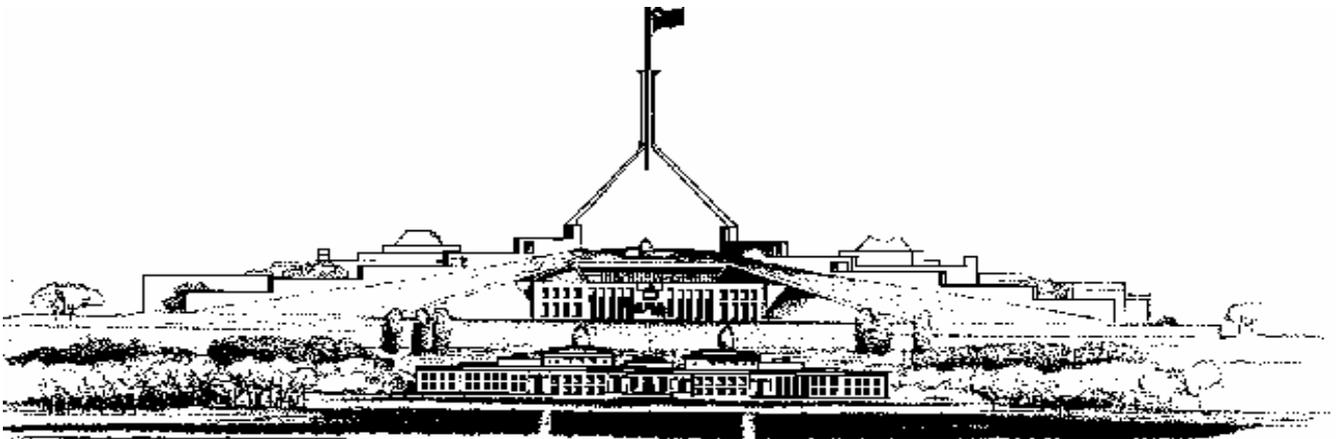




COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



House of Representatives

Official Hansard

No. 7, 2010

Wednesday, 26 May 2010

FORTY-SECOND PARLIAMENT
FIRST SESSION—EIGHTH PERIOD

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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SITTING DAYS—2010

Month	Date
February	2, 3, 4, 8, 9, 10, 11, 22, 23, 24, 25
March	9, 10, 11, 15, 16, 17, 18
May	11, 12, 13, 24, 25, 26, 27, 31
June	1, 2, 3, 15, 16, 17, 21, 22, 23, 24
August	24, 25, 26, 30, 31
September	1, 2, 20, 21, 22, 23, 28, 29, 30
October	18, 19, 20, 21, 25, 26, 27, 28
November	15, 16, 17, 18, 22, 23, 24, 25

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

Governor-General

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

House of Representatives Officeholders

Speaker—Mr Harry Alfred Jenkins MP

Deputy Speaker—Ms Anna Elizabeth Burke MP

Second Deputy Speaker—Hon. Bruce Craig Scott MP

Members of the Speaker's Panel—Hon. Dick Godfrey Harry Adams MP, Hon. Archibald Ronald Bevis MP, Ms Sharon Leah Bird MP, Mr Steven Georganas MP, Mrs Margaret Ann May MP, Hon. Judith Eleanor Moylan MP, Mr Rowan Eric Ramsey MP, Ms Janelle Anne Safin MP, Mr Albert John Schultz MP, Mr Peter Sid Sidebottom MP, Hon. Peter Neil Slipper MP, Mr Kelvin John Thomson MP, Hon. Danna Sue Vale MP and Dr Malcolm James Washer MP

Leader of the House—Hon. Anthony Norman Albanese MP

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

Manager of Opposition Business—Hon. Christopher Maurice Pyne MP

Deputy Manager of Opposition Business—Mr Luke Hartsuyker MP

Party Leaders and Whips

Australian Labor Party

Leader—Hon. Kevin Michael Rudd MP

Deputy Leader—Hon. Julia Eileen Gillard MP

Chief Government Whip—Hon. Leo Roger Spurway Price MP

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

Liberal Party of Australia

Leader—Hon. Anthony John Abbott MP

Deputy Leader—Hon. Julie Isabel Bishop MP

Chief Opposition Whip—Hon. Alexander Michael Somlyay MP

Opposition Whips—Mr Patrick Damien Secker MP and Ms Nola Bethwyn Marino MP

The Nationals

Leader—Hon. Warren Errol Truss MP

Chief Whip—Mrs Kay Elizabeth Hull MP

Whip—Mr Paul Christopher Neville MP

Printed by authority of the House of Representatives

Members of the House of Representatives

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

Members of the House of Representatives

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

Members of the House of Representatives

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

Members of the House of Representatives

Members	Division	Party
Washer, Malcolm James	Moore, WA	LP
Windsor, Anthony Harold Curties	New England, NSW	Ind
Wood, Jason Peter	La Trobe, Vic	LP
Zappia, Tony	Makin, SA	ALP

PARTY ABBREVIATIONS

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

Heads of Parliamentary Departments

Clerk of the Senate—R Laing
Clerk of the House of Representatives—B Wright
Secretary, Department of Parliamentary Services—A Thompson

RUDD MINISTRY

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

[The above ministers constitute the cabinet]

RUDD MINISTRY—*continued*

Minister for Veterans' Affairs and Minister for Defence Personnel	Hon. Alan Griffin MP
Minister for Housing and Minister for the Status of Women	Hon. Tanya Plibersek MP
Minister for Home Affairs	Hon. Brendan O'Connor MP
Minister for Indigenous Health, Rural and Regional Health and Regional Services Delivery	Hon. Warren Snowdon MP
Minister for Small Business, Independent Contractors and the Service Economy, Minister Assisting the Finance Minister on Deregulation and Minister for Competition Policy and Consumer Affairs	Hon. Dr Craig Emerson MP
Assistant Treasurer	Senator Hon. Nick Sherry
Minister for Ageing	Hon. Justine Elliot MP
Minister for Early Childhood Education, Childcare and Youth and Minister for Sport	Hon. Kate Ellis MP
Minister for Defence Materiel and Science and Minister Assisting the Minister for Climate Change and Energy Efficiency	Hon. Greg Combet AM, MP
Minister for Employment Participation and Minister Assisting the Prime Minister for Government Service Delivery	Senator Hon. Mark Arbib
Parliamentary Secretary for Infrastructure, Transport, Regional Development and Local Government	Hon. Maxine McKew MP
Parliamentary Secretary for Defence Support and Parliamentary Secretary for Water	Hon. Dr Mike Kelly AM, MP
Parliamentary Secretary for Western and Northern Australia	Hon. Gary Gray AO, MP
Parliamentary Secretary for Disabilities and Children's Services and Parliamentary Secretary for Victorian Bushfire Reconstruction	Hon. Bill Shorten MP
Parliamentary Secretary for International Development Assistance	Hon. Bob McMullan MP
Parliamentary Secretary to the Prime Minister and Parliamentary Secretary for Trade	Hon. Anthony Byrne MP
Parliamentary Secretary for Social Inclusion and Parliamentary Secretary for Voluntary Sector	Senator Hon. Ursula Stephens
Parliamentary Secretary for Multicultural Affairs and Settlement Services	Hon. Laurie Ferguson MP
Parliamentary Secretary for Employment	Hon. Jason Clare MP
Parliamentary Secretary for Health	Hon. Mark Butler MP
Parliamentary Secretary for Innovation and Industry	Hon. Richard Marles MP

SHADOW MINISTRY

Leader of the Opposition	Hon. Tony Abbott MP
Shadow Minister for Foreign Affairs and Deputy Leader of the Opposition	Hon. Julie Bishop MP
Shadow Minister for Trade, Transport and Local Government and Leader of The Nationals	Hon. Warren Truss MP
Shadow Minister for Energy and Resources	Hon. Ian Macfarlane MP
Shadow Minister for Employment and Workplace Relations and Leader of the Opposition in the Senate	Senator Hon. Eric Abetz
Shadow Treasurer	Hon. Joe Hockey MP
Shadow Minister for Education, Apprenticeships and Training and Manager of Opposition Business in the House	Hon. Christopher Pyne MP
Shadow Attorney-General and Deputy Leader of the Opposition in the Senate	Senator Hon. George Brandis SC
Shadow Minister for Defence	Senator Hon. David Johnston
Shadow Minister for Health and Ageing	Hon. Peter Dutton MP
Shadow Minister for Families, Housing and Human Services	Hon. Kevin Andrews MP
Shadow Minister for Climate Action, Environment and Heritage	Hon. Greg Hunt MP
Shadow Minister for Indigenous Affairs and Deputy Leader of The Nationals	Senator Hon. Nigel Scullion
Shadow Minister for Regional Development and Water and Leader of the Nationals in the Senate	Senator Barnaby Joyce
Shadow Minister for Agriculture, Food Security, Fisheries and Forestry	Hon. John Cobb MP
Shadow Minister for Small Business, Deregulation, Competition Policy and Sustainable Cities	Hon. Bruce Billson MP
Shadow Minister for Broadband, Communications and the Digital Economy	Hon. Tony Smith MP
Shadow Minister for Immigration and Citizenship	Mr Scott Morrison MP
Shadow Minister for Innovation, Industry, Science and Research	Mrs Sophie Mirabella MP
Shadow Minister for Finance and Debt Reduction and Chairman of the Coalition Policy Development Committee	Hon. Andrew Robb AO MP

[The above constitute the shadow cabinet]

SHADOW MINISTRY—*continued*

Shadow Minister for Tourism and the Arts and Shadow Minister for Youth and Sport	Mr Steven Ciobo MP
Shadow Minister for Employment Participation, Apprenticeships and Training	Senator Mathias Cormann
Shadow Minister for Consumer Affairs, Financial Services, Superannuation and Corporate Law and Deputy Manager of Opposition Business in the House	Mr Luke Hartsuyker MP
Shadow Assistant Treasurer	Hon. Sussan Ley MP
Shadow Minister for COAG and Modernising the Federation	Senator Marise Payne
Shadow Minister for Early Childhood Education and Childcare and Shadow Minister for the Status of Women	Hon. Dr Sharman Stone MP
Shadow Minister for Justice, Customs and Border Protection	Mr Michael Keenan MP
Shadow Minister for Defence Science and Personnel and Assisting Shadow Minister for Defence	Hon. Bob Baldwin MP
Shadow Minister for Veterans Affairs	Mrs Louise Markus MP
Shadow Minister for Ageing	Senator Concetta Fierravanti-Wells
Shadow Minister for Seniors	Hon. Bronwyn Bishop MP
Shadow Special Minister of State and Scrutiny of Government Waste	Senator Hon. Michael Ronaldson
Shadow Parliamentary Secretary Assisting the Leader of the Opposition and Shadow Parliamentary Secretary for Infrastructure and Population Policy	Senator Cory Bernardi
Shadow Parliamentary Secretary for Northern and Remote Australia	Senator Hon. Ian Macdonald
Shadow Parliamentary Secretary for Roads and Transport	Mr Don Randall MP
Shadow Parliamentary Secretary for Regional Development and Emerging Trade Markets	Mr Mark Coulton MP
Shadow Parliamentary Secretary for Tourism	Mrs Jo Gash MP
Shadow Parliamentary Secretary for Education and School Curriculum Standards	Senator Hon. Brett Mason
Shadow Parliamentary Secretary for the Murray Darling Basin and Shadow Parliamentary Secretary for Climate Action	Senator Simon Birmingham
Shadow Parliamentary Secretary for Public Security and Policing	Mr Jason Wood MP
Shadow Parliamentary Secretary for Defence	Mr Stuart Robert MP
Shadow Parliamentary Secretary for Regional Health Services, Health and Wellbeing	Dr Andrew Southcott MP
Shadow Parliamentary Secretary for Disabilities, Carers and the Voluntary Sector and Deputy Manager of Opposition Business in the Senate	Senator Mitch Fifield
Shadow Parliamentary Secretary for Families, Housing and Human Services and Shadow Parliamentary Secretary for Citizenship	Senator Gary Humphries
Shadow Parliamentary Secretary for Agriculture, Fisheries and Forestry and Shadow Parliamentary Secretary for Innovation, Industry, Science and Research	Senator Hon. Richard Colbeck

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Appropriation (Parliamentary Departments) Bill (No. 1) 2010-2011—
 Second Reading4275

Wednesday, 26 May 2010

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

BUSINESS

Consideration of Private Members’

Business

Report

Mr PRICE (Chifley) (9.01 am)—I present the report of the recommendations of the whips relating to committee and delegation reports and private members’ business on Monday, 31 May 2010. Copies of the report have been placed on the table.

The report read as follows—

Pursuant to standing order 41A, the Whips recommend the following items of committee and delegation reports and private Members’ business for Monday, 31 May 2010. The order of precedence and allotments of time for items in the Main Committee and Chamber are as follows:

Items recommended for Main Committee (6.55 to 8.30 pm)

PRIVATE MEMBERS’ BUSINESS

Notices

1 MRS GASH: To move:

That the House:

- (1) acknowledges:
 - (a) that the safety of our children should be of paramount concern for all governments;
 - (b) the irrefutable evidence from studies conducted both in Australia and overseas, that the use of lap/sash seatbelts on buses will save lives and reduce injuries in the case of accidents or sudden braking incidents;
 - (c) that currently, hundreds of thousands of Australian school children in non-urban areas, travel daily to school on buses that are not fitted with seatbelts; and
 - (d) the urgent need to provide increased safety for bus passengers travelling on non-urban roads in Australia;

- (2) seeks the amendment of Australian Design Rule (ADR) 68/00:
 - (a) so that the only exemption is for route service buses operating on urban roads;
 - (b) to remove the current exemption for any bus with a seat height of less than one metre; and
 - (c) to read: ‘all buses operating on non-urban roads and highways must meet the requirements in this rule’ ensuring lap/sash seatbelt protection and all safety features within ADR 68/00, presently afforded to coach passengers, apply to any bus travelling on any high speed road, highway or dirt road;
- (3) calls on the State and Territory Governments to support mandating the use of seatbelts on buses;
- (4) directs the Government to legislate the above amendments to ADR 68/00 by January 2011 and ensure compliance on all affected routes by January 2020, beginning with all new and replacement buses; and
- (5) directs the Minister for Infrastructure, Transport, Regional Development and Local Government to place lap/sash seatbelts for non-urban bus travel on the agenda at each and every Australian Transport Council meeting until certification of all buses used on non-urban roads in Australia meet the safety standards of ADR 68/00.

Time allotted—30 minutes.

Speech time limits—

Mrs Gash—10 minutes.

Next Member—10 minutes.

Other Member—5 minutes each.

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

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

Order of the day**1 PARLIAMENTARY (JUDICIAL MISBEHAVIOUR OR INCAPACITY) COMMISSION BILL 2010—Second reading (22 February 2010).**

The Whips recommend all speeches to conclude by 7.35 pm

Speech time limits—

Mr Kerr—5 minutes.

Other Member—5 minutes.

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

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

Notices—continued**2 MR NEVILLE:** To move:

That the House:

- (1) acknowledges the:
 - (a) unquestionable bravery of 6th Battalion, Royal Australian Regiment (6RAR) at the Battle of Long Tan in Vietnam on 18 August 1966 and the singular heroism of units in the face of overwhelming enemy numbers, especially that of D Company; and
 - (b) well deserved upgrade of a number of decorations:
 - (i) Major Harry Smith (from Military Cross to Star of Gallantry, ie, Distinguished Service Order equivalent);
 - (ii) Lieutenant Dave Sabben and Lieutenant Geoff Kendall (from Mentioned in Despatches to Medal for Gallantry, ie, Military Cross equivalent); and
 - (c) strength of D Company 6RAR (as at 18 August 1966) which has the right to wear the former Republic of Vietnam Gallantry Cross with Palm Unit Citation Emblem;
- (3) deplores the loss of documentation which has deprived 12 other Australian combatants from receiving appropriate recognition;
- (4) calls on the Australian Government to convene a further inquiry to assess and docu-

ment by eye witness reports, cross examination and other sources, the known courageous action of combatants on that day with particular reference to the 12 soldiers involved; and

- (5) seeks appropriate remedy, by way of award, to those unjustly treated.

Time allotted—25 minutes.

Speech time limits—

Mr Neville—10 minutes.

Next Member—10 minutes.

Other Member—5 minutes.

[Minimum number of proposed Members speaking = 2 x 10 mins + 1 x 5 mins]

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

3 MR CHAMPION: To move:

That the House:

- (1) supports the Government's action to boost national savings by gradually increasing the Superannuation Guarantee from 9 per cent now, to reach 12 per cent by 2019 20; and
- (2) notes that the:
 - (a) Government's approach to superannuation will achieve two main outcomes—greater adequacy and greater equity;
 - (b) removal of the tax penalties for superannuation contributions of low income earners;
 - (c) reforms to superannuation will benefit around 8.4 million Australians; and
 - (d) reforms will increase national savings and economic growth.

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

Speech time limits—

Mr Champion—5 minutes.

Other Member—5 minutes each.

[Minimum number of proposed Members speaking = 6 x 5 mins]

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

Items recommended for House of Representatives Chamber (8.40 to 9.30 pm)**COMMITTEE AND DELEGATION REPORTS****Presentation and statements****1 PARLIAMENTARY JOINT COMMITTEE ON THE AUSTRALIAN COMMISSION FOR LAW ENFORCEMENT INTEGRITY**

Examination of the Annual Report of the Integrity Commissioner 2008-09.

The Whips recommend that statements on the report may be made—statement to conclude by 8.50 pm

Speech time limits—

Ms Parke—5 minutes.

Other Member—5 minutes.

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

PRIVATE MEMBERS' BUSINESS**Notices**

1 MR COBB: To present a Bill for an Act to reduce the risk of bovine spongiform encephalopathy being present in imported meat. (Food Importation (Bovine Meat – Standards) Bill 2010)

Presenter may speak for a period not exceeding 5 minutes—pursuant to standing order 41.

2 MS KING: To move:

That the House acknowledges the Australian Government's significant achievements in improving the economic position of women.

Time allotted—20 minutes.

Speech time limits—

Ms King—5 minutes.

Other Member—5 minutes.

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

3 MS VAMVAKINO: To move:

That the House:

(1) notes:

- (a) the pledge, first made by Australia in the year 2000, to spare no effort to free our fellow men, women and children from the abject and dehumanising conditions

of extreme poverty, to which more than a billion are currently subjected;

- (b) that with only five years until the international goals to address extreme poverty are due, there is now an urgent need to recommit ourselves to this task; and
- (c) that our actions of the past 20 years have already succeeded in halving rates of extreme poverty, and within a generation we can and will make poverty history; and
- (2) welcomes the 'Make Poverty History' campaign to ensure that we do our fair share achieve all the Millennium Development Goals.

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

Speech time limits—

Ms Vamvakinou—5 minutes

Other Members—5 minutes each

[Minimum number of proposed Members speaking = 3 x 5 mins]

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

Report adopted.

COMMITTEES**Public Works Committee****Report**

Mr PRICE (Chifley) (9.01 am)—On behalf of the Parliamentary Standing Committee on Public Works, I present the first report for 2010 of the committee relating to the proposed fit-out of new premises for the Australian Taxation Office at 735 Collins Street, Melbourne.

Order that the report be made a parliamentary paper.

Mr PRICE—by leave—This report addresses only one work, referred to the committee in February this year. The project has an estimated cost of \$50.9 million, and the committee recommends that the House of Representatives agree to the works proceeding as proposed.

This report is somewhat more slender than usual Public Works Committee reports. However, that should not be interpreted as a want of substance. The committee was very impressed by the proposal made by the ATO, and the report is glowing about the quality of the office accommodation which will be built for ATO employees in the Melbourne CBD. I might say that the thrift in our report is inversely proportional to the substantial, thorough and carefully planned proposal that was put to the committee. I should also like to note a few impressive features of that proposal.

The House would be aware that the Department of Finance and Deregulation has formulated *Property Management Guidelines* for Commonwealth agencies. Perhaps the aspect of the guidelines with the greatest practical implication for Commonwealth workplaces is the occupational density target, which applies to all new Commonwealth premises of more than 500 square metres. This target stipulates that there should be no more than an average of 16 square metres of usable office area per occupied workpoint.

The ATO expects to meet this target, despite the fact that it must provide substantial office space that is only used for part of the year, when the seasonal workforce is employed for processing tax returns. It has managed to ensure that, even when a number of workpoints are unoccupied, it will still have an average of less than 16 square metres per occupied workpoint. This is thanks to innovative office design, and the ATO should be commended for its strong efforts in meeting the target.

This fit-out, and the building in which it will be housed, will tread lightly on the earth. The report outlines the environmentally sustainable measures being incorporated into the base building, and the committee is impressed with the potential contribu-

tion this will make to our sustainable future. These measures include a tri-generation power plant, as well as a precinct wide approach to building services, to enable future measures such as blackwater treatment on site.

I would like to thank members and senators for their work in relation to this inquiry. I would particularly like to thank the secretariat: Secretary James Catchpole, who is no longer with us, Siobhan Leyne, Thomas Gregory, Jazmine Rakic and Shaun Rowe. Our committee is well served by its keen, enthusiastic and dedicated secretariat. I commend the report to the House.

The SPEAKER—I thank the Chief Government Whip. He mentioned that James Catchpole is no longer with us. He is on secondment with another department, but he is also recovering from an unfortunate traffic accident, and I understand he is recovering well.

BUSINESS

Rearrangement

Mr COMBET (Charlton—Minister for Defence Materiel and Science and Minister Assisting the Minister for Climate Change and Energy Efficiency) (9.06 am)—I move:

That notices Nos. 1 and 2, government business, be postponed until a later hour this day.

Question agreed to.

CHILD SUPPORT AND FAMILY ASSISTANCE LEGISLATION AMENDMENT (BUDGET AND OTHER MEASURES) BILL 2010

First Reading

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

Bill read a first time.

Second Reading

Ms MACKLIN (Jagajaga—Minister for Families, Housing, Community Services and Indigenous Affairs) (9.07 am)—I move:

That this bill be now read a second time.

This bill contains three measures affecting the family assistance law and child support legislation.

Firstly, the bill includes a measure from the 2009-10 budget that aligns decisions about care of children for the purposes of family tax benefit and child support. This is designed to create simpler rules for separated families.

The Child Support Scheme aims to ensure that children receive the appropriate level of child support from their parents in accordance with their parents' capacity to provide financial support. Family tax benefit assists with the costs of raising children, taking into account child support and other income available to meet these costs.

The bill makes amendments to provide for a single determination of care for both child support and family tax benefit purposes. Currently, care decisions are made by the Child Support Agency for child support purposes, while care decisions for family tax benefit purposes are made by the Family Assistance Office. This can mean that the Family Assistance Office and the Child Support Agency recognise different levels of care for the same child. It can also mean that parents do not receive their correct assessments unless they separately notify each agency. This can put additional strain on separated parents who have to deal with two agencies, and two different sets of rules, when determining the care arrangements for their children.

Aligning the determinations of care between the Child Support Agency and the Family Assistance Office will provide consistency in decisions about the level of care

being provided by separated parents who have to deal with both agencies. This is intended to remove duplication of process and decision making by the Child Support Agency and the Family Assistance Office. We also expect this will reduce objections and appeals flowing from the separate determinations in the two agencies.

Secondly, this bill also contains amendments to the income estimate process under the Child Support Scheme.

In determining their child support obligations, some parents use an estimate of their income. This estimated income is then reconciled against actual income to make sure that the correct amounts have been paid or received.

Currently, when a parent estimates their income for calculating their obligations under the Child Support Scheme, it is for a child support period of up to 15 months, which can cross over up to three financial years.

Estimating income over multiple financial years can be difficult for parents and often leads to inaccurate estimates. Reconciliation cannot occur until the parent's actual income for each financial year is known. In those cases where the child support period spans up to three financial years, the current system can result in severe delays in reconciling estimates.

This amendment will align estimate periods with financial years.

This means that parents who estimate their income will be required to estimate for a shorter period of time. This measure will make it easier for parents to estimate their income and allow the Child Support Agency to reconcile the estimate automatically, once actual income is known.

These estimates do not affect the length of the child support period, which remains at 15

months. These estimates only change the period over which income estimates are reconciled, from 15 months to a financial year.

This will help improve the accuracy of child support calculations to make sure that the correct information is used.

These changes have been thoroughly canvassed with the Child Support National Stakeholder Engagement Forum, a group jointly convened by the Department of Families, Housing, Community Services and Indigenous Affairs and the Child Support Agency. The stakeholder engagement group includes representatives from a wide range of groups with a policy interest in child support matters.

Lastly, the bill contains amendments to the family assistance law to provide greater flexibility in dealing with family tax benefit non-lodger debts.

The 2008-09 budget announced measures designed to address growing family tax benefit debts arising from circumstances where a family does not lodge their tax returns. Without lodgement of a tax return, the Family Assistance Office cannot reconcile a family's entitlements to payments and ensure the correct amount of family assistance has been paid. Changes to this system were proposed by the Australian National Audit Office in its 2006-07 report and implemented in January this year following passage of the Family Assistance Amendment (Further 2008 Budget Measures) Act 2009. Under those new rules, fortnightly payments of family tax benefit can be temporarily suspended if a person's tax return has not been lodged within 18 months of the end of the financial year.

This bill amends these temporary suspension provisions so that they will not apply if there is no outstanding family tax benefit debt due to the failure to lodge a required tax return, and gives the secretary the discretion

to determine that certain provisions will not apply for a specified period where there are special circumstances.

I commend the bill to the House.

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

**PAID PARENTAL LEAVE
(CONSEQUENTIAL AMENDMENTS)
BILL 2010**

First Reading

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

Bill read a first time.

Second Reading

Ms MACKLIN (Jagajaga—Minister for Families, Housing, Community Services and Indigenous Affairs) (9.14 am)—I move:

That this bill be now read a second time.

This companion bill to the Paid Parental Leave Bill 2010 makes consequential amendments necessary for the operation of the government's landmark Paid Parental Leave scheme.

Our Paid Parental Leave scheme, to begin on 1 January 2011, is fully costed and funded by the government and is a major win for working families.

After decades of waiting for a paid parental leave scheme, this government is delivering a scheme which is fair to business and fair for families.

This bill amends various Commonwealth acts for this purpose, dealing with interactions between the new parental leave pay provisions and existing laws such as those on social security, veterans' entitlements, family assistance and taxation.

Some of the amendments address the relationship between parental leave pay and income for certain purposes in the social security law and veterans' entitlements legislation. Notably, the bill gives effect to the gov-

ernment's intention that parental leave pay be excluded from the ordinary income test for social security and veterans' entitlements purposes.

Similarly, parental leave pay will not count as a leave payment for the purposes of the social security income maintenance provisions, and will be disregarded in calculating a person's pension bonus bereavement payment.

Parental leave pay will, however, be counted under the separate income test for the social security low-income healthcare card.

To protect the integrity of the new parental leave pay in a way that is consistent with arrangements for existing payments, parental leave pay debts will generally be recoverable from social security, family assistance and veterans' entitlements payments.

Further amendments will enable amounts due under a maintenance liability and child support debts to be paid or recovered from parental leave pay.

Provision will also be made for parental leave pay to be included in the compliance activities provided by the data-matching program.

The bill will address several points of interaction between the new Paid Parental Leave scheme and the existing family assistance law.

In particular, new provisions will make sure that, as intended, families receiving parental leave pay will not be able to receive the baby bonus, and family tax benefit part B will not be payable for the duration of the parental leave pay. Those families not eligible for Paid Parental Leave, or who choose not to participate in the scheme, will be able to continue to access the baby bonus and family tax benefit if they are eligible.

The bill will also allow early claims to be made for family tax benefit, baby bonus and maternity immunisation allowance so that families can, if they want to, make all their payment arrangements before their new child arrives in the family, with all the accompanying excitement and loss of sleep.

Among the amendments to the taxation laws included in this bill are amendments to provide that a taxpayer will not be entitled to a dependent spouse, child-housekeeper or housekeeper rebate for that part of the income year for which parental leave pay was payable to the taxpayer or their spouse. This is consistent with the rules that apply where the taxpayer or their spouse is eligible for family tax benefit part B.

Parental leave pay will be subject to PAYG withholding, and employees will be able to salary sacrifice their parental leave pay for non-cash remuneration where that arrangement is offered by the employer.

Further taxation amendments will make sure that tax withheld from a person's parental leave pay can be refunded to the person if it turns out that the parental leave pay was not payable. The rules relating to payment summaries will also be amended to deal with incorrect payments of parental leave pay.

Consistent with the protection and use of taxpayer information for similar payment laws, the parental leave pay scheme will be brought within the system of tax file numbers established under taxation laws, and it will be possible for taxpayer information to be disclosed for the purposes of administration of the new Paid Parental Leave Act 2010.

Lastly, the bill deals with certain aspects of the transition to the new Paid Parental Leave scheme. These provisions include ensuring that the requirement for employers to pay parental leave pay to their long-term employees will take effect for children born

or adopted on or after 1 July 2011. However, some employers may want to take up the option of providing any eligible employees with parental leave pay from 1 January 2011.

With the delivery of this scheme, the government is supporting Australian parents to manage the challenges and realities of family life.

Our scheme gives parents more time at home with their new baby, helps maintain their connection with the workforce and, by boosting workforce participation, is a landmark reform that prepares Australia for the challenges of the future.

I commend the bill to the House.

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

AUTONOMOUS SANCTIONS BILL 2010

First Reading

Bill and explanatory memorandum presented by **Mr Stephen Smith**.

Bill read a first time.

Second Reading

Mr STEPHEN SMITH (Perth—Minister for Foreign Affairs) (9.21 am)—I move:

That this bill be now read a second time.

Autonomous sanctions are a key tool in Australian diplomacy.

They are highly targeted measures intended to apply pressure on regimes to end the repression of human rights, to end the repression of democratic freedoms, or to end regionally or internationally destabilising actions.

Such situations include Iran's failure to cooperate fully with the International Atomic Energy Agency (IAEA) to enable it to confirm Iran's nuclear program is exclusively for peaceful purposes and the autonomous sanctions Australia has had in place on North Korea since 2006 in response to its missile

and nuclear tests; or, in the case of Zimbabwe where the Mugabe regime has been responsible for acts undermining the rule of law, corruption, violence and intimidation; or the December 2006 military coup in Fiji that robbed the population of Fiji of their constitutional rights and has seen the sustained abuse of basic freedoms, including the suppression of press freedom; or the September 2007 violent crackdown on pro-democracy protestors by the military regime in Burma, and the ongoing disrespect for the human rights and the democratic aspirations of the Burmese people.

Autonomous sanctions are applied so as to minimise, to the extent possible, the adverse impact on the general population of the affected country.

They are called 'autonomous' sanctions to distinguish them from sanctions applied under international obligations arising from United Nations Security Council decisions. There is a range of situations which are not covered by United Nations Security Council sanctions.

These include the situations in Zimbabwe, Fiji and Burma to which I have already referred.

Australia is one of a number of like-minded countries, such as the United States, Canada, New Zealand and European Union members, which actively seek to bring about positive change through the pressure applied by sanctions where the Security Council is unable to act.

In some circumstances, autonomous sanctions are used to supplement sanctions imposed by the Security Council.

The Security Council imposes a range of sanctions against Iran and the DPRK—North Korea—in response to the threat to international peace and security posed by their programs of weapons of mass destruction-proliferation concern.

Australia, as well as the United States, the European Union and other states, imposes autonomous targeted financial sanctions and travel restrictions on a range of individuals and entities beyond those required by the Security Council.

Autonomous sanctions may well play an increasing part in like-minded responses to situations of international concern.

To date, Australia has relied on existing instruments intended for other purposes to apply autonomous sanctions.

Autonomous targeted financial sanctions are applied under the Banking (Foreign Exchange) Regulations 1959, which were originally promulgated for the protection of Australia's currency and regulation of our foreign currency reserves.

Autonomous arms embargoes are applied under the Customs (Prohibited Exports) Regulations 1958, meaning that they can only apply to tangible goods exported from Australia; they do not apply to intangibles—like software—or to military services.

The purpose of the Autonomous Sanctions Bill 2010 is to strengthen Australia's autonomous sanctions regime by allowing greater flexibility in the range of measures Australia can implement, beyond those achievable under existing instruments, thus ensuring Australia's autonomous sanctions can match the scope and extent of measures implemented by like-minded states.

The bill will also assist the administration of, and compliance with, sanctions measures by removing the distinctions between the scope and extent of autonomous sanctions and Security Council sanction enforcement laws.

The bill is modelled on the legislation with which Australia implements United Nations Security Council sanctions, namely the Charter of the United Nations Act 1945.

It is a framework which includes provisions for the establishment of laws imposing autonomous sanctions measures, known as sanctions laws, provisions for the enforcement of those laws—including through the imposition of criminal penalties for contravention of sanctions laws—and provision for obtaining, using and sharing information to monitor compliance with sanction laws.

It does not, however, include the specific sanctions measure itself. Instead, it provides for sanctions laws to be primarily applied by regulations made under the bill.

This is critically important for the effectiveness of the bill, and for Australia's national interest in the imposition of autonomous sanctions measures.

Allowing these measures to be applied by regulations will allow the necessary flexibility for the government to respond to fluid and rapidly changing international developments in a timely way.

The bill will continue to allow other Commonwealth laws to be used to apply autonomous sanctions where this is necessary. It will, however, require the Minister for Foreign Affairs to specify, in a legislative instrument, any law—including those in regulations made under the bill—that is to be applied as a sanctions law. This will ensure greater certainty and transparency in terms of compliance with Australia's sanctions laws.

In terms of enforcement of autonomous sanctions, the bill applies measures for contravening, or for providing false and misleading information in relation to, sanctions laws specified under the bill. These are identical to those that apply to Security Council sanction enforcement laws specified under the Charter of the United Nations Act 1945.

The penalty for an individual who contravenes a sanction law, or a condition of a permit under a sanction law, will therefore be a maximum of 10 years imprisonment and/or

a fine of 2,500 penalty units, or three times the transaction value, whichever is the greater.

For a body corporate, the offence is a strict liability offence carrying a maximum fine of 10,000 penalty units, or three times the transaction value, whichever is the greater. The offence would not, however, apply to any body corporate that can show it took reasonable precautions, and exercised due diligence, to avoid contravening the sanction law or permit condition.

Similarly, it will be an offence, punishable on conviction by up to 10 years imprisonment and/or a fine of 2,500 penalty units, to provide false or misleading information in connection with the administration of a sanction law. Any permit obtained on the basis of such information will be deemed never to have been granted.

These penalties are significant, and it is appropriate that this be the case. There is no sound policy reason to treat breaches of Australian law imposing Security Council sanctions differently to breaches of Australian law imposing Australian autonomous sanctions.

Autonomous sanctions, like security sanctions, are designed to prevent the provision of material assistance to regimes engaged in violations of international standards and norms, including human rights abuses, acts of aggression and destabilising actions. The measures themselves—targeted financial sanctions, arms embargoes and restrictions on supply of strategic and dual use goods—are the same as applied by the Security Council.

Finally, the bill will facilitate access to information for purposes associated with the administration of sanction laws by removing impediments for the sharing of such information within the Commonwealth, and allowing specially designated Commonwealth entities,

responsible for the administration and enforcement of sanction laws, to require, by written notice, the production of documents and written information—including under oath—from persons outside of government in order to determine whether a sanction law is being complied with.

While the bill will apply to all autonomous sanctions regimes effected or maintained by the government, there is now a pressing need to enact such legislation that specifically relates to the autonomous sanctions regime with respect to Iran, and the need to be prepared to apply further autonomous sanctions, should the international community and Australia decide to do so, in response to concerns about Iran's nuclear program. The government wishes to have in place the most effective tools for applying additional autonomous sanctions against Iran.

Iran continues to fail to comply with its international obligations, including binding United Nations Security Council resolutions, and its obligations to the International Atomic Energy Agency, including refusing to suspend its uranium enrichment and heavy water related activities.

Iran's actions pose a serious threat to international stability and peace and security.

Similarly, the dangerously provocative conduct of North Korea in the face of international concern over its nuclear weapons and missile programs, most recently highlighted by the conclusions of a multinational inquiry that North Korea was responsible for the sinking of a Republic of Korea naval vessel, the *Cheonan*, reinforces the need for Australia to have available effective autonomous sanctions measures to supplement Security Council sanctions.

The bill will improve Australia's capacity to respond quickly to issues of international

concern, such as in the case of Iran and North Korea.

Finally, Australia's autonomous sanctions will continue to be the subject of regular review by the government, in terms of both the ongoing need to apply pressure on particular regimes and the specific sanctions measures applied in respect of the particular regime.

I commend the bill to the House.

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

EXPORT MARKET DEVELOPMENT GRANTS AMENDMENT BILL 2010

First Reading

Bill and explanatory memorandum presented by **Mr Stephen Smith**.

Bill read a first time.

Second Reading

Mr STEPHEN SMITH (Perth—Minister for Foreign Affairs) (9.32 am)—I move:

That this bill be now read a second time.

The Export Market Development Grants Scheme remains the government's key financial assistance program for aspiring and current exporters. This financial year the EMDG Scheme will deliver export marketing assistance to more than 4,900 small and medium enterprise exporters.

In the government's first term we have modernised the scheme through legislation in 2008 and we have increased its funding in 2008-09 by \$50 million and again in 2009-10 by \$50 million. This increased funding of \$100 million over two years was made at exactly the right time to support our important SME exporters during the global financial crisis.

The modernisation of the scheme and increased funding has received a very positive response from business; over the last two years the number of applications has increased 21 per cent.

As international markets continue to improve and as the government brings the budget back into surplus it is now appropriate to review the provisions of the scheme to focus its assistance on those SME exporters who can benefit most.

Accordingly this legislation:

- reduces the maximum number of grants from eight to seven, a significant increase on the Mortimer review recommendation of five grants;
- limits the maximum grant to \$150,000;
- increases the minimum level of expenditure required to qualify for a grant from \$10,000 to \$20,000—I note that this is a lower threshold than the \$30,000 threshold proposed by the Mortimer review; and,
- caps the maximum amount claimable for intellectual property expenses at \$50,000.

The bill sets out the provisions of the grant scheme going forward and most importantly extends the life of the grant scheme by five years to 2015-16. This five-year extension will clear the way for business to plan their export marketing efforts in the knowledge that the EMDG Scheme will be there to support them as they develop crucial overseas markets.

In preparing this legislation we have consulted closely with business, and they understand the realities of the environment we are in at the moment. They understand the need for a focused and balanced program. They have indicated to my colleague the Minister for Trade, who has portfolio responsibility for the scheme, that they support this legislation.

In conclusion, the government is confident that the amendments contained in the EMDG Amendment Bill 2010 will provide a sound basis for the EMDG Scheme into the future

and will be warmly welcomed by the business community.

I commend the bill to the House.

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

**FARM HOUSEHOLD SUPPORT
AMENDMENT (ANCILLARY
BENEFITS) BILL 2010**

First Reading

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

Bill read a first time.

Second Reading

Mr BURKE (Watson—Minister for Agriculture, Fisheries and Forestry and Minister for Population) (9.35 am)—I move:

That this bill be now read a second time.

The Farm Household Support Amendment (Ancillary Benefits) Bill 2010 amends the Farm Household Support Act 1992 to facilitate part of the government's pilot of drought policy reform measures.

The government announced the trial in Perth on 5 May this year, along with the Western Australian Minister for Agriculture and Food, Terry Redman.

The trial turns the old system of drought support on its head.

It represents a new chapter in a long history of Australian governments grappling with the challenge of our harsh climate.

We want to remain world leaders in agricultural production and continue to grow productive farming industries.

But Australia is a dry continent and our farmers regularly face devastating natural disasters.

Exceptional circumstances relief has evolved significantly as successive governments tried to find the best way to help build more resilient farming communities.

In the early 20th century, many people saw irrigation as a silver bullet to inoculate farms against drought.

Commonwealth assistance evolved in a haphazard way, with states taking the lead on drought policy.

In the early 1970s, drought was recognised under joint Commonwealth and state natural disaster relief arrangements.

Within two decades, that approach was abandoned in favour of a stand-alone drought policy, separate to natural disaster relief.

A few years later, in 1992, Labor delivered a formal national drought policy, to encourage self-reliance for primary producers and protect the nation's farming sector from an unpredictable climate.

In 1994, under then agriculture minister Simon Crean, Labor introduced drought income support payments and interest rate subsidies for farmers within areas defined as facing 'exceptional circumstances', or 'EC'.

Criteria for EC included meteorological conditions, water supplies, farm income and the scale of the event.

Following a change of government, the coalition introduced a new rural policy package which maintained interest rate subsidies and relief payments and established some new measures.

The National Rural Advisory Council was given a role in defining an exceptional circumstances event.

Other recent coalition reforms include prima facie declarations to give farmers income relief while they wait for a formal EC decision and extending EC support to eligible small businesses.

These reforms over many years attracted bipartisan support, regardless of which party was in government.

We have consistently seen a genuine approach by both sides to try to navigate difficult policy issues, without the politics.

Once more the cracks are showing in the system.

Exceptional circumstances support is available for farms affected by drought events that must not have occurred more than once on average in every 20 to 25 years.

But with current climate projections, few people believe the next drought will be a one-in-20-to-25-year event.

Some farmers have reached the interest rate subsidy limit of \$500,000.

Farmers in the most debt received the most assistance and we fail to recognise farmers who have made tough business decisions to stay out of debt.

Assistance is based on arbitrary lines on a map, meaning one farmer may be eligible while the neighbour over the fence misses out.

And when times are good the government disappears from view.

These are all significant flaws which show how the system is failing our farmers.

We must rebuild.

On this occasion, we are not sitting in the corner waiting until a crisis takes hold.

We want to move from crisis management and uncertainty to risk management.

We will trial a partnership with farmers to help them better prepare for future challenges and build more resilient farm businesses and rural and regional communities.

The old system contributes to mental health issues in these communities.

We want a new approach to addressing these mental health issues.

It is important to again emphasise that this trial does not affect farmers currently receiv-

ing income support payments and interest rate subsidies under the old exceptional circumstances system.

NRAC will continue its current role assessing new proposals for EC declarations from state governments and reassessing areas when current declarations come up for renewal.

The drought reform pilot will run for 12 months from 1 July 2010 to 30 June 2011.

It trials a new approach to drought support and maintains important crisis measures including:

- Farm Family Support to help farmers meet basic household expenses
- Support for farmers to develop or update a strategic plan for their farm business
- Grants of up to \$60,000 for on-farm activities and infrastructure and Landcare work
- Grants to local government to make rural communities stronger areas in times of agricultural downturn
- Access to a coordinated social support network
- Farm exit support
- A new measure that puts current farmers in touch with former farmers to talk about opportunities outside of farming.

A key part of our new approach is to test the idea of supporting farmers to develop a strategic business plan, tailored to meet the needs of their individual businesses.

Following that, they have a choice.

They can choose to stay on the land with dignity, or leave with dignity.

Either way, we will provide further support to eligible farmers—through the on-farm investment grants, or exit grants.

This is a dramatic shift in thinking.

Of course, any policy overhaul of this scale presents some risks.

In particular, we need to carefully test the new system of providing support to farmers to develop farm business plans.

The goal is to land on a system that helps farm businesses to deliver tailored plans, built around their individual farms.

The risk is that we create a whole new problem—a flood of rent-seeking consultants who complete fill-in-the-blank templates and pocket taxpayers' dollars.

Courses and facilitators will be pre-approved by the Western Australian government, with the courses to run for up to five days.

We must move ahead steadily and methodically to get it right.

We expect to see a few hundred farmers producing strategic plans during the 12-month trial and having these independently assessed.

We would then expect around 150 of those to apply for the business grants.

These estimates have taken into account previous demand for other farmer training programs in Western Australia.

The business grants include Farm Business Adaptation Grants of up to \$40,000 for eligible activities that support farm businesses to manage and prepare for the impacts of drought, reduced water availability and a changing climate.

These may include fencing, silos, on-farm processing systems, waste management systems or precision farming equipment.

The on-farm investment grants also include up to \$20,000 for eligible Landcare activities.

This may include managing soil salinity, revegetation, re-fencing or improving wetland management.

Other parts of the trial involve more traditional methods of support.

For example, any of the 6,000 farmers in the trial region could seek counselling and a broad range of social support.

And we will trial an on-line counselling service for young people.

Farmers who meet a hardship test will be eligible for household support.

With this Farm Family Support measure, we want to make sure eligible farmers have access to the full range of so-called 'ancillary' benefits already available to other farmers receiving exceptional circumstances relief payments.

These include a healthcare card for recipients and their families and, if their dependent children claim youth allowance, exempting them from various assets and income tests, which increases their chances of being eligible.

To ensure these benefits are available under the trial, this bill amends the Farm Household Support Act 1992 to treat farmers receiving Farm Family Support as if they were receiving Exceptional Circumstances Relief payments.

The Rudd government believes in the strength, innovation and resilience of our rural Australia.

But these communities and farm businesses face unique challenges.

They need support to meet those challenges and to take advantage of new economic and social opportunities into the future.

I particularly commend Western Australian minister Terry Redman for his foresight and help in developing this trial.

As Minister Redman pointed out at the trial launch in Perth, no parts of Western Australia are currently in Exceptional Cir-

cumstances, and ‘The right time to have discussions about this is when people are not under’—drought-related—‘stress.’

I would also like to encourage the ongoing role key farming groups will play in highlighting the strengths of the trial and any areas which need further work.

As the National Farmers’ Federation President David Crombie said at the launch:

The National Farmers’ Federation has been working for some time with the Federal Government and a range of other bodies in looking at drought reform. We believe the idea of a trial is a very sound one.

The Western Australian Farmers’ Federation President, Mike Norton, also attended the launch, and said:

This plan starts to address some of those basic essentials that have been missing in a long-term strategic plan for agriculture.

Finally, a thought from Tony Seabrook, Vice-President of the Pastoralists and Graziers Association, who said:

I think the most critical thing that has happened is the recognition that it’s not just drought that brings pressure to farming families; there are a whole lot of other issues that can be just as damaging—such as frost, terms of trade and a high dollar value.

I hope the bipartisan approach to drought reform continues.

There is too much at stake for politics to get in the way.

This is a trial.

We do not pretend to have all the details right from the start.

That’s why we will test this major new approach in Western Australia before we consider what system may work nationally.

And we will monitor and review the uptake of each of the measures.

The pilot region covers a broad range of farming systems and climatic conditions.

It includes irrigated and dryland operations and covers parts of the wheat belt, rangelands and some horticulture industries.

This will give us a good cross-section of results and feedback.

Today is another milestone in the drought reform process.

We will continue working to deliver a system that boosts farm productivity and protects farmers’ dignity—whether it is working the land with dignity or leaving the land with dignity.

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

FISHERIES LEGISLATION AMENDMENT BILL (No. 2) 2010

First Reading

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

Bill read a first time.

Second Reading

Mr BURKE (Watson—Minister for Agriculture, Fisheries and Forestry and Minister for Population) (9.48 am)—I move:

That this bill be now read a second time.

The Fisheries Legislation Amendment Bill (No. 2) 2010 amends the Fisheries Management Act 1991, the Fisheries Administration Act 1991 and the Fishing Levy Act 1991.

The bill will enhance the ability of the Australian Fisheries Management Authority, known as AFMA, to implement more effective and efficient and less costly fisheries management arrangements in four main ways. Firstly, the bill will facilitate the broadening of co-management arrangements in Commonwealth fisheries. Secondly, it will simplify the regulatory regime with which fishers are required to comply and which AFMA must administer and enforce. Thirdly, it will facilitate the restructure of AFMA’s management advisory committees to intro-

duce a more effective dual advisory model. Finally, the bill will enable AFMA to provide and charge as necessary for services provided to other Commonwealth agencies as well as state government fisheries management agencies in areas where AFMA has technical expertise.

All of these arrangements are expected to result in increased efficiency within AFMA and a reduction in the costs that are passed on to industry.

The first group of amendments will enable AFMA to implement co-management arrangements in Commonwealth fisheries. This represents a further evolution in the operating framework for Commonwealth fisheries management. Co-management creates a partnership to achieve a shared responsibility for management of the resource within a rigorous framework of accountability and policy.

Co-management can be defined as ‘an arrangement in which responsibilities and obligations for sustainable fisheries management are negotiated, shared and delegated between government, fishers and other interest groups and stakeholders’.

Co-management arrangements will allow AFMA to share the responsibilities and obligations for sustainable management with the primary stakeholders involved in the fishery.

AFMA is developing guidelines, standards and rules of operation for co-management. These will be supported by procedures for AFMA to monitor, evaluate and audit industry. The full implementation of co-management, including the delegation of powers to determine catch levels for example, will require a fishery to have responsibility in its management and recognition of the benefits of sustainability.

The proposed legislative amendments to the Fisheries Management Act 1991 will enable the Chief Executive Officer of AFMA to delegate other powers and functions to the

‘primary stakeholders’ in the performance of co-management arrangements. The functions that the CEO may delegate include determining a total allowable catch and the power to close all or part of a fishery. In exercising delegations, primary stakeholders must make decisions in accordance with the directions of AFMA’s CEO and relevant government policies, such as the Commonwealth Harvest Strategy. Primary stakeholders are defined as the holders of fishing concessions or the industry body that represents such concession holders.

Importantly, the ability of AFMA to delegate such powers will not detract from AFMA’s responsibility to pursue the objectives of its legislation. Any exercise of power by a primary stakeholder will be within a framework of rules established by AFMA’s CEO in accordance with the Fisheries Administration Act 1991. The framework of rules will be designed to ensure that industry delegates comply with relevant policies, such as the harvest strategy, and that they are fully accountable to AFMA. The Acts Interpretation Act 1901 also provides further control over the delegation process, such as the ability for the CEO to revoke any delegation issued under an act.

Co-management can provide more effective outcomes in fisheries management through collaboration with industry and other stakeholders. It also acknowledges that involving fishers and other key stakeholders in managing and regulating fisheries can lead to better policy and management outcomes.

A 2008 Fisheries Research and Development Corporation report found clear benefits to implementing co-management in Australian fisheries. Similar benefits have been documented in other countries, including New Zealand and Canada, where co-management arrangements have already been implemented. Domestic co-

management arrangements have also been implemented in the South Australian Spencer Gulf prawn fishery. This fishery has been recognised by the United Nations Food and Agriculture Organisation as a global model of fair, flexible and accountable management.

The Commonwealth fishing industry has shown strong support for the implementation of co-management arrangements. The industry recognises that co-management can provide them a more direct and prominent role in developing effective management structures; structures that are more compatible with the fishing industry operations.

The fishing industry and AFMA also expect that co-management will lead to improved fishery management outcomes, including increasing the sustainability of Australia's fish stocks, and creating optimal conditions for a viable and resilient fishing industry.

Three trials were established to identify the most effective co-management arrangement for Australian fisheries.

The outcomes of these trials are very positive and indicate that co-management can increase cost-effectiveness and deliver more efficient fisheries management. The trials also indicate that the fishing industry, given the right incentives, is a willing collaborator and can deliver stewardship over Australia's fisheries resources.

Some co-management arrangements are currently possible, as stakeholders may undertake certain responsibilities and obligations on behalf of AFMA. These already include collecting fishing information, monitoring fishing activity, providing information to AFMA, devising research plans, and managing fishery surveys. However, the proposed amendments will provide AFMA with the capacity to offer those fisheries with strong governance, leadership and demon-

strated commitment to sustainability, a collaborative role in fisheries management.

The second set of amendments relates to the simplification of AFMA's regulatory processes. AFMA administers a complex regulatory framework that currently contains some duplication and inconsistency across Commonwealth fisheries. This bill will enable AFMA to reduce the complexity of the management rules that apply to each fishery, by prescribing standard conditions in the subordinate regulations rather than in individual fishery management plans.

The complexity of the current regulatory regime has been identified as a significant source of inefficiency and cost for AFMA's administration of Commonwealth fisheries. The streamlining of regulation is expected to lower costs for the industry and AFMA.

The existing regulation requires a plan of management for a fishery to outline its objectives and the indicators by which it will measure performance. This leads to a duplication of the objectives that are outlined in the act and a duplication of reporting against these objectives. This bill will make it optional for fisheries management plans to contain a full set of objectives and performance measures. Managers still have the option of including specific objectives in a plan of management, but these will reflect objectives for individual fisheries beyond those prescribed in the act.

By reducing redundancy and duplication in legislation, these amendments will make fisheries management simpler and more efficient across all Commonwealth fisheries.

The third area of reform in the bill relates to management advisory committees, or MACs as they are commonly known. MACs play a significant role in assisting AFMA in the management of fisheries. They generally include members from industry and environmental organisations.

The bill will remove the limitation on AFMA that prevents it from restructuring the existing management advisory committees efficiently. The restructure is required to reduce the number of MACs from 12 to six and to enable the implementation of a dual advisory model, a model that enables a MAC to advise on more than one fishery. This model also separates the provision of advice to AFMA; MACs will continue to provide advice to AFMA on community interest issues, but advice on fishing operations will be provided by fishing industry participants.

The restructure has the broad support of industry because rationalised arrangements will improve the effectiveness of advice delivered to AFMA and could ultimately reduce the administrative costs borne by industry.

The last group of amendments contained in this bill will allow AFMA to share its expertise and institutional knowledge with Commonwealth and non-Commonwealth agencies.

AFMA has some advanced systems and technologies, including satellite vessel monitoring systems and independent fisheries observer programs. AFMA is also pioneering experimentation in at-sea electronic submission of catch data and remote camera monitoring. There is increasing interest from other domestic and overseas fisheries management agencies, especially in seeking the most cost-effective way for governments to provide such services.

AFMA is currently restricted by the current legislation in its ability to provide these services; despite the demand and its capacity to do so. The ability to provide these services to other organisations would increase the economies of scale and lower the costs to AFMA and the Commonwealth of developing such technologies.

The measures introduced by this bill are a further step in enabling AFMA to implement more efficient and effective fisheries management, and to ensure that Australia's fishing industry remains viable into the future.

I commend the bill to the House.

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

PRIMARY INDUSTRIES (EXCISE) LEVIES AMENDMENT BILL 2010

First Reading

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

Bill read a first time.

Second Reading

Mr BURKE (Watson—Minister for Agriculture, Fisheries and Forestry and Minister for Population) (9.59 am)—I move:

That this bill be now read a second time.

The Primary Industries (Excise) Levies Amendment Bill 2010 amends the Primary Industries (Excise) Levies Act 1999 to increase the maximum allowable levy rate cap on the research and development component of the laying chickens levy from 10 to 30 cents per laying chicken.

Australian Egg Corporation Limited, on behalf of the egg industry, has requested that its operative research and development levy rate be increased from 10 cents to 13.5 cents per laying chicken. Meeting this request requires a change to legislation as there is currently a maximum allowable cap of 10 cents under the act.

The egg industry put forward this proposal to assist it in meeting an expansion in research and development objectives outlined in its 2008-12 strategic plan. The industry undertook an extensive period of debate and consultation in coming to its recommendation to increase its levy rate. The decision was ultimately put to a vote where a majority

of egg producers supported this change. The government has endorsed this recommendation from industry.

The government has decided to increase the cap from 10 to 30 cents at this time to cover potential future levy increases that the industry may seek to accommodate new strategic directions and the impacts of inflation. Of course any change to the operative rate within the cap will require the industry to demonstrate compliance with the levies principles and guidelines, particularly to demonstrate industry support for any change. It would then need to be approved by the Minister for Agriculture, Fisheries and Forestry, with the necessary regulations then put to the federal executive council and tabled in parliament. Following the passage of this bill, the government intends to put forward amendments to the Primary Industries (Excise) Levies Regulations 1999 to give effect to the levy increase to 13.5 cents per laying chicken.

Australia's primary industries have a strong tradition of being innovative and adaptive to new challenges. The government's investment in research and development and innovation is vital for ongoing growth and improvement in the productivity, profitability, competitiveness and sustainability of Australia's agriculture, fisheries, forestry and food industries. Levies provide an effective system to support this. The government remains committed to supporting jobs in rural industries through increasing productivity and vital research and development, including the egg industry.

Debate (on motion by **Mrs Gash**) adjourned.

TAX LAWS AMENDMENT (2010 GST ADMINISTRATION MEASURES No. 3) BILL 2010

First Reading

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

Bill read a first time.

Second Reading

Mr BOWEN (Prospect—Minister for Financial Services, Superannuation and Corporate Law and Minister for Human Services) (10.02 am)—I move:

That this bill be now read a second time.

The bill amends the A New Tax System (Goods and Services Tax) Act 1999 to progress GST reforms announced in the 2008 09 and 2009-10 budgets aimed at simplifying and streamlining the administration of the GST.

The amendments in schedule 1 provide that the transport of goods by subcontractors within Australia that forms part of the international transport of those goods by another entity from or to Australia is taxable, unless the supply of transport is made to a non-resident that is not in Australia.

The amendments reduce compliance costs and address the inconsistent treatment of international transport applying to postal and non-postal goods under the existing GST law. These amendments apply from 1 July 2010.

The amendments in schedule 2 ensure that supplies of global roaming services provided to visitors to Australia remain not subject to GST, consistent with Australia's treaty obligations under the International Telecommunication Regulations also known as the Melbourne agreement.

Until December 2005 these international telecommunication supplies were not considered to be taxable under the Australian

GST law. However, the Commissioner of Taxation then determined that these supplies were taxable. Therefore it is necessary to amend the GST law to ensure that the treatment of these supplies remains consistent with the Melbourne agreement.

These amendments apply from 1 July 2000, the commencement date of the GST. This retrospective application benefits suppliers, as the change is consistent with the existing industry practice of not applying GST to the relevant supplies.

The amendments in schedule 3 ensure that the appropriate GST outcome is achieved in situations where there are payments between parties in a supply chain which indirectly alter the price received or paid for the thing that is supplied but where certain parties in the supply chain are members of the same GST group, GST religious group or GST joint venture.

This measure arose from recent changes to the GST law which take effect on 1 July 2010. The effect of these changes is to create adjustments to apply in situations where a taxpayer supplying things for resale makes a monetary payment to a third party in the supply chain in connection with the third party's acquisition of the thing.

The amendments will apply to third party payments made on or after 1 July 2010.

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

Debate (on motion by **Mrs Gash**) adjourned.

TAX LAWS AMENDMENT (2010 MEASURES No. 3) BILL 2010

First Reading

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

Bill read a first time.

Second Reading

Mr BOWEN (Prospect—Minister for Financial Services, Superannuation and Corporate Law and Minister for Human Services) (10.05 am)—I move:

That this bill be now read a second time.

This bill amends various taxation and superannuation laws to implement a range of improvements to Australia's tax laws.

Schedule 1 implements the government's 2010-11 budget changes to the superannuation co-contribution.

The government co-contribution scheme matches personal contributions made by eligible low- to middle-income earners. Currently, eligible personal superannuation contributions are matched at a rate of 100 per cent up to a maximum co-contribution of \$1,000.

We are keeping a generous co-contribution, worth up to \$1,000 per year and matching eligible contributions dollar for dollar. For the 2010-11 and 2011-12 income years, the lower and higher income thresholds will remain at \$31,920 and \$61,920 respectively.

Current indexation arrangements will recommence for the 2012-13 and later income years.

The government also will permanently maintain the superannuation co-contribution matching rate at 100 per cent and the maximum co-contribution payable at \$1,000.

These changes are not expected to have a significant impact on the level of superannuation contributions. The co-contribution scheme will continue to provide eligible individuals with a very generous dollar-for-dollar contribution incentive.

These amendments deliver a fiscal saving of \$645 million over the forward estimates.

The government will be substantially boosting the superannuation savings of lower income Australian through its Stronger, Fairer, Simpler superannuation reforms announced on 2 May 2010.

From 1 July 2010 the government will provide a contribution of up to \$500 for workers with incomes up to \$37,000. This will directly assist 3.5 million Australians with incomes up to \$37,000 who currently receive little or no concessions on their compulsory superannuation guarantee contributions.

In contrast, only 20 per cent of eligible low-income earners benefit from the existing co-contribution scheme; the government will still provide the co-contribution of up to \$1,000 to assist them.

These changes form part of broader superannuation reforms. In addition to the superannuation contributions tax rebate, the government will increase the superannuation guarantee rate from nine to 12 per cent, which will directly address issues raised by our ageing population and boost private and national savings, bringing broader benefits to the community and the nation. It will also increase the annual concessional contributions cap to \$50,000 for individuals aged 50 and over with superannuation balances below \$500,000. This doubles the cap of \$25,000 which is scheduled to apply from 1 July 2012 and will allow these individuals to 'catch up' on their superannuation contributions when most able.

The government's Stronger, Fairer, Simpler superannuation measures will cost around \$2.4 billion over the next four years.

Schedule 2 amends the operation of the thin capitalisation rules for authorised deposit-taking institutions to take into account the January 2005 adoption of the Australian equivalent to International Financial Reporting Standards.

This measure formed part of the government's 2009-2010 budget announcement and clarifies the treatment of Treasury shares, the business insurance asset known as EMVONA, which is the excess market value over net assets, and the capitalised software costs.

Transitional provisions have applied to allow authorised deposit-taking institutions to elect to use the accounting standards that applied immediately before January 2005.

This schedule amends division 820 of the Income Tax Assessment Act 1997 to broadly retain this transitional treatment for those specified assets for the thin capitalisation calculations of authorised deposit-taking institutions.

The amendments apply to income years commencing on or after 1 January 2009.

Schedule 3 amends the Taxation Administration Act 1953 to remove the possibility of conflicts arising between Australia's national security interests and obligations imposed by Commonwealth tax laws.

It does that by empowering the Director-General of Security and the Director-General of the Australian Secret Intelligence Service to declare that Commonwealth tax laws do not apply to specified transactions in relation to specified entities.

When such a declaration is made, tax liabilities, obligations and benefits will not apply in relation to the specified transactions. As a result there will be no obligation to provide information about those transactions to the tax authorities and no power to seek that information. That will ensure that information that bears on the operational activities of Australia's security and intelligence agencies, which should remain secret in the interests of national security, will not be disclosed.

The power to make these declarations is potentially wide so it is important that the directors-general must be satisfied before making a declaration that is necessary for the proper performance of the functions of the relevant agency. Exercises of the power will also be overseen by the Inspector-General of Intelligence and Security and, more generally, by the Joint Parliamentary Committee on Intelligence and Security.

Schedule 4 amends division 6 of the Income Tax Assessment Act 1936 so that unexpended income of a special disability trust is taxed at the relevant principal beneficiary's personal income tax rate rather than automatically at the top personal tax rate plus the Medicare Levy.

This measure delivers on the government's commitment to help support people with severe disability, their families and carers. It will further assist immediate family members and carers to make private financial provision for the care and accommodation needs of people with severe disability by ensuring that taxation is not a disincentive for the establishment of a special disability trust.

Schedule 5 amends the definition of a managed investment trust, or MIT, to more closely align the definition for withholding tax, which is the definition for the MIT capital account treatment, which has recently passed both houses of parliament. These changes to the definition of a MIT were first announced on 10 February 2010.

This schedule amends the definition of a MIT in subdivision 12H of schedule 1 to the Taxation Administration Act 1953 and makes consequential amendments to division 275 of the Income Tax Assessment Act 1997 which deals with capital account treatment afforded to MITs.

This measure extends the MIT definition to cover certain wholesale managed invest-

ment schemes and government-owned managed investment schemes, commonly referred to as wholesale funds. The amendments ensure the rules apply appropriately to both retail funds and wholesale funds that are widely held collective investment vehicles undertaking passive investments, while ensuring that any changes to the definition for withholding tax purposes do not unfairly disadvantage existing investors and funds.

Consistent with the original policy objectives underpinning the MIT withholding tax rules—to support the Australian funds management industry—this measure will limit the operation of the MIT withholding tax rules to funds that carry out their investment management activities in Australia.

The changes made by this schedule are in line with the government's objective to secure Australia's position as a financial services centre. This will support the Australian funds management industry.

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

Debate (on motion by **Mrs Gash**) adjourned.

SUPERANNUATION INDUSTRY (SUPERVISION) AMENDMENT BILL 2010

First Reading

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

Bill read a first time.

Second Reading

Mr BOWEN (Prospect—Minister for Financial Services, Superannuation and Corporate Law and Minister for Human Services) (10.14 am)—I move:

That this bill be now read a second time.

The Superannuation Industry (Supervision) Amendment Bill 2010 introduces amendments to the Superannuation Industry (Su-

pervision) Act 1993 (the act) to reduce the risks for superannuation funds investing in limited recourse borrowing arrangements.

The government recognises that for many Australians their superannuation savings will form a major part of their retirement income. The government considers it vital that Australians have complete confidence that the regulatory framework surrounding superannuation is robust and that superannuation funds are managed prudently in a way which maximises Australians' income in retirement. This bill enhances the regulatory framework governing superannuation fund investments in leveraged products to ensure that the borrowing exemption under section 67 of the act is not used in a manner that places the superannuation savings of everyday Australians at undue risk.

This bill contains amendments that reduce the risk to superannuation fund trustees created through arrangements involving personal guarantees, on-lending or related borrowings, multiple assets and where the asset is replaced.

The definition of 'asset'

Some limited recourse borrowing arrangements targeted towards superannuation funds have been designed on the basis that 'asset' should be interpreted as including the plural. Borrowing arrangements over multiple differentiated assets could expose superannuation funds to greater risk than if a trustee took out a number of discrete loans, each relating to, and only enforceable against, a single asset.

This bill ensures that the term 'asset' should now be read in the singular, so that it is not interpreted as permitting borrowing arrangements over multiple non-identical assets. However, the definition permits borrowing arrangements over assets that are known collectively as a single asset, or a single collection of identical assets.

Related expenses and refinancing

Consultations with industry stakeholders on the bill revealed considerable uncertainty regarding whether the existing borrowing exemption allowed refinancing or related expenses to be incorporated into instalment warrant arrangements. Refinancing may allow the superannuation fund trustee to minimise the risk of a default on a borrowing resulting from a temporary inability to make a repayment (for example, where the fund is facing solvency issues due to benefit payment obligations). Some expenses, such as conveyancing fees, stamp duty, and loan establishment costs, are so readily associated with the borrowing that it would be difficult and costly to dissociate them from the borrowing itself. Consequently, this bill amends the act to clarify the circumstances under which refinancing and related expenses are permitted.

Replacement assets

In prescribing the terms to which a borrowing arrangement must adhere, the act provides that the borrowing must be used or maintained to acquire 'the original asset, or another asset (the replacement)'.

The broadness of this definition may result in arrangements that allow the lender to require a trustee to replace an asset within an arrangement if its value falls below a certain level with an asset of greater value than the outstanding loan.

To prevent replacements that increase the risk to fund assets, this bill amends the act to list the specific circumstances in which a replacement asset is permitted. The amended legislation provides for the regulations to expand on the list of eligible assets should the need for further exemptions arise.

This bill also amends the act to make clear that the original asset can be 'maintained' or 'repaired' to ensure that its functional value is not diminished, but that the asset cannot be

'improved', as this would fundamentally change the nature of the asset used as security by the lender, potentially increasing the risk to the fund. The bill also amends the act to allow for regulations to provide for further clarification should the need arise.

Personal guarantees and related borrowings

Several providers of limited recourse borrowing arrangements are requiring trustees, or third parties including fund members, to provide guarantees of the borrowing to underwrite the provider's risk from the limited recourse nature of an instalment warrant. Similarly, persons may enter into on-lending arrangements or associated borrowings that may circumvent the limited recourse nature of the borrowing arrangement.

This bill introduces amendments to ensure that the rights of the lender or any other person against the superannuation fund trustee are limited to rights relating to the acquirable asset. No guarantee arrangement or other related borrowing can be enforceable against the superannuation fund trustee other than the rights relating to the acquirable asset. This guards against guarantees and risks associated with any other charges not associated with the direct borrowing. These amendments will ensure that other superannuation fund assets are protected in the event of a default on a limited recourse borrowing arrangement.

Conclusion

The government is bringing forward these amendments to ensure the regulatory framework governing exempted borrowing by superannuation funds reduces the risks for superannuation funds.

The amendments respond to issues with the regulatory framework surrounding superannuation investment in limited recourse borrowing arrangements (such as instalment warrants) raised by the Australian Taxation

Office (ATO), Australian Prudential Regulation Authority (APRA) and the Australian Securities and Investments Commission (ASIC).

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

Debate (on motion by **Mrs Gash**) adjourned.

FINANCIAL SECTOR LEGISLATION AMENDMENT (PRUDENTIAL REFINEMENTS AND OTHER MEASURES) BILL 2010

First Reading

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

Bill read a first time.

Second Reading

Mr BOWEN (Prospect—Minister for Financial Services, Superannuation and Corporate Law and Minister for Human Services) (10.20 am)—I move:

That this bill be now read a second time.

