhetoric that the Australian Labor Party like to throw about the place as they travel through the community trying to poison the minds of small business employees: ‘Be aware, be afraid and be very curious when it comes to your employer because they’ll exploit you.’ We see time after time the Australian Labor Party in question time trying to paint employers as some kind of negative force in the economy. The fact is that small business proprietors and the employees that they work closely with are the backbone of the Australian economy. If that is a cliche, it is because it is a universal truth that all Australians recognise—small businesses are the backbone of the Australian economy. This government is very proud to stand in their corner and say to small businesses, ‘We will be in your corner and undertake initiatives that make your lot easier.’

The rhetoric from the Australian Labor Party does not wash. Their feigned concern for the small business sector does not wash because, when the rubber hits the road, we know the Australian Labor Party would stamp down on small businesses and roll back its unfair dismissal laws across all small businesses. There was even a hint of that from the member for Werriwa. He said, when he was talking about unfair dismissal laws, that this government has it wrong because this government’s unfair dismissal laws will go for businesses with one up to 100 employees, and that covers 98 per cent of businesses. Those were the member for Werriwa’s words. I invited him to make further

comment about his thoughts but he stayed clear of it, inviting the implicit assumption that in some way it should not be businesses with 100 employees but maybe with 50, 25 or only 10. The criticism that was implied in that comment was that covering businesses with one to 100 employees, therefore covering 98 per cent of businesses, was in some way a negative thing. We see, masked in the language that was used by the member for Werriwa, the desire of the Australian Labor Party to roll that number down. Who knows where it would be? We know that, traditionally, the Australian Labor Party have remained steadfastly opposed to any exemptions from unfair dismissal. I do not think they have actually settled their policy with respect to what they would do for small businesses. I raise that as a significant point of caution to the small business sector in Australia.

On a more positive note, I wanted to address comprehensively the concerns that were raised by the member for Werriwa, so I am pleased to talk in some measure about the benefits in this bill. This bill is just another step down the path that this government has been taking for nearly 12 years to improve the lives of small businesses owners in Australia. We do it on a macro scale through our good governance of the Australian economy. This government have been able to pay off \$96 billion of Labor Party debt and create the right economic conditions to ensure that Australians have more disposable income and a greater ability to accept risk, in a low interest rate environment. Those are the building blocks that this government has put in place for Australia’s small business sector.

Again, I reinforce that on every single one of these measures the Australian Labor Party has opposed us. When it came to paying off the debt, the Labor Party opposed us. When it came to reducing the tax burden on Australians so that they had more disposable in-

come, the Labor Party opposed us. When it came to introducing the GST as part of the meaningful reform we needed to have to ensure that this country continued to grow strongly, the Labor Party opposed us. We recall that for years they ran around Australia saying, ‘We’ll roll back GST,’ and then they promptly dumped it. The Labor Party do not have any kind of philosophical compass when it comes to these things. Instead they dip their toes into the public pool to try to determine where the tide is going—that is their only measure on these kinds of philosophical issues.

This government put in place in a very constructive and thoughtful way the building blocks and reforms that were necessary to get Australia to where it is today—the key ingredients for making the small business sector as vibrant as it is today. The benefits of that are enjoyed by all Australians. We have the lowest unemployment rate in 32 years. That did not happen by accident. Unemployment has not accidentally dropped to 4.4 per cent. It was at 11 per cent under the Australian Labor Party. Interest rates were at 17 per cent or, if you were in small business, 22 or 23 per cent under the Australian Labor Party. It is not by accident that unemployment is now down to 4.4 per cent and interest rates are down to around seven per cent. It is a consequence of the building blocks this government put in place, opposed at each and every step by the Australian Labor Party. That is how this government has been helping the small business sector at the macro level.

At the micro level, I have been pleased that this bill follows a long list of beneficial changes for the small business sector. In this bill we see what at law is perhaps slightly complex but in reality, when it comes to the compliance framework that small businesses have to follow, has a very beneficial impact for all small businesses. This law brings into

alignment a whole spate of separate eligibility tests that currently exist with respect to the goods and services tax, the simplified tax system, capital gains tax, fringe benefits tax and the pay-as-you-go instalments. Each of these small business concessions as they exist under each of these different laws is now being brought into alignment.

I am pleased the Australian Labor Party are supporting this initiative, as well they should. I have a hint for the Australian Labor Party: you should back any initiative this government puts forward for small business. I assure the Australian Labor Party that there is not a single idea that they could come up with that would actually be beneficial for the small business sector, so I would suggest they back this government’s initiatives each and every time. The shadow Assistant Treasurer boasted that government members should join the Labor Party on this bill. I would say to him that that would be one of the worst mistakes that any government member could make. I doubt that any government member would make that mistake, because passing this law will have a beneficial impact on small businesses and, more importantly, will help, as I said, in the journey of making the lot of small business owners, risk takers and entrepreneurs in Australia a lot better.

With respect to some of the local initiatives that I am talking about on the Gold Coast, I have been particularly proud of two key initiatives that were taken that will improve the small business sector. The member for Werriwa spoke about the Regulation Reduction Incentive Fund. On the Gold Coast the RRIF, as it is commonly referred to, has seen a Seamless Borders project put in place to try to cut through the Labor Party duplicity at a state level that sees one set of laws applying to small businesses in Queensland and, just across the Tweed Heads border, a different set of laws under a different state

Labor government. Here is a fictitious example: if you were Joe's Potting, based at Coolangatta, you would need to comply with one set of laws that applied in Queensland and a second set of laws in New South Wales. The headaches that causes for business are profound. Under the Regulation Reduction Incentive Fund I have been very pleased to see the Seamless Borders project—which the Minister for Small Business and Tourism, Fran Bailey, launched recently on the Gold Coast—rolled out to make the lot for Gold Coast small businesses much better.

The other key initiative that this government took—which I was pleased to announce recently on the Gold Coast—was full funding for a small business field officer based in the area consultative committee on the Gold Coast and working directly with local Gold Coast small businesses to improve and provide information to them and to develop relationships with small business up and down the Gold Coast. Again, the area consultative committees are bodies that the Australian Labor Party would abolish. The Australian Labor Party has said it does not believe in the area consultative committees and that they would like to abolish them. So I can say directly to small business operators on the Gold Coast: if the Labor Party were elected, you would lose your small business assistance officer, your small business field officer, currently based—together with the area consultative committee—on the Gold Coast. Again, this is another direct threat of the Australian Labor Party to small businesses in my city.

With respect to the steps that this government has taken for small businesses, I highlight the fact that, in bringing these various eligibility tests into alignment in this bill, we are not making small, tokenistic changes, but substantial changes. In fact, the bill will amend the income tax law to create a single

definition of small business based on an aggregated turnover of less than \$2 million per year, which is effectively a doubling of the current threshold test that applies under some of the various measures that are currently in existence. We are doubling that, basically, to an aggregated turnover threshold of \$2 million and applying it in an even and consistent way across each of these various taxation regimes. Of course, there still will exist various qualifying criteria that are taken into account when obtaining these small business concessions, but in broad terms—and I do not intend to get into all the detail of the bill—this will make it a lot simpler for small businesses.

The final point that I would like to touch upon is the GST. I have seen members opposite get quite animated and excited when I have spoken about the GST. I have seen members opposite talk about how, in some way, the GST was a negative for business. Not only is the opposition not going to make any changes there; I remind you that it was the Australian Labor Party that introduced complexity in the GST from the outset by refusing to have one blanket rate that applied across the board. Because of the Labor Party's opposition, this government, in order to secure the passage of this much needed reform back in the year 2000, had to sit down with the Australian Democrats and try to knuckle out some kind of deal—and that is when food was exempted. If there has been anything that has had an impact on complexity for small businesses, it is the fact that we have exemptions under the GST, which leaves a number of small businesses with all sorts of headaches when it comes to compliance. Over the years they have worked through that. Over the years accounting packages have taken these different measures into account, but you still cannot escape the root cause of this added complexity, which was the Australian Labor Party's

stubbornness in accepting this reform as being necessary, crucial and fundamentally important.

If you scratch a little deeper, you discover that the Australian Labor Party actually believed in the GST, but the reason it opposed it back then was that it thought it was politically opportunistic to do so. That is the ultimate indictment on the Australian Labor Party when it comes to the small business sector. The ultimate indictment is that, even though the Australian Labor Party knew it was good policy, it opposed it because it was politically opportunistic to do so. As a consequence of that politically opportunistic barrier that the Australian Labor Party put up, the small business sector is now cursed with this additional compliance burden that they have to meet. But, as I said, over the last six years they have come to meet that burden and to do so in a sterling way. I would say to the Australia Labor Party: I certainly hope that it does not make it any more complex.

In summary, I commend this bill to the House for being a very positive step forward, for nearly doubling the threshold amount up to \$2 million, for bringing into alignment the goods and services tax, a simplified tax system, the capital gains tax and fringe benefits tax and the pay-as-you-go instalments thresholds for the small business sector. I remind small businesses of the very direct and real threat that the Australian Labor Party presents to them with the changes to the unfair dismissal laws that they would like to reintroduce at the bidding of their union masters. I say to them that I will continue to be a strong advocate of the small business sector and for a city that truly is the small business capital in this country.

Mr MURPHY (Lowe) (1.51 pm)—I rise to commend and support the amendment moved by the member for Rankin to the Tax Laws Amendment (Small Business) Bill

2007 before the House this afternoon. This bill is one of at least seven tax law amendment bills being introduced into this House for the purpose of either reducing taxation burden or reducing what is known as the ‘shoe leather costs’ on small business owners and operators in complying with the massive taxation law red tape this government created when it dreamt up the so-called A New Tax System legislation.

Indeed, it must be said that the A New Tax System legislation of 1999 has been an unmitigated disaster for small business. The A New Tax System legislation included some 40 pieces of legislation, kilograms of legislation—and I well remember the member for Rankin coming into this House with acres of paper, because I was sitting immediately in front of him. He had a set of weights and measures, and you just could not deal with the volume of legislation, so complex was it, thanks to this government. Clearly it needed a systematic overhaul. So the bill today is but part of the big picture of necessary amendments to a badly flawed and ill-conceived taxation overhaul that led to the outcry from the small business world particularly.

As members of this House are aware, this bill is the result of the findings on the new small business framework which, if this bill is enacted, will be established in divisions 3 to 8 of the Income Tax Assessment Act 1997. The most significant effect of the new small business framework will be to amend the definition of what is known as simplified tax system, or STS, taxpayers to an inclusive single definition of small business entities.

There are a large number of amendments to the existing legislation, all of which are reportedly designed to lessen the administrative burden on small businesses. Members of this House and the general public have had drawn to their attention various aspects of this bill, which implement the findings of the

Banks task force report of 2005, named after the Prime Minister's appointment Mr Gary Banks. I cite from *Bills Digest* No. 156 of 23 May the job of Mr Banks. It was:

... to identify practical options for alleviating the compliance burden on business from Commonwealth Government regulation.

Given that we as a parliament are at this time so preoccupied with fiscal policy, it is timely to remind ourselves again of what is meant by fiscal policy. On 23 May in this House I spoke on another of the fiscal policy bills presently before this House, that being the Tax Laws Amendment (Personal Income Tax Reduction) Bill 2007. In that bill, as here, I found it necessary to remind us of what fiscal policy is chiefly concerned with. I reminded this House that fiscal policy is essentially concerned with taxation and public expenditure. The honest end of fiscal policy is—as was identified in the Commonwealth Parliamentary Service's *Budget Review* of 2007-08, published on 21 May 2007—commonly known as the three Ps: population, participation and productivity. I further noted on this point that a key aspect of a successful criterion in any fiscal policy in the context of the three Ps is (1) economic stimulation, (2) increase in real disposable income and (3) relation of fiscal policy on net inflation, including wages growth.

As I noted during the debate on the personal income tax reduction bill, so too the bill before us this afternoon, measured in purely utilitarian terms, looks good superficially. However, fiscal policy can never be measured purely in utilitarian terms such as tax deductions and reduction in red tape. Theoretically, the anarchocapitalists will argue that good government is no government. If any government were to proclaim zero taxes and no regulation of business affairs—in other words, a policy of absolute laissez-faire—then, for a time, no doubt the general public would be jumping for joy, for no

business or natural person likes to pay any tax any of the time, nor do businesses like to be regulated at all. But we all know that that is not sustainable, and we all know the immortal words of United States Supreme Court Justice Oliver Wendell Holmes: 'Taxation is the price we pay for civilisation.' The quote draws succour from the book of II Corinthians at chapter 9, verse 7:

Every man according as he purpose in his heart, so let him give; not grudgingly, or of necessity: for God loveth a cheerful giver.

The various fiscal bills before us today, in my view, smack of the usual fistful of dollars and release of regulatory burdens cynically just prior to a federal election, which we all know is only months away—probably 13 October. The Prime Minister will fire the starting gun.

Mr Martin Ferguson interjecting—

Mr MURPHY—I reckon straight after APEC. Maybe I will get confirmation when the Prime Minister walks into the chamber, but I think 13 October. He will call it straight after APEC—

Mr Martin Ferguson interjecting—

Mr MURPHY—Well, 33 days. He can go to the Governor-General on Monday, 10 September and say: 'I want an election. I can feel an election coming on.'

Mr Fitzgibbon—Why don't you make the call for him!

Mr MURPHY—I did make the call here, back in December. I said during the valedictory speech that I think the election will be held on 13 October, and he said, 'Yes, you've heard it first from the member for Lowe.' He said, 'There you are, it's the'—and I said, 'Are you ruling it out?' and he did not rule it out.

I am very pleased to see that the Prime Minister has come into the chamber now, and I invite him to tell the House. We all

want to know, Prime Minister, when the election is, because I suspect that straight after APEC—

Mr Howard interjecting—

Mr MURPHY—I know you'll tell me! You're my friend; I know that. You will tell me, and I will tell Mr Rudd immediately you tell me! We know it will be 13 October, because, as soon as APEC is finished, that will be a launching pad for you. I can assure you that your friends up here who look down on us every day will not allow you to go any longer than 20 or 27 October. You know that in your heart; that's the truth! I think you would do us all a great service to put us out of our misery—and tell Wilson Tuckey too when the federal election will be held. It seems obvious to me that you will not call it earlier; you will call it for 13 October. Are you ruling it out? Through you, Mr Speaker, I ask the Prime Minister: are you ruling out 13 October? Because, if it is not 13 October, it will be 20 October or 27 October.

The SPEAKER—I suggest that the member comes back to the bill.

Mr MURPHY—But we need to know, and the Prime Minister and I are good friends! I know he will tell me, and I will tell the alternative Prime Minister, because he is anxious to sit where you are sitting. Come on, do us a favour!

The SPEAKER—I remind the member for Lowe that question time will not start until two.

Mr MURPHY—I have 35 seconds, and I very rarely get this opportunity just prior to question time. The Prime Minister could do the country a great service by indicating when the election is likely to be held, because I am nominating 13 October. But, if it is not 13 October, it will be 20 October or 27 October. I do not believe it could go any longer. Do you agree with that? He is not giving anything away.

Opposition members interjecting—

Mr MURPHY—The member for O'Connor is another friend of mine, and perhaps he could tell us when the election is, because I suspect, Member for O'Connor, that it is 13 October. Perhaps the Treasurer could tell us? I mean, he has an interest in when the election is going to be held.

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

QUESTIONS WITHOUT NOTICE

Indigenous Affairs

Mr RUDD (2.00 pm)—My question is to the Prime Minister. Given that today is the 10th anniversary of the *Bringing them home* report into the stolen generations and Sunday is the 40th anniversary of the 1967 referendum, will the Prime Minister consider joining with me in committing to three things that define reconciliation as Jackie Huggins, Co-Chair of Reconciliation Australia, has identified: recognition of the first people of this country, justice to overcome disadvantage—in particular, the 17-year life expectancy gap—and healings so that all Australians, Indigenous and non-Indigenous, can move forward?

Mr HOWARD—I thank the Leader of the Opposition for his question. I acknowledge that Sunday is the 40th anniversary of the historic referendum. It was a historic day. I can certainly remember handing out how-to-vote ‘yes’ cards on this particular issue with the former Lord Mayor of Sydney, Doug Sutherland, who had been the Labor Party candidate in the seat of Parkes. I think we worked together at the Campsie Public School. It was a rather unusual experience to be working together on that issue. So, cer-

tainly, there was a great mood of bipartisanship.

In relation to the issues identified by Jackie Huggins, a woman for whom I have a profound regard, I think the most appropriate thing is for both the Leader of the Opposition and me to put forward in good faith our own views. I do believe very strongly that this nation has a long way to go, and I share the views of the Minister for Families, Community Services and Indigenous Affairs, the member for Longman, when he said yesterday that, rather than setting particular targets, our own generic target should be to completely close the gap in life expectancy between Indigenous and other Australians.

We have made progress, but that progress has not been enough. I particularly applaud the efforts that are being made by the minister to improve Aboriginal housing in the Northern Territory. I am as distressed as he clearly is by the refusal of local communities to recognise that, if there is to be progress in areas like that, there needs to be an assumption of greater personal responsibility. My views on these matters are often very similar to those expressed by Noel Pearson. He has spoken very regularly of the need for the Indigenous people of Australia to break welfare dependency and to assume greater personal responsibility.

There are some areas in relation to the symbolism of reconciliation where my views and those of the Australian Labor Party are different, and I am quite open about that. There is no point in engaging in any false positions. To the extent that our views do coincide, we should put them forward with vigour and without rancour; but, where they disagree, we should be frank about that disagreement. I had different views from the Labor Party about aspects of the *Bringing them home* report. I do not retract those views. I do not expect the Labor Party to

retract its views. I have a different attitude from the Labor Party in relation to a formal apology. My view has not changed in relation to that, and it will not change. I do not expect the Labor Party's to change. I think we should put those things on the table. I think we are united in our desire to see the Indigenous people of this country become in every way part of our mainstream Australian society while continuing to recognise their special place as the first Australians and continuing to recognise their right to treasure their own particular culture. But I have always held the view that the best way to help the Indigenous people of this nation is to give them the greatest possible access to the bounty and good fortune of this nation, and that cannot happen unless they are absorbed into our mainstream.

Water

Dr SOUTHCOTT (2.04 pm)—My question is addressed to the Prime Minister. Would the Prime Minister update the House on the government's national plan for water security? In particular, would the Prime Minister advise the House of the reasons the Victorian government has given for its opposition to this important reform?

Mr HOWARD—I thank the member for Boothby. He represents an electoral division in the state of South Australia which has a very big stake in the success of the \$10 billion National Water Initiative that I announced on 25 January this year.

I must say that I am puzzled at the attitude being taken by the Victorian government. It is at odds with the view expressed to me on at least two occasions by the Victorian Premier when I have personally discussed this matter with him and when he has given me every encouragement to believe that it would only be a matter of time before Victoria joined the national water plan.

This plan has been endorsed by New South Wales, by Queensland, by South Australia and by the Australian Capital Territory. The Premier of Victoria wrote to me on 22 May expressing his view that the scope of powers envisaged under the draft bill are ‘beyond the terms of any discussions to date’. With respect to the Premier—and I say this courteously and politely because this is a matter where we should deal with each other both with courtesy and in good faith—that statement by him is wrong. The referral of powers that we have sought is completely consistent with the referral of powers set out in the communique which came from the water summit of 23 February 2007. That communique—and this is the communique which was supported by New South Wales, South Australia, Queensland and the ACT—made it quite clear that the Australian government would assume responsibility for a number of functions, including water planning, water rights and water pricing. Without a unified approach to matters such as water pricing and trading practice, the management of water resources will not be consistent and markets will be distorted.

I believe very strongly, as I am sure do most members of this House, that it is overwhelmingly in Australia’s interests that the Commonwealth assumes control of the Murray-Darling Basin system along the lines that I have outlined. The only government that is standing out is the Victorian government. We have not asked for more in the draft legislation than we asked for on 23 February. It is not correct of the Victorian Premier to argue otherwise. In the letter he wrote to me he did not provide me with any real detail as to where he felt the draft legislation went beyond the request or the remit canvassed in the communique of 23 February. So I frankly confess to utter puzzlement as to what the Victorian Premier is getting at. We need Victoria; Victoria’s irrigators will

suffer and the irrigators of other parts of Australia will suffer if this plan does not go ahead.

Let me say that I have every confidence in the way the Minister for the Environment and Water Resources has been handling this matter on behalf of the Commonwealth, and he will be meeting his counterparts, I gather, in the next few days to further canvass these issues. But, the Premier having written to me, I have written back to him today responding essentially along the lines of this response. But I have indicated that if he is willing to provide me with more detail of his concerns I invite him to come and see me in Canberra next week so that we can personally discuss the issue.

DISTINGUISHED VISITORS

The SPEAKER (2.09 pm)—I inform the House that we have present in the gallery this afternoon members of a parliamentary delegation from the Republic of Indonesia. On behalf of the House I extend a very warm welcome to our visitors.

Honourable members—Hear, hear!

QUESTIONS WITHOUT NOTICE

Indigenous Health

Ms MACKLIN (2.09 pm)—My question is to the Prime Minister. Is the Prime Minister aware of comments by ANZ Chief Executive Officer, John McFarlane, in relation to reconciliation that the setting of targets is the only way to achieve results, and that it is important to measure where you are and where you want to be otherwise nobody would be accountable? In this, the 10th year since the *Bringing them home* report into the stolen generations was handed down and the 40th year since the passing of the 1967 referendum, and in the spirit of reconciliation, will the Prime Minister join us in committing to take action to at least halve the mortality gap between Indigenous and non-Indigenous

children under the age of five within 10 years?

Mr HOWARD—I thank the member for Jagajaga for her question. I endeavoured in the reply I gave to the Leader of the Opposition to express my views generally on these issues, and particularly on matters of targets. I share the view of the minister that the only real target is complete equality of outcomes in relation to all Australians.

Budget 2007-08

Mr CIOBO (2.10 pm)—My question is addressed to the Treasurer. Would the Treasurer inform the House how tax reform has reduced the burden of personal income tax on Australian workers? Is the Treasurer aware of any alternative policies?

Mr COSTELLO—I thank the honourable member for Moncrieff for his question and for his work on the finance and treasury committee, where he takes a very keen and very good interest in all of these matters. Can I inform him, and through him the House, that an Australian on average wages, \$46,240, in 2007-08 will pay tax of \$8,371. If this government had indexed thresholds from 1996, that person on \$46,240 would be paying \$10,238 in tax. The point I make about this is that if this government had indexed tax thresholds over the 11 years since 1996, a person on average wages would be paying \$1,867 more than they will be paying in 2007-08—in other words, over and above indexation there has been a tax cut of 18.2 per cent for a person on average wages. I am going to say that again: over and above indexation there has been a tax cut of \$1,867, or 18.2 per cent, for a person on average wages of \$46,240.

So you will hear from time to time—and I heard this false claim being made as recently as yesterday from the member for Melbourne—that all the government does is hand back bracket creep. If all the govern-

ment did was hand back bracket creep then a person on average wages would be paying an additional 18 per cent in tax. No, this government has done much, much more than hand back bracket creep over the last 11 years; this government has handed back bracket creep and provided real tax cuts in addition. This is because the government fundamentally reformed the tax system in 2000 and has now cut tax in 2003, 2004, 2005, 2006 and 2007.

We are now in the countdown to ‘Fundamental Injustice Day’. As I informed the House yesterday, ‘Fundamental Injustice Day’ is 30 June. It was proclaimed ‘Fundamental Injustice Day’ by the member for Griffith—the Leader of the Opposition—who, in opposing tax reform in this House, said:

When the history of this parliament, this nation and this century is written—

It is almost Churchillian, isn’t it! It is stentorian!

When the history of this parliament, this nation and this century is written, 30 June 1999 will be recorded as a day of fundamental injustice—an injustice which is real, an injustice which is not simply conjured up by the fleeting rhetoric of politicians. It will be recorded as the day when the social compact that has governed this nation for the last 100 years was torn up.

‘Fundamental Injustice Day’, so proclaimed by the Leader of the Opposition, 30 June 1999, was the day when this government swept away the wholesale sales tax, financial institutions duty, bank account debits tax, stamp duty on shares, stamp duty on marketable securities, bed taxes and cut income tax. This day of absolute fundamental injustice has apparently gone down in history as such a terrible day that, if he gets elected, the Leader of the Opposition proposes to do what about it?

Government members—Nothing!

Mr COSTELLO—Nothing. It was a day so bad that it would be remembered in the history of the 20th century and yet, if he is elected, he intends to do all of nothing about it.

Members of the House will recall that the Luddites were the 19th-century mobs that opposed economic reform and smashed textile machines. Let me come to this century. People will remember that the economic ‘Ruddites’ were the people who opposed tax reform, the balancing of the budget, the paying off of debt, independent monetary policy, industrial relations reform and union control being broken on the waterfront. You do not become an economic conservative with a good advertising agency. The Leader of the Opposition is no economic conservative; he is an economic ‘Ruddite’ who has opposed all of the reforms that got us to where we now are and he has no credibility in directing economic policy for the future.

Advertising Campaigns

Mr GARRETT (2.17 pm)—

Government members interjecting—

Mr GARRETT—It is good to know we have got some fans opposite! My question is to the Prime Minister. I refer to the Prime Minister’s answer yesterday in relation to government plans for a mail-out to all eight million Australian households of a climate change brochure and a personal letter from the Prime Minister when he stated:

No such decision has been made by me or, to my knowledge, by the government.

And:

I was very careful in the answer I gave.

Prime Minister, didn’t the Ministerial Committee on Government Communications sign off on this climate change community information and education campaign on 16 April and allocate \$176,000 for market research by Blue Moon Research and Planning Pty Ltd?

Mr HOWARD—I simply repeat what I said yesterday: the government has not decided on any campaign.

Workplace Relations

Mr SECKER (2.18 pm)—My question is addressed to the Prime Minister. Would the Prime Minister outline to the House how a flexible workplace relations system allows employers and employees to negotiate arrangements which best suit their workplace? Is he aware of plans to roll back this flexibility? What impact might these plans have on Australia’s strong economy?

Mr HOWARD—I thank the member for Barker for that question. I am delighted to inform him that we have had some recent evidence of the benefits of flexibility in our workplace relations system. According to the Adelaide *Advertiser* of today’s date, the City of Port Adelaide Enfield, which is one of the largest councils in the state of South Australia, has negotiated a non-union collective agreement directly with its workforce. This is not an AWA, it is not a common law contract; it is a collective non-union agreement. It is a very interesting collective non-union agreement. It provides for an annual pay rise of four per cent; it is for a period of five years; the staff voted 169 to 93 in favour of the agreement; and 84 per cent of people voted. Interestingly enough, the agreement was opposed by the Australian Services Union, which is the union that has award coverage. They started off on the negotiations but towards the middle they decided to pull out. It is very interesting to read the description given to the attitude of the union by one of the spokespeople for the workforce, Rebekah Yates. This is what she had to say:

“Those guys have a different backing. Their backing is from a national point of view that they’re against WorkChoices,” representative Rebekah Yates said.

"It became apparent that they were not interested in anything else."

So what you have is a situation where an agreement manifestly for the benefit of the workforce, providing in each of the five years for a four per cent increase, was voted for overwhelmingly by the workforce and opposed by the union. Why was it opposed by the union? Because it is not in the interests of the union movement to support these kinds of agreements. It is not in the interests of the union movement of Australia because these agreements can actually be concluded without the participation of a trade union under the current law. The point I want to make is that, if the Labor Party's current policy is introduced—if Labor were to win the election and introduce its policy—this kind of agreement would not be possible.

Ms Gillard—That is not right. Not true.

Mr HOWARD—The member for Lalor, right on cue, says that that is not right—

Mr Crean—That is rubbish.

Mr HOWARD—But it is right.

The SPEAKER—Order! The minister for employment and the member for Hotham!

Mr HOWARD—The union was originally involved in the negotiations and, under the Labor Party's policy, Fair Work Australia would be able to require the employer to negotiate in 'good faith' with the union.

Mr Crean—That is right—

The SPEAKER—The member for Hotham!

Mr HOWARD—If there was a disagreement between the union—and the member for Hotham knows; he is nodding his head. He knows that I am right.

Mr Crean—You are completely wrong.

Mr HOWARD—If there was involvement by the union, that would be enough for Fair Work Australia to say, 'Righto em-

ployer, you've got to bargain in good faith with the union,' and if there is disagreement they would compulsorily arbitrate the so-called dispute and the individual workers would miss out. This is the sort of flexibility—

Mr Crean—No, but you don't have—

The SPEAKER—The member for Hotham is warned!

Mr HOWARD—This is not an AWA, it is not a common law contract; this is a collective, non-union agreement, and they are the sorts of agreements that are allowed under our policy. They are the sorts of agreements that would be killed stone dead under the policy of the Australian Labor Party.

Workplace Relations

Mr ALBANESE (2.23 pm)—My question is to the Prime Minister and it refers to his previous answer. Isn't it the case that not only has the ministerial committee on which Tony Nutt sits as his representative approved the market research, but the government has also entered into a contract to conduct the climate change and community information and education campaign, which will include a mail-out to all Australians?

Mr HOWARD—I repeat what I said yesterday: the government has not approved this campaign. I have not, my department has not and my office has not.

Opposition members interjecting

The SPEAKER—Order! The Prime Minister has the call.

Mr HOWARD—But on the general question of government advertising, I think there is a case for government advertising, because it is frequently the case that companies in this country disobey the law because they apparently do not know what it is.

Mr Albanese interjecting

The SPEAKER—Order! The member for Grayndler!

Mr Albanese—Check with Tony!

The SPEAKER—The member for Grayndler is warned! The member for McPherson has the call.

Workplace Relations

Mrs MAY (2.24 pm)—Thank you, Mr Speaker. My question is addressed to the Minister for Employment and Workplace Relations. Would the minister inform the House what protections exist for working Australians under the workplace relations law? Are there any recent examples of these protections being enforced?

Mr HOCKEY—I thank the member for McPherson for her question. In 1997 the coalition government put in place a workplace regulator with real teeth—the Office of Workplace Services. The Office of Workplace Services has recovered nearly \$50 million for underpaid employees since 1997. Since March last year, the OWS has recovered \$11.4 million on behalf of over 7,400 underpaid employees. It has also taken legal action—I think you people should be listening to this—

Opposition members interjecting—

The SPEAKER—Order! The minister has the call. The minister will be heard!

Mr HOCKEY—It has also taken legal action against more than 40 companies. The OWS, which will soon become the Workplace Ombudsman with additional powers, has investigated and prosecuted big and small companies who have treated their employees badly.

This government is committed to proper and thorough investigation by a well-resourced regulator when allegations of improper activity are made. This is in stark contrast to the Labor Party and the trade union movement, who are prepared to trample over

the top of people who may be acting in good faith but, at the same time, are running businesses to help to employ other Australians. For example, only yesterday the Leader of the Opposition and Deputy Leader of the Opposition, together with a cheer squad in the union movement, reacted to a media report about a small business—the Lilac City Motor Inn—in the New South Wales drought affected town of Goulburn. I will not pass judgements on the employment agreements offered specifically to their workers until I have the full facts provided to me by the Office of Workplace Services, but what I can say is that there is a human cost to this story.

The motor inn was bought by Don and Joanne Doolan two years ago when it had only six employees. Today it has 13 employees. Don and Joanne Doolan have two small children. In those two years, the Doolans have worked very hard to build the business up and involve themselves in the Goulburn community, particularly—as the member for Hume would know—during a very difficult time for a severely drought affected town. After the Labor Party and the unions whipped up outrage about the motor inn yesterday, I am advised that this resulted in customers ringing the business to say that they would never stay there again.

Government members interjecting—

The SPEAKER—Order! Members on my right!

Mr HOCKEY—In addition, as a result of the publicity whipped up, the Doolans have received hate emails and phone calls from across Australia and even overseas. Whenever serious allegations are raised, we will properly investigate them, but we are mindful of the fact that when allegations are made, you have to check the facts. If the Leader of the Opposition and the Deputy Leader of the Opposition had yesterday made a phone call to this business—

Mr Schultz—You were too gutless to do that, weren't you!

Mr HOCKEY—then they would have found out that this business—

Mr Schultz interjecting—

The SPEAKER—Order! The member for Hume!

Mr HOCKEY—is trying to employ—

Mr Schultz interjecting—

The SPEAKER—Order! The member for Hume is warned!

Ms Gillard—I didn't refer to them once.

Government members interjecting—

The SPEAKER—Order! The minister has the call!

Mr HOCKEY—When a small business is trying to employ people and create wealth, it has responsibilities to its own staff and it has responsibilities to the broader community. When the Labor Party and the trade union movement try to make a political point next time, they should bear in mind that businesses like this help to prop up the Australian economy.

Opposition members interjecting—

Government members interjecting—

The SPEAKER—Order! Members are holding up their own question time.

Advertising Campaigns

Ms GILLARD (2.31 pm)—I will seek leave to make a personal explanation later—

Fran Bailey—It's too late. You have done the damage.

Government members interjecting—

Ms GILLARD—but my question now—

Government members interjecting—

The SPEAKER—Order! The Deputy Leader of the Opposition has the call and she will be heard.

Ms GILLARD—My question—

Fran Bailey—It's too late to come here and make a personal explanation.

The SPEAKER—The Minister for Small Business and Tourism is warned!

Ms GILLARD—My question is to the Minister for Employment and Workplace Relations. Minister, is there a new wave of industrial relations advertisements currently under production?

Mr HOCKEY—Not that I am aware of. I might add—because the Labor Party has not asked me any questions about this this week—that we make no apologies for letting the workers and employers know where to go—

Opposition members interjecting—

Mr HOCKEY—when they have been treated—

Mr Costello—Some employers need to know, Joe.

Mr HOCKEY—Some employers need to know and some employees need to know. We make no apologies for properly informing the Australian people of the laws in relation to workplace relations. We make no apology either for properly informing people of where to go, what number to ring and to what website to go to find out if they are being underpaid by their employer.

Australian Securities and Investments Commission

Mr GEORGIOU (2.32 pm)—My question is addressed to the Treasurer. Would the Treasurer update the House on how extra funding has assisted the corporate regulator in enforcing the corporate law? Is the Treasurer aware of any proposals to cut funding to ASIC, and what risks would this present for corporate law enforcement?

Mr COSTELLO—I thank the honourable member for Kooyong for his question. I can inform him that this government formed, of course, the Australian Securities and In-

vestments Commission, that this government has increased funding for the corporate watchdog by 69 per cent above CPI from 1996 and that ASIC's budget has grown from \$128 million to \$291 million. In that period it has been extremely successful in bringing to account those who have transgressed corporate laws: for example, its task-force on HIH has to date seen eight defendants convicted and sentenced on 31 charges—very extensive and very fast—and it has really been able to work with maximum priority.

But I am concerned that there apparently is a proposal to gut the corporate watchdog. The Australian Labor Party has said that it has a plan to take \$129 million out of the corporate watchdog over the next four years should it be elected. That message is pretty clear, I think. The Labor Party is saying to people who want to transgress corporate laws that it will be a lot easier if Labor gets elected—that the Labor Party will be taking away \$129 million. Why would you want to do that? If you believed in upholding corporate laws and enforcement and in protecting the public, why would you propose to cut funding to the corporate regulator? The reality is that if you take \$129 million out of ASIC some of the investigations will have to be wound back. The Labor Party might tell us whether it wants to wind back HIH. James Hardie is another special investigation which ASIC is currently undertaking. There are other investigations in relation to pyramid schemes. But if you want to take \$129 million out of the corporate regulator you are giving a green light for more people to breach corporate laws.

I would have hoped that corporate regulation and corporate law enforcement in this country would be bipartisan. We have worked very hard to send that message to the corporate community. I think law-abiding Australians who want to be protected from

corporate spivs will find it very hard to understand why the Australian Labor Party wants to wind back corporate law investment, investigations, prosecutions and enforcement. The only thing I can do is appeal to the backbench members of the Labor Party, who undoubtedly have not been consulted about this matter and probably do not even know about it, to rein in those people who want to gut ASIC and to make it clear that they will not stand for winding back corporate law enforcement. While this policy remains on the books, the Labor Party will never be able to talk about law enforcement because, as I keep on saying in this parliament, it is deeds, not words. If you wanted to talk about corporate law enforcement, you would not be trying to gut the corporate cop.

Workplace Relations

Ms GILLARD (2.37 pm)—My question is to the Minister for Employment and Workplace Relations and relates to his last answer. I also refer the minister to his statement on ABC Radio on Friday, where the minister said about his new taxpayer funded advertisements:

Well they're very plain, they're very simple, they direct people to a phone number for the Workplace Information Line ... there is no spin in these ads, it is purely informative.

Minister, isn't it the case that the script for those who answer the calls on the information line states:

... at no time is an adviser to use the phrase 'I don't know' when answering the caller's query. Rather, advisers should say that 'this is the information that is currently available; we can offer you a call back when further information becomes available'.

How can the minister say his advertisements are 'informative' when there is no information to be provided?

Mr HOCKEY—We had a significant increase in traffic to the website and in phone

calls to the info line after the ads appeared. People are asking a vast range of questions, including questions about the state industrial relations systems and requesting information about state laws. Of course, the federal Workplace Infoline is going to take those questions on notice and come back to individuals with information that may answer their questions. I think that is an entirely appropriate way to respond. You know what? We do not want people to make up the answers.

Opposition members interjecting—

Mr HOCKEY—I really do not think the Labor Party should laugh. The Labor Party makes up allegations and the Labor Party seeks to make up answers. What we have found is that people are now ringing the Workplace Infoline and they are getting answers to the questions that they are genuinely concerned about. What we have also found out is that, when there is a dropout rate, it tends to be political questions that are being asked rather than factual questions. That would come as no surprise to anyone.

Regional Aviation

Mrs HULL (2.40 pm)—My question is addressed to the Deputy Prime Minister and Minister for Transport and Regional Services. Would the Deputy Prime Minister advise the House of the importance of aviation to the Australian economy, particularly in regional areas such as my electorate of Riverina? How has the industry recovered since September 2001 and are there any potential threats to its continued progress?

Mr VAILE—I thank the member for Riverina for her question. Of course, as a great supporter of regional aviation in Australia, and particularly following some of the events in 2001 and beyond, the member for Riverina understands the significant role that regional aviation plays in servicing regional centres across Australia. Access to affordable

aviation travel is critical to the strength of the Australian economy, whether it be in regional Australia or in the major metropolitan areas. Businesses in capital cities depend on aviation links. Regional Australians benefit from good aviation services. Where so many Australians suffer from the tyranny of distance, good, affordable aviation services are crucial.

Since 2001, Australia's aviation industry has staged a remarkable recovery. Of course, if you go back beyond that, it was put under pressure as part of the Asian economic recession in the late nineties, then we had the impact of SARS, 9/11 and the unfortunate collapse of Ansett. It has really put a lot of pressure on many parts of the aviation sector. But Australian airlines are now carrying more passengers than at any time in our history. Currently the Australian aviation industry is carrying 44 million passengers a year. That is 10 million more Australians flying than in 2000. Regional aviation itself is growing strongly, carrying 5.2 million passengers in 2006. The overall sector currently employs over 52,000 people and is worth about \$6 billion to the Australian economy.

The member for Riverina asked: are there any threats to the aviation industry? I read about some this week, not directly from the Australian Labor Party but from some like-minded people at the Australia Institute. The Australia Institute have put out a document calling for a new \$30-per-person tax for passengers travelling on domestic flights. Think about someone who can now afford to fly from Sydney to Wagga Wagga in the member's electorate; it might be a \$120 fare. The Australia Institute think that they should be paying \$150. So working families who are able to go on holiday because of downward pressure on aviation costs are going to have that opportunity taken away if the Australia Institute get their way. They said in their release after announcing this tax:

... Australians cannot expect to fly more than they currently do today.

Because of climate change, they are proposing that this should be a tax directed at greenhouse gas emissions from the aviation sector. Admittedly the aviation sector have a role to play in contributing to reducing greenhouse gas emissions in Australia, and they accept that. The government has already introduced measures to reduce that. They are practical measures that do not apply costs to ordinary Australian consumers and ordinary Australian families. We have introduced new air traffic control measures that improve sequencing of aircraft and the operation of flexitracks of aircraft. Already there are about nine tonnes per day of CO₂ emissions being saved in and around Sydney airport alone without resorting to taxes on consumers.

The point I am trying to make is that we have heard the Labor Party say that they want to reduce greenhouse gas emissions by 60 per cent by 2050 without doing any substantive economic analysis of the impact of that decision on the everyday lives of Australians. The Australia Institute is a think tank that the Labor Party often relies on for a bit of advice. There is a bit of a connection given that the boss of the ACTU, Sharan Burrows, is actually a director of the Australia Institute and was part of the decision to announce this. We all remember that the Australia Institute said when we introduced the GST that people would die because of it. We all remember when this country was gripped by severe drought last year that the Australia Institute said, 'Those farmers have no right to be on the land. They should get off it. They do not have a right to be farming it.' And today they are saying that we should impose a tax of \$30 a ticket on Australian travellers in the aviation industry. So the question should be asked of the Australian Labor Party, and particularly the Leader of

the Opposition: are they going to rule out a \$30 tax on airline travellers in Australia as part of their party's policy in addressing greenhouse gas emissions? The Labor Party have outsourced their industrial relations policy to the ACTU and their economic policy to the Democrats—although, they have outsourced their land transport policy to the coalition, thanks to the member for Batman. I ask the Leader of the Opposition: is he going to outsource their aviation policy to the Australia Institute and put a \$30 ticket tax on the travelling public in Australia?

Workplace Relations

Mr RUDD (2.46 pm)—My question is to the Prime Minister. I refer to the Treasurer's comments on 6 May when he was asked whether he could guarantee that a Costello government would not repeal or water down the fairness test that the Prime Minister introduced to his industrial relations legislation. The Treasurer replied:

I'm not going to speculate on what might happen after the election.

I also refer to comments by the Minister for Finance and Administration, Senator Minchin, to the HR Nicholls Society when he said:

We do need to seek a mandate from the Australian people at the next election for another wave of industrial relations reform.

Can the Prime Minister confirm that the government has no plans for further changes to its industrial relations legislation?

Mr HOWARD—I will make a couple of comments. The first is that, as I have said repeatedly, if further finetuning of this legislation is needed it will be undertaken, but I do not envisage that there will be any further major changes. We think the change that will be introduced next Monday is a very good one. The change will guarantee that, if people trade off their penalty rates and overtime loadings, they will get fair compensation in

return. I would have thought that was a very fair proposition because it was never intended when we introduced this legislation that it would become the norm for that to occur. Let me make clear the purpose of this fairness test. As I imagine most people know, although maybe not everybody does, if you are an award reliant employee and you do not enter into an AWA where issues like penalty rates are required to be dealt with specifically, you must be paid what is in the award because that is the law. It is the l-a-w, if I could coin a phrase.

I will turn to the other part of the honourable member's question. I do not pretend to remember everything that everybody says in this place, but I think you will find that he rather truncated and distorted what the Treasurer said. He is prone to doing that when he quotes people and I think he was being tricky with the truth when he asked that question.

Budget 2007-08

Mr RICHARDSON (2.49 pm)—My question is addressed to the Minister for Health and Ageing. Would the minister confirm that federal health spending is at record levels as a result of the budget? Would the minister also confirm new initiatives to combat chronic disease? Are there any alternative policies, and what is the government's response?

Mr ABBOTT—I thank the member for Kingston for his question. I can confirm that this government does not just talk about Medicare; we invest the money needed to make a good system even better. As the Treasurer announced on budget night, in the coming year the Howard government will spend \$51.8 billion on health and ageing. That is 22 per cent of the federal budget. It is a record and it is up from about 15 per cent back in 1995.

Ms Roxon—What are you counting?

Mr ABBOTT—What am I counting? I am counting Health and Ageing portfolio spending. I am counting DVA spending on health and ageing.

Ms Roxon interjecting—

The SPEAKER—Order! The minister has the call. The member for Gellibrand will not interject.

Mr ABBOTT—I am counting Medicare Australia spending on health and ageing. I am counting the money that this government is legitimately investing in health. We are investing this money in health because we care about people's health, we care about Medicare and we have some policies, unlike the person who is busily interjecting away on the other side of this parliament.

Some of the budget highlights include \$291 million to give people with a chronic disease access to longer consultations with specialist physicians. Another highlight is \$378 million to give people with a chronic disease and poor oral health access to up to \$2,000 worth of Medicare funded dental treatment on referral from their GP. I want to make it very clear that this government can only afford to spend this kind of money, the extra \$4.6 billion that we have invested in health and ageing in this budget, because of a strong economy. If you wreck the economy, you wreck health spending too. The Leader of the Opposition knows that he is going to have to cut health spending if he ever becomes the Prime Minister of this country. He knows that. He admitted as much in his notorious Jon Faine interview last month when he said:

Well, when you look at the amount of money which is wasted in duplication overlap in the health and hospital system ... I believe there is great scope to extract significant savings.

This is not just some obscure backbencher. This is not some professor at a university. This is the alternative Prime Minister of this

country. This is the person who is arrogant enough to think that he is going to be Prime Minister by Christmas—and he says that there is great scope to extract significant savings.

Health is very important to the people of this country and the Leader of the Opposition needs to explain himself. In fact, I think he should have a press conference. I think a press conference today would be an excellent idea. Questions on health might not be the first questions he is asked, but they certainly should be some of the questions he is asked. He cannot make these kinds of statements without explaining exactly how much he thinks is going to be saved and exactly where he thinks these savings might be made. If, as I suspect, he just got it completely wrong on John Faine—he was completely flustered—he should have the guts to say that he got it wrong. When the member for Barton got it wrong in the *Sunday Age*, he had the decency and the honesty to say—

Opposition members interjecting—

Mr ABBOTT—I hear some hyenas in the House.

Mr Crean interjecting—

The SPEAKER—The member for Hotham has already been warned.

Mr ABBOTT—This Leader of the Opposition needs to explain himself. He cannot make those sorts of statements about something as important as health and think that he can get away with not explaining them. As I said, a good place to start would be a press conference this very afternoon.

Workplace Relations

Ms GILLARD (2.54 pm)—My question is addressed to the Minister for Employment and Workplace Relations. Minister, I refer to your answer to my first question today and to your denial that a new wave of industrial relations advertisements is under production.

I also refer to reports in today's newspapers that the advertising agency WhybinTBWA is 'deep in the process of creating phase 2 of the government's advertising blitz on industrial relations', which media sources say will be launched in a week. Minister, has the government contracted with WhybinTBWA for a second phase of the industrial relations campaign or not?

Mr HOCKEY—I did not see that detailed report—I am happy to have a look at it—as I was focused on other media reports this morning, but I am familiar with one workplace relations advertising campaign that is under way. It comes from a media release, dated 25 March this year, from the Victorian Minister for Industrial Relations, Mr Hulls. He has said that he has prepared television, radio and press advertisements which will run over the coming months against the federal government's workplace relations laws. I have been waiting since 25 March for the Labor Party to express its outrage about abuse of taxpayers' funds in Victoria, where the Victorian industrial relations minister—

Mr Kerr—Mr Speaker, I rise on a point of order. It appears that the minister has more knowledge of the affairs of the Victorian government than he has of his own responsibilities. He was asked a question about—

The SPEAKER—That is not a point of order.

Mr HOCKEY—The Victorian industrial relations minister is so outraged about federal laws—which are based on a power referred from the state government of Victoria to the federal government—that he has used Victorian taxpayers' money to prepare television, radio and press advertisements that are going to be running against federal workplace laws over the coming months. To assist the Deputy Leader of the Opposition, I am

happy to table that press release and I would like to hear her response.

Workplace Relations

Mrs MIRABELLA (2.57 pm)—My question is addressed to the Minister for Employment and Workplace Relations. Would the minister advise the House whether workers who are covered by common law contracts are entitled to penalty rates?

Mr HOCKEY—I thank the member for Indi for her question. If a worker is covered by an award and employed under a common law contract, they must be paid all the entitlements under that award. If hours are worked which would have entitled the worker to penalty rates under that award, the worker must be paid those penalty rates. This has been the case in Australia for more than 90 years.

The Office of Workplace Services can and does investigate these matters and take action on behalf of workers to recover any underpayment. In some cases the Office of Workplace Services may take the employer to court to recover underpayments and the employer may be ordered by that court to pay fines. The entitlements of workers have strong protections under the workplace relations laws. I urge any member of this House or of the general public who is aware of any underpayment of entitlements to contact the Workplace Infoline on 1300 363264.

Mr Adams interjecting—

The SPEAKER—Order! The member for Lyons is warned!

Water

Mrs ELLIOT (3.00 pm)—My question is to the Minister for the Environment and Water Resources. Minister, given there were no site visits in the preparation of the recent government report which proposed to dam the Tweed and Clarence Rivers, will the minister now accept an invitation to visit the

town of Tyalgum in my electorate so that the minister can speak to the locals about the dam the government is proposing to build over their town?

Mr TURNBULL—I thank the honourable member for her question and the opportunity to clear up a misconception on her part. The government is not proposing to build a dam on the Tweed or the Clarence. The National Water Commission, at my request, commissioned SMEC, the Snowy Mountains Engineering Corporation, to do a desktop study—

Opposition members interjecting—

The SPEAKER—The member for Grayndler has already been warned.

Mr TURNBULL—on a range of options for water storages on northern New South Wales rivers, as has been discussed for decades, going right back to Dr Bradfield and before. They have narrowed it down to half a dozen more promising options, which are set out in the report with the hydrological data so that they can be the basis of further discussion. I have not received an invitation to visit the charming town that the honourable member referred me to but I have had a discussion very recently with the chief executive of Tweed Shire and we have discussed an appropriate time when I can get together with him and the other shires and councils in northern New South Wales.

The water security of northern New South Wales and south-east Queensland is in crisis at the moment. And you only have to look at what Peter Beattie is doing to see what a crisis it is in. We have to start thinking about water like Australians. We have to recognise that water does not recognise lines on a map. We have to think about our water security as Australians, and we have to have every option on the table. If what the honourable member for Richmond is saying is that not a drop of water should ever pass the border—

Mrs Elliot interjecting—

The SPEAKER—The member for Richmond is warned!

Mr TURNBULL—then she perfectly personifies the antiquated, selfish attitudes to water that have delivered our water management into the state it is today.

Opposition members interjecting—

The SPEAKER—The member for Banks is warned!

Mr TURNBULL—That is why the National Plan for Water Security is so vital to the water future of Australia, and that is why all Australians, and in particular the Premier of Victoria, need to commit to the National Plan for Water Security—because it does what Australians have known we need to do for more than a century: treat our interstate waters as Australian waters managed by the Australian government in the national interest.

Budget 2007-08

Mr BARTLETT (3.02 pm)—My question is addressed to the Minister for Families, Community Services and Indigenous Affairs. Minister, what benefits are being provided by the recent budget to promote the financial wellbeing of Australian families? Are these gains under threat?

Mr BROUUGH—I thank the member for Macquarie for his question. He is a man who is totally committed to families and family values and has been for over 11 years in this place. The budget delivered a real bonanza for Australian families in the form of the childcare tax rebate being brought forward; the childcare benefit being increased; and tax cuts for every Australian, as real money in people's pockets. It is a real bonanza for Australian families. We will be able to say, as a result of this budget, that the family tax benefit, which was standing at \$14 billion in 1996-97 when the Howard-Costello govern-

ment was elected, is today \$28 billion of direct assistance to Australian families. That actually equates to \$8,300 for the average family. Then on top of that the average family gets another \$2,000 in assistance with the childcare benefit. That is about \$10,000 of direct assistance to help the families of Macquarie and the families in all of the electorates around this great country.

The only threat to these great circumstances that Australian families now find themselves in—of having their childcare fees going down, their tax going down and jobs going up—is the election of a Labor government. I say that because there is only one tax policy of the Labor Party currently available, and that is the one they took to the last election—the one for which the member for Lilley was the architect. His name is there on the bottom, as shown by the Treasurer. The man who would be the Treasurer of this country had a policy, which is still existing Labor policy because there is nothing to replace it, that had families in Australia on \$10,000, \$20,000, \$25,000, \$30,000, \$35,000, \$75,000, \$80,000, \$85,000, \$90,000 and \$100,000—on each of those tax scales—worse off under a Labor tax policy. That was when the Australian government was in surplus. This was not back when a Labor government was in and they were trying to find the pennies; this was when a coalition had delivered surplus after surplus. A Labor opposition was going to the Australian public with a policy whose architect is the want-to-be Treasurer, the member for Lilley, who wanted to make all of those families in those tax scales worse off. There has never been a greater threat to the prosperity of Australian families than the election of a Labor government.

That is also backed up by the member for Melbourne who, since 1994, has told this place that he takes no pride whatsoever in this country having one of the lowest tax

rates in the OECD. He actually wants to see a death duty brought back. That is what he has said in this place. He said that when he was on the government benches. God help us all if he gets the chance to be the architect of another tax policy along with the member for Lilley! That is the real threat that Australian families face—not just to their jobs but to the real income that helps them to provide the future their children deserve.

Advertising Campaigns

Mr ALBANESE (3.06 pm)—My question is to the Prime Minister, and I refer again to the climate change community information and education campaign which will include a mail-out to all Australian households. Has the government entered into a contract to conduct this campaign—yes or no?

Mr HOWARD—I refer again to the answer I have previously given.

Superannuation

Dr JENSEN (3.07 pm)—My question is addressed to the Minister for Revenue and Assistant Treasurer. Would the minister inform the House of new measures to help low- and middle-income earners build their retirement savings and secure their future prosperity?

Mr DUTTON—I thank the member for Tangney for his question. In Tangney, as a result of the Howard government's budget this year, 5,121 people will receive up to \$3,000 in co-contribution payments, paid directly into their superannuation accounts. That is a return of up to \$3,000 because of the good economic times that we are in at the moment which have been brought about by tough decisions by this government. We are contributing up to \$3,000 for their \$1,000 contribution. That is a great outcome, particularly for low-income Australians. In the honourable member's electorate, just over 5,000 people will see \$3,000 go into their

super account to compound and, by the time they get to retirement, it will make a big difference to them in retirement. The co-contribution scheme introduced by this government, opposed by Labor at the time of its introduction, is a great way of helping middle- and low-income Australians put more money into their superannuation funds.

There is a lot of press around at this point in time about the returns from superannuation funds, with returns of up to 17 per cent on people's investments in their superannuation funds. Do you know why that is? It is because the economy is in good shape. When people look at their superannuation statements—and they will be getting them between now and 30 June—they will see their balances rising because companies are earning profits, employing people and making good returns on their investments. That will make a big difference to people in retirement.

But there is a great threat to people's retirement savings in this country. There is a great threat to the people who, when they look at their balances at the moment, see their balances going up. They know, as we do, that that threat is the Australian Labor Party. The Australian Labor Party are the greatest threat to the Australian economy and Australian business, and, if they are elected at the next election, that will be a bad outcome for people who are looking at accumulating wealth into retirement. It will be a bad outcome for young families who want more money in their pocket each fortnight, which is what this government has been able to provide. This government, through managing the Australian economy well, will help people save for their retirements and enjoy a much better lifestyle than Labor could ever promise.

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

PERSONAL EXPLANATIONS

Ms GILLARD (Lalor) (3.10 pm)—Mr Speaker, I wish to make a personal explanation.

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

Ms GILLARD—I most certainly do.

The SPEAKER—Please proceed.

Ms GILLARD—In question time today the Minister for Employment and Workplace Relations stated that I had criticised the Lilac City Motor Inn yesterday. This statement is completely untrue.

Mr Truss interjecting—

The SPEAKER—Order! The Minister for Trade! The Deputy Leader will be heard.

Ms GILLARD—Thank you very much, Mr Speaker. Yesterday, I at no point criticised the Lilac City Motor Inn. I expressed myself as being pleased to hear about the employment conditions in that motor inn as disclosed by Joanne Doolan on the John Laws show. I did clearly criticise a template Australian workplace agreement being distributed by the Hotel, Motel and Accommodation Association, but more than anything else I criticised Mr Howard's laws for allowing that to happen.

Honourable members interjecting—

The SPEAKER—Order! The House will come to order!

QUESTIONS TO THE SPEAKER

Standing Orders

Mr TUCKEY (3.12 pm)—My question relates to standing order 100(c)(ii), which reads:

(ii) questions critical of the character or conduct of other persons must be in writing.

Furthermore, 100(d)(i) reads:

(d) Questions must not contain:

(i) statements of facts or names of persons, unless they can be authenticated and are strictly necessary to make the question intelligible;

In each of those cases under standing order 100 it says: 'The following general rules apply'. Those two items are not to be allowed. Mr Speaker, the collateral damage that can be visited upon innocent people in these arrangements is something the House has created the standing order to disallow, and I would ask—

The SPEAKER—Order! The member is bringing in debate. This is not a question.

PERSONAL EXPLANATIONS

Mr MARTIN FERGUSON (Batman) (3.13 pm)—Mr Speaker, I wish to make a personal explanation.

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

Mr MARTIN FERGUSON—Most grievously.

The SPEAKER—Please proceed.

Mr MARTIN FERGUSON—I must say that is a hard act to follow! In question time today the Minister for Transport and Regional Services sought to suggest to the House that the opposition and I, as shadow minister for transport, had not opposed the Australian Institute's elitist \$30 climate tax on domestic flights. I draw the House's attention to page 11 of the *Financial Review* today, which makes it very clear that federal Labor and the tourist industry have strongly attacked the institute's suggestion. I also make it very clear that we support the technological changes and airspace management changes that are currently in place. I welcome the government's belated support for the opposition's position in the House today.

Mr HOCKEY (North Sydney—Minister for Employment and Workplace Relations and Minister Assisting the Prime Minister for

the Public Service) (3.14 pm)—Mr Speaker, I wish to make a personal explanation.

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

Mr HOCKEY—Yes, I do.

The SPEAKER—Please proceed.

Mr HOCKEY—Only now the Deputy Leader of the Opposition said that yesterday she had never referred to the Lilac City Motor Inn and criticised the organisation. I quote Julia Gillard from 2UE—

The SPEAKER—Order! The minister must show where he has been personally misrepresented.

Mr HOCKEY—I have. I have been misrepresented. The Deputy Leader of the Opposition made a claim that I had misled the parliament. I quote from John Laws's program yesterday:

JULIA GILLARD: John I was ringing about this situation with the Lilac City Motor Inn and the Australian Workplace Agreement there ...

Mr Albanese—Mr Speaker, I rise on a point of order. On a matter of a personal explanation a member must show where he or she was personally misrepresented.

The SPEAKER—The member will resume his seat. I have already made that point very clear.

Ms Gillard—I seek leave to table my 2UE transcript which reads as follows:

John I was ringing about this situation with the Lilac City Motor Inn and the Australian Workplace Agreement there ... I think the important thing to recognise here is this is a template agreement, a standard agreement, for right across—

Leave granted.

AUDITOR-GENERAL'S REPORTS

Report No. 39 of 2006-2007

The SPEAKER (3.16 pm)—I present the Auditor-General's Performance Audit report

No. 39 of 2006-07 entitled *Distribution of funding for community grant programs: Department of Families, Community Services and Indigenous Affairs*.

Ordered that the report be made a parliamentary paper.

DOCUMENTS

Mr ABBOTT (Warringah—Leader of the House) (3.17 pm)—Documents are tabled as listed in the schedule circulated to honourable members. Details of the documents will be recorded in the *Votes and Proceedings* and I move:

That the House take note of the following documents:

Foreign Affairs, Defence and Trade—Joint Standing Committee—Review of Australia-New Zealand trade and investment relations—Government response.

Migration—Joint Standing Committee—Detention centre contracts: Review of audit report No. 1, 2005-2006, Management of the detention centre contracts—Part B—Government response.

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

MATTERS OF PUBLIC IMPORTANCE

Climate Change

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

The government's failure over 11 years to address the urgent environmental and economic challenge of climate change.

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 GARRETT (Kingsford Smith) (3.18 pm)—The Minister for the Environment and

Water Resources is fond of asserting that the Howard government has done more to tackle climate change than any government in the world and that the climate change record of the Howard government is the envy of the world. It is the case that Australia generally has a proud record of hitting above its weight internationally. It is something which a former Labor minister, Gareth Evans, said here and actually instituted in his career. We have produced many world leaders—in sport: Don Bradman, Ian Thorpe, Lauren Jackson, Liezel Jones and a host of others; in science: Peter Doherty, Macfarland Burnett and Howard Florey; in acting: Nicole Kidman, Cate Blanchett and Russell Crowe; in literature: Tim Winton; and, in business: Rupert Murdoch. We acknowledge those outstanding Australians, the leadership that they have displayed and the success that they have had in the world. In politics the environment minister proclaims himself and the government as world leaders—and there the comparisons end.

The environment minister is no world leader, nor is his government, and yet he has the gall to say that Australia is leading the world in tackling climate change. Let us just consider what he means when he says that Australia is leading the world by producing the facts in this matter of public importance. Australia is the second highest greenhouse polluter in the world; Australia's emissions are growing at twice the global rate on average—or nearly; Australia has an effective additional renewable energy target of 0.9 per cent by 2020. In climate change programs since 1996 this government underspends—a \$33.7 million underspend on clean energy programs in the last financial year. That does not sound like leading the world. Minister, your statement that Australia is leading the world on climate change is simply a fraud. It is hyperbole and it is spin, but the substance and the facts are that this government, in

addressing climate change, is going backwards, and, in terms of Australia meeting its climate challenge, we are worse off now than we were when the government came to power.

The Prime Minister's guarantee to the Australian people has been made often enough—that his government will actually be judged by the solutions that it delivers. If it cannot deliver climate change solutions, then the Prime Minister's guarantee is worthless. Not long ago the Prime Minister said he was approaching carbon trading in a methodical way. Let me remind the House of what the Prime Minister means by 'methodical'. In 1997 the environment minister, Robert Hill, established an inquiry into emissions trading; in 1998 the foreign minister backed emissions trading; in 1999 the Australian Greenhouse Office released four discussion papers on emissions trading; in 2003 the Treasurer and the environment minister took a submission to cabinet to establish an emissions trading scheme, which was vetoed by the Prime Minister; in 2003 the government wound up the work of the Australia Greenhouse Office on emissions trading and, of course, the federal government would not cooperate with the states when it introduced its work to consider the establishment of an emissions trading scheme. For the entire period up until climate change became an issue that showed up in its polling, this government has done nothing—absolutely nothing—to take up what was one of the most significant and important elements of addressing greenhouse gas emissions: the establishment of a national emissions trading scheme.

The fact is that the Howard government has wasted a decade, and the fact is that Australia's greenhouse pollution is spiralling out of control. It is due to increase some 27 per cent by 2020. The challenge for the government is to name the date it will start to re-

duce Australia's greenhouse gas emissions, consistent with the need for us to reduce emissions some 60 per cent by 2050. The challenge for the government is to show that it is serious about climate change, not to produce climate change brochures to convince Australians of its merits but rather to actually address the climate change challenge in a significant and profound way.

I had the opportunity on Monday to attend a business leaders for sustainable development conference, and a charter for climate action was delivered at that conference. It identifies three specific measures that it believes governments need to respond to in order to be taken seriously about climate change. What are those measures? They are the very measures that the Howard government refuses and has refused up to now to consider or accommodate: global leadership, a national emissions trading scheme and the setting of targets. It is on those foundations that a sensible framework for addressing climate change actually lies, and it is those particular and specific matters where the Howard government has not delivered.

I believe very strongly that an old era is passing away and a new era is beginning and that our response to the risks and opportunities of climate change is one of the signal parts of this particular era. In the new era, we will build businesses and safeguard the environment by taking climate change seriously. We will build the national consensus that Kevin Rudd has called for in order to strike those actions that are necessary to both reduce emissions and build business. We will not conduct scare campaigns. We will not mislead the public. We will not misrepresent our political opponents. We will get on with the business of enabling the Australian economy to respond to the urgent need to reduce emissions and to build economic prosperity while it is doing that. The work done by Sir Nicholas Stern and the work done by the

business leaders roundtable shows conclusively that we can reduce greenhouse gas emissions and not have a significant impost on the economy. And that is the challenge that this government has to face.

But substantially reducing carbon emissions means understanding what reducing carbon emissions is all about. It was very interesting that a couple of days ago the Prime Minister described the issue of managing the question of the government reducing emissions as an 'irritant'. I think this word 'irritant' shows a great deal about the Prime Minister's approach, because it was on the same day that he used the word 'irritant' that Australia's track record on tackling climate change was shown by research from the CSIRO, again, to be—and I quote the CSIRO scientist at the time—'dreadful'. Our emissions were blowing out at nearly twice the global rate, with the perils of greater temperature increase even more likely. You would have thought that something of this consequence would have got more from the Prime Minister than considering managing this issue as an 'irritant'.

Australian of the Year, Tim Flannery, says we should approach climate change as though we are 'on a war footing'. California Governor Arnold Schwarzenegger says, 'The debate is over, the jury is in and the time for action is now.' Yet Australia, under the Howard government, is set to increase its emissions by 27 per cent within 13 years and is one of the worst-performing developed countries in the world. The Minister for the Environment and Water Resources says, in Orwellian fashion, that no government is doing more to tackle climate change than the Howard government. It is no wonder that the propaganda blitz is now in full swing as the government tries to deflect attention from its significant public policy failures and tell us that it is doing something else altogether.