Introduction

The Financial Sector Legislation Amendment (Prudential Refinements and Other Measures) Bill 2010 continues the legislative amendments made by the government to improve the efficiency and operation of a range of financial sector legislation.

The bill contains amendments to 17 acts and repeals five redundant acts.

Financial sector legislation plays a critical role in protecting the financial wellbeing of the Australian community. The legislation is administered by several regulators including the Australian Prudential Regulation Authority, the Australian Securities and Investments Commission, the Reserve Bank of Australia, and the Australian Taxation Office.

The bill is largely the result of a review of the prudential regulatory framework by

APRA and the Treasury. This review identified amendments necessary to strengthen APRA's ability to effectively fulfil its mandate. This is consistent with developments overseas where countries such as the UK and the US have sought to review and strengthen their financial regulatory frameworks.

APRA is the prudential regulator of the Australian financial services industry. It oversees banks, credit unions, building societies, general insurance and reinsurance companies, life insurance, friendly societies, and most members of the superannuation industry. These institutions hold approximately \$3.6 trillion in assets for 22 million Australian depositors, policyholders and superannuation fund members.

APRA is also responsible for the administration of the Financial Claims Scheme and acts as the national statistical agency for the financial sector.

APRA is funded largely by the industries that it supervises through annual levies imposed on regulated entities.

Outline of measures in the bill

The bill covers five key areas of reform.

Firstly, it amends the prudential regime by strengthening APRA's powers to prevent prudential regulatory concerns arising and to address them should they arise.

Secondly, it amends the Financial Claims Scheme to facilitate APRA's administration of the scheme and improve the scheme's operation.

Thirdly, it amends the Financial Sector (Collection of Data) Act 2001 to promote the harmonisation and flexibility of the data collection and publishing regime, and APRA's role as the central repository for the collection of financial data.

Fourthly, it amends the financial sector levies framework to improve the methodologies governing the determination of levies.

Finally, the bill repeals five redundant acts as part of the government's commitment to continuously clean up red tape.

Preventive powers

Powers to engage in early preventive action are essential to maintaining confidence and stability in the financial sector.

This is recognised internationally and by the government.

The ability for APRA to actively supervise financial sector institutions is a critical factor to successfully preventing prudential concerns arising. Likewise, it is crucial that APRA is able to effectively set minimum standards for entry into financial markets and that only fit and proper people fulfil key roles within institutions.

The bill enhances all these aspects of the prudential regime.

The bill ensures that APRA can better supervise financial sector institutions by addressing potential gaps and uncertainty in the present legislation.

These gaps may presently prevent prudential standards from applying to general insurance groups, incorporating documents by reference, and from providing for important matters relating to the protection of depositors and policyholders. They may also prevent regulators from investigating financial institutions during winding up, from being able to access key records held by institutions, and from continuing an authorisation in-effect upon revocation.

These gaps need to be closed in order to ensure that APRA can fulfil its mandate in relation to prudential regulation and financial system stability.

Equally, Australians deserve to be confident that financial institutions have met the minimum standards set by APRA and that they are run by 'fit and proper' persons.

At present, APRA may only set minimum criteria for entry into regulated markets by guidelines. The bill will enable APRA to set such standards by legislative instruments, which provide legal certainty.

The bill also assists regulators in ensuring that key persons within financial institutions are fit and proper to hold their positions by responding to the High Court's decision in *Rich v ASIC*. The amendments prevent these persons from refusing to provide information to the regulator or court on the grounds that doing so may expose them to disqualification under prudential laws.

Persons subject to disqualification under these laws are in a position of considerable responsibility with respect to the assets of others and the stability of Australia's financial system. It is therefore appropriate that the court's decision be responded to in a manner similar to that which has already been enacted in the corporations and trade practices contexts.

It is also appropriate that the regulatory regime applying to auditors and actuaries be harmonised. At present, the regime is unjustifiably inconsistent between APRA administered acts and other laws. The bill addresses these inconsistencies by amending the various laws to adopt a more coherent approach. It also ensures that key provisions relating to interference with audits exist in the prudential context as they presently do under the Corporations Act.

Corrections power

It cannot be assumed, however, that the prudential regime can prevent prudential concerns from ever arising. As such, it is also necessary to ensure that APRA has effective powers to correct concerns should they arise.

Directions powers are a key tool at APRA's disposal for doing so. They enable APRA to specify how an entity should ad-

dress prudential concerns where less direct means have failed.

At present, however, there is uncertainty as to several aspects of APRA's directions powers. For example, it is uncertain whether the powers enable APRA to direct a foreign bank branch to address concerns about inappropriate intra-entity transactions. There is also the possibility that the provision of external support to an authorised deposit-taking institution, such as government assistance, might prevent some direction powers from being able to be used.

The bill addresses these and other uncertainties. By doing so, it strengthens APRA's ability to act quickly and decisively to protect depositors, policyholders and the financial system.

Failure management powers

Prudential regulation in a market economy cannot have a 'no failure' objective. Recognising this, APRA currently has a range of powers to manage and resolve failure should it occur.

The importance of these powers in protecting depositors and policyholders and maintaining confidence in the financial system is self-evident. It is therefore of the utmost importance to ensure that they are effective and sufficient for the task.

To this end, the bill strengthens APRA's failure management powers.

The amendments increase the effectiveness of the statutory and judicial management regime. In particular, they ensure that APRA can obtain necessary information and assistance from a judicial manager and enhance APRA's information-gathering powers during statutory management. They also clarify provisions relating to the appointment of statutory and judicial managers and their powers.

The bill also enhances APRA's compulsory transfer powers. APRA currently has powers to compulsorily transfer any aspect of the business of an ADI and the regulated business of a life insurer in appropriate circumstances. The amendments enable the powers to operate in relation to both life and general insurers in a similar way to which they presently apply to ADIs.

Another important reform ensures that APRA has power to direct a distressed ADI or insurer to recapitalise. It is not currently clear whether a power to require recapitalisation exists outside of statutory or judicial management. The amendments ensure that APRA can issue a recapitalisation direction in circumstances where it is not desirable to first place the entity into statutory or judicial management: for example, where doing so would undermine confidence in the financial system or the ability of the entity to raise the necessary capital.

Financial Claims Scheme

The bill amends the Financial Claims Scheme provided for in the Banking and Insurance acts.

The scheme provides depositors in Australian incorporated ADIs with a guarantee of their deposits to a threshold prescribed by regulations. In addition, it provides compensation to eligible policyholders with claims against a failed general insurer.

It is important that the scheme's operation is clear, consistent and able to be effectively administered by APRA. This bill ensures this.

The amendments enable APRA to settle claims and issue forms with respect to common administrative matters under the Insurance Act. They also ensure that all relevant policyholders are covered by the scheme and clarify its operation in particular circumstances.

In addition, the amendments ensure that APRA can obtain the information and assistance it requires to administer the scheme from liquidators and judicial managers.

Data collection regime

The bill amends the Financial Sector (Collection of Data) Act to promote the harmonisation and flexibility of the data collection regime and APRA's role as the central repository for the collection of financial data.

The bill includes five key reforms in this respect.

First, it ensures that APRA can collect data under the act to assist it to administer the Financial Claims Scheme and to assist the minister and other agencies perform their functions.

Second, it enables APRA to collect data from an expanded class of financial sector entities on direction from the minister to ensure all relevant data can be collected.

Third, it ensures that APRA does not have to consult when preparing reporting standards where the resulting delay may have a detrimental effect on financial system stability.

Fourth, it protects confidential information in reporting standards from disclosure in circumstances where disclosure may detrimentally affect the stability of the financial system or institutions, and the requested data is required urgently by APRA.

Finally, it ensures that APRA can require all data collected under the act to be audited.

Amendments to the financial sector levies framework

The bill improves the methodologies governing the determination of financial sector levies.

The 2009 *Report of the Review of Financial Sector Levies* made several recommendations to improve the levies regime. In par-

ticular, it recommended that the regime be amended so that a levies base other than assets may be used in appropriate circumstances. It also recommended that the date for determining the levy payable by a new superannuation entity should be the date it became regulated rather than at 30 June of the previous financial year.

The amendments give effect to these recommendations and related matters.

Repeal of acts

The bill repeals five redundant acts relating to the validation of past financial sector levy determinations.

The government is committed to better regulation and reducing red-tape.

Leaving redundant legislation on the books increases the cost for business by making it harder to identify which rules apply. It also increases the probability of inconsistent or overlapping rules.

Consultation

An exposure draft of the bill was released for public consultation on 19 January 2010. In response, a number of submissions relating to the bill were received. The majority of these submissions either supported or had no major concerns with the bill.

[As required by the Corporations Agreement 2002, the Ministerial Council for Corporations was also consulted on, and has approved the amendments in the bill to the national corporate regulation scheme.]

Conclusion

This bill improves the overall effectiveness of Australia's prudential regulatory regime. Importantly, it makes amendments to the regime to enhance APRA's ability to prevent prudential concerns arising and to respond to them should they arise. It provides APRA with the tools it needs to protect the wellbeing of Australians from distress in the financial system.

It also enhances the Financial Claims Scheme and the data collection and financial sector levies regimes.

I commend the bill to the House.

Debate (on motion by **Mrs Gash**) adjourned.

CORPORATIONS AMENDMENT (CORPORATE REPORTING REFORM) BILL 2010

First Reading

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

Bill read a first time.

Second Reading

Mr BOWEN (Prospect—Minister for Financial Services, Superannuation and Corporate Law and Minister for Human Services) (10.33 am)—I move:

That this bill be now read a second time.

Today I introduce a bill which will amend the Corporations Act 2001 to improve Australia's corporate reporting framework by reducing unnecessary red-tape and regulatory burden on companies, improving disclosure requirements and implementing a number of other important refinements to the corporate regulatory framework.

Australia has a robust and generally well-regarded financial reporting framework; however, opportunities do exist to cut red-tape in several areas. The reforms contained in this bill will ensure that Australia's financial reporting framework remains strong and in line with world's best practice.

The bill will establish a tailored financial reporting regime for small companies limited by guarantee. These entities are predominantly relatively small and serve a not-for-profit purpose. They include some types of companies limited by guarantee, many sports and recreation organisations, community

service organisations and education related institutions.

The proposed amendments introduce a three-tiered differential reporting framework exempting small companies limited by guarantee from reporting and auditing requirements and providing other companies limited by guarantee with streamlined assurance requirements and simplified disclosures in the directors' report. This will significantly reduce the regulatory burden on small companies limited by guarantee.

The process for companies limited by guarantee to distribute annual reports to their members will also be streamlined. Companies will only be required to provide copies of their financial reports if a member elects to receive a copy.

Companies limited by guarantee will also be prohibited from paying a dividend, as their corporate structure means that they are not suited for conducting for-profit activities which could legitimately warrant the payment of dividends to members.

Some types of companies limited by guarantee will have a higher level of public interest due to the nature of their activities. Charities, for instance, generally fall within this category because of their public fundraising activities and the significant amount of community involvement. Such factors need to be considered when differentiating between companies limited by guarantee for reporting purposes. That is why companies that are deductible gift recipients will continue to prepare a financial report, irrespective of whether they fall above or below the threshold.

These measures will ensure that larger companies, or those that seek tax deductible donations from the public, are still subject to appropriate levels of transparency and accountability.

This, in turn, will ensure that appropriate governance standards are maintained, particularly in cases where there is a need for greater public accountability due to the size or nature of the company limited by guarantee.

The bill will also streamline parent-entity reporting. Parent entities will be relieved of the requirement to prepare financial statements for both the parent entity and the consolidated group. Instead the bill will allow companies to disclose summary parent-entity financial information. The corporations regulations will specify the supplementary information about the parent entity that is to be included in a note to the consolidated financial statements.

In addition, the bill relaxes the statutory requirement that companies may only pay dividends from profits, replacing the profits test with a more flexible solvency based requirement. This test will allow a company to pay a dividend if:

- the company's assets exceed its liabilities and the excess is sufficient for the payment of the dividend;
- it is fair and reasonable to the company's shareholders as a whole; and
- it does not materially prejudice the company's ability to pay its creditors.

The new test is designed to ensure that creditors and shareholders who are not entitled to dividends are sufficiently protected. Consequentially the bill contains amendments to the income tax law to ensure there is no change to taxation arrangements as a result of the reform.

In addition the bill facilitates an easier change of a company's balance date by allowing a financial year subsequent to the first year to last for a period less than 12 months.

In order to enhance the transparency and utility of disclosures contained in the directors' report, the bill extends the requirement to disclose a review of operations and financial conditions to all listed entities. This follows the recommendation of the Corporations and Markets Advisory Committee's report *The social responsibility of corporations* and will provide stakeholders with an overview which would enable users to understand the performance of a business and the factors underlying its results and financial position.

The bill also refines the statement of compliance with International Financial Reporting Standards (IFRS) contained in the directors' declaration. This will enhance international recognition of Australia's IFRS adoption and allow Australia to realise the full benefits to foreign investment that IFRS provides.

Other amendments contained in the bill include:

- clarifying the circumstances in which a company can cancel its share capital;
- removing obsolete provisions in the Australian Securities and Investments Commission Act 2001 relating to certain functions of the Financial Reporting Council; and
- improving the Companies Auditors and Liquidators Disciplinary Board processes, including by extending immunities for pre-conference hearings and improving the appointments process.

In summary, these reforms will reduce unnecessary red tape and regulatory burden on companies, improve disclosure requirements and implement a number of other important refinements to Australia's corporate reporting framework.

Finally, I can inform the House that the Ministerial Council for Corporations was

consulted in relation to the amendments to the laws in the national corporate regulation scheme, and has approved them as required under the Corporations Agreement.

I commend the bill to the House, full details of which are contained in the explanatory memorandum.

Debate (on motion by **Mrs Gash**) adjourned.

VETERANS' AFFAIRS LEGISLATION AMENDMENT (2010 BUDGET MEASURES) BILL 2010

First Reading

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

Bill read a first time.

Second Reading

Mr GRIFFIN (Bruce—Minister for Veterans' Affairs and Minister for Defence Personnel) (10.40 am)—I move:

That this bill be now read a second time.

I am pleased to present legislation introducing measures announced in the 2010-11 federal budget that will increase access to repatriation pensions and benefits and align eligibility for war widow or widower pension.

As a result of this government's reconsideration of the recommendations of the Clarke review of veterans entitlements, two periods of service will be reclassified resulting in repatriation benefits or improved repatriation benefits becoming available for this service under the Veterans' Entitlements Act.

Firstly, from 1 July 2010, service by former Australian Defence Force members involved in the British nuclear tests will be recognised under the Veterans' Entitlements Act with benefits equivalent to those available for non-warlike or hazardous service.

A new category of service will be created under the Veterans' Entitlements Act, to be known as British nuclear test defence ser-

vice. British nuclear test defence service will provide eligible former members or their dependants with access to disability and war widow or widower pensions, treatment and a number of other associated benefits and allowances for incapacity or deaths that are accepted as related to that service.

The creation of this new category of service eligibility under the Veterans' Entitlements Act recognises the unique nature of this peacetime defence service and will provide recognition of that service and appropriate repatriation benefits.

In addition, pension claims relating to British nuclear test defence service will be determined using the reasonable hypothesis standard, being the more generous reverse criminal standard of proof.

In further recognition of the service undertaken by our Defence Force members, certain submarine special operations between 1978 and 1992 will be reclassified as operational and qualifying service under the Veterans' Entitlements Act with effect from 1 July 2010. During this period, some Royal Australian Navy submarines were fitted with special intelligence equipment and were deployed regularly in areas to the north and west of Australia.

Eligible members under this measure will be those whose service on submarine special operations between 1978 and 1992, resulted in their being awarded, or being eligible to be awarded, the Australian Service Medal with Clasp Special Ops and includes those members who would have been eligible for the Australian Service Medal with Clasp Special Ops if they had not already received it for another period of service.

The reclassification of this service will provide eligible members with access to all pensions and associated benefits under the Veterans' Entitlements Act and will provide

access to subsidised home loans under the Defence Service Homes Act.

As a result of the reclassification to operational service, eligible members will gain access to disability pension and will be able to receive healthcare services for their accepted disabilities.

Disability pension claims relating to relevant submarine special operations service will also be determined using the reasonable hypothesis standard, being the more generous reverse criminal standard of proof.

As a result of the reclassification to qualifying service, eligible members will qualify for a gold card at age 70 and they and their partners will have access to service pension.

This budget continues this government's commitment to ensure that appropriate repatriation benefits are provided based on the nature of service rendered, by reclassifying as qualifying service, certain service in Ubon in Thailand.

From 1 July 2010, service in Ubon in Thailand between 31 May 1962 and 27 July 1962 will be reclassified, under the Veterans' Entitlements Act, as qualifying service. During this period, Australian Defence Force personnel in Ubon were on an operational footing to counter the level of imminent threat at the time.

Qualifying service for this period will provide eligible members and their partners with access to service pensions. Eligible members will also qualify for a gold card at age 70.

The last two measures in the bill also relate to this government's reconsideration of the Clarke review.

Firstly, for the purposes of the Veterans' Entitlements Act, the age of domicile of choice will be lowered from 21 to 18 years of age for veterans who served with British

Commonwealth or allied forces during World War II.

Before the concept of Australian citizenship, for a member of a British Commonwealth or allied force to be considered an Australian veteran for the purposes of the Veterans' Entitlements Act, the person must have been domiciled in Australia immediately before the outbreak of war.

This measure will enable a small number of veterans of British Commonwealth or allied defence forces to gain access to pensions and benefits available under the Veterans' Entitlements Act. Other common-law rules relating to domicile will continue to apply. This measure will commence on 1 July 2010.

The final measure will align eligibility for the war widow or widower pension for widows or widowers who enter into a de facto relationship with that of widows or widowers who marry or remarry.

From 1 October 2010, a widow or widower of a veteran or member who enters into a de facto relationship with another person before claiming the war widow or widower pension will be ineligible for the pension.

I want to make it clear that this measure will not affect any war widow's or widower's existing pension, nor will it affect eligibility if the widow or widower enters into a de facto relationship after claiming the war widow or widower pension.

This measure will result in the equal treatment of widows or widowers regardless of whether the new relationship is a marriage or a de facto relationship.

These changes will ensure more veterans and members are recognised for their service to Australia and will deliver almost immediate benefits and entitlements.

This bill continues this government's ongoing commitment to supporting Australia's current and former service personnel and

their families, ensuring their wellbeing now and into the future. I commend the bill to the House.

Debate (on motion by **Mrs Gash**) adjourned.

FAMILY ASSISTANCE LEGISLATION AMENDMENT (CHILD CARE BUDGET MEASURES) BILL 2010

First Reading

Bill and explanatory memorandum presented by **Ms Kate Ellis**.

Bill read a first time.

Second Reading

Ms KATE ELLIS (Adelaide—Minister for Early Childhood Education, Childcare and Youth and Minister for Sport) (10.46 am)—I move:

That this bill be now read a second time.

The bill will cap the childcare rebate annual limit at \$7,500 for the next four years, as announced in this year's budget.

Our government has an incredibly clear record in early childhood education and child care in supporting Australian families. We have prioritised affordable and high-quality child care for Australian families and their children, and we remain committed to this.

Evidence of our commitment is clear in our investment of \$17.1 billion in early childhood education and child care over the next four years, which is around \$10 billion more than that provided in the last four years of the Howard government.

In July 2008, we delivered on our election commitment to increase the childcare rebate from 30 to 50 per cent of parents' out-of-pocket expenses. This extra support goes directly to parents to help them with the cost of their child care. We also met our election commitment to lift the maximum that families could claim from \$4,354, as it was under the previous government, to \$7,500 per child

per year—a substantial increase of \$3,146 a year, or some 72 per cent.

Last year 670,000 Australian families benefited from these significant reforms, enabling them to claim back half of their out-of-pocket childcare costs up to \$15,000 a year for each child in care.

And further, as a result of the changes that our government has made, ABS statistics also show that childcare costs to parents fell by over 20 per cent.

Under the previous government families were also forced to wait until the end of each year to access their childcare rebate payment. This put pressure on family budgets throughout the year. The Rudd government committed to and changed the payment to quarterly—giving parents assistance closer to the time when they incur their childcare costs.

In addition to the childcare rebate, we also provide \$8.4 billion in childcare benefit over four years for low- and middle-income earners through the childcare benefit. This means that we cover more than half of childcare costs for these families.

In total, we will provide \$14.4 billion over four years for parents through childcare benefit and childcare rebate. This is \$8 billion more than the Howard government provided in childcare fee assistance in their last years.

We have shown time and again that we are committed to affordable and high-quality child care, and we are putting our money where our mouth is.

In line with our commitment to deliver a responsible budget that secures our economic future and one that brings the budget back into surplus in three years, and three years early, and also as a result of our ambitious agenda for early childhood education and child care, we have made the decision to

keep the childcare rebate cap at the level we committed to during the election at \$7,500 a year. This is still some \$3,146 higher a year than it was when we were elected to office.

It is important to note that under the adjustment to the childcare rebate featured in this bill, the vast majority of Australian families will not be affected by this change.

In fact only about three per cent of families currently receiving the rebate will be affected. The vast majority of families will not be affected.

In order to reach the cap most families would need to be placing their child in care for 10 to 12 hours a day for more than four days a week, at average fee levels.

In fact, the average use of child care in Australia is much lower with most parents using around 2½ days a week, with the average childcare rebate claim last year being less than \$2,000—well below the cap of \$7,500.

Overall less than one per cent, 0.67 per cent, of families using child care who earn less than \$100,000 a year will be impacted by this change in 2010-11.

We also know that as a result of our childcare rebate increase, a family earning \$80,000 a year with one child in full-time care receives \$2,239 more a year in childcare rebate with this change than they would have under the previous government.

In addition to affordable child care, we have also prioritised improvements to the quality of child care and early education. International studies such as the Perry Preschool Project, the Chicago Parent-Child Centre, and the Effective Provision of Preschool Education have demonstrated that if you invest in high-quality services, if you invest early, children have better outcomes at school and throughout the rest of their lives.

This research has been backed up by local experts such as Fiona Stanley, Frank Oberklaid and Alison Elliot who tell us that the early years shape the future happiness, the future health and the future wellbeing of children.

That is why we took the important decision to invest in the quality of child care, and our decision regarding the childcare rebate cap will help to support this investment. Quality changes will deliver better staff-to-child ratios, so each child gets more individual care and attention, and improved qualifications so that staff can lead activities that help children to learn and develop.

In the 2010-11 budget we announced that we will provide \$273.7 million to support the introduction of the government's new National Quality Framework for early childhood education and child care and our commitment to improve the quality of child care throughout Australia. This includes funding so that we can continue to cover 50 per cent of parents' out-of-pocket expenses.

We are also providing \$59.4 million to improve the quality of 142 budget based funded early childhood services located in rural and remote Australia. This is to improve the infrastructure and staff qualifications in rural and remote services because we know that all children need to benefit from improvements to the quality of child care.

We know that there are some children in these areas who are not doing as well as those in urban areas. This was clearly detailed in the community profiles of the Australian Early Development Index that I released last week.

The AEDI measures how children are developing in their early years and provides crucial information to governments, to service providers and to communities. It shows that 23.5 per cent of all Australian children

are developmentally vulnerable in one or more domains.

While many governments may run and hide from collecting and publishing this information we are embracing it. Such is our commitment to the early years that we want to know where the problems are so that we can work with local communities to fix them so that all kids right across Australia can get the best start to life.

The Rudd government is clearly prioritising high-quality, affordable and accessible child care for Australian families. We are preparing our country for the future by investing in our most important resource—our children. We are doing this because we know that if kids start right they are set for life.

Our record in this area is clear. Again, we are clearly putting our money where our mouth is by investing \$17.1 billion over the next four years in this critical area—around \$10 billion more than the previous government.

We are proud of these achievements, and I support this legislation.

Debate (on motion by **Mrs Gash**) adjourned.

MIGRATION AMENDMENT (VISA CAPPING) BILL 2010

First Reading

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

Bill read a first time.

Second Reading

Mr LAURIE FERGUSON (Reid—Parliamentary Secretary for Multicultural Affairs and Settlement Services) (10.55 am)—I move:

That this bill be now read a second time.

The Migration Amendment (Visa Capping) Bill 2010 amends the Migration Act 1958 (the Act) to give the Minister for Immigra-

tion and Citizenship greater power to effectively manage the migration program.

The number of places in the skilled migration program available to applicants who are not sponsored by an employer continues to decline, as the government's priority is to support demand driven—that is, employer sponsored—migration. At the same time, the number of pending applications continues to grow as the demand for general skilled migration visas exceeds the number of places available in the program.

The general skilled migration visa program has also become dominated by applicants nominating a limited number of occupations even though there are some 400 occupations that are acceptable for general skilled migration purposes. This has made it difficult for the program to deliver the broad range of skills needed in the Australian economy and the Australian labour market.

In the 2007-08 program year, of the 41,000 general skilled migration visas granted, more than 5,000 went to cooks and hairdressers. Further, there are currently 17,594 valid applications which have been made by people nominating their occupation as a cook or hairdresser which have not yet been finalised.

This matter is currently being addressed through priority processing arrangements. Under these arrangements, applicants that are sponsored by an employer, nominated by a state or territory government authority, or have an occupation which is in critical demand in Australia have their application processed before other applications.

However, these arrangements alone do not address the problem of large numbers of valid applications that continue to be made by applicants who are not sponsored and who are nominating occupations that are not in demand. Currently there are 147,000 primary and secondary applicants for general

skilled migration visas waiting in the pipeline for a visa decision.

Amendment to 'cap and terminate' measures

To address these issues, the bill proposes to introduce a power by which the minister may cap visas and terminate visa applications on the basis of certain characteristics.

Currently, the Act gives the minister the power to make a legislative instrument in a certain class or subclass to cap visas and terminate applications for that class or subclass. The proposed amendments will enable the minister to cap visa grants and terminate visa applications based on the class or classes of applicant applying for the visa.

In particular, the proposed amendments will allow the minister to make a legislative instrument to determine the maximum number of visas of a specified class or classes that can be granted in a financial year to visa applicants with specified characteristics. Similar to the current power, the amendments will also allow the minister to treat outstanding applications for the capped visa as never having been made.

Characteristics that may be specified include the occupation nominated by the applicant, or the time at which the applicant made their application. The characteristics will be objective, and relate to information that is provided to the department when an application for a visa is made.

The characteristics that will be specified will depend on the purpose of the particular determination to cap and terminate visa applications and will be consistent with Australia's international obligations. For example, if the determination is made for the purpose of limiting the number of applicants in the skilled migration program with the same nominated occupation, then a cap would be placed on applications which nominate that particular occupation.

To terminate a visa application is different to a decision to refuse a visa application. When an application is terminated it is taken not to have been made. Applicants who are affected by a cap will have their visa application charge refunded to them. Further, a visa application which has been terminated is not subject to merits review.

Application to the general skilled migration visa program

The amendments proposed in this bill not only provide a power to cap general skilled migration visas and terminate general skilled migration visa applications but are broad enough to allow other classes of visas to be capped. This provides the government with a tool for the targeted management of all aspects of the migration program which will be available as the need arises.

The exception to this will be protection visas. The minister cannot make a cap and terminate determination in relation to protection visas.

However, the primary policy imperative of the proposed amendments is to allow the minister to end the ongoing uncertainty faced by general skilled migration applicants whose applications are unlikely to be finalised because their skills are not in demand in Australia.

The proposed amendments will better address Australia's skills shortages by limiting the number of general skilled migration visas able to be granted to applicants whose occupations are in oversupply, thereby leaving more spaces in the program available to applicants whose occupation is in demand.

This will allow the Australian government to deliver a skilled migration program that is more tightly focused on high-value skills that will assist in meeting the medium- to long-term needs of the Australian economy.

The government's intention is to establish a realistic balance between providing the skills Australian employers need and ensuring the maximum opportunities for Australian citizens and permanent residents in a changing employment market.

This amendment is just one in a package of reforms the government is currently making to the skilled migration program to ensure that it is able to target skilled migrants with the high-value, nation-building skills that Australia needs.

Conclusion

This bill represents an important step in achieving the government's objectives of a flexible skilled migration program that can be adapted to the economic and business cycle and the needs of Australian business and industry.

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

OZONE PROTECTION AND SYNTHETIC GREENHOUSE GAS MANAGEMENT AMENDMENT BILL 2010

First Reading

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

Bill read a first time.

Second Reading

Mr GARRETT (Kingsford Smith—Minister for Environment Protection, Heritage and the Arts) (11.02 am)—I move:

That this bill be now read a second time.

The Ozone Protection and Synthetic Greenhouse Gas Management Act 1989 gives effect to Australia's international obligations under the Montreal Protocol on Substances that Deplete the Ozone Layer and the United Nations Framework Convention on Climate Change to phase out the use of ozone-

depleting substances and to minimise the emissions of synthetic greenhouse gases.

The bill will improve the effectiveness of the act by introducing a civil penalty and infringement notice scheme and will address a number of issues that have arisen from the practical application of the act and its subordinate legislation.

The most significant amendment made to the act is in relation to the compliance and enforcement framework. The act currently contains several criminal offences for breaches of the legislation. Experience has shown that prosecution may be overly harsh and inappropriate. For example, the act and regulations prescribe a number of conditions that must be met by holders of the various permits and licences. Currently, the only penalty available for breach is the suspension or cancellation of a permit. The consequence of this is a permit holder can no longer run their business—irrespective of the severity or nature of the breach.

The bill will introduce a civil penalties regime so that there will be, for each offence, an equivalent civil penalty provision. Other enforcement measures include the ability to issue infringement notices for some offences under the act. These measures will ensure that appropriate action can be taken in respect of breaches of the act.

The bill includes measures to improve the enforcement of the act. As it stands the act is difficult to enforce, and after 20 years of operation is out of date. The bill improves the qualification and conduct requirements for inspectors and clarifies the role of the minister in compliance under the act.

The bill will clarify the powers of inspectors, to allow them to assess on site if a breach has occurred. In limited circumstances, an inspector may be assisted. This acknowledges the expertise required to undertake an effective search under the act.

Hand in glove with role clarification, there are new provisions in the act setting out the rights of private individuals, for example, the procedural aspects relating to the collection, handling and return of evidence and warrants and notices for seized and forfeitable material. The bill also fully articulates the way material seized or collected under the act is to be treated—be it returned, used as evidence in a civil or criminal proceeding or forfeited to the Commonwealth. Although these provisions are new within the act they are consistent with other Commonwealth legislation.

When stored in bulk, ozone-depleting substances and synthetic greenhouse gases are stored in pressurised containers. Where an inspector finds an unsafe container, they can make an application to the secretary of the department to have the container dealt with appropriately—including its destruction.

The bill also amends provisions relating to forfeiture of goods, removing the nexus between conviction and forfeiture. The amendment is necessitated by the inclusion of civil penalties as, without this amendment, forfeiture cannot flow from a civil penalty order. As a result, the forfeiture provisions in the act will be amended and expanded, to ensure the system works and has appropriate checks and balances to protect private individuals and companies. As with other amendments covered in this bill, although these provisions are new they are consistent with other Commonwealth legislation.

There are new offences in the bill that arise from amendments to the compliance and enforcement framework. The offences relate to moving, altering or interfering with evidence that has been secured, but not yet seized, in the course of a search to monitor compliance with the act. These provisions have been introduced to ensure that seizure is done only under warrant—as is appropriate

in light of the seriousness of the outcome. Criminal provisions have also been introduced to protect the process of obtaining a warrant. While this is a new offence under the act, it is a procedural offence common to other Commonwealth legislation.

The bill also amends existing penalties to align penalties in the act with comparable provisions in Commonwealth legislation and to ensure they reflect the seriousness of the offence and provide an adequate disincentive.

The bill will make several minor amendments to ensure the act is administratively effective and simple for the covered industries.

The bill will ban the import and manufacture of hydrochlorofluorocarbon refrigeration and air-conditioning equipment in order to support Australia's phase-out of HCFCs, mirroring the successful approach taken to phase out chlorofluorocarbons in the mid 1990s. This policy was widely consulted with industry and is appropriate considering the status of the technology in this industry. A ban is currently imposed for air-conditioning equipment containing HCFCs as a licence condition.

Several minor amendments will be made to the way licences are administered. In light of the introduction of the civil penalty regime, civil penalties can be taken into account when deciding to grant, cancel or suspend a licence under the act. The time limits for reporting under the act will also be amended to allow for flexible and robust reporting.

Licence periods for the import of pre-charged equipment, for example, a domestic refrigeration unit, will also be altered to reduce cost for the licence holder. The matters to which the minister may have regard are also being amended in light of the new civil penalty regime.

In closing, let me make clear that this bill will strengthen Australia's implementation of our international commitments to phase out the use of ozone-depleting substances and to minimise the emissions of synthetic greenhouse gases, through industry supported and sensible regulation.

I commend the bill to the House.

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

COMMITTEES

National Capital And External Territories Committee

Membership

The DEPUTY SPEAKER (Mr S Georganas)—I have received advice from the Chief Opposition Whip that he has nominated Mr Keenan to be a member of the Joint Standing Committee on the National Capital and External Territories in place of Mr Johnson.

Mr McMULLAN (Fraser—Parliamentary Secretary for International Development Assistance) (11.09 am)—by leave—I move:

That Mr Johnson be discharged from the Joint Standing Committee on the National Capital and External Territories and that, in his place, Mr Keenan be appointed a member of the committee.

Question agreed to.

DEFENCE LEGISLATION AMENDMENT BILL (No. 1) 2010

Report from Main Committee

Bill returned from Main Committee without amendment; certified copy of the bill presented.

Ordered that this bill be considered immediately.

Bill agreed to.

Third Reading

Mr McMULLAN (Fraser—
Parliamentary Secretary for International
Development Assistance) (11.10 am)—by
leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

**NATIONAL SECURITY LEGISLATION
AMENDMENT BILL 2010**

Report from Main Committee

Bill returned from Main Committee with-
out amendment; certified copy of the bill
presented.

Ordered that this bill be considered imme-
diately.

Bill agreed to.

Third Reading

Mr McMULLAN (Fraser—
Parliamentary Secretary for International
Development Assistance) (11.11 am)—by
leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

**PARLIAMENTARY JOINT
COMMITTEE ON LAW
ENFORCEMENT BILL 2010**

Report from Main Committee

Bill returned from Main Committee with-
out amendment; certified copy of the bill
presented.

Ordered that this bill be considered imme-
diately.

Bill agreed to.

Third Reading

Mr McMULLAN (Fraser—
Parliamentary Secretary for International
Development Assistance) (11.12 am)—by
leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

**INTERSTATE ROAD TRANSPORT
CHARGE AMENDMENT BILL 2010**

Report from Main Committee

Bill returned from Main Committee with-
out amendment; certified copy of the bill
presented.

Ordered that this bill be considered imme-
diately.

Bill agreed to.

Third Reading

Mr McMULLAN (Fraser—
Parliamentary Secretary for International
Development Assistance) (11.13 am)—by
leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

**RENEWABLE ENERGY
(ELECTRICITY) AMENDMENT
BILL 2010**

Cognate bills:

**RENEWABLE ENERGY
(ELECTRICITY) (CHARGE)
AMENDMENT BILL 2010**

**RENEWABLE ENERGY
(ELECTRICITY) (SMALL-SCALE
TECHNOLOGY SHORTFALL
CHARGE) BILL 2010**

Second Reading

Debate resumed from 12 May, on motion
by **Mr Gray**:

That this bill be now read a second time.

Mr HUNT (Flinders) (11.14 am)—The coalition has been the champion of support for and the advocate of the great renewable technologies which are part of the future for Australia's clean energy generation—solar and wind, geothermal and tidal. Beyond that, we see the potential of biomass and waste coalmine gas, clean energy sources, renewable energy sources which can help to provide Australia with energy security, energy certainty and clean energy for future generations. In August last year, after an arduous debate through June and July, we prevailed in ensuring that the renewable energy target was not held hostage to the emissions trading scheme, that the renewable energy target of 20 per cent—which was a desirable goal, an objective of itself, an end of value—was not held hostage to another piece of legislation which was in no way directly related. We know this because the Prime Minister has now walked away from those famous words of 6 November 2009 at the Lowy Institute. On that day, in relation to his own emissions trading scheme and the reason it had to be passed before Copenhagen, the Prime Minister said of anybody who could possibly consider delaying or deferring the emissions trading scheme:

What absolute political cowardice.

What an absolute failure of leadership.

What an absolute failure of logic.

The inescapable logic of this approach is that if every nation makes the decision not to act until others have done so, then no nation will ever act.

He stands condemned by his own words of 'absolute political cowardice' and 'absolute failure of leadership'. Fortunately, we have had success on the renewable energy target. We have been successful in detaching the renewable energy target from the emissions trading scheme legislation. As a consequence, Australia now has a 20 per cent renewable energy target. The Renewable En-

ergy (Electricity) Amendment Bill 2010 and cognate bills recognise that the very amendments proposed by the coalition, which were rejected by the government in August last year, are now necessary. Although the form of those amendments has been varied to some extent, the principle that there would need to be a separation of small-scale technologies—which are the subject of phantom renewable energy credits at present under the scheme devised by the then responsible minister, Mr Garrett—from large-scale technologies is the subject of the changes in these three bills.

Not only did the coalition support a 20 per cent renewable energy target but also we recognised that that which was being proposed at the time would carry with it some inevitable problems. We wanted to get the 20 per cent in place in order to protect against what was looming as a collapse in the solar sector, but we recognised that the government's particular approach would need to be varied and that we should amend it in advance so as not to create problems for the future. The government resisted, the government denied, the government objected, and now they are adopting that which we proposed. It is that which we proposed in principle in August last year and which was rejected, and it is what we proposed again in February in our direct action policy. Although the form of what has been adopted by the government is not as neat or clean as our approach, our intention is to be constructive.

The opposition would like ultimately to see this legislation passed. We will not oppose this legislation in the House and we will reserve our final position subject to completion of the Senate inquiry and completion of satisfactory negotiations with the government and industry. The reason we reserve our final position is that, in looking at the detail, we want to make sure that there are no more

pink batt or Home Insulation Program disasters, as those we have seen.

To take the government on faith is not the right thing to do because in something as simple as the Home Insulation Program we have seen catastrophic outcomes—144 house fires to date, 1,500 potentially deadly electrified roofs, 240,000 dangerous or substandard insulation jobs across the country and, most importantly, four tragic outcomes. And of the one million homes we do not know which are the 240,000 with dangerous or substandard insulation. All of this is accompanied by a loss, a waste, a provisioning in the budget of up to \$1 billion to fix the problem created by \$1½ billion expenditure on faulty insulation. That is why we will reserve our position, but our intention, our objective, is very clear. Our goal is to make sure that we do get the necessary changes. We come to the government in good faith, with an intention to ensure that this program is resolved and with an intention to ensure that the 20 per cent renewable energy target is properly implemented. On the specific changes, we will await the outcome of the Senate inquiry.

I will deal briefly with the coalition's record as opposed to the government's record and in particular with steps going forward. When we look at this legislation, we recognise that it offers a variation to the changes made in August last year. It is a variation in line with precisely the warnings we put down and precisely the warnings which were ignored by the government. To those who are not familiar with the content of the 20 per cent renewable energy target, it is important to put this explanation. We are expecting an approximate energy consumption in Australia of 300,000 gigawatt hours by the year 2020. Of that, 60,000 gigawatt hours or 20 per cent will be required to come from renewable energy. Of that, approximately 15,000 gigawatt hours were in place prior to the commencement of any government man-

dated schemes in Australia. The vast bulk of that was from the Snowy Mountains Hydro-Electric Scheme and from the Tasmanian hydro schemes.

The legislation put in place by the previous coalition government established a 9,500 gigawatt hour mandatory renewable energy target. With our urging, with our leadership, with our push prior to August of last year, that was expanded by an additional 35,000 gigawatt hours to bring up a total mandatory renewable energy component of a renewable energy target of 45,000 gigawatt hours. It is that component of the 45,000 gigawatt hours which is now being varied as a result of these three acts. In essence, what is occurring is that of that 45,000 gigawatt hours, 41,000 gigawatt hours will be reserved for large-scale renewable energy technologies. These large-scale renewable energy technologies of solar and wind, of geothermal and tidal, the great new energy sources of the future, did not have certainty—as we predicted—under the government scheme. The government has now come back, having recognised its errors, and is seeking to amend its original error.

We want to be constructive. We proposed, we urged, we advocated change in precisely this space. We now see that there will be a large-scale renewable energy technology component, or LRET, of 41,000 gigawatt hours and a small-scale component of approximately 4,000 gigawatt hours but uncapped. So that figure will rise and we will be seeking advice on that. The financial impact, on the advice we have had in the last 24 hours on this legislation, is that the renewable target on household electricity prices has been approximately 4.2 per cent. It is approximately a 4.2 per cent increment on household energy prices. The best advice we have—and we will test this through the Senate process—of the incremental changes contained within this legislation is 0.22 per cent on household electricity prices. So we have

been vigilant, we have been cautious and we have been concerned about changes, but those changes are, on the face of it, something which we will test but which, if they are proved to be correct, would appear to be acceptable. It compares with the 20 per cent increase in electricity prices that we would see over three years from the emissions trading scheme alone. That is over three years, with a price rise continuing significantly and greatly over the coming decade and beyond. That is why we take very different approaches.

Every change in this legislation produces clean energy. Not one element of the change under the emissions trading scheme—which would produce a 20 per cent impact on household electricity prices under the New South Wales IPART estimates—would result in any decrease in emissions. That is the essence of why we believe that that indirect approach is ineffective, whereas this form of direct action is, as a general rule, far more effective and a far lower cost.

Having recognised those elements, I want to mention that the coalition's history is very strong. It was the coalition which put in place the mandatory renewable energy target of 9½ thousand gigawatt hours. It was the coalition which advocated the 20 per cent figure be decoupled from the emissions trading scheme so that there would be no delay and there would be no uncertainty for the providers and generators and those who would put in place solar, wind, geothermal and tidal energy—these great new energy sources of the future. It was the coalition that also put in place the \$8,000 solar rebate at a time when solar panels were far more expensive. This \$8,000 solar rebate, which was committed to by the now Labor government when they were in opposition, had a profound impact. It brought solar panels within the reach of ordinary Australian mums and dads, of farmers and of people throughout

the country who wanted to make their own contribution.

We see, in comparison to the coalition's approach, three fundamental things from the government. Firstly, on budget night in 2008, with no warning, the government abolished the \$8,000 solar rebate for thousands and thousands of Australian families by imposing a means test which had not been considered, discussed or otherwise raised in public. It was a breach of an election promise—clear and absolute—and it had the immediate impact of sending the industry into chaos. Compared with what we did, the government also completely abolished the \$8,000 solar rebate on 9 June last year, again with no warning. It was immediate, it was catastrophic and it sent the industry into a decline. That was unacceptable, it was unprepared, it was unprofessional and it was another example of the way in which decisions made with no understanding of real world consequences are being replicated today through the impact of the mining tax on investment and superannuation in Australia.

The third example of how the government undid previous coalition policies is that it abolished and suspended the Remote Renewable Power Generation Program as of 22 June 2009, again sending a segment of the industry into chaos. Lack of certainty has been the hallmark of the government's approach to renewable energy in its term. This government has not been a friend of renewable energy. It has been a destroyer of renewable energy, with the solar rebate means tested, the solar rebate abolished and the remote renewable power generation or regional solar program ended. There has been chaos. All of these things have had real world impacts because the government has not understood how markets operate and how its decisions can affect investment and how its decisions can have catastrophic results for ordinary Australians, wherever they are.

This brings me to the fact that when we negotiated the legislation last time we were successful in five of our six asks—in decoupling this legislation from the CPRS or the emissions trading scheme, in ensuring that there was a reservation for waste coal mine gas on top of the legislation, in ensuring that there was a recognition of the hardships the energy intensive sectors would face, in looking to make sure that the different forms of solar hot water were appropriately and adequately treated and in looking to make sure that food processing was considered. The one area where we were not successful, where the government resisted, was in provisioning for the problem created by the establishment of phantom renewable energy credits. That problem which we identified is the very subject of this entire legislative process which is having to be redone. We warned, we identified and we provided alternatives, we provided solutions, and we did it again in the direct action program. The grand irony of this legislation is that the government is seeking to adopt our direct action program.

At present—here is something extraordinarily important—there is only one approach to reducing emissions in Australia. Only one of the major parties has a climate change policy. The coalition has a direct action policy; the government has no immediate approach to climate change. They are varying the renewable energy target, which we advocated and proposed, and for which we established the preceding legislation, but they are not proposing their own system for the forthcoming election.

The government have an approach to an emissions trading scheme which is not dead, only sleeping—but when it will awake we do not know. We do know that they have the emissions trading scheme out there but they do not have the courage to take it to a double dissolution. There is no barrier to the Prime

Minister commencing it immediately. Again, for the record, I quote his words, to the Lowy Institute on 6 November 2009, on why his emissions trading scheme had to be passed that very moment. He said that to fail to pass it immediately would be ‘absolute political cowardice’, an ‘absolute failure of leadership’ and an ‘absolute failure of logic’. Those are the Prime Minister’s words about his own program, which he has now postponed indefinitely. It is not dead; it is only sleeping, but those were the Prime Minister’s words. With those words we get an insight into his character and leadership and his genuine approach, under pressure. By comparison, this legislation builds on what we have done.

We have reservations which we want to raise through the Senate inquiry. Those issues which we will explore include: firstly, any attack on the waste coal mine gas sector; secondly, the ability to increase waste coal mine gas; thirdly, the question of ensuring that high-electricity and high-intensity energy users are not subject to a major windfall impact upon them; fourthly, a proposal which has been championed by two of my coalition colleagues, Bronwyn Bishop and Wilson Tuckey, to establish an emerging technologies band, preserving 25 per cent of the LRET for emerging technologies other than wind. We were looking there at a figure of approximately 7,500 gigawatt hours. We include in that issue the question of whether or not HVDC powerlines could reduce emissions and therefore could be considered as a component of the large-scale renewable energy target.

However, those are questions for consideration during the Senate inquiry. We will consider them and, if we are satisfied with the answers, we will proceed; if we are not satisfied we will propose amendments. This legislation ultimately is in the vicinity of what we want to achieve. We will not give a blank cheque, because we have witnessed the

tragedy of the home insulation program and the government's ability to mismanage the simplest of legislative changes. We witnessed the capacity of the government's mismanagement to do damage to this very legislative piece, in the face of warnings from the opposition. So there is no blank cheque. There is good faith; there is goodwill, and we want to see legislation proceed, generally. In consideration, we will put forward amendments during discussions with the government in good faith. Those talks have already begun.

At this moment we will reserve our position, but we note that we are the champions, the supporters of a 20 per cent renewable energy target. That target is in place, and we are the champions and supporters of solar, wind, geothermal and tidal energy. The government stood in their way and the government made the mistakes which have necessitated these acts of legislation. I would hope that at some stage the government will apologise to the renewable energy sector for ignoring the warning signs and necessitating these changes.

Mr SIDEBOTTOM (Braddon) (11.34 am)—Before I go into substance on the Renewable Energy (Electricity) Amendment Bill 2010 and cognate bills, I remind the member for Flinders of two things. Firstly, apart from the former government's introduction of the mandatory renewable energy target legislation in 2001 the coalition's actual record on renewable energy is pathetic. No amount of rhetoric from the member for Flinders will change that, and I will allude to examples of it in the body of my speech. Secondly, to suggest that the coalition have a comprehensive climate change policy under a leader that regards climate change as 'crap'—excuse the expression; it is not mine but it is his—is absolutely laughable. I know that you would feel that deeply, Mr Deputy Speaker Washer.

What I would like to do in terms of this legislation is to offer a narrative about the importance of renewable energy in Australia, particularly in my home state of Tasmania, and I would like to narrow that even further to the north-west coast and the west coast of Tasmania, in my electorate of Braddon. I would like to offer a narrative about the ups and downs of what I hope will be an exciting, expanded industry once all parties have agreed on policies that will allow the industry certitude. If one thing is true—you would know about it if you had listened to the member for Flinders and me in this place over a decade—it is that there has been no certainty for this important industry, and until now there is none for the future. That has been a sad legacy of policy development on both sides.

I am pleased that this legislation is now before us, and I was very pleased to hear that the member for Flinders will be offering bipartisan support for this policy, because this industry needs the certitude to go forward. This legislation is the means to allow the industry to make its investment decisions for the future. Along with the industry, I hope that the industry is allowed to get on with that.

Mr Deputy Speaker Washer, since the passage of the original mandatory renewable energy target in 2001, as you would remember, the large-scale renewable energy industry in Australia has been characterised by boom-bust cycles driven, as I have mentioned, more by the vagaries of government policy and policies than any other factor. In 2001 the 9,500 megawatt hour target inspired both home-grown companies such as Hydro Tasmania and international companies such as Vestas to invest significant dollars in developing clean, green power stations in regional Australia. The policy showed the pent-up demand for renewable energy was effectively filled by 2004—that is how much

demand there was. The mandatory renewable energy target review in 2003 rightly recommended an expansion of the target between 2010 and 2020, but when this was not adopted by the Howard government—and I was staggered by the announcement—it had a major impact on the growth of the industry in Australia, which the member for Flinders so conveniently forgets to narrate. For example, Hydro Tasmania formed a partnership with China Light and Power to develop projects in China—not in Australia, in China—through Roaring 40s. In my own region, Vestas closed its factory in Wynyard and the potential for a wind blade manufacturing plant went cold, stone dead. It pulled the industry up in its tracks. The former government was not truly interested in renewable energy.

Interest in the industry picked up again in 2006-07 when the Labor opposition, now the government, proposed an expanded renewable energy target policy and, with the new government coming into power, the industry ramped up its efforts again. Unfortunately, due to the vagaries of policy shifts and changes, the toing and froing across this chamber and between the parties on the grander issue of climate change, and renewable energy as part and parcel of the solution to that, the investment certainty which we hoped would be there was not.

The concern within the industry about the uncertainty generated by the boom-bust cycles is clearly illustrated by the recent announcements from companies such as AGL, and Pacific Hydro in particular in relation to the Macarthur Wind Farm in south-west Victoria, emphasising that the billions of dollars of investment in renewable energy projects across Australia will not proceed without an effective and well-structured supportive policy, and that is exactly what this amendment is designed to provide. That is why it is absolutely crucial, irrespective of the rhetoric on

both sides and perhaps different narratives, that this legislation is passed. Certainty is critical for any business to flourish and grow. It is a self-evident fact and it is very difficult for any sector to develop successfully over time when the rules of the operation change in the short term. Investment decisions by manufacturers, developers and financiers all require long-term certainty that will enable them to invest scarce capital with the expectation of receiving an adequate return.

One of the characteristics of renewable energy is that suitable sites for large-scale development, whether wind, solar or geothermal, tend to be in more remote areas away from existing urban, commercial and industrial areas. Examples include the Woolnorth wind farm in the far north-west of my electorate, the geothermal reserves in the Cooper Basin in South Australia, or the Solar Oasis project solar site at Whyalla also in South Australia. As a result, investment in renewable energy projects means investment in regional Australia, with significant flow-on benefits to the local communities in those regions.

In 2009 the Climate Institute commissioned energy sector consultants McLennan Magasanik Associates to assess the potential contribution of renewable energy to regional employment in Australia. The results, according to the Climate Institute, showed that \$31 billion of renewable energy investments are underway or planned in rural Australia, which could create 26,000 jobs. This includes almost 2,500 new permanent positions, over 15,000 construction jobs, and more than 8,600 indirect jobs in supporting sectors. According to the institute, these are not pie-in-the-sky figures, but refer to real projects and real plans. McLennan Magasanik Associates also suggest that 30 per cent of the total investment would be spent on local goods and services, injecting around \$10 billion into those regional areas.

In addition to these specific regional benefits, investment in renewable energy projects producing clean electricity could bring significant benefits to the wider environment and to public health through the reduction in greenhouse gas emissions and other pollutants with corresponding reductions in the costs of a degraded environment and ill-health. It is a recipe for the future, a recipe for good health, a recipe for an expanded economy. It is a great recipe for regional Australia.

What does it mean now? Until this legislation before us, the uncertainty over the RET, with the inclusion of the small-scale solar technologies unfortunately causing the price to tumble to around \$27 in October 2009, meant that very few renewable energy projects have moved forward from development into construction over the last 12 months or so.

Notwithstanding that the announcement of the RET restructure in February 2010 pushed the REC price up to around \$45, the trend has subsequently been a drift down towards \$42—and projects need a price of around \$50 to be financially viable. Until we get this legislation through, developments will continue to languish. The critical importance of the restructured RET in the legislation before us, with its separation of support for small-scale and large-scale renewable energy, has been clearly highlighted by comments from the CEO of AGL, Michael Fraser, who said:

Following the deferral of the introduction of the Carbon Pollution Reduction Scheme, stability and certainty are not the first words that come to mind in relation to investors viewing the Australian power generation sector. The RET reforms are an important way of restoring this confidence. The consequences of these reforms not being legislated before a Commonwealth election are a loss of investment, a loss of jobs, and a stalling of investor confidence.

That is why I was very pleased that the member for Flinders said that those opposite would support this legislation.

What does it mean for my home state of Tasmania? Tassie is blessed with world-class renewable energy resources; indeed, we are the renewable energy capital of Australia. These resources range from the water resources that have been effectively harnessed for hydropower generation for many years, through the proven wind resources of the roaring forties, to the potential for geothermal and tidal/wave power generation. However, although there are a number of proposed wind projects in Tassie, these projects will not be able to take advantage of the world-class wind resources without the REC price certainty that this amending legislation will bring.

In the north-east corner of Tasmania, Hydro Tasmania and the Roaring 40s company have poured millions of dollars into the proposed Musselroe wind farm over the years. Unfortunately, the boom-bust cycle of the industry has constrained its construction. Despite preliminary construction starting in 2009, it is once again stalled by the low price of RECs and policy uncertainty preventing the project from securing financing. Successful passage of the legislation before us is likely to secure the project, bringing a \$400 million capital injection into the local area and delivering high-quality Tasmanian jobs in construction, engineering and environmental services. It is estimated there will be over 200 direct jobs during the construction phase, 30 full-time jobs managing the wind farm into the future, and many more indirectly.

In central Tasmania, NP Power, a private company, is seeking to develop the Cattle Hill wind farm at Lake Echo, with a DPEMP anticipated to be submitted to the Environment Protection Authority within the next

few weeks. The project, worth over \$500 million, could inject over \$150 million into the local economy, with a similar number of jobs to the figures I mentioned for Musselroe. The current program suggests site preparation for construction could commence this year, but this is dependent on the successful passage of the legislation before us.

Meanwhile, in north-west Tasmania, in my neck of the woods, the landowner of Robbins Island is working with Eureka Funds Management to establish a wind farm on the island to take advantage of the world-class wind resources in the area. The landowner has been trying to get the project off the ground since the early 2000s, but so far this has been stymied by the boom-bust cycle of the industry, which I have mentioned several times in this debate and, indeed, over the last decade in this place. Eureka Funds Management is seeking to bring superannuation investors into the project, but these are naturally conservative players who need long-term certainty before committing to that investment. The project on the island—and I have been on the island, off the beautiful Circular Head coast, a couple of times—would probably be worth in excess of \$1 billion, injecting \$300 million into the local economy and bringing valuable jobs to an area which has been hit hard with recent job losses in the food and forestry industries. However, this is largely dependent on the successful passage of the Renewable Energy (Electricity) Amendment Bill 2010 that is before us.

In conclusion, I urge all those in this place to match the rhetoric of support for renewable energy with support for this legislation, giving certainty to those in this sector of the energy industry which I believe has often been treated in a very tokenistic manner. They do not have the clout of the major fossil fuel energy producers and do not get the advocacy in this House. It is quite clear from

most of the conversations taking place in this House, both on current legislation and policy and on the CPRS and other pieces of legislation, that they do not carry that advocacy or that clout. But their contribution to lowering our greenhouse gas emissions and reaching proper emissions targets into the future is absolutely vital both to this country's contribution globally and, most importantly, to our community and future generations. I strongly support this legislation. I look forward to all those opposite supporting this legislation and giving certainty to an industry that has been crying out for it for some time.

Mr IAN MACFARLANE (Groom) (11.51 am)—I thank the member for Bradon for his contribution to this debate on the Renewable Energy (Electricity) Amendment Bill 2010 and cognate bills, which added little in terms of fact and a lot in terms of rhetoric, as we have come to expect from those who sit opposite. It is worth while at this juncture to put on the record that the only reason that we have a renewable energy target in place now is because of the coalition government. The coalition government put in place the MRET, of 9½ thousand gigawatt hours. The coalition government put in place a whole series of renewable energy assistance measures, all of which have contributed to a manyfold expansion in renewable energy in Australia, to the point where Australia has reached its target of 9½ thousand gigawatt hours earlier than expected, against the predictions of the doomsayers who now sit opposite. It is because of the actions of the Howard coalition government that Australia has been able to reduce its greenhouse gas emissions per megawatt hour of electricity generated. No-one is more committed to renewable energy than the coalition, because we do not just talk the talk; we walk the walk. We put in place the programs that built the wind farms that are currently there.

I notice that we are being urged to pass this legislation quickly. We would have liked to have seen this legislation six months ago. We would have liked the opportunity to have debated this legislation in February and March. We have no understanding as to why now, in the middle of the winter session, we are suddenly being rushed to give the certainty to the industry which the industry so desperately need to ensure that they are able to make the investments that need to be made in renewable energy over the next 20 years. We have no idea why we are doing this now. The coalition is supportive of the 45,000-gigawatt target. In fact, we signed off on that in August last year. Those in the House may remember that I was personally responsible for negotiating that outcome with Senator Wong, the Minister for Climate Change, Energy Efficiency and Water. Any time after that it would have been possible to introduce this legislation. We are at a complete loss as to why it has taken this long.

We know that one of the distractions for those who sit opposite is their complete abandonment of any meaningful approach to reducing greenhouse gas emissions through direct action or through an emissions trading scheme. We know that the Prime Minister, when speaking about the need to pass the Carbon Pollution Reduction Scheme, described our side by saying:

What absolute political cowardice. What absolute failure of leadership. What absolute failure of logic. The inescapable logic of this approach is that if every nation makes the decision not to act until others have done so, then no nation will ever act.

We all know that the Prime Minister repeatedly described the reduction of greenhouse gas emissions and the addressing of climate change as the greatest moral and economic challenge we will face in the 21st century. They are his words, yet he abandoned them. He abandoned them in a complete act of po-

litical cowardice—no explanation to the industry, whose expectations he had built up, and no explanation to anyone who ever believed that he meant what he said. He just walked away. He might bring the emissions trading scheme back in 2013, but he is not sure. He will not give that commitment to anyone. Instead, he continues to exaggerate the truth to the point of not telling the truth when he says that this renewable energy legislation will allow this government to meet its carbon reduction target of five per cent.

I used to be pretty good at maths and I still am. This legislation will only reduce greenhouse gas emissions by 40 million tonnes per annum. The Prime Minister needs to reduce greenhouse gas emissions by three to four times that amount if he is going to reach the target which he has set himself. What sheer hypocrisy. We should be used to that from this government. We should be used to the Prime Minister saying things he does not mean. We should be used to him changing his mind on a whim. We should be used to him not being committed to a reduction in greenhouse gas emissions, because that is his position on everything else. He has no commitment on any issue. He is driven by the polls every weekend. He is driven by the latest public opinion. He is driven by the latest numbers. He does not commit to any issue anymore.

When the government actually proceed with a project, they make a complete mess of it. They overspend not by hundreds of thousands of dollars, not by millions of dollars, but by thousands of millions of dollars. Billions of dollars of taxpayers' money has gone to waste in a series of programs. Those of us who will come after the government will have to pay that money back, whether it is in the next term of government or whenever. We know the Labor debt is going to be huge. It is already \$100 billion.

So we come to the issue of renewable energy and its role in ensuring that greenhouse gas emissions are reduced, and we ask ourselves: where does this fit in the overall plan of the government to reduce greenhouse gas emissions and to reach the target? It is there by itself. It is the only thing that is going to play an active role of any great significance in reducing greenhouse gas emissions. By my arithmetic—and, I am sure, by the arithmetic of the Minister for Climate Change, Energy Efficiency and Water—it is going to fall well short.

We need this legislation, and the coalition supports it in principle. We do reserve the right to move amendments in committee in the Senate once we get the Senate Environment, Communications and the Arts Legislation Committee report back. We have had discussions with Minister Wong's office and with industry proponents to ensure that the legislation does what it is supposed to do. Its basic format—that is, the establishment through these amendments of the LRET and the SRES—we support. We understand, dare I say better than those who sit opposite because we have actually done it, the importance of getting a scheme in place where there is certainty, particularly for wind farms. We understand the uncertainty that this government created through its own actions by cutting back the subsidy to photovoltaics and trying to add them to this new scheme with a multiplier factor to try and keep the numbers of photovoltaics up and the level of subsidy up. This is its own mess. It created this. The people who sit opposite these benches—the people in Treasury and Finance who penny pinched, the Treasurer, the Minister for Finance and Deregulation, the Prime Minister, the Deputy Prime Minister and the ones who penny pinched the photovoltaic program—have created this problem which we are now asked today to fix, and we will because we

believe in constructive opposition. That again is our record.

We agreed to the splitting off of the 41,000 gigawatt hours of LRET and the creation within that of the new segment that comes on top of the 9,500 gigawatts of MRET. We believe that is the only way you can give certainty to the industry that has come to rely on the predecessor to this legislation and to the legislation that was passed subsequent to the discussions last August.

We also support in principle the establishment of the Small-scale Renewable Energy Scheme, but we do have concerns that, on initial modelling, that scheme is going to blow out significantly. It could perhaps blow out twofold to threefold on the 4,000-megawatt allocation which is uncapped but which it is intimated the small-scale renewable energy target is set at. We are going to have some further discussions on that. One of the things we want to see, if this part of the scheme is able to be crystallised, is some of the abuses that are taking place in that solar heat and solar energy sector, which will be supported by the SRES, stop.

I have evidence of a motel in South Australia where heat pumps were fitted in place of gas hot water systems for which the government subsidy was greater than the capital cost of the pumps. The government are giving them away and they wonder why their modelling shows that this part of the scheme is going to blow out. That has to stop. The minister has assured me it is going to stop. It has to stop now because we need to make sure that the consumers of renewable energy are not paying for rorts, and that is a rort. The solar pump industry know it is a rort. They have admitted in my office it is a rort and it will stop.

We will support the SRET component. We will support the photovoltaic component of that. We will support the solar hot water sys-

tem component. I am a great supporter of solar hot water. I know from time to time conservation groups want to attack its contribution, but the most energy efficient, lowest emission way to produce hot water is on a gas boosted, solar hot water system.

At my own expense—no subsidies from government, of course—I recently installed a gas booster to my solar hot water system. That solar hot water system has been in place for probably 15 years. Each night it heated water with electricity from a coal fired power station and I wanted to stop that. I know from personal experience that I now have the lowest emission system that you can buy in Australia. But we need to ensure that they are the systems that are being fitted and we need to ensure that when people put in solar hot water systems they put in a gas booster, because that lowers the emission footprint even further. Not all hot water is heated by the sun. A proportion in those systems is heated by fossil fuels. We need to ensure that that part of the scheme is promoted. We need to ensure that, where electric hot water systems have to be replaced and where there is no access to mains gas, the next best lowest emission option is put in place, and that is solar heat pumps. I have no problem with solar heat pumps. They have a role to play. They reduce emissions, they provide efficient heating of water, but they are not the best option. The best option is gas boosted solar electricity. We need to ensure that there is room left in the SRES for them.

We need to ensure that in the photovoltaic area people are able to make a reasonable investment in photovoltaics and get a reasonable return. There is an argument on the other side in relation to reasonable rates of return. They say that, for the mining industry, a reasonable rate of return is six per cent. No-one will invest in photovoltaics at six per cent unless they are a zealot like me. If we are going to have widespread installation of

photovoltaics, we need to ensure that part of the SRES works. We need to ensure there is consistency in the message we send out there.

We need to also ensure we do whatever we can to encourage new technologies into the LRET space and that wind does not crowd out the emerging technologies, particularly geothermal, which I think has the greatest potential in Australia to provide 24/7 baseload renewable energy into our grid. We need to ensure that biomass gets an opportunity and, where possible, small-scale hydro gets an opportunity. Hydro is generated at peak times through pumping water back into the reservoir during off-peak times. Those sorts of schemes have to be given the opportunity to take their part in the RET.

As we go forward on this issue, I give my commitment to this parliament that I will negotiate with the minister, Senator Wong, in good faith to ensure that this legislation is passed, but my grave concern is that this government have left this for so long that they will attempt to play politics with it. They will attempt to dare us and try to put in front of us obstacles that we cannot climb over. They will attempt to do what they can to score political points out of that. Why do I say that? Because that is what they have done for six months. This legislation should have been introduced in February, but we saw a Prime Minister more interested in trying to get the political wedge in on climate change than in getting this legislation through. And then, when he turned around and ran and showed political cowardice—his words, not mine—he had to try and get us to rush this legislation through without due consideration. We will consider it, but in the meantime let me assure the Australian people that the coalition will continue to do what we can to lower Australia's greenhouse gas emissions.

Along with supporting this legislation and the reductions that it will produce, we will continue to work to ensure that one of the key elements that this government has not addressed—a lot of talk, no action—which is energy efficiency, is also promoted, and we will look at options to make sure that people understand energy efficiency. In my time as energy minister I was a strong proponent, and I still am, of ensuring that people understand the true cost of electricity, the true cost of what they are consuming, so that they have in their kitchen a device which tells them when they are using high-cost electricity. It is called a smart meter. Surprisingly, I have got one of those as well and I have had one for six years. Until we explain to people the cost of electricity, they will not move to energy efficiencies, and we need to get them to do that.

The third cornerstone of the coalition's commitment to reducing greenhouse gas emissions is our direct action plan. Contained in that is the Emissions Reduction Fund, which will urge and assist businesses to reduce their emissions below the baseline of 'business as usual' activity. We also have a very significant commitment to soil carbon—the use of the soil to sequester carbon in such a way that that carbon is then tied up. That can be through a range of biochars, through a change in agricultural practices and through the growing of trees that are going to be long-term carbon sinks, but we need to do more in that area, and the coalition, our party, are committed to that.

We are also committed to ensuring that we do what we can to boost the commercial development of solar energy, both photovoltaic and thermal, as well as the small-scale use of solar energy. The coalition will commit \$100 million to our Solar Towns and Solar Schools Initiative to ensure that grants are provided to towns, non-capital cities and

schools to access direct solar energy for on-site use and for return to the power grid.

The coalition are a party committed to reducing greenhouse gas emissions. We are a coalition that has a track record in this area. We are a coalition that paved the way and led the world in the introduction of a mandatory renewable energy target. We are a coalition that remains committed to direct action—to actually getting outcomes, not just talking the talk but walking the walk.

Ms OWENS (Parramatta) (12.11 pm)—In 50 years time I think there will be people looking back at some of these speeches on the Renewable Energy (Electricity) (Charge) Amendment Bill 2010 and cognate bills and wondering what the hell was going on in the climate change debate in Australia in 2010. It is a bizarre world we live in. We had the member for Flinders spending most of his speech trying to prove that the opposition are actually the champions of renewables. The government cannot be the champions of renewables because the opposition are the champions of renewables! The coalition are the champions of renewables; they did it all, they had all the ideas. Given the seriousness of the issue of climate change, it is time for us all to be champions of renewables and to recognise that that is actually what we need in this House. We need to acknowledge each other's support for this and get on with it and stop arguing about whose idea it was. Let us just deal with it.

The first mandatory renewable energy target was introduced by the Howard government in 2000. It was set at that stage with a 9½ thousand gigawatt target by 2010. There was a report done in 2003 known as the Tambling report which made a number of recommendations, including that the target be increased to 20,000 gigawatts by 2020. That recommendation was not accepted by the government of the day. Nevertheless,

they did introduce some programs—rebates for solar panels, for example. All of that should be acknowledged. But we should also acknowledge that, at the moment, where we are in Australia is a hell of a long way from 20 per cent renewables by 2020. In 2006 we were at four per cent. We still get the vast majority of our renewable energy, electricity, from the Snowy hydro scheme—still, now.

The world has known for 30 years. Governments of the world first met in the 1970s to talk about the need for action on climate change. So we have known about it now through the Whitlam government, arguably, the Fraser government and the Hawke and Keating governments—although the need became greater and the knowledge became greater. We certainly knew about it through the Howard government and we know about it now. It has been a long time coming, and the time for arguing about whose idea it was is well and truly over. It is time for consensus on this. We thought we had that when we introduced the Carbon Pollution Reduction Scheme. Certainly, both parties went to the last election promising an emissions trading scheme. We thought we had it up until two days before the final vote in the Senate. It is time for us to get that consensus back so that this nation can play its role in acting on climate change.

We have heard two extraordinary speeches. We heard the member for Groom, who voted against the CPRS, lamenting that this piece of legislation will not make the kinds of reductions in emissions that we need to make to meet our five per cent target by 2020. Of course it will not. It was designed to work in operation with the CPRS; it was designed to be phased out after 2020 as the CPRS became more mature. This bill is part of a strategy. It alone will never lead us to meet that target. We need the Carbon Pollution Reduction Scheme to do that.

What we have at the moment is an opposition, the Liberal and National parties, that voted against action on climate change. Many of them do not believe in climate change. The Leader of the Opposition himself said openly that he does not believe in climate change. We have the Greens party that voted against it.

Mr Hartsuyker—You guys don't believe in it.

Ms OWENS—We introduced the bill. We introduced it twice. We voted for it. The opposition voted against it. We voted for it twice. It is the greatest moral challenge of our time, and if you believe that then I am sure you would have voted for it. I can only assume that you, like so many of your colleagues, believe that it is absolute 'non-sense'—and I use that word because I am being polite in this House—as your leader has said, and well you know.

This amendment today is an extremely important one, and it is welcomed by many of the small producers of renewable energy technology in Western Sydney. It reaffirms our target of 20 per cent of Australian power to come from renewables by 2020, but it alters slightly the mechanism to get there. It does that essentially by separating the large suppliers of technology from the small ones. It creates two systems with their own fabulous acronyms. I am getting very tired of the acronyms, I have to say. I have invented a new one: the TLA—the three-letter acronym. I see today that we have some FLAs—four-letter acronyms. Like names, I believe we can only hold about 200 of these in our heads at one time. Some of these acronyms are starting to slip out of my brain. We now have the large renewable energy target, or LRET, for large providers and the Small-scale Renewable Energy Scheme—SRES—for small-scale systems such as solar panels and solar

water heaters through the creation of a small-scale technology certificate, known as STC.

It has been separated into two because last year when the government decided to include photovoltaic solar panels in the Renewable Energy Target Scheme, the demand for solar panels grew significantly and started to impact on the price of the renewable energy certificate. This made certainty in this area, particularly for large investors, very difficult. This amendment reasserts stability essentially by separating the scheme into two parts, with the large scheme having a target of 41,000 gigawatt hours and the scheme for small-scale systems having a target of 4,000 gigawatt hours. It is a very sensible amendment that will provide certainty for a very important sector that works to move the Australian economy from a carbon based economy to a low-emissions economy. We absolutely need to do that. The science on climate change is well and truly in, and we can see action now around the world as other countries seek to set up their systems for the future.

Australia should be a leader in this field. The rejection of the CPRS by the opposition and the Greens makes it very difficult for us to move forward with the kind of speed that we should. But it is necessary for us to move from a carbon economy to a low-emissions economy. Australia is one of the great creative nations in the world. I said in the appropriations bill debate yesterday that we have come to think of ourselves as a country whose wealth is in the ground. Our minerals have, of course, served us very well, as has our farming community. But so have our imagination and our innovation. About 15 years ago, we were a world leader in solar technology. We held the largest market share. We of course do not do that now. But we are also a nation with great resources for renewable energy. We see countries like Germany and Spain moving ahead very strongly and

investing in renewable technology without anywhere near the level of natural resources that we have in this country. We have the sun, we have the wind, we have the waves, we have the hot rocks technology and we have the imagination among our researchers and scientists to make this work for us. We should be well and truly a world leader. We need to actually move now. The earlier we move on this, the further ahead we will be in the future.

Solar technology is particularly interesting. I was looking at a map of Australia and at the varying levels of sun exposure around the country. Essentially, the further north you are, the higher the price for your certificate because clearly you generate more power in the sunnier parts of the country. Virtually all of Australia is closer to the equator than Europe. If you turned the world upside down and looked at the map of Australia, Tasmania would actually be in the Mediterranean. All of the rest of Europe is further away from the equator than Tasmania, yet we see European countries moving on solar technology at a rate that puts us to shame. Remember, again, at this point in Australia's history, in spite of all of our natural resources the vast majority of our renewable electricity supply still comes from the Snowy hydro scheme—after all these decades. We have an incredibly long way to go.

I commend this bill to the House. It is an important amendment. It is an amendment that will provide certainty for both large- and small-scale providers of renewable technology and will go at least part of the way in setting us up for a low-emissions future.

Mr TUCKEY (O'Connor) (12.21 pm)—The Renewable Energy (Electricity) Amendment Bill 2010 and cognate bills have a modicum of support from the coalition. If the member for Parramatta would hang around for a minute, though I do not think

she is going to, I would tell her a couple of things about Spain. Spain is broke. Spain did get into renewables and there is plenty of evidence to show that renewables have had a detrimental effect on their economy. It is now one of the three countries in the European Union that appears unable to pay its debts. Of course, that is having an effect here in Australia.

The member also said the Europeans were going for solar—and they are. You are the member representing Newcastle?

Ms Owens—No.

Mr TUCKEY—I have got the areas in your electorate wrong; there has been so much shifting around of boundaries. It so happens that in Newcastle the CSIRO is conducting some very interesting solar technology experiments. The Europeans are now going to North Africa to generate their solar energy. This makes another point about overinvestment in photovoltaics in Melbourne or in Tasmania: the Europeans are going to where it is hot. They are talking about gigawatts of generation—and I will again draw to the attention of the House where the deficiencies reside in this legislation—and they are going to use high-voltage DC transmission technology to get that large quantity of power from the most suitable place back to Europe. That is over 3,000 kilometres. They looked at the options. They looked at our creaky old AC system and discovered that they would lose between 25 and 45 per cent of the power on the trip. They looked—quite interestingly from my perspective—at turning electricity into hydrogen at the point of generation. That was a very good idea but they would lose 75 per cent of the energy on the trip. Then they went to high-voltage DC where they will lose 10 per cent of the power on the trip—three per cent per 1,000 kilometres. That is a doubling of the power that comes out at the end of the pipe, if you like,

and a halving of emissions per kilowatt hour where emissions occur.

Nothing in this legislation gives any credit to anyone investing in DC technology, although some have. We have such a line across Bass Strait. We have a line connecting New South Wales with Queensland and another connecting Victoria with South Australia. They were not built for efficiency reasons. The two connections were built because they could be buried and that looked nicer than other circumstances which we so often see when we start to shift AC power around the countryside.

We give Australia as an example as a leader in wind power technology, to which this legislation gives a privileged position, but what are we going to teach the Danes and others about wind generation? A technology that is in its infancy is solar reflector. Trials of this technology are being conducted in the desert. There is still an opportunity with this technology to 'lead the world'. However, the Chinese are doing a pretty good job of that at the moment with another technology, HVDC. The Europeans also see benefit in HVDC technology. This technology involves converter stations worth \$300 million each—and they are pure technology; the other bits are just wires.

A fact of life is that this legislation misses out on the emerging technologies. It makes no special arrangements for them. When the original 20 per cent RET was brought to this House some negotiations were concluded between the government and the opposition, yet the one provision the government refused to accept was that of emerging technologies. The government refused to compartmentalise the situation regarding technologies that might be deemed to be renewable. I went as far—I might add with the approval of my party room, who openly admitted our negotiators could not get the government over the

line on such a sensible proposition—as supporting a private member’s bill that still stands in this House. That bill does two things which this legislation should be doing. It restricts any specific technology response to renewables to a percentage of the total available certificates. In other words, nobody can crowd out the marketplace. The government has had a lesson on this. We have a technology which by any measure when properly calculated delivers electricity at 60c a unit. Our economy cannot survive on 60c a unit. If the government pays half the price of the gear then it looks a little better. But if you want to invest your own money on photovoltaics and be paid for the electricity that feeds into the grid—a feed-in tariff—it has to be 60c a unit. That can be reduced if the government gives you an upfront rebate. That is the nature of the efficiency of that technology.

A graph on my website shows that there is barely a population centre in the world that is further than 2,700 kilometres from a desert. The Victorian government is subsidising a firm to build, I think, a 125- or 150-megawatt solar power station near Mildura—that is not a bad idea—and the Commonwealth is putting money into it. The proponents of the station attended a seminar at Parliament House conducted by people like me who are interested to know the realities of these matters on power generation so as not to make silly speeches about it in this place. They said that, if they could shift the plant 50 kilometres further north into New South Wales, they would get 15 per cent more energy for the same money and the same sized equipment. Why isn’t it going there? Because the Victorians are not going to pay to build it in New South Wales. But that is where it should go. If you built it at Marble Bar, which is recognised as the hottest place in Australia, you would get even more for your money.

Where are the best places to build solar facilities? Not on the roofs of the houses of Melbourne. We should not contemplate it, and we further should not contemplate paying a subsidy and a feed-in tariff, as is now occurring; we should have one or the other. The Europeans use a feed-in tariff; up to the present Australia has used both, because the states have one and the Commonwealth has the other—which is another problem with the federation, I guess. The question I am asking is: do we want to consider the serious options? In the minister’s second reading speech to this bill, the best renewable energy available to Australia is not even mentioned, and it has the capacity to replace all of Australia’s energy consumption. It happens to be the tides of the Kimberley. I saw some information the other day that the Koreans are about to commission what will be the largest tidal power station in the world—slightly bigger than the one at Rance in France, which has been operating for 40 years. It will produce about 240 megawatts. In Western Australia, that is a typical coal fired power station in size. When I saw the documentation I was so surprised at the cost that I planned to ask some more questions. It is being built by Daewoo, one of the great construction companies of the world, at a price of \$350 million—for 240 megawatts. You cannot build a coal fired power station for that, yet this legislation and the minister’s second reading speech do not even mention it.

Things change. The Kimberley happens to be a great distance from where people presently consume electricity, but, there again, we are going to see in a relatively short period of time large quantities of gas come ashore in the Kimberley, at James Price Point, from the Browse field—that is, of course, if that project does not get written off on account of the government’s new tax on mining and petroleum production, for which

the company would have to pay on the new scale, not the old. When that gas comes ashore, someone is going to say, as Rex Connor and others did, 'Build a gas pipeline across Australia so we can have some of those benefits on the east coast.' The interesting thing is that the pumping of gas along the existing pipeline from the Pilbara to Perth and to Bunbury, south of Perth, is now emitting 700,000 tonnes of carbon a year. It is consuming the equivalent in energy of one coal fired power station. Why would you do that? Why wouldn't there be an incentive to build a high-voltage DC line into the Western Australian network to generate the future gas fired power requirements in the Pilbara? You would save hugely on emissions and you would, in fact, save energy. You would have for sale gas that is presently being consumed in pumping gas along this pipeline.

Furthermore, there is a security issue that, as I keep trying to tell my colleagues in Western Australia, is very important. They are now burning gas from that pipeline to produce 60 per cent of Western Australia's electricity requirement. Just think of what would happen in Western Australia if something went wrong with that pipeline; whereas, if they were bringing in a separate supply on HVDC and the government of today had the intelligence to understand that that is a good investment for the renewable energy target, then there would be more security, a reduction in emissions and a cheaper transmission of energy. Of course, if you then ran similar wires up to Browse to do exactly the same thing and you ran another set of wires from the Western Australian network to interconnect with the Eastern States network, the efficiencies would be unbelievable. You have, by the transmission of electricity, virtually built the pipeline that Rex Connor wanted to build from the Pilbara to Sydney. You have given gas fired, low-emission energy, without the losses associ-

ated with pumping the gas, to the people of eastern Australia from places as far away as the Kimberley.

What else have you achieved? You have achieved access to a huge resource—and it is the only predictable resource of a renewable nature in Australia: the tides of the Kimberley. That opportunity is not there at present. Some people would say, 'How much would it cost to build thousands of kilometres of high-voltage DC transmission lines to reduce the cost of electricity, to improve its efficiency and to reduce emissions?' It would cost about the same as what the pink batts program will eventually cost—about \$5 billion—and it would be done, as I have just described, progressively.

Why is that ignored in this legislation? Is it because the opposition thought of it, or because Wilson Tuckey thought of it and stood up in this place and made the point with a private member's bill? This legislation has come back to the parliament because it had no influence over individual renewable energy technology. What happened? Photovoltaic energy has crowded out the market and the wind generators have started to squeal. In the present environment, I am not in favour of investment in wind generation because it does not reduce the emissions from coal fired power stations. Any person who is in any way associated with that technology knows that it has the lowest level of responsiveness that you could pick out amongst the various systems. To maintain the power needs of the consumer market, you cannot put faith in wind. You cannot just say, 'Oops! Chuck another shovel of coal on the fire.' The decision as to how much power a coal fired power station has to put into the system at five o'clock has to be made at three o'clock. So what do they do? They keep burning the coal, maintaining a surplus of steam pressure in anticipation that maybe, for a nanosecond, the wind will give up.

If anyone wants to argue with me about the vagaries of the wind, I refer them to about 1,000 songs that have compared it to all sorts of other matters. It is a known factor. It is not a good choice. By comparison, tides can be predicted to the minute. You know what you are going to get and, if you have to call on other resources, you know exactly when to do it—by virtually going to the fishing box and looking at the tide flows in different places.

In the Kimberley at this moment, a company has a contract with Argyle Diamonds to provide about 50 megawatts with tidal power in the tidal stream of the Ord River estuary. Do you know why it is delayed? Because, to create baseload power, they are going to build a dam on a 100-metre high hill and, during the peak of the tidal movements, use the surplus energy to pump water up there which they let flow back down through a hydro style system for the purpose of maintaining their baseload. But they have a little problem. To comply with native heritage and other things, and being good corporate citizens, they have gone to the Kimberley Land Council and asked them to conduct the heritage survey, and said they will pay for it. They cannot get it done, so the emissions go on. Argyle Diamonds still keeps producing electricity with diesel generation because a land council will not even take someone's money to do the job! All these things are silly.

Consequently, the coalition has referred the matter to a Senate committee—and I will be sending them this speech—to make the point that this legislation should read not as an apportioning of entitlement to large and small or whatever; it should simply restrict any technology to 10, 15 or 20 per cent—or whatever the parliament decides—of available certificates. That leaves the door open to emerging technologies mentioned in this paper that will never get to the starting line

under the legislation as proposed. Wind has the front-running position. It would be like the Stawell Gift: it has a positive handicap. Of course, the only reason it is in trouble is that, under the old rules, the small-term photovoltaics have had it. But we are just moving from one problem to the next when we should make it clear that at least 50 per cent of the certificates should be for new and emerging technologies, including transmission systems, particularly HVDC, as a renewable power source. If they deliver twice as much electricity at the end of the pipeline, they have doubled the amount of electricity and halved the associated emissions, be it from a coal fired power station or anything else. These are the issues. (*Time expired*)

Mr KELVIN THOMSON (Wills) (12.41 pm)—The purpose of the Renewable Energy (Electricity) Amendment Bill 2010 is to separate the Renewable Energy Target Scheme into two parts: the large-scale renewable energy target and the small-scale renewable energy scheme. These changes will provide greater certainty for both large-scale renewable energy projects and installers of small-scale renewable energy systems. The large-scale renewable energy target will encourage the deployment of large-scale power generation using energy sources such as wind, solar, biomass and geothermal, while the small-scale scheme will provide continuing support to households, businesses and community groups who install renewable energy systems like rooftop solar panels and solar hot water systems.

The enhanced scheme is important in delivering the government's commitment that at least 20 per cent of Australia's electricity will come from renewable sources by 2020. The large-scale renewable energy target will deliver the majority of the 2020 target while the small-scale renewable energy scheme will deliver the remainder of the target. Combined, the new large-scale target and the

small-scale scheme are expected to deliver more renewable energy than the existing 45,000 gigawatt-hour target in 2020. The degree to which the 20 per cent target is exceeded will depend on the uptake of small-scale systems by households, small business and community groups.

The benefits of the renewable energy target and the recent changes are already being realised. Within a few days of the government's announcement to enhance the renewable energy target, AGL announced that it had entered into conditional arrangements for the construction of a 365-megawatt capacity Macarthur wind farm in south-west Victoria. The renewable energy target is part of a suite of government policies encouraging the switch that we need to make to cleaner energy. To complement the renewable energy target the government is making significant investment in generation-scale renewables through the \$4.5 billion Clean Energy Initiative. This initiative includes the \$1.5 billion Solar Flagships program to support the construction of large-scale, grid connected solar power stations operating within the energy market; the Australian Solar Institute, which will help to retain the Australian solar expertise and develop the next generation of Australian solar researchers; and the Australian Centre for Renewable Energy.

The Department of Climate Change and Energy Efficiency estimates that the enhanced renewable energy target will add less than \$4 per year to the average household electricity bill. The 2010-11 budget also demonstrates the government's commitment to building a renewable energy future for Australia. The government will boost existing investments in clean and renewable energy and support greater energy efficiency measures through the Renewable Energy Future Fund. That new Renewable Energy Future Fund—\$652 million—will leverage

private-sector investment to support large- and small-scale renewable energy projects such as geothermal, solar and wave energy.

The Renewable Energy Future Fund will also accelerate development and deployment of low-emissions technologies and increase Australia's take-up of energy efficiency measures in both households and businesses. The fund will include partnerships between the government and the private sector to make critical early-stage investments to leverage private funds to support the commercialisation of renewable technologies. Together with the Clean Energy Initiative this additional funding brings the government's total investments in renewable and clean energy and energy efficiency to over \$10 billion. The Labor government is facilitating through these reforms the means by which Australians can do their bit to conserve energy while also creating new clean industries and jobs.

In my own electorate of Wills I recently attended the Plumbing Industry Climate Action Centre's 'Sustainability in the Home Day', where I inspected and learnt about the great work the centre is undertaking to train and skill trades people in energy-efficient and green collar jobs. I learnt about how the centre is helping people reduce their energy and water consumption around the home and playing a vital role in helping us combat climate change at the grassroots level. The centre's website points out that there is general consensus that buildings produce 40 per cent of the world's greenhouse gas emissions. The Plumbing Industry Climate Action Centre—PICAC—offers a solution to deal with this issue swiftly and economically.

The Plumbing Industry Climate Action Centre will provide plumbing training to practising plumbers with a focus on sustainability, energy saving, waste reduction and water conservation. The training centre's

facility is a five-star Green Star rated building that will trial and promote new technologies—a working example of innovative design and sustainable plumbing. At the opening of the facility the Victorian Premier commented:

Green plumbing is the number one skills issue for Victorian plumbers, with a recent report estimating that no more than 10 per cent of the State's 20,000 plumbers have sufficient green skills to meet the growing demand for environmentally sustainable plumbing. To date, 3,000 Victorian plumbers have attended Green Plumber's courses. This number will grow considerably as the Plumbing Industry Climate Action Centre rolls out its programs to the broader plumbing workforce. The centre will play a leading role delivering sustainability skills for the Victorian plumbing industry and will be critical for driving growth in the Victorian green plumbing sector and creating jobs.

Deputy Plumbing Industry Commissioner Sarah McCann-Bartlett said the centre was a credit to the industry in its united response to climate change. She said:

This wonderful facility will allow qualified plumbers to gain hands-on experience in working with the green technologies that will put Victoria's plumbers at the forefront of the fight against global warming.

Plumbers have a huge role to play in making our environment cleaner. Over 70 per cent of all energy consumed in the home is related to work carried out by plumbers. In commercial buildings the greenhouse gas emissions are principally due to cooling, air handling, lighting and heating. Over 60 per cent fall under the watch of the plumber. So industry will expect that the sector is able to provide the best advice and processes to comply with government targets for the reduction of greenhouse gas emissions.

I congratulate the Plumbing Industry Climate Action Centre on their fantastic work and look forward to working with them and the wider community to help the Wills elec-

torate reduce its carbon footprint. It is a world-class facility, and I congratulate Earl Setches, the plumbers union secretary, on his innovative work and vision in relation to this area. It is a project which involves employers and it is a project which is innovative. It was very interesting to see the cogeneration plants, which have the capacity to meet the needs of large-scale high-rise buildings, and also their geothermal facility. Most people associate geothermal energy with outback Queensland or South Australia, drilling down deep into the earth's crust. In fact, they have a geothermal facility which drills about 30 metres into the soil in Brunswick and heats up water there and uses that to produce heated air and generate energy in that fashion.

I also want to reiterate my support for the idea of feed-in tariffs, which I believe have considerable potential to help us meet and exceed our renewable energy target. The member for O'Connor expressed opposition to that proposition. I disagree with him strongly. The Council of Australian Governments have agreed to work towards the adoption of a set of national principles to apply to new state and territory feed-in tariff schemes. These principles should advance the fair and reasonable treatment of small customers, with renewable microgeneration, including solar panels, as well as consider the interests of electricity customers.

Access Economics has found that Australia has the potential to double the number of people employed within the renewables sector through the introduction of a national gross feed-in tariff over the next 10 years. Feed-in tariffs encourage individual homes, factories, schools and building sites to become minipower plants, meeting their own power needs through the production of renewable energy which does not emit global warming emissions. Feed-in tariffs build community awareness, as individual house-

holds feel empowered in making a contribution to the mitigation of climate change. Further, by decentralising alternative power generation, you minimise the problems of the geographic concentration of such facilities. That will provide a security dividend. Small on-site generation makes the electricity system less vulnerable by reducing the grid instability that can result from the loss of a large power generator. Most people associate feed-in tariffs with solar PV, but solar PV is not the only way that households and commercial properties can generate their own power. Innovative work is being done on things like small wind plants and even geothermal installations. The Alternative Technology Association has concluded that, while the greenhouse benefits are often touted, the benefits of grid-connected solar PV are far greater than just greenhouse gas reductions.

Solar is a clean source of electricity, and its widespread adoption will result in significant economic savings to all consumers in two ways: (1) through reduced wholesale electricity prices, as output of solar PV systems corresponds closely to peak demand when the wholesale electricity price reaches its maximum; and (2) avoiding network augmentation—that is, new power stations and transmission infrastructure—by generating electricity close to the point of consumption and at times of greatest stress on the network. I do not think that the cost to Australian electricity networks is commonly appreciated, given they are talking about spending another \$24 billion over the next five years on network upgrades and with network charges accounting for around 45 per cent of consumers' retail electricity bills. Clearly, if you are able to stave off this large investment in infrastructure by encouraging consumers to engage in their own rooftop infrastructure investment, both the planet and consumers will be better off.

The Alternative Technology Association did some calculations of costs in relation to Victoria and concluded that 'Victoria would achieve a 100-fold increase in solar capacity', or 250 megawatts, on an average of a little over \$9 'per year over the life of the scheme'—a 'price increase of less than \$1.50 per month'. These calculations include an exemption for cost recovery for low-income households—those eligible for energy concessions—as well as large electricity users connected directly to the electricity transmission network. Even with these exemptions, which effectively concentrate costs to typical domestic and commercial consumers, typical increases in electricity bills resulting from the feed-in tariff will be of the order of less than 0.6 per cent. I know that the Electrical Trades Union have done considerable research into the feed-in tariff proposal, and I commend them on that work and on showing that vision.

The transition to a clean energy future is also going to require dramatic improvements in the way that we use and distribute energy through the grid. This is why the Labor government has created the \$100 million Smart Grid, Smart City project. The Smart Grid, Smart City initiative which will demonstrate Australia's first fully integrated, commercial-scale smart electricity grid. This rollout will help consumers save energy, use smart appliances that run on off-peak power and connect their own clean energy to the grid. According to the *Economist*:

In order to accommodate the flow of energy between new sources of supply and new forms of demand, the world's electrical grids are going to have to become a lot smarter.

A smart grid is the key to allowing green energy and distributed and intermittent energy into the energy network. The *Economist* outlines that such a 'smart grid' or 'energy internet' would be far more responsive, interactive and transparent than today's grid. It

would be able to cope with new sources of renewable power, enable the coordinated charging of electric cars, provide information to consumers about their usage and allow utilities to monitor and control their networks more effectively. All this would help reduce greenhouse gas emissions, and we need to assist that move to electric cars.

The consumer interface with the smart grid is the smart meter. This tracks electricity use in real time and transmits that information back to the power company. It makes energy consumption and sourcing more visible to the community, engaging their awareness in a similar way to addressing water consumption—that is, by making its measurement more effective and better monitored. The most effective meter would connect appliances in the house to a meter which can be tweaked to power up anything from a freezer to a washing machine according to spot energy prices on offer from the distributor or the availability of renewable energy and then communicate that process in a simple and easily understood format to the consumer.

Studies have found that when people are made aware of how much power they are using they reduce their use by about seven per cent. With added incentives, people curtail their electricity use during peaks in demand by 15 per cent or more. Recently I and the Parliamentary Secretary for Innovation and Industry, the member for Corio—who is in the House—recently visited the CSIRO's zero emissions house in Melbourne's outer northern suburbs. There we were able to see some of this initiative being put into place in a practical way. By reducing the peak level of demand, utilities can not only improve the stability of the system but also, due to reduced consumption, postpone the construction of new power stations.

A smart grid will make it easier to manage the intermittent and dispersed sources of re-

newable energy, such as rooftop solar panels and backyard wind turbines. It will also facilitate electric vehicles to be charged at night—the optimal time for which is at night, when electricity is less expensive—while also absorbing excess power from wind turbines on windy nights but feeding power back into the grid if necessary if the wind suddenly drops. This problem greatly exercises the mind of the member for O'Connor, but I assure the House that it is certainly capable of being solved. A smarter grid will not only help people save energy or use it more efficiently but also promote the adoption of all kinds of green technologies, including wind, solar and plug-in vehicles.

The global financial crisis has been used by climate change sceptics to try to spook the electorate into fearing action on addressing global warming. The truth is that the measures undertaken by the government through this bill and through the budget will create employment opportunities through climate change policy initiatives. The renewable energy amendment bill will deliver crucial reform to help tackle the long-term threat of climate change while also providing the springboard to create the jobs and industry of the future in a low-pollution economy. There is no doubt that climate change is a real problem. There is no running away from it, and we have to act to tackle it. I commend this bill and I commend the government's renewable energy target.

There have been some interesting reports on this issue recently. Time does not permit me to go into them in detail, but I want to bring to the attention of the House and commend to it a report by Climate Works Australia, *Low carbon growth plan for Australia*. This was released in March, and its key findings were:

Australia can reduce its—
greenhouse gas emissions—

to 25% below 2000 levels ... by 2020 the low-cost, using technologies available today.

Climate Works Australia's

... low carbon growth plan identifies 54 separate opportunities - across all sectors—

ready to go—

that can be implemented over the next 10 years to achieve these emissions reductions.

It points out:

reducing—

greenhouse gas emissions—

can be profitable for business.

It goes on to say:

A combination of a carbon price and targeted action is required to achieve their full potential of low-cost emissions reductions.

It continues:

A portfolio of prompt action is required to implement the 54 opportunities—

taking into—

account ... the risk of “locking-in” permissions for the long term and ease of emissions reductions.

It concludes:

Delaying action will mean some low-cost opportunities are lost, ensuring greater cost to society and—

greater cost to—

business in the long run.

I also commend to the House a report commissioned by the Australian Council of Trade Unions and the Australian Conservation Foundation from the National Institute of Economic and Industry Research, entitled *Creating jobs—cutting pollution*. It concludes:

Action to reduce pollution can go hand-in-hand with job creation and a prosperous and environmentally healthy Australia.

... Australia could create more than 770,000 extra jobs by 2030 by taking strong action now to reduce pollution.

The jobs identified are not just ‘green collar’ jobs, but new jobs in traditional industries such as agriculture, mining, manufacturing and the services sector.

The institute set out a scenario which they call the strong action scenario, putting a price on greenhouse pollution and proposing a targeted suite of complementary policies to reduce greenhouse emissions domestically without reliance on imported international permits. I do suggest to members that they look at the full report if they have the opportunity. I support this legislation and commend the bill to the House.

Mr KATTER (Kennedy) (1.01 pm)—The Renewable Energy (Electricity) Amendment Bill 2010 outlines the problems of small-scale technologies and their impact on the renewable energy certificate market. This is delaying investment in large-scale renewable energy projects. This bill sets out structural change to the renewable energy target—20 per cent by 2020—and separates large-scale generation from small-scale generation. Large-scale generation has a separate quarantined target, reaching 41 million renewable energy certificates, or 41,000 gigawatt hours, by 2020. Small-scale generation will provide an additional 4,000 gigawatt hours to reach the target of 45,000 gigawatt hours renewable energy by 2020.

In Kennedy, the north-west mineral province is the richest in the world, generating an income of around \$12,000 million a year, albeit this figure was calculated during the boom in mineral prices. The area is home to an as yet untouched 500 million tonnes of iron ore reserves. Iron ore has never been sought in this area, but was simply stumbled upon when they were looking for the more lucrative metals. It is also home to two per cent of the world's known uranium reserves, four of the world's 24 phosphate deposits, three of which are completely untouched, the world's biggest vanadium deposit, and one of

the four biggest oil shale deposits in Australia. And of course it has some of the world's biggest untouched proven reserves of copper, silver, lead and zinc. Dugald River, Mount Rose Bee and the Rocklands deposits outside of Cloncurry are but three significant areas.

This region has long been starved of power. It is only supplied by a single power station, powered by gas brought almost all the way from the New South Wales border. Gas is now at extremely high prices, having increased some 300 per cent in the last eight or nine years. Power demand is expected to outstrip supply by 2012. This is the world's richest mineral deposit, bringing in \$12,000 million—almost 10 per cent of this nation's export earnings is coming in from this mineral province—and the year after next it will run out of power. There is not enough power left to keep the mines operating. You have to ask, what sort of government cannot provide electricity to process our metals?

You, Madam Deputy Speaker Moylan, are from the wonderful state of Western Australia—the biggest iron ore producing state in the world. You, of all people, know that the top one-third of our continent has all of the base metals—all of our copper, lead and zinc is coming out of that top third. Almost all of our gold production and all of our iron ore production is coming out of that top third. Where would you think you would base your baseload power stations? Where they are needed to keep these industries going, where power is needed at competitive world prices? No, there is not a single baseload power station within a thousand kilometres of the northern third of Australia. What sort of a crazy country has all of its water in the top third of the country and tries to do all of its farming in the bottom two-thirds? It takes a fascinating maladjustment in thinking to arrive at these conclusions.

Let us look at the problem. The problem is that nearly one-tenth of this nation's entire export earnings comes from the north-west mineral province. Its potential has only been scratched—two per cent of the world's uranium reserves, and they have never been touched. And the area is running out of power. We will have to choose which mines we are going to close down, because they have no electricity. They can get the electricity—they can put diesel generators in, at about \$200 a megawatt hour when they need a competitive price of about \$70 or \$80 a megawatt hour. This is not from my document; it is the Queensland government's document. Here are the graphs, and you can see clearly that in 2012 the north-west mineral province will not have enough power to keep it going and we just have a ramshackle power station—I commend the great men who man it and have kept it going even though a lot of the units are going on for 50 years old, and most certainly are over 40 years old.

The government recognised in its budget papers last year, and I assume there has been no change in their policy, that, after broadband, the connection to the national grid of the north-west mineral province, the iron ore province in Western Australia and Olympic Dam was a priority. We must pay Minister Ferguson a very great tribute for being able to bring such enlightenment to the federal government. That transmission line, in our case, needs to go from Townsville out to Mount Isa. Let me explain another problem. If you put chicken wire over your house, it most certainly will not keep it warm in winter or keep it cool in summer. It will make absolutely no difference. But let me tell you, Madam Deputy Speaker, that wire is actually more dense than the CO₂ in the atmosphere.

I do not want to go on to the other arguments about photons and their directional ambience or any of those things. But clearly,

if you think about it for 10 minutes, the proposition that 400 parts per million are going to warm up the earth is utterly ridiculous! And I am not a sceptic; I am an anti. Never has a scientist stood up anywhere in public and proved the scientific connection. In fact, we have out of the British people who are responsible for overseeing this the remarkable admission that it is very unfortunate that the Australian scientist died because he was the only one getting close to proving a scientific connection to global warming. Global warming may be taking place, but it has taken place many times in our geological history. It may be taking place, but to attribute it to this source is ridiculous!

Unlike many people in this place, I spend a lot of time doing research. One of the dozen or so leading world authorities is the Australian Institute of Marine Science, off Townsville, and Katharina Fabricius, an internationally renowned scientist there, says there is a situation which will arise in the oceans. And just the same as it is scientifically impossible to show any connection between global warming and under 400 parts per million in the atmosphere, there is also the same scientific evidence that will prove absolutely that a problem will arise eventually in the oceans if we keep increasing at the current increasing rate. So even an anti—not a sceptic, but an anti—like myself will say that the matter needs to be addressed. As we say where I come from: we need to take a bit of a pull on the reins here.

How do we go about this? Do we go about this by putting a price on a carbon pollution unit and then making Goldman Sachs rich—I understand they are currently being looked at with a view to prosecution in the United States. That is what has been reported in the media. It might be very unfair to them, but it is what has been reported. They are being looked at with a view to possible prosecution. But do we put a price on a carbon pollu-

tion unit to then make people rich in businesses like Macquarie Bank and Goldman Sachs and all of those people who trade in securities? There will be the creation of thousands of millions of dollars of securities that do not exist at the present moment. There will be a new commodity that they can trade and that will make them rich, and all of the stockbrokers—what I refer to as the slithering suits out of Sydney with all of their little sycophants in this place, and I see them on my visits to Sydney—will be rich people. They do not produce anything. They believe money should produce more money. They do not believe that money should be used to produce any tangible production, to quote a famous man called Roy Stankey from North Queensland.

What we need to do are simple things that result in a lowering of the carbon emissions, including switching to renewable energies. It has been a wonderful breakthrough for intellectual reality in this place that we do not talk much about carbon now, hardly at all, but we do talk about renewables. As a former Minister for Mines and Energy in a Queensland government, and as the minister who secured the national science prize for our solar energy standalone system in the Torres Strait—abandoned I might add by the following socialist government; they abandoned the project that had won the science prize for Australia—I was the person who had gone into the costs of this very deeply. I was not doing it to be some enlightened solar energy advocate; I was doing it because it was the most economically responsible action to be taken—that is, very simply to put solar panels in very isolated situations. They were more efficient than diesel generation. That is why I was doing it. Not because I was in love with the trees—no-one would ever accuse me of that—but because it was the economically responsible action to take.

I gave warning orders to my department—the government was nearing its end at the time—that if re-elected all government housing in Queensland would be moved to solar hot water systems. Forty per cent of your domestic power usage is in heating water. We would not be able to take away the whole 40 per cent; we most certainly would take away 20 per cent. There was no doubt about that. We were a very economically oriented government, we were a government of businessmen who had backed our judgment with our own money—to use the words of the very great former Premier of that state, Bjelke-Petersen—and who had put in place the aluminium industry of Australia, Australia's second biggest industry, and the coal-mining industry, Australia's greatest industry. But to quote that man: these were men who would back their judgment with their own money. And if you have not done that, then you should not be making decisions with other people's money if you have not backed your judgment with your own money.

So we were businessmen and we simply made a business decision. It was cheaper; it worked out cheaper for the homeowner. What he saved in electricity charges—in Queensland electricity charges have almost quadrupled since then—he made up for in increased rent. So as far as we were concerned there was no cost to government. And as far as any economist was concerned there was no increase in cost for the householder because the cost of the solar hot water system, which was put on his rent and amortised over 15 years, was offset by the savings in electricity. But if you do that you reduce by some three or four per cent the entire electricity consumption in this country, a very simple, obvious thing to do. We are assuming of course that a lot of private houses would go into it as well under a cheap government contractual arrangement.

Finally, we need to be cost competitive. I do not criticise the government for its initiative in proposing the resource rent tax; I most certainly criticise the government for the 40 per cent proposal and say that it simply cannot continue. Our industries have to be cost competitive. Those industries have to be attractive. The current government need not worry too much, because if they persist with it there is no doubt that they will not be the government of Australia. You only have to look at the North Queensland seats, which are highly marginal, and all mining seats—all of them, not just mine. Look at New South Wales, where so many of the marginal seats are in the burgeoning coal industry areas. If you think those employees are not going to be told, they will be told all right. And they will believe what they are being told, because it is simply logical to them that if the government is getting a huge amount of money then somebody has to be losing that money, and that somebody happens to be an industry in which nine out of 10 of its mines will collapse.

We must be cost competitive, and that brings me to the solutions. As I said, there are three great sources of income for this nation. There is the aluminium industry, which mostly is in North Queensland but is in other parts of Australia as well. There is the iron ore industry in Western Australia, and of course there is the giant coal industry. That is all we have going for us now. Mr Keating in his wisdom deregulated the wool industry, which was Australia's biggest export earner—bigger than coal—in 1990 and destroyed it completely. There is only 40 per cent of it left now. It and the other rural industries are simply closing down. I have spoken about this on many occasions in this place.

If we look at the clean energy corridor, I must give the government great credit to date, but I must also say that we have had a

lot of noise and a lot about what they are going to do. But 'gonna-doers ain't doers', from my experience in life. So we do not want any more 'gonna do'; we want some action here. I have seen the action with the rollout of broadband. For all of its criticisms, I stood there and watched the big backhoe go past, digging a hole and laying the cable which will enable the people of my home – the 30,000 who live in the Mount Isa-Cloncurry area—to go on to broadband at a speed which is commensurate with that anywhere in the world. That is a great breakthrough. They have had a rollout of the information highway. Now they need a rollout of clean energy—a highway of clean energy.

I table in the House the North Australia clean energy corridor proposal that the Tully sugar mill switch over to co-generation, reducing electricity use. When you take the sugar out of cane and boil off the water you are left with a cane fibre that can be burnt to produce electricity. Currently 60 per cent of it is burnt just to get rid of it. We could rearrange our mills, which is very expensive in the case of the Tully mill—\$120 million—to produce electricity. God bless Robert Carey and his proposal for a new mill to be built to produce ethanol and electricity in Ingham, as well as all the other people involved. Combined, the three mills could produce 200 megawatts of electricity. Of Australia's 40,000 megawatts of electricity demand, they will produce 200.

We move on to the proposed dam at Hells Gate, west of Townsville. It will produce 100 megawatts of hydroelectricity—albeit peak load, not baseload. It will bring that water down to west of Charters Towers to the Pentland solar biofuels project. Arcadia has already put in an application for the solar grants which we are discussing at the moment in the House. Arcadia is a big international trader in energy. The difficulty with solar power—and having won a science

prize for Australia I speak with very great authority on this—is that the sun shines for only eight hours a day, effectively. How are you going to cover the other 16 hours of the day? Therein lies the problem. In the case of Pentland we have two giant sugar mills. We will bring this water down and open up a huge area—not huge in Australian terms but huge in the sense that two very big sugar mills will come out of it. Solar power will fuel the boilers during the day; during the night they will burn the gas from the sugar mill to fuel the boilers during the evening. That will produce 450 megawatts of electricity. If you like hydro at 30, 40 or 50 megawatts of baseload, we are now up to 500, 600 or 700 megawatts of baseload power, which is almost the entire northern grid—five per cent of Australia—now on renewable energy. What a great achievement for this government, for this nation and for this generation. It will be there for a hundred years.

Let me just slow down. The Pentland solar biofuels project, coupled with these other projects, will produce some 700 megawatts of baseload power that will be there forever. That river will flow; the water will flow through the generators. And if you are worried about the 12 or 13 million megalitres in that river, we want only one million megalitres of it, so 90 per cent of it will still be flowing down to the ocean. Coupled with the phytofuels proposal, which will get rid of our dirty, filthy, prickly trees and the wind generator—*(Time expired)*

Ms GRIERSON (Newcastle) (1.21 pm)—I rise today to speak in support of the Renewable Energy (Electricity) Amendment Bill 2010 and related legislation. It is interesting to note that electricity consumption in Australia accounts for more than one-third of national emissions. At the same time, Australia has a wealth of renewable resources—some of the world's best wind resources, higher average solar radiation per square

metre than any other continent and huge potential in geothermal and wave technologies. The development and harnessing of renewable energy is a crucial part of our nation's low-carbon future and has also been a crucial part of the work of the Rudd government. But to best harness these resources we do need a workable policy framework, which we find in the legislation before the House today.

The purpose of this bill is to separate the Renewable Energy Target Scheme into two parts. I guess we can call them big RET and little RET, but they are the large-scale renewable energy target, LRET, and the Small-scale Renewable Energy Scheme, SRES. By differentiating between the schemes, we can ensure greater certainty for large-scale renewable energy projects and the installers of small-scale renewable energy systems such as solar panels and solar hot water heaters. This package is just one of a suite of Rudd government policy initiatives that encourages a switch to clean energy. It will further strengthen our commitment that the equivalent of at least 20 per cent of our nation's electricity will come from renewable sources by the year 2020.

The two parts of the scheme will work as follows. The LRET will encourage the deployment of large-scale power generation using energy sources such as wind, solar, biomass and geothermal. The LRET annual target will be set at four million renewable energy certificates per year less than the current targets to take into account the estimate of the deployment of small-scale technologies, reaching 41 million renewable energy certificates by 2020. Existing banked renewable energy certificates will only be eligible, though, for use in the LRET, the large-scale projects. It is good to see that we have now given some certainty around those targets and for the larger-scale projects. We know that the public have had an amazing interest

in taking up renewable opportunities in their homes, but we are now being more strategic about encouraging large-scale opportunities for industry.

The small-scale target, SRER, will continue providing support to households, businesses and community groups who install renewable energy systems like rooftop solar panels and hot water systems, through the creation of a new small-scale technology certificate. There will be no overall limit on the creation of those certificates and the price will be fixed at \$40 through the creation of an optional clearing house. This would mean a household installing an average sized 1½-kilowatt system, and receiving the solar credits multiplier, would receive certificates worth around \$6,000.

To reach these targets, we need to see support from both ends of the scale—individual households and large energy users and providers. In particular, the degree to which the 20 per cent target is reached is dependent on the uptake of small-scale systems by households, small business and community groups, but large-scale take-up can make a big difference. In a promising sign, already this scheme is gaining popular support from the energy sector. Only days after its announcement, AGL announced that it had entered into conditional arrangements for the construction of the 365-megawatt capacity Macarthur wind farm in south-west Victoria. In fact, according to AGL, it is estimated that the enlarged renewable energy target under the Rudd government has already seen an eightfold increase in plans to build green generation in Australia—predominantly at this stage in wind power.

Speaking at a recent utilities conference, AGL's group general manager for merchant energy, Jeff Dimery, said that the small-scale RET program implemented under the Howard government was estimated to lead to just

1,200 megawatts of new renewable generation being developed this decade—but now, with the expanded RET, AGL expects at least 9,500 megawatts of renewable generation to be constructed by 2020, along with a \$30 billion investment in new power production. That is good news. Similar improvements are forecast in the outlook for gas generation. This is a direct result of these policies, and I congratulate the Minister for Climate Change, Energy Efficiency and Water, Senator Wong, on the success of these incentives.

As Mr Dimery points out, if we are to see these forecasts become a reality, the government must win safe passage of these RET legislation amendments through the Senate. We need to see action in passing this legislation through the Senate now. Industry certainty, industry benefit, is the outcome that is at risk. These sentiments are shared by many in the renewable energy sector who feel that investment will remain frozen until these amendments are passed. According to Pacific Hydro manager of government affairs, Andrew Richards, it is ‘mission critical’ for the renewable energy sector to see this legislation passed. Similarly, AGL chief executive, Michael Fraser, has warned that the failure to pass this legislation before our next federal election would result in a ‘loss of investment, loss of jobs and a stalling of investor confidence’. This is something we cannot afford. Already, Australia is at risk of falling behind the rest of the world in investment in renewable energy. A study by Bloomberg New Energy Finance projected that global investment in renewable energy would reach a new record of US\$154 billion in 2010, up more than a quarter on last year. Australia also recorded a record investment of US\$1.02 billion, but this represents only 0.8 per cent of the total global investment, even though our share of the GDP is 1.3 per cent and our share of global greenhouse gas emissions is 1.5 per cent.

It is a promising sign to see companies like AGL forecasting some positive figures and positive take-up by the energy sector around our policies and this legislation. When we compare the uptake of resources like wind power in Australia with other countries we can see that there is still a lot more to be done. Denmark, for example, with almost 5½ million residents squashed into an area roughly the size of the Hunter Valley, where I come from, is aiming for 50 per cent of its overall power output to come from wind farms by 2020. That is an amazing statistic to contemplate. Environmental conditions there are very different, but it is good to see such positive projections. Worldwide, new wind installations continue to grow at 30 per cent per year globally. From 2013, it is anticipated the world will install more than the entire Australian annual electricity demand just in wind power. I note, too, that in Spain we are seeing a greater take-up of solar resources. I had the great pleasure of visiting a solar plant in Nevada. It was only a small plant by megawatts, but I note that in Spain the same company and others are delivering much larger generation plants of up to 150 megawatts. That is good to see as well, particularly as where I come from we are doing some groundbreaking research in solar thermal power.

While 100 per cent renewable energy output in Australia may not be possible by 2020, we can still be influenced by, and take encouragement from, the efforts of other countries in showing what can be done to increase renewable energy output. We have been told by scientists and experts that clean efficient energy systems will underpin our economic success and prosperity in the future and drive our climate change response today. This is no truer than in my electorate of Newcastle and in the surrounding Hunter region. Last week a report released by the National Institute of Economic and Industry Research found that

switching to an ecofriendly economy in the Hunter region would create more than 60,000 jobs. That is a significant contribution to regional employment. It may seem a very high goal at the moment, but I am pleased to say that the Hunter region, and the Newcastle electorate, is well on its way to becoming an ecofriendly economy.

In the last 18 months alone, we have seen a staggering investment in clean energy from the Rudd Labor government. At the beginning of last year, the Australian government launched the Australian Solar Institute, headquartered in Newcastle, delivering on its \$100 million commitment to solar research. The Australian Solar Institute will support solar thermal and solar photovoltaic research and development, foster the necessary collaboration between solar researchers in university research institutions and industry and help forge strong links with peak overseas solar research organisations. Last year we also saw the launch of the \$20 million national Clean Energy Innovation Centre in Newcastle, which assists small and medium sized businesses in becoming more energy efficient.

I must acknowledge the outgoing director, Dr Gillian Sparkes, whom I have had the great pleasure to work with over the last year. I wish her well in her new appointment to the Victorian government climate change department. I know that her work in these initial stages, since the innovation centre's formation, has been of great benefit and will continue to benefit us for a long time to come.

More good news came for clean energy research in Newcastle in November 2009 with the opening of the new CSIRO research centre, the Renewable Energy Integration Facility, which has been established to develop new grid management technologies. Success in that area will allow greater pene-

tration of renewables and low-emission energy resources into the major electricity networks. Setting up grids of renewable energy sources is one thing, but integrating them into a major grid is quite challenging. Such measures will also contribute to a reduction in the levels of carbon emissions in the future.

Of most excitement for Newcastle is a bid by a Newcastle based consortium for the Smart Grid, Smart City initiative. The Newcastle consortium, led by Energy Australia in partnership with AGL and includes IBM, Cisco, the National Broadband Network Company, the CSIRO Energy Transformed Flagship Program, Ampcontrol, the University of Newcastle, Newcastle City Council, Together Today Cooperative and Hunter Water, has submitted an outstanding bid for this initiative. Smart grids have the potential to transform the way we use energy in our homes and businesses and to make our existing energy use much more efficient and reliable. The Smart Grid, Smart City initiative will use a mix of innovative technologies to monitor electricity supply, manage peak demand and help both large-scale and small-scale customers make informed choices about their energy use.

By supporting the installation of Australia's first commercial scale smart grid, this initiative by the Rudd government will combine advanced communication, sensing and metering infrastructure with existing energy networks to allow combinations of applications that can deliver a more efficient, robust and consumer friendly electricity network. I think we all look forward to the day when we will have more control over how we actually use energy and how we maximise its efficiency—and the same applies to water.

Smart grids have the potential to transform energy efficiency all around this country and the world. Smart grids identify and

resolve faults automatically on the electricity grid. They can automatically self-heal, manage voltage and identify infrastructure that requires maintenance. Smart grids can also help consumers to manage their individual electricity consumption and enable the use of energy efficient smart appliances that can be programmed to run on off-peak power. If successful, this would see the beginning of a technological approach that will reduce emissions, reduce energy consumption and drive down costs. I have advocated very strongly for this bid from the Newcastle consortium and I again express my confidence in its quality. I look forward to any success they may gain.

From the power plant to the power point the Rudd government is supporting action—both large scale and small—to reduce carbon pollution. The enhanced Renewable Energy (Electricity) Amendment Bill will help the fight against climate change, allow Australia to harness its vast renewable energy resources, and drive the deployment of renewable energy technologies, industries and jobs. More broadly, Rudd government initiatives, such as the \$652.5 million announced in the budget for the Renewable Energy Future Fund, will further support Australia's response to climate change. The fund will provide additional support for the development and deployment of large- and small-scale renewable energy projects and enhance the take-up of industrial, commercial and residential energy efficiency. Along with the other initiatives already mentioned, the Rudd government is supplying Australians with the tools to do their own bit to conserve energy and promote renewable energy sources, at the same time creating new clean industries and a flow-on in employment. We recognise how vitally important it is to build the foundations now that will enable our energy sector to take full advantage of the opportunities

that will present themselves in an ecofriendly, carbon constrained world.

I cannot leave this debate without making some mention of the 18-month deferment of the ETS by this government. I can only say that our government is firm in its position that it remains critical to the future success of this nation to have an ETS in place. I have to register my deep regret that a bipartisan approach was never achieved. We thought we were close.

When you take an issue of such international significance, national significance and importance to the people of Australia and to the future generations of this country, you have to realise that it is bipartisanship that assists these types of policies over the line. I think all people of this country have looked for that bipartisan support and I think industry has looked for that as well. We were so close but now the time has passed. When the new Leader of the Opposition was elected it prejudiced, terribly, the bipartisan approach had appeared possible for an emissions trading scheme in this country. In making those statements I hope that bipartisanship will result and will be offered around this legislation. The Renewable Energy (Electricity) Amendment Bill 2010 and related bills are deserving of the support of everybody in this parliament. I commend the bills to the House.

Mr LINDSAY (Herbert) (1.38 pm)—We have the government wanting to impose a great big new tax on the mining industry and drive it out of the country and we have the member for Newcastle bringing back the ETS, which will do a similar thing. Now we have two great big new taxes, which the current government wants to impose on the Australian community, driving a dagger into the heart of the sector that most supports the Australian economy. It is extraordinary.

However, there is some positive news, which I hope the government will take note of, in relation to the Renewable Energy (Electricity) Amendment Bill 2010 and related bills before the House. Today Townsville Enterprise and MITEZ, the Mount Isa to Townsville Economic Zone, have issued a media release announcing the solution to the north-west's energy needs. It is a renewable energy solution, which is called for in the bill we are discussing before the parliament today. It is truly a magic solution to what is needed to support both the government's and the opposition's quest to have a 20 per cent renewable source of energy by 2020. North Queensland leads the way again, Mr Deputy Speaker Scott, and we have the solution. Of course it does not come without the need for a few dollars and I will go into that in due course.

The bills we are debating today create Australia's newest renewable energy commitment. It will be in two segments: the large-scale renewable energy and the small-scale renewable energy schemes. The large-scale target is obviously for accredited power stations including wind, solar, biomass and hydro. The small-scale scheme will provide small-scale technology certificates for the installation of solar panels, solar hot water systems, wind turbines, small hydro systems, heat pumps et cetera. The certificates generated will continue to be managed by the Office of the Renewable Energy Regulator. Of course the bills contain penalties for bodies who do not meet the requirements of this legislation.

I want to tell the House about the coalition's achievements on renewable energy. The former government, of which I was a member, introduced Australia's first MRET, mandatory renewable energy target. At the 2007 election the coalition affirmed our commitment to what is in the bill today, a renewable energy target of 20 per cent. Our credi-

bility is there for everyone to see. The Rudd government on the other hand not surprisingly have broken a number of promises in this area and have created great uncertainty within the industry. I think so far the Rudd government have broken 47 of their promises. It is an extraordinary track record. Of course it does not surprise us that there are broken promises in the renewable energy area as well.

We had an \$8,000 solar rebate, which was an excellent initiative and very popular. Yet in the 2008 budget the Labor government decided to means test it. That was just the first of a number of broken promises in this area by the government. In June 2009 the Rudd government scrapped the rebate entirely without giving the industry or Australian households any notice. And we have seen that happen again in the Home Insulation Program where the program was scrapped without any notice, and businesses have been going out the door backwards and failing because the government was unable to manage that program effectively. In June 2009, Labor also scrapped without notice the coalition's successful Remote Renewable Power Generation Program. This program had worked to help provide solar or wind power units to Australian families and businesses not connected to the power grid. It was such a shame to see that taken away from those people who needed the support of that program.

The uncertainty for the energy sector was compounded in the Rudd government's approach to renewable energy legislation in 2009. When the government presented this legislation in 2009, you will remember it demanded it only be considered with the Carbon Pollution Reduction Scheme legislation. It was coupled to that bill. The coalition reasonably and sensibly proposed that the two different legislative packages should be separated. The government stood its ground

and, of course, after more backflips eventually realised it could not hold the passage of the renewable energy legislation hostage to the fate of its CPRS. It adopted the coalition's amendments to decouple the legislation—and well done in the Senate. I guess that is an indication of the effectiveness of the Australian Senate.

The renewable energy package was presented to parliament in 2009. The coalition successfully made a number of amendments to the legislation. As well as decoupling the legislation, the coalition sought an exemption for the aluminium industry. There is now a 90 per cent exemption for new renewable energy targets in this sector. The government also accepted our proposal—sensibly—to ensure that heat pumps installed in homes are included in the renewable energy target at the current allocation rate.

What is the coalition's position? This legislation is currently before the Senate economics committee, which is due to report by June 2010. The coalition still have a number of concerns about the legislation. It is important to get renewable energy legislation right. The government should wait to hear the recommendations of the Senate inquiry and listen to the concerns of the energy industry.

I would like to take you back to the good news I alluded to at the beginning of this contribution—the blueprint for future development of the North West Queensland Mineral Province based on the Mount Isa to Townsville Economic Zone. There has been terrific work done by MITEZ and TEL. This blueprint has all of the facts on which the recommendations are based, from which the government can clearly take heart that what is being proposed is in fact what will happen if these recommendations are accepted. Analysis by BIS Shrapnel estimates that the North West Queensland Mineral Province could provide scope for 900 megawatts of

renewable energy projects by 2015-16. According to the same report, the entire clean energy corridor in North Queensland could end up providing 3,750 gigawatts of clean energy per year, which would be eight per cent of the government's renewable energy target as proposed in the legislation before us. But more than that, by 2020 this could even rise to 20 per cent. The entire renewable energy target proposed in this legislation could be supplied by the North West Queensland Mineral Province energy corridor between Townsville and Mount Isa. What a great opportunity for Australia. What a great opportunity for North Queensland.

The north-west has significant geothermal sources out near Mount Isa. It has some of the best solar radiation sources in Australia. It has biomass which can produce electricity and it has very significant wind in western Queensland. However, we need a 275 kilovolt transmission line to connect Townsville to Cloncurry. In that way, power could be fed into the grid and into the National Electricity Market from all along that corridor. Also, power could be taken off that transmission line to supply energy to the various major mining projects along the way, and there are many of them. It is a no-brainer. The state government particularly needs to invest in a transmission line so that this whole concept can become a reality and what a magnificent reality it would be.

The projects I am talking about would generate 1,200 new jobs and deliver \$190 million in direct and indirect output by 2015-16. By 2019-20 the output would be around \$450 million. Creating these renewable energy projects would go a long way to meeting the energy demands of North Queensland, a rapidly growing area. These projects could make a direct contribution to achieving the 20 per cent renewable energy target. One of the most important projects for renewal

energy investment is the construction of a 275 kilovolt AC transmission line.

The chief economic development bodies in the north-west—Townsville Enterprise and the Mount Isa to Townsville Economic Zone—along with all regional councils and the Queensland Resources Council rate these projects as a top priority for investment to ensure the region continues to prosper and contribute its full potential to the Australian economy. In that sense, I have arranged meetings with Townsville Enterprise and MITEZ here in Canberra next Monday to allow the groups to make a presentation to the government and to the opposition—the alternative government. I thank the ministers and shadow ministers who have allocated time to make sure they hear about this magnificent project. A letter from Richard Mackie, General Manager Australia-South Africa Windlab Systems, sent to the Mount Isa to Townsville Economic Zone Inc. states:

Windlab Systems has identified an area with very good potential for wind farming north of Hughenden in the Townsville to Mt Isa corridor ... in the long term, benefits to the region could be even greater as there is likely to be enough area with a good wind resource to host well in excess of 600MW.

That is an enormous amount of power. It continues:

Construction of an AC electrical connection between Townsville and Mt Isa is however essential to realising the economic benefits of the proposed windfarm. The current closest connection point at almost approximately 250 kms from the project site is prohibitive to the project.

That is why we need the new transmission line to go across the north. We also have a letter from Marshall Mackay, CEO of Australian PhytoFuel to MITEZ:

We are aware of a number of other renewable energy projects that have the potential to operate along a corridor if the AC Link is implemented. Individually, these projects, including PhytoFuel,

will add marginally to the energy needs of the region in combination they have the potential to supply a significant proportion of the areas to energy requirement. In the absence of the AC Link none of this potential will be realised.

So the clear message to the government, to the alternative government and to the state government is that this corridor can produce 20 per cent of renewable energy required under the legislation we are debating here today, but to do so it needs a transition line to be built from Townsville to Mount Isa.

In a press release dated today headed 'The north offers the government renewable energy option', Townsville Enterprise make it very clear that there is a compelling case for the installation of an AC transmission line between Townsville and Mount Isa. That is why they have that particular project as their top priority in the development of the north. The North West Queensland Mineral Province could become a world leader in renewable energy generation if we take up this green option to increase the supply of power between Townsville and Mount Isa. This is vital. The government must listen to what the north is saying and I certainly commend this project to my colleagues on both sides of the House. I hope that we will see this in the not-too-distant future so that we can produce all of this green energy and satisfy the renewable energy target that the parliament will likely pass later today.

Mr HAYES (Werriwa) (1.53 pm)—I am proud to speak on the Renewable Energy (Electricity) (Charge) Amendment Bill 2010, Renewable Energy (Electricity) (Charge) Amendment Bill 2010 and Renewable Energy (Electricity) (Small-scale Technology Shortfall Charge) Bill 2010 as I for one believe in the development and the commercialising of our renewable energy industry. Apart from being able to generate jobs as we develop those technologies, this will play a vital role in fulfilling the clean energy re-

quirements of this country well into the future. As you are aware, these bills seek to augment Australia's commitment to 20 per cent renewable energy by the year 2020. Probably unlike many in the House, prior to coming here I had the very distinct honour of doing a lot of work in the renewable energy sector for a number of years and I know how difficult it is to commercialise technology. By the way, that is one of the reasons I spoke so loudly and so often when it came to the CPRS and developing an energy trading system in this country, which everyone to a person on that side of the House opposed. The purpose was to create the environment in which to commercialise renewable energy technology as the way forward for this country.

It is true that we are one of the largest coal-producing countries in the world and it is a fact that we are the world's largest exporter of coal. If you look at the figures, we have something like 350 years of black coal and about 800 years of brown coal. Clearly, that is going to form a significant part of our economy into the future. That is one of the reasons why this country is one of the leaders in clean coal technology. If we are going to be producing and relying on and exporting coal, we will be out there producing clean coal technology. That is only commonsense.

The second aspect of these bills coming into play now is that, by making a commitment by the year 2020, we will move to 20 per cent of renewable energy in our suite of energy mix for this country. That is important because, if you are a company that is running coal fired power stations and selling power on the grids through those mechanisms and you know that by 2020 this is the commitment that you need to measure, one thing you will need to do is take an interest in the development of those renewable energy technologies so that you can augment

your power production by funding these renewable energy streams.

It does not matter if we are talking large scale in terms of biomass, wind power generation, large-scale solar and geothermal, that is essentially where the target areas have been to date. Obviously we have made great inroads. People out there want to participate, to do something about the environment, and we see the take-up of solar panels as well as solar hot water pumps and solar hot water systems. People are playing their part. What we have attempted to do through this suite of bills is to make the distinction between those large-scale projects in looking at the RET, the renewable energy target, together with looking at those small domestic contributions that are made through solar panels and solar water heaters.

Just before I came here, as I was coming back from lunch, oddly enough I happened to meet with Mr Gerry McGowan and Mr Mark Fogarty of CBD Energy and a number of people from the Bank of China. The reason that is relevant—not to say that I just met with them—is that they are talking with financiers at the moment about commercialising a wind project in Gundagai. They are talking about financing through the Bank of China the development of a large-scale wind project in Gundagai, which is going to generate significant renewable energy and will only be aided and commercialised if we go ahead with these renewable energy targets. Another very interesting thing is the deployment of new technology through the use of more suitable turbines. As I understand it, the technical advice has been provided by Tianwei Wind. It is being looked at to commercialise this in a way that makes it not only more efficient energy generation but also viable through the size of the power plant and its reliability in selling directly back into the grid itself.

That meeting was just a chance meeting. Walking through the corridors today are people committed to going down that path, people who are committed to looking at commercialising our renewable energy technology. It is why this government stood on that basis and it is why we pressed so heavily for an energy trading system when we had the opportunity to do so which was regrettably rejected on three occasions by those on the other side of the House. This bill will make vast improvements to the renewable energy resources. It will drive the development and the deployment of renewable energy technologies to indices and create jobs.

The SPEAKER—Order! It being 2.00 pm, the debate is interrupted in accordance with standing order 97. The debate may be resumed at a later hour and the member for Werriwa will have leave to continue speaking when the debate is resumed.

MINISTERIAL ARRANGEMENTS

Mr RUDD (Griffith—Prime Minister) (2.00 pm)—I inform the House that the Minister for Trade will be absent from question time for the remainder of this week as he is representing Australia as a co-chair of the OECD ministerial council meeting in Paris. The Minister for Foreign Affairs will answer questions on his behalf. Furthermore, the Minister for Families, Housing, Community Services and Indigenous Affairs will also be absent from question time today. The Minister for Housing and Minister for the Status of Women will answer questions on her behalf.

QUESTIONS WITHOUT NOTICE

Budget

Mr ABBOTT (2.01 pm)—My question is to the Prime Minister. I refer the Prime Minister to Mr Dick Karreman, who runs a family owned quarry in Brisbane, who said in relation to the government's great big new tax on mining:

When you walk into your house in excess of 70 per cent of that house comes out of one of these quarries.

The new home buyers of tomorrow, if this tax is introduced, are going to pay. So I ask the Prime Minister: why does the government want to make it even more expensive for families to own their own homes?

Mr RUDD—Mr Speaker, the fear campaign run by the Leader of the Opposition reaches no bounds. The Leader of the Opposition has been out there talking about the proposed impact of an RSPT on share markets, on superannuation earnings, on food and on everything else under heaven, without a single shred of evidence to back up each and every one of his claims. He said so about share markets: have we looked and seen what the Australian share market has done relative to other share markets across the world? Have we looked and seen what has happened with the Australian share market for mining stocks against mining stocks in other parts of the world? The Leader of the Opposition is engaged in an utterly shameless fear campaign against an RSPT because he has no alternative tax policy.

I refer the attention of the Leader of the Opposition to the contents of the modelling in the Treasury document concerning the RSPT and its calculation in relation to economic growth, in relation to employment and in relation to price impacts. I would also draw the attention of the Leader of the Opposition to this: if you are also bringing down the company tax rate across the country, that also has an effect on the price of goods and services in a positive direction for the general community.

What this all points to is a fundamental lack of policy on the part of those opposite. On Monday of this week we had, I think, the Deputy Leader of the Opposition, who has been in the news of late, saying that the min-

ing companies were paying just the right amount of tax. Then on Tuesday we had the shadow minister for infrastructure come out and say that he was open to them paying some more tax. What we have today, however, is volume 3 from the Leader of the Opposition. The Leader of the Opposition gave us tax policy No. 3 today when he said that any fair minded analysis of the evidence would suggest that mining companies are paying more than their fair share of tax.

So, on Monday they were paying just enough tax, on Tuesday we had Barnaby saying they were not paying enough tax and now on Wednesday we have the Leader of the Opposition saying that in fact they are paying too much tax—one, two, three tax policies in three days. You begin to think that Goldilocks and the three bears are running their tax policy—not enough, just too much, a little bit more! They can credibly participate in this debate on tax policy when they have an alternative policy. The truth is that they have none. We stand for better super for workers; we stand for tax cuts for small business and greater investment in this country's long-term infrastructure.

Foreign Affairs: Australian Passports

Mr DREYFUS (2.04 pm)—My question is to the Minister for Foreign Affairs. Why has the government followed the convention of not commenting on the detail of intelligence matters? Are there any risks to not following this well established approach?

Mr STEPHEN SMITH—I thank the member for his question.

Opposition members interjecting—

The SPEAKER—Order! The Minister for Foreign Affairs will resume his seat. The question has been asked. It was in order and the Minister for Foreign Affairs has the call to respond to the question.

Mr STEPHEN SMITH—Thank you, Mr Speaker. It is a very important question which goes right to the heart of matters which go to the protection of our national security interest. Of course it has been a fundamental principle of successive governments that governments do not comment on intelligence matters. They particularly do not comment or speculate on operational matters. This has been the case for many years, for all of the very obvious national security reasons. One does not comment; one does not speculate.

That has been a principle that successive prime ministers and foreign ministers have adhered to. The Prime Minister made a perfect statement of the principle last night. His predecessor, John Howard, was very careful to respect this principle. On 24 February 2004, he said:

I follow the longstanding practice of my predecessors, both Labor and Liberal, of not commenting on intelligence and security matters—a very sound principle.

A very sound principle, indeed. My predecessor Alexander Downer said, at about the same time, 27 February:

... I'll never walk away from this point—no responsible cabinet minister in our country, present or former, is going to get into the game of talking publicly about the operational side of our intelligence agencies.

So there are very clear risks to Australia's national security when this fundamental principle, enjoined by successive governments over a long period of time, is breached—a very severe risk.

Yesterday, regrettably we saw a very serious breach of this principle. In an interview on Melbourne Talk Radio at about 10 minutes past eight, the Deputy Leader of the Opposition made a very clear statement. She said:

It would not be the first time that another country forged passports for a particular operation, and I would include in that Australia.

Later that day, at about 12.30, she sat down with Tim Lester from Fairfax Online and recorded an interview on camera which went to air while we were all here, about 3.05 or 3.10 yesterday afternoon. In that interview she asserted for the second time that Australian intelligence agencies forged passports. For the second time in one day she broke a fundamental principle of neither commenting on nor speculating about operational matters so far as intelligence and security are concerned. The Deputy Leader of the Opposition said:

It would be naive to think that Israel is the only country in the world that has used forged passports, including Australian passports, for security operations.

TIM LESTER: What, we do?

JULIE BISHOP: Yes.

If the written word is not enough, I urge members to watch the video. This was not a throwaway remark; this was not inadvertence; this was the deliberate and deliberative knowing answer to a journalist, with the knowing smile that she was about to deliver something which was secret, something which was exclusive. I urge all members to watch the video to see the calculation with which the Deputy Leader of the Opposition broke for the second time in one day a fundamental principle.

I have been critical of the Deputy Leader of the Opposition all week for her inadequate and inappropriate response to the fraudulent abuse of Australian passports, for her failure to stand up for the abuse of our sovereignty, for the abuse of our national security and for the abuse of the Australian travelling public. I will not regale you with that. This is qualitatively different. This is twice in one day the deliberate and deliberative breaching of a

fundamental principle of national security so far as this country is concerned.

I said earlier this week that she is not a fit and proper person to sit around the National Security Committee of the Cabinet. She is not a fit and proper person to discharge that role. But this is so serious a matter that there is now an obligation on the part of the Leader of the Opposition to state clearly and unequivocally that this is a fundamental principle to which he adheres and which he would carry out as his predecessors have done. There is only one way he can show his adherence to that principle. He must indicate publicly that the conduct of the Deputy Leader of the Opposition yesterday in twice disavowing this fundamental principle was completely unacceptable. This is so serious a matter that the Leader of the Opposition must acknowledge that her conduct was unacceptable, that she was in serious breach of a fundamental principle and, as a consequence, she has put our national security interests at risk.

Budget

Mr TRUSS (2.10 pm)—My question is to the Prime Minister. I refer the Prime Minister to the comments of Mr Brad Page, head of the Energy Supply Association, who said:

Any additional cost that is imposed on fuels, coal, and therefore the cost of electricity, will one way or another be passed through to consumers.