Rewind to yesterday and an answer to a question from the Leader of the Opposition concerning government market testing on its climate change brochure. The Prime Minister said:

No such decision has been made by me or, to my knowledge, by the government.

Yet the letter from the department of the environment first assistant secretary dated 23 May shows that Blue Moon Research & Planning were appointed to do research for ‘the’ climate change information campaign. I think the use of the word ‘the’ is interesting—not to see whether one should be done or not but really to test the existing material. The appointment of this particular company to do this was made by the Ministerial Committee on Government Communications. Our understanding is that the Prime Minister’s chief of staff, Tony Nutt, sits on this committee and was there at the meeting on 16 April which determined this research contract. We know that there is a mock-up of the brochure and the Prime Minister’s letter, that the letter has been market tested and that it is going to cost Australian taxpayers in the order of—and I quote—\$176,000. By five past five or so last evening, the Prime Minister was then saying that the government was still considering whether to send it out. Today the Prime Minister, in answer to a question asking, ‘Has the government entered into a contract to conduct the climate change community information and education campaign?’ used the expression that he was not going to confirm it or otherwise. When the question—whether the government had entered into a contract, yes or no—was asked of him again, the Prime Minister simply failed to answer the question.

I think it is clear that the Howard government is planning a massive propaganda blitz on climate change. The reason for that is fairly clear. Bloomberg.com today has: ‘Howard Risks Political Climate Change as

Aussies Warm to Kyoto’. It quotes Clare Idriss, who was so concerned about carbon emissions generated by her wedding guests travelling across Australia that she bought pollution credits to offset the greenhouse gases. There is a debate about that; I am sure the minister will engage on that issue. Idriss says:

... Prime Minister John Howard isn’t doing his part to address climate change. Howard has refused to ratify the Kyoto Protocol on reducing carbon emissions, saying it will hurt the economy of the world’s largest coal exporter.

Paul Verness, a Perth accountant, is not impressed. He says he is switching allegiances to Labor:

“Howard’s climate change policy is a joke,” said Verness ... “It’s been dreamed up because he knows it’s on people’s minds, not because he cares about what impact we are having on the environment.”

Senate estimates revealed that there was underspending on climate change matters in the current budget. If the government is doing the best of any government in the world to tackle climate change, how is it that it remains underspent on its climate change budget? But, more importantly, how is it that we do not have a plan or targets to reduce greenhouse gas emissions? This new era is about understanding the challenges and being prepared to address the future. The door is closing on the old way of doing things and opening on the new. Again we say in this House that climate change represents the biggest challenge that this generation of politicians will confront, and it is one that the Howard government consistently fails to measure.

Just to remind us that the science is in and the evidence is compelling: the 10 hottest years on record occurred in the last 14 years; the Murray River is at its lowest level for over 100 years; and rising sea levels are flooding Pacific islands and threatening our

coast. If action is not taken, the CSIRO predicts that water supplies for cities and agriculture will drop by 25 per cent by 2030 while the population will increase by over 20 per cent. Labor has committed to cut Australia's emissions by 60 per cent by 2050. Not only is the science in, but the economics is in as well. Study after study shows that the cost of action is far less than the cost of inaction. As companies as diverse as News Corporation and other leading corporates around Australia begin to take on the task of reducing emissions, there is only one odd man out—and that is the Howard government.

Labor have a comprehensive approach to climate change that has been consistent from the start. We would ratify the Kyoto protocol. We would set up a national emissions trading scheme. We have already set up a \$500 million national clean coal fund. We have already announced a solar green energy and water renovations plan for Australian households. We have already set up a \$500 million green car innovation fund. We have already indicated that we would substantially increase the mandatory renewable energy target. We have already said that, when it comes to climate change, we would make climate a priority for government.

The marker of fitness to govern is to understand the true extent and scale of the issues that lie ahead. Climate change, without any doubt, represents the most significant and important issue that we have to manage. With a framework of policy suites in place, this party on this side of the House is ready to do the job. The question is whether the party on the other side understands the scale and importance of addressing climate change. On the evidence so far, the answer is no. On the evidence so far, all we have had are assertions. I am sure that we will hear some assertions from the minister when he gets to his feet—assertions about how small is the size of our contribution to greenhouse

gas emissions and how we should not focus on it at all.

I invite the minister to consider that argument in some detail now, because it seems to me that it goes to the heart of the government's approach. What they are really saying is: 'We'll manage climate change in a way that we think we can. There are some of us who do not think it is particularly serious, but we understand that there is some public concern about it.' At the same time, they will seek to deflect the key challenge—which is to reduce greenhouse emissions—by saying: 'Look at our contribution to the global average' or 'Look at what other countries are doing.' Prime Minister—

Mr Bevis—He wants to be Prime Minister.

Mr GARRETT—That is clear. Environment Minister, the buck literally stops here because it is up to the government to set about the process of reducing greenhouse gas emissions in its own backyard, to ratify the Kyoto protocol, to establish a national emissions trading scheme and to show that it is fair dinkum about climate change. Over the last 11 years of inaction and denial, there has been no evidence that the Howard government understands this. Up to this point in time there has been no evidence in the policies brought forward by the environment minister that he understands it either. The Howard government stands condemned for its lack of action on the important and critical issue of climate change.

Mr TURNBULL (Wentworth—Minister for the Environment and Water Resources) (3.33 pm)—The member for Kingsford Smith said towards the end of his rambling and irrelevant remarks about climate change that fitness to govern is measured by the extent to which a party understands the nature of the challenge ahead. If that proposition is accepted as right—and it seems a reasonable

one—then the member for Kingsford Smith has demonstrated comprehensively that he is unfit to form a part of any government and that he is certainly unfit to make any contribution to climate change. In his 15 minutes to speak on this matter of public importance, he missed the key point: that we are facing the greatest economic challenge of our times. The world needs a massive reduction in greenhouse gas emissions in the course of this century, and in order to achieve that massive reduction in greenhouse gas emissions we need global action. We need to get all of the world's major emitters committed to reducing greenhouse gas emissions. That is the challenge of the future.

Whoever you talk to in the climate change world—be they environment ministers, scientists or economists—they all recognise that the big challenge is how to bring the big emitting countries such as China, the United States, India and Europe together to reduce greenhouse gas emissions and, above all, to achieve that which Kyoto has failed to achieve, which is to secure meaningful reductions in emissions from the fastest growing emitters in the developing world—in particular, China, which in and of itself will contribute to 40 per cent of the growth in global greenhouse gas emissions over the next few decades. None of that was mentioned. The member for Kingsford Smith has no strategy for achieving the object that we need to achieve of global reductions in greenhouse emissions. If we do not achieve that, we will get nothing.

We do emit 1½ per cent of global greenhouse emissions, but we receive in our own territory 100 per cent of the consequences of climate change. So global action is vital. The Australian government is leading the world in climate change policies. We are leading the world on energy efficiency. We are the first country to phase out incandescent lighting. The British Prime Minister elect,

Gordon Brown, complimented Australia on this only a few days ago. If the rest of the world were to follow Australia's example, the world would reduce its energy demands by an amount equal to five times Australia's electricity consumption. That is a significant move in energy efficiency.

We have also been a world leader in changing the standards for stand-by power so that, when devices like stereos or televisions are put on standby mode, they use less energy. That is again where we have been leading on energy efficiency—which is, after all, one of those early action opportunities that we have identified as being vital. We recognise that, to achieve the massive cuts in emissions that the world needs in the course of this century, we will have to get to a point by the middle of this century where the bulk of our stationary energy is generated with zero or near zero emissions. That is an enormous challenge. It is technically not possible to do today.

There are three countries at the cutting edge of clean coal development—Australia, the United States and the Netherlands. The fact is we are leading the world in those energy efficiency measures I mentioned: in clean coal development, which is so vital. There is no low-emissions technology more important to achieving the reductions in greenhouse gas emissions this century than clean coal, because coal is the most abundant source of stationary energy around the world. It is the most abundant source of energy for the fastest-growing economies—particularly China and India, who have substantial coal resources of their own. And if we can commercialise and complete the technology that the CSIRO is working on today to capture CO₂ emissions after combustion and store them we could then begin to retrofit the coal fired power stations of the world.

We are leading in that area. I am not suggesting we are the only country working on it—we want everybody to work on it—but the member for Kingsford Smith runs down the achievements of Australian scientists and despises them in his arrogance. We are ahead, and it is because of the ingenuity of Australian scientists, the commitment of those men and women, and the support they have had over 11 years from the Howard government.

Let me mention another area where Australia is leading the world. The second-largest source of greenhouse gas emissions comes from deforestation, and the bulk of that is in the tropical countries of the developing world. The Kyoto protocol basically does not deal with deforestation. It has been completely ineffective in dealing with deforestation in developing countries. In fact, as I have said in this place before, in some respects Kyoto actually encourages deforestation by promoting the use of palm oil. Of course, palm oil is grown in plantations which have been built after rainforests have been clear-felled, and many NGOs have said that the way Kyoto operates at the moment promotes deforestation.

That failing in Kyoto is well recognised, but it is Australia that has put \$200 million on the table for a global initiative on forest and climate. It is Australia, first among developed countries, that is leading the charge to put forestry on top of the climate change agenda because, like energy efficiency, it is early action. If we reduce deforestation we can cut emissions today. What did the member for Kingsford Smith say about that measure, which has been so well received around the world in developing countries and developed countries from Washington to Jakarta? What did he describe it as? ‘A modest measure’; again he despises this effort, just like he despises the work of Australian scientists on clean coal. He despises the achieve-

ments of his own country and seeks to put it down.

We know we must do better in the battle against climate change—we all must; every country must—but let me say that Australia is playing its part and in vital areas is leading the way. Let me give you another example of where we lead the way, and that is in national carbon accounting. No country has a better-respected system for carbon accounting, so vital to responding to climate change. After all, if the objective is to reduce CO₂ emissions, how can you manage something you cannot reliably measure? Our technology is so well regarded we are working closely and sharing it with other countries, including China.

But I will get back to the really big challenge of bringing all the nations together—that global commitment which Kyoto failed to achieve. The problem with Kyoto is that it did not deliver a pathway for the fastest-growing emitters to commit to emission reductions. Article 3.9 of the Kyoto protocol actually states that in future commitment periods—that is to say commitment after the one between 2008 and 2012, which is what we are tracking to at the moment—only developed nations will be asked to make cuts. That cannot work. We cannot achieve the reductions in greenhouse gas emissions we need only with cuts from the developed world. There has to be contribution from across the world.

The honourable member also said it was absurd for me to say that we were doing well as against other developed countries. Let us remember this: our Kyoto target was 108 per cent of 1990 emissions, and we are on track to meet it. We have been criticised, I recognise, and there is an institute that said we may miss it by two per cent. Well, we will not miss it by two per cent; we will meet it. But let us compare our position to that of

some other developed countries. We could be like Canada, which will miss its Kyoto target by 44 per cent; Spain, which will miss its by 36 per cent; or Austria—by 28 per cent—or the EU-15 itself. The 15 countries of the EU will collectively miss their target by seven per cent, based on their own domestic measures.

The reality is that among developed countries that are not former parts of the Soviet Union—which therefore benefited in a perverse way from the collapse of the Soviet Union, which of course resulted in their post-1990 emissions being dramatically lower—the only countries on track to better their Kyoto targets are the UK, which of course has benefited from Mrs Thatcher in effect shutting down the coal industry and moving to gas, although the move is coming back the other way, Sweden and Iceland.

Mr Garrett—And land clearing?

Mr TURNBULL—The honourable member asks about land clearing. Land clearing and land use are a vital part of the carbon cycle. He says he is fit to govern; he does not even understand how the carbon cycle works. You have got your carbon geo-sequestration, land use, planting trees and cutting down trees. These all have an impact on the carbon cycle, and of course they have to be taken into account. It is quite appropriate that they should be taken into account.

The member for Kingsford Smith and his colleagues—the Leader of the Opposition, in particular—always miss the point on climate change because they forget that global warming is a global challenge. They do not have a forward agenda. Consider the track record of the Howard government. We have established with other countries the Asia-Pacific Partnership on Clean Development and Climate—AP6, as it is called. This is a group of the largest emitters, including the biggest economy in the world, the United States, the

fastest-growing economy in the world in China, and India and Japan. We have pulled together that group of countries and we are sharing and developing the technology that will enable each of us to achieve our objective of reducing emissions. In partnership with China we are developing the clean coal technology that will enable China to reduce its emissions and thereby achieve the reduction in global greenhouse emissions we need. That formed no part of the member for Kingsford Smith's speech. There is no international agenda. It is as though he believes Australia is in a little bubble and we just have to do things in Australia and everything will be all right. This is a global problem.

His consistent failure to understand the facts associated with the issues in his portfolio is not limited to this particular issue of climate change today. Only a few days ago, late last week, the member for Kingsford Smith and the Leader of the Opposition pledged that a Labor government would send naval vessels—warships—to intercept, board and arrest Japanese whalers in the waters off Antarctica.

The DEPUTY SPEAKER (Hon. IR Causley)—Minister, that has nothing to do with the MPI.

Mr TURNBULL—It does, Mr Deputy Speaker. Bear with me; it does.

The DEPUTY SPEAKER—Tie it back to it.

Mr TURNBULL—The whaling issue is directly connected to climate change because the whales feed on krill, which in turn feed on algae which live underneath the ice shelf, which, of course, as the ocean is warming, is continuing to melt. So there is a vital need to protect the whales as part of our climate change response. The whales are under threat from global warming. That is one of the reasons why Australia is so committed to protecting whales and why I will be going to

Anchorage shortly to again prosecute Australia's case for the protection of whales. But our case has been undermined by the reckless ignorance of the member for Kingsford Smith, who proposed that the Australian Navy should engage in illegal action in international waters.

Mr Garrett—We proposed no such thing.

Mr TURNBULL—You did. That is not the first time you have misled this House.

The DEPUTY SPEAKER—Order! Discussion should be done through the chair.

Mr TURNBULL—The member for Kingsford Smith and the opposition leader proposed that naval vessels should intercept and board Japanese whalers on the high seas in international waters, which are regarded by Japan and by almost every other country in the world as international waters.

Mr Garrett—Mr Deputy Speaker, I rise on a point of order. The minister has strayed from the topic of the matter of public importance—and he is misrepresenting Labor policy on whaling and he knows it.

The DEPUTY SPEAKER—There is no point of order. The minister is straying a bit from the MPI.

Mr TURNBULL—The protection of the whales is a key element in the overall response to climate change and adaptation to climate change. Our efforts have been undermined. As the New Zealand minister, Chris Carter, said only the yesterday—(*Time expired*)

Mr RIPOLL (Oxley) (3.48 pm)—I have to say that it was disappointing to listen to the minister. I did expect just a little bit more. I would have expected that in the 15 minutes the minister had on such an important and critical topic as climate change he would have spoken about climate change and not wasted the last five minutes of his con-

tribution speaking about whales, which, in themselves, are a very important issue—

Mr Turnbull—You don't care about whales?

Mr RIPOLL—which are in themselves a very important issue, but not related to this particular debate today. What it really means is that the minister had run out of excuses, run out of ideas and was running out of time. Unfortunately, that relates directly to what is happening globally. We are running out of time. This minister was given 15 minutes to explain what he and his government would be doing to tackle one of the planet's gravest problems it faces today; the minister spent the last five minutes he had speaking about whales.

This government does not understand what needs to happen. This government just simply does not get it. Their story on climate change has been the story of two truths: an inconvenient truth, one that clearly spells out the climate change reality, the problems we face and the mounting evidence that exists—I don't think anybody is a denialist any longer; I think people really understand it—and the propaganda truth, which is their answer to climate change. That is the government's only solution for climate change. It will be an expensive mail-out to eight million homes, a 'be alert but not alarmed' fridge magnet that will somehow save the planet. I don't think so. This is the government's only response.

While the rest of the world tackles the serious issue of climate change, of carbon emissions, of water quality and a whole range of other problems—while there is a consensus building outside in the global community—this government spends time ridiculing experts, ridiculing the states and attacking the opposition but delivering no solution itself. This is a government that is out of control. This is a government that now

exists in a permanent mode of spin and propaganda—a government that takes no action; it just puts out propaganda to say that it is looking at these issues. I think that people in the community certainly do get it. They do understand it.

This disinformation being provided by government is doing them more damage than they understand themselves. We see more money spent now on propaganda advertising campaigns than on actual programs. This is a government gone completely mad. The two truths I mention highlight the direction that Australia is going in. We need a government that will listen—a government and a minister that will understand the issues. This government says that nobody has done more than them on climate change, but what have they done?

Mr Broadbent—It is true.

Mr RIPOLL—They just say that it is true that they have done more. More than what? I would say that individual people in Australia have done more on their own and more collectively than this government has done. I would say that business has hopped on board, but not through any assistance provided by this government. They have decided themselves, individually and collectively, that this issue is now so important that they have leapt over the federal government. They have stopped looking for leadership, because none is being provided. They have now decided to provide the leadership. It is the mums and dads at home saving water, looking to energy-efficient appliances, looking to put solar panels on their roofs, looking to make a difference individually; it is businesses such as News Corp on a global footing saying it can make a real difference.

Why is this happening in Australia today? Because there is no other leadership. There is no-one in power, there is no-one from the federal government, standing up to the box

and saying: ‘We will lead. We will provide the tools and mechanisms.’ Australians are sick of the spin and the propaganda, and so are we. We need a government that will lead Australia. And we heard it again today from the minister: somehow Australia is just too small; somehow Australia cannot make a difference. I disagree. I think Australia can make a difference. I think small nations can play huge roles, massive roles. I think the moment that Australia announces that it will ratify the Kyoto protocol there would be enormous pressure on the only country left in the developed world that has not done it. But it would also send a very strong signal to China and to other developing nations that they can also do more. In fact, these nations are taking it very seriously. I know for a fact that China is already taking huge steps forward by having a policy that it will be 20 per cent self-sufficient on renewable energy sources by 2020. It is doing something concrete: it is setting targets, it is putting out something that it can measure, assess, review, benchmark against.

This government will not set benchmarks. It will not set any targets because it does not want to be reviewed, it does not want to have to measure up to anything that it might have to do that could be measured or assessed in some way. All the government says is that it is meeting Kyoto targets. But then why not sign up? Why not, for the little bit of pain that you get out of the Kyoto targets, reap the benefits? Why not allow Australian business to go out there and make some economic gain through global carbon trading, emissions trading, through the things that we can do, through developing new industries here in Australia? Businesses today in Australia that want to deal in these areas and start a whole new industry, a whole new wave of jobs, have to go offshore because there is no mechanism in Australia for them to trade.

This is the sort of leadership that is missing in this country.

Labor on the other hand has some very clear direction and some very clear policy. We do not just talk about these things; we believe in these things. We have believed that we ought to be doing something for many, many years. We believe strongly in ratifying the Kyoto protocol. If this government is true to its word and believes in Kyoto 2, then let us do 1 first before we move on to 2. Let us take the necessary steps in order. Australia needs to cut its greenhouse gas emissions by 60 per cent by 2050. You need to work to that target and to that goal. It is equivalent to removing some eight million cars off the face of the planet. It is a lot of emissions. If we aim for those targets, we can make a difference. I do not want to hear from the government any more that we are just too small, that we are insignificant, that we do not play a role. When I hear that, all I hear are excuses from a tired government. Eleven years in office is a long time to do very little and, on climate change, to do nothing except deny, provide misinformation, confuse, do everything you possibly can to muddy the debate while everybody else in the world is singing from the same song sheet. Everybody else in the world now has moved on. We are trying to provide solutions while this government continues to make excuses.

Labor will set up a national emissions trading scheme, something that is essential for us to play our role. Labor will set up a \$500 million national clean coal fund. I heard the minister talk about clean coal. The reality is Australia is a coal country and we need clean coal. We need to form a whole new industry and we support it. I see government members shaking their heads, but every opportunity the government gets, it talks about what its so-called alternative solution is. For them it is not clean coal; for

them it is the nuclear path. This is not the answer. In purely economic terms for Australia it is not the answer. It certainly is not the answer in environmental terms. It just does not stack up. That is the harsh reality. Not only does the community not support it, but it does not stack up economically or environmentally. But that is the only solution put forward by this government—a pie in the sky, go somewhere-go nowhere nuclear vision that is supported by no-one in the community.

Labor is committed to a \$500 million green car innovation fund—real innovation in industry that will do more than one thing: it will help the environment, it will help the economy and it will help create jobs. It will help create a whole new industry, a new export market for Australia, something we can be proud of and build upon, something real and tangible that can be done today. Manufacturing needs a boost, but here you get two birds with the one stone. This government has no answer to this. A green car innovation fund would generate some \$2 billion in investment and secure jobs and create a whole new industry. We need to substantially increase the mandatory renewable energy target. Again we need goals, we need targets, we need to make sure that Australia sets itself a benchmark and says: ‘We can do better. No matter what we are doing today, we can do better. We will lead; we will show the rest of the world. We are not going to let the rest of the world pass us by and make us look like the Luddites.’ Australia can do much better and it will. We need a national climate change summit. And you know what? We got one.

Mr Garrett—We had to do it!

Mr RIPOLL—We had to do it, that is exactly right. We had to do it because the national government could not do it, would not do it, because it does not have the will. And

that is the point of my contribution today, to say this: this is the story of two truths—an inconvenient truth and a propaganda truth. And people have a choice: choose who you—*(Time expired)*

Mr BROADBENT (McMillan) (3.58 pm)—One of the things that has come out of the debate today while I have been sitting here listening to those who have gone before me is that some do not have the ability to recognise the amount of work that the national government has done. Not actually recognising that, over the past 11 years, this government has worked assiduously to enhance and protect our environment and heritage. More than \$20 billion has been spent on environment protection—and I know this probably more than some in the House, because I have been away from the House and I have come back. I left this House in 1998 and I have since seen the work that has been done. The programs that are out there, the investment in landcare. As was outlined by the minister today, there has been investment internationally in reforestation. It does not take a genius to work out what you can do when you only need a shovel, a seed and some money.

Two billion dollars of that \$20 billion has been invested in climate change activities. Australia, as you heard from the Minister for the Environment and Water Resources, leads the world in many areas of technology, including sequestration, and in sending out the message that deforestation is a problem for the world, not just a problem for Australia. The whole debate today has been taken in the context of the Australian experience. When the member for Oxley talked about clean coal he did not even mention that the other day we put \$50 million into clean coal. The opposition did not even talk about how much damage they are going to do to jobs in the Latrobe Valley, in the Collie mines in Western Australia and in the Hunter. The

Howard government is the government that is investing in technology that could change our future when it comes to clean coal.

When we spend \$200 million on global forests we are doing something about global climate change that has an effect on greenhouse gas emissions now through sustainable forest practices. If we can stop those forests being taken away, that is an instantaneous reduction, an instantaneous result and an instantaneous example of Australia leading the way. It is through deforestation that problems creep through the world, affecting so many areas of our lives. If we only halved the rate of global deforestation it would lead to global emission reductions five times greater than Australia's total annual emissions. I will repeat that: if we only halved the rate of global deforestation it would lead to global emission reductions five times greater than Australia's total annual emissions and almost 10 times greater than those to be achieved under the existing Kyoto protocol, which will only reduce growth in annual emissions by one per cent. This initiative offers the world its best near-term chance for a breathing space as we develop technologies that will ultimately change the world. The Australian government is investing in a range of projects, including renewables, but above all we are focused on clean coal. Why is that? Because coal is the world's most abundant energy source. The single fact is that today you cannot run baseload power on renewables. And I know the member for Mallee is about to speak on renewable energies and our approach to what is going on.

I would like to move on to what the minister said in question time today. He used the word 'crisis' with regard to water. Every member of this House has heard the word 'crisis' overused for every situation that comes before every member or minister or shadow minister. There will be a group somewhere that says, 'We have a crisis, we

have a crisis, we have a crisis.' I will tell you what a crisis is. When south-east Queensland is running out of water, that is a crisis; when Sydney's water supply is under threat, that is a crisis; when the Thomson Dam in my electorate is only 29 per cent full, that is a crisis; and when Melbourne's water supply is so depleted and there is so little rain falling in the catchments that the city could be laid waste, that is a crisis.

I cannot understand why the Bracks government in Victoria is saying: 'It is going to rain. It will have to rain.' The Victorian state government's position is the most amazing abrogation of responsibility of any state government that has been in power as long as it has. It sits on its backside and watches this real crisis unfolding, but everybody who gets up and says, 'We have a real problem with Melbourne's water supply,' is called Chicken Little. The facts speak for themselves. The water that we have in storage is going down and the catchments are not been refilled. With average rainfall in the Thomson Dam catchment, I think it would take 50 years to fill. With the rainfall that we have been getting in the Thomson Dam catchment, it will not fill in a lifetime.

I know there are people praying for rain. Even the Bracks government said it has been on its knees. All it has done is attack the federal government to shift the blame away from its consideration of what it is going to do. In their arguments they say: 'We have tapped into the Tarago Dam to service Melbourne. But hang on, that project won't be ready till 2010.' The problem is now. I do not know what part of Australia the members in the chamber come from, but they should take a decent look at what is happening in South Gippsland in my electorate. We rang a farmer today whom I visited two months ago regarding exceptional circumstances assistance. I said, 'How is it going?' He said: 'Yes, we've had a bit of rain. We had a few

of those showers that came through. But we still haven't got run-off water.' They are still carting water every day for their dairy farm. There is a crisis that the state government is not facing up to. They have put millions of dollars aside for capital works for water, but no-one can make a decision as to what to do. Yes, the blessed rain we have had has been fantastic in Victoria because it has dampened everything down and given the gardens a bit of a go and there is a bit of greenery around, but at the same time there is no run-off and it is not filling our dams. I know this from my dam at home and from what is happening in the Thomson and in the rest of the catchments around the state.

And when Victoria is in trouble the rest of the nation is in trouble, because it is about to affect our power supply and our industries. It means massive job losses if you cannot supply that water. Is that understood? It is not just the water that you will get to your drinking tap; it is the fact that power stations are now actually having to look for other avenues to get the water to produce the power. Think about it. We are sitting here in this parliament with baseload electricity running this place. If we were on solar or wind power we would be standing in darkness. That is what people have to come to grips with. The brown coal in Victoria is a treasured resource, and the jobs that surround that brown coal in Victoria, and our clean coal program, are very important—unless you want to sit here in the dark. Actually, I think I look better in the dark.

Mr Burke—No!

Mr BROADBENT—No, it's true. But just think about what you are faced with here. There is a crisis with water supply across this nation. People must recognise it. They have to come to grips with the problem. In particular, the Bracks government in

Victoria is sitting on its backside. (*Time expired*)

Ms BURKE (Chisholm) (4.08 pm)—Maybe if the member for McMillan wants to talk about water consumption, he could talk to the Prime Minister about his personal use at the Lodge and Kirribilli House. We have learnt at Senate estimates that 8.9 million litres of water were used at the two prime ministerial residences in the last financial year. That is about 170,000 litres a week or 24,500 litres a day—24,500 litres a day at the Prime Minister's residences. If you want to do something about conserving water, talk to the Prime Minister about his prime ministerial use. Melbourne Water suggests households should aim to use less than 1,200 litres per person per week—and we see 24,500 litres being used each day at the two Prime Minister's residences. Also, if the member for McMillan wants talk about alternative fuels and ensuring that we have electricity, maybe he should not be such an opponent of wind farming; maybe he should look at the alternatives out there and not just at his own electoral fortunes.

Climate change is the greatest challenge facing our nation today. We need to address climate change now because the costs of doing nothing are far greater than the costs of taking action. Mr Howard and Mr Costello have failed to rise to the challenge of climate change. They have adopted the attitude: ‘If we ignore it, it will go away.’ The climate change challenge will not go away. The consequences of climate change for Australia, and for the planet, will be catastrophic. And the failure of the Prime Minister and the Treasurer to acknowledge the magnitude of the climate change challenge will ultimately cost Australian jobs and hurt the Australian economy. Mr Howard has known since 1995 that climate change was a huge threat to Australia but has denied the problem even exists.

The DEPUTY SPEAKER (Hon. IR Causley)—The honourable member will address people by their title or their electorate.

Ms BURKE—Over the last 11 years, the 1995 and 2001 Intergovernmental Panel on Climate Change reports, the 2003 Australian guide to the science and potential impacts of climate change, the 2005 *Climate change: Risk and vulnerability* report and the 2006 Stern report have all stated what this year's United Nations climate change report told us—that we have a massive climate change problem on our hands and we have to act now. For the last 11 years, the Howard government has denied climate change and delayed taking any action. It has presided over \$89 million in unspent programs over the last year and allowed a soaring level of greenhouse pollution to go unaddressed. I repeat: a staggering \$89 million set aside to address climate change over the last 12 months has not been used to deliver these programs. This goes beyond irresponsible; it actually borders on the criminal. In fact, between 1998 and 2006, the government underspent its climate change budget by a staggering 36 per cent.

But this spending shortfall is hardly surprising from a Howard government full of climate change sceptics. The Australian public might be alarmed to know that the Howard government has funnelled twice as much taxpayer money into self-promoting advertising campaigns as it has spent tackling Australia's soaring greenhouse gas pollution. What a complete and utter disgrace! We know that the Howard government has spent \$4.1 million in the last week alone on advertising to rebadge Work Choices and \$1.7 billion over the last 11 years on government advertising. The Australian public can quite rightly ask: what sort of priorities does this government have? The answer is: to put its short-term goal of getting re-elected ahead of

the long-term health and viability of our nation and our planet.

We also know that the Howard government is planning to send every Australian household—eight million of them—a brochure on climate change, together with a letter from the Prime Minister. The Prime Minister has refused to reveal how much will be spent on this government direct mail campaign charading as Liberal Party pre-election material. But one thing is certain: it is going to be a very thin booklet and a short letter from the Prime Minister, because the government is shirking its responsibility to actually do something about climate change. After initially claiming he did not believe in climate change, but then faced with party polling, the Prime Minister suddenly became a climate change realist. The Minister for the Environment and Water Resources this year claimed he was ‘committed to early action on climate change’. It is a bit late.

The budget revealed extraordinary underspending across 11 separate climate change programs. This government has no hesitation in rolling out multimillion dollar taxpayer funded advertising blitzes within days of announcements but cannot deliver its own climate change programs. Four of the programs that were not fully delivered involved Australia’s clean energy industry: the Solar Cities program, with \$17 million underspent; the Low Emissions Technology Demonstration Fund, with \$50 million underspent; the Renewable Remote Power Generation Program, with \$14.1 million underspent; and the advanced electricity storage technologies program, with \$4 million underspent. On top of all this, this year’s federal budget also failed to deliver on climate change. There was not a mention. The climate change budget is less than 0.1 per cent of GDP and declining over the forecast period, contrary to the environment minister’s claim that Australia ‘leads the world in the fight against

climate change’. The budget will not create new Australian clean coal jobs. The budget will not build a strong Australian clean energy industry. In fact, it is a setback for Australia’s clean energy industry—and it is a disgrace.

Mr FORREST (Mallee) (4.13 pm)—Thank you, Mr Deputy Speaker, for an opportunity to categorically repudiate the nonsense we have heard here this afternoon. To assert, as the MPI does, that absolutely nothing is being done is completely incorrect.

Ms Burke interjecting—

The DEPUTY SPEAKER (Hon. IR Causley)—The member for Chisholm is warned!

Mr FORREST—To those Australians listening out there I say: this is a government that has made a major contribution to addressing this century’s greatest challenge. For opposition members to talk about failures is absolute nonsense. I have noted that their strategy is highly dependent upon the simple notion of signing up to a protocol, that that is the panacea for our problems and that they are going introduce a carbon trading scheme. But there is no detail as to what that is going to cost the Australian economy.

I would like to tell Australians, particularly my constituents who are listening: in the first year after their ratification of the Kyoto protocol in February 2005, electricity costs in Denmark rose by 39 per cent, a figure that is projected to increase in the next 12 months to 91.5 per cent—nearly a doubling of electricity charges.

This information was supplied last year by the NUS Consulting Group as a result of an international electricity survey. In one year, the electricity costs of the United Kingdom increased a staggering 41.4 per cent, projected to reach 80.7 per cent. In one year, France’s electricity charges increased 48 per cent, projected over a five-year trend to

reach 75.6 per cent. This government is serious about addressing the challenge of the century confronting us—and that is not disagreed upon; at least we all agree it is the challenge of the century—but not in a way that crucifies the Australian economy, because the Australian economy is all about jobs and prosperity.