Why should Australian families already struggling to meet the increased cost of electricity prices be forced to pay more for electricity because of your great big new tax on mining?

Mr RUDD—I always find it remarkable when the Leader of the National Party takes up the bat on deep questions of economic policy. The Leader of the National Party has not exhibited huge credentials in this department in the past, like the rest of the crack

economic team which forms the frontbench of those opposite.

Point 1 about the RSPT is that it applies to commodities which are sold on international markets at world market prices. Point 2, if he actually spent some time examining the documents released by the Treasury in terms of the impact of this proposed tax on consumer prices, he would be enlightened further. Point 3, I find it remarkable again that the Leader of the National Party stands up here and speaks about taxes when his party is now committed to the Leader of the Opposition's policy of introducing a great big new tax on all Australian big businesses, defining 'big' with a turnover of more than \$5 million, in order to cross-subsidise his plan for a paid parental leave scheme. If you look at the flow-through impact of prices on bread, milk, and right across the food chain, you will see that that impact will flow through to the actual cost of living faced by working families right across Australia. That is why those opposite sitting behind the Leader of the Opposition are so deeply nervous about his great big tax proposal. I would suggest that the Leader of the National Party spends a little bit of time examining the economic documents released by the Treasury, understanding the impact of world prices, and the fact that these prices are set by world markets into which we sell our principal commodity groups.

In passing, I also note the fact, by the way, that it seems to be, as briefed out by Manager of Opposition Business, that now we have a system where the Leader of the Opposition only asks the first question, presumably, for reasons of not wishing to engage in a prolonged debate and discussion on economic policy—or on other matters perhaps. Let us just see how this goes today.

Honourable members interjecting—

The SPEAKER—Order! Has the Prime Minister concluded his answer?

Mr Rudd—Yes.

Mr Turnour interjecting—

The SPEAKER—Order, the member for Leichhardt will get a go, but it will be to go somewhere else.

Opposition members interjecting—

Mr Pyne interjecting—

The SPEAKER—Order! I will decide what 'waits' are up, and the member for Sturt's wait will be up.

Foreign Affairs: Australian Passports

Mr DEBUS (2.14 pm)—My question is to the Minister for Foreign Affairs. Will the minister advise the House of the government's position on recent responses concerning the convention of not commenting on the detail of intelligence matters? When any breach occurs, what is the appropriate response?

Mr STEPHEN SMITH—I am asked what the response has been to the flagrant breach yesterday of a fundamental principle applying to our national security arrangements. I am also asked what should be the appropriate response in such a matter. Not surprisingly, the Deputy Leader of the Opposition has been roundly condemned by experts in the security area for her breach yesterday. I will give just one example. Michael McKinley, from the Australian National University, was on ABC Radio National with Fran Kelly this morning and, inter alia, he said:

She has breached this longstanding etiquette or discursive law and therefore she will come in for justifiable criticism ...

He went on to say:

It does raise questions as to whether or not she—the Deputy Leader of the Opposition—

fully understands the sensitivities of the shadow portfolio, and what might happen should the Liberal Party come to government.

That is just one of a number of adverse comments so far as the deputy leader's breach of that principle yesterday is concerned.

I am asked, importantly, what the response should be when such a breach occurs. It would have been appropriate on this occasion, in this instance, for the Deputy Leader of the Opposition to acknowledge that she had made a very serious error of judgment, to indicate that there were adverse consequences which flowed from that error of judgment, to undertake never to commit that offence again and to slavishly adhere to a fundamental principle of longstanding. That would have been the appropriate response. Regrettably, it was not the response we saw on this occasion. We saw last night the Deputy Leader of the Opposition put out a three-sentence statement which is well worth reading into the record:

I did not state that Australian intelligence agencies have forged the passports of other nations during my interview with Fairfax online this afternoon.

My responses were referring to the fact that forged Australian passports have been used previously, as noted by the foreign minister today.

I have no knowledge of any Australian authority forging any passports of any nation.

I will just take the first sentence first:

I did not state that Australian intelligence agencies have forged the passports of other nations during my interview with Fairfax Online this afternoon.

That does not stand up to scrutiny at all. That is not a retraction, as I have seen some people refer to it. It is a bald-faced denial flying in the face of the facts. And she did not just say it to Tim Lester on camera yesterday. She said it twice: at eight o'clock in the morning and at midday. I would have thought that the

Deputy Leader of the Opposition would have had much less shame than that, than to put out such a misleading account of what she had said—to assert that black was white; to assert that yes was no.

I have indicated to the Leader of the Opposition that because of the fundamental seriousness of this issue he should adhere to and make a statement adhering to this principle, and the only way he can do that is to disavow the conduct of the Deputy Leader of the Opposition. But I think on this occasion, given the bald-faced denial running contrary to all facts, the Leader of the Opposition needs to do more. The Leader of the Opposition was asked this morning at a doorstep by a journalist:

And just finally, Julie Bishop: are you standing by her?

Abbott: Of course.

Journalist: Her comments were irresponsible, weren't they?

Abbott: Look, um, she's issued a statement. I think the statement makes things very clear.

Journalist: But she did say what she said. She shouldn't have said that, should she?

Abbott: Oh, but, as she says in her statement, ah, she misunderstood the question.

First point: I did not see any misunderstanding of the question in the Deputy Leader of the Opposition's statement. Second point: I did not see any misunderstanding of the Deputy Leader of the Opposition when she asserted on Melbourne radio just after eight o'clock yesterday morning and I did not see any misunderstanding of the question when she answered Tim Lester on camera—and I again encourage all members to look at the video of it. Certainly there was no misunderstanding in Tim Lester's mind when he published his report.

The Deputy Leader of the Opposition's so-called denial last night was an attempt to mislead the Australian public. An attempt to

fly in the face of the facts. An attempt to avoid the scrutiny that she so rightly deserves. Rather than the Leader of the Opposition joining in this act of denial, he should make her retract her misleading statement. He should make her retract her dishonestly misleading statement, and he should do that today.

DISTINGUISHED VISITORS

The SPEAKER (2.19 pm)—I inform the House that we have present in the gallery this afternoon the Deputy Speaker of the National Assembly of Pakistan, Mr Faisal Karim Kundi. On behalf of the House, I extend to him a very warm welcome.

Honourable members—Hear, hear!

QUESTIONS WITHOUT NOTICE

Budget

Mrs MOYLAN (2.20 pm)—My question is to the Prime Minister. I refer the Prime Minister to Mr Jones, of Merriwa, who wrote to the Prime Minister on 10 May. In his letter he writes:

I am particularly concerned with the tax on super profits for the mining industry ... it is not just money at stake, what about employment, housing, and small business viability, they are all at risk ... it is bad policy ... and one which I cannot support ... I am not involved in any way to the mining industry. I am just a simple man who is trying to keep my head above water and looking forward to a happy retirement in 10 years.

Can the Prime Minister assure Mr Jones and the 778,000 self-funded retirees in Australia that the government has done an analysis on how the new mining tax will affect them? If so, will the government release it?

Mr RUDD—I thank the member for Pearce for her question because it goes to superannuation earnings and it goes to the overall performance of an economy upon which those earnings are based. The letter that she referred to from her constituent went to a number of points, one of which was the

impact on employment, another was the impact on small business and the third was in relation to superannuation. On the question of employment, to which she referred in her question, can I say to the member for Pearce that the impact on GDP which is projected as a result of the introduction of the government's tax plan—

The SPEAKER—Order! The Prime Minister will resume his seat. The Manager of Opposition Business.

Mr Pyne—Mr Speaker, I rise on a point of order. The question went to whether the government had done an analysis of the effect on self-funded retirees of their great big new tax on mining. It is not within the—

The SPEAKER—The member for Sturt will resume his seat. In response to the point of order raised by the member for Sturt, I refer him to the matters quoted by the member for Pearce from the letter of 10 May. They form part of the question. At the point at which the member for Sturt interrupted the Prime Minister for his point of order, the Prime Minister was responding to those matters that were quoted from the letter.

Mr RUDD—Firstly, on the question of the impact on employment, if the honourable member reads the documents released by the Treasury, she will see that the analysis contained within them projects an increase in employment as a result of the implementation of the government's tax measures. The reason for that is that we are boosting the overall cost competitiveness of Australian business at large, and the employment consequences of that across the entire economy are significant, particularly when you look at the concentrations of employment which lie both within and beyond the mining sector. Secondly, she referred to the small business sector. I would have thought that, in terms of the impact of the government's tax package, the cut to the company rate—30 per cent of

small businesses are incorporated—and the impact—

Mr Hockey—Mr Speaker, I rise on a point of order. It goes to relevance. The question was very specific. Does the \$9 billion come from profit or does it come from—

The SPEAKER—The member for North Sydney will resume his seat. I hope the member for North Sydney has got the supplement to the question off his chest and feels happy, but it is beyond the standing orders. On relevance, under any version of relevance that is being used: the question quoted a letter and in that letter there was an expression ‘What about certain matters?’—employment and small business were included—therefore the Prime Minister is responding to the question and he is in order. But I simply say to the member for North Sydney that the device of coming to the dispatch box on a point of order and using it to add to the question is not in order.

Mr RUDD—Firstly, the overall impact of the government’s tax reform plan is to increase employment across the Australian economy. Secondly, can I say to the honourable member on the point that she raised from her constituent on the matter of small business, small businesses will benefit first of all—the 30 per cent of them which are incorporated—from the overall two per cent reduction in the company rate and, secondly and most significantly, for all 2.4 million Australian businesses, the impact which arises from the \$5,000 each year tax write-off which is possible against the assets which they invest in. Can I say therefore to the honourable member, on the question of the impact on small business, there are two specific measures contained in the government’s overall tax package which assist small business.

The honourable member then goes on to ask about superannuation earnings, in par-

ticular for self-funded retirees. All superannuants have an interest in the long-term performance of Australian equities markets and in the other investments which superannuation funds make. Can I draw the honourable member’s attention to what the Treasury’s analysis says about the future performance of the Australian mining sector as a consequence of the broadening of the base of the mining sector which is achieved by these reforms: a 4.5 per cent increase in mining activity and an increase in employment in the mining sector. Over time, you can see that therefore this is a sound set of reforms for the mining industry as it looks to the future.

Therefore, whether it is the economy at large or the mining sector in particular, the government stands by these reforms. They are good for the economy, they are good for growth, they are good for employment, they are good for business and therefore they are good for the long-term investments and therefore returns to Australian superannuants. I conclude by saying this for the millions upon millions of Australian workers who stand to benefit from having their superannuation guarantee level increase from nine per cent to 12 per cent: we stand on the side of better super for working families; the Leader of the Opposition stands on the side of ripping that super away from working families.

Budget

Mr RAGUSE (2.27 pm)—My question is to the Prime Minister. Prime Minister, why are profit based taxes like the Resource Super Profits Tax superior to production based taxes like state resource royalties?

Mr RUDD—I thank the honourable member for Forde for his question, as I know he is concerned about his local small business community and his community in South-East Queensland. I note in passing to the member for Forde that the secondary

schools in his electorate stand to be directly punished as a result of the opposition's policy to cut funding to trades training centres. In fact, there are a number of secondary schools in his electorate which stand to be punished as a result of that.

Opposition members interjecting—

Mr RUDD—I notice from the reaction of those opposite that there is a degree of sensitivity about the cuts to trades training centres in schools.

Mr Pyne—Twelve out of 2,650!

The SPEAKER—The member for Sturt has finished? I hope so.

Mr RUDD—The strength of the Australian economy depends on three core factors. One is keeping this economy out of recession, and that is what we have done together as a nation in response to the global financial crisis. The second is bringing the budget back to surplus, back in black, three years early, three years ahead of time, and in just three years time, and halving the net peak debt of Australia. The third is a program of economic reform. That is where tax reform comes into play.

This government is committed to the importance of tax reform, because this package of measures boosts Australia's global competitiveness because of the reduction to the company tax rate and the assistance to small business. Secondly, it boosts Australia's level of overall national savings some \$85 billion over the decade ahead. It boosts the individual retirement incomes of working Australians to the tune of some \$108,000 in the case of an average 30-year-old worker and it also boosts our investment in infrastructure—rail, road and ports.

On the question of a profits based tax regime, can I say to those opposite and the parliament at large that this government is committed to the principle of bringing in

resources tax reform because we believe this principle is right. Firstly, it is right as we move towards a system of resource taxation which taxes profits, not production. The existing system of state royalties is inefficient. Royalties tax production unfairly disadvantage miners who have high costs upfront, in particular high extraction costs. Furthermore, the proposed Resource Super Profits Tax, as a tax on profits, shares the risk between companies and the government.

Let me go to what that means in particular. The government effectively contributes 40 per cent of the cost of the investment through deferred tax credits—that means to offset the initial investments by a company. Furthermore, as that company goes through its initial years of operation this deferred tax credit continues to be drawn upon. If for whatever reason the venture fails, then the company in question can transfer that to a further project or have the remaining amount refunded by the government. Furthermore, the government then takes 40 per cent of super normal profits to the extent that those super normal profits exist. Finally, and most critically, the government then fully refunds the existing state production based royalties. This is the core architecture of a profits based regime. That is what the government is seeking to bring in.

What is the overall effect on the economy? Why is this a worthwhile reform? Firstly, it means less profitable mining companies will actually pay less tax. For example, Treasury modelling indicates that, for a typical project, a company earning less than 10 per cent returns will pay less tax. Secondly, it is a flexible system because, as commodity prices change over time, a company will pay more during boom times and less as commodity prices moderate over time. The crude blunt instrument of a volume based tax does not do that. Thirdly, what we have also is a system which enables compa-

nies to rely upon a tax system which replaces the patchwork quilt of an inefficient existing state based royalties regime. That also enables companies not to be subjected to individual decisions by state governments to jack up royalties regimes in a manner not consistent with the profitability returns of the companies in question. That is a further reason why this is a good reform for the economy. Finally, this system would introduce minimal distortions to production decisions by companies developing their resource simply because it is a tax on profits and not a tax on production. It is for these reasons that, under an RSPT scheme, mining investment is projected in the Treasury's modelling to rise by 4.5 per cent, jobs within the sector by seven per cent and mining production by 5.5 per cent, because this is an efficient tax based on profit, not on volume.

Others who are engaging in this debate have seen the merit of this. I referred yesterday to comments by the former Treasurer, Peter Costello. I referred to comments by the former Leader of the National Party, Tim Fischer. Even the Minerals Council of Australia has come out today and accepted the logic of a profits based system. It said:

We in fact put on the table through the course of the Henry review there was a view that let's move from the inefficient and complex set of royalties that exist across states to a profits based system where the risk and reward is shared between the state who owns the minerals and the companies that develop them.

So says the MCA. On the merits of a profits based tax system, these individuals are not alone. Enter the member for Tangney. The member for Tangney was asked this very basic question this morning—I notice he is not seeking to engage our attention here: 'But economically it is more sensible to have a profits tax rather than a production tax. I mean that's just economics 101, isn't it?' The member for Tangney's immortal reply was:

Well, the point is ... ah. I won't go into arguing the specific merits of that ... ah I mean, yeah, there is potential that taxing profits is better than simply taxing volume.

In other words we have from the great state of Western Australia over there the member for Tangney endorsing the fundamental tax principle which underpins this government's proposed tax reform. But there is more. Enter the shadow minister for finance. This was pretty interesting. What we have from the shadow minister for finance is a statement which says:

This debate has never been about the design of the tax ... The debate is all about the size of the tax grab.

In other words, from the shadow finance minister and the member for Tangney we have a fundamental endorsement of the principle of a profits based tax system. Can I say to those opposite that this actually raises a deep question for the Leader of the Opposition. He has had three different tax policies in three days: on Monday it was 'There was just enough tax', on Tuesday 'Not enough' and on Wednesday his policy was that there was far too much. Does the opposition leader support of shadow minister for finance in embracing a profits based tax regime? We are all ears.

The SPEAKER—Order! The Prime Minister will resume his seat. Has the Prime Minister concluded?

Mr RUDD—Yes.

Mr Pyne—Mr Speaker, on a point of order: I ask the Prime Minister to table the speech from which he was reading.

The SPEAKER—Order! Under standing order 201, the Prime Minister can be asked to table a document relating to public affairs.

Mr Ruddock interjecting—

The SPEAKER—I will get around to the side titles. Whilst I know that the member for Berowra is taking the advice of somebody

that he respected very much in parliamentary life to try to get my notice, and I usually try to ignore him, his interjection relates to a standing order that does not exist. Was the Prime Minister quoting from a document relating to public affairs?

Mr RUDD—Yes.

The SPEAKER—Is the document confidential?

Mr RUDD—Yes.

Budget

Mr BILLSON (2.37 pm)—My question is also to the Prime Minister. I refer the Prime Minister to the government's decision not to adopt the Henry review recommendation to exempt dozens of quarry and mining products extracted by small and family business operations from its great big new tax on mining. Does the Prime Minister agree with the respected financial journalist Ross Greenwood and his assessment that the Rudd government's great big new tax on mining will 'hit quarries and other basic businesses that mine and make a profit' and that:

... from building materials, to roads, farms and even the baby's bum (talc) the Super Profits Tax is again snipping away at your cost of living.

Mr RUDD—I thank the member for Dunkley for his question. The government's tax reform plan is clear. There is a consultation process underway. It will deal with detail, it will deal with implementation and it will deal with transition arrangements. We have said this from the beginning. We continue to engage in that consultation with all firms, and that process of consultation is working effectively, including in relation to the matters just raised by the member for Dunkley.

Budget

Mr TREVOR (2.38 pm)—My question is to the Treasurer. What have some of Australia's most respected economists had to say in

the last 24 hours about the importance of the resources super profits tax to the future success of our economy?

Mr SWAN—I thank the member for Flynn for his question. The answer is that 20 of our most respected economists have had some very sensible things to say overnight about a resources super profits tax, and I will talk about that in a moment. But there has also been some more commentary today, particularly from the Leader of the Opposition. The Leader of the Opposition said today on Alan Jones's program that miners were paying 'more than their fair share'—more than their fair share. Now, we have been talking about this for about a month. There has been a vigorous debate about modernising our tax system when it comes to the mining industry. There is a vigorous debate about the tax, about its rate and about its design. But I think there is now one thing that almost everybody in the debate—except the Leader of the Opposition, Clive Palmer and one or two others—accepts, and that is that there is the capacity in the mining industry to pay more. It is universally recognised that the mining industry should be paying more because it has not been paying its fair share.

Mr Robert interjecting—

Mr SWAN—Let us just go back and look at the figures. At the beginning of the decade, one dollar in three—

Mr Robert interjecting—

Mr SWAN—was paid in royalties and charges out of mining profits.

The SPEAKER—The member for Fadden is warned!

Mr SWAN—At the end of the decade, that has fallen to one dollar in seven. So just about everybody in the community accepts that the mining industry can pay a bit more—except the Leader of the Opposition, who does what he is told by the likes of

Clive Palmer. Some of those mining companies walked into his office in week one, told him what to do, and he has been singing their tune ever since then.

There is a wider debate happening in the community, and those 20 respected economists have gone to the core of why we do need change, fundamental reform, in this area. They are respected Australians: Professor Allan Fels, former head of the ACCC; Michael Keating, former head of the Australian Public Service; and the list goes on. They make some very sensible—

Mr Hockey—The list goes on? Go on. Keep going.

Mr Anthony Smith—Who are they?

Opposition members interjecting—

Mr SWAN—I am going to go on. Professor Quiggin—it goes on and on. Let us go into it. What do they say?

Opposition members interjecting—

The SPEAKER—Order! The Treasurer will resume his seat.

Mr Tuckey—He's even worse than Ken Henry.

Mr Albanese—Outrageous.

Mrs Bronwyn Bishop interjecting—

The SPEAKER—Often I adopt the attitude that members have to stand by their statements. When there is a vacuum, it is not necessarily the best time to fill it. The member for O'Connor should be careful.

Mr Albanese interjecting—

The SPEAKER—There is nothing to withdraw, Leader of the House.

Ms Gillard—Tony Abbott should distance himself from that remark.

Mr Rudd—Do you back that?

Opposition members interjecting—

The SPEAKER—Order!

Mr Albanese—Mr Speaker, on a point of order—

The SPEAKER—The Leader of the House on a point of order.

Opposition members interjecting—

The SPEAKER—Order! I am happy for the Treasurer to have the call—but the Leader of the House has a point of order?

Mr Albanese—Yes, Mr Speaker. I think, to suit the decorum of the House, as a matter of common courtesy such an attack on the Secretary of the Treasury—

Opposition members interjecting—

The SPEAKER—Order! The Leader of the House.

Mr Albanese—The comments by the member for O'Connor, backed up by the member for Mackellar, are not acceptable, in that it is an attack on the Secretary of the Treasury, in this House. Mr Speaker, I would ask that you provide them with the opportunity to do the right and decent thing and withdraw.

Opposition members interjecting—

The SPEAKER—Order! Order! While it is not a point of order, I indicated that individual members, even when they are interjecting, should be very careful about the statements that they make and they have to stand by those statements. But on this occasion, as the person that has been mentioned is not covered by the standing orders, there is no action that I can contemplate and will take. The reason for me inviting the Treasurer to pause was that the level of interjection was not, by any standards, 'robust' or in any way respectful. I think that members should really just think about the way in which we engage with each other in this place. I am happy to have the contest of ideas; I am not happy to have the contest of personalities. The Treasurer.

Mr SWAN—I was talking about the views of 20 respected economists and I wanted to go through some of those views. This is a very important debate for Australia—for how we reform our economy as we go forward, for how we grow our economy, for how we invest in our businesses, for how we invest in infrastructure and for how we grow our national savings. Those 20 respected economists treat this issue very seriously, and it is worth while debating it in this House. I want to quote from them. This is what they say:

... it is desirable to levy a charge for access to publicly-owned mineral resources, in addition to normal corporate income tax.

... ..

... this is an appropriate time for them to adjust to a more efficient and equitable system of sharing the value of those rights.

Yesterday we were talking about the fact that these minerals were non-renewable, that they could only be mined once. What we have to do is extract the maximum value for the Australian people as we go forward—to reform our economy, to invest in our economy and to ensure our prosperity as we go forward. This is a very serious issue and it should be treated seriously by those opposite. The economists go on to say:

There is no reason to expect a net contraction in mining over the longer term as a result of replacing royalties with the proposed resource rent tax.

This is because a tax on economic rent of non-renewable resources is a more efficient revenue than taxing mining production.

These are very serious points, but they do not seem in any way to be accepted by those opposite.

Mr Quiggin went on today to make this observation, which was very pertinent to some of the points that were made in earlier questions. He said:

... there's no reason at all to think that the tax is going to affect world prices of these minerals and therefore that that's going to feed, in any way, into Australian consumer prices.

On the other hand, there's potentially some benefit for consumers in the offsetting reductions in the general rates of company tax.

So it certainly is depressing to see this kind of scare tactic put up. It really is just to shorten the debate.

Those opposite do not want to acknowledge that we are also moving to a corporate rate tax cut. It is very embarrassing for the Liberal Party to be in this House opposing a corporate rate tax cut whilst at the same time wanting to impose their own. It is very embarrassing for the party that is supposed to be representing business in this House to be opposing sensible reforms to the taxation system for corporates and, most particularly, for small business. But it is more embarrassing for them because they are out there on their own—with Mr Palmer—opposing the fact that we need this profits based tax in the first place.

There have been some spectacular interventions in this debate, and probably none more so than the one this morning from the Leader of the Opposition where he said that they should be paying less tax. That is a view that is not shared by many. It is not even shared by the Minerals Council of Australia. Mitch Hooke said this morning, 'The concept of a profits based tax is absolutely a tick.' So even the Minerals Council of Australia is in the cart for a profits based tax, but of course the member for Groom is not and the Leader of the Opposition is not. It just shows you how short-sighted they are, how negatively political they are and how they are not interested in our national interest. They are simply stuck in the past and incapable of coming to grips with the big economic challenges facing this nation. We on this side of the House will do everything we

can to ensure that Australians get a fair share of their non-renewable resources so we can invest in jobs, growth and prosperity for Australia.

Budget

Mr LINDSAY (2.49 pm)—My question is to the Prime Minister. Prime Minister, Miriwinni Lime is a North Queensland, family owned, agricultural mining operation that extracts limestone, dolomite, gypsum and calcium silicate to supply a range of industries across Queensland like the sugar, banana, pineapple, mango, peanut, avocado, maize, dairy, beef, potato and poultry industries. Prime Minister, I refer you to this letter from Russell Wilkins, Director of Miriwinni Lime. He states:

If a 40 per cent mining super tax is extracted from the profit we make, the added cost of our products would impact greatly on the consumer.

Prime Minister, why do you want to impose a great big new tax on Miriwinni Lime, given the impact it will have on this business, the industry it supplies and consumers right across Queensland?

Mr RUDD—I thank the member for Herbert for his question. On the consultations at present between companies and the Treasury panel, they cover businesses from right across the mining spectrum. I would encourage the honourable member to ensure that the company in question is fully engaged with the consultation panel. Secondly, the member for Herbert asked a question about the impact on cost of living of the government's overall tax reform proposal. I would draw his attention again to what is contained in the Treasury's analysis of the overall impact on consumers and, furthermore, to the analysis just referred to by the Treasurer in his response and particularly to the comments today by Professor Quiggin on the question of the overall impact on prices.

When it comes to prices, as the honourable member would be aware, the changes to the company tax rate and for small businesses also will have an impact on how profitable those businesses are overall. Can I say also that the profitability of those firms, particularly if they have a turnover in excess of \$5 million, is directly affected negatively by the Leader of the Opposition's great big new tax on every business in the country turning over more than \$5 million. The flow-through impact on cost of living for bread, milk and other basic grocery items right across the food chain is significant, as many people from the corporate sector very plainly pointed out when the Leader of the Opposition announced that policy only a couple of months ago—a policy he continues to support. I would also encourage the member for Herbert to encourage his constituent to directly engage with the Treasury panel and to ensure that the concerns raised by them are effectively addressed by the Treasury.

Mr Lindsay—Mr Speaker, I seek leave to table the letter from Miriwinni Lime, which the Prime Minister requested.

Leave not granted.

Mr Pyne—Mr Speaker, I rise on a point of order. Perhaps the Leader of the House did not hear, but during the Prime Minister's answer he asked the member for Herbert to give him the letter from Miriwinni Lime. He is tabling it so that the Prime Minister can get it.

The SPEAKER—I am unclear what the point of order is, because I am obliged to ascertain whether the House will give leave for a document to be tabled. If it has passed people by, it only requires one person to deny leave. There was no point of order.

Budget

Mr SULLIVAN (2.53 pm)—My question is to the Minister for Resources and Energy and the Minister for Tourism. Minister, how

will the resource super profits tax assist the Australian small business community, particularly tourism businesses?

Mr MARTIN FERGUSON—I thank the member for Longman for the question. He, like I, appreciates the importance of the tourism sector to his electorate, especially the fabulous tourism opportunity at Bribie Island. He, like I, was amazed to hear the Leader of the Opposition this morning talking about tax reform. Yet again, the Leader of the Opposition has shown how out of touch he is with the Australian community when he said on radio: ‘Any fair-minded analysis would suggest that mining companies were paying more than their fair share of tax.’

This is not just about taxation reform to the resources sector in Australia; this is also about a fair return to the whole Australian community. This is about supporting households and businesses and, very importantly, it is also about supporting small and medium sized businesses in Australia, which are so vital to the tourism sector. I was therefore astounded to hear the comments of Senator Barnaby Joyce on *Lateline* last night. I remind members that he is not just a Queensland senator; he is also the shadow minister for regional development and infrastructure. This is what he said about the importance of the tourism sector in Australia, of which the restaurant sector is a vital component: ‘The mining sector is slightly more important to us than the restaurant sector.’ As the Minister for Resources and Energy and the Minister for Tourism, I simply say that they are all important sections of the Australian community. Perhaps the member for Moncrieff ought to give his close mate, Senator Barnaby Joyce, a lecture on the importance of the tourism sector to the Australian community, especially the importance of the small business sector to that industry. For example, the tourism sector is worth \$41 billion per

year. It accounts for 3.6 per cent of Australia’s GDP. It employs half a million Australians directly and just under a million Australians indirectly. From an export point of view, it accounts for just over 10 per cent of Australia’s exports—our largest services export sector.

In terms of the restaurant and catering sector, I remind the House that it was the opposition who last year sought to deny giving them assistance in the middle of the global financial crisis. I also bring to the attention of the House what Restaurant and Catering Australia has said on a number of occasions. It credits the government’s decisive action with injecting at least \$80 million into restaurant and catering businesses during the global financial crisis and with assisting them in getting through that very difficult challenge. But, yet again, we find the opposition dismissing the importance of the small and medium sized business sector of the Australian community. Having sought to deny them assistance during the global financial crisis, they are again seeking to deny them assistance out of a broader tax reform package. By way of example, the opposition is seeking to deny the 93 per cent of tourism businesses that are small to medium sized businesses the cash flow benefits of an instant write-off of assets worth up to \$5,000. For tourism businesses that is important. It represents the potential immediate write-off of such assets as IT equipment, refrigerators, beds and other items of furniture that are very necessary for the purposes of refurbishing their businesses in a very tough competitive world.

The opposition is also seeking to deny an annual saving of \$94 million to the accommodation and food services sector from the potential reduction in the company tax rate from 30 to 28 per cent. The opposition is therefore effectively seeking to deny one or both of those benefits to 93 per cent of tour-

ism businesses throughout the length and breadth of Australia. Many of them are in regional Australia. You would think that the shadow minister for regional development would have a better understanding of the importance of tourism, a better understanding of the importance of the restaurant industry and a better understanding of the importance of the small business sector to the Australian community. But, then again, I should not be amazed because I think he, like the Leader of the Opposition, has decided that this is not about tax reform in Australia. He has assessed that, from their point of view, there are bigger donations to come from the mining sector than from the small and medium sized business sector of the Australian community.

The government will push on with this debate. Yes, there is a bit of rough and tumble but we are committed to winning through because this is about broad tax reform. This is not only about a fair return to the Australian community for the development of its resources; it is also about a helping hand, and appropriately so, to small business operators—and many of them are in the tourism sector that was so dismally dismissed by the shadow minister for regional development last night.

Budget

Mr TUCKEY (2.59 pm)—Will the Prime Minister confirm that the North West Shelf gas project, excluded by the Hawke-Keating government from the Petroleum Resource Rent Tax, will now be included in the government's great big new tax on mining and will therefore be taxed at a higher rate than all other offshore gas fields being developed in Australia?

Mr RUDD—The member for O'Connor rightly points to those which are operating under that particular regime. That is why they are currently engaged in detailed con-

sultations with the Treasury panel and that will continue.

Trade Training Centres in Schools Program

Mr BIDGOOD (3.00 pm)—My question is to the Minister for Education, the Minister for Employment and Workplace Relations and the Minister for Social Inclusion. Will the Deputy Prime Minister inform the House of any threats to schools receiving funding for trades training centres?

Ms GILLARD—I thank the member for Dawson for his question. I understand that it is his birthday today—so happy birthday. The member for Dawson's—

Opposition members interjecting—

Ms GILLARD—We are so pleased to see the good wishes flowing from the opposition as well. That is very generous and charitable of them. I am asked about threats to our 10-year \$2.5 billion Trade Training Centres in Schools Program. This is a program that has been constantly vilified and misrepresented by the opposition. This is a program that is providing between half a million dollars and \$1.5 million to each secondary school around the country in order to develop or refurbish a trade training centre facility.

We know the opposition struggle with the truth—the Leader of the Opposition has made that very clear on national television. The opposition have constantly claimed—and, indeed, interjections today have repeated these false claims—that somehow this program has been changed so that fewer schools are benefiting. That claim is, of course, 100 per cent untrue. I invite those opposite to check the policy documents that were released at the time of the budget reply when the Prime Minister was the opposition leader—in the days when someone giving the budget reply would actually talk about things in the budget. In those policy documents we talked about schools getting be-

tween half a million dollars and \$1.5 million in funding and about schools having the option of working together to pool those funds for a bigger facility. So every time the opposition criticise that, they criticise the decision of school principals—a disgraceful thing to do.

This program has funded 230 projects in 732 schools. That is a total investment of \$809.9 million. There are 135 projects underway, 13 trade training centres have been completed and 42 schools are already delivering new trade qualifications through their trade training centre funding—a great achievement, giving real skills for real jobs to Australian students.

In the budget reply, which was delegated from the Leader of the Opposition to the shadow Treasurer and finally to the shadow finance minister, the opposition announced that it was going to cut this program. That was a very, very disappointing announcement for those schools that had not yet had funding approved—schools that had hoped to get a trade training centre in the future. Those schools were now hearing that the program was going to be cancelled if the opposition were elected—that is, 1,800 schools that would have wanted to benefit that would not be able to benefit in that event. That is very bad for those schools.

But I have to inform the House that there is something even worse coming out of this cutback. On 5 November last year, 302 schools were approved for trade training centre funding, a total investment of \$384.2 million. Those schools are approved for funding. They know they are getting their funding. They are making the arrangements for their trade training centre. Money is conveyed to those schools as they reach project milestones. There is money in the forward estimates so that those schools which have been approved for funding can get the funding

they have been promised. It is this very money that the opposition say they are going to cut if elected. That means not just that schools which have not yet been approved would miss out but that schools which have been approved and are in the process of delivering their trade training centre would lose funding if the Leader of the Opposition and the Liberal Party were elected at the next election. This is a cut of a magnitude that would mean approximately 180 schools and 62,000 students missing out, even though they have been approved for funding—a disgraceful cut, pulling the rug out from under these schools.

At the conclusion of this answer, I will table a list of these schools by electorate and by state. I say to every member of this parliament that they should look at this list by electorate and by state and it will give them the names of the schools approved for funding that the Leader of the Opposition wants to cut.

Opposition members interjecting—

Ms GILLARD—They are approved for funding and the Leader of the Opposition wants to take their money away. No amount of interjecting will cover up that fact. Every member of the House should look at this list.

Members opposite have a choice here. They can back their school communities and schools that have been approved for funding, which are rolling out their trade training centres now, or they can back the Leader of the Opposition. They cannot back both. Each and every member of the opposition will have to make a choice, ‘Do I back my local schools approved for funding knowing that they are going to get those funds, or do I back the Leader of the Opposition?’ And member by member we will call them to answer that question.

Today I call the member for Dunkley to answer that question. He has not been a good

supporter of the Leader of the Opposition and he will not be a supporter of the Leader of the Opposition after this. The member for Dunkley wrote to me about the Patterson River Secondary College trade training centre proposal. He said: 'I believe the local community would benefit greatly from this project, which would help young people and future job seekers develop new or existing skills and improve their employment prospects. It is my pleasure to endorse this project. Please let me know if you require any further information in support of this excellent proposal.'

It was funded in round 2 for \$19 million. It is a consortium involving a large number of schools. On this side of the House we want to deliver the \$19 million that has been promised. The Leader of the Opposition wants to cut it. The member for Dunkley is the first member of the opposition that will need to make a public choice. Do you back the government and your local schools getting this funding or do you back your leader? You do not have the choice of both and you will need to make it publicly and on the record as will every member of the opposition. Mr Speaker, I table the list.

Mr Robb interjecting—

The SPEAKER—Order! The member for Goldstein is now warned.

Queensland Health

Mr KATTER (3.09 pm)—I have a question without notice to the Minister for Health and Ageing. Is the minister aware that bats carry lyssavirus, leptospirosis, salmonella, SARS and hendra virus and that of the six people in Australia who contracted hendra virus four have died, which is nearly a 70 per cent death rate? Four people in Queensland now await their fates. Is the minister also aware that, between February and December, of 119 bats tested 16 tested positive for lyssavirus? The Queensland Health information

bulletin says: 'It is a rabies-like virus that is probably always fatal.' Finally, is the minister aware of the CSIRO report by Dr Eaton and Dr Linfa Wang that nipah virus was a mutation of hendra virus and that out of 260 infected people in Malaysia 106 died? Dr Lau described the SARS outbreak that devastated southern China as: 'Demonstrating that bats are now known to be reservoir hosts of nipah, hendra, ebola, marburg and rabies.' In light of this, could the minister advise what action she will be taking to head off a nipah or similar virus-like outbreak in Queensland and Northern Australia? This would be in light of the rising mass civil action which puts the lives of people, families and loved ones ahead of an invasion by this species into the growing urban environment, which is never their territory.

Honourable members interjecting—

Mr Katter—I do not really think it is a matter for laughter.

The SPEAKER—Order! The member for Kennedy will resume his seat. I do not think he should misplace any reaction to the question and its seriousness.

Mr Katter—I do not think my anger was unreasonable, Mr Speaker.

The SPEAKER—If the member for Kennedy wants to hear the answer he should sit there quietly and listen. The minister has the call.

Ms ROXON—Thank you, Mr Speaker. I agree with the member for Kennedy that this is actually a very serious issue. The hendra virus has already, as he mentioned in his question, taken four lives—one recently of a vet in Queensland. I am sure people on both sides of this House would like to extend condolences to the families affected. I understand that this is a very real concern for communities.

I have been working with the Minister for Agriculture, Fisheries and Forestry as you would expect to get advice from our team about steps that should be taken particularly to avert the hendra virus. It is probably worth reminding people in the House—I am sure the member for Kennedy is aware—that this disease is mostly found in bats and horses. It can be passed to humans with very close contact, but we have no evidence to date of there being any human-to-human transmission, which is an important factor in being able to assure the community that the virus is being closely watched and that there are serious issues. In fact earlier this week the government announced that they were investing some additional funds with the Queensland government to deal with a vaccine which would be available for horses. Of course the best way for us to stop the hendra virus, which is now known in Australia because it is transmitted amongst animals, is to look at treating it as an animal disease and therefore reducing exposure to humans. I will have to take on notice the member for Kennedy's reference to the CSIRO report.

Mr Katter interjecting—

Ms ROXON—I would appreciate it if you would let me finish. I am taking it seriously and I do not want to be dismissive of a serious question that is raised. I will have to take on notice the reference to the CSIRO report and make sure I get particular advice about the question raised for the nipah virus. That is not something that I can answer on the run but I am happy to provide an answer to it at a later time when I get that information. I think everyone in the community is concerned about these growing viruses. We take them seriously and I am happy to provide more information to the member.

Soccer World Cup

Ms REA (3.13 pm)—My question is to the Minister for Early Childhood Education, Childcare and Youth and Minister for Sport. Will the minister update the House on the Socceroos World Cup preparations?

Ms KATE ELLIS—It is a great pleasure, following Monday night's victory by the Socceroos over New Zealand, that we can now farewell them, as they have headed off and are in flight on their way to South Africa to represent us amongst the best footballing nations on the planet at one of the biggest sporting events in the world. While Australia has a very long and proud history in the sporting arena, we should not underestimate what a major milestone this is and what a very big event it is. The Socceroos first game may be in just 18 days time, but this has been a very long endeavour in order for them to qualify for what is just their third World Cup and what is the first time we have qualified for back-to-back FIFA World Cups. And of course we did it in emphatic style by first of all taking on Qatar in Melbourne but then travelling around the world pursuing our qualification, doing so with still two games up our sleeves. So we should be incredibly proud of the Socceroos and the efforts they have put in already, but we all know that this is when the real competition starts.

Like all Australians selected to represent us on the international sporting stage, the Socceroos will carry with them the hopes of literally millions of Australians who will be tuning in and following their every move. I would like to take this opportunity to acknowledge Pim Verbeek, who will be coaching the Socceroos for the last time at this World Cup. We would like to thank him for all his hard work and wish him all the best over in South Africa, also acknowledging that we will have a new generation of players out there representing our country while we

are also bidding to host this event within Australia.

The squad announced yesterday as having been selected at this point will blend youth and experience. We have Soccerroo icons like Lucas Neill and Mark Schwarzer, but we also have future stars like James Holland, Rhys Williams and 18-year-old Tommy Oar, who is setting himself up to provide a brilliant story in Australian sport. Importantly, the World Cup will also be a really significant occasion for us to push our case to host the World Cup in Australia. While our Soccerroos will be working incredibly hard on the field, our officials will be out there working incredibly hard off the field to convince FIFA executives and voting members that Australia would be a great host for this major event in the future. This will provide a really important opportunity for us to do this.

I would also note that thousands of Australian supporters will be travelling to South Africa for this event. The supporters will have an incredibly important role as ambassadors for our bid. It is interesting to note that, after South Africa, Australia has purchased the highest number of tickets per capita of any nation in the world to support their team with over 45,000 tickets sold to Australian supporters. To these supporters we say that you will be ambassadors for our bid. You will be out there showing your commitment and your passion for the sport. We would like to wish you very safe travels in doing so.

I would like to remind those supporters of the government's advice that they access DFAT's World Cup specific travel bulletins and also that they register with the Department of Foreign Affairs and Trade their intention to travel. On behalf of the government I take this opportunity to farewell the Soccerroos and also to wish them every success over there and to let them know that we

will be right behind them every step of the way.

The SPEAKER—Order! Despite some niggling from some of his colleagues, I believe the House would allow me to give the member for Moncrieff a short indulgence.

Mr Ciobo—Thank you, Mr Speaker. On indulgence, I simply associate the coalition with the minister's well wishes for the Soccerroos. Go the Soccerroos!

Budget

Mr IAN MACFARLANE (3.18 pm)—My question is to the Prime Minister. I refer the Prime Minister to his previous answer on North West Shelf taxation. Does he stand by his answer or does he stand by his resources minister, whose office told the *Australian* newspaper yesterday:

Federal Resources Minister Martin Ferguson's office yesterday confirmed the huge West Australian LNG project, which is exempt from the offshore petroleum resource rent tax, would be taxed under the proposed resource super-profits tax.

Further, a spokesman for Mr Ferguson said yesterday that the project, like all resources projects not under the PRRT, would fall under the new tax system.

Mr RUDD—I thank the member for Groom for his question. First of all, as the honourable member would know, North West Shelf projects currently exist under the federal crude oil excise regime. That has been the case for a long time—since about 1987. Secondly, the minister's response to the question which was posed to him by the media the other day and is reflected on by the member just now is entirely accurate. Thirdly, together with all industries, as we have said from the beginning, all companies are engaged in consultations with the Treasury panel on detailed implementation and on transition. That applies to those companies. It applies to all other companies in the mining

sector. That is what we have said from the beginning. Our position has not changed.

I say to those opposite, in their state of frenetic activity on this one, we on this side of the House welcome any question to do with tax reform. The reason we welcome any question is that these tax reforms are fundamental to delivering better super for working families, tax breaks for small business and, on top of that, support for infrastructure investments nationwide. The key development in the debate in the last 24 hours is from the shadow minister from finance—that is, he is embracing for the first time, on behalf of those opposite, the principle of a profit based tax system as opposed to a production base tax system.

In question time today I went through the logic underpinning a profit based system. It is a flexible instrument which deals with the different profit circumstances of companies over time. It is sensitive to changes in commodities prices. Also on top of that it is an ability to replace comprehensively a patchwork of state royalties regimes and therefore boost production over time in the mining sector. That is the logic of a profits based regime. That is why it is good for the mining sector. That is why we are engaged in consultation with the consultation panel through Treasury with every company affected by this RSPT. That is what we have said from the beginning; that will continue in the future.

Mr Speaker, mark this day down as that day those opposite embraced the principle of a profit based tax system for the resources sector. The member for Tangney, at the door this morning, was forced to make that concession. The shadow minister for finance has made that concession as well. The key question is: does the Leader of the Opposition back the shadow minister for finance or not? Every economist in the country, including

even the MCA, backs a profit based regime. Where does the Leader of the Opposition stand on this other than to say he believes that the mining industry does not pay enough tax at present?

Safer Suburbs Plan

Ms JACKSON (3.22 pm)—My question is to the Minister for Home Affairs. What steps is the government taking to assist making the suburbs of Perth safer for the community?

Mr BRENDAN O'CONNOR—I thank the member for Hasluck for her very important question and her abiding support for ensuring we provide better safety in our communities. The federal government has been working very hard with local government and other community groups to ensure that we provide better support for our people in the community. What we have ensured is that we work in partnership with local councils. That is consistent with the Minister for Infrastructure, Transport, Regional Development and Local Government's and the Prime Minister's efforts over the last two years to work in close partnership with local councils.

The Safer Suburbs Plan has been a very effective approach to ensuring that we reduce crime and the fear of crime in our community. I recently visited Perth to see the success of several of those programs and I am pleased to outline some of those very successful programs to the House. Firstly, in the City of Gosnells in the member for Hasluck's electorate I visited a fantastic Thornlie civic precinct which has been revitalised through a safer suburbs grant of \$500,000. The precinct comprises the Thornlie State Park, Thornlie Library and Leisure World. It is a great project giving young people a safe and visible place to participate, to join together. It is also a place where we can ensure greater engagement with social services for those

young people who might be on the margins and might be vulnerable to falling into criminal or anti-social behaviour. This is a very good effort and I would like to applaud the efforts by the City of Gosnells and also the member for Hasluck for her advocacy for this program.

Can I also mention the City of Swan. The government is providing better support for young people in the Ballajura area. I met and spoke to a number of those involved in this very exciting initiative that engages young people at risk of a life of crime and anti-social behaviour. This will reduce the likelihood of juveniles offending or re-offending and reduce crime and, as I said earlier, the fear of crime in our community. In the same municipality I was also pleased to launch the new mobile CCTV camera project, Oscar, which will be used to deter and, failing that, detect crime or anti-social behaviour in the City of Swan. These mobile CCTVs have been designed and built by officers and employees of the municipality of Swan and they should be commended for their efforts and their partnership with the federal government in order to protect the community in that municipality.

In the City of Belmont, the Prime Minister and I were given a demonstration of an alarm assist project which involves the installation of alarms in businesses and residences in the municipality as well as a sophisticated CCTV system linking existing cameras and installing new ones in the Kooyong Road shopping precinct. This is a very important initiative and I do applaud the municipality for their efforts. In the City of Stirling the government funded security patrol vehicles monitoring hot spots by foot patrols and quad bikes for beach patrols in and around the Scarborough beach area.

I would like to thank the member for Hasluck for her advocacy and support for these

initiatives in her own electorate and, while I am on my feet, I would like to thank the member for Petrie, the member for Longman and the member for Wakefield, who I visited in their own electorates which have similar programs. The Rudd government will continue to work closely with local government, local police and community organisations to mitigate against crime, to reduce crimes against persons or property and, very importantly too, to reduce the fear of crime in our community.

Budget

Mr HOCKEY (3.27 pm)—My question is to the Treasurer. Does the Treasurer stand by the accuracy of all the facts and figures and charts in his economic note of 9 May which is being used by the Prime Minister, the Treasurer and some commentators to justify the new mining tax?

Mr SWAN—Well, to be questioned on figures by sloppy Joe over there is something quite extraordinary.

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

Mr SWAN—I stand by the economic note.

Ningaloo Coast

Ms PARKE (3.28 pm)—My question is to the Minister for Environment Protection, Heritage and the Arts. How is the government fulfilling its commitment to protect the Ningaloo coast?

Mr GARRETT—I thank the member for Fremantle for her question. I know that she has a very keen interest in conservation issues in Western Australia. It is the case that the government takes very seriously the protection of our environment, including those areas of high conservation and cultural value. There is no higher level of recognition than World Heritage listing. The Australian government submitted a World Heritage nomina-

tion for the Ningaloo Coast in Western Australia in January of this year and also included Ningaloo on the National Heritage List as well. I was particularly pleased to be able to deliver on this important election commitment of the Rudd government.

I want to note that the Australian and Western Australian governments reached agreement on an appropriate boundary for the Ningaloo Coast nomination in early January this year. We wanted to submit a dossier that had the strongest chance of success and it was particularly important for us to work closely with the Western Australian government. I want to acknowledge the cooperation of the Premier of that state and the full support of the Western Australian government through this process. The Western Australian environment minister and I announced the submission of Ningaloo Coast to the World Heritage centre and also the gazettal of Ningaloo Coast as well.

The nomination package includes a strategic management framework for the Ningaloo Coast and that sets out the management arrangements for all areas covered by the nomination, and that again is submitted to the World Heritage Centre on 28 January. In March I was pleased that the World Heritage Centre confirmed that the nomination met all the technical requirements, and so was in good shape to be evaluated over the coming year.

The fact is that the world renowned Ningaloo fringing reef stretches hundreds of kilometres along a very arid coastline. The nomination reflects that it is a significant international area for the protection of an exceptional number of marine and terrestrial species—over 500 marine species. The incredible whale shark, whales, turtles, dolphins and over 200 coral species make it truly a landmark environment here in Australia.

The fact is that World Heritage recognition is generally considered to be a kind of Nobel prize recognition for the high values that these places have. A recent study of the economic value of Australia's World Heritage places found that they generate some 120,000 jobs and economic benefits of around \$12 billion per annum. This is a very significant economic contribution to Australia, and this contribution was particularly in our minds when we supported heritage projects as part of the Jobs Fund. In fact, I recall that we provided some \$1.8 million for the Fremantle Prison main cell-block conservation project. Again, the member for Fremantle will recall this. It was a great boost to employment for those who were repairing Fremantle Prison, and important because Fremantle Prison makes up one of the 11 convict sites that Australia has for World Heritage nomination. I think that our prospects of success for that nomination are also very good.

That fact is that Australia is mightily blessed to have a number of outstanding world heritage properties. Kakadu in the Northern Territory; the wet tropics and the Great Barrier Reef in Queensland, and Uluru are important places which reflect high cultural values and important environmental values but, significantly, deliver significant economic benefits to Australians. This government is committed to their recognition, their protection and their ongoing good management.

Budget

Mr HOCKEY (3.32 pm)—My question is to the Treasurer. If, as the Treasurer says, his figures in his 9 May Economic Note are correct, how does the Treasurer explain the pie chart that said mining companies paid only 27 per cent in royalties, resource taxes, and company tax in 2008-09, when just one

year earlier, according to the Australian Taxation Office, they paid 41 per cent?

Mr SWAN—There could be a variety of reasons for that, and it may not be true. Let me give you one example of the way in which the opposition is misusing figures in this House. I will give you just one. They have sided with the mining council's assessment that the effective rate of tax paid by the mining industry in company tax is 27 cents in the dollar. But what they do not tell you is the way in which the mining industry council has calculated that, because it has only been calculated using taxable income—not economic income. So they are moving figures around all of the time and juggling them up. I am happy to stand behind any of the figures that I have issued and I will not be there with the mining council distorting figures like they are.

**PRIME MINISTER
TREASURER**

Suspension of Standing and Sessional Orders

Mr ABBOTT (Warringah—Leader of the Opposition) (3.33 pm)—I move:

That so much of the standing and sessional orders be suspended as would prevent the Member for Warringah moving immediately:

That this House censures the Prime Minister and the Treasurer for grossly and falsely misrepresenting the economic basis for their so called Resource Super Profits Tax which is nothing more than a great big new tax on mining and puts at risk a vital part of our nation's prosperity, and in particular:

- (1) for claiming over the weekend, based on a draft academic paper by an American graduate student, that Australia's mining sector only pays 13 to 17 per cent company tax when in fact, overall tax payments exceed 27 per cent and the total tax paid, when royalties are included, is over 41 per cent;
- (2) when found out that the US paper was based on as few as four Australian mining compa-

nies (and later completely revised), for then trying to rely on a hastily released paper by three Treasury officials that was later exposed as using six year old data and came with the disclaimer that it wasn't "necessarily the views of the Australian Treasury"; and

- (3) and most damning of all, for relying on the Treasurer's own Economic Note dated 9 May 2010 which bases this new tax on completely false graphs that have been relied upon by this Government, analysts, investors and the media as being true and correct.

When is this government going to admit that it has got it wrong, and scrap this big new tax on mining? This is a government which cannot be trusted with Australia's future, because it does not know what it is doing and it does not know what it is doing because it cannot get its story straight. First, this Prime Minister said that mining companies pay tax of just 14 per cent. Wrong—dead wrong—because it completely ignores the fact that these companies pay corporate tax as well as royalties. Then he said that the mining companies pay tax of between 13 per cent and 17 per cent. Wrong—dead wrong—because that relied on a draft paper by a University of North Carolina graduate student, you fraud! That is what he relied on. He relied on that and we now know that that paper was based on data from as few as four companies, and that particular part of the paper has now been withdrawn. Finally, these people opposite say that the rate is just 27 per cent, and again they have got it wrong, because now they are relying simply on the corporate tax rate and do not include royalties. This is a government that does not know what it is doing. This is a Treasurer who has built his case upon a misprint. He has built the case for a \$9 billion tax a year on a misprint in a Treasury document.

Then to top it all off we had the extraordinary spectacle in question time today of a Prime Minister who did not know whether the projects on the North West Shelf were

going to be included under the resources rent tax or the super profits tax and then had to be corrected by Minister for Resources and Energy. This is a government that does not know what it is doing. This is a government that cannot be trusted with Australia's future. Most of all, this is a government that cannot be trusted with the truth, because their case for this great big new tax is based on lie after lie.

They say it will fund the super. Wrong. That is a lie, Mr Speaker. The three per cent payroll tax on business or the three per cent of salary forgone by workers will fund the super increases, not this great big new tax. They say it will fund a tax cut for companies. This is a \$9 billion tax increase to fund a \$2 billion tax cut. What a fraud! He is robbing Peter to pay Paul, and I tell you what: Peter is robbed a lot more than Paul is ever getting under this government.

The Prime Minister says that it will fund small business concessions. There are \$300 million worth of small business tax cuts funded by a \$9 billion rip-off of those businesses on which small business depends for their economic livelihood. He says that it is the same as the Petroleum Resources Rent Tax. Well, what a whopper that is! The Petroleum Resources Rent Tax was, firstly, prospective and, secondly, it was effectively at 11 per cent. It was a retrospective tax at anything over six per cent.

This Prime Minister simply cannot be trusted. He says there are consultations—again, wrong, wrong, wrong. There is simply dictation to the mining companies of this country. They are being faced with a fait accompli. The one thing that he will not discuss in consultation is the 40 per cent rate for the six per cent threshold and retrospectivity—and they are the only things that matter, Mr Speaker. The only things that matter are the things that they will not discuss.

Finally, the Prime Minister says that it will not damage the mining sector. The idea that ripping \$9 billion a year will not damage the mining sector is completely and absolutely incomprehensible. If he were right, and ripping \$9 billion a year out of a sector was going to somehow help that sector, why aren't all the other companies in Australia saying, 'Give us a super tax! If it is so good for the mining sector, give it to us!?' Come on, why aren't they falling over themselves to get hit with this great big new tax if it really is so good for the economy, as he suggests? The truth is that this is a Prime Minister who has one big love—he just loves tax. That is what he does. He just loves tax because he needs tax, ever more tax, to feed his obsession with spending and buying his way back into office.

What is the real impact of this tax? We have heard about the real impact of this tax from the people upon whom this tax will fall. What are Fortescue Metals doing? They have suspended \$17 billion of investment and they are not going ahead with an investment that would create 30,000 new jobs. Thirty thousand new jobs have evaporated because of this Prime Minister and his great big new tax. Rio Tinto says that had this tax been in operation over the past decade \$38 billion of investment and the tens of thousands of jobs which depend on that investment would not have happened.

And finally, we have BHP, the big Australian, now blaggarded by this Prime Minister as a foreign company, and the boss of BHP now blaggarded by this Treasurer as an ignorant liar. That is what this government says about the heads of great companies like BHP and Rio Tinto—because they dare to criticise, they are ignorant liars. What an absolute disgrace! How dare the Prime Minister and the Treasurer of this country blaggard in this way the businesspeople on whom our economic future so much depends. The head

of BHP has said that iron ore mines and uranium mines in Western Australia, coalmines in Queensland and, above all else, the \$22 billion new investment in Olympic Dam—the lifeblood of the state of South Australia—are all in doubt because of this Prime Minister. This is the Prime Minister who is close to slitting the throat of the South Australian economy because of his great big new tax on mining.

Let us be very clear about this. This tax here is a triple-whammy tax. It is not about reform. It is just a revenue grab. In fact the greatest travesty of all is the idea that somehow he is enshrining the wisdom of Ken Henry—poor Ken, the most misused man in this country and misused by this Prime Minister. Let us make it absolutely clear. This triple-whammy tax is a tax on jobs. It is a tax on retirees who depend upon the dividends and income from mining shares. Above all else, it is a tax on consumers whose prices will inevitably rise as the price of their power goes up.

Mr Speaker, we heard it, didn't we? We heard it the other day from former Prime Minister Malcolm Fraser, who saved this country from the second-worst government in Australia's history. I am very pleased and proud to be able to save this country from the worst government in Australia's history.

The SPEAKER—Is the motion seconded?

Mr HOCKEY (North Sydney (3.44 pm))—I second the motion. The spins and turns from this government are quite exceptional. You can imagine the conversation in the Treasurer's office earlier in the week when they said: 'We need some quick justification for the new tax. Quick, go to Google.' And in Google they found an obscure academic working paper out of North America. 'That'll do,' says Wayne, 'That'll do the job.' But then we find out when we dig a little

deeper that it is based on a survey of four people, and even the authors of that working paper say, 'Please do not overstate this for a particular industry in Australia.' So they go into panic mode: 'Quick, Google. Find us some more justification for the tax.' Lo and behold, there is an academic paper from three junior officials in Treasury—not even Treasury says that it is a 'Treasury paper'. And when we dug a little bit deeper on that paper we discovered that if you applied the same rationale to the electricity industry and the gas industry and the water industry, they deserve a super profits tax. Of course, the Prime Minister runs away from that.

At the end of all that, where are we left? We are left with a government that is seeking to use whatever it can to justify its \$9 billion a year tax. What we do is start to go behind the numbers of the Treasurer's own paper, the one that Rory Robertson used as a justification for the great big new tax. The Treasurer's paper from 9 May says that in 2008-09 royalties, resources taxes and company tax amounted to 27 per cent, and profits, 73 per cent. The only conceivable way they could get those numbers is to redefine 'profit', to call it something other than what it truly is. But I will tell you what matters. What matters is when you go to the tax office website and you have a look at the numbers in the bank. The numbers in the bank do not lie. Table 8 says quite clearly that in 2007-08 the total net tax of the mining industry was \$8 billion on \$29 billion—around 27 per cent. In addition there was nearly \$4 billion on royalty expenses, which takes it to around 41 per cent. So this Treasurer is asking us to believe his spin rather than the money that has been received by the Australian Taxation Office from the mining sector.

The government is trying to obscure the debate with any clutchable number and any clutchable paper as a justification for a \$9 billion a year new tax. The government has a

problem: not only is it banking the \$9 billion a year, it is spending the \$9 billion a year. So we will know exactly to the dollar how big the backflip is going to be—and we know there is going to be a backflip. We know the backflip is going to be this big—maybe even bigger. We heard it today. The Prime Minister, with absolute conviction, said, ‘We’re engaging in consultation on the North West Shelf.’ And the Prime Minister said, with absolute conviction, ‘We’re engaging in consultation with small miners.’ The Prime Minister has said over the last few weeks, with absolute conviction, ‘We are engaging in consultation with the industry.’ But you know what absolute conviction is? The budget numbers: \$9 billion a year in, \$9 billion a year out.

We asked the Treasurer, the master of the numbers: ‘Exactly how much, Treasurer, is the gross amount of money you are going to collect from this tax?’ He said, ‘Well, it’s all there in the budget papers.’ All there in the budget papers? That remains a mystery, because on 4 May the Treasurer said, ‘We’ll be writing out a cheque of at least \$8 billion a year to the miners.’ Add that together with the \$9 billion he is banking net from the resources tax, and that tax looks like a hell of a tax, even bigger than the ETS. It is a huge amount of money. And you know what? The bottom line is: this mob cannot be trusted. They have not thought through the implications of their tax. They have not thought through the implications for Australians. It is pretty simple: if you are collecting \$9 billion more from the Australian people, either someone is going to have smaller returns from their shares or someone is going to pay a higher price. It is simple: you take \$9 billion out and every Australian is going to pay, because this government just do not know what they are doing.

Mr SWAN (Lilley—Treasurer) (3.49 pm)—**Mr Speaker**—

Opposition members interjecting—

The SPEAKER—Order! The Leader of the Opposition and the member for North Sydney were heard in silence. The Treasurer has the call.

Mr SWAN—I absolutely welcome the opportunity to reply to the rants from the Leader of the Opposition and the shadow Treasurer. We read in the *Financial Review* today that ‘Abbott drops attack-dog demeanour’. Well, the ‘mad monk’ is out of the box today, and of course the shadow Treasurer is just completely out of control. What is that all about? The embarrassment of the Deputy Leader of the Opposition who has breached national security. That is why we have got this motion right at the end of question time. If it had so much substance, why didn’t we hear from them yesterday? Why didn’t we hear from them earlier in question time? They are so embarrassed by their pathetic performance in this House that they have to resort to these sorts of desperate tactics.

But I certainly welcome the opportunity to reply to any number of those distortions that were contained in the contributions by both the Leader of the Opposition and the shadow Treasurer. The first one that I warmly welcome the chance to talk about is this notion of the headline company tax rate and the effective tax rate being paid by companies, because they have taken up the cudgels of the mining council and run with them, asserting that the effective tax rate that is being paid by mining companies is 27c in the dollar. That is just dead wrong—

Mr Hockey—It’s your tax office that said that!

Mr SWAN—just dead wrong. We have cited a study which was contained in the Henry report that says it is 17c, and of course they have gone out of their way to try and discredit that figure with all manner of irrelevant detail. The truth is the effective tax

rate is 17c in the dollar. It does not matter what they do, they simply cannot get over that hurdle. They cannot get over the hurdle of the paper in the Henry report and they cannot get over the hurdle that that figure of 17c in the dollar, which in the first instance was a study over a decade, was based on data that went through to 2004-05.

Of course, the Treasury is updating that. The tax office and the ABS have supplied information for 2005-06 and 2006-07, and the conclusion is the same: 17c in the dollar is the effective rate. Why is this distortion between 30c, 27c and 17c so important? Because the opposition have locked themselves in the cart with the mining industry council, who are claiming the effective tax rate is 27c. But it is not, and they cannot prove that it is, because they know that mining companies get very generous depreciation. Everybody in the country understands that there is very generous tax treatment for mining because it is capital intensive. So it is 17c in the dollar. They are terribly embarrassed by the fact that they have locked themselves into this 58c figure which has been peddled by the mining industry council right around Australia.

The other thing the opposition then like to do is to add royalties in to either the headline rate or an effective rate of 27c to get this extraordinary figure that they claim miners are paid. The problem is that they are not paying that, and that is the whole point. So the detailed work that has been done by the credible people in this community, the Treasury—the people who have access to the ABS, the people who have access to the tax office data—shows that the effective rate is 17c in the dollar, not the 27c that they have locked themselves into in conjunction with the mining industry council, which has bought every one of them hook, line and sinker. They are here paid for, written and authorised by the mining industry council. That is why there

has been such a savage attack made on the credibility of the Secretary of the Treasury and the figures that have been put forward by the Treasury.

So the effective rate is 17c and the headline rate is 30c. Of course, this does matter. It matters a lot, and I will tell you why: because the opposition are opposing tax relief for small business. They are opposing tax relief for the rest of the economy. They are acutely embarrassed by the fact that they are going to deny tax relief to small business and the people in other sectors, such as transport and so on. They are going to deny that—that is why they are so embarrassed by these figures.

But of course it gets worse. Let's just go through it. The whole point about a resource superprofits tax is this: those who are very profitable will pay more. Those who are not so profitable will pay a bit less. But they like to carry on as if everybody will pay a lot more. What is all this about? They have been bought hook, line and sinker by the large mining companies who will be paying more, and they are prepared not only to desert the smaller mining companies but to desert all the other sectors of the economy in their craven cave-in to the opposition to this tax of sections of the industry.

The first point is this: royalties are removed under the Resource Super Profits Tax. We never hear that from them. The second thing we never hear from them is that we are dropping—

Mr Hockey interjecting—

The SPEAKER—Order! The member for North Sydney was heard in silence.

Mr SWAN—the company tax rate. The company tax rate is coming down to 28c in the dollar. But they do not want to acknowledge that. And the last thing they will never acknowledge is that the effective tax rate paid by the mining industry is around 17c in

the dollar. What those three things mean is that their figures do not add up, and their whole critique is just wrong, wrong, wrong. It is completely wrong. They are severely embarrassed by the fact that they have locked themselves into opposition to this modernisation of our tax system which is going to produce revenue to fund the reform of the Australian economy and ensure that we deal with the challenges of mining boom mark 2.

What we on this side of House are doing is facing up to the future. Those on that side of the House are locked into the past. They do not have a comprehension of what we need to do in the Asian century to maximise the opportunities that will flow to this country through a strong resource sector. How do we promote a method of taxation which recognises growth in the sector and which does not punish investment? I will tell you the first thing we can do: we can get rid of royalties. But they have locked themselves into this tax which absolutely punishes many miners and punishes investment, and they are so out of touch, so economically illiterate, that they cannot come to grips with this basic fact—they cannot come to grips with this at all. We on this side of the House face the future confidently. We face the future with a modern taxation system, one which recognises that the more profitable a firm is the more it should pay and the less profitable it is the less it should pay. They cannot acknowledge that one simple fact because they have locked themselves into a campaign of the mining council.

The situation is simply this: those opposite are now going to oppose a tax cut for all small businesses in Australia. Those opposite are opposing a move in the corporate rate down to 28c in the dollar. Those opposite are supporting an outdated, inefficient, punishing royalty regime and, more importantly, what they are opposing is direct investment back

into mining communities, to which so much of the wealth is related. So they are opposing economic reform across the board.

The Leader of the Opposition likes to say he is straight shooter. He says he wants to stand up for families. He says he stands up for small business. But he comes into this House and sells out all of the families of Australia and all of the small businesses of Australia because he has been sponsored by a couple of large mining companies—companies that are paying an effective tax rate of 17c in the dollar, not 30c in the dollar as they assert. And of course the opposition go on with a lot of other rubbish. They go on and claim this has had some impact on share prices and some impact on the currency, when there are events occurring overseas which are impacting on our markets. They are so irresponsible they can come in here and make those sorts of reckless statements. They also come in here and claim that this is somehow a retrospective tax. It is nothing of the sort. Those who argue that would argue that we should leave royalties at the same rate forever and deny the Australian people their fair share of the resources that they own 100 per cent. The Australian people own these resources, and we are determined that they will get a fair share.

The SPEAKER—Order! The time allotted for the debate has expired.

Question put:

That the motion (**Mr Abbott's**) be agreed to.

The House divided. [4.04 pm]

(The Speaker—Mr Harry Jenkins)

Ayes.....	60
Noes.....	<u>77</u>
Majority.....	<u>17</u>

AYES

Abbott, A.J.	Andrews, K.J.
Bailey, F.E.	Baldwin, R.C.
Billson, B.F.	Bishop, B.K.

CHAMBER

Bishop, J.I.
 Broadbent, R.
 Ciobo, S.M.
 Coulton, M.
 Farmer, P.F.
 Forrest, J.A.
 Georgiou, P.
 Hartsuyker, L.
 Hawker, D.P.M.
 Hull, K.E. *
 Irons, S.J.
 Katter, R.C.
 Lindsay, P.J.
 Marino, N.B.
 May, M.A.
 Moylan, J.E.
 O'Dwyer, K.
 Pyne, C.
 Randall, D.J.
 Robert, S.R.
 Schultz, A.
 Secker, P.D. *
 Slipper, P.N.
 Somlyay, A.M.
 Stone, S.N.
 Tuckey, C.W.
 Washer, M.J.

Briggs, J.E.
 Chester, D.
 Cobb, J.K.
 Dutton, P.C.
 Fletcher, P.
 Gash, J.
 Haase, B.W.
 Hawke, A.
 Hockey, J.B.
 Hunt, G.A.
 Jensen, D.
 Ley, S.P.
 Macfarlane, I.E.
 Markus, L.E.
 Morrison, S.J.
 Neville, P.C.
 Pearce, C.J.
 Ramsey, R.
 Robb, A.
 Ruddock, P.M.
 Scott, B.C.
 Simpkins, L.
 Smith, A.D.H.
 Southcott, A.J.
 Truss, W.E.
 Vale, D.S.
 Wood, J.

Melham, D.
 Neal, B.J.
 O'Connor, B.P.
 Parke, M.
 Plibersek, T.
 Raguse, B.B.
 Ripoll, B.F.
 Roxon, N.L.
 Saffin, J.A.
 Sidebottom, S.
 Snowdon, W.E.
 Swan, W.M.
 Tanner, L.
 Thomson, K.J.
 Turnour, J.P.
 Zappia, A.