The opposition suggests that we use the fact that Australia's greenhouse gas emissions are a mere 1.6 per cent as an excuse, but it is not an excuse. As a perfectly rational person, I would like to go to work on the big emitters. The member for McMillan has made reference to the dramatic challenge of reafforestation. Even Tim Flannery—I have read all his works and do not necessarily agree with them—asserts that the challenge is the big emissions. There is the potential to sequester enough carbon over the next 50 years to make up for human contribution right back to the 1800s. As a pragmatic Australian, I say: where are the benefits from making an international contribution for me and my electorate? As the minister has said, with a 1.6 per cent contribution to greenhouse gas emissions, we endure 100 per cent of the impacts of climate change.

In the last decade I have seen that in very real terms across my constituency of Mallee, with dramatically reduced precipitation outcomes and dramatically reduced reservoir yield which has put my constituents, particularly across the Wimmera, under category 5 water restrictions. They have been showering with buckets to preserve their water so they can use it to save their roses for another five years. There has been a furore recently, I note, as those in the metropolis have been confronted with that—and the member for McMillan has addressed that issue.

It is simply a complete manipulation for the opposition to come in here and suggest that there are simple panaceas—there are

not. This is an enormous challenge. The government is rightly doing research to make sure that whatever we do does not penalise the Australian economy, because we as government members are immensely proud of the investments and tough decisions that we have made over the last decade that have ensured the Australian economy is strong. We want to continue to ensure that that occurs whilst also addressing this enormous challenge. It is the challenge of the century—there is no doubt about that. It is recognised. I have been researching this and understanding it for some time. What we heard today from the opposition is complete rhetoric and it is appalling.

The DEPUTY SPEAKER (Hon. IR Causley)—Order! The time allotted for this discussion has now expired.

TAX LAWS AMENDMENT (SMALL BUSINESS) BILL 2007

Second Reading

Debate resumed from 10 May, on motion by **Mr Dutton**:

That this bill be now read a second time.
upon which **Dr Emerson** moved by way of amendment:

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

"whilst not declining to give the bill a second reading, the House calls on the Government to implement Labor's BAS Easy option for simplifying GST bookkeeping requirements on small business with an annual turnover of less than two million dollars."

Mrs HULL (Riverina) (4.18 pm)—I find it a great pleasure to stand and support the Tax Laws Amendment (Small Business) Bill 2007. The changes in this bill, together with the new small business entity framework, significantly increase the ability of the small businesses in my electorate of Riverina to access various small business concessions and to reduce the compliance costs, which is

a major factor for businesses wishing to access these concessions. The government is recognising some of the challenges that are associated with starting a business and has initiated some sensible changes to make it easier for those businesses to access these concessions.

When one decides to start a business, it is a very big decision in life. You have to address all of the issues, hassles and efforts that are associated with developing a business plan, finding finance, locating premises, sourcing equipment and lining up stock and suppliers. Most importantly, it is about accessing and employing local staff. One of the most important and often most daunting activities that new small business people must tackle is determining exactly what laws and regulations must be complied with and what licences are needed to start up a business. Under the new small business framework, eligibility for the small business concessions will be based on a turnover threshold. Small businesses that meet the turnover threshold will be able to access a range of small business concessions, provided that they satisfy the existing additional conditions that are specific to each concession, which are not really related to business size.

When people decide to set up a small business they are also confronted by council planning issues. It can be extremely daunting to have to put in a development application, to understand the whole process of the DA, and to then have to track the DA and respond to all of the issues of independent town planning: council planning, environmental planning rules, the local environmental plan and the local development control plan. This is sometimes very foreign language to a person who has merely a fabulous initiative and wants to set up a business and start to operate it. The Minister for Small Business and Tourism, Fran Bailey, was herself a small business person and was on a local council. She

understands all of the issues that confront an individual or a group of people when they want to start up a family business or a one-man business. Just recently we have had a small business initiative that has seen two important projects launched in my electorate of Riverina. They are demonstrating innovation in doing exactly what the minister has consistently tried to support in her tenure, which is reducing red tape wherever possible when it comes to getting started in a small business.

I have had two projects funded under federal government funding. These projects will go a long way towards assisting the establishment of more small businesses, which are the engine room of the nation and really do represent the real employment opportunities in our nation but, more particularly, in rural and regional areas. One is the Coolamon Shire Council, which was leading 13 other councils, which received a \$200,000 grant under the Regulation Reduction Incentive Fund for the Start Your Business Here project. In addition, the Wagga Wagga City Council then did a very sensible thing by co-partnering with 37 other councils—not only city councils but also councils right across New South Wales—and forming a consortium, which was led by the Rockdale City Council. They were allocated \$6.1 million for e-planning solutions to assist businesses when they are trying to track development applications but, more importantly, to make it easier for a business to lodge DAs.

The Minister for Small Business and Tourism, the Hon. Fran Bailey, came to Wagga Wagga in August late last year to discuss local issues at a roundtable discussion. The minister also attended a breakfast to reaffirm the benefits of the funding provided in the region and the Regulation Reduction Incentive Fund. The Coolamon Shire Council project, which I have just mentioned, is the Start Your Business Here website. That is

designed to make, amend or standardise regulations across the Riverina. This will reduce the time spent travelling to councils in order to seek advice about establishing a business and, through the rationalisation of regulations, reduce the time spent on compliance with council regulation.

The Riverina Business Enterprise Centre estimates that, from this project alone, there will be likely savings for businesses—based on a \$25 per hour cost and an average 30 hours per business—of more than \$600,000 per annum. But, in addition to benefiting businesses, it frees up council officers who assess development applications because it means that they are not making or receiving countless phone calls and trying to explain to an aspiring small business operator where the process is up to or giving advice on a continual basis. With the website, you now log in and you can submit your form online. You can pull up any business and see what the dynamics, criteria and guidelines are and see what paperwork and approvals need to be processed in order to develop that business at the particular address you seeking. How simple is that? It is such a fantastic initiative and it could not have happened without this particular program. It will be one of the many great initiatives for small business. The project that delivers Start Your Business Here is a self-guided computer program. You start up your business and determine, as I have said, all of the issues associated with the regulations and planning controls that you must comply with.

This project is for the benefit of the Riverina Eastern Regional Organisation of Councils. As part of the program development, participating councils will audit and review their regulations. They will determine whether they need to change or amend their standardised regulations right across the Riverina. This will preclude countless trips to council offices and endless hours of waiting

in queues; they will be things of the past. To make sure your business gets the most out of the program, workshops will be held targeting those in business and advising people, such as accountants, solicitors and others who generally give these people advice, so that they can direct their clients into a system that is much easier to access. The Riverina Eastern Regional Organisation of Councils is a voluntary strategic alliance of 13 general-purpose councils and two water county councils, and they have done a fabulous job with this project.

In addition, the Regulation Reduction Incentive Program funded the Wagga Wagga City Council project. That project has been directed towards e-planning solutions related to council's development application process. It was aimed at enhancing the capacity of council to deliver online tracking, assessment and compliance facilities. So, once you lodge your DA, you should be able to track it on an online facility and thereby know at what stage it is and whose hands it has been in. Everyone in the department will have had to have signed off showing when they have seen that DA. You will know whether your application is with the health inspector, the sewage and draining area or the works department; you will know at what stage your application is. Again, this will save countless phone calls and your working time, but it will also free up the time of council officers and enable them to apply themselves absolutely to getting these DAs done in a much enhanced time frame.

The project that we have just spoken of is just one step in council's commitment to improving service delivery, especially regarding technological advances. Community members are now able to determine exactly what they are required to do. With the aid of these two programs that have been funded by the Regulation Reduction Incentive Program and the associated websites, people will now

have this ability and a process for red-tape busting is actually in place.

I congratulate the minister for the simplified systems that she has enabled to take place simply by putting up this funding program that people can apply for and for putting in place real-term measurements to encourage real-term businesses. As I have said, small businesses are the engine room of the nation and you do not want them discouraged. You do not want people throwing their hands in the air and saying, 'I've tried to find out all the guidelines and criteria that I need to set up my business in this area. It's so convoluted and complicated that I find it very difficult. I think I'll just give up my grand idea of being my own boss and running my own business.' But this will simplify the whole process and enable those people far better access and to overcome many of those red-tape situations that I have spoken about during this speech. Once again, I would like to congratulate this government on its initiatives—

Debate interrupted.

ADJOURNMENT

The SPEAKER—Order! It being 4.30 pm, I propose the question:

That the House do now adjourn.

Advertising Campaigns

Mr ALBANESE (Grayndler) (4.30 pm)—Today in question time the Prime Minister was asked three direct questions about the government's climate change community information and education campaign and the Prime Minister gave three very evasive answers. The Prime Minister was asked a question yesterday in relation to government plans for a mail-out to eight million Australian households of a climate change brochure and a personal letter. His answer was:

No such decision has been made by me or, to my knowledge, by the government.

He also said:

I was very careful in the answer I gave.

The truth is that the other night after Senate estimates Mark Tucker, the First Assistant Secretary of the Policy and Coordination Division, tabled a letter to the Senate Standing Committee on the Environment, Communications, Information Technology and the Arts which stated:

Blue Moon Research and Planning Pty Ltd were appointed on a single select arrangement to undertake developmental, formative and evaluation research for the Climate Change Community Information and Education Campaign on 16 April 2007 by the Ministerial Committee on Government Communications.

The campaign has been through the committee. There is a name and a title for it. They are expending a total of \$176,000 of taxpayers' money, market-testing a letter over the signature of the Prime Minister. The Special Minister of State is the minister in charge and he is present in the chamber. He has an opportunity to stand up here as chair of the committee and say that it has not been approved. I am pleased he is here. Today we also asked the Prime Minister:

Isn't it the case that not only has the ministerial committee, on which Tony Nutt sits as his representative, approved the market research, but the government has also entered into a contract to conduct the Climate Change and Community Information and Education Campaign, which will include a mail-out to all Australians?

This mail-out will be, I predict, a full-colour, fivefold brochure. It will be going out with a covering letter from the Prime Minister. It will have an internet site campaign and an electronic media campaign attached to it.

I call upon the chair of the committee, the Special Minister of State, to stand up at the dispatch box and say that that campaign has not been approved. This is an outrageous abuse of taxpayers' money and the government needs to come clean. Today in question

time we asked these questions because the Prime Minister has Tony Nutt from his office sit on this committee as his representative. He cannot say that he does not know what is going on. Today, when I asked the question, the Prime Minister wandered over to Tony Nutt and consulted him. After question time he asked the Minister for the Environment and Water Resources to go around to his office, because he knows that there has been a misleading of this parliament. The minister has an opportunity to get to the dispatch box next and say that that is not the case. We also asked, again, a very clear question:

... I refer again to the climate change community information and education campaign, which will include a mail-out to all Australian households. Has the government entered into a contract to conduct this campaign—yes or no?

In response the Prime Minister said:

I refer again to the answer I have previously given.

The fact is that a contract was signed on 16 April. The fact is that there has been a misleading of this parliament, and the minister is confirming it by his silence unless he stands up here and corrects the record. It is misleading for the Prime Minister to suggest that \$176,000 of market testing of his covering letter and the brochure is not part of a campaign. That is like saying that sanding a wall is not part of the job of painting the wall. Preparation is a critical part of the job. The Prime Minister yesterday said that he was being ‘very careful’, to quote him, in his denial that a decision had been made. He was not being careful; he was being tricky and he was being cunning. The Australian people will not be misled by a government that has been in denial about climate change for 11 years and then spends their money doing advertising mail-outs to each and every Australian household on something they are denying is occurring. This is an outrageous abuse and the Prime Minister should come in

here now and correct the record or have his minister, who chairs this committee, stand up here. I am saying very clearly that this has been approved by the committee which you chair, Minister. If that is not the case, correct the record.

Water

Mr BRUCE SCOTT (Maranoa) (4.35 pm)—Today we saw in Queensland another grab for power and assets owned by many communities in south-east Queensland by an arrogant Premier, who is walking over people’s rights and becoming quite a dictator, particularly when it comes to local government issues in Queensland. Today we learnt that in Queensland the Premier wants to grab the water assets of south-east Queensland. The Premier has talked about why he wants to do it. It is because there is a lack of clarity and confusion over the responsibilities as to who should be providing water in south-east Queensland. Mr Speaker, I can assure you there is no confusion in the minds of the good residents of south-east Queensland, including the councillors and the mayors, whether they be on the Gold Coast, the Brisbane Valley or up on the Sunshine Coast. This is about a grab for power by the Premier of Queensland to divert people’s attention away from the failings of his administration and his government. He said that compensation for these assets would go to these councils. He said:

It is impossible to say an exact amount until the due diligence process is complete.

Why wouldn’t you do the due diligence before you made this announcement? He said:

However, we expect compensations to be in the vicinity of \$1 to \$2 billion.

There is a huge difference between \$1 billion and \$2 billion—there is a gulf between the amounts that he says may be the cost of compensation to these local councils. He goes on to say that councils are confused. He

is the one that is confused. He has, as the Premier of Queensland, failed the people of Queensland. He has also failed the people of south-east Queensland in relation to providing sufficient water for the needs of the development that is continuing to grow in the south-east corner.

We know Queensland is a great state. What a great outcome for the Queensland rugby league team last night. Queensland has a great State of Origin team but not, unfortunately, a good government. The failings of Labor administrations go back in history. I recall a previous Queensland administration led by Premier Wayne Goss. At that time the Leader of the Opposition—Kevin Rudd, the member for Griffith—was the adviser to Premier Wayne Goss. He was also secretary to cabinet when the decision was taken not to proceed with the Wolfdene Dam project in south-east Queensland. They not only abandoned what was the best site for a dam, in the Northern Rivers of New South Wales and south-east Queensland, but they then allowed that land to be sold for a housing development. There are something like 4,000 houses on that site now. The plans for that dam were scuttled on the advice of the Leader of the Opposition, then the adviser to Wayne Goss, Premier of the Labor administration in Queensland. The Hinze Dam at the Gold Coast—and I notice the member for McPherson here—put in by a National Party administration, is full today, providing for the people in the south-east corner in the growth area of the Gold Coast. The Wolfdene Dam would have been similar to the Hinze Dam—full of water, providing much-needed water for the population, which has grown and expanded, of south-east Queensland.

The Premier's failure to provide sufficient water infrastructure for south-east Queensland is also affecting the power generation capacity of south-east Queensland. At the

Tarong power station near Kingaroy they have just had to put off 160 workers because they do not have sufficient water from the grid to provide for the cooling of the power station. So we are not only finding a failed Labor administration as a government—*(Time expired)*

Indigenous Affairs

Ms LIVERMORE (Capricornia) (4.40 pm)—This week represents the 10th anniversary of the *Bringing them home* report, which documented the systematic forced removal of up to 100,000 Indigenous children from their families. Most of these children were placed in dormitories, where they lived until their teenage years. They were then left to their own devices to cope as best they could without the support of any of their extended family. Many of them would not have known who their family were after that experience of being taken away at such a young age.

Even in our very modern society today we recognise the importance of the extended family. In my case, I could not begin to tell you just how important my mother and my husband's mother have been in helping us to raise our children—not just in terms of physical help but also in terms of the wise words of experience they offer in times of everyday family stress. Even as adults, we rely on that family support to nurture and guide us. But the young Indigenous people of the stolen generation were left to manage without this help, and it was even harder for them, coming as they did from a culture where the extended family is paramount.

My electorate of Capricornia is blessed with a large Indigenous population. The elders of this community are very aware of the problems facing our stolen generation and have set about doing what they can to assist. I would like to take the time today to acknowledge the work of these people. A sto-

len generation support group has been established in Rockhampton. The group consists of representatives from the Aboriginal Mental Health Unit; the Rockhampton Women's Health Service; Wahroonga, which is an excellent counselling service in Rockhampton; Darumbal Community Youth Services; and the Michael Hayes Diversionary Centre. These people come together with Mona Kielly at the Bidgerdii Regional Training Centre to assist and deliver services to support our stolen generation in Central Queensland.

This dedicated group have no direct funding. Instead, they are forced to take bits of money from here and there to put together their programs. Their task has been made even more difficult by the problems they have had in keeping a qualified bringing them home counsellor. The group is once again advertising for some qualified help. It seems that, when they do get a suitably qualified person, that person only stays with them until a much better-paid position becomes available, whether it is at the local base hospital, elsewhere within Queensland Health or at another, better-funded agency. Our local Indigenous group should be adequately funded by the federal government. At the very least they should be funded to a level that enables them to maintain a qualified counsellor. But we find, as usual with Indigenous matters in Central Queensland, that this is sadly not the case.

However, our support group is doing good work. In July of this year they are bringing Aunty Lorraine Peeters to Rockhampton from New South Wales. Lorraine has developed the Marumali Healing Circle program to assist members of our stolen generation. Four healing camps will be held in Rockhampton during July. Two of these camps will be for men, so Lorraine will be bringing Maurice Walker with her. Maurice is from our Central Queensland community in

Woorabinda. I, along with the rest of the community, welcome him home to Central Queensland and congratulate him on his work with our stolen generation. The Marumali Healing Circle was developed by Aunty Lorraine Peeters out of her own experiences as a member of our stolen generation. Lorraine and Maurice have committed themselves to the work of bringing home our stolen generation, and I would ask the minister for Indigenous affairs to assist Lorraine and Maurice in their valuable work. As well as those healing camps and their ongoing daily work, our local support group has organised a visit in November from Western Australia of people from that state's Indigenous Physiological Service. I want to take this opportunity today, in this House, to congratulate Mona Kielly and her group. I want to thank them on behalf of the whole Central Queensland community for their ongoing efforts in this very difficult area. Once again, I challenge the minister for Indigenous affairs to come to Rockhampton to meet with Mona and her group and to find out what the government can do to help those who are working on the front line to bring home our stolen generation.

Community Banks

Mrs MAY (McPherson) (4.45 pm)—The Bendigo Bank has a proud history of innovation. It was the first financial institution to introduce Visa into Australia, it pioneered the now universal mortgage offset account and in 1998 it devised and launched the community bank concept to assist communities looking to secure long-term branch banking services. The bank has an interesting history. It was first started in the Bendigo goldfields many years ago, and there are now 337 branches right across Australia. The community bank concept is about so much more than simply providing certainty that banking services will be available locally. The community bank model guarantees that a portion

of the profits remain locally, and in our case, at Varsity Lakes and at Tugun in my electorate, those funds remain in the community to help community projects and are not returned to a head office somewhere else far away in Australia. Of the 74 Bendigo Bank branches in Queensland, 26 of them are community banks. Those community banks have more than \$700 million worth of banking business, they have more than 55,000 accounts, they have contributed more than \$50,000 to community projects and organisations and they have paid more than \$96,000 in dividends to shareholders. So when locals bring their banking to the Varsity Lakes community bank they are directly supporting their own community.

The profits generated will be available for distribution as grants to community projects and as dividends to shareholders and for reinvestment in banking services. Those are three very important areas, particularly in new communities—and Varsity Lakes is a new community. Families and businesses are moving into the area, and we do not have one of the big banks providing a service. An example of the success of community banks can be seen at Paradise Point on the Gold Coast and, as I said, at Tugun. Since opening in 2001, the Paradise Point branch has contributed almost \$30,000 to community based projects.

Our Varsity Lakes steering committee for the Bendigo Bank was officially launched in July last year. It was a community launch with a concert under the stars, and more than a thousand people attended that evening. We had great support from the community. We were able to put together a very good steering committee composed of residents and business operators in the area. I put my hand up and became part of that steering committee. We had a great sausage sizzle that night, a lot of singing and a lot of commitment from the community about getting underway

the business of building a community bank in Varsity Lakes.

A community awareness program has continued ever since. We are looking for pledges from the community that people will bring their banking to the community bank to ensure that it can open and operate successfully into the future. Since the campaign for pledges was launched, we have received around \$2,000 a day in pledges—they are coming from both local residents and our business community—and a lot of people are buying shares. I would encourage anyone in this House who has a shortage of banking facilities in their own communities to look at what the Bendigo Bank community banks can do in your local area. It is about encouraging locals to buy the shares—and they do receive dividends back—but it is also about helping your community with local projects. Individuals can buy as few as 500 shares for a dollar each. They will receive really good dividends back on those shares in time and, as I said, their local communities will receive funding for local projects.

We have already installed an ATM machine in Market Square in the Varsity Lakes area, and the local businesses and community are using it, which is indicative of the support that we have got from the local community. We have opened the door and launched the premises. They are not fitted out yet because the bank has not officially been opened, but we have the sign on the window and people know that the bank is coming. They are able to use the ATM at the moment, which is giving them banking facilities close to their homes and their businesses without their having to travel out of the area. I commend all those involved in our Bendigo Bank community bank project for the assistance and information they have given us in the local community. (*Time expired*)

Indigenous Affairs

Mr MELHAM (Banks) (4.50 pm)—I acknowledge the Ngunnawal people, the traditional owners of the land on which we stand today.

On 26 May 1997, the then Attorney-General, the Hon. Daryl Williams, tabled a report which resonated across Australia. The report was commissioned by a Labor Attorney-General, the Hon. Michael Lavarch. That report was: *Bringing them home: report of the national inquiry into the separation of Aboriginal and Torres Strait Islander children from their families*. Two days later on 28 May there was a short debate in this chamber. Acknowledging the tabling of the report, the then Leader of the Opposition, the member for Brand, moved a motion seeking to suspend standing orders. He called for an unreserved apology for the policies of separation imposed on Aboriginal and Torres Strait Islander Australians. I seconded that motion, which said in part that the report:

... presents the nation with an unprecedented historical opportunity to render justice and restitution to Indigenous Australians, for the good of all Australians;

This is an opportunity since lost because of the obstinacy of this government. There was no debate on that motion in the House or in the Senate. The Prime Minister did not speak to the motion. This government was so lacking in insight, so negligent and so devoid of compassion that it could not understand the impact that the report recommendations had on Indigenous Australians and, indeed, on the broader non-Indigenous community.

On 27 May 1967 a referendum was put to the Australian people to remove the impediment to the Commonwealth making special laws in relation to Indigenous Australians. Next Sunday we mark the 40th anniversary of the passing of the referendum with a 90.77 per cent affirmative vote. That referendum

opened the way for the Commonwealth to demonstrate leadership on Indigenous matters.

Over the subsequent 30 years there were changes—not immediately—in the understanding of the issues at the heart of the conduct of public affairs in relation to Indigenous people. In those ensuing years we saw a growth of political activism within the Indigenous community and the non-Indigenous community. The High Court's Mabo decision in 1992 recognised the original occupants' right to possession of their traditional lands. The Native Title Act 1993 was the Keating government's response to the Mabo decision. The High Court's Wik decision in 1996 recognised that native title could coexist with pastoral leases.

Then, in 1997, the *Bringing them home* report was released—and, to its profound shame, this government further abandoned its responsibility. The mishandling of the report is one of the more dishonourable episodes of this government's history. This report was described by the then Aboriginal and Torres Strait Islander Social Justice Commissioner, Mick Dodson, as the sorriest of sorry stories. He was absolutely right.

Bringing them home underpins the truism that the problems of today are inextricably linked to the history of dispossession, discrimination and social dislocation that is the shared experience of Australia's Indigenous people. The report was not solely about material reparation. It signalled the way forward for symbolic reconciliation. It provided the direction for the country to follow in terms of what is important: spiritual reconciliation.

Within our powers as parliamentarians, indeed as Australians, it is important to address matters of the spirit. There can never be reconciliation between Aboriginal people and other Australians unless we understand that there are spiritual issues at the heart of

the relationship. That is why it is so important that government lead this country on a journey of spiritual healing, a journey which recognises our history, which acknowledges white Australia's attitudes in past centuries and which recognises that Indigenous heritage is at the heart of our shared heritage.

None of us can change the past, but we can all share in shaping the future. We must recognise our past, in this instance by acknowledging the truths of the *Bringing them home* report and, having acknowledged that past, reconcile then walk together into a future which as Australians we can be proud to have created. The future of our nation is diminished unless, together, we take this step forward. We cannot remain silent as this Prime Minister has remained silent. We must acknowledge the elephant in the room by making a sincere and profound apology on behalf of this nation to its Indigenous people.

Today I attended the commemoration of the 10th anniversary of the tabling of the *Bringing them home* report in federal parliament. Let me conclude with words from the invitation to that event:

People who are suffering can find healing, and a new respect can grow between Indigenous Australians and the wider community, if we decide afresh to bring home the Stolen Generations.

If you look at the website of the Fred Hollows Foundation, you will see that it shows that 24 per cent of Aboriginal Australian men live till the age of 65 and only 35 per cent of Aboriginal women live till the age of 65. We cannot continue to tolerate that sort of thing in this country of ours. An apology and a reconciliation will go a long way to improving those figures.

Climate Change

Mr FORREST (Mallee) (4.55 pm)—I am grateful for an opportunity to continue my remarks with respect to the debate earlier this afternoon on the matter of public importance.

We saw contributions from the member for Kingsford Smith, the member for Chisholm and another opposition speaker. Sometimes, after I have listened to discussions that occur in this place, I despair at what the young people who are in the gallery now must think of us as we, for purely political purposes, manipulate reality and the truth. I am so incensed that I have come back into the chamber. To assert that this government has not recognised the impacts of climate change, and to assert that it has failed its obligation to meet the challenge of the century, is just absolutely absurd. The evidence is in what is actually happening out there.

In my own constituency—and I speak to my constituents now, because this session is being broadcast—a massive investment is going to occur in photovoltaic cells stretching from Swan Hill to Mildura. It will be the largest solar power generation system in the world, representing an investment of well over \$400 million, to which this Commonwealth government has committed \$75 million, in partnership with the state of Victoria, which has contributed \$50 million. That is a sizeable encouragement to the investment that is going to occur. My part of the world enjoys more sunshine hours than does the Gold Coast—of which I know members speak well, and so do I. But one thing we have got to offer in Mallee is plenty of sunshine. This will generate 250 megawatts of power, sufficient to supply 400,000 domestic homes, and it will make a contribution to greenhouse gas abatement in sizeable, real terms. That investment is going to occur shortly, over the next two or three years. To assert that the government has not made that investment or provided those encouragements!

I am arguing my case as someone who represents a constituency that is clearly being affected by climate change—although the verdict of the scientists is out as to whether

what has been happening across the north-west of Victoria is actually climate change or part of the seasonal patterns of drought which this dry and arid continent has endured over its history. Since 1975 I have noticed a perceivable reduction in reservoir yield, and I am convinced that this is part of the challenge that is confronting us. As a result of that, there has been some sizeable investment in water. The largest investment occurring now, the major infrastructure water project in the whole of this country, is occurring across the north-west of Victoria in the piping of the Wimmera-Mallee stock and domestic system, addressing the challenging issue of water. I am grateful to the minister at the table, Minister Nairn, who in a prior portfolio was very much of assistance in ensuring that that happened—an investment that is now going to occur to complete the whole of what was the world's largest open channel supply system. But we have to put up with members of the opposition coming in here and asserting that nothing is being done.

Because of that large part of the world that I see as being affected by what is a global challenge, I am supporting the government's initiatives in an international partnership, particularly in what we are doing with the Chinese, who are massive emitters of carbon, in assisting them with clean coal power generation technology. Like Australia, they are very much a coal dependent economy. That is an investment of \$500 million that will occur.

Again, I am supporting this government, which has recognised the need to assist one of our near neighbours, Indonesia, with reforestation, which is one way to sequester an enormous amount of carbon—because of the benefit it is going to provide to my own constituency. Again I repeat: to come into this chamber and assert that nothing is being done and that this is a government in denial just denies the reality of the enormous

amount of work that has been happening, and it is an insult to the Australian scientific and engineering community, which is adopting a very innovative approach and is going to assist us to meet what is no doubt the nation's foremost challenge. But, as a small emitter of carbon, I see—

The SPEAKER—Order! It being 5 pm, the debate is interrupted.

House adjourned at 5.00 pm

NOTICES

The following notice was given:

Mr Hockey to present a bill for an act to amend the Workplace Relations Act 1996, and for other purposes. (Workplace Relations Amendment (A Stronger Safety Net) Bill 2007)

Mr Ripoll to move:

That the House:

- (1) notes that, since becoming a member of the World Trade Organisation, Vietnam has enjoyed an increase of US\$ 450 in income per capita, the incidence of poverty has been halved and external debt reduced from 191 per cent to 33 per cent of Gross National Income between 1993 and 2007;
- (2) urges Vietnam to maintain its efforts for economic reform and to ensure that growth is accompanied by political and religious reform;
- (3) notes the Vietnamese Government's ratification of the International Convention on Civil and Political Rights; and
- (4) calls on the Government to:
 - (a) express concern over the suppression of Block 8406, the Progressive Party, the Vietnamese Labour movement and other organisations as contrary to the principles of the above mentioned charter;
 - (b) express concern over the detention of the Rev. Nguyen Van Ly, journalist Nguyen Vu Binh, human rights lawyers Nguyen Van Dai and Le Thi Cong Nhan and other activists as contrary to the

- principles of the above mentioned character; and
- (c) assist Vietnam to meet its obligations to pursue and promote human rights as a nominee for the non permanent seat on the United Nations Security Council for the 2008-2009 biennium;
 - (5) notes the statement by the White House Press Secretary on 11 May 2007 in support of the peaceful expression of political thought in Vietnam; and
 - (6) notes the resolution put before the United States Congress by Congressman Chris Smith to release the above-mentioned political prisoners and prisoners of conscience and further promote the practice of religious freedom in Vietnam.

Thursday, 24 May 2007

The DEPUTY SPEAKER (Hon. IR Causley) took the chair at 9.30 am.

STATEMENTS BY MEMBERS

Condolences: Mr Roy Mundine Sr

Ms MACKLIN (Jagajaga) (9.30 am)—I rise today on behalf of the federal parliamentary Labor Party to pay my respects to Roy Mundine Sr—the father of Warren Mundine—who passed away last Saturday and was buried yesterday at St Joseph the Worker Catholic Church in Auburn in Sydney. Our thoughts are with Warren and his brothers and sisters—and there are many of them; Roy and his wife, Olive, had 11 children together. Roy passed away at the age of 87, which, as Warren said, was a good innings for a blackfella.

Roy Mundine, a highly respected Bundjalung man, has inspired both his family and his community. His children have all gone on to contribute to the causes of Aboriginal people and to our country as well. The family said that their dad, Roy, and mum, Olive, gave them the fire in their bellies. His children's achievements have varied from military honours to professional achievements at home and abroad, and community leadership in education, working with the stolen generations, human rights and social justice through the Catholic Church. Of course, Warren Mundine, the first Indigenous person to become ALP President, is his son.

I could not list all of the children, because I would run out of time. Roy, known as Fardi to his extended family, spent his life working on many of Australia's great developments, like the road from Darwin to Alice Springs, the Snowy Mountains scheme and the Jenolan Caves. As a young man he obtained an exemption certificate, officially making him exempt from Aboriginal laws at the time—or, as they understand it, exempt from being Aboriginal—so that he could continue working. This was a dog licence that Roy carried for the rest of his life, not as a badge of honour but to remind people of what was once the law.

The unions fought for the equality of Roy's pay and, because of that, Roy and his family have always been staunch supporters of both the unions and the Labor Party. Roy is very well known to many political people, ministers and senior officials in the Catholic Church and has a huge and extended friendship network and family who will miss him dearly.

Condolences: Dr John Lockwood

Condolences: Mrs Susan Richardson

Mr ANTHONY SMITH (Casey—Parliamentary Secretary to the Prime Minister) (9.32 am)—In following the member for Jagajaga I want to also pay my respects and extend condolences for two people who were pillars of the Yarra Valley community who passed away recently. Firstly, Dr John Lockwood, who was a wonderful doctor who served the community for such a long time in the Healesville region. I did not know John well at all, but I knew a lot of his great work that he performed in Healesville and the surrounding districts. Sadly, he passed away just a couple of weeks ago. On behalf of my constituents, many of whom knew him, I wanted to mention here today in this chamber his wonderful life of achievement and contribution.

I also want to especially pay tribute to Susan Richardson. Sue was the Secretary of the Lilydale RSL Sub-branch. She died suddenly just a couple of weeks ago. She performed her

role with great dedication. She was always there with a smiling face supporting her husband—Bob Richardson, who I know well—as a great pillar of strength in the Lilydale RSL Sub-branch. Bob, of course, is deeply shocked and saddened by her sudden passing. Bob has been president of the RSL for a few years now, and I have worked very closely with him in that role.

Bob is a Vietnam veteran who now dedicates himself full time to the memory of all of those who served from the Lilydale region. For all of those who served in all our conflicts, Bob works very hard to spread the message of the RSL amongst local schools and the community. I last saw Sue with Bob on Anzac Day. Fittingly, it was the biggest Anzac Day service I had seen in Lilydale at dawn; a couple of thousand people turned up. That was very much a tribute to his hard work and Susan's hard work. All of us from that day will remember her cheerful, smiling face. She worked away back at the RSL preparing for the return of all the soldiers.

Financial Services: Bank Accounts

Ms BURKE (Chisholm) (9.35 am)—Today I rise to speak on behalf of a constituent, my friend Charlie. Charlie had a very bad experience with a bank several years ago. A credit card transaction of his resulted in his bank account being cleaned out. Subsequently, he was not able to recover his lost funds, which were considerable. This led Charlie to have a severe distrust of banks and he closed all his bank accounts. He currently does not have a bank account. Charlie is 73. He is managing to survive at home. He does not have any super and does not receive any social security benefits. He lives on the dividends of various shares that he has purchased on his own after reading the financial papers and making the decisions.

Charlie's biggest problem at the moment is that the majority of large funds will no longer pay individuals by cheque. This is a grave concern to Charlie, and to numerous other people, particularly because large corporations such as the Coles Group will now only pay dividends direct to a bank account. This is a problem if you are like Charlie and you refuse to have a bank account. Charlie will not have a bank account, no matter how much various people, including me on a recent occasion, have discussed it with him or tried to cajole him into accepting that perhaps the best thing to do is to open a bank account. He is adamant he will not have a bank account; he refuses to have a bank account.

He believes that his civil liberties have been violated by various groups who will no longer send him his dividends by cheque. He has, up until now, lived on these dividends. They arrived by cheque and he had various arrangements so they could be cashed and he could get on with his life. He survives on his dividends, but at the moment he cannot get any of his dividends—and currently he has about \$3,000 worth of dividends outstanding—because they will not be provided to him by any means other than a direct credit into a bank account. Of course, this is a bit of a circular movement between Charlie and the various corporations of which he is a shareholder. He believes that in a democracy this situation should not be tolerated. He has asked me specifically to raise this issue in parliament to bring it to parliamentarians' attention so that something can be done, his rights can be returned and he can get his money—and he needs that money because it is his sole source of income at this point in time. I have tried to explain that we are not going to resolve this problem easily or speedily or overnight, but I did say that I would raise this matter in the House on his behalf. I have done so, and I would also

like to say that, yes, in some cases people do not want to be subjected to having a bank account.

In the time I have left this morning I would also like to note the passing of a fantastic branch member of mine who died at the tender age of 68 this week. David: sadly missed.
(Time expired)

DISTINGUISHED VISITORS

The DEPUTY SPEAKER (Hon. IR Causley)—I would like to welcome members of Commission 1 from the parliament of Indonesia. Welcome to the Main Committee.

Honourable members—Hear, hear!

STATEMENTS BY MEMBERS

Boronia Football Club

Mr WOOD (La Trobe) (9.39 am)—I have a great news story. I rise to inform the House that in February this year the Boronia Football Club switched on its new floodlights at Millers Reserve for the first time. Their actual home ground is at Tormore Road in Boronia, but this club is doing so well that they need two grounds for training. Sadly, it was going to be the juniors who missed out unless we came to the rescue. I was delighted to see come to life the \$50,000 commitment I made on behalf of the Australian government prior to the 2004 election. It was terrific to see the new lights operating on training nights for this footie season. It is only because of running a very strong economy that we can help local footy clubs such as Boronia.

Australia is renowned around the world for its rich sporting tradition. The Boronia Football Club is one of the countless small clubs across Australia that form part of this great tradition at a grassroots level. Boronia Football Club has been part of the fabric of the local community since it was formed in 1932, 75 years ago this year. Today the Boronia Football Club has one of the largest Auskick programs in Victoria, and I understand that there are around 280 kids participating each weekend, which is absolutely amazing when you consider childhood obesity and getting kids out of watching TV and playing on the PlayStation. I congratulate all the coaches and staff who have helped out.

To that end, I congratulate Frank Carroll, the club's previous president. Frank was responsible for the Australian government getting on board. In 2004 Frank got the word to me through Hurtle Lupton, the former state member for Knox, that the club desperately needed new floodlights so they could train in the evenings. I must also congratulate the club's president, Scott Cartledge, and many others at the club who have given up their time to contribute to the club, including Fiona Osborne, Peter McDougall, Andrew Jennings, Phil Watson, Fraser McDonald, Frank Carrol and Darren Linkins. It has been a great honour for me to be the No. 1 ticket holder for the Boronia Football Club for the past three seasons. This year we expect them to have a first division win by their seniors. They are an amazing, hardworking football club. The firsts did not have a great year last year but, when I went there recently, I noticed that the players this year seem super fit and super keen, and I am looking forward to the past presidents' lunch on 16 June. In closing, let me just say: go the Hawks.

Second Sydney Airport

Mr BOWEN (Prospect) (9.42 am)—The Deputy Prime Minister has delivered another blow to the campaign against an airport in Western Sydney. The Deputy Prime Minister has written to councils in Western Sydney confirming that there would be another review of the need for a Badgerys Creek airport in 2009 and, until then, land at Badgerys Creek would be held in reserve. It should be recalled that the former Deputy Prime Minister said that there would be a review in 2005. But 2005 came and 2005 went, 2006 came and went and now we are in 2007 and there has been no review—certainly not one publicly released. Now we have the Deputy Prime Minister saying, ‘We’re going to hold another review in 2009.’ This is yet another dose of uncertainty for families in Western Sydney, in my electorate and in the electorates of Macarthur, Greenway, Lindsay and Parramatta.

The honourable member for Lindsay has had a lot to say about Badgerys Creek. As late as last November, the member for Lindsay said that the government has no plans for a second airport. Having no plans is fine, but the government must rule it out. Then, recently, the honourable member for Lindsay said, ‘I can rule out a second airport at Badgerys Creek but can he?’ ‘He’ was referring to me. Well, no, I cannot rule out a second airport at Badgerys Creek; it depends on the result of the next federal election. I can rule out an airport at Badgerys Creek should the Labor Party form office later this year, but I cannot rule it out if the other side is returned. I cannot rule it out, because it has said that there will be a review in 2009. So I say that I can rule out an airport at Badgerys Creek; can she? Can the member for Lindsay? Can the member for Greenway?

The member for Greenway might take the opportunity in this chamber, in one minute and 11 seconds, to get up and say, ‘I rule out an airport at Badgerys Creek under the Howard Liberal government.’ I will stay and listen to see if she does, because I will rule out an airport at Badgerys Creek under a Rudd Labor government. It will not happen. Will it happen under the Liberal Party? We do not know. We will have to wait until 2009. That is after the next federal election. Just as 2005 was after the 2004 election, 2009 is after the 2007 election. It is a coincidence, and it seems to keep happening. The next review is always after the next election. This government causes more uncertainty for the people of Western Sydney.

Let us rule it out. Get rid of the land; do something else with it. The only way we will know that Badgerys Creek airport is dead is when there is something else there; when there is something else being built on it; when it is used for something else and not kept in reserve for an airport that is going to be the subject of a review after the next election—it is continually after the next election. Yes, I can rule out an airport at Badgerys Creek under a Labor government. Can the government do so? We will find out in two seconds.

Greenway Electorate: Racecourse Road

Mrs MARKUS (Greenway) (9.45 am)—I would like to talk about a very important matter to the people of the electorate of Greenway, and particularly the people of the Hawkesbury, and that is Racecourse Road. The northern end of Racecourse Road presently includes the following regional facilities: the Hawkesbury Race Club, the Hawkesbury showground, Clarendon railway station, a restaurant and tavern and of course the RAAF base.

In addition to normal activities, the race club and the showground often promote special events—car shows and so on. Many patrons avoid the most direct route, which is a 1.7-

kilometre unsealed section via Racecourse Road, due to the condition of the gravel road and are forced to travel an additional seven to eight kilometres. This increases traffic through very populated areas, particularly Richmond and Windsor, and the sealing of this road will encourage people to use it. Of course, as many people would appreciate, owners of valuable race-horses want to avoid such risks.

Racecourse Road also provides a vital link to regional transport, markets, employment and many other amenities. There are many special activities around the racetrack, such as horse trainers, stables and agistment. The sealing of Racecourse Road will yield the following benefits: significantly reduced transportation costs by reducing the trip; reduced vehicle operation costs, wear and tear; a saving of 20 minutes of travelling time; and potential productivity improvements due to time saved.

I had the privilege of meeting with key stakeholders in February this year. Those key stakeholders included: members of the Hawkesbury District Agricultural Association, including Mary Aveyard and Colin Mitchell; and members of the Hawkesbury Race Club, including Brian Fletcher. I also had the privilege of meeting with the mayor. At that meeting we discussed the critical need for funding for this road. The council applied for funding through the AusLink Strategic Regional Program, and I was pleased last year to be able to announce under this federal program \$723,000 to seal this significant road for the local area. I am absolutely committed to working for the people of Greenway and securing safety and funding for their key road infrastructure. (*Time expired*)

Sydney (Kingsford Smith) Airport

Mr MURPHY (Lowe) (9.48 am)—It was recently reported that Mr Allan Moss, the chief executive of Macquarie Bank, is getting nearly \$34 million, or \$635,000 per week—109 times the salary of the Prime Minister—to, amongst other things, drive an increase in the number of aircraft flying over homes of constituents in my electorate of Lowe. It was also reported that the board of directors of Macquarie Bank rakes in \$206 million per year collectively. It is not clear what Mr Moss does on a day-to-day basis to deserve his grossly inflated salary; what is clear is that the individuals in charge of Macquarie Bank, which is the real owner of Sydney airport since privatisation by the Howard government, put profits before people. These individuals are milking Sydney airport dry and bombarding my electorate with aircraft noise in order to self-servingly distribute grotesque profits towards a board of directors who are not worth the estimated \$206 million per year they receive.

Given their outrageous salaries, they probably do not have to deal with the spectre of aircraft noise from their leafy mansions, unlike the people in the electorate of Lowe, who I represent in this parliament. The residents of the inner west have had a gutful of aircraft noise. We take umbrage at seeing Sydney airport, Macquarie Bank, its chief executive and its board of directors making such grotesque and obscene profits at our expense. Residents in the inner west are virtually powerless when it comes to complaining about Sydney airport's appalling behaviour.

Since the Howard government's privatisation of Sydney airport, it is no longer operated or owned by the government, so the direct line of responsibility has faded. The Howard government has provided a token gesture to residents by providing a complaints hotline, which, if attended, does little to investigate or act on those complaints. Airservices Australia, the authority responsible for upholding the long-term operating plan, have not done their job. Peo-

ple living in the inner west were promised 17 per cent air traffic movements and, currently, we are being bombarded with 31.5 per cent air traffic movements, almost double what we were promised. My constituents have also seen curfew breach after curfew breach, yet little gets done about it. They have seen a greater number of aircraft flying over homes, exceeding the number of aircraft movements promised but, again, nothing gets done. Since privatisation and ownership by Macquarie Bank, Sydney airport has increasingly acted like a law unto itself. Complaints continue to pour into my office about increased aircraft noise and traffic. They deserve to have an independent umpire in place to hear, investigate and act upon their complaints.

So today, I again call on the Howard government to implement, fairly, a long-term operating plan for Sydney airport to ensure that people living to the north get only 17 per cent air traffic movements and to establish an independent aircraft noise ombudsman to enforce this plan. Macquarie Bank's board of directors may have collectively earned \$206 million per year; however, they have not earned the right to ride roughshod—(*Time expired*)

Northern Territory: Industry

Mr TOLLNER (Solomon) (9.51 am)—The member for Lowe might be interested to know that the previous speaker, the member for Prospect, advocated no airport at Badgerys Creek. What he is advocating is reducing curfews at Sydney airport and extending that runway. It will be interesting to see whether the member for Lowe agrees with that statement. People in my electorate have good reason to be proud of the achievements of local business and industry over the past 11 years, but changing global markets are presenting new challenges and opportunities. Many of our local companies are meeting the challenge due, in part, to the strong backing of the Howard government's \$1.4 billion industry statement which was released earlier this month.

A clever invention from a Darwin based company, SRA Information Technology, received funding under the industry package to help develop its groundbreaking EnviroSys product. The environmental information management system has been designed to monitor environment data and send an alert when health, safety and community and environmental standards are breached. The software measures comply with environmental law, encouraging environmentally sustainable practices and improved environmental management. The system is currently being installed at BHP Billiton to manage its health, safety and environmental and community data. The company is about to open a new office in Singapore next month and is staking out a claim as a world leader in the environmental technology arena. Much of the credit for the development of SRA must go to its CEO, Steven Rowe; to the R&D team, led by Peter Greig, SRA's environmental business manager; and to Stuart Van de Water, EnviroSys's product manager. The Howard government's support for innovative companies such as SRA Information Technology is important, because the products and services they develop hold the key to the future job, export and economic growth of Australia.

Under the United States-Australia Free Trade Agreement, local companies can explore opportunities. Darwin based shade sails manufacturing company, Aerosail, started shipping to the US three years ago and, under the FTA, is exempt from paying stamp duty. Exports of shade and tension membrane sails make up half of Aerosail's business to the United States, Canada, Brunei, Singapore, Thailand, the Philippines, India and Pakistan. I congratulate Aerosail's managing director, James Taylor, and his staff on producing designs, fabrication tech-

niques and materials which are world-class and can withstand the most extreme conditions. The industry statement will help address critical changes facing Australia's manufacturing sector in an increasingly globalised economy, and companies such as SRA Information Technology and Aerosail can develop opportunities—(*Time expired*)

School Flagpoles

Mr BRENDAN O'CONNOR (Gorton) (9.54 am)—Sunshine Heights Primary School in my electorate has still not received reimbursement for the outlay related to the erection of a flagpole in 2004, 2½ years after first submitting the required documents. The required supporting material was sent off in early December 2004. The school was asked to send the information again in January 2005, though no explanation was given as to what happened to the original documents. Nothing was heard from the department until recently when the department again contacted the school by email to say that whilst they had some documents, they required more material in order to reimburse the school for its costs. It was so long ago that the school administration had all but given up until the email and the staff had to take time out to search through school archives for the old newsletters and documents provided to the department 2½ years ago. This is surprising because I recently learnt that the school appears on the published list of schools approved for flagpoles as at 28 August 2006, nine months ago.

Schools like Sunshine Heights had to buy the flagpole, pay for its installation and have a plaque made and installed out of their own bank accounts. Many schools in my electorate are already disadvantaged, with more social pressures than many and with lower socioeconomic profiles than most. They have infrastructure needs like new classrooms, fixing leaking roofs and they really do not have the capacity to outlay money without reimbursement from the Commonwealth, yet because of a stunt by the then education minister in an election year, this school has had to go without approximately \$1,500 of its own money for almost 2½ years. Documents recently obtained under freedom of information showed that by March this year, 3,098 schools had applied for funds, but 1,101 had not been paid because allegedly they had not provided a date for meeting the recognition requirements or because of problems with GST paperwork.

I am sure the principal, teachers and parents at Sunshine Heights Primary School will be pleased to hear that the Minister for Education, Science and Training is now relaxing the requirements from sheer embarrassment. From 1 June, schools must only submit an invoice to be paid. I have tabled a number of questions to the minister this week in order to find out how many other cash-strapped schools in my electorate have gone without funds because this federal government cannot pay the bills for its own electoral stunts. I am hoping to receive a very prompt and precise answer from the minister.

Dallarnil State School

Mr NEVILLE (Hinkler) (9.57 am)—I want to bring to the chamber's attention the matter of the Dallarnil State School south-west of Bundaberg. The school lies between Childers and Biggenden, and over recent years has catered for between 25 and 35 students. Currently it has 32 students and five senior staff. The school is the centre of Dallarnil's farming community and has been there for 106 years. The school's P&C has sought my urgent intervention. The school's toilets are frequently without water because of an inefficient tank and toilet system. There is no reticulated town water. This has been exacerbated by drought because the emer-

gency line from the school to the creek around a kilometre away cannot be used; the creek is dry.

Over Christmas, someone drained the school's tanks requiring the Biggenden Shire Council to donate a tanker full of water to keep the school open. Despite frequent requests, Education Queensland has ignored this problem and failed to help the school. The situation is so dire that young children—and listen to this—are lining up and having to cart buckets of water to flush their own toilets, with the water coming from an old tank 30 metres from the toilet block. It is just unbelievable stuff.

There is no water for the urinal and teachers have to share their staff toilet with the older students to avoid queuing. Recently there was not sufficient water to run the hand basins in the toilet block. What little water is available comes to the school in a non stainless steel tanker and must be chlorinated; it is chlorinated to a point where the kids cannot use it in their drinking fountain so there is no drinking water.

Frankly, these are Third World conditions and completely unacceptable. It is a recipe for disaster. It is just a matter of time before children end up with hepatitis, dysentery or some other thing and then we will all be going around and beating our breasts and saying what about those poor children at Dallarnil. The time to act is now and for the sake of the students, the staff, the P&C and the families associated with this fine little school in rural Queensland, I call on Education Queensland to fix this appalling situation. They even had the gall to tell the school to go and apply for community water grants under the federal system. Surely to God, the state education department can get basics like water, sewerage or septic and light to their schools. If they cannot do that they are failing in the fundamentals and I condemn them for it.

The DEPUTY SPEAKER (Hon. IR Causley)—Order! In accordance with standing order 193 the time for members' statements has concluded.

APPROPRIATION BILL (No. 1) 2007-2008

Cognate bills:

APPROPRIATION BILL (No. 2) 2007-2008

APPROPRIATION (PARLIAMENTARY DEPARTMENTS) BILL (No. 1) 2007-2008

APPROPRIATION BILL (No. 5) 2006-2007

APPROPRIATION BILL (No. 6) 2006-2007

Second Reading

Debate resumed from 23 May, on motion by **Mr Costello**:

That this bill be now read a second time.

upon which **Mr Tanner** moved by way of amendment:

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

"whilst not declining to give the bill a second reading, the House is of the view that:

- (1) despite record high commodity prices from surging demand from India and China and rising levels of taxation, the Government has failed to secure Australia's long term economic fundamentals and should be condemned for its failure to:
 - (a) address Australia's flagging productivity growth;
 - (b) stem the widening current account deficit and trade deficits;

- (c) attend to the long term relative decline in education and training investment undercutting workplace productivity;
 - (d) provide national leadership on infrastructure including a high speed national broadband network for the whole country;
 - (e) expand and encourage research and development to move Australian industry and exports up the value-chain; and
 - (f) reform our health system to equip it for a future focused on prevention, early intervention and an ageing population;
- (2) the Government's failure to address the damaging consequences of climate change is endangering Australia's future economic prosperity;
 - (3) the Government's extreme industrial relations laws will lower wages and conditions for many workers and do nothing to enhance productivity, participation or economic growth; and
 - (4) the Government's Budget documents fail the test of transparency and accountability".

Mr LINDSAY (Herbert—Parliamentary Secretary to the Minister for Defence) (10.00 am)—What a wonderful budget for North Queensland. I advise the parliament that my community were very pleased with what we have been able to deliver for North Queensland. We have delivered a range of initiatives running to half a billion dollars—a tremendous outcome—for things like: new facilities and a boost in funding for the Australian Institute of Marine Science; a wonderful opportunity for James Cook University in the Higher Education Endowment Fund; and a very significant capital boost for Lavarack Barracks, home of Australia's ready deployment force and the 3rd Brigade. There is a very significant increase in road funding for the north: AusLink 2, \$22.3 million—thousands of millions of dollars over the next five years being invested in road and rail infrastructure. Certainly it is much needed in the north and we will see many projects and benefits flow from that announcement.

My vice-chancellor at James Cook University, Professor Sandra Harding, certainly warmly welcomed the Higher Education Endowment Fund. It is a fund that will be there forever to continue, through its interest earnings, providing capital for developments at higher education centres across the country. The government has indicated that it has the potential for further investment year by year as we invest our national savings in the fund to do good things for higher education—and what better place to invest our savings than in the future of the young people of Australia.

That comes at a time when the Labor state governments, instead of adding to the nation's savings, are adding to the nation's borrowings and while the federal government, by saving money, is putting downward pressure on interest rates, the Labor state governments are putting upward pressure on interest rates. The decision that the Australian people will be asked to make later this year at the next federal election will be to look at who can best manage the economy. Make no mistake about it, a change of government means a change in the management of the economy, and I think that both sides who are offering themselves for consideration by the Australian people have a very significant track record, and I trust the Australian people to make the right decision.

Recently I invited the Minister for Education, Science and Training to North Queensland. Julie Bishop was very pleased to come up to the north and I was able to arrange a visit to James Cook University so she could see how one of the most significant tropical universities in the world operates, how well it does and how it leads the world in things like marine sci-

ence through Federation Fellow Terry Hughes. The research collaboration and cooperation initiatives designed to build capacity within the region, and nationally centred on JCU, include the Australian Tropical Forest Institute in Cairns and the Australian Tropical Science and Innovation Precinct in Townsville. JCU's strengths in medicine and allied health and expansion activities through the bid to establish the Australian Institute of Tropical Health and Medicine and the dental school at JCU Cairns are certainly leadership roles.

The uniqueness of JCU as a research-intensive regionally based institution that is internationally renowned in particular areas, such as marine science, was well recognised by the minister on her visit. The potency of the 'enhancing life in the tropics' theme, and its power to effect a distinctiveness for the university across the humanities and social sciences as well as in the sciences, in education and in research, certainly underpins the relevance to our region, to our nation and to the world. Our vice-chancellor made these points to the minister:

This issue of enhancing life in the tropics, of strengthening our attention to this theme, will receive serious consideration as the university reviews its strategic position later in the year. Should the university decide to pursue this theme in a focused way, I believe this holds in prospect the development of a university that is truly distinctive in the Australian higher education scene.

The vice-chancellor went on:

I further believe that such a development would be every bit as important to the development of the higher education sector in Australia as the University of Melbourne's recasting of its undergraduate and graduate programs. Both developments aim to effect and to model a fresh, distinctive and potent approach to education and, in JCU's case, research.

We often talk about the sandstone universities; we often forget to talk about our regional universities—regional universities that are leading the world in what they do in various fields. Australia has a wide range of choice in relation to higher education in this country, and that is to be commended.

Speaking of choice, I received a letter from Robert Miller of Cranbrook, in my electorate. His letter had the subject title 'Work choice or no choice'. He thanked me for giving him a hearing regarding the matter. He has concluded that the federal government's Work Choices is by far a fairer and just system than, as he says, 'the corrupt and unjust system of the current arrangement' that he works under. He said that, if he cannot rely on his union or legal aid in testing the bona fides of a workplace agreement document that he never sighted, signed or dated, he is very concerned about that. And he is very concerned about the operation of the Queensland government in relation to these issues. I thank him for his feedback.

Tomorrow is a historic day in Townsville, and I am privileged to be able to attend a ceremony at Mick Curtain's Wharf on Ross Creek in Townsville. I will be on the HMAS *Townsville*. Australia's Fremantle class patrol boats have served our country well over the last 26 years. Two Fridays ago I attended the decommissioning of the last two Fremantles; that was the HMAS *Ipswich* and the HMAS *Townsville*. The HMAS *Townsville* is a very significant ship in relation to our garrison city's history and heritage. That is why I was tremendously pleased to be able to arrange the gifting of the HMAS *Townsville* to the city of Townsville, to the Townsville Maritime Museum. At 12.30 tomorrow I will be on the bridge of the *Townsville* and I will be signing, on behalf of the Australian government, the deed of gift and, when that is signed by Tony Manning, the president of the museum association, and myself, owner-

ship of the ship will transfer to the museum to be preserved for future generations to see the heritage that that ship has produced over so many years.

I thank Navy; they have been wonderful. Normally you expect that, if a ship is to be handed over—and remember it is a Fremantle class—they would remove a whole range of things and basically gut the ship. Well, they did not. They have done every last single bit of maintenance, and the ship is in 100 per cent working order. Everything has been left on the ship except for secret communication equipment. All the antennas are there, and all the bridge structure is there. It is a working ship and Navy are handing it over to the city of Townsville. It is a wonderful gift. Unfortunately some cities that were offered their ship did not take up the offer. Ipswich did not take up the offer, so, sadly, that ship will go to the wreckers in Darwin. It is kind of an emotional moment when you see a ship decommissioned. Navy does it very well and very meaningfully. It was a wonderful ceremony in Cairns. The Air Force does not commission or decommission its aircraft. When an aircraft reaches the end of its life, it finds itself parked outside some RAAF base somewhere, up on a plinth or something, and there is no formality about it. If anybody wants an F111, come and see me in a couple of years time; I might not be able to arrange for one of those. But with ships it is different, and it is a very moving and emotional moment to see a ship decommissioned from service with the Royal Australian Navy. I thank the Navy, and I thank the Maritime Museum for preserving the ship for generations to come.

Last Friday I was again pleased to be the bearer of good news for our city, and it was in relation to the Townsville International Sports Centre. I was able to deliver \$6.355 million to be part of a state and local government project to upgrade the city's Murray sporting complex. At some time in a child's life in Townsville, they will go to the Murray sporting complex. It is a very significant area, with 14 different sports represented. What we are going to do in the initial phase of this upgrade is to have a new international sports centre. It will be of international standard, of course; it will seat 1,400 people and it will be used by teams like the Townsville Women's National Basketball League. I say Women's 'National' Basketball League; there are not too many cities in the country that have a national basketball league. We have the male NBL as well.

Ms Hall—You mean a team in the league. There's a number of cities that have actual teams in the league.

Mr LINDSAY—But I make the point that we have a women's team in the National Basketball League.

Ms Annette Ellis—So does Canberra.

Mr LINDSAY—Not a lot of cities have that. I thank my female colleagues for their interjections. Of course, we also have the Townsville Crocodiles, which is the male equivalent in the National Basketball League. We have the Cowboys in RL as well. I say to all of the Cockroaches here tonight: we won last night and that is a fantastic result, although in the first half I was somewhat concerned. I congratulate and thank our local community for helping me deliver this Regional Partnership's program, and I also thank the North Queensland Area Consultative Committee for helping get this money through. Make no mistake: this will be a magnificent addition to our city, and I am very proud of being part of the team that has delivered that.

One of the projects that I have not yet delivered but I certainly have told my community that I am going to deliver is the CBD revitalisation in Townsville. In the new CBD vision for Townsville, gone will be the dated, decaying and unfriendly mall. In its place will be a dynamic, fresh, people friendly retail and entertainment precinct, a CBD that North Queenslanders deserve and can be proud of; a popular CBD that people enjoy visiting. The design of the mall will open up the currently cluttered and unused spaces to allow increased participation, views and safety. Expanded street-front shopping and alfresco dining will encourage people into a friendly, market atmosphere. A historic main street retailing environment and flexible, people friendly areas will combine to create a dynamic atmosphere where business and people will flourish. Community interest in this project is very significant and that has created an environment primed to produce a result that the community wants and business needs.

This is an important project. The CBD in Townsville, contained within 100 hectares, accounts for 10.4 per cent of all economic activity in North Queensland. It is home to more than 1,080 businesses and it contributes more than a billion dollars to gross regional product annually. It employs 16 per cent of the Townsville-Thuringowa labour force. It captures 73 per cent of visitor retail spending and it is the major economic asset for North Queensland. That is why it is vital that we have a revitalisation project for Townsville's CBD. It is the administrative and commercial hub of North Queensland and provides the largest concentration of retail floor space in the region. As such, it fulfils a number of unique roles within the retail market. It provides retail services to our CBD employee population, to the household market and to the visitor market. The Townsville CBD is both a workhorse and a show pony. It is the administrative and commercial hub of North Queensland. It is the visitors' gateway to the region; it is our front door.

Flinders Street Mall, in my view, needs change. The current mall is hopelessly outdated and presents a poor face to the powerhouse economy and culture of North Queensland. The solution that has been developed is based on the best experience from around the world, with the addition of a unique tropical North Queensland touch. Townsville is a city that certainly punches above its weight in terms of its contribution to Queensland's and Australia's economy and identity. The people of Townsville, the largest independent regional city in Australia, deserve this development.

The solution needs to provide amenity, comfort and convenience. It has to be an inviting and safe place, accessible to all by day or by night; to have people friendly surfaces, with improved shade and circulation, connecting activities and experiences designed to enhance the shopping and entertainment experience; to be a lifestyle precinct for all people that continues in the tradition of developments like the Strand, Palmer Street and, hopefully in the not too distant future, Jezzine Barracks. There has got to be a home with a sense of belonging. There has got to be people inclusiveness. There has got to be economic viability. And there has got to be the special aesthetic character of the place, with integration of street furniture, paintings, plantings, artwork and lighting combining with the existing trees and greenery. Our community is very much behind improving the current sad and dilapidated mall. I give a commitment to the people of Townsville and North Queensland that I will do all in my power to make sure that this revitalisation proceeds. It is very important for our city and for our economy.

In the time I have left to speak in this debate I might just make an observation about amalgamation in Queensland. We have two councils in the region: Townsville and Thuringowa.

Neither the councils nor their ratepayers have been consulted by the Queensland government. I believe that consultation should have taken place. I think the Beattie government have an agenda to just override the wishes of the people of Queensland—and override it they will with their numbers. It is not the way to do business, and people do not forget that. On a matter as big as this you really do need to ask the people of the region what they think about their councils and whether amalgamation is good. Yes, if we had had a choice we would have only had one council years ago, but that was not how we evolved. Now that the Beattie government have decided that we perhaps should change things, they should be asking the ratepayers and not just unilaterally deciding to force this on the people of North Queensland and elsewhere in the state. I ask the Beattie government to rethink their position.

Ms ANNETTE ELLIS (Canberra) (10.20 am)—This is, in fact, a debate on the budget but I thank the previous speaker for his words regarding Townsville. It is a great temptation for me to consider visiting there in the future; it sounds like a glowing spot on the globe. But what we are really talking about here today is the federal budget. It is my privilege to rise and speak on the Appropriation Bill (No. 1) 2007-2008 and cognate bills, and I would like to begin by placing on record my acknowledgement of some of the positive measures in this budget from our point of view, and there are some.

I welcome the funding commitment in this budget of \$71.8 million to the realisation of Griffin Legacy projects in Canberra as, hopefully, an acknowledgement by this government of the need for a strong and proactive relationship between the federal government and the nation's capital. With the Canberra Centenary celebrations but a few short years away, I would hope we would see a continuation of this attitude towards our national capital into the future.

I also welcome the announcement of some of the tax cuts. They are long overdue and Labor has been calling on the government to deliver that very tax relief. Unfortunately, what is delivered could be interpreted as little more than bracket creep. This small relief will take some small pressure off families in Canberra who are putting that much and more into their petrol tanks and their shopping trolleys. I will be having a little bit more to say about petrol tanks a bit later today, given the latest frightening petrol prices emerging around the country. But with the increasing fuel prices and the knock-on effects of our ever-increasing grocery prices, one has to wonder how much of this new tax relief will be eaten up, if it has not been already, leaving little bonus in the pockets of working families.

I also welcome the one-off payments to carers and seniors. You would be pretty sour if you did not welcome that, but note that this government led by Mr Howard is apparently comfortable presenting to the electorate short-term, glossy, packaged one-off payments that provide a temporary relief but deliver no long-term plan to address the financial and other pressures that these people in our community continue to struggle with.

Contrary to much of the hyperbole around this budget, spruiked by the Treasurer and the Prime Minister in the days after the budget, the sad reality is that it has missed the mark. The government with this, their 11th, budget have failed to put forward a plan for Australia's future. They have demonstrated the arrogance of extended incumbency, preferring to rest on their laurels. They choose to splurge an offensive amount of working families' taxes on slick PR advertising campaigns, now totalling in excess of \$1.7 billion since their election in 1996, with some \$4.1 million this week alone on rebranding what I would call their shambolic Work Choices. It is Work Choices that has, in many cases, cut take-home pay and stripped away

working people's entitlements. These same Australians are footing the bill for this gross media buyout which the government hopes will somehow wipe out our collective memory. One has to stop and ask the question: surely this government could have and should have spent taxpayers' hard-earned \$1.7 billion better.

If people in my electorate were asked what they would like to spend their money on, I know they would say: improving access to bulk-billing and quality public health care; caring for people in our community who need our help—those with disabilities and illness, and our elderly; and delivering improved funding to our technical colleges, our universities and our schools. It is almost like the Treasurer went rolling down the supermarket policy aisle, picking the shiny sugary and hollow treats to keep the kids quiet instead of good long-term and solid policies which make for a healthy and cared for society.

I would like to concentrate for a moment on the issues which are impacting on the people in my electorate of Canberra. The city of Canberra is not only the nation's capital, it is a place where great decisions are made and it is home to many of our national landmarks. Canberra is also a major regional city which provides the economic and social basis for the south-west region of New South Wales. Canberra, like many regional centres, is looking to the federal government to provide the services and infrastructure which will meet the needs of the people of that community. It is for that reason that I have already welcomed the funding commitment in this budget of \$71.8 million, which I referred to as a hopeful acknowledgement by the government of the need for a strong and proactive relationship with the nation's capital.