Murphy, J.
 Neumann, S.K.
 Owens, J.
 Perrett, G.D.
 Price, L.R.S.
 Rea, K.M.
 Rishworth, A.L.
 Rudd, K.M.
 Shorten, W.R.
 Smith, S.F.
 Sullivan, J.
 Symon, M.
 Thomson, C.
 Trevor, C.
 Vamvakinou, M.

* denotes teller

Question negatived.

The SPEAKER—Could members conferencing in the gangways move to their places or move outside.

QUESTIONS WITHOUT NOTICE

Budget

Mr ADAMS (4.08 pm)—My question is to the Minister for Infrastructure, Transport, Regional Development and Local Government. How is the government delivering on its transport infrastructure commitments? Why is it important that funding is provided to fulfil infrastructure commitments?

Mr ALBANESE—I thank the member for Lyons for his question. Of course, he has a great deal of interest in infrastructure because we are providing some \$190 million for the upgrading of the Midland Highway in his electorate. That is part of the major road and rail infrastructure being provided by this government. Some \$20 billion worth of projects commence this year—\$20 billion. We have doubled the roads budget and we have quadrupled the rail budget.

I am asked also about the importance of providing funds for commitments, and indeed that is important. In last week's budget, once again we provided all the funds there

NOES

Adams, D.G.H.
 Bidgood, J.
 Bowen, C.
 Burke, A.E.
 Butler, M.C.
 Champion, N.
 Collins, J.M.
 D'Ath, Y.M.
 Debus, B.
 Elliot, J.
 Ellis, K.
 Ferguson, L.D.T.
 Fitzgibbon, J.A.
 Georganas, S.
 Gibbons, S.W.
 Gray, G.
 Griffin, A.P.
 Hall, J.G. *
 Irwin, J.
 Kelly, M.J.
 King, C.F.
 Marles, R.D.
 McKew, M.

Albanese, A.N.
 Bird, S.
 Bradbury, D.J.
 Burke, A.S.
 Byrne, A.M.
 Cheeseman, D.L.
 Combet, G.
 Danby, M.
 Dreyfus, M.A.
 Ellis, A.L.
 Emerson, C.A.
 Ferguson, M.J.
 Garrett, P.
 George, J.
 Gillard, J.E.
 Grierson, S.J.
 Hale, D.F.
 Hayes, C.P. *
 Jackson, S.M.
 Kerr, D.J.C.
 Livermore, K.F.
 McClelland, R.B.
 McMullan, R.F.

for the \$37 billion nation-building plan. It is all set out. It is all part of memorandums of understanding with the states and territories governments. But some other members of parliament have been running around the country making commitments about infrastructure development. Indeed, on the Midland Highway, the Leader of the Opposition travelled to Launceston on 18 February, just three months ago. There he said—it was written down, fully scripted and, one would think, the gospel truth, because it was there in writing, in this speech:

... a future federal government will spend the \$400 million that will be needed ...

So I looked at the statement from Andrew Robb, the shadow finance minister, who put forward all the funding commitments, and I looked for Midland Highway in the release last week: nothing, not a cent. But he is not alone. The member for Dickson made a commitment—actually in Dickson, not the Gold Coast!—again, when the Leader of the Opposition visited, on 28 April: \$10 million for on- and off-ramps on the Bruce Highway in his electorate, at Murrumba Downs. So I looked for that commitment. Again, nothing—nothing there whatsoever, again an unfunded promise.

I have a deep interest in the Pacific Highway, because we are providing \$3.1 billion to fix up the Pacific Highway, and I noted that the member for Cowper, in spite of the fact that we are funding the Kempsey bypass, we are funding the Woolgoolga to Arrawarra upgrade—with both of those constructions commencing this year—has said we are not doing enough.

Mr Truss—Funded by the previous government.

Mr ALBANESE—Indeed, he said the Kempsey bypass was funded by the previous government. You fool! It was a part of the Nation Building Program—

The SPEAKER—Order! The minister will withdraw.

Mr ALBANESE—through the—

The SPEAKER—Order! The minister will withdraw! Order!

Mr ALBANESE—I withdraw—through the Building Australia Fund that the opposition opposed. The fact is that the member for Cowper called the Coffs Harbour bypass ‘the most urgent infrastructure priority in Australia’, so I expected funding for that to be there—not a zack.

There is the Princes Highway down in Gilmore. The member for Gilmore said on 28 April that a coalition government would provide the \$20 million for the Princes Highway to be upgraded, and said that what is needed is ‘extraordinary funding’. She repeated the commitment outside parliament today. But last week, when the coalition had to put down what they are actually providing money for—because it takes money to build roads and railways and ports—there was nothing there from the shadow finance minister. I looked at the media release on Thursday, 20 May from the shadow minister for finance and, in small writing right down the bottom, it said:

“In view of—

and he went on about figures—

... any other past commitments have been discontinued,” said Mr Robb.

So they are out there making these commitments, and, to be fair, they have got funding in there for the Toowoomba bypass—\$280 million for a \$1.5 billion project; the bypass that has become a footpath—but there is nothing else. There is not a single delivery of a single infrastructure commitment from those opposite.

We have been out there today talking to regional Australia about these breaches of faith, about how the gospel truth is not quite

gospel when it comes to those opposite. It gets better. The shadow minister for transport has put out a release in response. He says:

... the Coalition would meet its promises on road and rail funding, and they have all been allowed for within planned funding levels.

Wait for this:

“Most of the Coalition promises—

‘most’, we are not sure which ones; some of them are just completely dismissed—

referred to today by Mr Albanese relate, in whole or in part, to funding to flow outside the current forward estimates and under the funding envelope for future AusLink national transport plans,” Mr Truss said.

So they are not commitments for 2010; they are not commitments for 2013; they are commitments for their second or third term in office. There is confidence for you.

He went on. Here is fiscal responsibility for you, National Party style. Mr Truss said:

Other projects involve relatively small amounts of money—

well, nothing that I mentioned will cost under \$20 mil—

and can easily be funded under the banner of the existing \$26 billion—

it is \$37 billion, by the way—

transport construction budget.

So they are saying they will fund these small amounts some time down the track. They need to say what projects they will cut. They need to say which highways will not go ahead, which road upgrades will not go ahead, which rail projects will not go ahead and which port infrastructure will not go ahead. They have been caught out completely by the duplicitous nature of the way they have put this forward. They are prepared to say one thing in their electorate but another thing when it comes to actually stumping up the funds. The fact is that they are a desperate opposition. They are a di-

vided rabble. We see from here that they are a threat to our economic security. What we need in infrastructure development is certainty on funding. With that release today, the shadow minister for transport has brought into question the funding agreements with states and territories for every transport project in the country. They are a threat to economic security.

We know, because of the actions of the Deputy Leader of the Opposition—not rebuked by the Leader of the Opposition—that they are also a threat to our national security. They are a threat to national security and a threat to the economy. They are a huge risk to this country. That is why we have just seen this pathetic attempt at a suspension. There has been no build-up; we have just seen the Julie Bishop defence strategy. That was all it was. I wonder whether she will come to the microphone and give a personal explanation, because that is what decency and integrity demand that she do.

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

STATE OF ORIGIN

Mr RUDD (Griffith—Prime Minister) (4.16 pm)—Mr Speaker, it being State of Origin night, for all Queensland members who are here in this chamber—and on both sides of the aisle—I am sure I can comfortably say, ‘Go Queensland!’

QUESTIONS WITHOUT NOTICE: ADDITIONAL ANSWERS

Queensland Health

Ms ROXON (Gellibrand—Minister for Health and Ageing) (4.17 pm)—Mr Speaker, I seek the indulgence of the chair to add to an answer.

The SPEAKER—The minister may proceed.

Ms ROXON—I undertook in my answer to a question from the member for Kennedy

that I would add to the answer if I had any further information. I inform the House that the nipah virus, which was referred to in the question by the member for Kennedy, is indeed related to the hendra virus. Importantly, I need to tell the House that the nipah virus has never been detected in Australia. There have been a number of outbreaks of the disease in South-East Asia, including in Malaysia, Bangladesh and Singapore. We know from those outbreaks that it can spread between bats and people or from bats to pigs to people. The impact of some of these outbreaks in some of these countries has been exacerbated by more general healthcare conditions and access to infection control.

The fact that this virus has never been detected in Australia does not mean that we will not remain on alert. Australia has a good surveillance system in place for a range of exotic diseases that might impact on human health. We also have strong infection control guidelines, which can be used in the event of any outbreak. There is ongoing surveillance activity that is constantly coordinated by the Communicable Diseases Network Australia across all states and territories, with input from my colleague the Minister for Agriculture, Fisheries and Forestry and his department, covering animal-borne diseases that could cross to humans. I am happy to provide any further information and, if the member or other members opposite would like to be briefed by officials from my department, we are of course happy to take up those opportunities.

The SPEAKER—I have two personal explanations and a surprise packet. I am going to take the risk and take the surprise packet first. The member for Boothby.

STATE OF ORIGIN

Dr SOUTHCOTT (Boothby) (4.19 pm)—Further to the Prime Minister's remarks, we cannot let the opportunity go past

without making a few observations. As someone who comes from what rugby league would regard as a non-traditional state, I cannot claim a lifelong interest and passion for State of Origin—but I am not sure the Prime Minister can either.

The SPEAKER—Order! The member for Boothby will resume his seat.

Dr SOUTHCOTT—I am sure I speak on behalf of a lot of members—

The SPEAKER—Order! The member for Boothby will resume his seat.

Dr Southcott interjecting—

The SPEAKER—Order! The member for Boothby will resume his seat.

Dr Southcott interjecting—

The SPEAKER—Order! The member for Boothby will resume his seat. He will never get a surprise packet again. I can tell you that!

PERSONAL EXPLANATIONS

Dr JENSEN (Tangney) (4.20 pm)—Mr Speaker, I wish to make a personal explanation.

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

Dr JENSEN—Yes, most egregiously—twice by the Prime Minister.

The SPEAKER—Please proceed.

Dr JENSEN—During question time the Prime Minister quoted from an interview I gave this morning. I have here the transcript of that interview, which demonstrates that I did not endorse the mining super tax proposed by the Rudd government. I criticised the entry level and endorsed the prior rights of state governments to continue to raise their mining royalties, which is not a profit related regime. I also criticised the government's complete bungling on the whole introduction of this tax. I stated that the philosophy of it was wrong.

The SPEAKER—Order! The honourable member will resume his seat. He has gone to where he alleges he was misrepresented. He cannot argue a case.

STATE OF ORIGIN

Mr ALBANESE (Grayndler—Minister for Infrastructure, Transport, Regional Development and Local Government) (4.20 pm)—On behalf of New South Wales members on both sides of the House, I think it is of critical importance that the Blues get a great deal of support tonight. It is a great event. Can I draw your attention to a serious issue that has been raised by my department—that is, in the Senate the estimates committees are continuing to sit during the State of Origin game. That shows that there are not enough senators from New South Wales or Queensland!

The SPEAKER—Order! The minister has made his point.

PERSONAL EXPLANATIONS

Mrs BRONWYN BISHOP (Mackellar) (4.21 pm)—Mr Speaker, I wish to make a personal explanation.

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

Mrs BRONWYN BISHOP—Yes, most grievously.

The SPEAKER—Please proceed.

Mrs BRONWYN BISHOP—This morning the current—or temporary—member for Leichhardt was interviewed on the doors. He had obviously been sent out there to do a job on—

The SPEAKER—Order! The member will go to where she has been misrepresented.

Mrs BRONWYN BISHOP—The misrepresentation was that, with the member being sent to do a job on Julie Bishop—who is an outstanding foreign affairs spokes-

man—he fluffed his lines and named me instead.

Mr Price interjecting—

The SPEAKER—Order! The Chief Government Whip should resume his seat because the member has gone to where she was misrepresented.

Mrs BRONWYN BISHOP—It was a bit like being beaten up with a lettuce leaf. But the bottom line is that the reality for him is that his electors are about to sack him.

The SPEAKER—Order! The member for Mackellar has indicated where she was misrepresented.

AUDITOR-GENERAL'S REPORTS

Report Nos 40 and 41 of 2009-10

The SPEAKER (4.22 pm)—I present the Auditor-General's Audit reports Nos 40 and 41 of 2009-10 entitled No. 40 *Application of the core APS values and codes of conduct to Australian government service providers*, and No. 41 *Cross agency agreements*.

Ordered that the reports be made parliamentary papers.

DOCUMENTS

Mr ALBANESE (Grayndler—Leader of the House) (4.22 pm)—Documents are presented as listed in the schedule circulated to honourable members. Details of the documents will be recorded in the *Votes and Proceedings* and I move:

That the House take note of the following documents:

Local Government (Financial Assistance) Act 1995—Report on the operation of the Act for 2007-08.

National Road Safety Council—National Partnership Agreement for the establishment, April 2009.

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

MINISTERIAL STATEMENTS

Superannuation

Mr BOWEN (Prospect—Minister for Financial Services, Superannuation and Corporate Law and Minister for Human Services) (4.23 pm)—by leave—The government is committed to providing a better superannuation system for Australians.

On 2 May 2010, the government announced its long-term plan to deliver on this objective.

The government's reforms will deliver substantial improvements in retirement savings and a fairer distribution of superannuation tax concessions, ensuring more Australians can enjoy a comfortable retirement. The government's reforms will bring broader economic benefits as well.

Addressing the challenges of an ageing population

One thing we can count on is that Australians approaching retirement will spend more time in retirement than any generation in our nation's history. This trend will only deepen as future generations approach retirement.

In 1960 a male could expect to live another 12 years after reaching age 65. Today they can expect to live another 19 years. In 2050 they can expect to live 24 years after reaching age 65.

In 1960 a female could expect to live another 16 years after age 65. Today they can expect to live another 22 years. In 2050 they can expect to live another 26 years.

Our ageing population is reflected in the estimate that the number of Australians aged over 65 is projected to grow from three million now to 8.1 million by 2050.

Over the next 40 years, the ratio of working age Australians to those aged over 65 will decrease from 5 to 1 to just 2.7 to 1.

These facts illustrate the necessity of acting now to boost retirement incomes for the current generation of Australians approaching retirement, as well as future generations. This is the responsible thing for a government to do.

Reforming superannuation to deliver higher retirement incomes and a fairer system

The government is introducing superannuation reforms that will deliver substantial improvements in retirement incomes for Australian workers, boost national savings and enhance the fairness of the superannuation system.

The superannuation guarantee – boosting retirement incomes

Increasing the superannuation guarantee (SG) rate from nine to 12 per cent will directly address issues raised by our ageing population and boost private and national savings, bringing broader benefits to the community and the nation.

This reform will significantly increase the future retirement incomes for 8.4 million employees, improving the adequacy of their retirement incomes.

Raising the superannuation guarantee age limit from 70 to 75

In addition to raising the SG rate, the SG age limit will be raised from 70 to 75 from 1 July 2013, coinciding with the increase in the rate of the SG.

Currently, the SG only applies to people aged up to 70. In contrast, employers can make voluntary deductible superannuation contributions for employees under 75 and self-employed people can make deductible contributions until they turn 75. Individuals aged 70 to 74 are less likely to be able to negotiate voluntary superannuation contributions with their employers.

This measure will mean that workers aged under 75 will be eligible to, for the first time, compulsory SG contributions to be made on their behalf.

This measure will align the age limit for SG with that of voluntary and self-employed contributions.

Around 33,000 employees are expected to benefit from this measure which will improve the adequacy and equity of the superannuation system.

This will provide an incentive for mature workers to remain in the workforce and improve the equity of the system and correct a long-standing anomaly that will ensure these workers are remunerated on an equal footing with their younger co-workers.

The new low income earners government contribution – delivering equity and increased retirement incomes

Currently, all concessional superannuation contributions, such as employer SG contributions, are taxable in the fund at a flat rate of 15 per cent.

As a result around 3.5 million Australians currently get no or next to no tax concessions on their superannuation guarantee contributions or, worse still, have these contributions taxed more heavily than their normal income, due to the 15 per cent superannuation contribution tax being at or below their marginal income tax rate.

The low-income earners government contribution tax refund will provide an annual contribution of up to \$500 for individuals on incomes up to \$37,000.

This will improve the fairness of the superannuation system by effectively returning all of the tax payable on compulsory superannuation guarantee contributions made for low-income earners in 2012-13.

The amount payable under this measure will be calculated by applying a 15 per cent

rate to the concessional contributions made by or for individuals on adjusted taxable incomes of up to \$37,000 (not indexed), with an annual maximum amount payable of \$500 (not indexed).

The amount will be paid into a superannuation account of an individual to directly boost their retirement savings.

Concessional superannuation contributions made from the 2012-13 income year onwards will be eligible with the first government contribution paid in the 2013-14 financial year.

The superannuation savings of 3.5 million low-income earners will be boosted in total by \$830 million per annum in 2012-13.

And these reforms build on earlier reforms by the government. In particular, these reforms build on measures to increase the age pension which were announced in the 2009-10 budget.

Helping older workers make catch-up contributions

The government recognises that many workers want to make a larger catch-up on their superannuation contributions as they approach retirement.

Under the reforms, individuals aged 50 or over with a superannuation balance below \$500,000 will be able to make \$50,000 in concessional superannuation contributions annually. This doubles the cap of \$25,000 which is scheduled to apply from 1 July 2012.

This will allow these individuals to 'catch up' on their superannuation contributions when most able. By targeting this higher cap at those with lower balances better equity is delivered. This measure will particularly benefit those who have spent time out of the workforce or had a later start to their working life, including many Australian women.

Helping women build larger superannuation balances

Women's ability to build retirement savings can often be affected by periods spent out of the workforce for family reasons and periods of part-time work. The government wants to help Australian women build larger retirement balances. In 2012-13, around 2.1 million women will be eligible for the up to \$500 low-income earners superannuation rebate. They will represent 60 per cent of all recipients. In 2013-14, around 4.1 million women will have increased super guarantee contributions as a result of this policy: almost half of all people estimated to benefit from the increased superannuation guarantee contribution in that year.

As I indicated earlier, the new provisions will provide concessions to allow people to 'catch up' on their superannuation contributions. This will also particularly benefit people who have had periods outside the workforce, the majority of whom are women. The Treasury estimates that, as a result of the government's superannuation reforms, a woman aged 30 now on average weekly earnings with a broken work pattern will have an extra \$78,000 in retirement savings, while it is estimated to be an extra \$108,000 in retirement savings for the same female without broken work patterns.

Implementation of the changes

The government recognises that when such a significant reform is implemented it is prudent to ensure that the nation's employers and employees, particularly those in small business, have the opportunity to plan for change. The implementation of the increases in the superannuation guarantee has been very carefully thought through by the government.

Small business will benefit from a two percentage point cut in the company tax rate a full 12 months before the changes in the

SG commence. An average small business will save \$100 a week, or \$5200 a year, as a result of the Rudd government's early reductions in the company tax rate to 28 per cent in 2012-13. There is also a three-year lead time before the increase in the SG commences.

The initial increases in the SG are modest, with a 0.25 percentage point increase occurring in 2013-14 and 2014-15. For a worker on full-time average earnings, a 0.25 percentage point increase in the SG amounts to around \$3 week, or \$150 a year, that will be directed into superannuation savings. If this money was not directed towards superannuation, for most full-time workers the tax paid would be double because, as I outlined earlier, superannuation contributions are taxed at 15 per cent. This contrasts with income tax rates of up to 45 per cent. Therefore, when you increase the size of superannuation savings, you increase the cost of superannuation tax concessions to the government. Those who suggest that changes to superannuation will not cost the government any money do not understand this simple fact, or worse still, wilfully choose to misrepresent it.

Increasing the SG, refunding the tax paid on superannuation for low-income earners and raising concessional contributions for those aged 50 or over with lower superannuation savings reduces the tax burden on working Australians. As such, these measures will cost around \$2.4 billion over the next four years. The government believes the right thing to do is to bank the benefits of the mining boom in reforms that will have a lasting and significant impact on the retirement savings of current and future generations of Australians and ensure that as a nation we are well placed to deal with the challenges of an ageing population.

Feedback on these reforms

The government's reforms to superannuation have been welcomed by a broad range of stakeholders, who recognise the significant benefits of increased national savings for working Australians and the economy as a whole. On 2 May 2010, the Combined Pensioner and Superannuants Association of New South Wales had this to say:

Pensioners and superannuants welcome the Australian Government's response to the Henry Review, as it will make the superannuation system fairer for low-income earners, and boost retirement incomes. We call on all MPs to pass these reforms, which are too important to be subject to the political wrangling that has resulted in the demise of other policies.

On 3 May 2010, Mercer Australia, a respected global provider of investment services, noted:

The tax changes to the superannuation system announced in the Government's response to the Henry Review will help to increase the adequacy of retirement savings for Australians and reduce the overall cost of Government support for retirement income.

We can only hope that those who claim to be interested in 'Rebuilding Sustainable Prosperity' will come to understand the value that higher retirement savings provides to the nation.

The beneficiaries of these reforms

The government's changes to superannuation will make a significant contribution to helping Australians enjoy a better retirement. The reforms announced on 2 May this year will bring significant benefits. The people who will benefit from the government's reforms include:

- around 8.4 million employees who are expected to benefit from the increase in the superannuation guarantee;

- around 33,000 Australians from the increase in the superannuation guarantee age limit to 75;
- around 3.5 million low-income earners from the low-income earners government contribution tax refund—with their superannuation savings increased in total by over \$830 million per annum; and
- around 275,000 individuals aged 50 or over who will be able to make higher 'catch-up' contributions.

Our reforms will deliver significant increases in retirement incomes:

- The average superannuation balance today for men aged 60 to 64 is \$245,000 and for women is \$170,000. By 2036 these amounts are expected to be \$485,000 and \$345,000 in real terms.
- And a significant part of this growth can be attributed to the government's reforms. An average worker now aged 30 can be expected to have an additional \$108,000 in superannuation at retirement as a result of our reforms.
- A low-income earner who would benefit from the new contribution tax refund, and who is also able to save under the existing co-contribution scheme can achieve an effective contribution rate of 19 per cent after these reforms are implemented without using salary sacrifice.
- The increase in the SG age limit alone can potentially increase the superannuation balance of a worker on average earnings by \$36,000.
- The increase in contribution caps for older workers can potentially increase the superannuation balance of a worker on average earnings by \$139,000 if working full time. If the worker had a broken work pattern and thus a lower balance at the age of 50, they could potentially increase their balance by

\$188,000 (reflecting the greater scope to contribute up to the \$500,000 balance limit).

Broader benefits

These reforms will deliver broader benefits as well. The Australian superannuation funds are already significant investors in the Australian economy and having the fourth largest pool of funds under management in the world at \$1.2 trillion in value has enabled Australia to develop a world-class wealth management industry.

These funds have been at the disposal of the Australian economy, which is one of the reasons Australia has weathered the global financial crisis so well. In the 2009 financial year, at a time when liquidity was rapidly being withdrawn from markets around the world, Australia remained an attractive place to raise capital. Australian listed companies raised \$90 billion of equity. Investor support, including from Australian institutional investors, helped to restore the capital base of companies that together employ over 1.6 million Australians.

To put this in context, at the height of the financial and liquidity crisis, a greater proportion of the total market capitalisation of listed companies was raised in Australia than any other major economy. Australia's total superannuation savings are projected to increase by \$500 billion by 2035 as a result of the government's reforms. National savings are expected to increase by around 0.4 per cent of GDP by 2035.

A stronger and fairer retirement income system

Barely 20 years ago, only 46 per cent of full-time workers and seven per cent of part-time workers had any superannuation arrangements. But, for the past decade, 96 per cent of full-time workers—and at least three-quarters of part-time workers—have been making regular contributions to their super-

annuation funds. Labor introduced superannuation, Labor is strengthening superannuation. The opposition's rejection of these measures and the rejection of the Resource Super Profits Tax, which funds a significant improvement in Australian's retirement savings, is a deep disappointment.

These initiatives deliver significant benefits to Australians and the economy more generally. Benefits for a more comfortable retirement for Australians. Benefits for our push for Australia to be a significant financial centre. Benefits for the availability of funds for nation-building infrastructure. Benefits for the availability of funds to develop and grow Australian businesses. They directly address issues raised by our ageing population and boost private and national savings, bringing broader benefits to the community and the nation. These reforms build on our earlier reforms to the age pension and deliver a stronger and fairer retirement income system for all Australians.

I ask leave of the House to move a motion to enable the member for Cowper to speak for 15 minutes.

Leave granted.

Mr BOWEN—I move:

That so much of the standing orders be suspended as would prevent the member for Cowper speaking in reply to my statement for a period not exceeding 15 minutes.

Question agreed to.

Mr HARTSUYKER (Cowper) (4.40 pm)—I welcome the opportunity to respond to the minister on the question of whether the government are proposing a stronger and fairer superannuation system. Given that the government have linked the system to the great big new tax on mining and are requiring businesses to find \$20 billion a year to pay for the increases to the superannuation guarantee levy, the system is not stronger or fairer.

But let me start on what the opposition and the government agree on. We agree that all Australians must start saving more for their retirement so as to increase their standard of living in retirement and to take the pressure from the age pension. The minister is correct to state that the ratio of working age Australians to those aged over 65 will decrease from five to one today to just 2.7 to one in the future. This is a challenge for a government. But this government and the minister must also recognise that it is not only a challenge for government but a challenge for future retirees. Workers must start planning their individual needs in retirement and how much retirement savings they believe they need.

The government's main answer to this challenge is to increase the superannuation guarantee by three per cent, which will be phased in by the year 2020. The government are also proposing to raise the superannuation guarantee age limit from 70 to 75, and to provide a \$500 annual contribution for individuals on incomes up to \$37,000. The government have also back-flipped on their 2009-10 budget plan to cut the concessional contribution for over 50s to \$25,000 per year. The cap will be left at \$50,000 a year, but those under the age of 50 will still have their ability to voluntarily contribute to their superannuation balance capped at \$25,000 as a result of the Labor's budget last year.

How ironic that a government addicted to spending is forcing Australians to save. The government does not trust Australians to save for their own retirement and Australians, rightfully, do not trust this government to save for the nation's future. The measures do little to engage with workers and encourage workers to engage in planning for their own retirement. This government does not trust workers to think about their retirement futures. Labor will mandate that employers pay an additional three per cent to each em-

ployee's superannuation account. Most employees will not even know the payments are being made, where they are going and who is ultimately going to control the money.

Many Australians are concerned about what is happening to their superannuation balances right here and now. Labor is linking the Resource Super Profits Tax—Labor's great big new tax on mining—to the superannuation reforms and it is hitting the value of resource stocks. That has been very much the case since rumours were leaked of this new tax on 13 April 2010. Since that time, resources stocks have plunged in value by over \$90 billion, with \$23 billion being ripped from the superannuation accounts of workers and retirees.

Yesterday Minister Bowen claimed in question time that any suggestion that Labor's great big new tax on mining was hurting share prices was nothing but a scare campaign. But today, there were comments made in the *Australian* newspaper by Citigroup economist Paul Brennan who said that his bank's clients in Singapore and Britain had lightened their holdings of Australian shares and were 'citing perceived political risk due to the resource super profits tax'. According to Mr Brennan, 'A number of investors believed there was now greater political risk to investing in the Australian market.'

The minister may now wish to claim that investors in Singapore and Britain are engaged in a scare campaign against this government. The government needs to be held accountable for what is currently happening to superannuation account balances. Last week, my office took a call from a constituent who is 63 years old, has worked in the transport industry for some 40 years and is very concerned about his superannuation. Since the announcement of the tax, he has seen his superannuation fund drop in value

by \$8,949 to \$156,133, a decline of 5.4 per cent. At 63 years old, he will not easily make up that loss. And he is not alone.

Yesterday, the member for Pearce asked the Prime Minister whether the government did any analysis on how the new mining tax would affect investments of self-funded retirees and impact on their standard of living. Well, the Prime Minister refused to answer the question and crudely referred to the increase in the superannuation guarantee as how the government would boost retirement incomes. Today the Prime Minister was asked a similar question:

Will the Prime Minister assure Mr Jones and 778,000 other self-funded retirees in Australia that the government has done an analysis on how the new mining tax will affect them?

Quite clearly, the government has not considered the impact of this great big new tax on self-funded retirees because the Prime Minister was lost for a relevant answer. The Prime Minister should know that the superannuation guarantee does not affect people who are currently retired. Certainly the Prime Minister's answers yesterday and today are an insult to self-funded retirees. Comments made by the minister for superannuation on *Sky News* last Monday were an insult to future retirees. The minister dismissed concern that the mining tax would hurt superannuation savings and said that the losses would only be minor and that these things would happen when reforms are introduced. The minister is basing the impact of the government's great big new tax on mining on research conducted by the Industry Super Network, who have more recently written:

It is difficult to quantify any particular direct impact on share prices attributable to the RSPT at this stage.

Whilst the industry funds might have difficulty quantifying the loss, every superannuant in this country can quantify the loss to

them by looking at their superannuation account balance. They do not believe a minister and a government that are so intent on burying any negative information about government policies and instead use questionable data and comments from vested interests to sell their policies.

We saw how Labor operates this week when they were scrambling to justify the great big new tax. The government and the Prime Minister wanted to show that taxes paid by the mining industry were, on average, less than those paid by other sectors. The only problem was that the most up-to-date figures that mining companies provided to the ASX on taxation levels did not back up the government's claim, nor did data from that great mining-friendly organisation, the Australian Taxation Office.

In its desperation, the government used a paper written by a graduate student from the University of North Carolina in the United States of America to claim that the industry was only paying an effective tax rate of between 13 and 17 per cent. Since then it has been revealed that the paper—which has not been finished—used as few as four mining companies to reach its figures, it did not take royalties into account and it lumped Australian companies in with companies from New Zealand. These were figures relied upon by the Treasurer of this country. The author of the paper, Mr Kevin Markle, told the *Australian* newspaper that his paper 'has nothing to do with what it is being used for in this debate'. The paper was about comparing tax domicile, not comparable industry tax rates. When this was revealed the government searched far and wide and found a Treasury minute backing up the 17 per cent claim. The only problem is that the Treasury minute refers to the decade ending in 2004. Why would we use figures that are six years out of date? That is what this government is all about. It is more concerned with spin than

truth. It does not want voters to learn that the tax rate for the mining industry is 41.34 per cent when we take into account royalties. It does not want us to know that it is the highest taxed industry in this country.

When the opposition has the nerve to point out the government's errors we are accused by the Prime Minister of favouring the views of the Minerals Council of Australia. The government has been struggling hour after hour, day after day to justify that position on this great big new tax. Meanwhile, business is being squeezed by this government. Small businesses are finding it difficult to find finance and banking competition has been dramatically reduced. The government continues to spend madly, borrowing \$100 million every day and competing with small businesses in lending markets as it raises government debt to its peak of \$94 billion in 2012-13. All this is so that schools can be given massively overpriced halls and the government can clean up its blow-outs in the pink batts program. We see debacle after debacle in relation to the Building the Education Revolution. Borrowing and spending are putting pressure on interest rates, making it more difficult for small business to compete in the market. And now small businesses will have to find an additional three per cent on their payroll to pay the government's increase to the superannuation guarantee levy.

But the government tries to give the impression that the great big new tax on mining will in fact pay for the increase to the superannuation guarantee. That is the spin they are trying to put on it. We have heard what they said but we knew what they meant. The minister knows that these statements are willfully misleading. While the increase to the superannuation guarantee levy will have an impact on taxation revenue, and there will certainly be increased funds paid into superannuation funds, it will be paid for by businesses large and small across Australia.

Over \$20 billion each year will need to be found by businesses to pay the increase to the superannuation guarantee. This will come out of their capacity to produce and continue as a viable business. The government promised before and after the election that it would not raise the superannuation guarantee level beyond nine per cent for the impact it would have on small business. It assured business that it would not raise the guarantee. Here is what the then shadow minister for superannuation, Senator Sherry, said before the 2007 election:

We won't be increasing the nine per cent superannuation guarantee for a number of reasons. I've said time and time again at many conferences to many people in the financial services sector, privately and publicly, that nine per cent is enough from the employer, it would be unfair to increase that nine per cent any further and we won't be doing it.

And here is what the then minister for superannuation, Senator Sherry, said in February after the election:

The 9 per cent superannuation guarantee contribution that employers pay for their employees—again, we've committed that we could not increase that and increase the payment burden on employers.

The Labor Party have very well and truly broken their promise not to increase the burden on employers and now they are attacking others with this position. Meanwhile business is having to find \$20 billion to pay for this government policy. Here is what Mr Peter Anderson of the Australian Chamber of Commerce and Industry has said about the increase to the levy:

This means an additional cost to Australian employers of between \$20 billion and \$23 billion per year once the full effect of that measure is put in place by the year 2020. That is a very substantial new hit on Australian businesses. It is not funded by the proposed Resource Super Profits Tax—it is funded by Australia's employers and small business. It involves no redistribution from the

resource industry to other industries or to employees.

The government has not been able to answer how small business is going to cope with this increase. I do not think it really cares. The minister refers to cuts in the company tax rate that will assist small businesses to pay this levy, and the Prime Minister has made similar claims, but this ignores the fact that only one-third of small businesses are incorporated. These businesses do not benefit from the cuts to the corporate tax rate. These businesses will have to find an additional three per cent on top of payroll. The government needs to answer how these businesses will do so in a very competitive business environment.

I also note that the government has ignored the Henry review's advice on superannuation. Ken Henry specifically ruled out increasing the superannuation guarantee levy and detailed other proposals that would increase savings rates which the government has ignored. The government has refused to release the modelling of Henry's advice to the detriment of this debate and it is undermining its position.

So, although the government and the coalition agree that retirement savings must be increased, the opposition do not believe the government has the right to do so. The government should not be imposing a greater burden on small business. The government should not be putting small business under further strain. We really should be encouraging employees to invest for their future. We should be encouraging greater financial literacy. This government is all about slugging business. The coalition is all about personal choices and ensuring that businesses large and small prosper without the imposition of a great big new tax.

MATTERS OF PUBLIC IMPORTANCE

Budget

The DEPUTY SPEAKER (Hon. Peter Slipper)—Mr Speaker has received a letter from the honourable member for Dunkley proposing that a definite matter of public importance be submitted to the House for discussion, namely:

The adverse impact on small business of the Government's Resource Super Profits Tax

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 BILLSON (Dunkley) (4.54 pm)—There is a growing and ever present appreciation and awareness within the broader community that the Rudd government's great big tax on the mining sector is not only bad news for the mining sector but also bad news for all Australians. It is bad news for Australian small businesses. It is bad news for Australian consumers. The Rudd government would have you believe this is a kind of Robin Hood tax where they are taking money off pinstripe suited investors from far away that have shares in huge mining companies, but really it is a Scrooge tax, gouging revenue out of mums and dads across Australia for day-to-day activities of everyday life and small businesses that employ right across our vast continent and also representing a threat to those that have funds invested in superannuation or rely on that investment for their income. This is not a Robin Hood tax; this is a Scrooge tax.

You just need to look at the commentary that we are now seeing start to emerge. This commentary will increase as people come to realise just how disastrous this tax is not just for the big mining industry and for the big mining companies but for everybody that

uses any product that is manufactured or that is recovered from that mining operation. Those mineral extractions appear in every part of our lives. Every corner of our existence has a product that has been extracted from these mining operations. It is not just BHP and Rio that make those extractions.

This is the great lie, the falsehood, that the Rudd government is trying to put out to the Australian public—that all this is a bit of a touch-up for those huge mining companies. It is not that at all. It is a cost impediment; it is a dagger in the heart of those big industries and the mining industry that has driven prosperity in Australia. But it is going to have ramifications right throughout the community, throughout the suburbs, throughout the regional centres. It will have implications for people wanting to buy a home; it will have implications for everybody who uses energy in their day-to-day life or as an input for their business operations. Those that use particular minerals that are extracted as part of their production processes will be coping it as well. We are learning more and more about those impacts as time goes by.

It is important to understand just what is going on here. As the Prime Minister refuses to listen to anybody who contradicts his point of view, I hope he might at least listen to Winston Churchill. He has some form; he has some credibility. Back in around 1903, Churchill said something that should be resonating right across this economy and right across the community. He said:

A nation that tries to tax itself into prosperity is like a man standing in a bucket and trying to lift himself up by the handle.

That is exactly what is going on here. What you are seeing is a grubby tax grab from a lazy government that does not think through its policies, not to do anything about the holes across the continent but to fill a black hole in its budget. This is a grubby grab for

tax revenue that is going to have harm and hardship right across the Australian economy.

Let us look at some examples. Let us look at the housing industry. People already are struggling with housing affordability issues, the government seemingly incapable of doing anything with it. What do they do? They go and push up the price of houses. The *West Australian* talks about profits tax, a \$20,000 slug on a new home—a \$20,000 increase on the cost of a new home. There is example after example from the Slattery property group in Western Australia saying, ‘If all resources are left on the table, it will really add to construction costs. An average home cost is \$200,000 to build.’ It then goes through the details of the impact and points to a \$20,000 potential price increase. That is an extra \$20,000 that people already struggling with housing affordability will need to find. It goes further: Midland Brick general manager Greg Smith confirming that the extra tax on the clay and other resources used to make bricks would be passed on to consumers—another example. If there is any comfort that you can take out of this article, it is Multiplex saying, ‘There is a bit of international competition; we will buy it offshore.’ What a comfort that must be for people that are involved in those industries.

Anyone who is interested can have a look through this chart that shows how minerals extracted not by big mining companies—although some are involved in this activity—but by small operations that you see right across Australia in outer metropolitan areas such as the electorates of Dunkley and Casey and in the rural and regional centres of Australia. They are involved in this industry that is now facing a tax that no-one wants to own and that Kevin Rudd and the Rudd Labor government will not even bother explaining. They have shirt fronted people with it. They are expecting them to cop it sweet, suck it up

and hope that it has no adverse impact on the Australian economy.

Small businesses are too smart; they are too streetwise. They know a stooge job when they see it. They know when they have extra costs coming at them that are either going to be passed onto customers, pushing up the cost of living and the cost of their services, or going to eat into their own profits at a time when profitability is a major challenge for the small business community. So there is the housing example. Anyone who is interested in it can just think about the tiling, the steel roof frames, the brickwork, the aluminium windows, the electrical systems, the plastering, even the earthworks and foundations, the very concrete that is used to have the home built, the plumbing and even the internal plaster boards—all using minerals extracted in many cases from smaller operations that are going to be made more expensive from this poorly conceived tax.

Cement, Concrete and Aggregates Australia has pointed out that this tax is really going to hit areas that currently do not even pay royalties. So poorly designed is it that the chief executive, Ken Slattery, said that 85 to 90 per cent of quarry products do not attract royalties, but they are in for Kevin Rudd's great big mining tax, which will land not only on huge companies that seem to be the target of the political statements made by the government, but the small companies, small family businesses and small mining and quarry operations right across Australia.

So that is what is happening, and if you want to use some energy in your house you are also going to cop it. Country Energy is one of a number of companies talking about the uncertainty that this new tax is going to create. The cost of coal will be pushed up and, in turn, household energy bills will be pushed up. As well, that cost will be pushed onto the energy bills of small businesses,

who are already having to cope with enormous energy prices. We have discussed some of them and we sought to advocate on behalf of them when we had the CPRS—the other great big new tax that the Rudd Labor government wanted to introduce. So there is another example. Anyone using energy and anyone who is looking at coal and gas prices affected by this new regime will see upward pressure on the costs of those inputs flowing through to more expensive power—for every small business and for every household.

Think about the regional impact. Warwick Chamber of Commerce President, John Randall, has given an account of what it will do in the Warwick district—a district that has some of the economic characteristics of a number of communities across Australia. He was quoted as saying:

“Warwick has several well-run quarrying businesses producing sand, gravel, deco, road base, sandstone and limestone for our region,”

“If business owners get hit by this new tax, they will have to pass it on and that means increases in a huge range of costs, including the cost of building a home in Warwick.

“This would be because of higher concrete costs and increases in the cost of landscaping supplies.

“It will hit everyone, even down to filling up the kids' sandpit.

In question time today we talked about the talcum powder issue and the impact that will have, but even the kids' sandpits will not be excluded from the impact of this great big new tax.

John Randall went on to talk about the impact on the farming community from the increase in costs for fertilisers like lime, gypsum and superphosphate—all of which come out of quarries and all of which are key inputs into our food production system. That goes to the very heart of the point that the coalition has been making over and over again. This great big new tax on the mining

sector is not only on the huge mining companies but on everybody involved in these kinds of activities, because it is so poorly designed. It has not been thought through. It does not even follow the template that Henry outlined in his report—and I will come to that in a minute.

In my own community, Hillview Quarries is a charitable organisation and this tax will impact in double-digit figures on the cost of their supplies for construction in the Mornington Peninsula and beyond. Any profit they make is put back into the community, so even those philanthropic efforts of Hillview Quarries and other organisations will be hit by this very poorly conceived, poorly designed tax.

If you look at other examples, you can talk about the impact on investment. On Radio National we heard commentary provided by Graham Carman from Paradigm Metals Limited and also from Graham Jeffress from the Institute of Geoscientists, saying that the very design of this tax has implications for smaller companies in that 'the risk-reward equation has been imbalanced'. He said, 'It is going to make it that much harder for those smaller companies to raise capital.' The whole sentiment of whether people want to invest in exploration is to be damaged.

Mr Carman and Mr Jeffress are making the point that these companies, to keep doing their business, need to be able to attract capital. If they try to attract investors, they will look at it and think, 'Gee, over six per cent is a super tax for them to be hit with,' how are they going to get equity? If they go to the banks and say, 'Banks, can you lend us some money?' the banks are going to say, 'Even if you're going well you're going to get cleaned up on this resource super tax.' This is at a time when the small business community is screaming out for relief from the difficulties it faces in accessing finance. So you

are seeing adverse consequences of this tax not only in the cost of living in people's homes and in the cost of doing business for small businesses, but even in the prospects for continuing to grow this area of the economy. Those prospects are being undermined by the very tax the government says is just what the industry needed.

But you do not have to believe me and you do not have to believe the industry experts; you do not even have to believe practical people on the ground who are living with this prospect day in and day out and who are worried about their future. You could talk to a Labor mate. You could even go and ask the South Australian Minister for Mineral Resource Development, Paul Holloway. He talked about the need to get the design features in the tax right. He said that we need to highlight possible design features in the tax that could create problems. He talked about Olympic Dam and said that the pricing point becomes particularly important. What he is asking is: where does this tax land? What if you are involved in a vertically integrated business? Does the tax land at the hole, at the gate, or at the port where the trains arrive? Do you blend your ores? Is that a value-add or is that an extractive activity? Do you have a company that passes on these resources for virtually no profit so there is no tax to be applied, just so that someone down the train can make all the money? We do not know.

The South Australian government Labor minister does not know either, and he is pointing to the impact that it will have on the lifeline for the South Australian economy: the Olympic Dam project. He says there is a high level of downstream processing as part of that project. He said:

You certainly would not want to see a super profits tax that discouraged downstream processes.

That was his point. It is not just the level of the tax; it is the way in which it is being ap-

plied and where it will be applied that will distort so much economic activity and investment opportunities. But the statement that cracked me up—I must say I found this incredible—was one that I could not agree more with. The statement went:

It is a self-evident fact and it is very difficult for any sector to develop successfully over time when the rules of the operation change in the short term. Investment decisions by manufacturers, developers and financiers all require long-term certainty that will enable them to invest scarce capital with the expectation of receiving an adequate return.

I think we could agree with that. Would you agree that that was a remarkable statement to come earlier today from the member for Braddon? A member of Labor Party made that statement, not about the mineral sector but about the renewable energy target. His advocacy was so crisp and clear and vivid as it related to the renewable energy target that he even stopped himself after he said it and thought: ‘Gee, this isn’t my best moment, is it? That is a cracking great quote, a quote that is going to come back to visit me.’ And it should visit him, because he is making the very point that the opposition and many that are concerned about this tax have been making over and over again: this messes with the very foundations about why people would invest, the rules under which they invest, and the implications for their own viability in the longer term.

So there you have the issues. You have cost increases in energy. The cost of housing is going up. Agriculture, food production, any activity—

Dr Emerson—Mars bars!

Mr BILLSON—and most likely, Mars bars, sir—who knows? There is one thing that we can all agree upon: you do not know. You do not know, because the Rudd Labor government are so indifferent to the impact of these kinds of policies on the small busi-

ness community that they do not even bother to check them out.

We saw this with the great big new tax, the CPRS. It was going to impact on every small business, everyone who introduced energy into their production process. Everyone was queuing up for compensation and the Rudd government had it covered. But who did they leave out? Small business. There was love being shared with compensation to soften the pain everywhere, except for the small-business community. And here we have it again. The Rudd Labor government just does not get small business. They just do not understand what it means. They do not understand the personal commitment and the sacrifice, the connections that the small-business community have with their operations and how they know that this tax—that Henry foreshadowed and then said should exclude dozens of minerals that this government has not excluded—is going to hurt communities and small businesses right across Australia.

What is clear is that this Rudd mining tax is a bad tax. It is bad for investment. It is bad for jobs. It is bad for small businesses. It is bad for consumers. It is bad for communities right across our continent. It is not just bad for big miners, it is bad for small quarries and family businesses extracting elements as a part of everyday life. There is one way to stop it—and that is to get behind the coalition. That is the only way you are going to stop this. The Rudd government has created an enormous budget black hole and it is trying desperately to fill it with a policy that it has not thought through. There are consequences it is indifferent to. All it wants is the cash to paper over its budget black hole. (*Time expired*)

Dr EMERSON (Rankin—Minister for Small Business, Independent Contractors and the Service Economy, Minister Assisting the Finance Minister on Deregulation and Minister for Competition Policy and Consumer Affairs) (5.09 pm)—I will see the shadow small business minister's Winston Churchill quote and raise him a quote. The first quote from Winston Churchill is:

There is nothing more exhilarating than to be shot at without result.

He came in here and was going to shoot all these bullets—and he completely missed. There is the Winston Churchill quote number 1. Winston also went on to say:

Men stumble over the truth from time to time, but most pick themselves up and hurry off as if nothing happened.

What you have just launched is another chapter in a scare campaign, a chaotic, shambolic scare campaign undermined by your own members of parliament, most particularly of course by your good close friend Senator Barnaby Joyce—and I will have plenty to say about that.

You asked about commentary. I will give you some commentary from the small-business community. This is from the Council of Small Business of Australia, which said:

The idea that the tax cuts might be cut out before they even come into effect is very concerning.

... ..

The tax cuts and depreciation bonus for small businesses announced by the government is a good step forward on tax reform.

So you have got the Council of Small Business of Australia saying that they are very worried about the coalition opposing the Resource Super Profits Tax. Why? It is because the Resource Super Profits Tax would generate revenue to fund the small-business tax breaks that we are offering.

Not one word was spoken about the small-business tax break in the form of instant write-off of assets valued at up to \$5,000. These are any assets valued up to \$5,000, not falsely, as the coalition claims, only for companies, but for every one of Australia's 2.4 million small businesses. This is a tax break for partnerships. It is a tax break for sole traders. It is a tax break for small business companies, and it is a tax break denied by the coalition. They say they are the party of small business. What a joke! There was not one mention of the fact that Tony Abbott, the opposition leader, and his colleagues in the coalition, would deny small business the tax break that COSBOA is saying that they really want.

It is not just COSBOA. The Australian Newsagents Federation said that it has expressed concern 'that small businesses may lose the urgently needed tax relief that has been recently announced by the Federal Government'. They went on:

The Government's plan to cut the small business tax rate from 30 per cent to 28 per cent and allow small businesses to instantly deduct the full costs of assets valued at up to \$5000 is important to community newsagents and all small businesses.

There you have the Australian Newsagents Federation calling on the coalition, pleading with the coalition, to pass the Resource Super Profits Tax so that all newsagents can benefit from those tax reductions. We know that in terms of the head start on the company tax rate reduction for small businesses that 720,000 small businesses would receive that. That is a lot of small businesses. But all 2.4 million small businesses would receive the instant write-off.

The supreme irony of this is that in the week of 'gaffethons' that we have seen from the coalition, the opposition leader passed the parcel to the shadow treasurer, and the shadow treasurer passed the parcel to the shadow finance minister, who wanted to pass

the parcel to his staff member, who said, 'No, not me, pal. Just get out of here—pull out!' In that process the coalition managed to remove the one tax cut policy that it had for small business, and that is the carry-back of losses, which was coalition policy. But it was sacrificed on the altar of expediency in that shambolic process of pass the parcel through to the staff member of the member for Goldstein. The fact is, small businesses would be great beneficiaries from the tax reform package that the Rudd government is offering, and what is standing in the way of small businesses getting much-needed tax relief is of course the coalition.

The coalition stood in the way when the Labor government wanted to provide an economy stimulus package to support our tradies and small businesses. The coalition opposed it; they voted against it. They did not believe our small businesses deserved a break during the deepest global recession since the Great Depression. No, they believed that small businesses should just go broke—let the market decide; let the market determine. They voted against that stimulus package. They voted against our tradies and our small businesses then. They voted against the greatest school modernisation program in Australia's history, which is being built by our tradespeople, our trades men and women in this country. What have the opposition said about that? It is the end of trade training centres. Well, who builds the trade training centres? Our tradies do, and they will have plenty to say about the coalition's plans for trade training centres in every part of Australia.

The impact of the tax reform package on small business can also be said to be related to investment by the large mining companies in Australia. So let us have a look at the analysts' consensus recommendations from the E*Trade website on 24 May. In relation to BHP, five analysts reported that they all have

strong buy recommendations for BHP. For Rio, four analysts reported, three with a strong buy recommendation and one with a hold. For Fortescue, five analysts reported, three with a strong buy recommendation and two with a hold. For Woodside, four analysts reported, three with a strong buy reported and one with a hold. So there you have the analysts saying, 'Invest in the Australian mining industry—invest in BHP, invest in Rio, invest in Fortescue, invest in Woodside.' We know that the member for Dickson, Pig Iron Pete, absolutely agrees with investing in BHP because Pig Iron Pete did exactly that. He showed good judgment. Two days after the release of the tax policy of the Rudd government, the member for Dickson bought BHP shares.

Mr Baldwin—Mr Deputy Speaker, on a point of order: I draw your attention to the comments by the Speaker yesterday when the minister used that same comment and the Speaker ordered him to withdraw. He has just repeated that comment.

The DEPUTY SPEAKER (Hon. Peter Slipper)—Is the minister prepared to assist the House?

Dr EMERSON—I withdraw. In question time this week, the opposition were asking questions about the impact of the PRRT, the petroleum resource rent tax, on exploration and development in this country. They were challenging the government's assertion that the petroleum resource rent tax has been consistent with high levels of exploration and development in this country, asking what Australia has exported in PRRT areas and what projects are actually producing in PRRT areas, as if there were none. As if? The member for Corio is here. Bass Strait is just a little south of Geelong?

Mr Marles—South-east.

Dr EMERSON—Does the opposition know there are big oil and gas fields there?

You should go there. They produce a lot of oil and a lot gas. Under what? The PRRT, which applies to Bass Strait. And there are projects elsewhere in Victoria and off Western Australia that are producing under the PRRT. I can claim this, that the majority of the following projects are PRRT producing projects—that is, they are operating under that regime: Laminaria, Thylacine, Basker-Manta-Gummy in Bass Strait—a big place—Minerva, Patricia Baleen, Taroom, Yolla, Athena, Cliff Head, Einfield, Vincent, Griffin, John Brookes, Mutineer-Exeter, Reindeer, Stag, Wandoo and Woollybutt. There are more, but a majority of those at least are producing under the PRRT regime. And what did we get 25 years ago? The same mantra, the same scare campaign: it is going to drive exploration out; it is going to be bad for our small businesses that work with and service the major petroleum companies in this country; it is going to be bad for anyone who is servicing a small business, servicing BHP, servicing Esso; it is going to be the end of exploration in this country.

So we have heard it all before. And then the opposition comes into this parliament to create the impression that there are no currently producing projects under the PRRT regime. That is completely false. Have they ever heard of the Gorgon gas project? It was given the go-ahead under the PRRT regime. Yet this opposition says that a profits based tax will smash the mining industry. Well, why didn't the profits based tax smash Gorgon? Why didn't the profits based tax smash the Pluto project? Why didn't that happen? They said 25 years ago that that was what would happen.

The member for Tangney when he was on the doors said he was misquoted, but what he actually said was that he did not accept that the Australian people own the minerals of this country. He said the state governments own them, not the Australian people. This is

the sort of philosophical divide with which we must deal. Members of the coalition do not even accept the proposition that the Australian people own the minerals. They say, 'It's the states and the mining companies who own the minerals and there is no right for the Commonwealth to tax them at all.'

The opposition are a shambles, with a shambolic, chaotic scare campaign because they have three different views on three different days. The first view was expressed by someone who is very famous now, and has become even more famous in the last day and a half, and that is the Deputy Leader of the Opposition. When she was asked two days ago about whether mining companies are paying their fair share of tax she said, 'I believe that they are paying a fair amount of tax.' The next day Senator Barnaby Joyce was asked specifically about the deputy opposition leader's comment that they are paying a fair share of tax and he said:

No, not at all—we can have a sensible negotiation ... To say there is not the capacity to change the tax is not right.

Boom! There goes the case. There goes the Deputy Leader of the Opposition, blown up again by Senator Barnaby Joyce. He went on to say:

I'm prepared for people to look at the mining sector to pay more tax.

Boom! There we go again. Then he says:

Let's go through the proper negotiation.

Boom! Another one. The old depth charges are coming in left, right and centre, blowing the deputy opposition leader out of the water. We know why, of course—because he had a very stinky nasty blue with the member for Goldstein, who had said of one of our ministers that he had 'done a Barnaby'. Barnaby Joyce had a lot to say about that. He made rather derogatory comments of the member for Goldstein and finished by saying, 'Bug-

ger him!’ So unity is a myth on the coalition side.

Today, to cap it all off, we got the final word, because the opposition leader wanted to clarify the chaotic, confused scare campaign as to whether the mining industry pays a fair amount of tax or whether the mining industry could pay more tax. Do you know what he said? He said:

Any fair-minded analysis of the evidence would suggest that mining companies ... are paying more than their fair share of tax.

So what is the offer? It is a tax cut to the mining industry from the opposition leader. He is saying now that they are paying more than their fair share of tax.

Mr Fletcher interjecting—

The DEPUTY SPEAKER (Hon. Peter Slipper)—Order! The member for Bradfield will not interject from outside his seat. It is extremely disorderly.

Dr EMERSON—So we have three positions. First they are paying just enough. Then they are paying too much. And now the opposition leader comes in and says: ‘I’ll clear it up. The answer is that they’re paying more than their fair share of tax. They’re being treated unfairly and they shouldn’t have to pay all that tax.’ Well, of course he would say that.

Part of this scare campaign relates to prices. We heard the shadow small business minister, when I interjected asking, ‘Will it increase the price of Mars bars?’ saying, ‘Yes, it will.’ This is the Mars bar effect. We have just heard of it today—the Mars bar effect of the Resource Super Profits Tax. Get your Mars bars now, hoard your Mars bars, before the Resource Super Profits Tax because up will go the price of Mars bars! Quick—get out there and buy Picnics, Mars bars, Redskins, Cobbers, Mint Leaves—

Mr Neumann interjecting—

The DEPUTY SPEAKER—The honourable member for Blair will remain silent. He is not in his chair.

Dr EMERSON—Get them now because the price of lollies is going to go up under the Resource Super Profits Tax—it is going to put up everything! The latest claim is that it is going to put up electricity prices.

The report from KPMG Econtech completely refutes that. The opposition talk about reading reports—read the one from KPMG Econtech which shows that the price effect will be that prices will go down. How is that going to help small business? Read the report. Have a look on page 36, which shows the policy impact of the whole tax package on various items: food, -0.1 per cent; clothing and footwear, 1.3 per cent down; housing, 1.1 per cent down; household contents and service, 1.1 per cent down; health, 0.6 per cent down; transportation, 1.7 per cent down; communication, 1.4 per cent down; recreation, 1.3 per cent down; education, 0.3 per cent down; and financial and insurance services, down. Prices are going down, not up, so forget about your silly Mars bar scare campaign. It is just a joke—it is just a farce. That is because you are just a joke—you are just a farce. Winston Churchill was right. I am very relieved that you came in here firing bullets and missed everyone. (*Time expired*)

Mr BALDWIN (Paterson) (5.24 pm)—We have just heard from a minister who is high on pantomime and very, very short on policy. What we have seen is a minister who can talk the talk but will never walk the walk for small business—all rhetoric and no action. The supposed minister for small business does not understand it because he has never been in it. You have never had your money on the table. You have never employed people in small business.

Dr Emerson interjecting—

The DEPUTY SPEAKER (Hon. Peter Slipper)—Order! The minister will not interject from outside a seat on the front bench.

Dr Emerson—Mr Deputy Speaker, I raise a point of order. Again, they have messed with the truth; I ran a small business.

The DEPUTY SPEAKER—There is no point of order.

Mr BALDWIN—They say that, when big business sneezes, small business gets the flu. What this minister and this government does not understand is that, under this great big new mining tax policy, not only will big business sneeze but small business will suffer a cardiac arrest. How can they understand business when they do not understand the impact and the effects of their business? To the government, who are now in the process of consulting, I say: it is a little bit late now, after you have put the figures into the budget showing what you expect to reap, to go down the path of consultation. One would have thought that someone who understood business and understood government policy would have had the consultation prior to putting it down on paper in the budget.

The figures are in the budget showing how much is expected to be raised—it will be raised off the back of business and in particular small business. It is not just the big mining industries that are going to feel the effect of this. The mob opposite do not seem to understand that, when big mining companies make an investment, whether it is in exploration or starting up new fields, they employ small business to get the jobs done. They employ the people with the drilling rigs, the excavators and the trucks and they employ the electricians, the hydrologists and the surveyors—and that is just on site. The list goes on and on. When they need to procure the equipment, they engage small business to supply that equipment. This government do not understand the downstream ef-

fect of expenditure by big business. They have walked into this place claiming they understand big business. They thought the only people they were going to penalise were big offshore companies. The reality is that there are many small businesses, including small mining companies, that will be affected—many so badly they may not be able to continue in business.

This is the government that thought they knew about business in their management of the insulation batts. The result of their program there was to destroy small businesses. You cannot undermine investor confidence in business and expect investment to continue. If this government will not take advice from anyone but their own people, if they will not take advice from the coalition opposition, they should at least take advice from fellow Queenslander Anna Bligh, the Premier of Queensland, who said on ABC online on 10 May:

You can't expect international companies to make those investment decisions unless they've got absolute certainty about the costs of doing business.

The whole thing about being in business is having a solid, stable and secure platform by which to develop your business plan so that you can proceed with a level of confidence. What we see from this government is one position today and another position tomorrow. We saw four different positions last week. They do not understand the ramifications of their actions. This government laid out a policy, made the announcement and put it in the budget and they are now considering changing it to reduce the impact. They do not understand the impact of what they have done.

This tax will affect 500,000 Australian workers whose jobs depend directly or indirectly on the mining industry in Australia. In the Hunter Valley there are 15,000 people

directly employed and 50,000 indirectly employed in the mining industry. Many of those live in my electorate. I know them. My children go to school with their children. I meet with them regularly; I understand the issues that they have—and the biggest thing that worries them at the moment is job security. We have seen a plethora of investment companies and mining companies talking about the business case no longer stacking up to start new work. Miners need security because of the risk to their investment.

If you do not want to take the word of the opposition on the impact of your policies on small business, look to independent groups such as the Hunter Business Chamber, an independent representative organisation that has over 1,000 business members on its books, many of them small businesses. Its CEO, Peter Shinnick, said about this tax:

The proposed resource super profit resource tax is wrong and requires re-thinking. The impost on the resources sector is already causing the deferral of business investment, which will flow on through the industry if retained in its present form.

I say to this government: you have got it wrong—you have got it wrong for the industry; you have got it wrong for the workers; you have got it wrong for the communities at large. In fact, on 3 May 2010 there were articles in the Newcastle *Herald* headed ‘40% tax on coal profits has Hunter coal companies up in arms over “blatant tax grab”’ and ‘Effects of super tax touch “every level” of sector’. The first article said:

Hunter mines exported about \$8 billion worth of coal last year, plus another \$1 billion or more in domestic sales, and contributed about \$900 million in state mining royalties.

On these figures, the Hunter’s contribution to the new ‘super tax’ could be as much as \$3 billion a year.

That is \$3 billion that will not be able to be spent on downstream businesses. This will have a massive impact.

Regarding the government’s previous great big tax, the ETS tax—the one whose name we shall never speak before the election; its name should never be mentioned—the Newcastle *Herald*, reporting on the Access Economics report commissioned by the New South Wales Labor government, said that 17,000 jobs in the Hunter would go from the mining, aluminium and energy sector. When you add that ETS tax and the impact of the loss of 17,000 jobs to this super tax grab from the mining industry, who knows what the figures are? This government has never come clean and talked about what the downstream job impact will be.

Who has been deadly silent on this tax? Actually, they came out and rejoiced about both the ETS and this tax. They are the Labor members in this House who are supposed to represent the mining workers—those blue-collar workers. What about their rights at work? When are these members going to stand up for those who voted for them and put them in their positions in here to represent them? They have been silent. Where is the member for Hunter? Where is the member for Newcastle? Where is the member for Charlton? They all represent very large sectors of the mining industry. Do they come out and support their miners? No. Do they come out and support the mines? Do they come out and support the small businesses? No. They tell them that this is a good tax that will grow the industry. You do not have to be Einstein to ask, if this tax were so good that it would create growth in an industry: why aren’t we putting it across every industry? If this government were fair dinkum about introducing such a supertax, why not put a tax across the unions on their profits above the long-term bond rate? Why should you be exempt with all those millions of dollars that

you rake in? No, you want to penalise easy targets, or what you thought were easy targets, but you are affecting the people you are supposed to represent. (*Time expired*)

Mr MARLES (Corio—Parliamentary Secretary for Innovation and Industry) (5.34 pm)—It was once said by a great man—it may have even been the great man referred to by the member for Dunkley—‘When my arguments are weak, I always find the best strategy is to speak a little louder.’ And haven’t we heard some noise on the part of the coalition in this debate and the scare campaign that they have run against the Resource Super Profits Tax. The matter of public importance today is:

The adverse impact on small business of the Government’s Resource Super Profits Tax.

I start by saying that the only adverse impact to small business that will arise from this is if the opposition ultimately opposes and votes against the government’s Resource Super Profits Tax. In so many respects, the RSPT is actually designed as a tax program to help small business.

We can start by looking at the smallest sector of the mining industry itself and at the resource exploration rebate. This provides a tax break for mining exploration by increasing the types of activities for which a tax break can be provided in terms of exploration but, importantly, provides that tax break in circumstances where the mining company is in a situation of tax loss, which is often the situation with a new mine getting off the ground. A tax credit is provided in that circumstance. This is a plan that is going to help mining exploration and help new mines get going. Because tax credits are going to be paid in these circumstances—I think the economic lingo refers to the ‘countercyclical’ nature of this tax—the risk associated with mining exploration, which, of course, is one

of the key features of that industry, will be ameliorated.

This tax plan will most certainly see more tax paid in times of resources boom but will also see the resources industry being supported when commodity prices are lower. Importantly, this is a tax plan which replaces an existing state based royalty scheme, which is a tax on production, with a tax on profit. It is a far more efficient tax which is charged at the end of the line. You are not charged on the volume of the resource being taken out of the ground; you are charged on the value of the resource being taken out of the ground. If you make less money in mining, you will pay less tax under this program.

If you cut through the scare campaign which is being run by the opposition, you will find that the way this tax program has been designed will see a greater amount of mining exploration under this program. It is designed to put in place assistance for those who are engaged in expanding the mining industry. KPMG Econtech modelling expects that investment in the mining sector will go up by 4.5 per cent under the RSPT, expects that employment in the mining sector will go up by seven per cent under the RSPT and expects that the output of the mining sector will go up by 5½ per cent under the RSPT. When we are talking about small business in a broader sense—small business across the entirety of the economy—the significance of the government’s RSPT is what it will ultimately end up funding. It funds a whole regime which is designed to support small business.

The RSPT will fund a cut in the company tax rate, down to 29 per cent from 2013-14 and down to 28 per cent in 2014-15. But small business gets a two-year head start on that, where it will provide a cut in the company tax rate down to 28 per cent from 2012-13. That is an enormous benefit to small

businesses in this country. Importantly, it will also provide a \$5,000 write-off exemption for assets. At the moment, small businesses can only write off assets up to \$1,000 a year. This will increase to \$5,000, which is a huge benefit to the cash flow of a small business. Also, the complex situation at the moment, where there are two depreciation schedules for different classes of assets—one at a rate of 30 per cent; the other at a rate of five per cent—will be collapsed into a single system of depreciation at the higher rate of 30 per cent for all assets except buildings. That is a much simpler program for small business. That is a program that will see much greater cash flow for small business.

We are getting into the detail here. Scare campaigns do not like detail. Scare campaigns like broad statements of rhetoric which do not actually go to the heart of the matter. This is the kind of detail which is absolutely critical to small businesses in this country. The write-offs alone are worth \$1.5 billion to the collective bottom line of small business in this country. The RSPT is going to fund greater infrastructure in Australia. For the first time we are going to have a dedicated flow of money into infrastructure—\$700 billion starting from 2012-13. That infrastructure will help see the expansion of mining in this country. All of that infrastructure—roads, rail and ports—will be used by the small business sector, and that will see our economy grow. KPMG Econtech estimate that the growth in GDP associated with the RSPT will be 0.7 per cent. That is growth in the Australian economy which will be enjoyed by the small businesses of this country.

Consider the suite of reforms along with other government activities aimed at small business. For companies which have revenue of less than \$20 million annually, the R&D tax credit, which comes into play from 1 July this year, will see an effective doubling of

the tax concession applied to the expenditure involved in research and development in those small businesses. That expenditure is absolutely critical in driving the kind of innovation which will see the productivity of small businesses in this country increase. That is a really important measure for small business in this country. The stimulus package, which was voted against by the opposition, is currently seeing a whole lot of small businesses—such as tradies around this country—building school classrooms, school halls and trades training centres around Australia. It is keeping this country working. It is keeping small business in this country going. When you combine all of that with what has been put in place through the RSPT, it is fair enough to say that in 2010 the Labor Party is now the party for small business.

By contrast, the Liberal Party has absolutely abandoned small business. The Liberal Party had one policy for small business—and I say that in the past tense—and that was the \$1.7 billion small business tax loss carry-back. But in the circus of the budget reply that we saw last week, that one policy that the coalition had to support small business in this country was completely axed. That was in writing. That was not something said on the run that we do not have to believe. That was one of the gospel truths that the Leader of the Opposition told us we can rely on because it is in writing. That was axed. When you look at the opposition's paid parental leave scheme, which sees a great big tax of 1.7 per cent on everything—which is certainly going to flow through to small business—and look at what it is doing in blocking the RSPT, it is absolutely clear that the opposition has completely let go of small business in this country. It has totally abandoned the small businesses of Australia.

What the opposition have engaged in with this RSPT debate is nothing short of a massive scare campaign. They are saying that

this is going to kill the resources sector, but you only need to look at what is happening with Gorgon—the biggest resources project in this country's history. It has been under the regime of a 40 per cent profits tax. They say that mining stocks are going to go through the floor—they say that during the day—but you only need to look at what the shadow health minister is doing at night: he is busily buying up BHP stocks.

The Minerals Council of Australia—a totally self-interested party in this debate—is showing shameless paid ads predicting doom and gloom, and on the other hand, on this very day, 20 of Australia's leading economists, who do not have a self-interest in this debate, are saying that this is the right way to go, that this is an efficient tax and that this is what we should be doing. What we really need to see when we come into this place is people taking up the national interest in the great debates of this country, but what we have seen the opposition do is no more than simply being the puppets of the Minerals Council of Australia—not giving us the national interest but just parroting the lies that we see in those paid ads, and we ought to expect better. (*Time expired*)

Mr NEVILLE (Hinkler) (5.45 pm)—Let me take this MPI debate to areas I have represented or currently represent. Let me assure the previous speaker, the honourable member for Corio, I always speak out for small business. I represented Gladstone when it was part of the electorate of Hinkler and I know how important services are to the mining industry in the fields of maintenance, engineering, componentry and electrical services. A lot of mining services are supplied by small businesses, not necessarily just in mining towns but scattered throughout regional Australia. When we reach the position where mining companies are refusing to guarantee projects or have already shelved projects you have to ask yourself whether

this stream of enterprise will continue or at the very least continue in a meaningful way.

This mining tax also affects the building industry. We have already seen the state government place more and more charges on the backs of homeowners—some of which are avoidable and some of which are unavoidable. For example, the Queensland government has withdrawn its 40 per cent subsidy for sewerage and water projects, forcing councils to pass on those costs to developers and ultimately to homeowners.