If we can just look at GP and Medicare services, one such issue our community expects the government will address is its poor access to affordable medical services. Affordable medical services come down to two things: the availability of GPs and specialists, and access to bulk-billing. Yet, sadly, the ACT continues to enjoy the unenviable tag of having the lowest bulk-billing rates in the country, at only 51 per cent. They have risen from the low forties, but they are still the lowest in the country and well below the national average of 70.8 per cent. This, along with very high out-of-pocket expenses when visiting the family GP, is a concern. The sad fact is that far too many people wait months to access specialist services.

Turning to dental care, the government has failed, in my opinion, to address the dental health of working Australians. Its announcement in the budget only pours money into this government's already failed dental scheme which was applicable only to people with chronic diseases. They are certainly entitled to services, but this new announcement does nothing to address the waiting list backlog. This already failed program will not solve the dental problems of working families for three key reasons: it does not apply to almost all of the 650,000 Australians on public dental waiting lists, it has complex referral requirements, and it still sees patients paying very high out-of-pocket costs. Again, the government has taken the smallest of conciliatory steps to address the serious problem of its own making as a result of the rash decision in 1996 to scrap the \$100-million-a-year Commonwealth dental program. As I said, we are now back to 650,000 Australians on public dental waiting lists.

Another glaring absence in this hard-sell budget was the omission of support for Australia's People with Disability. Whilst the one-off payments to carers are welcome, the government announced nothing in the budget that can provide long-term hope to the thousands of carers in the Canberra community who are shouldering all of the responsibility for the care and welfare of our disabled. Negotiations for the new Commonwealth State Territory Disability Agree-

ment—CSTDA—remain bogged down, and I believe it is due to be re-signed in the middle of this year. They are bogged down, while the minister responsible refuses any additional funding. Unmet need is continuing to soar and, frankly, people out there living with disability in their families face a bleak future. I believe it is an absolute national disgrace to see a federal government adopt this attitude. The minister cannot simply sit in the corner with his arms folded and say, 'I'm sorry; no more money.' I ask: how many millions of dollars are the government spending on their own political future, not the future of people living with disability?

Another area of concern in my community is child care. I welcome any funding directed towards improving the access and quality of child care in this country. Yet the Treasurer's approach to child care has a touch of a cheap magic show act: hey-presto and, all of a sudden, families can now access the rebate for child care in the financial year in which they actually spent it rather than in the next year. I have never known the government to wait for payment from Australians, so why were Australians expected to wait for theirs? It was far too slow a system containing a flaw that was pointed out so often, so early, by so many, including Labor, and now it is suddenly being fixed. It is an election year. Child care makes up a substantial part of the average weekly wage. So whilst these discounts in costs are, again, welcome, they are, like many other government initiatives, so long overdue.

Parents are also concerned about the quality of care and the opportunities that their children have for the very best social experiences and early-learning opportunities. At present it is not hard to find a mum or dad who struggles to find any place, let alone a place that promotes learning, as well as quality care, for their children. In Canberra we are fortunate in that we have some very good centres. I want to commend, very sincerely, and thank those who work in this sector and work so hard in their care and their delivery of services to our kids.

Labor understands that quality child care serves two important roles. Firstly, affordable high-quality child care will encourage more parents back into the workforce, and giving those people the confidence to return will be good for today's economy. Secondly—and many childhood experts would say most importantly—these early years are critical to the life learnings and capabilities of our children. For that reason alone, Labor believes early childhood care and education must be a priority. That is why I am really proud of Labor's policy to introduce a \$450 million early childhood learning program for our preschool children.

Locally I would like to pay particular ongoing tribute to the tremendous work that the local community organisations play in supporting our community, our families, our young people and our seniors. I make mention of the community based organisations Southside Community Service, Communities at Work, which covers Tuggeranong and Western Creek districts, and Woden Community Services for their ongoing efforts in the southern side of the Canberra community. All of them are involved in child care but also in more far reaching community services.

I would also like to take this opportunity to put a congratulation forward to the efforts of Red Cross on their decision to establish a mental health first aid training program. I was very pleased a few short months ago to have the privilege of launching this initiative. This program will play a positive and important role in raising the awareness and understanding of mental health issues in our community, how they affect people and how the public can best help. We all know what the Red Cross first aid programs do, so I am sure it would not take much imagination from members of this place to understand the importance of a mental health first

aid training program by an organisation like the Red Cross. They are to be commended for taking that initiative.

The question of education is also paramount in my mind and in the minds of my community. This government have demonstrated what I think is a bit of a Johnny-come-lately interest in education only because they have been embarrassed into action by the policies Kevin Rudd has announced as part of Labor's education revolution. Of course, we have welcomed quite honestly the \$5 billion endowment fund, but it is a bit of a nicely packaged pre-election gimmick that only begins to fill the education hole that this government has dug for itself since it came into power. Labor has a long-held commitment to education—education highlighted by policies we have already brought to the community as part of Labor's education revolution. They include: \$111 million to encourage students to study maths and science at university; establishing a national curriculum board to develop a uniform national curriculum for the core subjects of English, history, maths and science; a \$62.5 million pilot program to fund construction of shared facilities between government and non-government schools, and I have seen an example or two of that in the Canberra community and it is something that is really worth promoting nationally; a \$2.5 billion plan to invest in our schools to help build new trade centres to lift school retention rates; and, of course, the \$65 million Asian languages strategy. They are all very good and obviously useful and practical strategies towards our education revolution.

There is tremendous pressure on the budgets of Canberra's working families, like so many families around this nation, as a result of four interest rate rises in two years. Housing is less affordable than ever before in Australia's history. Households are now paying a record high amount on mortgage payments, with many families now spending 20 per cent and more of their disposable income. House repossession are soaring, with recent reports of more than 5,000 repossession in Sydney alone. I had consultations with a particular community agency here in Canberra late last year and again early this year—they specialise, sadly, in this sort of area—and the point was made to me: you look first at the numbers of repossession but more importantly you look at the trend of repossession. The trend is the alarming figure, with an ever-increasing number on a graph of how families are finding themselves put under very heavy stress in relation to mortgage repayments and the general cost of living. Then you add to that the level of rent that is rising faster than inflation. One has to ask, in light of these concerning realities, how the Prime Minister can keep a straight face when he says that Australian families have never had it so good.

As a result of those consultations that I held in my community, I made a point earlier this year of including in my community newsletter a specific insert which brought to the attention of all of the households in my electorate the need to be very aware, if any form of financial pressure begins to beset the family, of not leaving it too late—get in there and get assistance as quickly as you can. We listed with that a number of agencies that they can approach. It is enough to think that we needed to do that, and we were aware that we needed to do that given the stories that we were hearing about certain sectors of my community.

On the subject of local business, I would like to take the opportunity to acknowledge the ongoing role that small business plays in the growth of Canberra. I would like to thank local business owners who have responded to my recent business survey, an ongoing process at the moment. Businesses need government to help make it easier and simpler for them to do busi-

ness. I do not know that that is happening as well as it should, with red tape a little bit out of control. A Rudd Labor government would understand this and deliver on our commitments to reduce business regulation, including: a superannuation clearing house; easy pay GST, which the government has adopted after months of criticising us for having put it forward as a policy; fast Commonwealth bill-paying to help improve cash flow for small businesses; and a standard disclosure form for financial services products.

The issue of climate change is of course a very big issue about which many of my community share equal concern with families around Australia. They are concerned at the failure of this government to have a plan to address climate change seriously. I believe the government have preferred to ignore this issue, denying its vital importance, only waking from their 11 years of self-induced slumber by the impending election, a few good reports and a Rudd Labor plan for action on climate change. On our side we have already announced 11 practical measures to tackle climate change. They include—and this is not an exclusive list: the \$500 million national clean coal fund; a setting-up of the \$500 million green car invasion fund; ratifying the Kyoto protocol; establishing a national greenhouse emissions trading scheme; boosting the use of renewable energy through enabling Australians to access low-interest loans to help install energy efficient measures such as solar panels; and so on.

Locally, I want to highlight and congratulate the efforts of residents and business owners in the suburb of Farrer who have commenced the process of making this the first carbon neutral suburb in Canberra. It is yet another demonstration that at the community level Australians recognise the significance of climate change and its impact on the environment—recognition that we need to take action to reduce our carbon footprint and reduce our production of greenhouse gases. I am pleased to see that community organising themselves in the way that they are.

In the short time left, I also want to talk about Norfolk Island. As part of my electorate I have the privilege of representing some Australian electors on the external territory of Norfolk Island—good, working Australians and their families, people I believe this government has let down. The government spent a tremendous amount of money last year commissioning a number of reports to review the governance and financial sustainability of the island. There was and is a need to work collaboratively with the Norfolk Island government and the island residents to ensure the island has a secure and sustainable future. Sadly, the minister's subsequent submission to cabinet was dismissed, ultimately delivering nothing more than false hopes to the many island residents. The major question now is: what do the minister and his government have in mind for the future of Norfolk Island? There are many issues of concern that need to be addressed and, while it is easier to lay all responsibility at the feet of the Norfolk Island government, there is no question in my mind that the Commonwealth has an important role to play. It is extremely disappointing to see so much work done and so many dollars spent with this outcome, and I along with many residents of Norfolk Island await further word from the federal government.

We have also had a bit of success recently with FM broadcasting—given that many parts of the southern end of my electorate could not receive adequate FM broadcasting—with a lot of help from my office and elsewhere. ABC Classic FM and Triple J have announced they are going to build a new transmitter, commercial stations FM104.7 and 106.3 have new broadcast

frequencies down there now and ArtSound FM, a community broadcaster, has announced a new transmitter on Mt Taylor—all power to them, literally.

At this point I would like to end where I started: on two points locally and nationally. As I mentioned earlier in my speech, Canberra is really a tale of two cities, one a major regional city, which serves us as a centre for a vibrant and growing region, and the other a national capital, a focus for who we were, are and hope to become as a nation. In just five years Canberra will celebrate its centennial. We here in Canberra are very proud of the role we play in living in and supporting the city as our national capital. However, our families, the business-people and our community in Canberra have aspirations for their futures and the future of our city. They want to have good education, good quality child care, affordable health services and an environment they can proudly hand on to their grandchildren. I hope that, in the future, they are able to do all of those things and more.

Mr BARRESI (Deakin) (10.40 am)—I am pleased once again to rise in this place and speak about a responsible and forward-looking coalition budget. Like the previous 10 budgets, it is responsible, delivers locally and builds nationally, so this morning I will be spending my time speaking again about the implications of this budget, not only at the national level but also at the community level in the electorate of Deakin.

The measures and priorities in this budget are an investment in Australia's future. It is a dividend of years of hard work and tough decisions. The budget also comes at a time when we face many important challenges: the skilling of our workforce, climate change and infrastructure development. What we are looking at here is a period of unparalleled economic growth to secure economic prosperity well into the future, and this budget delivers in spades in those areas.

I am proud to have been part of major initiatives throughout this government's term. On top of record investment into vital services such as health, education and the environment, this government has never sat on its laurels or lost sight of the need for ongoing reform in our economy. There has been vital tax reform, important structural changes to the health system and an emphasis on sustainability in preserving our precious water resources. Education is now set on a path of excellence, skilling future generations so they too can be part of a global village in the modern economy, and our ability to tackle climate change is moving forward in a positive and practical way.

The 2007 federal budget paints a clear picture of how far we have come as a nation in the past 10 years, and we need often to recall the last 10 years and just how far we have moved during this time, because there are many in the Australian community today who would not be aware of the dire circumstances this nation found itself in when we first came into power. In 1996, when the government was first elected, the focus was on dragging the economy out of the mire of the Keating era. All of us here remember those dark days very well and the \$96 billion of government debt. I know a lot of people do not want these figures referred to, but we will. There was \$96 billion of government debt, the \$10 billion budget black hole, and, importantly and disgracefully, we saw unemployment sitting at over eight per cent, with many Australians unable to find employment and unable to have a wage which they could use to feed their families. This was a period in our nation's history that required tough decisions to be made, decisions which would set the course for the longest and most stable period of economic expansion in our nation's history.

What have we seen in the last 10 years? All government debt has now been paid back. Why is that important? If you pay back government debt—if you pay back debt of any kind—you have money that you can spend in other areas. In the case of the government, the interest savings alone of \$8 billion can now be used in other vital—

Mr Cameron Thompson—Per year.

Mr BARRESI—Per year; that is right, member for Blair. So that is \$8 billion a year in interest payments savings which can be used in other vital services. For the 10th successive year the budget is back in surplus to the tune of one per cent of our GDP—and this is at a time when the GDP itself, the size of the economic pie, has grown by over 50 per cent in the last 10 years. Unemployment has reached a 33-year low of 4.4 per cent—and we have done this without setting the political targets that were encouraged by the opposition. Rather than those sorts of stunts, we just got on with the job and we have seen the results that have taken place.

We have seen wages rise by over 19.2 per cent over the past 10 years. The number of small businesses—the confidence to set up a small business—is growing exponentially. These days the number of small business men, independent contractors and private entrepreneurs outstrips the number of union members. Only 15 per cent of the non-public sector workforce is now unionised. That reminds me to compare the 15 per cent of the non-public sector who are unionised with the 100 per cent of those who sit opposite the Treasury bench in this chamber who are unionised.

We also see 80 per cent of taxpayers now paying a maximum rate of 30c in the dollar in taxes. We see a budget that has delivered. We see a budget which has cut taxes and increased payments. If we recall budgets of the past, they were never ones of: ‘Will there be a tax cut? Will there be increased payments for pensioners or bonuses?’ They were always, ‘What is going to go up and by how much?’ We remember quite vividly the headlines where the government of the day was applauded for not raising taxes by as much as was anticipated rather than for talking about decreases.

These great achievements in the last 10 years point to one thing—that the enterprising spirit of Australia is alive and well and that individuals and families are looking to their financial future with more certainty and with greater opportunity. We have seen evidence of this in recent times when, according to an Australian Chamber of Commerce and Industry survey, consumer and small business confidence reached an all-time high. This is not an accident. This really is businesses and consumers responding to the environment in which they now find themselves—an environment with low taxes, low interest rates and more flexibility which is responsive to their needs.

It is unfortunate to hear that the Australian Labor Party after 11 years in opposition continue to oppose, block and rubbish every government policy that has enabled these economic conditions to come about. Last week Labor leader, Kevin Rudd, said they were now economic conservatives. If this is the case, then why has opposition leader Mr Rudd and his colleagues blocked every major economic reform this government has introduced which has delivered our economic stability? This approach to our reforms has not changed and it continues today. The problem for opposition leader Mr Rudd is that, even if he truly believes he is an economic conservative, he has not behaved accordingly and, most importantly, the team behind him are definitely not economic conservatives. They are true to their beliefs, and we will see this coming forward in the next few months.

Heaven help the Australian nation if the Australian Labor Party get in, because the forces behind opposition leader Mr Rudd will certainly assert their authority. Who are those forces? We will see ex-union bosses Bill Shorten, Greg Combet, Duggie Cameron and Richard Miles being parachuted into safe ALP seats at the next election. The Labor Party now is more captive to its union boss than ever before. Why are these individuals and a whole lot of others coming? It is akin to that great slogan that was used by Don Chipp—‘To keep the bastards honest’. That is why they are coming—to make sure that their agenda, their policies and their ideology are pursued and there is no deviation by someone who calls himself an economic conservative. The pay-off for having this team in Canberra is a \$100 million war chest to oppose the government’s workplace policies.

Labor’s policy inertia on the important issues facing our economy does not stop here. In the area of taxation, we see a blank sheet of paper instead of a real policy by those on the other side. The Australian Labor Party are now at the stage where they dare not mention the word ‘tax’ for fear of offending those aspirational voters they now wish to court. Yet the simple truth is, when it comes to the economy, the Labor Party just do not get it. On tax, Labor shadow Treasurer Wayne Swan has no policy and in a recent interview said the ALP would not present a tax policy before the election. I agree with the Treasurer’s comments on Alan Jones’s program last week that the member for Lilley’s, Wayne Swan’s, tax policy could only mean two things: that Labor think that the tax system is ideal as it is—pretty unlikely—or that they intend to get elected and change the tax system but do not want to tell the voters beforehand lest the voters do not like their plans. This policy is one which will not go unchallenged by those on this side. We will pursue them in this policy area right through to election time.

I did not come here today to simply talk about the opposition, although it is always quite fun.

Ms Hall—I thought that’s all you guys ever spoke about! That and the state governments.

Mr BARRESI—Members on the other side never come into the chamber and speak about us—of course they don’t! But there are a range of policies and initiatives in this budget that have benefited us as a nation and, importantly, there are a range of initiatives and services which benefit the community that I represent, in the eastern suburbs of Melbourne. I want to touch on some of those in the time that I have left. The Springvale Road level crossing project received a vital cash injection in this year’s budget of \$25 million to investigate alternatives and alleviate the traffic congestion that gridlocks over 120,000 commuters a day. This level crossing is now ranked by the RACV as one of the top intersection black spots in all of Melbourne. Thanks to this funding boost, the local council now has the funds to begin a comprehensive study to investigate alternatives to fix this chronic bottleneck in Melbourne’s east.

Without this injection of funds, commuters and residents throughout a large corridor of the Deakin electorate would be left with nowhere to go, particularly after the state Labor government, awash with cash, did not deliver one cent to this project. This is a road that traditionally would fall under the jurisdiction of the state government, and yet the state government, despite pleas from my office—and even from some of Labor’s own state MPs, who have basically been told to shut up and keep quiet—has walked away from the motorists and the residents in the eastern suburbs and refused to fund this project. The state Labor government has deliberately neglected this road and the region. Why has it done this? A source close to the state government revealed to me that a deal had been done by Premier Bracks not to support

grade separation for fear it will divert traffic from the new toll link. I call on the Bracks government to reveal the contractual agreement and refute this claim, and to support the federal government's funding for this road. This funding is urgently needed and has been called upon by all of us in the eastern suburbs of Melbourne.

Another very welcome federal government budget measure that will benefit my community is the preservation of the Blackburn Lake Sanctuary, whereby \$1.8 million has been set aside to help purchase a one-third stake in the allotment adjoining the lake, thereby preserving a vital space for the local community. This funding comes off the back of widespread public concern in this area about land and habitat preservation. I am pleased to say that, after representations that I made on behalf of the community, the federal government has agreed to this buyback plan and it is well on its way. It will mean that a vital slice of Blackburn's environment will be set aside for the residents to enjoy for the years to come.

I will also take this opportunity, while I am at it, to mention that there has been some muttering that some of the stakeholders who initially proposed to buy back this land—the local council and the state government, but in this case I focus my attention on the council—may be trying to do a runner on the residents, to weasel their way out the back door and not fund the purchase of this land. Having fought so hard to get the funding and having made commitments, they may now be looking at possible loopholes to avoid the purchase. Certainly if they do so the residents, the ratepayers and the taxpayers in the Blackburn area will be very vengeful, and they will take out their displeasure on the council at the coming council election, in 2008.

I entered parliament determined to make a difference for my local community and for our nation, as most members of parliament do. I always saw education as one of the areas where opportunities can be made and skills enhanced to improve prospects for future generations. I particularly welcome initiatives in the area of technical education. With an Australian technical college located in my electorate of Deakin, at the site of the Ringwood Secondary College, I have seen firsthand how important it is that we skill up our youth to prepare them for the future. I am very proud of this particular college. It has been established after vigorous representations by me to get its forerunner on that site, the automotive and manufacturing technology skills centre, established. The college itself will be taking over that skills centre and we will have a comprehensive educational facility which will deliver vital trade skills.

These policies in the area of trade are important. I commend the Minister for Vocational and Further Education, Andrew Robb, for working closely with a coalition of education groups and industry to develop policies which cut to the heart of the matter and engender real change in this particular area. These are not policy announcements made on the back of an envelope that there will be trade schools in every school. I do not know where they are going to find the teachers and the tradesmen to go into those schools, and not simply the numbers but even just getting them out to the various locations. It is a wishy-washy statement with very little thought having gone into it.

Ms Hall interjecting—

Mr BARRESI—In the time that I have left to speak in this debate—and I know that the honourable member for Shortland would not want me to be short of time, since she is someone I do get along with—I want to discuss a matter of great concern to my constituents, and that is the environment and everything associated with it, particularly the current debate on

climate change. Thanks to the strong economic management which underscores this year's budget, policy initiatives to address climate change can be made and, more importantly, can be funded. At the end of this month, the Prime Minister will be receiving the much anticipated emissions trading report by a task force involving industry. The report will determine if an emissions trading system needs to be established, what it would look like, whether targets can be or need to be set and, importantly—and in total contrast to the view of those on the other side—whether or not such targets can be sustained and what their consequences would be for the Australian economy and Australian industry.

I note that the recent international scientific panel on climate change report of 2 February predicted that if carbon dioxide concentrations in the atmosphere reach twice their pre-industrial levels, the global climate will probably warm by 3½ to eight degrees and that there is more than a one-in-10 chance of much greater warming. Whether or not this will actually occur is a source of much debate and conjecture in the community. I know that the forces on either side are lining up with their particular arguments. Personally, without going into the science of it and whether it is 3½ or eight degrees, I do not dispute that global warming is taking place and that action needs to be taken in order for us to leave a more sustainable environment for our children. I am hopeful that the \$4.3 billion that has been allocated in this year's budget will assist in paving the way for many more directions on tackling climate change and, in particular, addressing some of the recommendations that will come out of the report to the Prime Minister. A move towards an emissions trading system would encourage a reduction in CO₂ emissions, and the system should be tailored to meet Australia's unique economic and environmental conditions. Any agreed trading model should act as a positive force, rather than as a punitive force that hurts Australian industries and Australia's international competitiveness, and one that addresses the issues of climate change.

I have very little time left to speak in this debate, so I simply say that without a stable, growing and prosperous economy none of these initiatives would be possible, but the economic situation in which we find ourselves has not happened by accident. It has happened because tough decisions were taken and carried through. I am immensely proud of this government's achievements in the areas of economic management, education, health and the environment. This is a government that actually delivers on what it promises and it has an economic record that is unparalleled in our nation's history. I certainly support the budget and all its measures.

Ms OWENS (Parramatta) (11.00 am)—It is interesting that, once again, a member of the government, in this case the member for Deakin, has spent at least half of his speech talking about the opposition instead of their own track record. You would expect that, after 11 years of government, which they crow about on a daily basis, they would take the time to actually talk through their own budget in this appropriation speech. But they do not, and the reason for that is simple: the purpose of this budget was not to put things into focus; it was about taking problem areas off the agenda. It was about doing just enough in areas which had been neglected for 11 years—areas such as child care, tertiary education and climate change—just enough gloss, just enough of a bandaid to take the public's attention off them, not on them. In fact, there is very little in this budget after 11 years of government that the government should be crowing about. It is not surprising that we are not hearing much of it in the House.

On budget night I, like many people on my side of politics, went into the House a little bit nervous. We heard rumours of massive spending. We were expecting a profound budget which would make a real difference but, as I sat there and listened to the speech and read the documents in front of me, two-thirds of the way through I started thinking: ‘There’s really not much in this. They’ve filled a few holes that they created themselves, they’ve put in a little bit of spin, they’ve repackaged some projects, they’ve reannounced a couple of projects and they’ve brought forward some projects from the last election.’ But this budget will flow across the community and in six months time there will be very little left to show for it.

Going out in the community, as I did the week after the budget, that is the view that was pretty much shared by people whom I spoke to. The budget flowed across their focus for a minute and pretty much disappeared. It was very much business as usual. When people did have something to say about small amounts of money that had been referred to in this way or that way, it was usually preceded by the statement that the problem had been going on for 11 years and, ‘Thank goodness something was finally being done, but it’s all a little bit too late.’

This is a budget which will flow across the community and, like this government, unfortunately, leave very little behind. At a time of one of the greatest booms that Australia has ever seen and a global boom greater than we have seen in 30 years, one would expect these are the times when governments do actually make a difference. When you sit down in the future and look back at 11 years of this phenomenal amount of money flowing around the world, and ask: ‘What difference did the Howard government make to the education of our children? What difference did it make to our cities, our public transport system and our infrastructure? What difference did it make to our exports? What difference did it make to our education levels?’ the answer would have to be in the negative in most of these areas.

Let us look at the Higher Education Endowment Fund, for example. Let’s face it: a \$5 billion fund that will bring around \$300 million per year to universities for research facilities is to be welcomed. But you have to put it in the context that there has been 11 years of neglect. Government funding to universities fell from 0.9 per cent of GDP in 1996 to 0.6 per cent today. The initial funding will provide \$300 million per year to upgrade university facilities spread across each of our 38 universities. That is between \$7 million and \$8 million per university, if it is spread that way. If larger facilities are funded—and we now know of facilities that cost between \$150 million and \$350 million—then it will not go very far.

I went to the Rydalmerie campus last year for the opening of a new building. Across all of the University of Western Sydney’s campuses, that was the first building in nine years—one building in nine years under this government. This fund provides enough to fund one building and some maintenance. With 38 universities the fund would provide one facility every 38 years plus a bit of maintenance—do not forget there is maintenance and minor upgrades as well. So if your five-year-old grows up and has a baby, when that child, your granddaughter, reaches university, there will be a new building. When that child graduates and goes to work at the university as a professor, just as she retires, there will be another building.

So let us put this \$5 billion in context. If this \$5 billion came on top of 11 years of support for this sector then it would be something this government could be very proud of. But to throw this amount of money after 11 years of neglect and then crow about it and call it an education revolution is beyond the pale. This is not an education revolution; this is a fix-it after 11 years of neglect. This is a bandaid—the level of neglect has been so great that this is

merely a bandaid. I am almost expecting to see an advertising campaign about it, though, because the government is very good at those these days, if not at much else.

The people of Western Sydney deserve much better than this; after 11 years of the Howard government, they deserve much better. The people in Western Sydney still enrol in universities at just over half the rate of the rest of Sydney. The member opposite smiles; obviously he thinks that is funny. I tell you, no member in Western Sydney finds it funny that our children—

Mr Cameron Thompson—Mr Deputy Speaker, I raise a point of order. The member opposite cannot assert any kind of thing on my behalf.

The DEPUTY SPEAKER (Hon. DGH Adams)—There is no point of order.

Ms OWENS—The member was in fact smiling.

Mr Cameron Thompson—Shame!

Ms OWENS—Yes, I am sure it is very funny that people in Western Sydney enrol at half the rate of what they do in the rest of—

Mr Cameron Thompson—Mr Deputy Speaker, I raise a point of order. The member opposite cannot assert statements on my behalf when I have not even opened my mouth.

The DEPUTY SPEAKER—Order! There is no point of order.

Ms OWENS—Let me assert on behalf of my constituents and my fellow colleagues on this side of the House who represent people in Western Sydney: it is not acceptable to us that people in Western Sydney enrol in universities at just over half the rate of the rest of Sydney nor is it acceptable to us that our major university in Western Sydney has been ignored for so long by the Howard government. Let me put it on the record and let me state it very strongly that the people of Western Sydney and I will not be satisfied with the performance of the government until they take concerted long-term action to do something about it, something that they have neglected to do for at least 11 years of government.

Let us talk about child care. There is a one-off 10 per cent increase in the childcare benefit in addition to the regular three per cent increase. Again, that is to be welcomed. There are people out there struggling with child care at the moment. Childcare fees for some of my constituents are more than their rent. But, again, let us put it in perspective. How bad did it have to get before the government finally listened and did something? How bad did they let it get? How long did they stand aside and let it happen before they finally did something about it? Surprisingly, they have done something about it just before a federal election.

The annual increase in childcare costs has been more than 12 per cent per year over the last four years. That is the annual increase. Childcare costs are rising five times faster than the average cost of all other goods and services. According to the Australian Bureau of Statistics, over the last four years out-of-pocket childcare costs for families have increased dramatically by 12.7 per cent, then 12 per cent, then 12 per cent and almost 13 per cent last year. What do we have now? An election. So the government does the bare minimum to take this issue off the rapid boil, a 10 per cent increase in childcare benefit. It is welcome, of course, but it does not even compensate for the 13 per cent increase last year or the 12 before that, or the 12 before that or the 12.7 before that. This year, with an election just around the corner, the government finally gives families the one-off bonus increase. This is after four years of cost in-

creases and four years of bearing the costs—more than what some families pay in rent. Of course it is welcome; of course it is taking place just before an election. Let us wait and see whether what happened four years ago, when fees rose to absorb the bonus, happens again this time.

The budget also brought forward the childcare tax rebate. This is not a case of creating a problem and then asking for applause for fixing it; this is a case of deliberate government policy. The government made a promise at the last election and then they did not deliver it; now they are making it again. This childcare rebate promise—and given the track record of the government on this specific item, we might all be well advised to view it as the promise of a desperate, tired government until we see the cheque, not the advertising, in our own, hot little hands—is the same one that was made before the last election and not delivered. It simply promises to finally deliver on the Treasurer's original promise, which he made back in 2004. There is a song called *Fool me once*, with the words: 'Fool me once, shame on you. Fool me twice, shame on me'. This is groundhog day. Before the last election, the Treasurer promised to pay the childcare tax rebate immediately after the financial year in which the childcare expenses were incurred. That was flawed policy, anyway, because it only helped those who could at least afford to pay it as they went and provided no assistance for those who could not afford it in the first place. Nevertheless, before the 2004 election, the Treasurer promised that families would receive payment of the 30 per cent childcare rebate from 1 July 2005. Then they won the election, and he immediately broke his promise and declared that families had to wait until 1 July 2006 to receive their rebate on childcare costs that were incurred in 2004. All this new budget measure does is finally deliver—it promises to deliver—on a commitment that the government promised once before, immediately before the 2004 election.

The promise of \$8,000 per child sounds like a big promise. But wait—there is less. The average rebate, according to the government's own figures, is only \$813, not \$8,000. Very few families are likely to receive payments of that order. Still, families are under such pressure that even a few hundred dollars will help with costs. But the government has done nothing to address other concerns of families, such as availability and quality of child care.

Why don't the government take this issue seriously? I say, and enter into evidence, that they only do something about this in an election year when their own work and family balance is at stake, rather than that of the Australian electorate. Yet this is a critical issue, not just for families but for the economy. We hear about it from the government—the ageing of the population, the need to increase workforce participation—yet the only solution they put forward to that is Work Choices, a solution that is supposed to increase workforce participation by driving down wages and conditions. They say that will encourage people into work. Just imagine families sitting at home and deciding whether the stay-at-home-parent, for example, should go back to work. They would consider the economic value for the family and the loss of family time. They would weigh up the options and say: 'Oh, Work Choices—wages and conditions are lower. I'll certainly go back to work!' All the government put forward to bring people back into the workforce is lower wages and conditions.

Jokes aside, lifting workplace participation is a critical issue. We all know on this side of the parliament that meeting the participation challenge will be a key ingredient in maintaining our economic prosperity. How are we going on this? Not good. We do not have anything like the participation rates for women that many of our competitor countries do, and the experts

say this quite clearly. The Productivity Commission recently reported that the cost and quality of child care were barriers to workforce participation for about 30 per cent of women aged 25 to 44, while a further 10 per cent could not access child care at all. The Bureau of Statistics said that 100,000 women are not in the workforce because child care is too expensive, not available or of low quality. We need our government to take this issue seriously. There is much work to be done, and we have never been in a better position to do something substantial about it. We have not been in a better position for the last 11 years. We have had 15 years of uninterrupted economic growth. We have never been in a better position to change the lives of people for the better.

One of the most powerful moves we can make is to invest in the early development and learning of our children, but there is nothing in the budget for this except a \$1.4 million fund to establish a committee to look at intergovernment agreement on quality assurance and regulation. As important as that is, after 11 years of government we would hope for some action. On this side we have put forward a comprehensive and significant commitment, especially for our four-year-olds—not a one-off election bribe but a long-term commitment to providing access for every child to 15 hours per week of quality play based learning for 40 weeks of every year. That is a policy that builds for our future.

I would like to talk briefly about tax reform—or the recent tax cuts more than tax reform. When the Labor Party put the same policy forward two budgets ago, we were soundly condemned by the government. As recently as yesterday in question time, even after they had finally gotten around to doing it themselves, they were still playing that political game. The government have finally gotten around to providing tax justice for working families. Again, it is an election year, so they will do that. Between elections, they did not. Nevertheless, it is welcome because it is overdue and, with rising costs of child care, medicines, petrol and interest rates, families in my electorate really need it.

The skills crisis is another issue that we were all expecting would be well and truly covered in this budget—a skills crisis caused by 11 years of neglect—and once again we were hopeful that this time the government would do something substantial about it. Once again they have thrown some window-dressing on it; look out for an advertising campaign. On the whole we welcome new assistance for apprentices in the budget. After 11 years of the Howard government's neglect of this most critical issue, of course we welcome that. But the government's commitment to three more Australian technical colleges will not address our skills crisis in any real way.