But it does not stop there. Let us consider what will happen to building suppliers in the wake of the mining tax. The limestone mining operation at Bracewell, west of Gladstone, is an integral part of Cement Australia's operations. Ultimately this tax will flow through to the companies that purchase its products, which include concrete, concrete products, pavers, besser blocks et cetera. Similarly, people providing bricks and clay products used in the building industry—and we have a brickworks in Bundaberg—will have to pass on their extra costs and this will lead to higher building costs for homes, industrial developments and commercial properties. When the big operators pass on the costs, it is ultimately the small operators and the end consumers who pay. A similar scenario applies to rock quarries, gravel and road-making screening processes. The downstream costs in this sector will impact notably on main road departments, councils, private road makers, consumers et cetera.

Hervey Bay is a perfect example of a community which rides on the back of small business. There are 2,800 businesses in Hervey Bay and 97 per cent of those are small businesses—that is higher than the Queensland average of 95.5 per cent. At a conservative guess, there would be 10,000 locals employed in small business. Any flow-on effect from this tax could decimate job

prospects on the Fraser Coast. Any business which involves building and building supplies will invariably be hit hard, and this is bad news for the area, particularly when you consider its high population growth comes down to its attractiveness to lifestyle changers and the developers who follow them.

Hervey Bay and Bundaberg also have a significant population of fly-in fly-out workers—people who live in the cities but work in the mines of Queensland or Western Australia. These people are amongst the town's biggest spenders. Whether it be a new vehicle, discretionary spending or simple day-to-day costs associated with family life, these workers make a considerable contribution to the local economy and any impact on their employment would undoubtedly affect the region.

At a local level, businesses on the Fraser Coast are considering a prospective mining operation north of Maryborough, which proposes to create local jobs and prosperity in an area crying out for an economic injection. That may not go ahead in the light of the mining tax.

The Bundaberg region has around 6,600 small businesses. By far the largest sector would be retail. This sector is a big employer of people with non-academic skills and is very sensitive to any price rises. There are a lot of vacant shops in Bundaberg and many businesses are doing it tough. It is an absolute credit to the tenacity and hard work of these businesses that they have kept their doors open. The downstream effect of this mining tax would be the last thing they would want.

I mentioned in a speech last night that Bundaberg has amongst the highest rates of unemployment and people living on government benefits. Small business is often the stepping stone for these people to get back into employment. Any downturn in small

business activity will cut off that lifeline for thousands of Australians. (*Time expired*)

Mr GIBBONS (Bendigo) (5.50 pm)—I am delighted to participate in this MPI debate on small business and the RSPT because I too have a background in a successful small business. The mining sector is now enjoying the benefits of a second commodities boom in little more than a decade. These benefits include generous tax breaks available for mining investment. Most, if not all, small businesses have to depreciate their capital equipment over its expected life, but mining companies can deduct the full costs of exploration immediately. While all companies and many small businesses pay company tax, these concessions mean that the effective tax rate that the government actually receives from the resource mining companies is well below the headline rate of 30 per cent.

Then there are the fuel tax credits. While small businesses and working Australians pay around 38c per litre in fuel excise, the likes of BHP Billiton and Rio Tinto get nearly all of this back through tax credits. In fact, the mining industry is the greatest beneficiary of the fuel tax credits scheme and gets about \$1.7 billion back from the taxpayer.

But paying company tax like all other companies does not entitle mining companies to extract and sell the nation's natural resources. Entirely separate from company tax is the amount that resource companies pay the nation for the right to extract and sell its natural resources. These royalties are the price at which the nation sells its resources to the mining companies. They are the mining companies' costs of raw materials.

The amount they are paying the nation for those raw materials has not kept pace with the soaring prices at which they are selling them to China and other developing countries. In fact, a decade ago taxpayers received about \$1 for every \$3 of profit that mining

companies made from selling our natural resources. Today that has fallen to \$1 in \$7. The dishonest scare campaign being waged by the Minerals Council of Australia and the big mining sector represents the greatest con job since the Fine Cotton ring-in scandal all those years ago.

I make a few points in response to the claims of these scaremongers. The combined figures for company tax and royalties that the mining lobby and the opposition are bandying around are meaningless. All companies, including small businesses which have a company structure in Australia, are required to pay company tax and very few receive such generous treatment as our resources and mining companies. These companies get a very good deal from taxpayers. The purpose of the RSPT is to ensure that all Australians, including small business Australians, receive fair value for the non-renewable resources that miners extract from our country. No other industry would have the nerve to argue that just because it pays company tax it should get its raw materials for free. In our current tax system, an ordinary Australian who earns an extra dollar through their hard work pays higher tax, but a mining company that earns massive amounts of profit pays the same flat, low rate of company tax. So I say to these Gordon Geckos of the Pilbara: the party is over and now is the time to face the hangover and learn to be good corporate citizens.

Let us look at some of the other wildly inaccurate claims that are being made. The first is that the RSPT will reduce investment. This is rubbish. Replacing an inefficient system such as the royalties system with an efficient tax such as the RSPT will drive future investment, growth and jobs, and that has to be good for small business. Secretary-General of the OECD Angel Gurría has said that Australia would remain an attractive destination for investment because 'what drives invest-

tors is not necessarily that they are going to pay higher or lower tax' but 'the availability of raw materials'. The Commonwealth Bank has also produced some interesting analysis of the RSPT. The Commonwealth Bank's analysis shows that the RSPT actually reduces the rate of return that a mining project needs for it to be a viable investment. This means that more mines will be able to get financing under the RSPT than under the current royalties schemes and that mining output will be higher under the RSPT at any commodity price level. This should be of great benefit to both the many prospective gold mining operations and the small businesses in my electorate. The Commonwealth Bank's economists concluded that the RSPT 'promotes growth and more productivity in economy by more equitable and efficient taxation of resources'. There are claims that the RSPT will harm existing projects. But, as the Treasurer has stated, mining companies will receive due recognition of their past investment costs and there will be generous transitional arrangements to the new system. There is also a scare campaign that the RSPT will cause consumer prices to rise.

The DEPUTY SPEAKER (Mr KJ Thomson)—Order! The time for discussion has concluded.

**RENEWABLE ENERGY
(ELECTRICITY) AMENDMENT
BILL 2010**

Cognate bills:

**RENEWABLE ENERGY
(ELECTRICITY) (CHARGE)
AMENDMENT BILL 2010**

**RENEWABLE ENERGY
(ELECTRICITY) (SMALL-SCALE
TECHNOLOGY SHORTFALL
CHARGE) BILL 2010**

Second Reading

Debate resumed.

Mr HAYES (Werriwa) (5.55 pm)—
Before the interruption of debate on the Renewable Energy (Electricity) Amendment Bill 2010 and cognate bills, I was speaking about the objectives in the suite of technologies that are contained in these bills. Clearly, the objectives are to develop renewable energy, to encourage the research, development and commercialisation of renewable energy projects and to underpin the support both for the renewable energy sector itself and importantly—and this is not often mentioned—the jobs that are growing in that industry. I know, Mr Deputy Speaker Thomson, that you have taken a keen interest in this yourself. A range of companies from this sector that both you and I have spoken to have described to us the new and emerging employment opportunities and skill sets in this industry. There is a whole suite of skills required of those involved in geothermal, wind power generation, biomass preparation, solar and so on, and these skill sets are of considerable importance to large-scale projects.

Among the things that should be encouraged is addressing those issues and looking at those skill sets. I remember reading last year a paper produced in Germany that talked about that having been done. The paper described the decision to start auditing

the skills required for an emerging renewable energy industry. That is something that we in Australia really have to apply ourselves to, because whilst those skills can be tailored and developed, if we are going to seriously address those issues so that companies will invest in and develop these technologies, we need to make sure that we have the skill sets to do it. It is heartening to see that the investment is taking place and that vocational education in particular is moving to ensure that we have those skill sets. From speaking to those companies, I know that the opportunities are now being taken to use the skills that have been developed through those courses to these new and emerging industries.

As I said in the opening part of my speech before the interruption of the debate on these bills, I had the opportunity to work with a renewable energy company prior to coming to this place, so I know about the difficulty of commercialising technology. I know that most of these technologies will be developed not through the public purse but through commercialising the project by raising funds on the share market. In saying that, companies that are developing large renewable energy projects need certainty. They are developing these projects partly for altruistic reasons. They want to get in and do something decent not only for our economy in the long term but also for our environment. These companies are well motivated in those respects. But, if they do not have a share price that underpins their altruistic motivations, the projects do not get commercialised and the viability of all the research and development work that is needed to bring them on stream is threatened. One of the things that this bill does in looking to create two aspects to renewable energy technology and in distinguishing between large-scale and small-scale projects is to try to provide the certainty needed to take investment decisions.

It was a coincidence that 10 or 15 minutes before I started to speak this morning I ran into Gerry McGowan, who is the managing director of CBD Energy. The people from the Bank of China were in the House today as well. He was telling me that they were trying to develop a substantial wind farm for renewable energy power generation in New South Wales, I think in Gundagai. People have to be able to bring to bear their entrepreneurial spirit, to make the commitment to invest in something that is going to be significantly long term with a view to committing to the development of those resources in such a way that we will see a long-term benefit.

I know that in Victoria, since these bills were announced, AGL has already committed to conditional agreements for the construction of a very substantial wind farm, the Macarthur wind farm, in south-west Victoria. It is going to produce, after full construction, 365 megawatts of power. That is very substantial. The point of saying this is that these organisations need a degree of certainty. One of the things that can undermine this certainty, bearing in mind that this is an energy trading system we are looking at and they are going to invest on the basis of having 20 per cent renewable energy power by 2020, is a high take-up of small-scale renewable energy projects, or the development of small-scale renewable energy technology.

This bill goes a substantial way towards giving certainty in respect of those investors in large-scale renewable energy power generation. Both large-scale and small-scale will be delineated, and that will give certainty to the investment decision surrounding large-scale renewable energy projects. From the figures I have seen to date, putting both of those categories together is possibly going to lead to something larger—I do not know how much larger—than 20 per cent of renewable energy being produced by 2020. I

suppose a number of things can influence that. This will allow those major investors looking at significant projects to be able to commit funds for the development of those projects based solely on the notion that this is where we will be in 2020. That is why this is of some particular significance.

It is also important to remind people of what the renewable energy target does. The RET provides guarantees; it is a market for the additional renewable energy power we require. It certainly provides that financial incentive by dictating the energy mix that will be achieved by 2020. The RET uses mechanisms of tradeable renewable energy certificates, and those certificates can be produced by renewable energy generators large or small. As I say, being able to make this distinction between large-scale and small-scale generators, whether small scale is just having solar panels on your roof, or a solar hot water system, gives a very clear signal to any boardrooms looking at investing in renewable energy technology that by 2020 we are looking at 20 per cent of our power being produced through renewable energy. These are matters which are quite substantial.

I did say when I started my contribution earlier today that we are an energy rich nation. We are one of the largest coal-producing nations in the world, and I think we are the biggest exporter of coal. Clearly coal will play a significant role in the generation of power for some time to come in this country, but we are making decisions now about how we move towards developing not only clean coal technology, which I know the minister at the table has a very significant interest in, but also a clean energy mix for this country. It does not happen just because we say it should. We need to provide the framework within which that can be developed, and that is clearly what these bills are aimed at. These remarks are similar to those

I made in respect of the ETS itself when it was debated in this chamber on a couple of occasions. We pressed for a mechanism that would allow the change to occur within a very planned commercial process and enable the deployment of these technologies.

What we are doing here today is augmenting our position in terms of the 20 per cent renewable energy target by 2020. We are giving greater definition and greater certainty, particularly as they apply to large-scale projects. On that basis I commend the bill to the House. I encourage people to participate in this debate and certainly take an interest in what is happening in each and every one of our own backyards in relation to renewable energy. Not only mums and dads but also their kids are now developing the very clear view that we must make changes for the future. We are trying to provide a real, positive incentive to make that change.

Ms MARINO (Forrest) (6.07 pm)—I rise to speak on the Renewable Energy (Electricity) Amendment Bill 2010, which administers Australia's commitment for at least 20 per cent of electricity usage to come from renewable energy sources by 2020, which equates to a target of 45,000 gigawatt hours. The coalition will not oppose this legislation in the House this week, but we will reserve our final position subject to the completion of a Senate inquiry and the completion of negotiations between government and industry.

This legislation aims to amend the Renewable Energy (Electricity) Act 2000 to separate the RET into two categories: the large-scale renewable energy target and the small-scale renewable energy scheme. If passed, the separation of the RET will become effective on 1 January 2011. The changes in this legislation intend to fix the problem identified by the coalition in August

2009 relating to the Labor government's solar credit scheme, which would crowd out large-scale renewable energy projects in the renewable energy certificates market. The large-scale RET is capped at 41,000 gigawatt hours and will free up large-scale generation certificates, formerly known as RECs, for large-scale projects undertaken by accredited power stations, including wind, solar, biomass, hydro and geothermal energy. Liable entities would be allowed to use existing bank RECs to meet LRET obligations, but not small-scale renewable energy scheme obligations. The small-scale renewable energy scheme is uncapped and will create an unlimited market for the installation of solar panel systems, solar hot water systems and heaters, wind turbine systems and small hydro systems. The Office of the Renewable Energy Regulator will continue to administer the certificates and will receive an additional \$6 million to administer changes and \$4.5 million to establish an optional clearing house to manage creation, surrender and transfer of small-scale technology certificates.

The coalition has been strongly supportive of a renewable energy target, and certainly renewable energy in general, and believes that clean energy with green carbon is fundamental to significantly reduce Australia's net emissions. It was the coalition that introduced Australia's first mandatory renewable energy target, and we strongly support the principle of a 20 per cent RET. However, we seriously question how the Labor government has treated the renewable sector since coming into office. The coalition introduced the \$8,000 solar rebate, which the government means-tested in a broken promise in 2008. The result of the means test took the price of solar panels out of the hands of many mums and dads who earned \$50,000 each. Then the Labor government completely abolished the \$8,000 solar rebate without

notice on 9 June 2009—something we certainly heard about in our electoral offices.

We also introduced the Remote Renewable Power Generation Program, which Labor abolished, again without notice, on 22 June 2009. This put remote solar out of reach for many, many people in rural and regional Australia who were off-grid. To date the government has not replaced either of these programs and has failed to assist the industry in this area. The Labor government have failed with every policy they have touched, in particular the home insulation and green loans programs.

The Home Insulation Program has seen 144 house fires to date, 1,500 potentially deadly electrified roofs, 240,000 dangerous or dodgy roofs, four young lives tragically lost, and almost \$1 billion in provisions within the budget to fix this major problem. In my electorate of Forrest, a number of local businesses were dramatically affected by the sudden suspension of the Home Insulation Program in February this year. Two companies I have met with had a combined total of \$95,000 worth of stock and were owed around \$77,000 in insulation payments, but they believed the Prime Minister's promise that the program would be reinstated as of 1 June. They also believed him when he met the insulation companies in front of Parliament House with his notebook and told them that he got it and would fix it. However, this turned out to be another broken promise, leaving these businesses damaged. They have had to put off workers and their futures are uncertain. The lack of support for these small insulation businesses after the sudden cutting of this rorted and mismanaged program is disgraceful and has not assisted reputable businesses that are now in a serious commercial situation through no fault of their own. The Prime Minister is so embarrassed by the support package that the government is offering that he would not even

face those same installers who rallied at Parliament House in disgust over what has happened and what was offered to them. The Labor government is responsible for the failure of this program, and must take full responsibility for the circumstances that reliable and legitimate insulation installers and small businesses are now facing.

Also of major concern with this legislation has been the government's 1½-year delay in taking action on the renewable energy target. The coalition engaged in open and active dialogue in late 2009 to ensure that the RET legislation was amended in such a way that met industry requirements. Outcomes to the amendments sought to the legislation by us in 2009 included decoupling the legislation by establishing separate regulations and a start date based on royal assent. At the introduction of a CPRS, the coalition moved to ensure the inclusion of electricity generated from waste coalmine gas as a fully eligible zero energy source of renewable energy credits. We also moved to ensure that the aluminium sector received 90 per cent exemption for both existing and new RET obligations. We moved to have heat pumps for domestic installation continue to be included in the RET at current rates of allocation. And then there was the move to ensure that food processing was given 90 per cent coverage, that 8,875 gigawatt hours of the RET by 2020 be banded and reserved for emerging baseload renewable technologies via the schedule.

In my electorate of Forrest there has been a lot of interest in sources of renewable energy: wind power, particularly in the area of Scott River, and biomass. I look forward to the progress of these initiatives. Major gains can be achieved in Australia through energy efficiencies. We have heard consistently over a number of years from the member for O'Connor about HVDC transmission and its significant potential 20 per cent savings in

power transmission. Late last year west Perth based Green Rock Energy announced that it had been granted three geothermal exploration permits within the town of Collie in my electorate where a substantial proportion of Perth's electricity supply is generated from power stations.

I have hosted two energy diversity forums in my electorate over the last year, which have provided an interactive environment for people to learn more about a range of energy diversity options. Those in attendance not only heard how they can be more energy aware and efficient in their own homes and business premises but also received information on environmental programs and proposed outcomes at local, state and national levels. The forums covered topics including geothermal energy; solar, tidal and wind power; converting CO₂ to energy using algae; waste water recycling; and stormwater filtration.

The Prime Minister has stated that climate change is the greatest moral and economic challenge we will face in the 21st century and yet we have not seen the Labor government do anything much more than propose its great big new tax, the ETS—a new tax that would impose massive costs on Australian families and small businesses. The government's seriously flawed CPRS legislation would add costs to Australia in households and businesses without achieving a genuine reduction in carbon emissions.

The Prime Minister himself has admitted that electricity prices would increase by 19 per cent in the first two years of Labor's ETS. There was no mention of compensation, only extra costs for the 750,000 small businesses in Australia. There was certainly no mention of compensation for the increased taxes for the 14,000 small businesses in my electorate such as drycleaners, retailers, hairdressers, those in the service sector

and particularly those who are in no position to pass on any additional costs like farmers and horticulturalists, who would see additional costs on their inputs. But it is not just small businesses who would be hit hard by price increases. Many individuals and households would also be affected.

Another issue ignored by the government with the flawed ETS legislation is that its cost across the board for families and businesses is compounded over and over again in rural and regional areas. Electricity, food, groceries, fuel and other essentials like heating and cooling are often a real necessity, particularly for pensioners and those with health issues.

The Prime Minister assembled a major contingent of 114 people to take to Copenhagen only to find that what was very clear to the coalition prior to Copenhagen and which became crystal clear to every Australian and, finally, the current Prime Minister was the fact that, in spite of Australia's contribution of 1.5 per cent of the world's carbon emissions, the world's biggest emitters—China contributing 21.5 per cent, the US contributing 22.2 per cent and India contributing 5.3 per cent to the world's emissions—had no intention of agreeing to binding emissions reduction targets and placed no priority on an ETS. If the Prime Minister had rammed his CPRS through the parliament prior to the major emitters in the world agreeing to a similar tax, Australia would be uncompetitive in domestic and overseas markets and would potentially export jobs, investment and the carbon itself. I also note that the Prime Minister has been AWOL on climate change, the environment and the CPRS since the failure at Copenhagen—shelving the CPRS until after the election. Under the government's flawed legislation the CPRS will place a further tax on the mining and resource sector in addition to the Resource Super Profits Tax.

Unlike Labor, the coalition is serious about taking environmental action and believes an incentive based approach will reduce emissions as well as address some of Australia's serious environmental problems. I note that Labor's big new tax would have cost \$120 billion compared to \$17 billion for the coalition's direct action plan. It would cost far less, achieve the agreed target, provide real environmental benefits, would not cost jobs and would not increase electricity and grocery bills. The Prime Minister has certainly lacked courage and conviction when it comes to making environmental policy and commitments, highlighted by his move to shelve the ETS in spite of describing climate change as the greatest moral and economic challenge of our time and that delay was denial. The Prime Minister also said the third group of climate deniers are those who pretend to accept the science but then urge delay because they do not want their country to be the first to act. He also said in a speech to the Lowy Institute: 'there are two stark choices: action or inaction. The resolve of the Australian government is clear: we choose action.' The action taken by the Prime Minister was to shelve the ETS until after to 2013. The sidelined ETS has cost taxpayers hundreds of millions of dollars without any measurable reductions of global emissions.

The Department of Climate Change and Energy Efficiency and its 494 staff will have cost taxpayers \$215 million by July this year and the government has allocated a further \$30 million to spend on a climate change advertising campaign. The whole extended protest cost the business sector millions and millions of dollars in assessing and analysing the implications of the green paper, the white paper and then the very seriously flawed legislation itself. Many industries, groups and businesses from my electorate flew backwards and forwards to Canberra consistently

throughout this process. What a massive additional cost to their bottom line. And what for? For the Prime Minister to shelve the CPRS until 2013. If the Labor government is re-elected, the seriously flawed ETS legislation and tax will be added to the other Labor governments—

The DEPUTY SPEAKER (Mr KJ Thomson)—Order! I have given the member for Forrest a great deal of latitude in debating legislation that is not before the House. I ask her to return to the legislation which is before the House.

Ms MARINO—Certainly, Mr Deputy Speaker. In conclusion, the coalition is highly focused on renewable energy and strongly supports the concept of a 20 per cent renewable energy target.

We will consider the following issues in the Senate inquiry: any attack on the waste coalmine gas sector; and increasing to 300 megawatts by 2030 waste coalmine gas generation capacities in the absence of access to GGAS, subject to support from high electricity users and the provision of full costings to industry. Further, we will consider the issue of limiting the exposure of high electricity users to the currently uncapped SRET by implementing one or more of the following options: removing the eligibility of heat pumps to earn RECs where installed in reticulated gas areas; capping the SRET at 4,000 gigawatt hours; removing unlimited liability for large energy users in the case of an expansion in the solar homes programs— or if there is a feed-in-tariff then solar panels may not generate a small-scale technology certificate.

In the House of Representatives, the coalition's position is to reserve our final position until the report of the Senate inquiry and the completion of negotiations with government and industry.

Ms RISHWORTH (Kingston) (6.22 pm)—I am very pleased to rise today in support of the government's Renewable Energy (Electricity) Amendment Bill 2010 and the cognate bills. The changes included in this bill will accelerate investment in renewable energy projects, many of which languished during the years of the Howard government and were never realised. But the Rudd government is committed to this nation's future, hence the bill before the House today. The people of Australia want to see an increase in the use of renewable energy. The people in my electorate want to ensure that Australia is an advanced, prosperous and environmentally conscientious nation, and so I am very pleased, once again, to see the Rudd government delivering on its clear commitment to addressing the issue of renewable energy.

I come from the state of South Australia, which has had a very big take-up of renewable energy. South Australia produces 56 per cent of the nation's generated wind power and has the highest incidence of residential grid connected solar systems in Australia, accounting for around 25 per cent of Australia's residential grid connected solar capacity. We have also seen huge investment and a huge interest in the area of geothermal energy in South Australia. We have seen many residents, companies and community groups who are interested in renewable energy and who want to help make a difference. By investing in renewable energy, they have seen their energy costs decrease and they have been actively pleased to reduce their carbon footprint.

Earlier today I was talking about the commitment from the Seaford Meadows Scout Group, who have been on a campaign to talk to the community about the importance of solar power and the benefits it has had for their small part of the world. We know that communities around the country have embraced renewable energy and that

they expect their governments to do the same, to do all they can to encourage renewable energy. The Rudd government has already dramatically expanded the renewable energy target to 20 per cent. That was a commitment that we gave in opposition and a commitment that we have now delivered on. So, by 2020, the equivalent of all household electricity will come from clean, renewable sources such as wind and solar power.

The bill before us today seeks to separate the Renewable Energy Target Scheme into two parts, the large-scale renewable energy target and the small-scale renewable energy target, creating separate obligations for liable entities. It will retain the renewable energy target; however, it will limit its scope to large-scale generation. It will introduce large-scale generation certificates and small-scale technology certificates. These changes will provide greater certainty for all Australians. The changes to the Renewable Energy Target Scheme will support an increase in a range of technologies, such as solar, wind and geothermal. This is renewable energy for the future. The bill strengthens the Rudd government's commitment that at least 20 per cent of Australia's electricity will come from renewable sources by 2020.

We know that there is significant private investment ready to be unleashed. While estimates have varied, the investment has been estimated by a number of commentators to be around \$20 billion. Such an investment in the area of renewable energy will create jobs and train a green workforce for the future. So there are a lot of positive things about this investment, not to mention the huge, positive impact it will have on reducing our carbon emissions.

The Rudd government are committed to renewable energy, and that is why we have already committed to and introduced a range of programs—programs that are already run-

ning that have been incredibly successful. We have introduced the Renewable Remote Power Generation Program, which is aimed at creating reductions in greenhouse gas emissions. This program provides rebates for renewable energy systems for people in off-the-grid areas and goes a long way towards minimising their reliance on fossil fuels. In my electorate alone, there are six systems that have been installed to ensure people are getting good renewable energy sources.

Under the National Solar Schools Program, grants worth more than \$140 million have been approved, assisting over 2,500 schools. This is practical action to help combat climate change but it is also helping schools out with costly electricity bills. In my own electorate, many schools have benefited from this initiative, including Moana Primary School, Seaford K-7 School, Seaford Rise Primary School, Coorara Primary School, Hackham East Primary School, Hallett Cove South Primary School, Lonsdale Heights Primary School, McLaren Vale Primary School, O'Sullivan Beach Primary School, Woodend Primary School and Willunga Primary School. All of them have received up to \$50,000 to support their uptake of solar panels.

I know that schools have certainly welcomed this. A lot of teachers and others commented on the fact that the previous government had a scheme for solar energy for schools, but it was only for solar hot water systems. Unfortunately, as the schools told me, they did not use a lot of hot water at school. They made cups of tea and a few other bits and pieces, but it was not saving them huge amounts of money on their energy costs. The Solar Schools Program will allow them to use the funds to generate energy in their schools—obviously, lights, computers and a whole range of things take up a lot more energy. With our program they will be able to make sure that the energy they use is

renewable and that they can return power that they are not using back to the grid.

Under the Solar Credits scheme, the Rudd government has provided support for homeowners to install small-scale solar power systems. In my electorate alone, over 1,407 householders have benefited from this program and close to \$1,100,000 has actually been spent just in Kingston. This is a significant program and it has made a real difference to many people. I was out doorknocking at the weekend in Woodcroft and I spoke to a number of people in the street. Many of them had taken up and benefited from this program. Others had just put in for the program. They were seeing on their quarterly bill some real improvement, and they were very grateful for that.

Getting back to the bills: the changes in these bills will enhance the renewable energy target by providing greater certainty as to the support provided by the RET for households, large-scale energy projects and installers of small-scale systems like solar hot water. We have already heard from the Parliamentary Secretary for Western and Northern Australia, who is in the chamber now, that renewable energy systems will underpin our economic prosperity and drive our economy into the future. I could not agree with him more. The government is delivering on its commitment to provide strong and viable action on climate change. This is a practical change, a legislative evolution, that will have a positive impact on business—big and small alike—while also affecting the end consumer. Many mums and dads are also interested in securing a good and positive environment for their children's future.

The large-scale renewable energy target will encourage the deployment of large-scale power generation from renewable energy sources such as wind and solar. The legislation before us provides further encourage-

ment for companies to invest in renewable energy. The bills before us today create large-scale generation certificates, distinct from the small-scale technology system. They retain the concept of a renewable energy target but only for the large-scale power generators. These certificates will relate to energy generated by accredited power stations.

The benefits of the new LRET and SRES are already emerging. Within days of the government announcing this enhancement of the RET, AGL announced that it had entered into agreement for the construction of the 365-megawatt capacity Macarthur wind farm in south-west Victoria. This highlights a stark contrast between the current government and the former Liberal government, which not only failed to attract investment in renewable energy but effectively sent investment offshore. Companies such as Suntech, one of the world's top 10 manufacturers of solar PV cells, had to set up their manufacturing facilities in China because of the lack of government incentive offered by the Liberals when they were in office. This was not isolated. It has happened time and time again. In 2006, a \$750 million wind development by the company Roaring40s was stalled due to the Howard government's failure to take action and increase the RET. In February 2007, Pacific Hydro announced it would invest \$500 million in Brazil because investment in Australia was undermined by the Howard government's refusal to ratify the Kyoto protocol. These examples show not only that the Liberal Party has a blase approach to environmental energy production but its complete lack of interest in working Australians. Such investment would have created jobs for Australians and put money back into communities.

We also have before us the small-scale renewable energy scheme, which will provide continued support to households, small busi-

ness and community groups that install renewable systems into their homes or places of business. The bills create small-scale technology certificates, which relate to the installation of renewable energy and small-generation units. There will be no overall limit on the creation of these certificates, and the price will be fixed at \$40. For small-scale technology, liable entities must surrender all small-scale technology certificates created in a year. Small-scale certificates will be created as per the current process and administered by the regulator. The proposed system provides certainty for small-scale technology entities, though the actual liability of such entities will not be known until the total number of certificates required is identified.

The bills require that the regulator provide each liable entity with a quarterly estimate of the number of small-scale technology certificates that it will be required to surrender. The rate of clearance of certificates has been problematic under the current system. This is addressed by empowering the regulator to establish a clearing house for small-scale technology certificates. The clearing house will act as a central point for the transfer of these certificates at a set price of \$40 per certificate. It is a requirement of these bills that certificates be surrendered quarterly to encourage Australians to take action on climate change. This change will encourage families and small business owners to take on renewable energy. This is an important aspect of this government initiative. It is important that we encourage the bigger end of town to move towards renewable energy, but we also cannot forget the many community members and families that are very keen to embrace renewable energy. These bills encourage this uptake.

The bills before us today are part of a suite of government policies that will encourage a switch to renewable energy. This switch is essential for the ongoing energy

security of Australia. For the consumer, the cost to the end user will be minimal. The Department of Climate Change and Energy Efficiency estimates that the enhanced RET system will add less than \$4 a year to the average household bill. This is a cost-effective change—a small-cost change—that will go a long way to ensuring our environmental security for Australia. Combined, the SRES and the LRET are expected to deliver more renewable energy than the existing legislation. This highlights the effectiveness of the scheme and its importance for our future.

As I said, the government not only is committed to the renewable energy target but has made significant investments through the \$4.5 billion Clean Energy Initiative. These include the \$1.5 billion Solar Flagships program to support the construction of large-scale, grid-connected solar power stations.

As announced in the budget two weeks ago, the government will provide \$652 million to establish a Renewable Energy Future Fund to support Australia's transition to a low pollution economy prior to the commencement of the Carbon Pollution Reduction Scheme. This fund, together with other initiatives, will expand the Clean Energy Initiative to \$5.1 billion. It was very disappointing to hear the shadow minister for finance say in his reply to the budget speech that this future fund would be cut. It was very disappointing to hear that; however, it was not surprising and probably represents the coalition's lack of interest in renewable energy.

It is time that Australia took advantage of its renewable resources. We have sun, wind and the potential of geothermal technology. We have a lot of natural renewable resources. It is very important that we invest in them to ensure the provision of cleaner energy and a cleaner future for all Australians. I commend the bill to the House.

Mr RAMSEY (Grey) (6.38 pm)—I rise to address the Renewable Energy (Electricity) Amendment Bill 2010 and related bills. I feel a bit like a school student as I stand here and say to the government: 'We told you so.' We warned the government at the time the RET legislation was introduced into the House last August that it would lead to emerging and large-scale projects being frozen out. The government is now proposing that we split the RET into two—a large-scale renewable energy target and a small-scale renewable energy target. That will improve the bill but I still have some reservations.

In considering the amendments, I return to my comments in August 2009 when the original legislation was presented. I said:

The legislation will help a number of these industries, but it also has some dangers in that the support may be soaked up fully by mature technologies which can quickly meet the targets when the aim should be to encourage new technologies to be able to come of age and compete in the marketplace. That is why the opposition will move an amendment stipulating that 25 per cent of the renewable energy target should be reserved for new and emerging industries ... The renewable energy credits or RECs will be most valuable at the start of the program and will deteriorate in value as 2020 and the 25 per cent target near.

This would protect and foster new industries. It is now some eight months later and we have come back to revise that legislation because the government chose to ignore our advice at the time.

At the time of those comments, I took the opportunity to highlight a number of opportunities in my electorate of Grey that would benefit from the RET. It is worth remembering that the origins of the RET were in the previous government's MRET scheme, which was responsible for most of the completed wind farms in Grey. Off the top of my head, I think we have seven fully completed wind farms. The scheme will also benefit

solar, wave power and hot rocks. I am pleased that in the current budget the government has allocated \$60 million to the solar array project in Whyalla. This project enjoyed the support of the coalition government with \$10 million in seed funding. I am hopeful it will come to fruition, unlike the \$7 million solar power project that the Minister for the Environment, Heritage and the Arts announced some two years ago for Coober Pedy. Despite having questions on notice, I have never received an official answer from the minister that the project has been officially shelved, even though it is already some four months past its switch-on date. Nothing has happened at all.

We are considering the amendments before us because there has been a rush on solar photovoltaic roof installations and hot water systems. With their front-loading of lifetime credits, it was quite predictable to everybody—except the government, it would seem—that this would lead to a distortion in the system. The amendments are an attempt to address that distortion. But, even now, I must admit that I have some doubts about the economic efficiency of a scheme that gives a taxpayer subsidy to install a home generation system and then another very generous taxpayer subsidy—the feed-in tariff. In South Australia, the feed-in tariff is 44c per kilowatt hour, which is typically about double the price for retail electricity. The scheme accesses the taxpayer subsidy on installation and then it accesses the state taxpayer subsidy every time the sun shines. It bears some consideration whether this is really a good use of taxpayers' money. Renewable, yes; public assistance, yes. But the scheme must be designed in such a way that it encourages the most efficient forms of renewable energy. I am a little worried about the double subsidy.

This legislation also leaves the small renewable energy target uncapped—that is, as

many photovoltaic power systems and hot water systems as we can put into houses will subsidised by the government. We must be honest about what we want to do here. If we want to use taxpayers' funds to engineer a shift in energy production in Australia, which is what this legislation proposes, it will come at a cost. So it is imperative that we get good value for money, the process is transparent and we understand exactly what we are doing.

I have been very encouraged by the wind farm industry. As I said, we have seven operating farms in the electorate of Grey and a number of others on the drawing board at the moment. It is great to see the local employment that they encourage. My reservation about wind farms is that wind is a fully mature technology delivering today. Some of the other possible projects in my electorate, such as hot rocks technology and wave technology, will probably not be mature enough to take advantage of these RETs until the latter years of the scheme. By then, the targets may well have been soaked up by the wind farms. That is something that still causes me concern and I raised it when I spoke on our amendments back in August.

It is worth looking at the amendments proposed by the coalition the government did accept. One was to decouple the legislation from the CPRS. Looking back now, it is just as well because it enabled us to actually do something positive about greenhouse gas emissions reduction in Australia when it would all have failed had it been attached to the ETS. The failure of Copenhagen exposed, in the end, how foolhardy it was to try to introduce legislation that was, in effect, irreversible before the rest of the world had made decisions about how it was going to deal with this problem. Other amendments the government accepted dealt with waste coalmine gas, the exemption of the aluminium sector, heat pumps and concessions to

the food processing industry. These were all good things and all things I am very pleased the government accepted.

We also attempted to introduce a banding structure, which would have dealt with the problems I have talked about concerning mature technologies as opposed to emerging technologies. As always with amendments the coalition puts up, the government say they are not needed and we should just get out of their way and let them get on with governing Australia. I would bring their attention to the youth allowance debate, the imported beef debate and the cataract surgery debate. In those cases, despite telling us to pass legislation, in the end they did see the point of view of the coalition. I suspect that even the great big new tax on mining may meet a fate where the government is, in the end, prepared to compromise and come back to reality.

To come back to the amendments: as with all of this government's measures, everything seems to cost more and this is no different. The sum of \$10½ million for the Small-scale Renewable Energy Scheme is not a lot the way governments measure money—and it is certainly not a lot the way this government throws money around—but it is still a lot of money to me and it is another \$10½ million out of the budget. I can think of a lot of good things I could do in my electorate with \$10½ million.

It does come at a cost, but the coalition is committed to real and direct action on climate change. Unlike the government, we do have a policy in this area. The government have abandoned all pretence of trying to get their ETS legislation through the parliament. We should remember that the Prime Minister described this is the greatest moral, economic and environmental challenge of our generation. Now we watch government members rise, one by one, to speak in this

place, mouthing the words that they still want the ETS legislation passed, but they do not believe it and we know they do not believe it.

If they did believe it, they would bring it back into the Senate. There are probably two reasons why they are not keen to bring it back into the Senate. One is that it would trigger their ability to call an election on the matter and I do not think they are at all confident that they have the confidence of the Australian people on this subject. The other reason is that they may well find that, if they reintroduce the legislation into the Senate, the Greens will agree to it. Then they would be stuck with it. I do not think they want that either. As the Prime Minister said, not to implement the ETS would be absolute political cowardice, an absolute failure of leadership and an absolute failure of logic.

It comes as a great disappointment to many Australians that their Prime Minister was not really fair dinkum about the ETS. What he was fair dinkum about was a new tax. He was fair dinkum about a \$14 billion a year tax on Australian industries. Not to be deterred because he could not get the \$14 billion a year tax on Australian industry, the government has opted for a \$9 billion tax on the mining industry. It is quite obvious that the main game in town is the new tax, not what the consequences of the new tax are.

It is a simple fact that, if Australia is to make a real contribution to greenhouse gas emissions reduction, we can only do it by staying roughly in step with the rest of the world, not by proposing irreversible legislation. Looking back, the ETS was very foolhardy and I am glad the government has abandoned the attempt to get it through in this session of parliament. I wonder what they will say to the Australian electorate when we come to the election. However, the absence of agreement does mean we need a

direct action agenda, as the coalition has proposed. This RET, and the amendments to the RET, is a direct action agenda and, broadly, I support it as I have done before. As I said, I still have some reservations about its implementation and that is why the coalition will be referring this legislation to the Senate committee.

Dr KELLY (Eden-Monaro—Parliamentary Secretary for Defence Support and Parliamentary Secretary for Water) (6.50 pm)—It is a great pleasure to have the opportunity to speak on the Renewable Energy (Electricity) Amendment Bill 2010 and associated bills and to speak on another piece of legislation that deals with the climate change issue. This has been a matter of great concern to the people of my constituency and to me personally. I think this bill demonstrates that this is a government that listens, a government that is flexible and a government that will act to evolve and adapt to the changes that are needed in these challenging times.

It was certainly the case that concerns were raised about the impact on waste coal gas projects and about the impact of individual actions on the price of renewable energy certificates. We addressed that issue in this legislation. Specifically, that has been done through the separation of the scheme into the two parts: the Large-Scale Renewable Energy Target, the LRET, and the Small-scale Renewable Energy Scheme, the SRES. With these two schemes, the LRET will set an annual target at 4 million RECs. That is 4,000 gigawatt hours per year less than the current targets to take account of the estimate of the deployment of the small-scale technologies that individuals have been reaching out for. The estimate is that it will reach 41 million RECs, or 41,000 gigawatt hours, by 2020.

The bank RECs from the current scheme would only be eligible for use in the LRET. Installers of small-scale technologies will be able to receive RECs at a fixed price of \$40 in nominal terms for the period up to 2014. This will mean a householder in Sydney installing an average size 1.5 kilowatt system and receiving a solar credits multiplier will receive RECs worth approximately \$6,000. The enhanced RECs scheme should come into effect on 1 January 2011. This will provide great certainty and encouragement to investment in the large-scale renewable energy projects and also provide stability during 2010 to enable electricity retailers and other liable parties to meet their current compliance year obligations.

The interesting part about this scheme is, of course, the SRES aspect, which supports those who wish to install a small-scale system such as solar panels and solar water heaters through the creation of a small-scale technology certificate. There will be no overall limit on the creation of these STCs and the price would be fixed, as I mentioned, at \$40 through the creation of an optional clearing house. To maximise certainty for liable entities the bill requires the regulator, the Office of the Renewable Energy Regulator, to estimate the total number of STCs expected to be created at the start of each year to set that year's annual target expressed as the small-scale technology percentage. The annual targets would be adjusted each year to account for actual small-scale technology certificate creation in the previous year.

The adjustment of the profile of annual targets to be met by RECs from large-scale generators to take account of the RECs from small-scale technologies is supplemented by the action to remove the proportion of the annual targets for the inclusion of waste coalmine gas until eligibility of that source is set in regulations. That should take

the heat out of the reduction in the value of renewable energy certificates that were affecting the value that purchasers of small-scale systems could obtain in installing photovoltaic panels on their homes. The combined new LREs and SREs are expected to deliver more renewable energy than the existing 45,000 gigawatt-hour target for 2020. The degree to which we expect that target will be exceeded will depend on the uptake of small-scale systems by households.

This is an issue of critical interest to my region. It has been inspiring to see how they have responded to the climate change challenge through mobilisation of individual action. In our region we have the Clean Energy for Eternity organisation, which it has been my pleasure to work with these last few years. They have raised great awareness within the community and helped to drive community and individual action. By dealing with local companies like Pyramid Power they have created programs whereby, upon the installation of up to 30 systems, Pyramid Power will install a free system on a community asset. So we have solar power systems installed on churches, fire stations and other community assets through this program and also through great fund raising that Clean Energy for Eternity conducts.

Already through the Solar Homes and Communities Plan we have had something like \$6 million expended on solar for 744 houses to install small-scale photovoltaic systems. You can see the scale of the response from the community in that respect. Also, through the Renewable Remote Power Generation Program we have had 204 systems installed to the value of \$3.9 million.

My schools have also understood the importance of this issue and the educational value of taking action on climate change and have demonstrated that to our students and children. Moruya Public School, Bega High

School, Bombala High School, Braidwood Central School, Eden Marine High School, Monaro High School, Moruya High School, Queanbeyan West Public School, Tumut High School and McAuley Catholic Central School in Tumut have all taken advantage of the \$50,000 National Solar Schools Program to install systems in their schools. It is very exciting to see how creatively they have used that program to educate the children, to have classes around climate change and renewable energy and to show and demonstrate to the children how the power generator works and the technology behind it. I really do salute my schools in the region that have taken this issue on board and are showing tremendous leadership.

The large-scale renewable energy target projects that this legislation seeks now to underpin and promote hold great prospects for our region, not just for the country as a whole. We are greatly blessed in our region to have just about every renewable energy option available to us. Also, because of the wonderful Snowy hydro scheme, we have access close by to the national energy grid. Of course the Snowy hydro scheme is the grand-daddy of renewable energy projects in this country. It supplies 3.5 per cent of the national energy market. If you combine that with the wonderful Capital Wind Farm project near Bungendore—which was a \$400 million investment and provides 10 per cent of the national wind generation capacity—you can see that we are the nation's capital of renewable energy.

I have been dealing with many other projects and companies that are very exciting. We have an ancient project operating on Brown Mountain through Eraring Energy that started well before the Snowy hydro. We have a great company called Lloyd Energy in Cooma that is developing tremendous solar thermal possibilities and is deploying prototype projects in places like Lake Cargelligo

in New South Wales and Cloncurry in Queensland. It is very exciting. Locally born technology is also spawning jobs and production in other companies in my region.

We also have the very exciting Dyesol company in Queanbeyan, which has managed to replicate photosynthesis by developing paste which contains titania nanoparticles overlaid by a dye that acts as a light sponge. The titania nanoparticles conduct the electricity. Through this product very flexible solar generating capacity is created. The product can, in fact, be put on window panes of homes and you can still see through them. It generates electricity and operates from the moment the sun comes up to the moment the sun goes down. With Commonwealth funding they have been able to get off the ground and are doing great things. I salute the operators of that company. Wizard Energy are locally based too and are developing proposals to take advantage of our Solar Flagships program and they are developing very exciting technologies.

I have also been dealing with a company called Carnegie Corporation, which has been developing a prototype wave energy generation facility at HMAS *Stirling* naval facility. As it transpires, the port of Eden in my region has great potential for wave energy generation. With this system, you need an average swell of about one metre on a regular and consistent basis. We certainly have that in the port of Eden and in a few months time Carnegie Corporation hope to drop a test buoy to begin the process of developing the potential of the port of Eden.

We have great biomass potential in our region by using the wonderful timber plantations. The Vizy pulp mill over in Tumut is a massive undertaking being conducted on tremendously high-value environmental grounds. They have done a wonderful job in maintaining those values in the development

of the facility. They exclusively power their operation on energy from biomass. With an estimate that we have around 500,000 tonnes of waste left on the floor of plantations, we could potentially generate something like 50 megawatts of power out of that biomass waste in plantations. So there is a lot of potential there.

I have also been dealing with a company called Eon Energy, which has some very exciting biodiesel proposals using algal and seaweed ponds. We have been conducting meetings with local councils in Bega Valley Shire and Eurobodalla Shire because these facilities need to be near the coast. We are also trying to involve the Aboriginal land councils in my area to create some synergy with jobs and a self-sustaining income-earning potential for my Indigenous communities. This is a very exciting project in that we could power all of our fishing fleet with the one million litres of diesel fuel they require each year. We could also power the council plant and farming plant in the area from such ponds, which would be about 50 hectares in size. There is tremendous potential in biodiesel from algal pond systems. It is estimated that we could probably supply the country's entire transport fuel needs from biodiesel from algal ponds the equivalent size of a 100 kilometre by 100 kilometre facility. Obviously that would be broken up into many different facilities but that is the scale of operation we would need to supplant our current dependence on fossil fuel. The need to do that is well understood by many. We need to get off fossil fuel for our transport industry as quickly as possible. It creates economic vulnerabilities for us because of the dwindling resources we have here and potential dependence on overseas suppliers, which has an effect on our balance of payments and also makes us strategically vulnerable. There are great incentives from se-

curity and economic points of view to explore these potentials.

One very exciting project is being conducted in Israel by a company called Seam-biotic where they are funnelling flued gas emissions from coal-fired power stations into algal pond systems to generate biodiesel fuel and eliminate carbon emissions from the coal-fired power stations. This obviously would have great potential for a country like Australia. I look forward to seeing that technology developed and examined by this country.

I have also been dealing with a company called Sencorp because we have great biogas energy generation potential in the region by utilising animal waste products from livestock and abattoir waste from, say, the Mon-beef abattoir in Cooma, as well as other forms of waste from the region such as council waste. I see this as part of what we might find is a distributed network of energy generation for the future of this country, a network which would help us meet the growing need for energy with projects which might deliver essential baseload power to this country.

The other possibility with this legislation is a fantastic investment in Eden-Monaro which would add to the \$400 million Capital Wind Farm. The Wind Prospect company has a proposal that is working its way through the system at the moment. It is a massive project of \$800 million, or roughly 120 turbines and therefore twice the size of the Capital Wind Farm project in Bungendore. That would equate to a \$1.2 billion investment in my region on wind farm technology alone. That would be massive for the region in terms of jobs.

The high country in particular has suffered greatly during the last few years from the effects of the drought. This will provide a wonderful offset. It is a potential opportunity

to diversify income for farmers in the area. I have been talking often to the proponents of the project and I look forward to it working through the environmental impact processes and hopefully becoming a welcome part of the economy of our region.

We also have geothermal prospects and a wonderful potential in tidal energy in our region. I have spoken with a company called Tidal Innovations, which has surveyed some of our tidal estuaries and river mouths, which offer great potential for tidal energy generation.

You can see that the region of Eden-Monaro has absolutely every potential renewable energy option open to it. It would be a massive boost to the economy in terms of providing the diversity we need. We are now heavily dependent on the tourism seasons, the winter season in the high country and the summer season in coastal areas. So we have a degree of under-employment, particularly with our youth. We are constantly striving to attenuate the employment year. These investments in our region would provide alternatives for our youth, to maintain the demographic balance that we need and the skills as well. Hopefully this will drive the skills taught in our TAFEs, in trade and training centres and in high schools, should the Rudd Labor government be re-elected—those trade and training centres are currently under threat from the coalition, as we know.

This renewable energy drive by the Rudd government is in stark contrast to what preceded it. We know that during the Howard years the renewable energy contribution to our electricity generation went down from 10.5 per cent in 1997 to 9.5 per cent at a time when the OECD generation capacity proportion went up. It was a shame on this country that we were not able to drive that agenda forward and we lost so many opportunities for investment and so much in the way of

brain drain and research and development that left this country to go overseas.

There were many such projects. Some of them are quite well known individuals and companies. Suntech, one of the world's top ten manufacturers of solar PV cells, set up in China due to the better policies that China had at the time. There were delays in the \$750 million Roaring 40s project. Pacific Hydro moved its investment to Brazil because it was undermined by the Howard government's refusal to ratify Kyoto. There were many other projects besides those—I could list quite a number. So it is great that we are now able to move forward in relation to driving the investment that we need in this country to move towards that 20 per cent target, which we now look to be able to exceed through the dichotomy we create with this legislation.

This legislation was meant to be tied to a dual strategy and the other part of that equation was the CPRS. There is a great deal of disappointment—I will not disguise that—in my region over the inability of this parliament to pass a CPRS bill. There is a great deal of anger about that and it is well understood that something so complex and deep in terms of its impact on this country, and the transitions that would be created, needed bipartisan support. It needed bipartisan support to create the economy of the future to give us a leadership role, to give our industry and economy the headstart that it would have really been able to take advantage of and to unleash about \$100 billion worth of investment. That was taken away from us. It was taken away from us by a coalition that decided to turn towards cheap political opportunity rather than do something in the national interest.

We had a man of courage in Malcolm Turnbull, who was prepared to sit down and talk with us and make an arrangement that

was in the national interest, and we bargained in good faith over a long period of time to make that happen. It is a tragedy that the rug has been pulled from under this country. I hope and pray that wiser heads will prevail after this next election.

A government member—He lost by one vote.

Dr KELLY—It is a shame that he did lose by one vote. There are many people on the other side who obviously do not believe the current policy of the coalition in this respect.

I conclude by saying that I wholeheartedly support this legislation, its vital objectives and the exciting future of renewable energy investment it will bring to the country and, in particular, to Eden-Monaro. I also look forward in hope to a day when we have a coalition leadership team that will act in the national interest and join with us again to advance the CPRS. The choice for the Australian people at this coming election will be very stark—a vote for a Rudd Labor government and effective action on climate change or a vote for the coalition and its purely political plan to waste taxpayers' money for an end result that increases our carbon emissions and sacrifices the future of our children and our environment.

Debate adjourned.

**PARLIAMENTARY (JUDICIAL
MISBEHAVIOUR OR INCAPACITY)
COMMISSION BILL 2010**

Referred to Main Committee

Mr PRICE (Chifley) (7.11 pm)—by leave—I move:

That the bill be referred to the Main Committee for further consideration.

I inform all honourable members that this motion enjoys the support of the Chief Opposition Whip, the honourable member for Fairfax. This bill is being referred for a sec-

ond reading debate in private members' business.

Question agreed to.

**RENEWABLE ENERGY
(ELECTRICITY) AMENDMENT BILL
2010**

Cognate bills:

**RENEWABLE ENERGY
(ELECTRICITY) (CHARGE)
AMENDMENT BILL 2010**

**RENEWABLE ENERGY
(ELECTRICITY) (SMALL-SCALE
TECHNOLOGY SHORTFALL
CHARGE) BILL 2010**

Second Reading

Debate resumed.

Mr BALDWIN (Paterson) (7.12 pm)—I rise tonight to speak on the Renewable Energy (Electricity) Amendment Bill 2010, Renewable Energy (Electricity) (Charge) Amendment Bill 2010 and the Renewable Energy (Electricity) (Small-scale Technology Shortfall Charge) Bill 2010. I want to remove any doubt that the coalition is not supporting renewable energy. In fact, it was the coalition who set down achievable goals under the Howard government. The coalition is committed to generating at least 20 per cent of electricity usage from renewable resources by 2020. What does that 20 per cent mean? It is easy to quote percentages and statistics, but in reality what we are looking at in that 20 per cent is 60,000 gigawatt hours, of which 15,000 gigawatt hours are pre any targets and mostly come from hydroelectricity, 45,000 gigawatt hours are the coalition's already established 9,500 gigawatt hours and an additional 35,500 gigawatt hours that were legislated with bipartisan support in 2009. Again I say, the coalition is absolutely committed to renewable energy.

Renewable energy is something that requires high investment and perhaps the

greatest concern of those investing in renewable energy is the sense of security and stability for that investment. One of the issues pertaining to renewable energy is the cost when we have some of the cheapest forms of producing electricity here in Australia. Australia has an abundance of coal that is very affordable and provides the opportunity to produce cheap electricity. That works as a disadvantage to those that are looking to make the investment in new forms of technology that should never be limited. Currently, when people think about renewable energy, they think about wind or solar or hydro. Those more out on the limb start thinking about geothermal and biomass, but there are many, many more forms of renewable energy technology—in particular, tidal—and there will be more technology to come. What we must not do is restrict the opportunity for those creative minds to develop new technology.

If I think back to when I first saw silicone based photovoltaic cells or solar cells, I can remember that they were largely different to the new and current technologies in thin-film photovoltaic cells. We need to have a program and a policy that legislates minimum amounts of energy is to be from renewable energy technologies and also to encourage investment and development in new technology. If we do that we improve the efficiency of electricity generation. As we improve the efficiency and reduce the production costs then those forms of electricity will become so much cheaper.

What people want to see is security in investment. Unfortunately, in the management by the Rudd Labor government of the programs that it has put in place—programs like the insulation program—there has not been enough thought. There has been a lot of rushing and a lot of rhetoric and very little actual delivery of programs. This is a government that has failed the first test of government,

and that is to adequately manage programs. On something as large and expensive and as investment-intensive as this, the Australian people, particularly those who are investing, need a level of security.

Today I met with an Australian company called CDB Energy. I understand the member for Werriwa spoke of them because he had meetings with them today. CDB Energy are an Australian company who, before the last election, in my electorate of Paterson, were prepared to invest in an opportunity to build a solar farm—something that would have produced electricity in the Hunter Valley. More importantly, they were prepared to invest and build a manufacturing facility for photovoltaic cells, supported by one of their partner companies, SOLON Energy in Germany. All they required was \$20 million from the Australian government. The coalition said, ‘Yes, if re-elected we will provide that \$20 million,’ but this government walked away from that opportunity.

For discussions today the CEO of CDB Energy, Mr Gerry McGowan, brought down representatives from the China Development Bank, Hebei Branch, who are now investing \$1.8 billion in renewable energy in Australia. They were Ms Shan Xinhong, Vice-Governor of CDB Hebei Branch; Mr Xu Huaizhong, Senior Engineer of Appraisal Department 1, CDB; Mr Geo Wenli, Director of Accreditation Department, CDB Hebei Branch; Mr Lei Jinqi, Deputy Section Chief of Credit Section 4, CDB Hebei Branch; Mr Wang Feng, Project Manager of Accreditation Department, CDB Hebei Branch; Mr Cui Haitao, Vice General Manager of Baoding Tianwei Wind Power Technology, and Mr Wang Yong, the chief representative, CDB Energy.

They are here because they are committed to investing in Australia in partnership with CDB Energy. They are going to build a plant

called Adjungbilly Wind Farm, which is located to the east of Gundagai. The first project in this wind farm is the installation of twenty-four 1.5-megawatt wind turbines, which will create around 36 megawatts of power, with an expansion planned of a further 41 turbines planned, which will create 60 megawatts. So, all up, we are looking in the vicinity of 100 megawatts of wind power. This comes because they are able to bring investment to Australia. However, this investment, as I said, relies on security and opportunity. Through the process of this bill—provided the government does not change its mind halfway through—there will be opportunity for further investment. But this government is becoming renowned for changing its mind. You can never trust what they say; you can only trust what they do, and what they do is not exactly all that pleasant for business.

One of the areas that particularly interests me—the technology was developed in the electorate of Eden-Monaro—is an energy storage system through a carbon heat sink. This technology takes solid blocks of graphite and pumps energy, in all different forms, into that block. You can then draw the energy out as you need it to create steam to drive a turbine.

I stand today to encourage investment in renewable energies; however, that investment needs to be underpinned. Recently, when I went to Afghanistan and then over to Gallipoli and the Western Front, I had an opportunity to meet with one of CDB’s investors and partners, SOLON. I had a look at the thin-film photovoltaic solar panels that they were producing. The automation and production facility was quite fascinating. I saw the production and the installation and the tracking of solar arrays and how they worked. In fact, those arrays are part of a pilot program that is being developed as part of the Howard government’s diesel fuel re-

placement program for energy production on King Island.

I also took the opportunity to meet at the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety, with Ms Andrea Meyer, Head of General and Fundamental Issues on Renewable Energy Section. I also met with Mr Bjorn Klusmann, Managing Director of the German Renewable Energy Federation and with Mr Rainer Brohm, Head of Department, Government Relations and International Affairs for the German Solar Industry Association. Germany is the leading country for renewable energy. In fact, they have put a program in place where they intend, by 2020, to have 45 per cent of their energy from renewables.

But there are some important lessons to be learned in installing renewable energy. As I said, one is about security. Experts have said to me that the thing that will attract most investment is a feed-in tariff regime, where a contract is drawn for 20 years. That 20-year contract enables the people that install renewable technology into their houses or factories—or on a broader scale—to put together a business case: a plan to take to the bank.

The simple message is: what needs to be provided is incentive, not penalty. I am proud to say that the coalition through our leader, Tony Abbott, has developed a direct action plan. That direct action plan is based on incentive rather than penalty. We do not believe that if you penalise something it will grow, any more than we believe that under the great big new tax on the mining industry the economy will grow. But if you incentivise, you will grow investment and opportunity.

There are other technologies. One company in my local area that I have been involved with for a number of years is Corky's Carbon and Combustion. I have watched

them grow and assisted where I can and helped them get research and development grants. The company have been able to develop new technology—they are very innovative guys, the guys at Corky's. They have been taking biomass and processing it into energy in a unique way that can be run from small scale to large scale. The process uses waste product and coal mine tailings. These are the things where we can value-add by using the waste—for example, by just going through a municipal tip and having a look at what is dumped there and the methane that it is creating. If you can harness that energy you get two benefits. Firstly, you reduce the amount of landfill and waste and, secondly, you develop an opportunity for generating energy.

Energy is the lifeblood of our nation. Everybody needs it; every business needs it. It is part of what we need to be able to do what we do. So we need to incentivise people. We need to encourage. We need to make sure that people feel comfortable with their investment. This is critical. If they do not feel comfortable and if there is uncertainty, then, as the former speaker said, people will move their investment offshore.

I repudiate his claims that we did nothing under Kyoto. This country under the former Howard government achieved its targets under the Kyoto protocol. The Rudd Labor government makes very misleading statements when it says we did nothing. We actually achieved our targets. We put together a range of investment opportunities for people so they could have a level of security in their investment. There was the introduction of the \$8,000 solar rebate, which this government means-tested on budget night 2008, and sent the industry into chaos. We introduced the Remote Renewable Power Generation Program, which it abolished in June 2009, again, sending industry into chaos.

The clear message with all this is that investors need certainty. The coalition is committed to renewable energy. The coalition is committed to making sure that internationally we pull our weight by reducing our carbon footprint. But there are many ways of doing it. Under the Rudd Labor government it seems that the only answer they have to anything now is to tax—to tax and penalise—whereas, the coalition's plan, the direct action plan, is about incentivising and making a difference. There is a difference between talking the talk and walking the walk. It is whether people individually apply themselves to making a difference or rely on the government taxing everybody and indirectly paying for it. I would rather encourage people to make a direct contribution.

Like many other members in this House, I am the very proud parent of three teenage children. My teenage children tell me all about climate change and of the need to reduce our carbon footprint. However, like all children, do you think you can get them to turn off the bedroom lights or bathroom lights, the computers or televisions? They are just typical. They understand the rhetoric but they do not understand that you need to apply direct action. I would notice the difference in my electricity bills at home if indeed my children turned off the power when they were not using it. That is replicated everywhere. There is not much point in generating all of this clean energy or renewable energy if, indeed, individuals do not take direct action in reducing their energy consumption.

I think that education is part of the process and I think that we need to apply more effort, such as Ian Kiernan did with the Clean up Australia program. He educated people that it was not good to leave rubbish lying around, that we could individually make a difference by picking up bits of rubbish and putting them in a bin, having cleanup days and cleaning up our nation. But if we sit

back and just rely on governments rather than taking direct action as individuals, then I am sad to say that a lot of the effort is wasted.

Before I finish I would like to talk also about how people can make a difference in reducing their carbon footprint. I am proud to say that I have an association with a company called Weathertex and I have watched them go through the trials and tribulations of their development. This is a company that takes hardwood timber with some bits of softwood in it and produces Weathertex. Weathertex is a hardboard weatherboard. They do it by steaming it—and the process is very technical. In essence, they are using a renewable source. They use trees, and trees continue to grow. As the owner, Paul Michael, said, 'The best thing we can do is chop down a tree and grow a new one. It consumes more carbon. If we take the old tree and turn it into a valued product, then we get a doubled effect.'

I think that there are many opportunities. There are new and emerging technologies that will come to our nation and we need to seize on those opportunities. I urge the government to be very sure of the direction they are going in. This government, in putting together this renewable energy plan, needs to make sure that down the track it does not change its mind and take a whole new direction, because that will destroy investment and confidence for people investing in this industry. As I said, one of the opportunities, as learnt from the German example—because people put to me that the ETS has largely not worked there—is that feed-in tariffs have worked there for those that are investing in renewable energy technology. If we create the opportunity and the security and we provide the means by which people can individually make a difference, then we can achieve outcomes.

Finally, I, like everybody else in this House, want to make a difference. We all want to make an individual contribution and we need to provide a secure pathway for that investment to make a difference. I commend the bill to the House.

ADJOURNMENT

The SPEAKER—Order! It being approximately 7.30 pm, I propose the question:

That the House do now adjourn.

Anzac Day: Lilydale and District Schools Service

Mr ANTHONY SMITH (Casey) (7.29 pm)—It is my pleasure to rise this evening in this House to pay tribute to some of our veterans organisations and our local schools in particular who did so much on Anzac Day and in the days following Anzac Day to do their part in remembering the local and national history of that important occasion. Lilydale and district schools have instituted an Anzac service, which is held a couple of days after Anzac Day. The purpose, of course, is for the schools to play their part, but the entire service is conducted by a number of students from a number of primary schools.

I want to pay tribute to Mr Lindsay Rotherham, for his effort in organising the event, and others from the Yarra Valley group of Legacy, and to Mr Peter Donaldson, the Principal of the Coldstream Primary School, and all the others who helped organise this event. As I said, schoolchildren have the ownership and conduct the entire service, with students representing each of the schools performing part of the service. Veterans were in attendance from local RSLs, as you would expect, along with the local combined war widows club, who provided morning tea. Coldstream Primary's Principal, Peter Donaldson, whom I have mentioned, was instrumental in helping to organise last year's service, and Coldstream Primary,

along with a number of other schools, played an important role on the day.

I want to recognise each of the schools and the role that the students played. Coldstream did the welcome, the motion of sympathy and the flag raising. The students representing Manchester Primary School read the time line of Anzac. Lilydale Primary School spoke of the notable service personnel. Bimbadeen Heights Primary School gave an address on the history of animals in wartime. Wandin North Primary School explained the symbolic meaning of the poppies and rosemary. Birmingham Primary School told the story of Simpson and his donkey. Rolling Hills Primary School recited *In Flanders Fields*. Gruyere Primary School recited *We shall keep the faith*. St Patrick's Primary School recited *The peace prayer* of St Francis. Gladesville Primary School recited *The Lord's Prayer*. And Yering Primary School recited *The ode*.

Representatives of each of the schools laid a wreath, along with the members of parliament and RSL representatives who were present. This was a great service conducted by the schoolchildren from those primary schools. They were able to learn their part of this important history in the lead-up to the service and then play an important role in conducting the service on behalf of their schools.

Like all of us, Mr Speaker, I also had the opportunity in the lead-up to Anzac Day and on Anzac Day itself to meet a number of these schools who conducted their own services at their schools. I have just mentioned Yering Primary school, who held a service at the corner of the Maroondah Highway and the Melba Highway, where the memorial is outside the front of Dame Nellie Melba's historic home. Yering is a very small school of 30 students that was established in 1869, and it was great to see the students conduct

that service. Monbulk Primary School, who have a great history of remembering the contribution of former students from the school in all of Australia's conflicts, also had a very touching service a bit later on the same day and planted a pine tree in recognition of Lone Pine. I want to pay tribute to the students from Monbulk Primary School and the principal, Ray Yates, and to the president of the local RSL, Mr Ted Beard, the vice-president, John SurrIDGE, and former councillor Alan Fincher, who were also in attendance. All of the children laid handmade poppies at the foot of the pine tree that they had planted and the choir performed *The Last Anzac*. On Anzac Day itself, the school also played a critical role in the service that day. (*Time expired*)

Trade Training Centres

Mr SYMON (Deakin) (7.34 pm)—I rise this evening to speak about the threat of the Liberal Party removing funding from trade training centres in my electorate of Deakin and right across Australia. As members of the House would know, the Rudd government's trade training centres were a 2007 election commitment that has since been put into action. This is 10-year, \$2.5 billion program that provides for a trade training centre at every secondary school in Australia or, alternatively, larger pooled facilities that are shared between schools.

In my electorate of Deakin there is an excellent hospitality trade training centre being built at Aquinas College in Ringwood. This \$1.5 million project was announced in March 2009. It is being built in conjunction with other works at the school and will be opened in a few short months. This project is safe, as much as I can understand from the incomprehensible dribble of the Liberals' budget reply. Initially avoided by the opposition leader, hospital-passed by the shadow Treasurer and eventually squeezed out of a very

reticent shadow finance minister at the National Press Club, this project is not—I think—in jeopardy of directly suffering from the Liberal Party's attack on education.

However, the rest of the secondary schools in my electorate of Deakin have not been spared from this attack from the Liberals. Schools such as Ringwood Secondary College, Heathmont College, Norwood Secondary, Mullauna Secondary College, Blackburn High, Forest Hill College, Southwood Grammar, even Tintern Girls Grammar and Nunawading Christian College will miss out if the opposition leader, Tony Abbott, has his way. Many of these schools have been working very hard to form consortiums so they can offer greater training benefits to their students, and they have applied for funding as a school cluster so they can have a larger facility. But this sloppy policy of education cuts that the shadow Treasurer, Joe Hockey, avoided making personally at the National Press Club now directly threatens the future of every trade training centre in my electorate, except the one that I have spoken about.

It is not only schools in my electorate that are under threat—it is schools in neighbouring electorates and right across Australia. By ripping out \$968 million of funding over four years, the Liberal Party would ensure that students Australia-wide were denied the chance of trade training whilst at school. Just across the Dandenong Creek from the electorate of Deakin lies the neighbouring electorate of Aston, and right on the creek boundary is Bayswater Secondary College. I know this school pretty well. I went there when it was called Bayswater High School. That was many, many years ago but it has not changed all that much, except that there were fewer students there in those days. Bayswater secondary is in a school cluster with Rowville Secondary College, Boronia Heights College, in Latrobe, Fairhills High

School, Scoresby Secondary College, Wantirna College and Waverley Christian College. They have received approval to build a trade training centre on the Swinburne University Wantirna campus to train students in engineering, manufacturing, lab skills and electrical skills. That was announced on 9 November as part of a \$66 million funding allocation to Victorian secondary schools in round 2 of the Trade Training Centres in Schools Program. The combined project is around \$10.5 million but, as the project has not yet commenced, it is danger of every last dollar been taken away by the Liberal Party with their promised cuts to the trade training centre program to start in the 2010-11 financial year.

If it was up to Liberal Party, not one school would have a trade training centre and not one student would have an opportunity to get a school based start to learning a trade—the basis for a lifetime of productive work. A skilled trade can form the basis of so many career options, in Australia and overseas. Trades are in short supply as Australia cries out for skilled tradespeople. As a qualified electrician, I know very well the value of a trade. I worked as an electrician for more than 20 years before becoming a member of this place.

If it is left to the Liberals, there will be high demand for, but no supply of, tradespeople—schoolchildren will not get the opportunity to learn the skills through trade training centres. Our community would benefit from these centres not only in education but also in the provision of jobs during the building of the centres. It is certainly true that we need more skilled tradespeople in Australia—we are desperately short. Measures that the Liberal Party put up to take money out of education are a disgrace. They should look at themselves very closely. (*Time expired*)

Petition: National School Chaplaincy Program

Dr STONE (Murray) (7.39 pm)—I rise to present a petition to the Australian parliament in support of the National School Chaplaincy Program. This is the second such petition I have presented as the parents, teachers and students of my schools continue to be distressed that the chaplaincy program may not be funded into the long term. It is a program of pastoral care and spiritual guidance offered in schools by caring individuals. While chaplains typically do have a faith or a religious belief, they do not just work with those who have a particular faith; they work across schools communities, with individuals, students and families who are in need of counselling and support.