On the government's own figures, Australia will face a shortage of 240,000 skilled workers by 2016. The Howard government's response is its Australian technical colleges, which will produce their first qualified tradesperson in three years time and by 2010 will have produced fewer than 10,000 students. That is assuming that the problems that have bedevilled the technical colleges so far—the late openings, the cancellations et cetera—do not continue. If they travel as they are supposed to travel, by 2010 they will have produced fewer than 10,000 students with a looming skills shortage of 240,000 skilled workers just six years later than that. Meanwhile our TAFE system, of which my community is rightly proud, which was capable of responding immediately and which has been starved over the last 11 years, is gradually being weakened by this government's neglect. In contrast to the government, Labor's plan is for the next decade and beyond, not just the election. It is led by our most recent policy to invest \$2.5

billion to help build or upgrade trade facilities in our schools over a 10-year period, to lift school retention rates and to help provide real career paths to trades and apprenticeships.

I will dwell on retention rates for a moment because education is something that I care about deeply. When I look at school retention rates and school completion rates for the electorate that I represent, I am deeply saddened. When Labor returned to power in the early eighties, the percentage of kids staying at school to year 12 was way down in the 30s. When we lost office in 1996 it was in the 70s; we had achieved a doubling of school retention rates, and that is something that I am immensely proud of. But it has stagnated under 11 years of the Howard government, and that is just not good enough for our kids. Ask any parent who is struggling to keep their child in school or who watches, without being able to do anything, their child drop out—talk to any of those parents—and you will see that Labor's plan will provide options for those kids who are inclined towards the practical skills. It will lift high school retention rates, which is good for the economy, but it will also provide additional options for families with teenagers to build the best lives they can for their children. It is a must for families and for the future prosperity of this nation.

We were expecting that the budget would be an environment budget. Even though the Treasurer has never used the words 'climate change' in any of his preceding budgets, even though the central piece of environment legislation that the government passed last year did not mention those words and even though we have a Prime Minister who does not believe in it and a whole front bench of climate change sceptics, we nevertheless expected, as did the media—given that it is an election year and the polls are saying it is a big issue—that finally there would be something significant on climate change.

But unfortunately, and unfortunately for us all, we were wrong. After 11 years of the most appalling neglect a very modest amount of \$30 million per year has been allocated for the solar panel rebates program. We have argued for this before and we welcome it, modest as it is. But let's face it, it is a policy for an election, not for the planet. The calculation is that after five years the reduction in emissions from this program will amount to only 0.01 per cent of our emissions. Before the budget, there were indications from the government that they would bring down an environment budget. So where are the plans to rein in our rapidly growing greenhouse pollution? Not in this budget, I am afraid. We in this country are connected to the land in ways that white Australia perhaps does not understand and it is time this government acted.

Mr JOHNSON (Ryan) (11.21 am)—As the federal member for Ryan, a federal seat in the western suburbs of Brisbane, it is a great honour to again speak in the Australian parliament on behalf of the people that I represent, on this occasion on the Appropriation Bill (No. 1) 2007-2008. We have just heard an enormous amount of claptrap and certainly a misguided analysis from the member opposite, the member for Parramatta. I do not know where she was on budget night, but to say that nothing good came out of the budget for the Australian people really does reflect sheer arrogance on her part, if anything, and a lack of understanding of the budget process and of what this government has done for the people of Australia.

I must say at the outset that it seems I have got too much of a good thing to talk about. I have 15 pages here of the wonderful stuff done by the federal government and I have only 20 minutes in this presentation. But probably the most important thing for me to start off my presentation is to extend very warm congratulations to the Queensland State of Origin side,

which last night defeated the New South Wales Blues 25 to 18. What an example of courage and determination, of discipline and teamwork. What a wonderful example of ability and skill that, I might say, is not just acquired overnight or in the months leading up to the actual result on the night. I want to take the opportunity to compliment the captain of the Queensland State of Origin side, Darren Lockyer. This man is full of athletic ability and sheer football skill and I noticed that he led by example and demonstrated incredible leadership skills. Again, I might say, these were not just acquired overnight but honed after more than just a few seasons in the team. He seemed to lead his team with a remarkable self-belief and he also had faith in his team members. So what an inspiration!

Mr Kerr—Mr Deputy Speaker, I seek to intervene.

The DEPUTY SPEAKER (Hon. DGH Adams)—Is the member for Ryan willing to give way?

Mr JOHNSON—I decline. I would like to continue. Would a colleague in the national parliament rise to stop a member of the federal parliament who represents a seat in Queensland where many constituents love their football and love their State of Origin? This is an analogy to federal politics because it is all about teamwork, discipline, ability and skill. That is where I lead into my comments on the federal budget. I have a high regard for the member for Denison from Tasmania but for him to try to stop me from talking about skill and teamwork and ability, qualities that are not acquired overnight, is not on. I think there is a remarkable analogy there.

Of course, I am here to talk about the budget in more depth. I want to congratulate the Treasurer on handing down a very successful budget, his 12th consecutive budget, and, more importantly, his 10th surplus budget. The people of Ryan, whom I represent in this parliament, might be interested to know that the Australian budget is some \$247 billion in size and value. Total revenues are \$247 billion and total expenditure is \$236 billion. So of course there is a budget surplus and the estimates are that it is some \$10.6 billion.

I am a very big fan of the Treasurer, not only because he is a great guy and someone with a great sense of humour but especially because he is a fiscal conservative—a real fiscal conservative, not a pretend one, not a TV fiscal conservative—who has a real ability to do the job, just like the Queensland State of Origin players. He has a real ability to do the job, an ability to manage the economy of our nation. I believe that the people of Ryan will also share my view, as I am sure will the people of the electorate of Blair—I am delighted that my colleague and friend the member for Blair is with me at the moment in the chamber. I am sure that both our constituencies will share the view that the economic leaders of our country should really believe in what they say and they should have the ability and the skill and the experience to implement their policies. I think that on election day, when the tough decision has to be made to decide whether they want security for their families and economic stability in the country, and of course looking into the decades ahead at which political party has the ability to deliver results, at the end of the day, I am sure and I am confident that they will cast their vote for a very successful coalition government.

But this federal budget delivered by the Treasurer was a visionary budget. This is a budget for Australia's today and for Australia's tomorrow. This is a budget for modern Australia in the first decade of the 21st century and a budget for the future of Australia long after many of us in this parliament will be gone. There was a completely responsible fiscal budget and a

budget that was practical in its direct benefit to the economic and social needs of the people of my electorate of Ryan and the greater wellbeing of our wonderful country.

The Australian economy is some \$1 trillion in value. It is hard to imagine having that sort of economic security in your hands, but that is precisely the enormity of the responsibility in the hands of the federal Treasurer. Our \$1 trillion economy is nearly 50 per cent larger than it was 10 years ago. With a population of 20 million, Australia spends more money on health alone per year than the GDP of some 65 per cent of the world's nations. Just a one per cent margin of error in the guidance of our economic responsibilities in a \$240 billion-plus budget such as this would wipe some \$2.4 billion off our surplus. So this is no small responsibility that the national government has and that the federal Treasurer in particular has. There is just no margin for error in looking after an economy of our size. We do rank as the 13th largest economy in the world, despite only having a population of 20 million, or 0.3 per cent of the world's population. So it is very significant for our country's future that the government of the day is re-elected, with its skills and its experience acquired over many years.

The Australian economy simply does not run on some kind of autopilot switch. I know that many people in the community perhaps think that, and certainly I know that some in my Ryan electorate might have a view that our economy is just a case of switching on and off switches and pressing buttons here and there. But it does not work like that. It is not an autopilot system. One needs to have immense skill and ability and judgement to run our economy for the benefit of our nation.

I am delighted to see that another of my colleagues, the member for Canning, in the great state of Western Australia—another booming state, another booming economy—is in the parliament to support my remarks, as I am sure he does. I am sure that he will agree with—

Mr Randall—Everything you said!

Mr JOHNSON—everything I said. He will even support my comments about the Queensland State of Origin victory last night. For some reason, I do not know why the shadow—he might become a shadow minister in the many decades ahead, but I am not sure if that is the case. I know that he was a minister in a previous government, a government that was too horrendous for us to even contemplate thinking about. But I do wish him well. He is a good man. It is a shame that he is in the wrong political party, but in our great democracy that is one that thing we can do—we can join the political party of our choice. It is a shame that he is not thought to be good enough by his leader to be on the front bench of his party.

Anyway, the experiences of the past have been that a Labor government—the Keating Labor government, if I dare utter the name of that former Prime Minister—within the space of a single term turned our economy into an economy that was on the cusp of being a basket case economy. And it has taken more than a decade for a conservative government to retrieve the nation, led by leaders who are real fiscal believers—to lead and to resurrect it.

I want to give an example for the people of Ryan, whom, when I give a speech in the parliament, I have great honour in representing as a 26-year resident of the electorate, someone who grew up in the electorate, who went to school and university there and who lives in the wonderful suburb of Taringa with my family, where I intend to bring up my son for a long time to come. The Ryan electorate would, I am sure, like to know that unemployment jumped from six per cent to 10 per cent in just over 18 months under the former Labor government

and it took the Howard government some eight years to get it to fall to under six per cent. Under Labor, government debt, government unemployment, all skyrocketed. Debt skyrocketed from \$17 billion to \$96 billion in just five years—a remarkable mismanagement of the Australian economy by a Labor government. Interest rates have risen to over 10 per cent pretty much every time Labor has been in power in the last three decades and, at the end of the day, it really affects people right across the country, especially young families. So we must always focus on this.

The 2007-08 budget would simply not have been possible without the strong economy that we enjoy today. Ryan residents will, I am sure, be very familiar with the current strength of our economy, with an expected growth rate of 3¾ per cent in 2007-08 and a net government debt of zero dollars, compared to the \$96 billion debt inherited by this government in 1996.

I should draw to the attention of my colleague the member for Canning, in particular, who would be interested to know—as will my constituents in the Ryan electorate—that when we came to government we inherited \$96 billion of Labor debt, but I asked the Parliamentary Library to do a little bit of research on this and they came up with a very interesting figure. In particular, I draw this to the attention of coalition members, because it might be something that they can usefully take back to their electorates. I will continue in my future brochures to draw this to the attention of the taxpayers of Ryan and indeed to the future voters of Ryan, because it directly affects them.

When we came to office in 1996, with \$96 billion of Labor debt, that represented \$9,073 per taxpayer. It represented \$5,230 per Australian. In 1996 I was 26 years old. I owed \$9,073. My sister Catherine, who was 16 at the time, owed \$5,230 because she was not a taxpayer at the time. In 1996, my brother, at age 23—I should give him a plug; he is one of this country's finest young neurosurgeons and the health department of the Queensland government is desperate for him not to go overseas because they only have a handful of neurosurgeons—owed \$9,073, as a taxpayer. So if you were five years old, 10 years old or 15 years old in 1996, you owed \$5,230. If you were a taxpayer in 1996, with \$96 billion of collective Australian debt of the government of the day, you owed \$9,073. That is a very interesting figure.

Mr Randall—What's the story today?

Mr JOHNSON—My friend and colleague from Western Australia, the member for Canning, asks me how much we owe today. This is perhaps a very good comparison that we should draw to the attention of our electorates. We in fact owe nothing. We owe nothing because there is no net government debt because this government has made all the tough decisions over the last decade to pay off the completely irresponsible management of the economy by the Labor government in the previous decade. Here we are being slandered by the opposition and absolutely defamed by them after 10 years of hard slog, 10 years of making the tough calls, 10 years of being forced to cut back on services to pay off \$96 billion of debt, with a prosperous economy, with a capacity to contribute to the services and the welfare of the Australian people, with some remarkable and wonderful initiatives and some forward-looking policies. That is very significant and something that should be taken to the people of Australia.

I will continue to do that in the Ryan electorate because the support of my constituents, their votes and their vote of confidence in me are not things I take for granted, as no member of the coalition should in their own electorate. It is a shame that time is getting away from me

in this debate because I am very proud to be a member of this government and to boast of the economic skills of our leadership team. Unfortunately, doing that has taken time away from me to talk about the specifics of this budget's policies, but I want to make sure I talk about some of them because they are very important. As the member for Ryan, where the University of Queensland is located in the suburb of St Lucia, I want to draw to the attention of my constituents a very significant government announcement on budget night, and that was of course the initiative to implement the Higher Education Endowment Fund. Some \$5 billion has been allocated for the establishment of that fund. This is education policy at its very best—a real education revolution. This fund will ensure that a very strong, well-resourced higher education sector will come into being for the students of the future. It is a very practical measure; it will make a very big difference. That \$5 billion is in the bank, locked up to ensure that once the good times are over there will still be a strong education sector to keep Australia globally competitive once our economy confronts some challenges in the international community. If Labor comes to office it is almost certainly guaranteed that at least the university sector will have \$5 billion locked in the bank. The interest payments on that can be contributed to vital university infrastructure and assets; as well, it can be leveraged to make a difference to the final amounts that can be spent in the universities across the country. It will operate in a very similar way to the Future Fund; indeed, this fund's investments will be managed by the Future Fund's Board of Guardians as a separate fund. I want to quote the Vice-Chancellor of the University of Queensland, John Hay AC. He says: 'Costello and the education minister, Julie Bishop, deserve real praise for this initiative.' Of course, John Hay is not necessarily a man known to praise this government's initiatives, so for him to make that comment is indeed very instructive.

Regrettably, I only have several minutes left in this debate and yet I have so much more to talk about, which is a great shame. One thing I want to draw to the attention of the people of Ryan relates to unemployment. At the end of the day, unemployment figures make a difference to the economic security of individual Australians and of their families. Again I want to draw an analogy with football or State of Origin rugby league. I hope the member for Canning appreciates this; if he has been to Brisbane he will know what I am talking about. I know that Ryan constituents will understand the picture I paint as a way of illustrating the very positive impact this government has had on the employment landscape of our country. Since 1996, when we came to government, more than two million Australians have found jobs. For those in the Ryan electorate and in the wider Brisbane city, this represents 40 Suncorp Stadiums filled to capacity. Suncorp Stadium takes 52,000 people; 40 times that number comes to two million people. So 40 State of Origin games—40 Queensland victories over New South Wales—represents two million people. And of course many Ryan constituents will be among those two million people who have secured jobs in the last 10 years. So you can visualise 40 Suncorp Stadiums of people as the number who have found employment in the last 10 years. Or if you happen to be a Victorian living in the Ryan electorate—I know many Victorians have moved up to the great state of Queensland—the equivalent would be filling the MCG on grand final day 20 times. The MCG takes 100,000 people, 20 times 100,000 is two million people, so imagine 20 MCGs worth of people able to secure jobs. When you pause to think about it, that is a remarkable figure: one in 10 Australians have had the opportunity of gainful employment, thanks to the economic management of the Howard government.

In conclusion, I am pleased to commend the budget delivered by the Treasurer and the Howard government to the people of Ryan and to encourage them to keep in focus the key aspects of living in Australia—economic security and family security. If you have a mortgage and are paying it off, it is so important to keep that at the forefront of your thinking when it comes time to choose a government at the next election. I know that there is a lot of talk about the federal Labor Party having good polling figures, but I just ask the people of Ryan and the wider Australian community to ask themselves a question: why take a risk? Rudd equals risk. He is an unknown and untested quantity. He has only been in the parliament since 1998. He has never been a minister and, at the end of the day, it is just not worth the risk. (*Time expired*)

Mr KERR (Denison) (11.41 am)—The budget reply debate permits members to range over a wide field and, on this occasion, I want to put forward a proposal for the consideration of the public as to whether Australia needs to develop a national sexual and reproductive health strategy. There is currently no national sexual and reproductive strategy, although in 2000 the then Commonwealth Department of Health and Aged Care commissioned a report which recommended the development of such a strategy. In December 2005, the Commonwealth Department of Health and Ageing released \$12.5 million for targeted chlamydia screening programs. My proposal is that the department and the community in partnership develop a sexual and reproductive health strategy which takes a comprehensive approach to the population's sexual and reproductive health rather than just focusing on disease and the rate of abortion.

Despite the increasing incidence of sexually transmitted infections, STIs, rape, HIV-AIDS and abortion and the continuing high rates relative to other developed countries of teenage pregnancy, sexual and reproductive health has not been a priority area for Australian governments.

A division having been called in the House of Representatives—

Sitting suspended from 11.43 am to 11.58 am

Mr KERR—The issue I was addressing before the division in the House was a proposal for a national sexual and reproductive health strategy for Australia. I make it plain that I am speaking to an initiative which I understand will be the subject of discussion by the parliamentary committee of which I am a member, the PGPD, the Parliamentary Group for Population and Development. But the idea makes important sense. Currently, the community must negotiate a range of service providers for sexual and reproductive health issues, and that makes access for many difficult, if not impossible. If we had a national strategy on sexual and reproductive health it would address fragmentation of services and ensure a broad and comprehensive approach to sexuality, people and their relationships and access to services.

A national sexual and reproductive health strategy could be underpinned by principles of relevant international declarations and statements which demonstrate the legitimacy of sexual and reproductive rights as a basic human right and which promote education, prevention and early intervention. Of course, those declarations and statements include the Jakarta declaration of 1997, the Ottawa charter of 1986, the Cairo declaration of 1994, the Beijing declarations of 1995 and the IPPF Charter on Sexual and Reproductive Rights of 1998.

The purpose of such a strategy would be to provide a framework for cooperation and support for and between government and non-government agencies, private practitioners, re-

search organisations, service providers, community groups and the wider community to work together on a number of issues, including: improvement of sexual and reproductive health; improvement of the wellbeing and the safety of the Australian community; promotion of respectful, equitable, non-violent relationships; reduction in the transmission of HIV and sexually transmitted infections; reduction in the prevalence of undiagnosed HIV and STIs; improvement in the health care of people living with HIV and STI related chronic diseases; reduction in unintended pregnancy rates; reduction in maternal and neonatal complications associated with early pregnancy; reduction in the discrimination associated with early parenthood; reduction in preventable infertility; reduction in discrimination on the grounds of sexuality and gender identity; reduction in rape and sexual assault through education and prevention; and an increase in the community's access to a range of sexual health services in locations where people actually live.

This is an issue which has an economic as well as a social context. Because of the fragmentation of our approach, we are not providing an effective national response to some of the large issues in the lives of many in our community. I appreciate that this is a difficult area that governments enter with trepidation, but I believe that this is not an issue that can be ignored if we are going to have an effective response in the interests of our community. We have been capable of courage in the past in relation to controversial issues. Australia's record in terms of its national response to the HIV-AIDS issue has put it to the forefront of all countries. We have an enviable record internationally because of the courage, in particular, of Dr Neal Blewett. When he was health minister in the Hawke government of the early 1980s—at a time when many governments dived for cover; and regrettably some still do—Neal Blewett spoke directly and bluntly about the need for an effective program to deal with these issues. He communicated with the people who were most likely at risk of transmission and infection, and opened the window of enlightenment rather than closing the window and allowing the darker prejudices of people to dominate that particular debate.

We should not shy away from the fact that there are literally thousands and thousands, if not tens of thousands or hundreds of thousands, of young men and women and women and men of middle age and even older who do not have access to effective programs that deal with sexual and reproductive health. This is not an issue that is confined to aberrant behaviour; it is an issue that affects the community as a whole and it is one on which a national government can give effective leadership should it choose.

For too long, we have failed to develop a comprehensive strategy for addressing these crucial issues, which many of us wish did not require our attention but we know they do so. It is therefore an issue that I put on the table in response to this budget. I am certain it involves costs in the many millions of dollars in consequences for the wellbeing of the Australian community, with loss of work time, but it also involves the unnecessary destruction of lives. That is not something that we should endure on a continuing basis, and I believe there are inspirational opportunities for Australian governments. We should focus in our responses to the budget, as many speakers have, on the day-to-day consequences of those large macroeconomic decisions. But underlying those large macroeconomic decisions are real human lives and, where there are gaps, we need to identify them. One area where I think it is plain that there is a gap is in the failure, as yet, to develop a national sexual and reproductive health strategy for Australia.

Another area that I want to touch on, which, again, is often shied away from in public debate, is the issue of AusAID and family-planning guidelines. It is an issue which I know the minister is currently considering, but we are one of the few countries in the world which have guidelines that substantially restrict the capacity of AusAID to provide effective family planning in countries to which our aid is directed. Australia has followed the United States. The United States in turn responded to the pressure from the religious right to constrain the way in which their program delivery of overseas aid is offered. It means that Australia and the United States, alone of donor countries, place restrictions on the use of aid funds. It means that, even if a woman is dying or injured from an unsafe abortion, there is no effective way of our aid program intervening and providing effective information and treatment, even if we are engaged in work in other areas of sexual and reproductive health. It is not a sensible framework for us to continue, and I wish that those who are currently engaged in discussions—I understand that there will be a roundtable and a launch on 30 May of a document called ‘The Way Forward’—would encourage further debate in relation to those issues.

I do not pretend to be the author of these ideas; they are shared by many parliamentarians. The secretariat of the Parliamentary Group for Population and Development has provided much of the text that I have referred to in my remarks. It is a bipartisan group which involves many members from the government side—I suspect, actually, there are more from the government side than from the opposition in its active membership—and I am not seeking to make my remarks partisan. It is an issue that requires attention, and I hope that we get constructive outcomes both in beginning a dialogue about the need for a national strategy for sexual and reproductive health and in unwinding some of the constraints that have prevented effective aid delivery as part of our AusAID programs for overseas countries.

The next issue I want to address, which is also an important economic issue, relates only tangentially to that which I have addressed. It relates tangentially in the sense that Australia’s HIV-AIDS program has been enlightened in the area of harm minimisation when it comes to providing, for example, needle exchange programs and education about appropriate and safe means of injecting that minimise the transmission of HIV-AIDS. That is not intended to condone drug-taking behaviour in any way—it is a straightforward and sensible harm minimisation strategy—but it leads into what I think is a failure of our parliament to have a serious economic debate about the manner in which we deal with drug related issues.

In that regard, I commend to the attention of members of the Main Committee and the House at large a recently released report by the Australian Drug Law Reform Foundation, authored by David Collins of the Macquarie University, Helen Lapsley of the University of New South Wales and Queensland University, and Robert Marks of the University of New South Wales, which is the first Australian study to quantify the cost of illicit drug use. The report points out that the illicit drug market draws resources away from legitimate businesses supplying legal goods and services and paying their fair share of taxes. In launching the report, the foundation’s president, Dr Wodak, called for a new national approach to drugs, because law enforcement was failing as a strategy to protect both people and the economy. He said:

The potential for increased business efficiency could lead to greater export competitiveness, better worker and management rewards, higher profits and higher return to shareholders. We know that return on investment is very good with drug treatment, harm reduction and social services. Other governments

around the world have already stopped pretending we can arrest and imprison our way out of this problem.

I am not suggesting that within the matrix of social responses to drug law there is not a legitimate argument that can be put for law enforcement and policing to be part of the strategy. It is a legitimate argument that can be put, but we have failed to look at the other two elements of any sound and effective strategy for education, social education or social messaging and effective targeting of messages to those who are actually users, and we have failed to look at treatment and rehabilitation programs in a way that balances out the equation. We have certainly failed to look at alternative models of dealing with drug law as a whole.

It is important to use the same rigour when we talk about drug law and the way we approach drugs as we do with other social phenomena. It is quite odd that we have not had any Productivity Commission report or any serious analysis by economic institutions of the effectiveness of the institutional way we are seeking to deal with those issues. The report that I have referred to is available from the Australian Drug Law Reform Foundation website at <http://www.adlrf.org.au>, and I would commend it as a starting point for a larger discussion about how we can have a more objective, more rational, economically sound debate about our approach to drug use in our community.

In doing so, I will make a couple of quick remarks about its extent in Australia. There is no doubt that we pretend too often that drug use is an abhorrent social phenomenon. The truth is that we cannot recruit people now into our intelligence services, for example—those we trust with the highest level of responsibility—on the basis that they must be drug free before recruitment. It is simply impossible. There was a scandal when a footballer was reported to have used drugs, and that particular young man's reputation has been the subject of public debate and discussion. I personally wish him well. But we should not pretend that it would not be widespread right across the community—and in the Australian defence forces.

We have just heard reports in the legal profession of a senior lawyer who is alleged to have died as a result of administration of a drug. Again there are outraged reports about drug use within the legal profession. But there is no reason to expect that amongst parliamentarians, amongst lawyers, amongst dentists, amongst doctors, amongst footballers, amongst members of the Australian defence forces, and amongst people in the community as a whole this issue is not one of significance. If we look at the statistics, that must be the case. Statistics show that over a third of the population have used illicit drugs at some stage of their life. We simply cannot imprison and treat as criminals all those persons; it is an absurd approach. So I do commend a starting point for rational debate and economic analysis that allows us to test some of the effectiveness of some of the propositions and deal with what I believe to have become an overemphasis on law enforcement and imprisonment as a solution for a much larger problem.

Finally, to balance this up at the end and put it in some context in the discussion of drugs, there has been a report recently that alcohol, for example, kills an Indigenous person every 38 hours. So we have our scandals and our hysteria about illicit drugs, but, if we know that a legally available drug is killing an Indigenous person every 38 hours, we know that across the population as a whole the greatest harms occasioned to our community are being caused by drugs which are lawfully available. I certainly do not except myself from those issues but I do commend a serious analysis rather than a trivial analysis of this issue.

Dr JENSEN (Tangney) (12.16 pm)—I rise to add my congratulations to the Treasurer for yet another excellent budget. This document is further evidence of strong, disciplined economic management by the Prime Minister and the Treasurer. This government has run an extremely prudent fiscal policy, in stark contrast to the record that Labor has and continues to display at all levels of government. Let us have a look at the rhetoric of the Labor Party and compare that with their so-called economic management and that displayed by the Howard government.

Labor attempt to say that the government has been the recipient of a lucky set of economic circumstances that have resulted in the excellent economic conditions now present in the nation. In their view, clearly, if we had just sat around doing nothing, as they would have done, then the conditions that now apply would have applied under their do-nothing policy. Let us analyse this lucky set of circumstances. First, the set of circumstances we inherited from Labor certainly were not too flash. We had an unemployment rate of 8.5 per cent; it is now 4.4 per cent. We had interest rates of well over 10 per cent; they are now around six per cent. We had a high level of industrial disputation; 547,000 hours were lost in 1995 compared with 132,600 hours lost in 2006. We had an inflation rate around eight per cent; it is now around 2.5 per cent. And, just to add to this terrible heritage left by Prime Minister Keating, we had a \$96 billion debt. The interest bill for this debt alone came to around \$8.5 billion per annum, a staggering amount. In short, the Labor heritage was a disastrous one.

To remedy this heritage, this government put in place a policy agenda which ensured that our economy turned the corner and became the prosperous economy that it now is. What was the response of the Labor Party to the policy initiatives introduced by this government? Given that they now claim to be fiscally and economically responsible, indeed economically conservative, you would think that all of these policy initiatives would have been accepted by them with alacrity. Not so. The opposition, true to the term, opposed all of the measures that we wanted to introduce in order to set up the prosperous society we live in. Later, I will touch further on how Labor are now saying that they will adopt our economic policies.

How about Labor's view that we have inherited a fortunate set of circumstances—circumstances that have led to our time in the economic sun? In October 1997, there was the Asian economic meltdown. Who remembers Nasdaq and the dotcom crisis of 2000, which led to recession in many parts of the world? Yes, we sure were lucky in the early part of this government's tenure as far as the world economic situation was concerned, weren't we? What were we doing during that time? We were having balanced budgets or budget surpluses, reducing inflation, reducing unemployment and increasing wages. However, this did not come about by sitting on our backsides with our minds in neutral. No, we did what was required, which meant hard work, hard thinking and making tough decisions—something that is anathema to those opposite.

Maybe we just fell on our feet in the early part of this century and the good economic performance of this government was largely the result of a brilliant confluence of world strategic and economic situations. Once again, the record indicates that nothing could be further from the truth. September 11 2001 is a date which is firmly fixed in the minds of the majority of the planet's inhabitants. The US and many other nations had recessions, but not Australia. But surely things were fine after that. In 2002 there was SARS, which went into the second half of 2003, severely damaging tourism, which had already been damaged by the collapse of Ansett

Airlines in March 2002. This period also saw conflict in Afghanistan and Iraq, as well as many Australians killed in Bali in 2002.

We had the bombing of the Australian Embassy, Jakarta, in 2004. What was happening in Australia in terms of our economic and social performance? Lower interest rates, more jobs, lower unemployment, increasing wages and lower taxes—yes, we also had reducing tax rates. In addition, we continued to pay off Labor's debt. In 2005 Bali was bombed again, as well as London being bombed. The drought that had started a few years previously showed no signs of abatement at that stage. This, remember, has been the worst drought since Federation. What was the government doing? Finishing paying off Labor's debt, increasing employment, reducing unemployment and ensuring higher wage outcomes and continuing low interest rates, lowering taxes and setting up the Future Fund. We also put in place a workplace relations system that has significantly added benefits to all Australians—lower unemployment, higher wages, lower industrial disputation and very flexible working conditions, which have been fantastic for lifestyle changes among workers who desired these more flexible working arrangements. What has Labor's response been to the required changes in legislation? To oppose them.

As can be seen, while we have had a minerals boom over the last few years, these years have not been a period of worldwide bounty and high economic growth. We have been the standout economy over this period. Labor tell us that things would have been as good with them, because they have now adopted a 'me too'—or, in Austin Powers's terminology, a 'Mini-Me'—attitude. There are a few points that clearly demonstrate that this is arrant nonsense. First, there is Labor's record of opposing all the changes that have made our economic high performance possible.

Labor members now have the view that they will adopt our economic policy and all will be well with their world of economic management. Unfortunately for them and for an Australian electorate that chooses to elect them, this is not true. Economics are not static and, by simply adopting and then not reforming our economy, we would move backwards. For instance, Australia performed well economically in the 1960s, but does anyone think that adopting the Menzian economic policy, successful as it was at the time, would lead to good economic performance today? The simple fact is: just to keep pace in the world today economically you need to move forward with reform. The economy is like a boat on a river: you need to have some forward momentum, which could also be called economic reform, just to remain stationary. To move forward on that stream requires real effort and skill. This is something that is beyond the ken of the Labor Party.

Do you think I am just pushing a scare story? Let us consider Labor's economic performance at the state level as a guide to how they would be likely to perform federally given the same pro-union, pro-pattern bargaining proclivities. During the time that the federal government has paid off Labor federal debt and run budget surpluses, on a collective level the state Labor governments have run up multbillions of dollars of debt. They have been so inept in economic management that they have pushed housing prices up significantly through a complete lack of understanding of even the basics of supply and demand in their land release policies. They are in debt, in some cases approaching economic basket case status, despite this minerals boom which is supposedly the only reason we are prospering federally.

In fact, the Howard government legislated a GST for the express purpose of giving the states a growth tax. What a squandered opportunity by the states! What a complete and utter waste! In fact, the state Labor governments have been so delinquent in their responsibilities that we have had to initiate programs such as Investing in Our Schools to make up for state Labor neglect in fundamental infrastructure required by our children in education. Then, to add insult to injury, the state Labor governments rip off these schools by charging them an administrative fee for the privilege of having the Howard government pay for infrastructure that the state Labor government should have paid for. This is a disgraceful case of economic mismanagement. Yet the same people now want you to hand the reins of the federal economy to them so that they can do similar or worse damage.

Do you want to know what will happen if Labor get in federally? Not only will there be economic disaster so that social health and education programs will not be adequately funded but the GST rate can be increased with ease as well. I never thought I would be faced with a prospect of all state and federal governments having the same political persuasion, but we face the nightmare prospect of wall-to-wall Labor governments. I shudder at the thought. Imagine the untrammelled power of the unions. There is no clearer point of differentiation between the coalition and Labor governments, both state and federal, than this. The coalition policies are aimed at all Australians. Labor's are always aimed at specific interest groups or those who can best assure the re-election of Labor. Who can forget the infamous Kelly white-board? It was a shining example of how Labor manages our money strictly in the interests of the Labor Party.

I have had many positive reactions from the constituents of Tangney to this budget. Many are families whose sons and daughters are in the process of entering the jobs market. The success of the coalition in producing historically low levels of unemployment is resulting in most of these young people not only being able to get a job but actually having a choice of jobs. Unemployment in Tangney in December 2006 quarter was an outstandingly low 2.3 per cent. This is a truly remarkable figure and a direct result of the economic policies of the federal government.