I need to stress that, in the part of Australia where my electorate is, in northern Victoria, we are in our 10th year—some would say our eighth year—of drought. There is a great deal of distress amongst families, with the economic stress the drought has caused. With that stress can come family breakdown and severe strain. Counsellors can support families through actively talking with them about the issues or through helping them to find other support, such as professional financial counselling or medical support.

School chaplains in my local Murray schools have been working since 2007-08. In October 2009 there was great concern when the Rudd Labor government refused to confirm ongoing support and funding for the program, despite its special benefits, its very sound administration and the strong support from school communities participating in the program. There are more than 1,915 school chaplains right across Australia. The families who have signed this particular petition have come from Tongala, Kyabram, Undera, Girgarre, Echuca and, across the river, Moama. They are begging this Rudd Labor government to think seriously about giving them

long-term security of support, which is much more than they have at the moment. They currently have a commitment until, they hope, the end of 2011.

When we saw the removal of the Medicare rebate for mental health social workers and occupational therapists—who are doing a sterling job in my electorate—this year, we were very concerned about this government's care and commitment for the broader Australian community. Families in my electorate often cannot afford expensive mental health counselling and support from psychiatrists or psychologists. I am pleased that the minister for health has now seen the error of her ways and that that support for mental health social work counsellors and occupational therapists—when there is a referred through a general practitioner—is going to continue until at least the election. What we have to see, of course, is such support continue well beyond that time.

School counsellors come into the same category of care for families in rural and regional communities. Many of these families are facing their fifth or sixth year with a negative income. Many cannot afford to give their children the usual gifts—children often expect a branded product, something that is not a hand-me-down—or to go on holidays. There is a lot of stress in our communities, and I cannot say often enough that the National School Chaplaincy Program has been excellent. It was an initiative of the John Howard government—an initiative that should be embraced by this government and continued well into the future. Our chaplains do too important a task to be on a short-term tenure with the fear that their program will end at the end of 2011. I present this petition to be registered with the Australian parliament. I trust that notice will be taken of it, as it contains over 1,575 signatures, each one belonging to someone who cares profoundly about the future of their children.

The SPEAKER—The document will be forwarded to the Petitions Committee for its consideration. It will be accepted subject to confirmation by the committee that it conforms to the standing orders.

Trade Training Centres in Schools Program

Ms JACKSON (Hasluck) (7.45 pm)—It had been my intention tonight to advise the House about my wonderful trade training centre in Hasluck. It involves two schools: Southern River College and Yule Brook College, who work in a cluster program with the Sevenoaks Senior College. I want to say how pleased I am that the project was part of round 1 of the Trade Training Centres in Schools Program. It is a wonderful proposed centre. It is intended to address skills shortages in the manufacturing and automotive industries, and the funding is being used to construct a new facility which will include two workshops.

You can imagine my concern, then, when I became aware that the proposals outlined in the Leader of the Opposition's budget reply, the subsequent explanation by the shadow Treasurer and the subsequent list of proposed funding cuts by the shadow finance minister made it clear that the opposition has identified trade training centres as one of the areas they intend to slash. This is of significant concern to me given the issue of skills shortages in my state of Western Australia. This is an area where we need a bipartisan commitment to ensure that we train the next generation of automotive workers, metal workers, carpenters, electricians, boilermakers, fitters and all of the traditional trades.

In the budget that the Treasurer took us through last Tuesday, 12 May, Labor committed a further \$384.2 million over the next two financial years for trade training centre programs. Some 302 schools have been promised funding—a substantial list, includ-

ing some 52 schools in Western Australia, three of which are in the electorates neighbouring mine and that also intend to look at cluster arrangements for trade training. It is a substantial hit list, and I would urge members of the opposition to reconsider this strategy. The Chamber of Commerce and Industry Western Australia regularly berates us all with the need for greater attention and action on skills development training in Western Australia, especially in the trades area.

One of my own local chambers of commerce, the Swan Chamber of Commerce, wrote to me immediately following budget night concerned that they thought that they had heard in the Treasurer's speech that funding to trade training centres in schools was to be slashed. I am pleased to reassure them that is certainly not the agenda of the Rudd Labor government though it certainly will be the agenda—if we are ever unfortunate enough to have one—of an Abbott coalition government. So I want to reassure them that funding for trade training skills centres in schools will continue under the Labor government.

We are feeling this very much in my own electorate. We have suffered a critical skills shortage partly from, for example, the closure of the Midland workshops where many hundreds of tradespeople were trained and prepared for industry. That closure occurred over 15 years ago by a state Liberal government in my home state. Ever since, we frankly have suffered skill shortages in that area and in related areas and industries that rely on the Midland industrial area.

I want to again reiterate I have a wonderful experience with trade training centres in schools. I know that in my electorate Southern River College in Gosnells and Yule Brook in Maddington will both benefit greatly from this proposed cluster arrange-

ment. Indeed, one of the other participants in the cluster is the Clontarf Foundation that has had significant success in Western Australia working with young Indigenous men, improving their discipline, life skills and self-esteem. They have seen an improvement in retention rates of young Aboriginal boys to between 80 and 90 per cent. They have seen a 600 per cent increase in the number of boys remaining at school for year 12 and 75 per cent of their graduates are engaged in full-time employment within one year of graduating. It is students exactly like these who are benefiting from Labor's investment in trade training centres in schools.

We will continue to ensure that we provide that funding, provide a strong transition from school to work or training because we believe that is a crucial time in every person's life. Students need to be able to make a successful transition from school to work, particularly in areas where they face the prospect of diminished opportunities.

Resource Super Profits Tax

Mr BRIGGS (Mayo) (7.50 pm)—Over the last couple of days in this place we have seen this desperate Rudd Labor government try any tactic possible to divert the Australian people's attention from their disastrous decision to impose a great big new tax on the Australian mining industry.

So desperate have the Prime Minister and his senior ministers become, they are now trying to damage the opposition's campaign against this great big new tax on the Australian mining industry by turning to a very old and tried Labor tactic of calling into question the opposition's motives.

Over the last couple of days there have been several examples of the most senior Labor ministers, including the Prime Minister, suggesting that the opposition's campaign against this tax is simply a way to get donations—and the minister at the table nods

her head. For example, yesterday in this place the Minister for Resources and Energy said:

The only people arguing against higher taxation for the resources sector in Australia are Tony Abbott and the opposition, because all they are interested in are grubby donations from certain sectors of the Australian community.

On the same day the Treasurer said:

We know what disrespect they have for themselves (the opposition) because they have sold out to the mining industry on this very question.

And finally the Prime Minister himself described the federal opposition as a ‘puppet’ of the Minerals Council of Australia.

But, as always with the Australian Labor Party, you need to look hard beyond their base, political purposes to the truthfulness of their claims. Tonight I can reveal to the parliament that the Australian Electoral Commission returns for the last financial year show that the federal Australian Labor Party has received \$80,500 from the mining industry in Australia, and the federal Liberal Party has received nothing. That is right: the Australian Labor Party has received over \$80,000 and the federal Liberal Party nothing.

This revelation shows just how morally bankrupt this government has become. Not only has it completely lost the public argument on the great big new tax on mining; this information shows that this grubby government is attempting to put up a straw man by questioning the Liberal Party’s motives for opposing this great big new tax. We do not need donations to tell us this great big new tax is going to damage the Australian economy. We do not need donations to tell us this great big new tax will kill jobs. We stand against this great big new tax because it is the right thing to do.

The only party in this country that is owned by one section of the community is

the Australian Labor Party. Australian Labor Party is an owned and operated entity of the trade union movement in this country. In the last three years, the Australian Labor Party has received some \$20 million in donations from the trade union movement. On top of this amount is the \$56.7 million spent by the trade union movement campaigning themselves. The Liberal Party of Australia, of course, has received nothing.

Today we saw some of the benefits that the trade union movement gets from these donations, when the head of the Australian Building and Construction Commission, Mr John Lloyd, was given his marching orders by the Deputy Prime Minister. This is the agency that brought the worst excesses of the Australian union movement into line, and the head of the agency gets the sack—a fair return for the \$20 million investment by the unions. And of course there was a \$10 million sweetener in the budget a fortnight ago for Labor’s trade union masters—a revolving slush fund if ever there was one.

But donations are something that the Labor Party in this country specialises in. Today in the *Australian* newspaper an article by Imre Salusinszky reports:

Labor’s disarray in NSW has not led to any discount in the prices the party is demanding of businesses for access to senior state government ministers.

It goes on to say:

Brochures sent out from Labor’s Sussex Street headquarters last week for the party’s annual Business Dialogue program reveal an unchanged asking price of \$110,000 for the most expensive package, Foundation Partner.

It appears that for a mere \$110,000 you can get access to New South Wales ministers, including ‘a private boardroom lunch with one senior minister and four places at Premier Kristina Keneally’s end-of-year drinks’.

Never has the Australian parliament seen a bigger bunch of hypocrites than the modern Australian Labor Party. Because this Prime Minister has failed to make the case for his great big new tax on mining, he has turned to desperate political smears.

The SPEAKER—Order! The honourable member's time has expired.

Mr BRIGGS—I seek leave to table the donation records from the Australian Electoral Commission.

Leave not granted.

Tasmania: Director of Public Prosecutions

Mr KERR (Denison) (7.55 pm)—Failed prosecutions of senior Tasmanian parliamentarians and police have been wrenching for my state, imposing a cost on our institutions that is greater than the inevitable pain for the individuals involved. Justice Heydon recently noted that all litigation is capable of causing immense harm unless its use is properly controlled and unless those that institute it are subject to legitimate pressures generating a measure of discrimination—and that is particularly true of the power to prosecute.

Eyebrows were first raised after the appointment of the current DPP in Tasmania, Mr Ellis, when a prosecution was undertaken against the registrar of the Supreme Court for the inadvertent release of prohibited information. Although a plea of guilty was entered, the matter was dismissed without penalty.

In 2005, Windermere MLC Ivan Dean sought election as Mayor of Launceston. He faced possible criticism that if he won he would get two salaries—one as mayor and one as a legislative councillor. Dean's response was to promise that if he won he would donate his salary as mayor to charities and youth activities. Dean won the election, and two days after being sworn in the DPP served him with a charge of bribery under the Local Government Act. Respected politi-

cal scientist Richard Herr described the indictment as 'almost farcical'. Upon reaching the court, Magistrate Szramka held that Dean had no case to answer and dismissed the prosecution.

The second such case arose after the 2006 Tasmanian election. Prior to that election, Deputy Premier Bryan Green had entered into an agreement with a private company, the Tasmanian Compliance Corporation, to guarantee that company an ongoing monopoly over the licensing of builders. It was contested ground as to whether the agreement was legally binding. The charges laid against Green under section 69 of the Criminal Code did not require proof of his dishonesty or of corruption on his part. Green's two trials both resulted in hung juries, and in 2008 the prosecution was abandoned. A co-accused, John White, who had earlier pleaded guilty, was discharged without even a conviction. Given that the DPP (a) did not allege corruption or a dishonest motive against either Green or White, (b) failed to secure verdicts against Green and (c) did not seek any penalties against White, it remains obscure what public purpose these prosecutions were intended to serve.

The DPP's most recent failure was the prosecution of former police commissioner Jack Johnston. He was prosecuted for a breach of duty. The breach was said to be Johnston's briefing of the Premier and the minister for police about an investigation into allegations of a so-called corrupt deal to fill the position of Tasmania's Solicitor-General. I interpose that the allegations proved to be entirely false. Again, no element of dishonesty or corruption was charged or said to be essential to the offence. In the end, the Tasmanian Supreme Court threw out the case against Johnston. Justice Evans held that the prosecution had been wholly misconceived and doomed to failure. The DPP sought special leave to appeal to

the High Court, but the application was dismissed.

In each instance, the DPP pursued prosecutions against high-profile office holders for crimes not involving any element of corruption, dishonesty or intrinsic criminality. So it was entirely predictable and, in my opinion, inevitable that the harms unleashed and the disruption to our community would exceed any good that a successful prosecution might have achieved.

Prosecutorial independence is essential, but it is not to be confused with immunity from criticism. It is possible to provide legitimate balances to the otherwise absolute power of the DPP while preserving the office's necessary independence. No-one suggests that the Commonwealth DPP is not independent; but, unlike the Tasmanian DPP, who is appointed for life, the Commonwealth DPP is appointed for a fixed term not exceeding seven years. The Commonwealth DPP must, on request, consult with the Attorney-General, and the Attorney can give public directions either generally or in respect to particular cases. There is also a much more detailed and binding prosecution policy for the Commonwealth than that which applies in Tasmania. Unlike in Tasmania, Mr Ellis's Commonwealth counterpart has no role in general civil litigation. These balances in the Commonwealth law are sound, but Mr Ellis is not subject to them and he bears the responsibility for his own self-restraint.

I also suggest that, whilst those matters need attention from Tasmania's Attorney, the parliament might also look at the principles of criminal responsibility. In Tasmanian law, offences such as those under section 69 of the Criminal Code do not include a fault element requiring proof of intention or knowledge or dishonesty, unlike the standard arrangements in Commonwealth offences

under the principles of criminal responsibility in chapter 2 of the Commonwealth code. Whilst of course there can be exceptions to those provisions, the normal provisions in Commonwealth law do require a fault element of proof of intention or knowledge or, in most instances and in cases like the ones we are discussing, dishonesty.

The SPEAKER—Order! It being 8 pm, the debate is interrupted.

House adjourned at 8.00 pm

NOTICES

The following notices were given:

Dr Emerson to present a Bill for an Act to amend the law relating to competition and consumers, and for related purposes.

Dr Kelly to move:

That, in accordance with the provisions of the *Public Works Committee Act 1969*, it is expedient to carry out the following proposed work which was referred to the Parliamentary Standing Committee on Public Works and on which the committee has duly reported to Parliament: Fit-out of new leased premises for the Australian Taxation Office at 735 Collins Street, Melbourne, Vic.

Dr Kelly to move:

That, in accordance with the provisions of the *Public Works Committee Act 1969*, the following proposed work be referred to the Parliamentary Standing Committee on Public Works for consideration and report: Proposed development and construction of housing for the Department of Defence at Largs North (Bayriver), Port Adelaide, SA.

Mr Coulton to move:

That this House:

- (1) recognises:
 - (a) the social disadvantage endured by some Aboriginal communities; and
 - (b) that in remote communities employment opportunities are limited; and
- (2) considers the introduction of an employment program that is relevant to these communities.

Mr Champion to move:

That this House:

- (1) acknowledges the difficulties faced by Australian farmers in ensuring adequate warranty protection for farm equipment;
- (2) notes that:
 - (a) recent evidence included in the December 2009 report of the Economic and Finance Committee of the South Australian House of Assembly indicated that much farm machinery and equipment is too expensive to be covered by implied warranty if explicit warranty fails; and
 - (b) there appears to be little scope for redress where problems are protracted or where equipment failure leads to serious production losses; and
- (3) supports:
 - (a) further investigation of any measures for improvements for farmers' protection in this area, whether through dispute mediation provisions or extension of warranty protection; and
 - (b) the establishment of a Code of Practice for farm machinery, establishing service standards and support for purchasers, dealers and manufacturers and articulating a requirement for all parties to act in good faith.

Wednesday, 26 May 2010

The **DEPUTY SPEAKER (Mr S Sidebottom)** took the chair at 9.30 am.

CONSTITUENCY STATEMENTS

Cowan Electorate: Aged Care

Mr SIMPKINS (Cowan) (9.30 am)—I have often spoken of the great place that is the suburb of Ballajura within Cowan. Ballajura has many fine schools and it also has an excellent war memorial. Its sporting clubs are also second to none. The one gap that I particularly see in the needs of Ballajura is in the area of aged care.

Local Ballajura resident and City of Swan councillor Mel Congerton and I have been speaking about the need for aged care for some time, and last year we met on a site at Paradise Quays in Ballajura to speak about the detailed prospects of the site for low-care, high-care and independent living units to be built by Global Care. As a local resident in Cowan, I was very happy to lend my support to the project and I know that the older residents of Ballajura also support the opportunity of an aged-care facility proposed by Global Care. Mel Congerton has been working hard for years to achieve better aged care in Ballajura and I am very happy that I have been able to support him from the early days of this project.

The land for this project is situated on both the south and north portions of Paradise Quays, over 9.84 hectares. It had been reported wrongly last year that the City of Swan had bought the land from the state government. The land is vested in the City of Swan for recreation purposes and has buffer zone constraints due to a nearby utility, which precludes building across the whole site. Global Care has been able to work around the exclusion buffer zone and can deliver a world-class ageing-in-place facility.

The project proposal itself involves the construction of a 60-bed low-, medium- and high-care residential aged-care facility, with a 60 independent living unit development across the subject land. It will also include a purpose-built senior citizens centre and lawn bowls complex. It is estimated to cost \$31.5 million and when all criteria have been met it could be built in 36 months. Ballajura's future needs for aged care could finally become a reality and this will certainly have a long-lasting impact for seniors in Ballajura. The shadow minister for ageing, Senator Fierravanti-Wells, has told me that she is looking forward to being briefed on the project during her forthcoming visit to WA.

As a local resident of Cowan and the local member of parliament I have been involved in Ballajura for years, and the needs of the suburb of 22,000 residents are very important to me. Those needs must most definitely include an aged-care facility, and an allocation of beds from the metro eastern region federal beds round is required. I am seeking from the government an out-of-round grant for this project. Clearly there is still work to be done on the project, although the problems with the Paradise Quays location have been resolved. I am pleased to have been involved for a long time in support of the project and I look forward to future developments that will result in the delivery of quality aged care in Ballajura. I would like to particularly thank Mel Congerton and Global Care for their efforts.

With regard to aged care, we know the providers have been calling for a structural reform of aged care. This has been demonstrated by the poor take-up rate of aged-care places in WA.

I worry for the future of aged care in WA unless we are able to conduct the needed reform—
(*Time expired*)

Brand Electorate: Rockingham

Mr GRAY (Brand—Parliamentary Secretary for Western and Northern Australia) (9.33 am)—Rockingham is a great place to live, with a wonderful sense of community. It is a place I am proud to represent in the federal parliament. It is home to Defence Force families, brought to Rockingham by Garden Island; it is home to aged people, first home buyers and families. In the past 10 years, Rockingham has grown significantly. Approximately 100,000 people now call Rockingham home, up from 71,927 in 2000. More facilities, apartment living, commercial opportunities and the revitalisation of Rockingham foreshore have attracted new residents.

However, Rockingham is often typecast by the media as a ‘bogan’ suburb. I think the stigma is unreasonable, unfair and wrong. Rockingham is a great place to live and to bring up kids. It has award-winning beaches, award-winning foreshores. However, the foreshore is a different place on a Friday or Saturday night. Three nightclubs are open on the Rockingham beachfront until 6 am. There is ongoing community concern about antisocial behaviour outside the clubs. The issue is not a new one, nor is it unique to Rockingham.

The concern was raised by a community newspaper in 2001 and the problem has not gone away. I will read an extract from an article in the *Weekend Courier* dated 22 June 2001. The article told of:

Yelling, swearing, smashing of glass ... and young people generally making a mess and being a nuisance.

The situation has not changed. On 19 February this year the *Weekend Courier* newspaper ran a story entitled ‘Club delay outrage’. It states that 19 out of 21 assaults attended by police in the Waterfront village were alcohol related. I speak today to acknowledge the community unease. I speak in support of my community. I support an inquiry into the closing times of these nightclubs, including restricting nightclub opening hours and banning high-energy alcohol mixes like Red Bull, often consumed with vodka. I note that in the City of Perth changes have been made in North Perth in relation to the consumption of these drinks. I thank my constituents for bringing their unease to my attention and I am hopeful that a remedy can be found as soon as possible.

Canning Electorate: Sewerage Services

Mr RANDALL (Canning) (9.35 am)—Today I speak with some confidence that the unreliable and outdated sewerage tanks sitting in backyards throughout the Peel region may soon be a thing of the past. I welcome the announcement by the Western Australian Premier in last week’s state budget that \$100 million will be committed to the infill sewerage program over the coming four years.

As I have spoken about previously, securing deep sewerage connections in 13 Canning locations for some 1,800 households remains a priority. My survey of the areas drew an overwhelming response, with local residents expressing great frustration that they had been left wanting when the program was deferred after waiting for years.

In addition to the budget commitment of \$25 million per year, which is enough to complete two locations annually, a steering committee will be established to re-evaluate and re-

prioritise areas for connection. This is a sensible and workable approach. The steering committee will now play an important role as needs of the communities change over time. Areas that were not priorities five years ago are now. This is true for many of the Peel locations. The simple fact is that the Shire of Murray has one of the fastest growth rates in the country at six per cent and Mandurah's population has doubled over the last 15 years.

This week I wrote to the Minister for Water urging him to ensure that Canning locations were given due consideration by the committee, ultimately leading to a start date for the many long-suffering households. Canning is a unique place, with the Peel region home to rivers, estuaries and the world acclaimed heritage listed wetlands. If action is not taken, picturesque areas could be left swimming in sewage and local governments left without the infrastructure needed to accommodate the growing population.

Water Corporation has indicated that it would cost approximately \$35 million to connect all of the Dawesville, Falcon, Halls Head, Mandurah, Ravenswood and Pinjarra areas that have gone without. This is something I have urged the minister to formally cost and accommodate out of the funds set aside in the forward estimates.

Prioritisation will be based on health and environmental considerations, so the fact that most of the Canning homes that were deferred under the program lie between the rivers and the estuaries, posing grave risks of raw sewage run-off, must weigh heavily in these rankings. Ravenswood West Murray 2A—in other words, Murray Bend—will likely be the first project to get underway. It is essential to avoid more sewage leaking into the Murray and Serpentine rivers.

More than 230 homeowners have been fighting for more than a decade for sewerage. There have been horror reports of children getting sick after falling into the rivers. The \$2.2 million investment in this area is a small cost to pay for the health of local families and future generations.

Respondents to my survey also expressed great frustration over spending years being pushed to the bottom of the infill queue, being restricted in developing their property without deep sewerage and managing the expense of maintaining septic tanks. I urge the steering committee to make those unsewered Canning locations a priority. Together with many of my constituents, I look forward to hearing from the minister that sewerage for Canning residents is back on the agenda.

Kingston Electorate: Seaford Meadows Scout Group

Ms RISHWORTH (Kingston) (9.38 am)—I rise today to congratulate one of the Scout groups in my electorate—the Seaford Meadows Scout Group. As with many other Scout groups, the Seaford Meadows Scout Group is a great organisation. It is serviced by a lot of volunteers. It provides great opportunities for young people in our community.

I want today to talk specifically about one project that the Seaford Meadows Scout Group has been involved in. I have had correspondence from Margaret Featherstone, the group leader. She is very passionate and enthusiastic. I want to congratulate her on all of the effort she puts into scouting in South Australia.

The Seaford Meadows Scout Group have embarked on a project to put solar panels on their Scout hall. From their understanding, they will be the first Scout group in Australia—and they will definitely be the first Scout group in South Australia—to do so. This is a very important

achievement. There have been grants from the federal government, from the City of Onkaparinga and from the Myer Foundation.

Since putting solar panels on the roof of their Scout hall, the Scout group has saved significant money in electricity costs. In fact, for the quarter before they put the solar panels on their electricity bill was \$509. Afterwards they actually got a credit of \$733, which they have indicated they will be able to redirect to youth programs.

This is not just, for them, about actually saving money on electricity. The Scout group had a community information session where they invited interested community groups and organisations to come along. They gave some information about how they, too, might make this saving. So they were out in the community talking with other groups about their success story. In addition to this, they have made a real commitment to using the solar panels and energy saving to teach some of the Scouts and the kids about physics and to educate them about the environment. They have turned this into a community education process and a process for the ongoing education of the kids. This is a project well worth commending. It is not just about energy saving; it is not just about improving the environment for the next generation; it is about engaging with the local community, with the kids, to share their good news story. They have put a lot of effort into this. Being the first in South Australia they certainly need to be commended. I would like to congratulate Margaret Featherstone and all her team on making this a reality for the Seaford Meadows Scout Group.

The DEPUTY SPEAKER (Mr S Sidebottom)—Thank you. That is a good story.

Calare Electorate: Health

Mr JOHN COBB (Calare) (9.41 am)—I rise to outline to the House one of the most politicised funding decisions in the history of this parliament or any other in Australia. Australians living in rural and regional areas are up to three times more likely to die from some cancers within five years of diagnosis than those who live in urban areas. This is a fact that I am aware of, that people in my electorate are aware of and that the Prime Minister is aware of. The regional cancer centres of excellence program was meant to help rectify the situation. These centres were designed to provide better quality of care and better quality of treatment for regional Australians in regional centres. These centres were to make it easier on the patients and easier on their loved ones.

These centres have become political pawns for Kevin Rudd and Nicola Roxon. Under the government's own guidelines for regional cancer centres, the proposed centres should service rural and remote populations in the Australian Standard Geographical Classification Remoteness Area locations RA2 and RA5, inner regional to very remote. Yet on 14 April the Prime Minister and the Minister for Health and Ageing announced that Gosford would receive \$28 million worth of federal funding for a regional cancer centre of excellence. The people of Gosford and the Central Coast certainly deserve high levels of treatment; no one denies that. But Gosford has a geographical remoteness classification of RA1. By the government's own classifications Gosford is a major city. This rural and regional health money is going to a major city right in the heart of the third most marginal seat in the country. Everyone knows about the three years of turmoil Labor has experienced in the seat of Robertson, and this is the Prime Minister's sweetener.

Seldom before has this chamber seen a decision—on health or otherwise—based so unashamedly around politics. Gosford, an hour from both Sydney and Newcastle, has been deemed more in need of a regional facility than the whole area from Lithgow to Cobar in my electorate of Calare. Retaining the seat of Robertson has been put ahead of the health and wellbeing of regional Australians around the country. A decision like this is devastating for the community and disheartening for the medical professionals who work tirelessly in sometimes trying conditions in rural and regional areas. It sends a message loud and clear that this government simply does not care. I feel sorry for the families from Brewarrina, Cobar, Bourke, Orange, Bathurst and Lithgow, who will now miss out on having specialised cancer care of the highest quality in their electorate, in their own backyard. The submission from western New South Wales encompasses a holistic approach of care including family accommodation. A family from Cobar cannot drive to Orange for the day for treatment and then be expected to drive home. The western New South Wales submission covered 55 per cent of the land mass of New South Wales. It was truly a regional submission for regional funding. I implore the Prime Minister to relook at this issue in that light.

Chisholm Electorate: Health

Ms BURKE (Chisholm) (9.44 am)—I rise to speak in support of the government's increased investment in health and hospitals, particularly in the Monash area of my electorate. Over our first term in government we have proven we are serious about health reform. We have invested \$7.3 billion over five years to create the National Health and Hospitals Network. This is a massive funding increase to our health system which will help to make up for lost ground suffered under underinvestment during the Howard and Abbott years. This government's health reform will lead to genuine improvements and better prepare the system to cope with the increased demands of our ageing population.

My electorate is already benefiting from increased government investment in the health system. Last week I visited Monash Medical Centre in Clayton at the southern end of my electorate. Monash Medical Centre would have to be one of the largest hospitals in Australia. I am delighted the government has funded \$3.1 million for a 23-hour care unit at the centre, as part of the Elective Surgery Waiting List Reduction Plan. The role of the care unit will be to receive and clinically manage selected elective and emergency patients. This is an innovative idea that says that a patient cannot remain in the unit for longer than 23 hours. Importantly, this will help to reduce the elective surgery waiting list at Monash Medical Centre and will assist the government to reach its target of delivering elective surgery on time for 95 per cent of Australians—a key objective of the national health and hospitals reforms. I was actually at the hospital to open the endoscopy unit, which has had to be moved to accommodate the 23-hour unit, and I am looking forward to visiting the centre again in the coming months to officially commission the new care unit.

From the Health and Hospitals Fund, the government has also committed \$71 million towards a \$141 million project for the construction of the Monash Health Research Precinct Translational Facility. This is easily one of the biggest investments a federal government has made in my electorate over my 12 years as the member for Chisholm. This research facility will be home to four stakeholders—Southern Health, the Southern Clinical School at Monash University, Prince Henry's Institute and the Monash Institute of Medical Research. The facility will accommodate laboratories and offices for staff engaged in translational research, cov-

ering vital themes which address major priority areas—chronic debilitating disease, bone and joint disease, asthma, diabetes, heart attack and stroke.

Improved health outcomes are reliant on increased efficiency and better patient care within the health system. Improving our research methods and capabilities is vital to achieving these goals. There is no better area for this research to be conducted than within the Monash medical and university precinct. This facility will see staff co-located by area of disease burden, as opposed to institutional affiliation, which will maximise the possibilities for translational research.

I am delighted the government is making these investments in my electorate and is supporting the wonderful work of Monash Medical Centre and other stakeholders within the Monash health system. Monash Medical Centre, being such a large hospital, does not just accommodate people from my electorate; it actually accommodates people from all over Victoria and even sees some people from Tasmania. Work done within the centre is vital across Australia. These investments are reflective of the government's unprecedented commitment to improving our health system and supporting better health and hospitals for all Australians, as I say, not just in my electorate but Australia wide.

Mallee Electorate: Rural Bank

Mr FORREST (Mallee) (9.47 am)—I continue to express my concern in the public interest about the unsavoury debt recovery practices of some banks and financial lenders. It is no wonder there is a developing momentum for a class action against the price-gouging actions of financiers. My last advice was that there were 30,000 Australians signed up to that class action. But it is not just about the gouging that occurs when a borrower defaults and is faced with massive penalty interest the likes of which I have never seen before; it is about the bullying tactics undertaken by some lenders. I am keeping a league table now, covering all the major lenders, but there is one particular bank that I am declaring war on, and that is the Rural Bank. It is what is left of Elders, and it is a tragedy that this bank is majority owned—60 per cent—by Bendigo Bank, a community bank. I have been pleading with Bendigo Bank to take some action—in its own interests, because it has a wonderful reputation and a wonderful concern for the community; it is owned by its depositors—to call the Rural Bank to order and to bring some level of accountability to bear for the thuggery and bully tactics that are being employed.

There is one particular debt recovery officer I want to refer to, Malcolm Sparrow. Because I have taken a stand and stood with my constituents against the bank's bully tactics, he has been out in my constituency bad-mouthing the member for Mallee. I can say this to Malcolm Sparrow: if he wants to pitch the integrity and the vociferous representation I provide to my constituents against his reputation, he is going to come out a very poor third last. He is no higher than the soles of my shoes. This man is a thug and a grub and the sooner he is dismissed out of that organisation the better. This man must have a very tiny mind. He is not satisfied with recommending that the bank move in with lawyers and solicitors; he wants to crush my constituents and constituents in my near neighbours' electorates of Farrer and Barker. It is like vengeance.

I have been calling on the Australian Bankers Association to remove this particular bank from its membership. I call on all those other responsible lenders who have behaved in a very honourable way to support my call to have the Rural Bank dismissed from the Australian

Bankers Association. It does not deserve to be a member. If the other banks do not support me in this call then it will reflect very poorly on them. I again ask Bendigo Bank, which owns 60 per cent of the Rural Bank—and which has six of the 10 board members—to take some action and bring this bank to order.

Disabilities

Mr SHORTEN (Maribyrnong—Parliamentary Secretary for Disabilities and Children's Services and Parliamentary Secretary for Victorian Bushfire Reconstruction) (9.50 am)—I want to draw the attention of the House to the use of chemical and other restraints on people with an intellectual disability. The number of young people with an intellectual disability, particularly autism, being subjected to physical or chemical constraint is far too high in Australia today. A very useful report by the Victorian Senior Practitioner, Jeffrey Chan, on behalf of the Victorian government has highlighted this problem. He reports that in Victoria there are approximately 2,000 people in care facilities being restrained on an almost permanent basis. I should put this in the context that the use of restraint and seclusion is not peculiar to Victoria; it occurs in all Australian jurisdictions and in international jurisdictions. Indeed, I would submit that Victoria is leading the way in monitoring and ensuring that standards are followed and complied with, particularly within a human rights framework. Nevertheless, it is true that belts, body suits, solitary confinement and medication are being used to control behaviour in Australian facilities.

Dr Chan has urged a rethink about the treatment of 827 very vulnerable people he found to be living almost permanently under a heavy dose of drugs and other restraints. Most of these 827 had multiple disabilities, 35 per cent had autism and most were men aged between 15 and 44. Whilst restraint might be the right thing to do from a medical point of view and in some cases a health and safety point of view, there is no doubt in my mind that it is happening too often. It is a big thing to physically shackle a person, remove their independence and personality through medication or put them into solitary confinement. It should only ever be considered as a last resort. It should not be a substitute for proper care and treatment. It should not be a solution which removes the need to address the causes of a patient's difficult behaviour. It should only be done to prevent self-harm or harm to others.

I do not wish to single out Victoria because I believe they are doing more to monitor this than any other jurisdiction in Australia. I believe it is a cultural problem which exists across all our jurisdictions and elsewhere it just has not been reported on with the thoroughness and openness that has happened in Victoria. I do know that both New South Wales and Queensland are working on positive behavioural intervention teams. Kevin Stoner, from the Victorian Advocacy League for Individuals with Disability, has said that the level of chemical restraint in Victoria is something about which we should hang our heads in shame. The issue, I am pleased to say, has been made a priority by the national government. With 2,000 people being restrained in Victoria alone, it is likely that there are upwards of 8,000 people being restrained as I speak. We are working with the states and territories on a national mental health seclusion and restraint project. We want to establish national standards and find out the extent of this practice across jurisdictions. We need national collection of data and national standardised definitions to inform policy and practice.

Grey Electorate: Cooper Creek

Mr RAMSEY (Grey) (9.53 am)—It is 20 years since the Cooper Creek isolated the north-east of South Australia by cutting the Birdsville Track. It now seems almost inevitable that this will occur again this year, probably for an extended period. The state government has said it will recommission an old punt that has sat on the banks of the Cooper for 20 years and is no longer adequate for the job. It can carry just two cars, or about 20 cows in a holding pen, and is powered by a couple of outboard motors. It has no hope of servicing the needs of those who live along the Birdsville Track.

The Birdsville Track is the prime supply route for the north-east of South Australia and for Birdsville, just over the Queensland border. This is genuinely outback Australia, and everybody expects a few inconveniences, but it is still part of the 21st century. Government control has ways of reaching us all, and local residents and businesses face the same legislation dealing with food, fuel and safety as the rest of Australia. Foodstuffs must be kept in refrigerated containers and fuel must be delivered in tankers. That means we must have the ability to shift trucks across the Cooper.

During the last flood, food could be offloaded onto the punt and then into utes on the other side and delivered. This is no longer legal. Foodstuffs must be kept in strictly controlled temperature vans. Fuel was delivered in 44 gallon drums. And I can tell you that with diesel electricity generation being the most common way of powering a pastoral property they use plenty. It is no longer legal to transport fuel in this way. I say diesel is the most common way of generating electricity but it is true to say a number have solar generation facilities. There are unlikely to be any more, though, because the government has dumped the remote area renewable energy subsidy. But more on that another time. It is not feasible to unload a road train full of cattle and then take them Noah's Ark like across the river 20 by 20. Many of the properties are looking at their first opportunity to ship prime stock after years of drought. What is needed is a punt that is capable of taking semitrailers so that trucks with fuel, with stock and food can all make their deliveries.

The floodwaters have ensured an enormous tourist season for local businesses but traffic and suppliers must be able to get through. The South Australian government has said that last time the punt was used it was perfectly adequate, moving up to 24 cars a day. Things have sure changed in 20 years. There would be more likely to be 24 cars an hour passing up the Birdsville Track nowadays. Australians are becoming increasingly interested and able to get to this stunning part of our world and local businesses have grown to accommodate them. I might point out also we are approaching the time of the Birdsville races, and this is likely to have almost a terminal impact on them. There are larger disused punts on the Murray. The newly-elected member for Stuart in our state parliament, Dan van Holst Pellekaan, and I have called on the state government to urgently assess the viability of relocating one to the Birdsville Track.

Fremantle Electorate: Employment

Ms PARKE (Fremantle) (9.57 am)—I would like to touch briefly on the government's efforts to support employment and to address unemployment in my electorate of Fremantle, which includes a part of the south-west metropolitan area with higher than average unemployment. This region, the south-west Perth priority area, includes some 350,000 residents and 26,000 businesses. The area's resident population increased 23 per cent between 2003 and

2008, making it one of the fastest-growing outer metropolitan regions in Australia. The government's effort to strengthen employment in this area has occurred against the background of the global financial crisis and began with a jobs forum that took place in Cockburn in April last year, which the Prime Minister attended with the Minister for Employment Participation, at a time when the effects on jobs of the crisis were being keenly felt. Indeed, between September 2008 and September 2009 the region registered a 72.3 per cent increase in people receiving Centrelink unemployment benefits and the unemployment rate remained half a per cent higher than the national average.

As part of its response, the government appointed a local employment coordinator to the south-west Perth priority employment area. It is one of seven such priorities zones identified at that time. There are now 20 local employment coordinators across Australia whose work is focused on maximising work opportunities for local people. That means taking steps to match jobseekers with jobs, including through the provision of relevant education and training to create skilled locals to match skill shortages.

John McIlhone was appointed as local employment coordinator for south-west Perth and he has worked hard over the last 12 months with employers, industry, job service providers and local government, in and through the Keep Australia Working advisory committee framework. I met with Mr McIlhone recently to discuss the progress that has been made both in the short term and in planning for the longer term. I commend him for his work. I particularly commend the success of efforts in the area of Indigenous training and work placement, including the job and training placement of 12 young Indigenous Australians through the cooperation of the HALO Leadership Development Agency, Challenger TAFE, the Housing Industry Association of Western Australia and of course the local employment coordinator.

Last month I attended a Jobs Expo in Rockingham as part of the Keep Australia Working initiative, in company with the member for Brand and the parliamentary secretary for employment. The expo involved more than 60 businesses and organisations and resulted in matching more than 500 jobs to jobseekers. This kind of effort, which builds on other successful programs like the increased employer incentives under the government's Apprentice Kickstart program, is making a significant difference to employment in the Fremantle electorate.

This government was elected against a campaign of fearmongering that said our return to workplace fairness would cause unemployment to rise dramatically. That was before we had any idea of the financial turmoil that lay ahead. This government promised to maintain employment and to return to all Australians the hard-won workplace conditions that unions and the Labor movement fought 100 years to achieve. In the Fremantle electorate and across Australia, we continue to deliver on that promise.

The DEPUTY SPEAKER (Mr S Sidebottom)—Sadly, in accordance with standing order 193 the time for constituency statements has concluded.

APPROPRIATION BILL (No. 1) 2010-2011

Cognate bills:

APPROPRIATION BILL (No. 2) 2010-2011**APPROPRIATION (PARLIAMENTARY DEPARTMENTS) BILL (No. 1) 2010-2011****Second Reading**

Debate resumed from 25 May, on motion by **Mr Swan**:

That this bill be now read a second time.

Ms McKEW (Bennelong—Parliamentary Secretary for Infrastructure, Transport, Regional Development and Local Government) (10.00 am)—As I was saying last night before the adjournment debate, by contrast with the extraordinary and unprecedented investment that the Labor government has made in education at every level—including in the provision of computers in secondary schools, national partnership agreements to ensure quality teaching in schools and trade training centres in secondary schools—the Leader of the Opposition, who once wrote a book saying that the best teachers need to be paid more, now says that he will axe a program that is designed to do just that, and that is Labor’s \$425 million Smarter Schools program.

This is the same opposition leader whose *Coalition economic principles* talks up the importance of school based apprenticeships and traineeships but who also decides to cut trade training centres in schools, such as the one being built in my electorate right now at Epping Boys High School. So, under the Leader of the Opposition, there would be no computers in schools, no money for quality teaching and no trade training centres. This is the same opposition leader who tells voters they will have to distinguish between remarks made ‘in the heat of verbal combat’ and, in contrast, ‘calm, considered, prepared, scripted’ remarks that can be taken as ‘gospel truth’.

This budget is a landmark budget, and would be purely on the basis of its allocation of record investment for health and hospitals—\$7.3 billion in funding for new Labor’s National Health and Hospitals Network, the biggest reform to the Australian health system since Medicare. It is a reform that has come just in time for at least one hospital in my electorate. Just recently, the Prime Minister came to my electorate and held a community cabinet meeting in Epping. On the same day, I took him to Ryde Hospital. Ryde has had its problems over the year but it is a much-prized local medical institution. You should have heard the cheer that went up around the Ryde Hospital site when the Prime Minister told over 100 staff just how important it was to him that hospitals like Ryde have a secure long-term future. Labor’s national health and hospital reforms will give security to many local hospitals and the patients who depend on them around the country.

The federal budget funds hospitals like Ryde to meet a number of specific targets in the rollout of our health network. The 24,000 people who present at Ryde Hospital emergency department every year will benefit significantly from the budget’s \$750 million investment in reduced waiting times. There will be a cap of four hours on waiting times, to be progressively implemented from 1 January next year. Patients waiting to have elective surgery at Ryde and other hospitals will also get their procedures seen to more quickly through the \$800 million investment in extra hospital capacity to cut elective surgery waiting lists. The pressure on Ryde Hospital emergency department will also be relieved by the new Medicare Locals ser-

vice, which will ensure better after-hours access to GPs. As Ryde Hospital has a particularly heavy case load of older patients, it will also benefit greatly from the Commonwealth's decision to have the Productivity Commission consider all aspects of funding for the aged-care sector.

One other important point I would like to touch on—and I talked about this in the first part of my speech last night—is the importance of productivity. Of course this is absolutely linked to the greater efficiencies that will come to our health system from our investment in a network of electronic health records. This budget allocates \$467 million to introduce personally controlled e-health records, a move that is long overdue and which has been applauded widely across the medical profession. But there is one glaring omission. We know from the opposition's hot-potato effort with last week's budget reply that the coalition has ditched the notion of support for e-health. It has gone. Once again, we see the gap between what the Leader of the Opposition believes in and what he does.

As the Minister for Health and Ageing reminded us in question time only yesterday, the Leader of the Opposition was all for e-health in his previous incarnation as health minister in the Howard government. It was so important to him that, in his first speech as the new health minister, he gave his government five years to implement a national scheme. He went further and said that a failure to do that in five years 'would be an indictment against everyone in the health system'. That is written down; isn't that the gospel truth? It was clearly more than a thought bubble because, again, the now Leader of the Opposition referred to this again in August 2007, as the sun set on the previous government. He said that e-health records 'would mean safer, better, more convenient and more efficient health care'. Not only does the Leader of the Opposition now not deliver what he says he believes in; he wants to stop the government from delivering as well. So I would say that he is unreliable and unfit to lead.

On another important matter, many young families in the Bennelong electorate will also be welcoming the government's move to lift the superannuation guarantee levy from the present nine per cent to 12 per cent. Interestingly, I recently addressed the Epping Chamber of Commerce and a local businessman even suggested that it should be lifted to 15 per cent. There are certainly more than 20,000 small businesses in Bennelong which will also benefit from a reduction in the company tax rate and the ability to instantly write down assets up to \$5,000.

I would like to conclude by putting this budget in the context of what is happening in the rest of the world. Certainly my constituents in Bennelong pay a good deal of attention to events right around the world. Interestingly, earlier this month the *Economist* magazine produced a graph which compared international economies and how they are managing deficits and net debt as a percentage of GDP. Thanks to the Rudd government's timely stimulus and our prudent economic management, we are now in a position to return to surplus in three years—that is, three years earlier than expected.

When you look, as the *Economist* did, at the G7 average of net debt as a percentage of GDP you will see that that average for G7 countries sits at around 90 per cent. Australia's is set to peak at six per cent of GDP. That is a phenomenal achievement. I invite members to contrast the dire financial situation that we are now seeing unfold in Greece and in other countries in Europe and the instability which that has caused for markets and consider how the Rudd government's decisive action supported our economy and jobs through the global financial crisis.

It confirms to me the Rudd government's credentials as a responsible economic manager with a long-term vision for the future. I commend these bills to the House.

Mr MORRISON (Cook) (10.08 am)—This is a budget that betrays the truth by a government that have betrayed the trust of the Australian people. The government have lost their mandate not just for their failures, which are many and costly, but more significantly for their betrayal. Many governments from time to time have failed. But betrayal is the reserve of the Rudd government. The electorate sometimes forgives failures, especially for a first-term government, but the electorate is right to punish betrayal. The Rudd government have betrayed those for whom they willingly, knowingly and falsely raised hopes and expectations before the last election. They will now be held to account for those expectations at the election. They will be held to account for the things they led people to believe, for the things that they allowed people to believe and for the things they talked up so that people believed. It will be for what the government have failed to do in their own actions and the way that they have done it, whether it be the home insulation bungs, the budget blow-outs, the failure on border protection or the Building the Education Revolution debacles.

All of these things they will be judged for, but the one I think they will be judged most harshly for is the way they led Australians to believe it would be a very different story under a Rudd government. To that question they cannot give an answer. They may try and seek to point to clever statements on carefully prepared notes that were circulated before the last election, but what the electorate will hold the government to account for is what they were led to believe.

This is a budget that relies on false assumptions. It is a budget that spends the future today, creating a burden of debt once again for our future: \$93.7 billion in net debt, a \$6.5 billion annual interest payment created by an addiction to spending, and deficits of \$40.8 billion in this budget that has been announced and \$57.1 billion for the year that is about to conclude. This government's reckless spending requires borrowings of a staggering \$700 million a week. This is an extraordinary figure. As each second ticks by, as each day passes, the debt bill continues to rise—and it is a debt bill that is necessary only to satisfy this government's addiction to spending. Remember it was the Prime Minister, when in opposition, who declared to the Australian people that this reckless spending must stop, raising those expectations, making a suggestion that somehow he was going to maintain the consistency of economic management that was offered by the Howard-Costello team. But what we have seen is spend after spend, deficit after deficit, and a debt that continues to spiral.

By contrast, the coalition in responding to this budget has outlined real measures for savings—real measures that are designed to get a budget back on track, measures that do not rely on the high-tax-and-spend model of Labor governments both today and in the past, but most specifically today because this government has really taken the perception of Labor's administration in terms of fiscal matters to a completely new level, leaving in its wake the Whitlam government, leaving in its wake the governments that have borne the Labor name in the past. This is a government that has relied on a great big tax to fund its addiction to spending—and not just any great big tax but a tax that has aimed a dagger at the heart of Australia's prosperity in our mining sector. This government can spin until it loses sense of balance on these matters, but at the end of the day it is just implausible to suggest that a great big tax on the mining sector, which puts our sector at a disadvantage to all of our competitors around the world, can

in any way assist. The government might want to argue the toss in terms of various economists' reports about the impacts of these matters, but they cannot sustain an argument that this type of tax will assist.

We will not introduce a tax. In fact, as the Leader of the Opposition has said, we will repeal it in government if it is passed by this parliament. We have said quite clearly that we do not support this tax. Therefore, as a responsible consequence we do not support the measures that would be potentially supported by such a tax. These are difficult decisions, but difficult decisions are what coalition governments are good at. It is what we have a record for. It is what we have the trust of the Australian people for. They understand these things. They understand our record. They understand our ability to exercise this discipline in government and deliver the economic management the country deserves. Before the last election the then shadow Treasurer and the then Leader of the Opposition, when they were in their 'reckless spending must stop' mode, suggested grand total savings of just \$3 billion in their post-budget reply. This was also a budget reply that said there would be 2,600 trade training centres, that they would be building childcare centres all around the country, that every small business who had a bill overdue would be able to get interest paid on these things. These were extraordinary speeches; the record has proven their worth. In the post-budget reply speech there were just \$3 billion worth of savings. Contrast that to the \$46.7 billion that has been announced by the coalition.

The government argue, 'Some of that is capital and some of that is not about tax cuts and things of that matter,' and they want to argue the technical distinctions. But when it comes to reducing debt, not borrowing money for an NBN counts. It means that you do not have as much debt. When you plan to sell off Medibank Private to reduce debt, it will reduce debt. The debt burden will remain long after. Hopefully this country will once again return to surplus, but that is incredibly unlikely under this government.

This is a government that will never deliver a surplus because this is a government of blow-outs. The blow-outs are well on the record. They are relying on returning to surplus with the princely sum of \$1 billion. You could fairly say that \$1 billion in the context of any other government is a significant amount of buffer, but with this government it is what Monty Python would describe as 'wafer thin'. One billion dollars for this government is what they can blow out in one cabinet meeting, with one decision to try and fix the problems that they themselves have created.

There is nothing more significant in my view, as shadow minister for immigration and citizenship, as the blow-outs that have occurred on our borders. The Rudd government have become completely overwhelmed by their failure on border protection policies. In 2009-10, this financial year, 104 boats have already arrived illegally, carrying 4,893 people. This is not only the highest number of boats and people to arrive illegally on record in a financial year but it represents an increase of more than 350 per cent on last year. When this government put last year's budget together, they thought that 200 people would arrive—that was their projection—and that is how they framed their budget, and we have had 4,893 people so far. It is May, and we still have around five weeks to go. We have had over 600 people arriving this year, 2010, as a result of their policies.

We are aware that in August 2008 this government rolled back the border protection regime that had been so effective and that they inherited from the coalition government. They rolled it

back in terms of the abolition of temporary protection visas and provided permanent protection visas to those who came illegally by boat. They closed the offshore processing detention centre on Nauru and abolished the universal offshore processing and detention arrangements that we have universally for those who arrive illegally by boat, and there are hundreds of people now being transferred to the mainland before their claims have been assessed or determined. Even when their claims have been rejected we bring them to the mainland to pursue their merit appeals, and goodness knows how many other appeals they will now have access to through our courts, while they literally stay for years pursuing those appeals. The previous government had ensured that process had discontinued.

The government abolished their promise, made famously the day before the last election when the Prime Minister said, as Leader of the Opposition, that he would turn the boats back where circumstances allowed. That has not taken place. That was probably his most deceptive comment in terms of misleading the Australian people about his position on this issue, more than any other. And then there was the special processing deal offered to the 78 passengers taken on board the *Oceanic Viking*, which was a testament to this government's lack of resolve and metal on this issue, which people smugglers understand and take advantage of.

This failure in border protection, the serial wind-back to a border protection regime that is unrecognisable from what was there previously, has resulted in a significant blow-out in the detention population in this country. We now have around 2,500 people on Christmas Island; in July 2008 there were six. But that does not include the overflow in onshore detention centres. Since the beginning of this year we have had an increase of over 240 per cent—from just over 300 people, which largely comprised those who had been detained for overstaying and various other matters, to a population of over 1,100, and the number is climbing. It has got to the point where we are now asking churches to find beds. We are looking for beds all over the place. The next thing they will look for is your granny flat and the room at the back of the house to let out to ensure that this government can pursue their habit of chasing beds rather than stopping boats. That is what the government do. They are quite happy to just continue to try and find more beds but, when it comes to making the tough decisions that are necessary to stop the boats, you will find them all at sea, literally.

This has had a very significant cost attached to it. In the budget this year we will find the cost, at the very least, of what all of this has meant. In this budget there is a \$777 million blow-out in the cost of offshore asylum seeker management as contained in the budget papers as opposed to what was announced last year. For the years 2009-10 out to 2012-13, there has been a \$777 million blow-out in this budget to deal with these spiralling costs of the failure of the government's border protection policies.

But it does not end there, because there is a further \$236.5 million which this government is going to spend on having to expand these facilities—putting dongas in, paying for motels, doing whatever is necessary to ensure that they have beds in which to put all the people who are arriving as a result of their policies. That is \$1 billion. But you would think and hope that was the end of the story, because as you go into these papers, Deputy Speaker Sidebottom, what you find is that they are actually projecting in 2011-12 that the cost of offshore asylum seeker management is going to fall by 49 per cent. Apparently at the end of 2010-11, this problem is going to halve! The boats are just going to stop arriving miraculously! That is what this government has projected. They have said that that is also going to be true for 2012-13

and 2013-14. All of this is just going to go away! Why? Because the government has put this in their Treasury papers and said, 'Well, it's all just going to vanish. No need to make hard decisions, no need to change policy; we'll just continue the way we are and it's going to miraculously just stop in around 14 months from now.' That is not only misleading because they are not taking those decisions to put an end to the rampant business of people smuggling bringing people to this country, but it is misleading to include in these budget papers costs that do not reflect the cost of their policies. To say that there is going to be a 50 per cent reduction in 2011-12 is misleading and dishonest. They are underestimating the costs of their own policies by at least half a billion dollars alone in this area. There is a \$1 billion blow-out already. Add to that another \$500 million at least—unless they are forecasting the election of a coalition government at the next election, because that is the only way these policies are going to change and those costs are going to change.

But in addition what they have not done is factor in the costs for operational expenses for the additional burden that is being placed on our onshore detention network. I said earlier that we have had a 240 per cent increase in our onshore detention population due solely to the increase in illegal boat arrivals to Australia and the transfer of those detainees to the mainland. You would think if the government were honest in putting its budget papers together that it would actually be allocating additional expenditure to cope with such an increase. But you will not find that in these budget papers. When you look at the onshore detention network costs you will find that in 2009-10 they are expecting this year to round out less, and then over the forward years there will be virtually no change to those onshore detention costs. The Curtin detention centre will be reopened by this government to take those whose claims assessments have been frozen—and we have had almost 1,000 people turn up since that was introduced. They are going to transfer those to the Curtin detention centre and apparently the Curtin detention centre is going to run itself! It will not require an extra cent to run!

Now we have the reports of potentially another centre being set up in a mining camp in Western Australia. That is going to run itself as well—it won't cost any more money to do that! The fact that we have got a doubling in the population of the Villawood detention centre and we have an increase in Darwin, which is almost at capacity now when there were only about 50 people there about five or six months ago. Apparently that is going to run itself! There is no increase in any of these costs. My point is this: this government is not being upfront with the true costs of their failed policies in these budget documents. While admitting under pressure to the fact that the blow-out on Christmas Island has a necessary impact on the budget, they have admitted it in one year and then told an absolute untruth that these costs are just going to miraculously fall and the impact on our onshore detention network is somehow going to pay for itself.

If this government, as it has done, is going to roll back policies that work and replace them with policies that do not, the least it can do is be honest with the Australian people about what that is going to cost. Last year they perpetrated a massive fraud on the Australian people, suggesting only 200 people would arrive illegally in this country by boat under their measures, on their watch. As I said before, we have had thousands—almost 5,000—as a result of those failed policies. Now they are saying it is not going to cost us anything, that this is somehow going to miraculously all just disappear.

The failure of these policies has created gridlock in our immigration department and has undermined the integrity of our immigration program. It is essential that we get our borders under control and that we do all we can once again to stop the boats. With the right policies and the right resolve, we can achieve this goal, and the coalition achieved this goal in government. We had an average of three boats per year for our last six years after the measures we introduced following a surge in arrivals when asylum applications around the world were more than 50 per cent higher than they are today. We put those measures in place, they worked and the Australian people know they worked. The Australian people trust our resolve on this issue. We are consistent on this issue. We walk one side of the street on this issue. This is a government who one day pretends to be tough and the next day pretends to be compassionate, and most days they do not know where they are. At least those in the Greens and other parties who have taken a position on this issue are consistent.

Mr Craig Thomson interjecting—

Mr MORRISON—I am sure the member for Dobell is very upset at the coalition's policies of strong border protection and I am sure he will remind all of his electors in Dobell that he stands for the policies that this government has introduced which have allowed almost 5,000 people to arrive this year. I am sure the member for Dobell is going to stand up proudly in his electorate and talk about the Rudd government's strong border protection policies which have allowed this level of failure—and if he fails to do so I will make sure I remind them when I visit there frequently over the next few weeks. I was on the Central Coast just the other day, as I am sure he knows. This government needs to own up to the fact that its policies have failed in this area, that its policies are misrepresented in terms of the costs in this budget.

The coalition is ready to put in place direct and real action in this area which is strong, which is tough and which is consistent. People know where we stand but, most importantly, they know we will be fair. We have always stood for fair process—one rule for all who fall foul of our laws and fall foul of the way that we would prefer them to arrive. We do not have one rule for those who might be Iraqis, Iranians, Indonesians or Pakistanis and then another rule for Afghans and Sri Lankans. That is just a disgrace of a policy that has proved to be as ineffective as it is discriminatory. If those opposite were honest they would say so, and I notice only the member for Melbourne Ports has been prepared to stand up for that in his own party room. At least he has the decency of consistency on these matters. We will not discriminate, as this government has shamefully done, but most importantly we will be fair and we will have the resolve. We will get these borders under control. We will get these costs under control.

This government budgets that it will get back into surplus but at the same time fails to include in its budget the costs of its own policy failures that will actually deny it that outcome. So it is a budget that fails to tell the truth. It fails to tell the truth about the cost of the government's own policies. It is built on a great big tax to fund the government's addiction to spending and it will result, no doubt, in continued economic profligacy, to the great disadvantage of all Australians.

Mr CRAIG THOMSON (Dobell) (10.28 am)—The member for Cook's contribution is in a long line of those that we heard from the Leader of the Opposition, the shadow Treasurer and the shadow finance minister. It is heavy on opposition. It is heavy on negativity. It has

nothing to propose at all. I would have thought the member for Cook, who is a member of the House of Representatives Standing Committee on Economics, may have mentioned the economy rather than trying to run down everything that he possibly could. It is typical of those opposite and what they are trying to concentrate on. They are big on fear, big on smear and that is pretty much all they have. Little wonder that we find today that Malcolm Fraser has resigned from the Liberal Party. He would be ashamed of that contribution we just heard from the member for Cook, a contribution that tried to bring out the worst in Australians, tried to divide people in terms of immigration.

Member for Cook, I do remember the 2004 campaign in Dobell and the sorts of grubby tactics used by the member for Cook, who I think at that stage was the New South Wales Liberal Party director in charge of that campaign. It is shameful that he holds those positions; it is shameful the Liberal Party are trying to rerun that divisive sort of campaign. It is a waste of this parliament's time that he spoke for about 14 minutes in relation to immigration and divisive issues and did not once speak about any positive plans that the coalition may have. But of course it is little wonder that he did not speak positively about any coalition plans because there are none. There are none there at all. In contrast, we have a budget that is an economically sound budget, a strong budget, a budget for the future. And it has to be put into context of what the world has gone through in the past three years.

Mr Slipper—Madam Deputy Speaker, I seek to intervene and ask a question of the speaker, in accordance with the standing orders relating to the Main Committee.

The DEPUTY SPEAKER (Mrs MA May)—Is the honourable member for Dobell willing to give way?

Mr CRAIG THOMSON—No.

Mr Hayes—Madam Deputy Speaker, I rise on a point of order. The convention is that under the appropriation debate there is no intervention.

Mr Slipper—On the point of order: my understanding is that the standing order does extend to the appropriation debate, and I am not aware of any convention to the contrary. I will, however, check. But my understanding is the standing order does extend to this sort of debate in this chamber, and that is why the standing order was framed.

Mr CRAIG THOMSON—I have said no in any event, Madam Deputy Speaker.

The DEPUTY SPEAKER—The member will not take an intervention?

Mr CRAIG THOMSON—No, that is right.

Mr Slipper—Which is his right.

Mr CRAIG THOMSON—Little wonder there is an intervention. They do not like to hear what we are doing for the economy; they do not like to hear how Australia has come out of the global financial crisis in the best position of any country in the world. We have the highest growth, we have one of the lowest unemployment levels and we have the lowest debt and deficit. This budget confirmed that Australia would be back in surplus within three years—three years ahead of where we were last year—and that is because this government has made the tough economic decisions and has been able to guide the Australian economy through the most difficult international economic circumstances that any government in Australia has had to deal with since the Great Depression.

We want to talk about the budget, we want to talk about the positive things that we have both done for the Australian economy and are planning to do for the Australian economy to make sure that ordinary Australians are better off than they were—in stark contrast to the member for Cook, who spent his entire time on a fear and smear campaign that seems to characterise the contributions of those opposite.

Mr Chester interjecting—

Mr CRAIG THOMSON—Almost generally. I acknowledge the member for Gippsland, who spent five minutes trying to talk about health the other day, but only got a minute and a half through it. He would have been better to talk about his photo opportunities. I am sure he could fill his whole 20 minutes in relation to that issue.

During his contribution, the member for Cook did not even acknowledge that there had been a global financial crisis. He did not even acknowledge that it had been there. He spoke about the debt and the deficit, but he did not seek to say how this had come about and why Australia is better off than any other economy in the developed world. He totally ignored this. What we put in place in relation to the global financial crisis was a stimulus package, and it went in three stages. The first stage was cash payments made to families and pensioners, people who were doing it toughest. This had two effects: it helped them out in the difficult times and it also meant there was cash in their hands that they were able to spend and therefore stimulate the economy.

In an electorate like mine, where retail is the biggest employer, without that cash stimulus unemployment would have skyrocketed. In the 1992 recession, when there was actual global growth as opposed to the global financial crisis where global growth was negative, unemployment went over 15 per cent on the Central Coast. This time, with the stimulus packages, it peaked at 6.3 per cent. What that means for real, ordinary, working Australians is that on the Central Coast there are 11,500 people who are in jobs but who, if we had gone to those extraordinarily high unemployment levels, if we had done what the opposition said and let the market rip and sorted it out later, would have been out of a job. They are not out of a job, because of the action that this government took.

This government has been concentrating on making sure that people are in jobs. In relation to that, the second part of the package was the investment in infrastructure, and the third part involved long-term infrastructure. The major part of that infrastructure investment was in Building the Education Revolution. On the Central Coast at the moment 106 schools have school building projects that have either just started or, in the case of a couple, just finished—I had the pleasure to attend openings at two of those schools two weeks ago. At the peak, there have been 106 operating building sites, buildings being built, employing over 5,000 people on the Central Coast. Of those 5,000 people, 98 per cent were locals—98 per cent came from the Central Coast. That means jobs were being kept; jobs in my community, the community of the Central Coast, were being saved because of Building the Education Revolution.

Just as importantly, Building the Education Revolution provided for much-needed infrastructure in our schools, both public and private, across the board. I know the member for Gippsland has had a couple of photos taken at schools already, and I am sure he is looking forward to many more in the near future. Overwhelmingly, at every school you go to, the story that is told by the school community, by the P&C, by the headmaster of the school, is

that they could never have carried out these works; not in their wildest dreams did they think they would be able to build this library, to build this school hall, to build these classrooms. What it has done for their teaching and their facilities is something they had only ever dreamed of. So Building the Education Revolution has had two effects: the effect of making sure people are employed, and employed locally, and the effect of building this much-needed infrastructure. That has been vitally important.

Other infrastructure has been developed in the area of local government. We were able in my electorate to fund two disability parks, with Liberty Swings. We did not have any disability parks in the area, and now two of those have been able to be funded—one at Canton Beach and one at Long Jetty. We were also able to build netball courts at Wyong. Netball is the sport with the biggest participation in Australia, and the Central Coast is no different. They have told me they had been trying to get netball courts at Wyong for over 10 years so they could hopefully bid to host the state championships. This government delivered in relation to that—it created jobs but it also created social infrastructure that was needed.

There is still more that we need to do in terms of some infrastructure projects. At the moment I have a petition out trying to get our surf lifesaving clubs on the Central Coast rebuilt and refurbished. Unfortunately the Wyong Shire Council—unlike the Gosford City Council, which put aside money to redo their surf clubs—has not put money aside for its surf clubs. Two of them are falling down and three others are in vital need of major repair. I am lobbying the infrastructure minister for assistance so we can maintain this vital infrastructure on the Central Coast. Another vital part of the stimulus package, and part of this budget, is the Apprentice Kickstart program. It was in the stimulus package, and this budget included \$80 million to extend Kickstart so that we can increase the numbers for traditional trades and have them trained and ready for the recovery.

It is interesting to note that, last time we had a downturn, during the recession of the 1990s, it was 13 years before the same level of apprentices could be recruited. On the Central Coast, we did it in one year. Two years ago, there were 306 local apprenticeships on the Central Coast. That number dropped during the global financial crisis to 210. With the limited Kickstart program over a three-month period, it went back up to 335—that is, it bounced back to a level higher than what it was before the global financial crisis. This is very important because we want to see as many people as we can get training and get into jobs. There is a clear correlation between the level of education and training that you have and your ability to get a job. In an electorate like mine, where there is youth unemployment in some areas in excess of 40 per cent, these types of programs are absolutely necessary. Without them we will leave a generation of young people with no hope and no future.

We also have in my electorate the fastest-growing Indigenous population in New South Wales—over 14 per cent of the community is Indigenous—and there are particular needs in relation to providing the appropriate training and skills there. Two weeks ago I was able to announce on behalf of the Minister for Employment and Workplace Relations, the Deputy Prime Minister, Julia Gillard, money for Youth Connections, a skills centre for Indigenous youth on the Central Coast. These are the sorts of things that the government is doing to make sure that people are employed and working.

The economy is the main issue that we have faced. Having made sure that Australia came through the crisis better than any other developed country in the world—something that as a

member of the Rudd government I am very proud of—one other major area that this government has addressed and is seeking to reform is health. This budget was a health budget as well as an economically responsible budget. In this budget an additional \$2.2 billion worth of investment was committed to the health system, taking new investment in health to over \$7.3 billion over five years and \$23 billion over the rest of the decade. This government is serious about reforming health. This government has a track record of sitting down, consulting and taking action to make sure it improves the health care of Australians.

It stands in stark contrast to those on the other side. While the government has been putting money into health, including into more GP superclinics, into having emergency departments have a four-hour turnaround—and for my electorate, with the fifth busiest emergency department in New South Wales, it is absolutely vital that we get that sort of commitment to make sure people do not wait too long in emergency—and into a new e-health initiative, what have we heard from those opposite? They have said: ‘We’re having none of it; we’re going back to the way we were when we were in government. We ripped out \$1 billion then, we capped GP places then and we’re going to do it again if we get a chance.’ The new GP superclinics will be scrapped. E-health will be scrapped. Again, they are trying to take money out of our health system. Anyone around Australia who goes to their hospital knows that there needs to be reform. The reform agenda of those opposite is, ‘We’ll cut the budget—we’ll take more money out.’ That is not reform; that is leading the Australian public to a situation where there will be worse health care and worse health outcomes in the future. They should be condemned for what they are doing in relation to health.

Of course, what they say about health is totally hypocritical too. Yesterday during question time the Minister for Health and Ageing gave the history of the support that the coalition formerly had for e-health. In particular the now Leader of the Opposition was a big advocate of e-health. But now, for political reasons, they are going to cut it and make sure it does not go forward.

On the subject of GP superclinics, I have a GP superclinic in my electorate, albeit a temporary one at this stage. While it is a temporary one—and those opposite may scoff and say ‘it’s only temporary’—it has 2,000 patients. It has doctors. It has an ear clinic. It has physiotherapists. It runs a variety of allied health services already, and it has only been up and running for some months. But there are eventually going to be over 100 health staff employed at that clinic, and that will have an incredible effect on the emergency department at Wyong, less than a kilometre away. It will mean that there will be a facility that people can go to out of hours rather than have to go to an emergency department. That is in the interests of anyone on the Central Coast who cares about health.

The other important thing about the GP superclinic on the Central Coast is the value for money that the government has got from it. The government has put \$2½ million into this GP superclinic, and the operator—the successful tenderer—is putting in an additional \$16 million, so we are getting a GP superclinic worth \$18½ million for a \$2½ million investment by the federal government. So committed now is this operator to the concept of GP superclinics that it is going to build another one at Tuggerah, without any contribution from the federal government, for an additional \$14 million. So we are seeing \$32 million worth of private investment in GP superclinics for an investment on the government’s behalf of \$2½ million. There are more doctors on the Central Coast, more allied health professionals on the Central

Coast and more health outcomes available for people on the Central Coast because of the government's investment. Of course, the opposition does not want this model to work and would scrap it.

In the time that is left to me, I move to the question of the environment and what we need to do for it, because another thing that the opposition wants to scrap is the \$42 million investment in renewable energy. For an electorate like mine, the environment is absolutely vital. We have a very fragile coastline and a lake system that is in the middle of my electorate, and that means that we are more vulnerable than most. This government has put over \$20 million into the beautiful Tuggerah Lakes to try to help clean them up over five years. Only a month ago, we had the minister up inspecting some of the work at Ourimba Creek, where they were revegetating the stream bank to stop erosion and make sure that we do the best we can for this beautiful lake system that has often been described as the jewel in the crown of the Central Coast.