That is the record of coalition governments, and the 2007 budget is no different. As well as reducing Labor's recession-driven unemployment levels, what else has the federal coalition done for businesses in Tangney? Many people in Tangney run small businesses, the sector for which the Labor Party has no understanding or interest. There are about 4,600 businesses in Tangney employing people. A vast majority employ fewer than 100 people, so the industrial relations reforms have been a godsend. These small businesses have been able to benefit by moving away from the union dominated one-size-fits-all system of compulsion beloved of Labor, and they are thriving. These are often family businesses in which people have put all their money to make a go of business and to create employment. I seek leave to continue my remarks later.

Leave granted; debate adjourned.

ADJOURNMENT

Mr NEVILLE (Hinkler) (12.30 pm)—I move:

That the Main Committee do now adjourn.

Shortland Electorate: Historic Shipwrecks

Ms HALL (Shortland) (12.30 pm)—It has come to my attention through local divers and fishermen in my electorate that a ship, the *Shin Sanyo Maru*, which was awaiting entry to Newcastle Harbour, was anchored around 3½ kilometres off Catherine Hill Bay, which is in the Shortland electorate. The issue surrounding this ship is not that it was waiting to get into the harbour; rather, that it was anchored over a historic wreck, the wreck of the tug *Advance*, one of 7,000 historic shipwrecks around Australia. Mr Deputy Speaker, I will give you a little history of *Advance*. It sunk at 6.15 on Christmas Day in 1908. It had gone out to bring the *Iverna*, a four-masted barque, into Newcastle Harbour. It was east off Catherine Hill Bay, seven nautical miles south-west of Nobby's. It was a calm day but, just as the tug threw its line across to the ship, a strong swell came up and the tug capsized, the boiler blew up and the tug sank. Lifebuoys were thrown from the *Iverna* to help the eight crewmen who were on the tug. The *Iverna* proceeded to Newcastle but, unfortunately, seven of those eight crewmen died. The second mate, Willis, was washed up on Redhead Beach—which is also in the Shortland electorate—and wreckage was washed up on Newcastle and Merewether beaches. The other seven sailors were never found. So the wreck is quite historic and should be preserved.

When I was looking into the issue of this wreck, I found that there is a lot of uncertainty about where these wrecks are located around our coastline. The Heritage Council of New South Wales has a shipwreck atlas but it is not a detailed map of where the wrecks are. The federal heritage department knows where some are but does not have the full picture. It is the responsibility of the federal department, but some responsibility has been delegated to the New South Wales Heritage Council. Because of this uncertainty about responsibilities and because of the lack of information, these historic wrecks are in danger of being destroyed; they are danger of being lost forever. What happens is that the masters of visiting ships are given inadequate information on where the wrecks are—and given what I have just told the House you can see why it is inadequate. No-one knows. I think some urgent action is needed to get around this problem. I have to say in relation to the *Shin Sanyo Maru* that the agents, NYK, were very responsible and acted in cooperation with the Newcastle Port Authority when it was found that the ship was anchored over the wreck. But the issue is much bigger than that.

What I propose to the House today is that we see some certainty. Maybe the state and federal governments can get together to talk about this issue, because it is part of our history and it is part of the heritage of this island nation we live in. I would like to suggest—and I have spoken to the member for Hinkler about this also—that, at the next ministerial council meeting, the minister, with his state counterparts, form a state and federal mapping committee to look at the issue of historic wrecks. In addition to that, I will be writing to the minister, because in an area such as the one I live in and in the electorate I represent there are many wrecks off the coast. In fact, there are 500 wrecks off the coast of the area I live in, so I think we need to act on this. We need to protect our history and the heritage of the area.

Gilmore Electorate: Kangaroo Valley Anzac Day Essay Competition

Mrs GASH (Gilmore) (12.36 pm)—Each year it has been my practice to read into the record the Anzac Day essays of young students from Kangaroo Valley Public School. I am always delighted to do that because it shows that they too are part of the make-up of what it means to be an Australian. As well, it is always important to reinforce why we need to make

every effort to ensure that the Anzacs should never fade from our collective memory. Sometimes the simplicity of a child's language is so eloquent that it gives true justice to that memory.

This year I have four contributions. Patrick O'Connor is in year 4, and this is some of what he wrote:

It was one week into battle and over 8,000 people had wounds, disease or even had died.

The smell of death and gun powder.

They didn't have proper toilets so they really struggled back then.

There was not much water and they couldn't open a can of bully beef without blowflies trailing them.

There was a man called Simpson that collected the dead or wounded on the battlefield.

One day he found a donkey and started feeding it and getting it ready to go on to the battle and collect the dead and wounded or the ones that had disease.

He only lived about 8 weeks doing this job until he got shot.

Cameron Leslie, year 5, contributed the following:

Very few soldiers stayed behind.

The Red Cross and Salvation Army wrote to those who received no letters.

The men that stayed manned huge searchlights, manned the docks, defended Australia and ran uniform factories.

If you didn't sign up, you were sent a white feather which meant that you were a coward.

People who worked in essential industries like timber cutting or you're a doctor that was too old to go to war, you would stay home to do your job.

Retired men were brought back to work and married women were allowed to teach.

Children made scarves, socks and other clothes.

They were taught first aid and how to bandage wounds.

They were taught how to get people on to a stretcher.

They dug trenches in the playground and had turf on tin to pull across the trenches if being bombed.

Some teenagers worked in uniform factories.

Sophie McGregor, also of year 5, spoke of the experience on the home front. She said:

The women were always excited to receive mail but some women didn't want to receive mail about how a son or husband died.

The women were enlisted in jobs like the Women's Land Army, teaching, working in food canneries and making bombs in factories.

The chemicals in the bombs made their skins turn yellow.

In 1943, 2,000 women were sent to the food canneries to package bully beef and send it over to the war.

The women used things around the house to make clothes because cloth was rationed.

When it came to food, all the women had ration books and identity cards.

Laura Kent is in year 6 and she too described life during World War II in Australia, writing in the first person. She said:

Things were pretty bad to start off with because people were unemployed, miserable and sad because of the Great Depression, so some people were happy when they were called in to work in a job.

Everything Australia did between 1939 and 1945 was for the war effort.

I went to Red Hill school where we made scarves, socks, camouflage nets, pound cakes, balaclavas and bandages, which were picked up every Friday by a truck and then sent overseas.

In 1943 they started serving us school lunches so we had more energy and cuts and bruises healed quicker.

They consisted of a salad sandwich, a piece of fruit and a bottle of milk.

Mum often didn't get home to five o'clock if the fixed amount of cans weren't filled so my sister and I usually cleaned the house and prepared dinner.

Food was rationed, so on Thursday afternoon, we would walk to town and collect our food for the week.

We had a ration book so that every time we bought rationed food, the shopkeeper would mark it off in our book.

First we went to Mr Greens and bought some vegies and fruit that weren't rationed and gave us nutrients.

Then we went to the butchers and asked for some pork but it was rationed and we had already had our pork for the week so instead we got beef.

I am indebted to the students of Kangaroo Valley Public School for their interest and involvement. A special thank you to Joan Bray for getting the material together. It is exercises like these that make Anzac Day relevant to our younger generation. Well done to all students at Kangaroo Valley Public School who participated and to Mr McCarthy, the principal, and teachers. I am extremely proud of you all and your school.

In the few minutes I have left allocated to me, I place on record how well Gilmore is serviced by its schools, both state and private. As a federal member, we are used to receiving complaints from many different areas. However, when it comes to schools, I can honestly say we hear nothing but praise from both the parents and the community as a whole. Kangaroo Valley Public School is particularly community minded—something that does not go unnoticed—and, by its involvement, sets a very high standard for other schools to follow. Well done, Kangaroo Valley Public School.

Commonwealth Dental Scheme

Mr MURPHY (Lowe) (12.40 pm)—According to a report in the *Inner West Courier*, published on 15 May 2007, a resident from my electorate of Lowe wondered aloud what thousands of my constituents are asking privately about the state of dental care in Australia. Phil Divola stated:

I cannot understand why senior people in this land where we're supposed to be of plenty, have to turn around, cap in hand, to get the treatment that we ask for.

Mr Divola's comments are timely indeed. Thanks to the tax-paying men and women of Australia, including in my electorate of Lowe, this high-taxing federal government is rolling in our money. It is a government that frolics in billions of dollars of budget surpluses, which consist predominantly of money paid to the government by ordinary Australian taxpayers. Yet many of these taxpayers and pensioners, who are doing it tough in this age of high petrol prices, high food prices and high housing prices, still have to turn around, cap in hand, to get the basic necessities, including education, medical treatment and, like Mr Divola, dental treatment. These are basic necessities that we rightly expect from a government rolling around in our money.

One of the first steps undertaken by the Howard government in 1996 was to abolish the very successful Commonwealth dental scheme—a scheme which had helped reduce public dental waiting lists. Now, 11 years later, Australians are paying the price. The facts are simple. A report by the Australian Council of Social Service has identified over 650,000 Australians on public dental waiting lists. The names on these lists seem to have been etched in stone. Australians have been waiting on these seemingly motionless lists for an average of 27 months. This is completely unacceptable, but it only scratches the surface. The report also identified a further 40 per cent of adults who have gone without dental care because of the prohibitive costs involved. If these facts were not sobering enough, we are facing alarming rises in the levels of tooth decay amongst our children. As the state of our teeth gets poorer, there has been an equal and opposite reaction from the dental care system so that treatment is now less accessible. That is outrageous. What is the minister's response to all this? The Minister for Health and Ageing is quoted as saying:

The government believes that it has already taken sufficient action in this area.

If the minister is talking about eroding the public dental health system, he is certainly correct. The government has taken sufficient action to erode it. Despite having overarching responsibility for health care and grabbing whatever power it can from the states at every available opportunity, the health minister insists that dental care remains the purview of the states. He has told members of the public time and time again that dental care is the responsibility of the states. Perhaps the minister could take a cursory glance at our Constitution, section 51:

The Parliament shall, subject to this Constitution, have power to make laws for the peace, order, and good government of the Commonwealth with respect to:

(xxiiiA.) The provision of maternity allowances, widows' pensions, child endowment, unemployment, pharmaceutical, sickness and hospital benefits, medical and dental services ...

Rather than wasting our money on government advertising, I ask the health minister to spend it prudently on matters for which he actually has responsibility, including dental care. Many Australians are often the silent victims of the constant blame shift and feuding between the states and the federal government. We need leadership to be shown in those areas where leadership clearly does not exist. After all the minister's hot wind and bluster about dental services being a state responsibility, it was pleasing to see money allocated to dental care in the 2007-08 federal budget. But the money has been allocated in such a way that very few people with dental problems will get what they need. Under the government's initiatives, patients will need to go through the rigmarole of showing (1) they have a condition with complex care needs (2) they have a dental problem which significantly adds to the seriousness of their medical condition and (3) they are receiving care from a GP under a written management plan—all this just to get a tooth fixed!

The government's Chronic Disease Management program, under which this dental funding will be allocated, is so poorly designed that very few people have used it since its inception in 2004. There is nothing in the government's budget which will address the crisis in dental care and public dental waiting lists. There is nothing in the budget which will establish preventative dental care services or an education campaign for children and their parents. Rather than wasting millions of our dollars spruiking government's policies, why doesn't it launch an advertising campaign on dental care and dental hygiene? The government has sat on its hands for 11 long years. It may sit on them a little longer so that it can make cunning, cynical an-

nouncements on dental care in the lead-up to the next federal election. We will never know. I call on the Howard government today to immediately restore the Commonwealth dental scheme. I call on it to immediately invest money into getting people off public dental waiting lists and into a dentist's chair. Only that way will those on public dental waiting lists be able to eat and talk without discomfort and avoid the more complex health issues that come with untreated dental problems. The government must act today. (*Time expired*)

Western Australia: Public Housing

Mr RANDALL (Canning) (12.45 pm)—I wish to refer to the Western Australian public housing crisis. It is no secret that Western Australia has a booming economy, chiefly led by the growth in the mining and resources sectors. But this boom is not the only reason for the state's deepening housing affordability crisis. Families, literally living on the streets, are on waiting lists of up to a year for any relief through public housing as a result of the state Labor government's inability to make adequate land releases and maintain public housing stocks.

Constituents are calling or coming to my office almost daily in despair because they are not able to secure government housing. For example, in one case a young man, Mr Aaron Jolley, and his two-year-old daughter are living out of a car. Often this father is able to park the car in a friend's driveway; however, he and his toddler daughter are forced to sleep in the car simply because there is no other option. Following an appeal to the Department of Housing and Works, the father has been placed on the priority housing list; however, realistically it may be some months, possibly a year, before this man can secure suitable accommodation. In the interim, Crisis Care and the Department of Community Development have been unable to assist in providing any type of accommodation, despite the need for his young daughter to be in a safe and stable environment.

In another case, a young mother, her partner and three young children are living in a leaking caravan in a friend's driveway during the cold winter months. The *West Australian* reported this week that Anglicare crisis accommodation requests 'had jumped from five a week five years ago to five a day in the past six months' and the Access Housing Association claims that calls received from desperate homeless people looking for accommodation has tripled in the last six months.

It is a vicious circle. Limited land releases have pushed prices up, limiting the ability of people to purchase their own home and therefore tightening up the rental market. Demand and the excessive land tax charged by the Western Australian government have seen increases passed on to tenants and rents soar. The median rental price in Perth for a three-bedroom home is \$270 per week, a massive 17.4 per cent rise from the preceding 12 months, which is more than double the increase of any other capital city throughout the country. The tight and expensive rental market has seen demand for public housing escalate almost to a point of no return. The Homeswest waiting list increased by 1,200 applicants in the last six months of 2006; in December last year there were almost 15,000 people on the waiting list and this would have increased no doubt in the first few months of 2007. In the south-east metropolitan region there are 825 people waiting for public housing in an area that covers Armadale, Brookdale, Serpentine, Seville Grove and Southern River.

Despite the clear increase in demand over the last two years, there has been, unbelievably, a decline in public housing stocks. The Carpenter government has simply turned a blind eye. The state opposition has been loud in its claims that the problem has been ignored and has

criticised the Minister for Housing and Works, Michelle Roberts, for glossing over the issue by making small announcements of a few additional units here and there which make no dent in the problem.

Families in this dire situation see little hope. Emergency shelters are full and the waiting lists for public housing are so long that people are forced to live with relatives, if they are lucky; in other cases parks are the only option. Whilst the state government has announced plans to increase public housing stocks by 1,000 over the next four years, it is too little too late. The writing was on the wall a long time ago and both the Gallop and the Carpenter governments have failed to address the problem. The WA Council of Social Service Executive Director, Lisa Baker, told the *West Australian* this week that housing stock needed to be increased by 3,300 each year to meet demand.

The preliminary report handed down in January this year by Western Australia's Housing Affordability Taskforce entitled *Western Australia's Housing Affordability Crisis* concluded that land supply constraints rather than excessive demand have been the root cause of the rapid decline in housing affordability. As the task force surmised, the state Labor government needs to be held to account for its failure to allow adequate supply of land, its failure to heed warnings about inadequate land supply and the extensive delays in the planning system for approvals and be accountable for the subsequent land supply problems. It said:

Any Government would have struggled to get an adequate supply of land on to the market in recent times in Perth and in Western Australia in general. However, it could have been done and it has been done by other governments when confronting similar problems.

In order to address the crisis, the Labor Government would have to have given top priority to sustaining housing affordability, recognised the fact that it faced a land supply problem, acknowledged this was caused by faults in the planning and approval process and been willing to do what it takes to get land on to the market.

In 2005-06 the state government collected just over \$1.8 billion in taxes from stamp duty. This was the biggest source of taxation revenue collected. Even without adding in the revenue collected from land tax, a small portion of this invested back into public housing would have gone a long way towards getting families into safe and stable homes. Despite house prices in Perth more than doubling in the last five years it was not until two weeks ago that the state government made any changes to stamp duty thresholds. Housing affordability has become such an issue that only 970 first home buyers entered the market in February 2007. (*Time expired*)

Indigenous Affairs

Ms GRIERSON (Newcastle) (12.50 pm)—I rise to speak on the eve of two important anniversaries for our nation's Indigenous people: the 40th anniversary of the 1967 referendum and the 10th anniversary of the *Bringing them home* report. Firstly, I acknowledge the Ngunnawal people, the traditional owners of this land where the Australian parliament now meets, and I regret the absence of any formal acknowledgement in the everyday proceedings of this parliament. I would also like to offer my condolences to Warren Mundine and his extended family for their recent loss of his father, Roy Mundine.

Forty years ago, on 27 May 1967, a referendum was held to remove two negative references to Aboriginal Australians from the Constitution, opening the way for greater Commonwealth involvement in Indigenous affairs. With a 90.77 per cent yes vote, this was the most

successful referendum in Australian history. But the 1967 referendum is part of a much longer story of activists, Indigenous and non-Indigenous, working to improve the lives of Indigenous Australians. There were always Indigenous people who fought against discrimination and the loss of their land, and I would like to draw the attention of the House to the work of Dr John Maynard, the Chair of Aboriginal Studies and head of the Wollotuka School of Aboriginal Studies at the University of Newcastle.

Dr Maynard's traditional roots lie with the Worimi people of Port Stephens, just north of Newcastle. His PhD thesis, 'Fred Maynard and the Awakening of Aboriginal Political Consciousness and Activism in Twentieth Century Australia', traces the life of his grandfather, Fred Maynard. Having witnessed the mass revocation of Aboriginal reserve lands across the state and the rapid escalation of the forced removal of Aboriginal children from their families, Fred Maynard founded the Australian Aborigines Progressive Association in 1924. Many of the 1924 demands of the AAPA still resonate today, and are still unmet.

Coinciding with the rise of Aboriginal political voices was the mobilisation of a growing number of white philanthropic, humanitarian and Christian reformists. The AAPA had two such supporters in Elizabeth McKenzie Hatton and a Newcastle newspaper editor, John J Moloney, who actively supported the AAPA and gave concerted media coverage to the new Aboriginal leadership. Fred Maynard and the AAPA paved the way for future Aboriginal activists and movements, like William Cooper, who formed the Australian Aborigines League and held the first Day of Mourning on Australia Day 1938; and Faith Bandler, who throughout her life campaigned for Aboriginal and Islander rights through the Aboriginal-Australian Fellowship and later the Federal Council for the Advancement of Aborigines and Torres Strait Islanders.

After decades of this campaigning, Australians voted a resounding yes in 1967, believing that they were giving Indigenous Australians a 'fairer go' in their own country. The referendum was billed as a watershed, 'changing forever the social and political relationship between Aborigines and non-Aborigines'. The passage of the referendum raised Indigenous expectations that the Commonwealth would act to improve their situation. But on the eve of the 40th anniversary of the yes vote, there seems little to celebrate. Even the most cursory glance at any one of the social and economic indicators for Indigenous Australians would attest to the ongoing failure of successive federal governments to live up to expectations.

There have of course been significant achievements. Who can forget Prime Minister Gough Whitlam pouring a handful of sand through Vincent Lingiari's hands at the handing back of the Gurindji's traditional lands in 1975 or Eddie Mabo's victory in the High Court in 1992 which finally overturned the fiction of terra nullius and laid the legal framework for native title? And who could fail to be moved by the personal pain and loss of the stolen generations who recorded their stories in the *Bringing them home* report, which revealed the devastating extent of forced removal policies that went on for 150 years into the early 1980s? But 10 years after that report of the national inquiry into the separation of Aboriginal and Torres Strait Islander children from their families was tabled in this parliament, the Prime Minister of this nation still cannot say 'Sorry'. Hundreds and thousands of Australians have signed Sorry Books and attended Sorry Day events and 1.5 million Australians walked in support of the stolen generations and reconciliation, but our Prime Minister and his government remain silent. After 10 years, just two of the 52 recommendations in that report have been fully imple-

mented. The National Sorry Day Committee has this year called for a campaign of action to bring about the justice and equity still denied to the stolen generations and members of their families and communities.

Mr Keenan interjecting—

Ms GRIERSON—I say to the member opposite: find compassion, not arrogance; it does you no credit. The Howard government has an appalling track record in Indigenous affairs. It is reconciliation and empowerment that are needed, not paternalistic benevolence. It is time to renew the spirit of hope and humanity in this nation.

In the brief time I have left, I would like to note that I have just received from Mark Vaile, the Deputy Prime Minister, an announcement of funding to Yarnteen Aboriginal and Torres Strait Islanders Corporation for its Indigenous Creative Enterprise Centre. I register my support for this organisation, which does a wonderful job for Indigenous people in the Newcastle and Hunter region.

Western Australia: Roads

Mr KEENAN (Stirling) (12.56 pm)—I rise to talk about an issue that I have discussed in this chamber many times before—the Reid Highway-Mirrabooka Avenue intersection. This intersection has been a black spot in my electorate for many years. It has been the subject of much sound and fury in my electorate, as successive politicians who have represented the area have promised to do something about this terrible black spot. My predecessor, Jann McFarlane, promised in the election campaign of 2004 to address this black spot. Indeed, I have here the document that promised it. It says:

Federal MP for Stirling Jann McFarlane has secured a commitment for \$6 million from the Latham Labor Government to fix WA's worst black spot—the Reid Highway/Mirrabooka Avenue intersection.

It also says:

A Federal Labor Government will work in partnership with the WA Government to deliver this project and the two levels of government will contribute equally.

I have taken up this issue since I was elected in 2004. Funnily enough, the sound and fury from the former member has been joined by the local state Labor members, who constantly talk about the issue but have never delivered one dollar of funding to address it.

Another newsletter has recently gone out in my electorate from Senator Chris Evans and Senator Webber. It has a picture of Labor's federal finance spokesman, Lindsay Tanner, who visited this black spot at the Reid Highway-Mirrabooka Avenue intersection. It says that local residents have been campaigning for action to improve safety at this intersection. It reminds the people of Stirling that at the 2004 federal election the federal Labor government committed to work with the state Labor government to build an overpass and save lives. It says that the shadow minister was very concerned and said that this issue was very important to Labor and they would keep working to improve road safety in the Stirling community. Yet, lo and behold, even though federal and state Labor Party members have talked about this issue for years, not one dollar has been allocated by the state Labor government to construct this road.

Mr Gibbons—How much has the federal government allocated?

Mr KEENAN—I am very glad you asked that question. I am very happy to report to you that, in this year's budget, \$10 million has been allocated by the Howard government for the construction of an overpass. Now \$10 million will not build the overpass at the Reid High-

way-Mirrabooka Avenue intersection. We need the state Labor government to fulfil the commitment that they have consistently given to my electors to build an overpass. They have always said that we cannot build it unless the Commonwealth government is prepared to allocate some money. I think that is purely an excuse for their inaction. Unfortunately, that is what we are now seeing—the Commonwealth government has allocated \$10 million and the state Labor government has come forward and argued about the process.

The Reid Highway is 100 per cent the state Labor government's responsibility, yet it has failed to do anything about it. In desperation, I have spent time lobbying my colleagues in the government to come to the party and allocate some money towards this overpass. That is what we have done. Now I get feedback that the state Labor government is not going to take up this offer. It has until the middle of June to take up the offer, because the money needs to be expended by the end of this financial year. The residents of my electorate are about to find out how seriously the state Labor government takes their safety. An overpass should have been built many years ago. This overpass will serve areas of my electorate that have traditionally voted heavily towards the Labor Party. Because these are what would be considered to be safe Labor areas, the state government believes that it does not need to take their needs seriously and that these people will just continue to vote it in.

Over the next few weeks, I will be running a campaign to get the state Labor government to fulfil their responsibilities to my constituents and to fulfil the promise they have consistently made. I do not want to talk about statistics. The Labor state government would say, 'More people were killed and injured at another Perth intersection, so we are not going to build this overpass.' I want them to listen to my community. I have been running an online poll asking people to support me and to encourage the state Labor government to fulfil their commitment, and I have had hundreds of responses. I ask that the state Labor government fulfil the commitment that they have consistently given. (*Time expired*)

Question agreed to.

Main Committee adjourned at 1.01 pm

QUESTIONS IN WRITING

Industry, Tourism and Resources: Credit Cards (Question No. 4403)

Mr Kelvin Thomson asked the Minister for Industry, Tourism and Resources, in writing, on 14 September 2006:

- (1) How many credit cards have been issued to employees of the Minister's department and agencies in each financial year since 1 July 2000?
- (2) Of the credit cards identified in Part (1): (a) how many have been reported lost; (b) how many have been reported stolen; (c) have any been subject to fraud; if so, what was the total cost of each fraud incident; (d) what is the average credit limit for each financial year; (e) what was the total amount of interest accrued; and (f) have any employees been subjected to criminal proceedings as a result of credit card fraud.

Mr Ian Macfarlane—The answer to the honourable member's question is as follows:

Please see attachments.

DITR

Financial Years		2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07 (as at 29/11/06)
Part 1	Number of Active Cards Of the Credit Cards Identified in Part 1	112	137	494	853	1151	1280	1309
Part 2a	No. of Cards Reported Lost	0	0	0	0	36	73	2
Part 2b	No. of Cards Reported Stolen	0	0	0	0	7	22	0
Part 2c (i)	Cards Subject to Fraud	0	0	0	1	0	3	1
Part 2c (ii)	Total cost of each Fraud Incident	0	0	0	\$79	0	1. \$1,354 2. \$ 31 3. \$2,811	\$30
Part 2d	Average Credit Limit per month	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Part 2e	Interest Accrued	\$7,889	\$1,090	\$2,504	\$1,186	\$10,561	\$2,841	\$1,268
Part 2f	Employees subject to Criminal Proceedings	Nil	Nil	Nil	Nil	Nil	Nil	Nil

IP Australia

Financial Years		2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07 (as at 29/11/06)
Part 1	Number of Active Cards Of the Credit Cards Identified in Part 1	Data n/a	49	239	19	27	29	33
Part 2a	No. of Cards Reported Lost	0	0	0	1	1	0	0
Part 2b	No. of Cards Reported Stolen	0	0	0	0	1	0	0
Part 2c (i)	Cards Subject to Fraud	0	0	0	0	0	0	0
Part 2c (ii)	Total cost of each Fraud Incident	0	0	0	0	0	0	0

QUESTIONS IN WRITING

Financial Years		2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07 (as at 29/11/06)
Part 2d	Average Credit Limit per month	Data n/a	\$35,000	\$11,000	\$10,000	\$10,000	\$9,000	\$9,000
Part 2e	Interest Accrued	0	0	0	0	0	0	0
Part 2f	Employees subject to Criminal Proceedings	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Geoscience

Financial Years		2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07 (as at 29/11/06)
Part 1	Number of Active Cards Of the Credit Cards Identified in Part 1	11	12	9	21	10	13	9
Part 2a	No. of Cards Reported Lost	0	0	0	0	0	0	0
Part 2b	No. of Cards Reported Stolen	0	0	0	0	0	0	0
Part 2c (i)	Cards Subject to Fraud	0	0	0	0	0	0	0
Part 2c (ii)	Total cost of each Fraud Incident	0	0	0	0	0	0	0
Part 2d	Average Credit Limit per month	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Part 2e	Interest Accrued	0	0	0	0	0	0	0
Part 2f	Employees subject to Criminal Proceedings	Nil						

National Offshore Petroleum Authority

Financial Years		2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07 (as at 29/11/06)
Part 1	Number of Active Cards Of the Credit Cards Identified in Part 1	0	0	0	0	5	6	6
Part 2a	No. of Cards Reported Lost	0	0	0	0	0	0	0
Part 2b	No. of Cards Reported Stolen	0	0	0	0	0	0	0
Part 2c (i)	Cards Subject to Fraud	0	0	0	1	0	3	1
Part 2c (ii)	Total cost of each Fraud Incident	0	0	0	0	0	0	0
Part 2d	Average Credit Limit per month	0	0	0	0	\$5,600	\$5,000	\$5,000
Part 2e	Interest Accrued	0	0	0	0	0	0	0
Part 2f	Employees subject to Criminal Proceedings	Nil						

Tourism Australia

Part	
Part 1	Number of Active Cards Of the Credit Cards Identified in Part 1
Part 2a	No. of Cards Reported Lost

Information not available.
Tourism Australia does not keep financial year records on lost cards. Records are on an account number basis i.e. a notation that the account is closed.

Part		
Part 2b	No. of Cards	0
	Reported Stolen	0
Part 2c (i)	Cards Subject to Fraud	1
Part 2c (ii)	Total cost of each Fraud Incident	The cost incurred by Tourism Australia for this fraud incident will be a maximum of \$1,000. The incident was not fraud by an employee
Part 2d	Average Credit Limit per month	\$10,897 **
Part 2e	Interest	0
	Accrued	
Part 2f	Employees subject to Criminal Proceedings	Nil

Notes:

* Tourism Australia does not have records of yearly issuance of credit cards.

** Tourism Australia does not have records of yearly average credit limits.

National Code of Practice for Closed Circuit Television Systems
(Question No. 5443)

Mr Melham asked the Minister for Transport and Regional Services, in writing, on 15 February 2007:

- (1) What progress has been made in implementing the September 2005 decision of the Council of Australian Governments to develop a National Code of Practice for Closed Circuit Television Systems for the mass passenger transport sector.
- (2) How will the Commonwealth Government monitor compliance with the National Code of Practice.

Mr Vaile—The answer to the honourable member's question is as follows:

- (1) The National Code of Practice for CCTV Systems for the Mass Passenger Transport Sector for Counter-Terrorism was approved by the Council of Australian Governments on 14 July 2006. The Code is available online at:
[<www.coag.gov.au/meetings/140706/#related>](http://www.coag.gov.au/meetings/140706/#related).
- (2) The Code is designed to be applied on a voluntary basis using a risk based approach. The Code allows each jurisdiction (state and territory) to determine and apply its own requirements for counter-terrorism purposes, taking into account its own overall priorities for the application of resources to wider counter-terrorism initiatives. The balance will depend on the threat, risk and vulnerability associated within the particular operating environment and other existing counter-terrorism arrangements, plans and capabilities.

Airport Security
(Question No. 5530)

Mr Martin Ferguson asked the Minister for Transport and Regional Services, in writing, on 20 March 2007:

- (1) In respect of the operation of the Aviation Transport Security Act 2004 (the Act), (a) what criteria under section 2.23(2) of the act determine which airports are required to provide increased fencing and barriers to prevent entry to airside areas and (b) what fencing and barriers are required under those criteria.
- (2) Under section 2.23(2) of the Act, (a) which airports are required to provide increased fencing and barriers to prevent entry to airside areas and (b) what were the domestic passenger movements at (i) each of these airports and (ii) Avalon Airport for the 2005-06 financial year.

Mr Vaile—The answer to the honourable member's question is as follows:

The Aviation Transport Security Act 2004 does not contain a section 2.23(2).

However, the Regulations made pursuant to the Act require that an airport Transport Security Programme must specify the specifications of a barrier to deter unauthorised access to the airside and that the airport operator construct and maintain barriers to these specifications.

Airport Security
(Question No. 5533)

Mr Martin Ferguson asked the Minister for Transport and Regional Services, in writing, on 20 March 2007:

Which Australian airports are classified as Counter-Terrorism First Response airports and what were the domestic passenger movements at (a) each of these airports and (b) Avalon Airport for the 2005-06 financial year.

Mr Vaile—The answer to the honourable member's question is as follows:

Counter-Terrorism First Response (CTFR) Airports	Domestic Passenger Movements 2005-06 ¹
Adelaide	5,419,440
Alice Springs	605,073
Brisbane	12,369,032
Cairns	2,875,229
Canberra	2,550,129
Darwin	1,102,924
Gold Coast	3,304,526
Hobart	1,605,978
Melbourne	16,787,596
Perth	5,025,504
Sydney	19,328,709

The domestic passenger movements for Avalon Airport are not publicly available.

¹ Source: Bureau of Transport and Regional Economics Avstats

Airport Security
(Question No. 5537)

Mr Martin Ferguson asked the Minister for Transport and Regional Services, in writing, on 20 March 2007:

- (1) What criteria are used to determine which airports will be required to implement 100 per cent check bag screening for domestic services from 1 August 2007 and which airports will be required to implement the service.
- (2) For (a) each airport identified in Part (1) and (b) Avalon Airport, what were the domestic passenger movements for the 2005-06 financial year.

Mr Vaile—The answer to the honourable member's question is as follows:

- (1) The requirement to implement 100 per cent check bag screening for domestic services from 1 August 2007 applies to the Counter Terrorism First Response (CTFR) airports. These airports are Adelaide, Brisbane, Melbourne, Perth, Sydney, Cairns, Canberra, Coolangatta, Darwin, Alice Springs and Hobart.
- (2) (a) Adelaide, 5,419,440
Brisbane, 12,369,032

Melbourne, 16,787,596

Perth, 5,025,504

Sydney, 19,328,709

Cairns, 2,875,229

Canberra, 2,550,129

Coolangatta, 3,304,526

Darwin, 1,102,924

Alice Springs, 605,073

Hobart, 1,605,978

- (b) The domestic passenger movements for Avalon Airport are not publicly available.