We have a stark choice between the opposition and a government that has acted decisively and made sure that the Australian economy has stood up better than the economy of any other developed country in the world. We have a government that is investing in education. We have a government that is investing in health. We have a government that is investing in the environment. On the other hand, we have an opposition that is running a scare campaign and doing little more than that. But, if it is doing anything more than that, then it is ripping money out of the health system. This is a budget for this era, a budget that we need to have and a budget that I commend to the House.

Mr CHESTER (Gippsland) (10.48 am)—I congratulate the member for Dobell on his fine contribution. It was not quite as robust as his character assault on me in the main chamber the other evening. Nonetheless, he gave me a very warm welcome here today. Stay around, member for Dobell. You might be surprised—there may be many things that you and I agree on. The member for Dobell raised some concerns about Indigenous issues, which I will be touching on later, as well as youth unemployment and support for quality public infrastructure. We agree, I think, on the core point he made about the need to deliver value for money, which has been the fundamental flaw in so many of this government's programs. The member also touched on his government's supposed commitment to investing in the environment, but I remind the House that this budget includes a \$10 million cut to Landcare, the practical environmentalists of our nation. That any government could cut funding to Landcare—the 100,000 Landcare volunteers who give up their weekends throughout the year to make a practical contribution to the environment throughout Australia—is beyond belief.

I do rise to speak in relation to the Appropriation Bill (No. 1) 2010-2011 and related bills and, more broadly, on some of the issues, challenges and opportunities for the people of Gippsland. As we approach a federal election in the weeks ahead, the people of Gippsland are quite rightly assessing the performance of the Rudd government over the past 2½ years and considering how they will cast their vote. For me, the report card I am getting back from the people of Gippsland is that this government has promised a lot but failed to deliver. We have had programs such as Fuelwatch and GroceryWatch, the debacle over the Green Loans Program and Home Sustainability Assessment Scheme, and of course the Home Insulation Program which resulted, tragically, in four lives being lost, widespread roting of taxpayers' money and billions of dollars wasted.

The member for Dobell also referred to the school halls program, the so-called Building the Education Revolution, which has been mismanaged from the start. In its desperate push to throw the money out the door and hope some of it hit the target, this government has taken far too many shortcuts and has failed to actually deliver value for money in a strategic way throughout Australia. I must report that throughout my electorate the Catholic and independent schools which had more control over the funding in the Victorian sense seemed to achieve far greater value than the state school system. Many state school principals have contacted my office, and I have spoken to them out in their schools and inspected the facilities they have had constructed. They are basically saying the same thing: while they are happy to receive funding, they are very disappointed with the process and the fact that they have not got value for money, and they would have achieved more if they had had more control over the funding.

This was an issue I raised with the minister as early as March 2009. Basically this is a minister who refuses to take advice from anyone. She seems to have this opinion that only she knows best. Unfortunately the end result has been an enormous waste of taxpayers' dollars in primary schools right throughout Australia. I have no problem in visiting these schools, inspecting the facilities and even attending the openings—which the Labor ministers seem to take as a great affront. They seem to have this twisted view of the world: that this is their money, that somehow the local member of parliament should not attend if the school invites them. I make no apology for supporting my schools, attending the opening functions if they request me to attend and ensuring that they get value for money for taxpayers' dollars, because unfortunately the minister herself has been neglectful of her duty in that regard.

There have been other failures in recent times. We have had the childcare promise broken. There was a promise of 260 centres, and that has been abandoned. Then of course there is 'the greatest moral challenge of our time', the emissions trading scheme. We have a government that was too arrogant to listen to the people in regional communities who were most affected by this emissions trading scheme. They refused to visit regional areas despite repeated requests from the Latrobe Valley community, which has the lion's share of power generation in Victoria. The government and senior ministers refused to visit and explain how the system will work. The end result has been a huge community backlash against the program. Now we have a situation where this Prime Minister, who is basically just too gutless to govern, will not stand up for what he says he believes in. Really, the electorate is just starting to wonder now, 'Does he believe in anything?' Of course there is one key area this budget has managed to deliver in for this government: government advertising of \$126 million for this year. For a government who promised to cut back on spending on advertising dollars and to provide an open and transparent process through the Auditor-General, it is amazing that we have already seen the first of the ad campaigns starting, dealing with the health issue.

The overwhelming sentiment that I am receiving from my electorate is that Australians are feeling like they are being ripped off. That is probably what happens when you buy products online. There were a lot of promises made in a very slick internet advertising campaign and a very slick catalogue. It is a bit like getting a Christmas catalogue: when you get home on Christmas day and open the present—when you unwrap it, when you peel it back—what you bought just does not live up to expectations. This is a government that has not lived up to expectations. The issue really comes right back to the simple fact that Australians are sick of the

reckless spending. Anyone can shout the bar, but leaving taxpayers to foot the bill at the end of the night is going to leave us with an enormous hangover for years to come.

Rather than go on and regale the House with my blow-by-blow description of the budget, I would like to reflect on a couple of other issues in a broader sense in my electorate, particularly dealing with young people in the electorate of Gippsland. There is no question that young people in our community at the moment face very challenging times, particularly in regional areas. They are being pulled in various directions through mass media, access to the internet and a whole range of other influences on their lives that perhaps previous generations have not had to deal with. I strongly believe that as a member of parliament and in my own role in Gippsland one of my key responsibilities is to work with the young people in my community to help them achieve their full potential. That involves supporting young people as much as we possibly can. I do note that one of the positive announcements in recent times is that the government has finally come to the party and supported a mentoring program in the electorate, which has been strongly backed by the local community.

One area where I believe we can do a lot more to support our young people is encouraging their engagement in community and sporting activities. I have found throughout my life that the young people who have been able to participate in sport or in some form of community activities at a young age tend to go on to become the good citizens we want to see when they reach adulthood. For that I give credit to organisations like the surf lifesaving movement with its Nippers program, which really gives these young people an experience of working as part of a team, of doing something for their community. It is one area that I think governments at all levels need to look at and find ways to engage young people in the community as much as they possibly can. Don't give them the chance to become alienated in any way whatsoever, whether it is for social reasons or economic reasons. We need to break down those barriers to make sure that young people from a very early age, even as early as five, six and seven years old, are involved in community activities and sporting activities or artistic pursuits in ways that they can participate and be part of our community. The benefits in the long term are there for all to see.

It is on the point of helping young people achieve their full potential that I have experienced one of my greatest disappointments in my short term in parliament, and that has been the way the youth allowance debate unfolded over the past 12 months. I believe we can do a lot better and have to do a lot better in future in providing access to university for students from regional communities. I will continue to work in my role to secure additional funding in future to make sure that young people in regional areas are not facing the uphill battle they currently face in comparison with their city counterparts. Basically I believe we need to have a tertiary access allowance of some form which recognises the additional costs that regional students face for accommodation when they are forced to move away from home to attend university. It is something I will keep working for within my own party and in the joint party room of the coalition, but also in raising the issue in a public sense and encouraging the government to have another look at what they have done on Youth Allowance and the whole issue of student income support, to ensure we get more fairness and more equity for regional students.

Like a lot of MPs, I get to speak to a lot of school groups. There are about 15 secondary schools in my electorate and I talk to students in my electorate about the need to aim high, to

aspire to achieve their dreams, to raise their aspirations, because in my community we have a very limited number of students who go on to university education. I also talk to the students about an issue which is very dear to my heart, and that is about making unemployment an absolute last resort for them. I encourage the students to think along the lines that we do have a welfare safety net in Australia but it should not be seen as a welfare security blanket. In regional areas we often have difficulties securing permanent and long-term employment opportunities for young people and we need to make sure that our young people are thinking along these lines, that they will continue to learn, continue to invest in themselves and learn new skills and get involved in training and see unemployment benefits as an absolute last resort. In my electorate there are sections of the community where we are faced now with a second and third generation of welfare recipients. It is a major issue for us as a country when we have people who, through a whole range of circumstances, have now got themselves in the situation where up to three generations have never been gainfully employed and have never had the benefits that come from working in paid employment.

I believe we need to have this debate in a broader sense in our community about how we treat people who, for whatever reason, cannot find work. I had the experience of being on the dole once about 20 years ago when I moved to Queensland. Without my support network, family and friends I found it hard to get work. I think I was on the dole for about six or eight weeks and I found that even in that short amount of time you start losing your self-esteem. For people who are on the dole it is very easy to get into lazy habits. Even in as little as two or three months people's attitude changes to themselves and to how they view their role in our community. So I believe we need to be creating a very positive work ethic in our community and arguing the case that if you are fit and able to work you should be working.

I think we need to have a very close look at our welfare system and at the obligations we place on people who are receiving Newstart allowances. I believe that in the short term we are going to have to have a very close look at the obligation to make a contribution to the community. This is not a question of bashing dole bludgers or trying to engage in some sort of class warfare; this issue of passive welfare is destroying lives in my electorate. We are doing these people an absolute disservice if we wind back the mutual obligation. We are doing them a disservice. It is destroying families, and the young people growing up in these households lack the benefit of positive role models, which I think is so important to young people in our community.

The wasted human capital associated with this issue is one area that we need to have a much closer look at. Paid employment is the way out of poverty for so many people. It is a way out of the social and economic dysfunction that occurs in some of our towns. The self-respect that people gain, the sense of responsibility, their work ethic and their taking control of their own destiny are so important. They are lessons that government handouts will never teach people.

The Work for the Dole program is one that I am concerned about. I read a report in the *Australian* on 7 April this year claiming that the number of people involved in Work for the Dole schemes is down from 22,000 in 2005 to 12,000 this year. It is also reported that at the time the Minister for Employment Participation, Mark Arbib, indicated that there were actually an additional 46,200 job seekers in training and that had risen to 76,000 in that same four- or five-year period. His argument was that the best way to help job seekers is to ensure that they

get work focused training to get them into jobs. I do accept that, and I hope it is the case and that the minister is working towards that end. But the generational welfare issue remains a major area of concern for me, and I urge the minister to continue to engage with the Work for the Dole program to ensure that people have that opportunity to receive training and to invest in their own skills for the future and have the self-esteem and the decency of paid employment.

My comments in relation to providing extra support to break welfare dependency extend to another group of people in my community who I believe need more help from this government. In my maiden speech I referred to an aim to make sure that our treatment of people who are socially or economically disadvantaged as one of the main focuses during my term in office. That commitment has been strengthened by the things that I have witnessed and the people I have spoken to over the past two years. I commended the government when it took the step of increasing the rate of the single age pension. At the same time, I have condemned the state government of Victoria for ripping that money out of the hands of many older people through increases in public housing rents. Giving with one hand and taking with the other does nothing to restore public trust in our system of government and adds further cost-of-living pressures to our older generations who have done so much to build the wealthy nation that we enjoy today. I will continue to advocate on behalf of older Australians and self-funded retirees and pensioners to make sure that they get a fair go in the future.

There is another group of people in my electorate who is also deserving of more support, and that is people with disabilities and their carers. At this point I refer to a speech made by the member for Maribyrnong, the Parliamentary Secretary for Disabilities and Children's Services, on 1 April. I have enjoyed some brief conversations and discussions with the member for Maribyrnong on this topic and have written to him on numerous occasions on behalf of families in my community. Normally I would apologise for the paper warfare, but when it comes to people with disabilities and their needs I want to make sure that he is well aware of the issues as they are presented to people from regional communities and surrounding the whole disability sector. But I am heartened by the parliamentary secretary's responses and his efforts so far. I believe he does have genuine compassion and empathy for this issue and that he has a determination to make a difference.

Some things have to be well above party politics, and I hope that improvements to disability services and support for carers will fall into this category in the months and years ahead. I believe we can do more, and we simply must do more. I quote the comments that the member made in a speech to the Press Club:

Today I want to talk about another group of Australians: Australians with the same ilk of courage, spirit and ethos, whose circumstances are vastly different from most, whose days and nights are a mighty struggle to achieve a capacity and independence that others of us have never once wondered about and always presumed to be available; Australians who speak clearly and strongly to themselves—or they simply wouldn't survive—but whose voices are rarely heard by the broader many who live in their midst and otherwise occupy this nation.

I'm talking of a silent, aching struggle, ever infused by love, affecting millions of lives, which falls mostly under the radar.

It happens daily, quietly, inexorably, and has been going on for too many years to count or know. It is invisible, or at least so accepted and entrenched in our society that we fail to see its most fundamental infringement of human rights and dignity.

It goes on, Madam Deputy Speaker, but I think you get the sense of it. These are fine words, and I think they are inspirational words, from the parliamentary secretary. They are challenging words for us as members of this place. They challenge us to rise to the occasion and do more to support people with disabilities and their carers.

I recommend the member's speech to those who are interested in the topic. In particular, I encourage them to consider the issue of the National Disability Insurance Scheme, which he raises in his speech, which is currently the subject of an investigation by the Productivity Commission. I acknowledge, as have other members, that it will be expensive to introduce. But we owe it to the children, young adults and older people with disabilities and to their carers to do more for them in the future. The disability service providers and carers in my electorate do a remarkable job already in our community, but they could do a lot more, and we need to help them as much as we can in the future.

In the time that is left to me, I want to reflect on a couple of regional development opportunities in my electorate, which are of great importance to the people of Gippsland. To begin with, I want to raise the future of the East Sale RAAF Base within the current review of defence facilities around our nation, and also the assessment of the interim basic flying training project. I would like to congratulate some local residents, the Mayor of Wellington Shire, Scott Rosetti, state MP Peter Ryan and the Victorian government, for working together to put the best possible case forward on behalf of my community hosting the interim basic flying training facility. The community has engaged with the local government and the state government in this regard and there has been community support through a postcard to the minister campaign to make sure that the people of Gippsland's views are well known here in Canberra. My only hope is that, when the decision is made, it is made on its merits and there is no political interference whatsoever. Of course, if that is the case, we will respect the umpire's decision. We know it is a difficult decision, but we will respect the decision as long as it is based on merit.

I recently had the opportunity to tour the facilities at East Sale RAAF Base in the company of the Leader of the Nationals. We were very well received by the new senior ADF officer Group Captain Glen Coy and his personnel. I want to in passing comment on what a great job East Sale RAAF Base personnel do, the way they conduct themselves in our community and the warm welcome they give to members of parliament from all sides. I know members from interstate have participated in the work experience program, for want of a better phrase, and they have all enjoyed their experience at East Sale. It is a very welcoming base and they do a great job in our community.

Another organisation I want to briefly mention is the Centenary House facility in the Latrobe Valley. I have spoken before about the magnificent work that Centenary House does in our community, but it is worth repeating that this organisation provides supported accommodation for people while they are receiving cancer treatment in the Traralgon area. The first stage of development was funded by the state and the federal government in a bipartisan way. And I am happy to report that quite recently the federal government announced \$1.5 million for the next stage of the project, which will allow the development of nine more units. That \$1.5 million will be complemented by an enormous amount of local fundraising as well. It is a good example of governments working with the community and it is a project that I think will deliver enormous benefits for the broader Gippsland region in the years ahead. I welcome the

minister's support and encourage her to visit at some stage to get a firsthand appreciation of the work that is being done there.

I do not wish to be entirely negative about the government's budget. I have just mentioned one project that was very well received in my community. I am not one who believes in opposition just for the sake of opposition. I think it is a false belief that is sometimes perpetuated in the media that one side has a mortgage on all the good ideas and that one side believes everything the government does is bad. It is just folly. The simple fact is that MPs, ministers and governments from both sides of politics are generally quite well intentioned but sometimes things go wrong. Unfortunately for this government, when things go wrong, they have to be held to account. This government must and will be held to account in the weeks and months ahead when Australian people vote. Simply too many things have gone wrong for the Australian public to ignore this government's basic incompetence when it comes to delivering value for money for Australian taxpayers.

Mrs D'ATH (Petrie) (11.08 am)—I am pleased to rise to speak in support of Appropriation Bill (No. 1) 2010-2011 and the cognate bills. I will start on a positive note and say how pleasing it was to hear the comments of the member for Gippsland, in that he is a member who does not believe in opposition for opposition's sake and actually talked about one of the positive programs in his electorate, as I hope many other members in this chamber will also do.

These appropriation bills are a very important step forward in delivering a secure and fair economy and country for all Australians. The legislation continues the commitment that the Rudd Labor government made in the 2009-10 budget to work to bring the budget back into surplus as soon as possible and to do that with a fiscally conservative forward program for expenditure. What this budget does, and what the appropriation bills provide for, is to ensure that there are strict spending limits to help bring the budget back into surplus within three years—and, of course, this is three years earlier than expected and ahead of every major advanced economy. We should not underestimate how important that is and how well Australia is doing, even with the instability in the global markets right now. Australia is in the best position possible to deal with those downturns—and the instability that is occurring at the moment—because of what the Rudd government chose to do in late 2008 and 2009 by stimulating the economy when it most needed it. It is now working to get the budget back into surplus and do so at a much quicker rate than what was originally predicted just 12 months ago.

What these appropriation bills do is build on the success of the stimulus package. And our responsible approach to the economy will now deliver new investments in health and hospitals, in skills training, in infrastructure; a new Renewable Energy Future Fund to help tackle climate change; tax cuts and less red tape for small business; a standard deduction to make tax time easier for working families; a third round of tax cuts; more money to protect our troops and our borders—and still return the budget to surplus three years ahead of schedule.

There are three different tax cuts that are provided for as a consequence of the budget and the appropriation bills. Firstly, there is a simplified automatic tax deduction, which means that more than six million Australian taxpayers will, from 1 July 2012, be able to simply tick a box rather than collect receipts, and will pay about \$192 a year less tax on average by 2013. Again, we should not underestimate this. This might be seen as a minor change, but it is a

significant change in the way tax returns are done in this country by normal households out there.

Another tax cut, of course, is the 50 per cent tax break for the first \$1,000 of interest on savings, from 1 July 2011, and modest income tax cuts for every Australian taxpayer. An Australian taxpayer on average earnings will save \$450 a year from 1 July this year. I will talk in more detail shortly about some of those tax initiatives.

We are also about helping small business. That is what this budget sought to do. That was also announced in the Stronger, Fairer, Simpler Tax Plan. The tax break available to Australia's 2.4 million small businesses will become available on 1 July 2012.

I have already stated that this budget will provide for benefits in health. I have to say, it was very pleasing to see that we are going to provide local GPs with financial support for many medical centres, to put on qualified registered nurses and to ensure that our local communities have at least three GPs employed. Our local communities will be able to have the equivalent to a full-time registered nurse, if they choose to employ one. This will assist not just the clinic itself, in jobs and in the way it goes about supporting the community, but it will help many patients. I know that, in my community, I have many elderly patients, and these nurses will be able to go and do follow-up care and home visits to assist. We know that proper health treatment is not just about what the GP does when you walk into the surgery, or what your doctor does when you are admitted into hospital; it is also about what happens when you go home. What is a minor ailment or something that can be controlled can quickly get out of hand if it is not monitored. That is what this can ensure. It can help monitor how people are managing with new medicines or, if they are changing dressings, they can ensure that that treatment is working the way it is supposed to. It can ensure that a person's problems do not end up escalating and needing hospitalisation or more serious treatment.

The appropriation bills also seek to provide more doctors when they are needed in after-hours care and I will be talking shortly about the proposed additional GP superclinics. I already have a GP superclinic being constructed in my electorate. I know that my local community is very excited about this facility, because it will bring the training of GPs, which is non-existent in our area, together with a dental school and specialists all into the one centre. Situated on hospital grounds straight across from the emergency department, it will take significant pressure off the emergency department. We will see approximately 30 per cent of presentations to the emergency department move over and be treated in the medical centre, which will be open seven days a week until 10 pm each evening and it will be bulk-billing.

What the appropriation bills also seek to do with the budget is improve superannuation. We know that superannuation is extremely important. It is about providing a secure future for all Australians. We all need to invest in our superannuation. I am a big supporter of ensuring that individuals also make co-contributions and put additional funds into their superannuation, because we all have a responsibility to ensure that we have the finances in place to provide a fair standard of living once we retire. But it is also the government's responsibility and the employer's responsibility and I am very pleased to see that we are lifting the superannuation guarantee from nine to 12 per cent. I believe this is long overdue. Having said this, it is phased in in a sensible way. It does not happen overnight. It is not putting a three per cent burden on employers in one quick hit. This is phased in over nine years. It will provide benefits in the long term, especially for those going into the workforce now or for those who are

very early on in their careers, and will provide an increase in what they will retire on. I certainly support the initiative. As we know from some of the figures from this announcement, for an 18-year-old entering the workforce on average weekly earnings, the superannuation reforms will add \$200,000 to his or her retirement income—and that is a positive move forward.

Another superannuation measure that is equally important is the government's offer of generous tax breaks to older Australians, with low super balances, to help boost their super. This is very important because there are many older Australians who got into superannuation later in their working careers and do not have large sums of money sitting in their superannuation balances. Workers over 50 with total superannuation balances below \$500,000 will be able to make up to \$50,000 in concessional superannuation contributions. Further, the government will provide a contribution of up to \$500 to individuals with a taxable income of up to \$37,000. This will help low-income workers who currently receive no or negative tax concessions on their superannuation guarantee contributions. This will effectively eliminate the tax that low-income people pay on their super.

To allow older Australians to stay in work, if they choose to, people aged between 70 and 75 will now be part of the compulsory superannuation guarantee. Currently, employers are only required to pay the guarantee until the age of 70. I have had a number of people in my electorate raise this issue. They are doing part-time work, they are 72 years old and they want to know that they are still getting that contribution into their superannuation. This is a great announcement for our seniors who are still in the workforce, and we want to make sure that superannuation continues to grow on their behalf.

As I said, we are making key investments in health and hospitals, with a \$7.3 billion funding boost for better health and hospitals over the next four years. We are investing \$661 million in skills and training, which will include 70,000 new training places and support for 22,500 apprenticeships. This is fantastic. The Kickstart program is part of this initiative and it has been very successful across the country. We went over our target of 21,000 apprentices during the period from December to February. This program will now be extended to the end of the year and I think that is a fantastic initiative. Businesses and apprentices in my area have benefited from the program. I have gone out and met apprentices who have been employed as a consequence of this program. One of the group training organisations in my electorate said to me after the December intake that there are consequential benefits from this—it is not just about apprentices getting jobs; we are also providing more incentives for businesses.

With group training organisations, apprentices move around to various employers. What the group training organisations are finding is that, because of the two payments in the system, the employers are retaining the apprentices for longer because it is part of the requirements for the funding. That is building a stronger rapport between the apprentice and the manager and the business. That is a great thing in itself because there is more chance that the apprentice will stay with a single employer for a longer period. The training officers employed by the group training organisations are normally very busy running around trying to place apprentices and find new places for them when an industry becomes volatile and an employer needs to let someone go. But because that instability has not occurred the training officers can spend more time finding new businesses and new places. It has been a win-win

situation all round with this program. I am out there encouraging businesses to take up this initiative and put on more apprentices.

Another very positive announcement in the budget appropriations this year is our further commitment to renewable energy. This is an important initiative. We do not have a carbon pollution reduction scheme currently being implemented in this country. Consequently, the government has little choice but to redirect its energies to addressing climate change in other ways until we can get an emissions trading scheme in place. We are doing that by focusing on the renewable energy sector, which is a great thing. But we have heard the member for Gippsland being critical of the government. He has said the government is gutless and we have not followed through with the emissions trading scheme. But the opposition should be absolutely honest with the Australian people on this issue. There is one reason alone why this country does not have an emissions trading scheme being implemented right now. There is one reason why companies do not have certainty about an ETS in this country right now. The reason is that the opposition have chosen to block this legislation time and time again. They came to the table and prepared to negotiate in good faith, but when the time came for them to vote on a proposal that they had negotiated with this government, they rolled their leader. That is how passionate they were to make sure that this country did nothing to address climate change. Consequently, we have a new Leader of the Opposition, Tony Abbott, and complete opposition to climate change. Unfortunately, that is what we have heard in their latest announcements as part of the reply to the budget.

I have just spent more than 15 minutes talking about all the positive things that the Rudd government is doing in terms of these appropriation bills and the budget that we have just announced. What the Australian people have as an alternative is a party that are about cutting and slashing funding and programs. Of course anything to do with climate change is out. They are striking that out straightaway. They would discontinue the AusAID climate change funding. They would discontinue low-emissions assistance for renters. They would remove funding for the International Climate Change Adaptation Initiative. They would reduce funding for the Carbon Capture and Storage Flagships Program. They would discontinue the Carbon Trust and Climate Change Foundation campaign. They would reduce funding for the green car initiative. All of these initiatives would be scrapped if the coalition came into power. That is how committed they are to climate change. They should be honest with the Australian people when they talk about the Rudd government and why we do not have an emissions trading scheme in this country right now.

The opposition also say they would scrap the resource super-profit tax if they came to government. What would that mean? The early start to company tax rate cuts for small businesses, lowering the company tax rate, would go. Small business instant asset write-off and simplified pooling would go. The resource exploration refundable tax offset would go. The state infrastructure fund would go. The increase in the superannuation guarantee to 12 per cent would go. Increasing the concessional contribution cap for individuals over 50 and the superannuation guarantee age limit from 70 to 75 would go. The government's superannuation contributions tax rebate for low-income earners and the 50 per cent discount on interest income would all go. Phasing down interest withholding tax on financial institutions and standard deductions for work related expenses would go.

We as a government have announced all these things and are still able to bring the budget back into surplus in three years—three years earlier than projected a year ago. The opposition are going to slash all those programs because they cannot manage to bring a budget back into surplus and deliver on all of these programs. And I have not even started on all of the funding they would cut for schools and in health. The medical profession, the pharmacists and the divisions of GPs have been screaming for e-health. They all want it. This is a positive thing.

The Leader of the Opposition, Tony Abbott, and the shadow health spokesperson have previously said they fully support e-health, but they are going to scrap it because they cannot manage a budget. They cannot bring it into surplus and provide programs, so we will have no programs anymore. This is an important initiative that they are going to scrap. They will scrap the 23 additional GP superclinics that we have announced. There will be no more of those. All of those benefits and improvements in delivering primary health care in our communities will be scrapped.

Let us look at the computers in schools program. Secondary schools, public and private, already have one computer for every two students in grades 9 to 12 and are waiting on the next round. We said we would deliver all of these computers by 2011. If Tony Abbott and his party get in, those schools can completely forget about seeing those computers, because the computers in schools program will be scrapped.

Trade training centres will be scrapped. The Smarter Schools teacher quality program will be slashed. The Productivity Places Program will go. All of these initiatives will be scrapped. All of those schools that have not yet built their halls or libraries can forget about it. They are not going to get that sort of funding and those sorts of facilities under a government led by Tony Abbott. The budget in these appropriation bills provides a secure and fair future for all Australians. (*Time expired*)

Mr TUCKEY (O'Connor) (11.29 am)—I was listening quite politely to the member for Petrie and towards the end of her speech I came to the conclusion that she should have taken those two or three days off from this place and done the NAPLAN test and then she might have learnt how arithmetic works. She stood up here and put forward a huge list of things that this government and this budget propose to deliver. But how will they deliver them? By increasing the tax burden on Australia at every level to pay for it.

Anybody who can get away with that sort of tax trick and that dodgy policy position can balance a budget—if they are prepared to rip enough money out of the community. Every cent of the government's resource rent tax on mining will be taken off individual Australians through reduced dividends flowing to their superannuation funds, which the member for Petrie said is something the government are going to gift the community. No, they are going to tax the very source of national wealth and they are going to say to 480,000 retail shareholders in BHP here in Australia, 'Having trashed the value of your shares, we're going to make a gift of a slightly improved superannuation arrangement.'

I heard the Minister for Financial Services, Superannuation and Corporate Law quoting dodgy figures yesterday. I drew to his attention that when you quote statistics in the parliament it is not a bad idea to quote them all and that the suggestion that the recent crash in the value of mining stocks was to do with later announcements regarding the Greek and EU economies just does not stand up to the simple arithmetic of looking at the dates when each occurred. The mining stocks crashed and a week later or thereabouts there was a more de-

meaning situation with a steady correction across the entire stock market because of a simple fact: the Europeans have discovered that the type of activity undertaken in this place, stimulus by government, has a downside. We saw governments rush into the borrowing market and borrow a heap of money to prop up dodgy financial institutions in the Northern Hemisphere. But surprise, surprise, in Europe they now do not have enough money to pay their own debts and the financial sector is panicking because it thought it was rock-solid to lend to government. Yes, it is probable this government can repay its debts, but, of course, it was borrowing from a position of no debt. Those circumstances are extremely obvious in this budget.

The member for Petrie said, 'You're going to stop kids getting their computers.' On a very friendly occasion last week, the Speaker of the House, Harry Jenkins, and I visited some schools in my electorate. It was a great day; we went there to talk about what the Speaker does and educate kids on the workings of the parliament. But when it came to the question and answer session, what these year 12 kids wanted to know was, 'Where are our computers?' I was sorry for Harry because he is the Speaker and he was not expected to get into the politics of that, but the kids are awake to this government. This is not somebody denying them computers next year or in the next parliament; they were promised these computers in this parliament.

This is the issue that becomes obvious in this appropriation debate. I wrote it down. I am well and truly old enough to have experienced the Whitlam government. I happened to participate in the later years of the Fraser government and I well remember—

Opposition members interjecting—

Mr TUCKEY—If you think it is a joke that someone has a corporate memory of the performance levels of the different governments that have run Australia—

Mr Ripoll—Fraser's got a very good corporate memory.

Mr Turnour interjecting—

Mr TUCKEY—Let's get it straight, because I am talking about my experience. I well remember the Hawke-Keating government and the Howard government and, of course, I know the Rudd government. If there is any ground for humour in this place, it is in talking about the latter.

Let me just make some points. I said this at the time of that election: in living memory, the only time a good government got sacked by the Australian people—that is, prior to the last election—it was on the basis of a jingle. Talk about deficits! I can see myself involved with colleagues arguing as to whether we as a nation could afford a billion-dollar deficit. That is what Parliament House cost. The reality is that that is how tight-fisted we were about borrowing money on behalf of future generations. What did the Hawke government get when they came to government? They got a government debt of \$16 billion, and they managed to get it up to \$96 billion in the life of that government. Of course, when the Howard government was elected, there were problems associated with balancing the forthcoming budget, which was planned by Labor, and they found themselves extremely unpopular. During the election campaign the Howard government never admitted to borrowing another \$10 billion. That was the situation.

There have been substantial changes to tax from time to time, but they have typically been announced prior to an election. John Howard made that extremely clear before we introduced

the GST. We watched the then Labor opposition come into the House with 'Joe Hockey pyjamas', asking, 'How much will the price of these go up?' I think they came in with a lettuce at question time one day. The other day, when a question of a similar nature was put to the Treasurer, he called it a scare campaign. Everybody who voted for the Howard government at the 1998 election knew we were going to introduce a GST. But just think about the rhetoric at the last election. When did Labor say, 'We'll introduce a resource rent tax retrospectively on the mining industry'?

Mr Fletcher—Nowhere.

Mr TUCKEY—Nowhere. Why is it happening? When it comes to telling the people of your policy position and truly putting it in hard language, I can remember Bob Hawke when in government calling the privatisation of government assets an 'obscenity'—until the government ran out of money and suddenly it was in the national interest to sell off the Commonwealth Serum Laboratories and TAA. Admittedly, TAA went into Qantas, but then they sold Qantas. They then proceeded to sell tranches of the Commonwealth Bank, an icon of Labor ideology—and we sold off the last piece of it. The only bit of family silver left in the parliamentary drawer was Telstra—and, in a commercial sense, it was worthless because we had borrowed \$96 billion against its worth in those days. The public voted for Hawke on the understanding that he would never sell anything—and I think the people of Queensland might have voted for Anna Bligh on a similar understanding. The Hawke and Keating governments spent the money from everything that Hawke sold and Keating finished off—and still they borrowed up to \$96 billion.

The evidence is that, if you vote Labor, you will find all these sorts of tricks. I love the bit about giving the Australian people a bigger share of the mining industry—the tall poppy syndrome. I have already pointed out that as shareholders and compulsory superannuants they are the owners of those companies. They do share in the profits, even at that level. But, of course, there are the jobs. It is worth noting that there are now two scheduled flights a week between Cairns and Karratha—I think they are 737s, with 150 passengers. With 14 per cent unemployed in Cairns, the people on those planes ain't goin' to Karratha for the scenery. They are flying over there because they have a job they cannot get in Cairns. Already, day after day after day, people are announcing, 'I'm sorry, we're not going to go ahead with project A, B, C or whatever.'

Gorgon, the minister has told us, means 10,000 jobs in construction, and now it is on the way. There are 10,000 jobs in construction. How many jobs will there be in its operation? Maybe 1,000. As soon as the construction phase stops—or is delayed while the world's investors make up their minds over whether they are going to risk future investment in Australia; Australia has only a fraction of the necessary money for these projects upfront because we cannot be trusted—those big jobs, the construction jobs, are just going to disappear. It will not be long before the two flights out of Cairns are the first to be cancelled. There are half a dozen flights out of Melbourne. There is a flight through my electorate—and it will still be mine after the election—from Kalgoorlie to Adelaide. The people that travel on that do not go for the scenery, I can tell you. They are not tourists; they are fly-in fly-out workers. The boom in Western Australia is spread across all of Australia.

I like horse racing. On Monday I picked up the 'Thoroughbreds' pages of the *Australian*. The headlines were 'West Australian buyers still thin on the ground' and 'Proposed mining tax

to hit Magic Millions Gold Coast sale'. Things are looking grim for the Gold Coast Magic Millions sale of tried stock and brood mares. Why? Because 60 West Aussie businessmen, who are typical attendees, are not coming, and one of them said that he had lost \$5 million on his share portfolio and there would be no horses this year. That is the spread—

Mr Ripoll—Poor bloke, struggling for a dollar!

Mr TUCKEY—Yes. You are just the one to come up with a tall poppy comment. What I am telling you is that these people create jobs for people in your state of Queensland. People with the lowest level of skills typically gain employment in horse racing because they would have grave difficulty getting other sorts of work—and to the best of my knowledge they have made the mistake of voting Labor over the years. Labor does not care. Labor does not understand that, when you shrink a high-level resource industry, it hurts some bloke who mucks out boxes in a stable. The evidence is there in black and white. When those people who offer their horses for sale get less for them through lack of competition, they will go back to their studs, to their racing operations, look at their balance sheet and say, 'I've got to put a couple of people off.' It is not by choice. It is not because they are nasty little businessmen who ring up women after dark and order them to work and leave their kids behind. If you have met one of those men, tell me, and I'll argue with them. I know a lot of small business people. I was one of them myself—in the shift-work industry—and my wife would have murdered me if I had even thought of doing that. She would have said, 'I'll go and mind their kids,' if it was a desperate situation. Small business is not like that.

But coming back to the member for Petrie: not every small businessman—not even the Deputy Prime Minister's favourite tradies—gets a tax reduction from this budget because they are not all incorporated. And they are not likely to be incorporated, so will not get one. What is it? Something like 20 per cent of small businesses are incorporated. So all of the others will go on paying tax in the way they are paying it now. But be they incorporated or not incorporated—and the member for Petrie mentioned this—they will be hit with another three per cent of payroll to contribute to the superannuation funds in this country, and those funds do not have a very good record of administering them.

Let me come back to the issue that astounds me most in this debate: the Prime Minister, the Treasurer and the finance minister getting up there and saying, 'The Australian people are being robbed'. I have just given all the reasons that they are not doing too badly out of mining. The proposition is that the Rudd government need the money, and their record of managing it is outrageously bad! There are the laptop computers. There is the Building the Education Revolution. Everything is a revolution; everything is a reform. But in the end it comes back to wasted money and taxation. If the Australian people had their druthers, would they give the money to the Prime Minister or would they give it to BHP to manage on their behalf? I would like to run a referendum on that, and I would like to run the book on the outcome.

The claim that you do people a favour by raising taxes is stupid. Historically, in the Pilbara, the then WA state government under Charles Court said to the miners, 'When it comes to the infrastructure, you've got to build it.' They built all their own railway lines. They have typically built all their own ports, and have been happy to do so, particularly if they get a tax deduction for writing off those assets. So why does the government have to tax them because it says it can build things better or make better choices? The BER is proof that that does not work. In the paper the other day they compared a \$400,000 or \$500,000 house of substance—

four bedrooms, two bathrooms, a TV room et cetera—which cost half the price of a school canteen. I am building a house now myself, and it will be about 400 grand. But I see in my electorate \$1.9 million being spent on putting new benches and a bit of copper pipe into science labs. I know what all of those things cost—I am a frustrated builder; I have been doing it for years; it is my hobby—and I just watch this waste. Then the government say, ‘Give us more money from the mining sector and we’ll spend it better’. There is no evidence that that would ever happen, and it is just so silly. All of those at the top should have done the NAPLAN test to prove that they at least got basic arithmetic. (*Time expired*)

Mr TURNOUR (Leichhardt) (11.49 am)—I support this budget. It is a budget that continues to build on the strong work that the Rudd government has done to steer us through some very difficult economic times. It is about responsible economic management, and it is about taking tough decisions. This is a budget that will see us halve peak debt and get the budget back into surplus three years earlier than had been expected. Three years from now, three years earlier than expected, the budget will be back in surplus.

The budget is about taking decisive action to continue to support the Australian economy. There are new investments in health and hospitals, new investments in skills and infrastructure and there is a new Renewable Energy Future Fund to help tackle climate change. There will be tax cuts and less red tape for small business—there are plenty of small businesses in my electorate of Leichhardt—and better superannuation and tax breaks, providing a boost for national savings. There will be a standard deduction to make tax time easier for working families—a tick and flick system—and a third round of tax cuts to put more money in working families’ pockets to help them with cost-of-living challenges. There will also be money to protect our troops and our borders—and still we will return to surplus three years ahead of schedule.

This is a strong budget—a budget delivered by a strong economic team, led by our Treasurer and our Minister for Finance and Deregulation. That team stands in stark contrast to the three stooges act we saw on display last week, with the Leader of the Opposition’s budget reply basically passing the parcel to Mr Hockey, the shadow Treasurer, who then passed the parcel to Mr Robb, the shadow finance spokesperson. None of them could actually come up and deliver a budget response. They ended up in a news conference saying they were going to cut things. But the only thing about being cut was when Mr Robb’s media adviser was up the back telling him to cut himself, to stop speaking because he was basically making a fool of himself—as they were of themselves with their economic irresponsibility.

This is a solid budget. It builds on the work we have done to steer this country through some very difficult economic times. Let us talk about tax cuts, for example. A working family in Leichhardt earning about \$20,000 will pay \$750 less in income tax in 2010-11, a worker on \$50,000 in my electorate of Leichhardt will pay about \$1,750 less in income tax during 2010-11, and a worker in Leichhardt earning about \$80,000 will pay \$1,550 less in income tax in 2010-11. That is real money going into the pockets of working families in my electorate of Leichhardt. It is the third round of tax cuts that we have delivered as a government, and it is part of important ongoing reform and support for local families.

Small businesses, as I have said, will benefit. They are going to benefit because we are introducing a mining super profits tax—a tax that ensures that all Australians, including those Australians in Far North Queensland, share in the wealth from natural resources that can only

be dug up once. I have an electorate built on small business. There are thousands of small businesses in my electorate of Leichhardt. They are going to benefit from the instant write-off of assets valued at up to \$5,000, which kicks in from 1 July 2012. They will also benefit from the tax cuts, from 30 per cent to 28 per cent, that we are going to bring in earlier for small businesses. It will assist thousands in my electorate and the 720,000 small businesses across the country.

These initiatives will be lost under the opposition. They have said they will not support our mining super profits tax, so those small business tax cuts are gone. They have said they will not support the mining super profits tax, so superannuation increases from 9 to 12 per cent are gone. They have said they will not support the mining super profits tax, so increased investment in infrastructure, like that in mining states like my state of Queensland, is gone. That is the stark difference between the opposition and our government: steering the country through some difficult economic times and making some tough decisions to make big mining companies pay more but ensuring the benefits of that flow through to small business; flow through to working Australians in terms of increasing their superannuation, their retirement income; and flow through to better investment in infrastructure—roads and rail and ports. Those are nation-building commitments and that is what the government are about.

Let us look at some of the benefits in my own electorate from the budget. I like to think of myself sometimes as the member for roads. I am about investing in roads and building roads, and we know that is particularly important in regional Queensland, where I come from. The former member for Leichhardt did bugger all when it came to roads. He is actually ashamed of what he did when it came to roads. He is actually starting to claim things that I have had built during my first term. We built a \$40 million bridge over the Mulgrave River, the Desmond Trannore Bridge. That was built in my first term, but the former member, who I am now running against, is trying to claim it is something he delivered.

We have a \$150 million upgrade of the southern access road, and initial funding is at \$20 million as part of this budget. The former member did nothing about the traffic congestion in the southern suburbs of Cairns. We have a \$150 million commitment as part of \$1 billion-plus plan to upgrade the southern access road. I worked hard to get a commitment for that, and the money is in the budget this year.

We have additional funding in the budget this year for the Peninsula Development Road, which stretches up through Cape York to Weipa—a very important mining town of the western coast of the Cape York Peninsula. We need to continue to upgrade that road and we are. We have a \$15 million investment going at the moment, bitumening the road through to Laura, and we are building on that investment with another \$3.4 million. The former member had 10 years plus in office, and I think he got \$5 million put into the Peninsula Development Road during that time.

All this builds on the work we are doing to fix up black spots in Smithfield, on the northern beaches of Cairns. The roundabout near the shopping centre is being improved at the moment. That is due to the Rudd government, and we have seen another two or three roundabouts on the northern beaches fixed. We have five railway boom gates being installed in Leichhardt, including one in Aumuller Road in Cairns, where we recently had a serious accident. There are also boom gates in Thomson Road in Edmonton, McCoombe Street in Cairns, Anderson Road in Woree and Minnie Street in Cairns. All those are in my electorate of Leichhardt, but

there are plenty of other boom gates being upgraded through investments by the Rudd government.

In the Cardwell Range, the Bruce Highway is being upgraded. This is a significant investment that we need to make to ensure that the range is safe into the future. Tragically, people have died there in the last few years, so we need to do upgrades in that range, and that is what we are doing. There is investment for that in this budget. So we are doing a lot about roads, and that is very important to the economy in places like Cairns and Far North Queensland generally.

We are also investing very significantly in education. In my electorate of Leichhardt, I was very pleased to see—and I knew it would be there—the \$19.5 million in the budget for the Cairns Institute. This was a commitment made by the Prime Minister late last year when he came to Cairns in direct response to the difficult economic times and high rates of unemployment that we have experienced. Unemployment hit almost 14 per cent, and we recognised that we needed to do things to support jobs in the interim. That is what our economic stimulus plan was about. We provided a jobs expo. But we also need to diversify and strengthen our economy in the longer term.

The Cairns Institute will be a tropical innovation hub linking research with commercial opportunities, driving economic development and providing critical infrastructure planning research for Australia's far north. The institute will include 125 research staff working on issues of significance in the tropics, including marine and climate science, public health, social and community welfare and Indigenous development. As I said, this is about diversifying the economy. We are not only providing the tropical expertise we need locally but also providing it for Northern Australia as a whole and for the Asia-Pacific region. The Cairns Institute is a very important part of our vision of Cairns as a hub for the Pacific region that links in and provides information to Papua New Guinea, Vanuatu, Fiji and other Pacific nations. They will directly benefit from research undertaken by the Cairns Institute at the James Cook University through investments like this.

There is also the \$50 million investment in building a dental school and \$30 million in infrastructure. Again, that was built in my first term, and the former member is now trying to claim it. He cannot think of any significant infrastructure that was built during his more than 10 years in office, so he is trying to claim roads and education infrastructure being built during my first term. It is an indictment of him and his failure to deliver—and he has got the temerity to run again. He is trying to get back up, yet he delivered nothing during his 12 years. He has no new ideas but wants to claim investments and construction that are happening on my watch, such as the new dental school at James Cook University and our investments in the Desmond Treloar Bridge on the Mulgrave River.

The budget also had some fantastic investments in vocational education and training. As I said, unemployment has been tough in Cairns, but we saw some good news last week: unemployment dropped from 12.4 per cent to 10.4 per cent. So we are heading in the right direction and there is some light at the end of the tunnel. We know that we need to support jobs, but if people cannot get a job it is very important that they get into training. That is why our productivity places are very, very important. We also know that helping people to get into training can help them get into a job.

One of the important things that we did in the budget was extend Apprentice Kickstart by \$80 million. It meant that Apprentice Kickstart could start on 12 May and run through to 12 November. It produced some fantastic benefits for my own electorate of Leichhardt. We have just been through a global recession, and luckily—not luckily, but through a lot of hard work and good management by the Rudd government working in partnership with businesses across the country—we managed to avoid a technical recession in this country. But places like Cairns effectively have been in recession and have been doing it tough. When unemployment gets into double digits you have to say that you are in a recession. In the previous recession, during the 1990s, apprentice commencements in key traditional trades fell 34 per cent, and it was 13 years before we recruited the same number of apprentices again. Thanks to the Rudd government, we have done that in one year, not 13. In a place like Cairns, where we have been really hard hit by the global recession—as we are reliant on tourism and reliant on construction—we have seen apprentice starts hold up; we have not seen them decline like they did in the 1990s.

From December 2008 to February 2009—so from not last Christmas but the Christmas before—we saw 140 apprentice starts in Leichhardt, and that was not long after the global recession started. But from December 2009 to February 2010 we were hard hit. What do we find 12 months or so into the global financial crisis? Thanks to well thought out, serious policy to support training and to support apprentices in places like Cairns and Leichhardt, we see 201 apprentices starting work. Even though people are losing their jobs, the construction industry, other builders and other sections of the economy such as cookery are still putting apprentices on. Why? It is because we almost tripled the start-up commencement bonus for apprentices for businesses. We increased it from \$1,500 to \$4,850.

We know that we are not out of the woods with the global financial crisis. There are still some difficulties in Europe at the moment. In places like Cairns, even though unemployment is in decline, we need to do more and we need to continue to support local jobs. So I was very pleased to see in the budget an \$80 million extension of Apprentice Kickstart. It is these sorts of initiatives that really can make a difference to young people, to provide them with a future when they may be looking around and thinking, ‘Unemployment is in double digits, so what is the future for me?’ Businesses get a leg up, they get a bit of a kick-start and they continue to put apprentices on. That is the record. Those are the facts on this government’s investment in education.

Let us have a look at the stark contrast that we get from the opposition. I have already talked about the three stooges act of last week, with Mr Abbott and Mr Hockey followed by Mr Robb. But look at the detail—at the things they are going to cut. They talked about discontinuing some of the program they announced. There will make very significant cuts in education, which will impact local schools in my community and impact vocational training in communities like mine. They are really going to undermine the quality of teacher training in places like Cairns, Cape York and the Torres Strait because they announced significant cuts to education. They are going to cancel the computers in schools program, they are going to cancel the Trade Training Centres in Schools Program, they are going to cancel the Productivity Places Program and they are going to cancel the smarter schools teacher quality program.

This is what we get from Tony Abbott: high risk and poor policy. We are going to see the opposition cut education funding in critical areas that would otherwise support high school

kids getting a decent education. There are plenty of schools in my electorate that have not yet got their computers. They are going to miss out. There are plenty of schools in my electorate that have not yet got their investment in trades training, and they are going to miss out. I cannot believe that the opposition will cut funding for teacher quality. We know that the My School website has been a success, but it has identified areas where we need to make improvements. We can provide good-quality infrastructure, but we need to continue to support and lift the standard of teaching. Tony Abbott said he would cut investments in his budget reply, and that is an indictment on the opposition.

Let's look at health care. We know that health was a key part of this budget. This budget was about responsible economic management and bringing the budget back to surplus in three years. It was about making critical investments in education and also, particularly, in health. We saw over the Easter recess the Prime Minister working hard negotiating with premiers to deliver good-quality reforms in the health sector. We saw Mr Abbott off on his bike, cycling. While the Prime Minister was working hard, it looked to me like Mr Abbott was playing hard.

The DEPUTY SPEAKER (Ms S Bird)—I just remind the member to refer to everyone by their titles.

Mr TURNOUR—One was working hard on policy; the other one was working hard on developing his physical attributes. One is a hard worker and an ironman when it comes to national policy; the other one is a hard worker and an ironman when it comes to his sporting achievements. We are in the national parliament here; it is about being an ironman on policy, not in the sporting arena.

People in my electorate of Leichhardt want to see reform in health care and they welcome the announcements we have made about providing more than 6,000 new doctors, cutting emergency department waiting times and providing new hospital beds. The investments we have made in elective surgery have already made a difference to many people in my electorate, who have had hip replacements, urinary surgery and other types of elective surgeries that they would not have necessarily got without those increased investments. The commitments in the budget build on that very good work. There will be an extra 5,000 aged-care places and tough new uniform national health and hospital standards. These are national reforms that will have an impact locally. We are about having a health system run locally but funded nationally, for the first time ever, and the reforms build on work that has already been done—such as improving local cancer services in Cairns through our new radiation oncology facility. We have already delivered a new MRI scanner for Cairns Base Hospital, a GP superclinic and a new dental school, which I have already talked about.

And what do we get from the opposition? We know that when the opposition leader was health minister he cut \$1 billion from public hospitals, he cut GP training places—and we have a doctor shortage—and he left a national shortage of 6,000 nurses. This was what Mr Abbott did as health minister in the former Howard government. In the budget reply, we see he wants to cut almost another \$1 billion. Mr Hockey announced \$822 million in cuts—actually, he did not identify them; Mr Abbott passed it on to Mr Hockey who passed it on to Mr Robb, and Mr Robb announced \$822 million in cuts. So Tony Abbott, the opposition leader, cut out almost \$1 billion when he was health minister under the former Howard government. I am sure this is just the beginning. He also cut e-health.

... without an integrated health record system, effective and efficient team care will be almost impossible. Queues will be longer and costs will be higher as health professionals under pressure keep asking the same questions and ordering the same tests.

Who do you think would say that? The opposition leader. He wants to cut e-health by half a billion dollars, but he said e-health was critical, was important reform. That was on 8 December 2005, a few years ago. Let's see what the opposition leader said in 2007:

Failure to establish an electronic patient record within five years, I said, would be an indictment against everyone in the system, including the Government.

And he went on to say further things.

What we know about this government is that we have steered this country through some difficult economic times. We have delivered a budget that will bring us back into surplus three years early—a very responsible budget. What we know about the opposition is that they are about cutting health, cutting education and not supporting a fair share of our natural resources being distributed to all Australians. That stands in stark contrast to the actions of this government. (*Time expired*)

Ms MARINO (Forrest) (12.09 pm)—I rise to speak on Appropriation Bill (No. 1) 2010-2011 and the related bills. This is a big-taxing, big-spending budget and further proof that the Labor government cannot manage the Australian economy. Taxes are up by \$33 billion and government spending is up by \$12 billion, and the government will spend \$40 billion more than it receives. The budget deficit this year is projected to be \$57.1 billion, and government debt will increase to nearly \$94 billion in 2013, with interest bills of \$4.6 billion in 2010-11 and \$6.5 billion in 2012-13.

The Labor government will have to borrow \$700 million every week—\$100 million a day—for three years, which will continue to put pressure on interest rates for small businesses and families, to fund its spending waste and gross mismanagement of programs, programs such as the failed, tragic and appalling Home Insulation Program, which needs a \$1 billion repair job. There is Minister Gillard's \$14.3 billion BER program, which has now blown out by \$1.7 billion and has been typified by waste and poor value for taxpayers' money. The Computers in Schools program, which has seen 220,000 of the promised one million school computers actually delivered, has blown out by \$1 billion. Then there is the National Broadband Network, with its \$38.3 billion blow-out.

This budget also includes \$1 billion for the extra detention measures needed since the Labor government weakened our border protection laws—128 boats have arrived in less than three years, at a rate of three per week. Taxpayers in Western Australia have to cover the cost of accommodating accused and convicted people smugglers in the state's prisons. Any single one of the government's billion-dollar blow-outs could have funded critical road, rail, port, water and airport infrastructure in my electorate, to underpin the economic development of the south-west as well as assisting south-west inner-regional defined students qualify for independent youth allowance.

This budget is built on a big new 40 per cent tax on the mining and resource industry, with an additional \$12 billion increase in net tax revenue in the first two years alone. This is a tax that threatens WA's mining industry and has the potential to push mining investment and jobs overseas. This tax is directly affecting the value of emerging Australian mining companies. As I said, the Labor government is taxing its way out of debt, largely at the expense of Western

Australia and its 500 mining and resource projects, which produce \$70 billion worth of products, including industries and businesses in my \$11.3 billion GDP electorate. It also puts at risk over \$170 billion of planned mineral projects. This tax means Australia will be forcing our mining sector to pay some of the highest taxes in the world, and certainly risks driving future investment overseas. We know that 500,000 people are employed, directly or indirectly, in the mining sector; and there are also construction jobs and work for contractors, service industries, suppliers, small businesses and valuable and diverse Indigenous programs at risk.

The government is making Australia's most successful industry pay for its continuous wasteful spending and debt, as well as increasing the risk to Australian taxpayers with the proposal for taxpayers to have to pay back 40 per cent of future losses from mining operations. I note that in the WA state budget business investment was forecast to rise 11.5 per cent in 2010-11 and 12.25 per cent in 2011-12, on the back of world-scale projects. However, these projections were finalised before the Labor government's announcement of its resource superprofits tax.

The \$280 million surplus in the WA budget—and, I would add, the only state government in Australia with a surplus—is mainly because of the resource sector, discipline and prudent management of state funds. I understand that, of the \$3.3 billion, or 48 per cent, increase in WA's royalty revenue over the next 12 months, 82 per cent will come from iron ore, the very same iron ore miners who are the prime targets of the Labor government's tax. This is a very real risk to Western Australia's economic capacity. The Premier of WA has said that the prospect of this new tax on business, large and small, has already impacted the outlook for Western Australia's growth and will inevitably impact jobs growth. The Premier described the tax as an:

... attempt to raid on our state's finances, because mining royalties and payroll taxes go back into our schools and hospitals. They paid for seniors and pensioners to take seven million free trips on public transport last year. They have allowed us to put \$14 million into upgrading the Coalfields Highway over the next two years. They pay for services which protect the vulnerable and initiatives which advance the state.

The Coalfields Highway, in my electorate, is a very important transport link between the major industrial centre of Collie, with its focus on power generation, coal and aluminium. As well, as workers shift times change, the usage of this highway is extremely high. And the road has required significant upgrades in the installation of additional overtaking lanes. The Liberal state government upgraded the highway between Rolands Hill and the Wellington Weir turn-off in the nineties. However, plans for further major upgrades were shelved by the incoming state Labor government in 2001. It has taken the return of a Liberal-led government to achieve further upgrades to this key piece of road infrastructure.

The Labor government's resource tax will affect nearly everyone in Australia, both directly and indirectly. I am aware that approximately 9.3 per cent—or around \$111 billion—of Australia's \$1.2 trillion held in superannuation assets is invested in resource stocks. These investments, in which thousands of families, individuals and small business owners have put their life savings, have lost billions since this tax was announced. A very clear majority of workers have a stake in Australia's resources sector through their superannuation, and 778,000 self-funded retirees depend on returns from their superannuation. My office has been

contacted by ordinary investors and self-funded retirees who have seen the value of their superannuation fall dramatically in the past week.

This government is ignoring the fact that superannuation performance depends on a strong resources sector. It is also clear that there could be less taxation revenue from mining for future generations because Australia will have the highest taxed mining sector in the world. The S&P/ASX 300 Metals and Mining Index has fallen significantly, and losses equate to serious falls in the balances of superannuation funds. The mining tax has hit the Australian dollar, with global investors recognising the sovereign risk now attached to investing in Australia.

I note that Labor is claiming that the mining sector pays between 13 and 17 per cent in corporate tax. However, ATO taxation statistics of 2007-08 show that the average effect of the corporate tax rate paid by the mining sector, including royalty payments, is 41.3 per cent compared to an average of 27.18 per cent across all industry sectors. The question quite rightly being asked is: who is next in the government's efforts to nationalise profits? What sector generating over six per cent in profits will be in the government's sights next? I am sure Telstra shareholders would have a definitive answer.

This tax will have a major impact on regional Australia, particularly in my electorate of Forrest, with its over \$11 billion of GDP largely centred on the mining and resources sector. How will this tax be applied to each individual enterprise in practical terms? When will bauxite be deemed to be alumina? Where in the mining and processing stream will the tax apply and the profit be calculated, or will it be applied across the business as a whole? At what point is the tax applied to coal feeding into a power station? In my electorate, Wesfarmers Premier Coal general manager Patrick Warrand was quoted in the *Collie Mail*:

"... there is no doubt that any increase in taxes will impact on future growth decisions, as the mining industry has higher levels on investment risk which has to be considered when making investment decisions," he said.

The Chief Executive of BHP Billiton—Worsley Alumina's operators—is quoted as saying:

...the proposal would seriously threaten Australia's competitiveness, jeopardise future investments and adversely impact the future wealth and standing of living of all Australians.

All of these companies are very aware that their international competitors mining in Canada, Brazil, Central Asia and Africa are lining up to compete in their export markets. They also know that the seriously flawed ETS will be delivered in the next term of this government. Small quarry and pit owners, excavators, and sand, gravel, stone, salt, limestone, fertiliser, mineral sand and dredging companies are all non-renewable mineral resources defined by the government. South West Haulage, road-building and subdivision developers, need to know now whether they will have to pay the new super tax and at what point it will be applied to their businesses. Homeowners and homebuyers will have to pay more for their homes, as well as increased prices for electricity.

We all know that for every job in the mining sector four jobs are created in the wider community, and that is very evident in my electorate. Many of the over 14,000 small businesses in my electorate are both directly and indirectly dependent on the mining and resources sector. There are numbers of surveyors, real estate agents, financial services, manufacturers and construction companies in retail and hospitality, for instance. I recently spoke with a real estate agent in my electorate who said that a major contributor to their property sales was mining workers. However, since the announcement of the new resources tax, sales have stopped. The

thousands of mining workers spend their wages in regional areas. They buy houses and cars, they pay for entertainment and they pay taxes. An article in the *West Australian* newspaper reported:

Investor panic over the resources super profits tax is disproportionately hammering the value of WA companies, even those not connected to the mining industry, with local stocks hit nearly twice as hard as the wider sharemarket in the past month.

The article went on to say:

Analysts said fears over the proposed 40 per cent tax on mining profits above a 6 per cent return hit WA stocks harder than the market as a whole because the State was weighted towards the resources sector—and more exposed.

People in my electorate of Forrest who have worked hard to build their retirement savings have been hit with one attack after another from the Labor government. First it was the attempt to remove health concessions and private health rebates and now it is the big new tax that will undermine the performance of their investments, shares and financial independence. Western Australia is also being hit by reductions in GST payments. Last year \$400 for each Western Australian was distributed to the eastern states. This year that rises to \$670. WA's share of GST has fallen to around 68c in every dollar, and the state's share will fall by \$211 million in 2010-11. By comparison, a similar state such as Queensland receives 91c in the dollar and New South Wales 95c. Just prior to the election of the Labor government, WA was receiving 10 per cent of the GST. This has fallen to 7.1 per cent.

The Labor government are also holding WA to ransom by threatening to withhold money for the aged care sector unless the WA government agrees to hand over a third of its GST revenue for their flawed health and hospitals plan, which will fund yet another layer of Labor government bureaucracy. Conversely—or should I say perversely—only seven per cent of Infrastructure Australia's funds inherited from the coalition surpluses were directed to WA to facilitate the state's continuous growth and development. In spite of its increased spending, this budget has again failed to invest in WA's infrastructure needs.

One major downside of the budget is the cuts for the environment, with only \$1.3 million from Natural Heritage Trust and Landcare. This means that established and potential community groups and individuals who care for our environment will see even more cuts in funding. The South West Catchments Council received \$19 million to invest in the south-west environment in 2007-08 through the coalition government. Last year this fell to around \$5 million. At the same time, the Department of Climate Change and Energy Efficiency and its 494 staff will cost taxpayers \$215 million by July this year, and the government has allocated \$30 million to spend on an advertising campaign on climate change. Recycling is a high priority, but \$179 million has been cut from water recycling to install rainwater tanks or piping for grey water usage.

Around \$314 million has been cut from mental health programs in the past two years, with the mental health industry and patients alike hit by the scrapping in this budget of the Medicare mental health rebate for social workers and occupational therapists. The government has been forced to defer the changes for nine months to conduct consultation. Unfortunately for health providers and eight per cent of the WA population using mental health services, this is just another example of policy on the run.

Then there is the increase to the superannuation guarantee levy which will be paid for by businesses. While many see the increase of the superannuation guarantee levy to 12 per cent as a positive move for employees, many small businesses in my electorate will simply not be able to pass on these additional costs to their businesses. One small business stated:

The salaries that I pay are a large proportion of our turnover, meaning that increased super payments would affect my income directly. I would not be able to pass on that cost to any other party.

There are small business owners suffering at the expense of another Labor government policy. These are some of the same businesses that are paying higher bank interest rates than other sectors or who have been badly affected by another bungled government program such as the insulation debacle and the cost of the bank deposit guarantee on their business.

The Labor government's budget will add further financial stress to families through its continuous \$700 million a week borrowing putting more pressure on interest rates, by cuts to child care support by breaking its promise to build 260 new childcare centres, and by providing no real action to tackle rising living costs.

I just wonder how the government can guarantee quarantine and biosecurity risk in Australia when boatloads of asylum seekers arrive right at the jetty at Christmas Island. The Labor government is cutting \$14.3 million from customs and border protection services, cutting 250 jobs in cost-saving measures. AQIS is now externally inspecting only 30 per cent of shipping containers arriving through Brisbane. The Beale review reported that 23 per cent of shipping containers had some form of contamination, which seriously increases Australia's biosecurity challenges and increases the threats and risks of insects and pests such as fire ants, snails, weeds and seeds.

In government, the coalition will provide strong economic management, rescind the mining tax, improve local health services, protect private health insurance and take real action to reduce emissions to protect our environment. The coalition will do everything we can to improve the strength of the Australian economy without grossly increasing taxes.

Mr McMULLAN (Fraser—Parliamentary Secretary for International Development Assistance) (12.25 pm)—I rise to support the appropriation bills for 2010-11. I want to use this opportunity to make some brief remarks about the broad economic circumstances and the economics of the budget, to talk about some of the implications for my constituency and then to speak broadly about the budget and the associated debate concerning my responsibilities for international development assistance.

In peace time the No. 1 responsibility for a federal government is to take strong action when there are economic difficulties to keep the economy strong and growing, to maintain jobs and to keep a growth path for the Australian economy. At the end of the day that is what the living standards of every Australian depend upon. It varies from individual to individual how they benefit, but collectively our wealth and wellbeing is driven by the quality of economic management.

Because of the position I hold I have had the good fortune to travel to many countries representing Australia. The only country I visit where people doubt the fact that the best managed developed economy in the world during the global financial crisis was Australia is here. Everywhere else in the world people comment on Australia as being an outstanding example. All the independent commentators around the world, the OECD, the IMF and representatives of

governments I meet say they wish things had gone as well in other parts of the world as they went in Australia. But here it is as if the rest of the world does not exist. There is only one country that does not think Australia has been ahead of every advanced economy.

We can be proud of our economic record. I expect economic management to be the most important issue in the election coming up this year. That is what gives me great confidence about the outcome of that election.

I want to comment on one other aspect of the budget even though there are many other things I would like to speak about. I had the opportunity to speak at a forum here in Canberra after the budget and I will not repeat the things I said then because I want to speak on other things. I want to say something about superannuation. I am very pleased to see the increase from nine per cent to 12 per cent and am totally unsurprised to see the opposition's criticism of this proposition. I was in the parliament when the original nine per cent superannuation guarantee charge legislation was introduced. Notwithstanding some current rhetoric to the opposite, it was bitterly opposed by the then opposition. I was then in the Senate and I remember the opposition spokesperson on industrial relations saying we were stealing the employers' money. They were hysterical in their opposition to it.

The proposition that would have increased superannuation payments to workers to 15 per cent, not directly through the superannuation guarantee charge but through other associated measures, was scrapped when the Howard government came to office in 1996. They did nothing about it for 12 years. Here is the first increase since 1996—in fact, since before then; it would have occurred in 1996 but for the Howard government repudiating it. I welcome it. It is a very important initiative for working Australians, particularly for low-income Australians. It is one of the policies of which I am most proud.

I want to say a few things about the implications of the budget for the ACT and my electorate of Fraser. I want to, firstly, thank the voters of Fraser for giving me the opportunity over all these years to speak on their behalf here in the parliament. I have been in the parliament representing the ACT in one way or another for 22 years so, by my arithmetic, as far as I can tell this is the 23rd budget on which I have spoken and the last. I want to say to the voters of the ACT and the voters of Fraser in particular how grateful I am for the support they have given me that has enabled me to represent them here. I have been proud to do so and to have the opportunity to participate in these debates, which in a democracy is one of the greatest honours anybody can pay you.

This is a budget that is good for Canberra. It does not single us out specifically for benefit, and I do not wish it to do so. We are a region that is economically successful at the moment. But this budget does continue the underlying drivers which give economic success and decent services to the people I represent. It is particularly strong for the ACT in the area of health. I congratulate Jon Stanhope and the Prime Minister and the Minister for Health and Ageing, Nicola Roxon, and her ACT counterpart, Katy Gallagher, for the agreement they came to, which will deliver approximately \$168 million for health improvements for my constituents.

I want to mention one other thing in this budget that is positive for the ACT and I also want to speak about one of the threats. The positive thing in the budget relates to the Australian National University. I have more university campuses in my constituency than any other electorate in the country. What happens to universities is of vital interest to people who work and live in the ACT. The Australian National University is finally getting the recognition that it

has not had for a very long time. It will receive close to \$113 million over the next four years in direct funding to expand the university. This includes the establishment of the Australian Institute of Public Policy, which I strongly welcome, the Centre on China in the World and the National Security College. Each of these initiatives is worth taking, and together they will continue the development of our great Australian National University.

I want to speak briefly about the opposition proposal to freeze public sector employment. This is always the softest option for people who do not have the will to make tough cuts. They say, 'Most of the public servants are fat cats who live in Canberra and they will not vote Liberal anyway, so we will give them a good clip around the ears and it will have no electoral downside.' That reminds me of a former senator and minister in the Howard government who claimed as one of his proudest achievements the fact that he had driven the ACT economy into recession. That spirit seems to be still alive and well in the Liberal Party. This is just so ill-thought-out and ill-delivered. We do need fiscal rigour, and I do not expect the Public Service to go on growing in this budget. Its growth is basically flat, and that is fine. There was some apprehension that there would be big cuts, but the numbers do not reflect that.

No-one in the private sector would do such a crazy thing as bring in a universal employment freeze. What happens if a tax officer who collects about \$1 million in revenue a year leaves his job? The opposition would not replace them. The National Audit Office always has trouble keeping auditors because of competition from the private sector. What would the opposition do if the Audit Office lost a top-line accountant? They would not replace them. What if we lose lawyers or scientists? The opposition will not replace them. It is poor policy and, on the face of it, it is particularly bad for my constituency here in Canberra. Everybody knows that the Liberal Party hates Canberra, but what have they got against Queanbeyan? Every shop on the main street of Queanbeyan would have its takings reduced by a public sector freeze. It would be the same in other great government cities such as Townsville and Darwin. Most Commonwealth public servants do not work in Canberra, they work elsewhere—and it is in those places that the cuts will probably be felt the hardest.

I now want to turn my attention to issues around the government's aid budget, for which I am particularly responsible, and make some comment about the circumstances in which we find ourselves at the moment. There has been some controversy around it in recent articles by Steve Lewis in the News Ltd newspapers and in a throwaway but totally inaccurate comment by Peter Costello in the *Age* and the *Sydney Morning Herald* this morning.

Let us get the facts on the table and deal with some of the myths. This budget continues the Australian government's upward trajectory against its election commitment to achieve 0.5 per cent for overseas development assistance as a percentage of gross national income by 2015-16, and it does it in a very tight fiscal environment. What it means is an increase of approximately \$530 million over the 2009-10 budget figure, taking the figure to about \$4.3 billion. The forward estimates indicate an upward trajectory to 0.42 per cent for overseas development assistance as a percentage of our gross national income by 2013-14.

Peter Costello this morning in the *Sydney Morning Herald* and I think in the *Age* as well, but I saw it in the *Sydney Morning Herald*, said the aid budget has been cut by a billion dollars in the forward estimates. The most annoying thing about that is that he knows it is not true. Let me quote an alternative and very authoritative source, Tim Costello, who said:

We believe the reframing of the formula on GNI has been represented as a billion-dollar cut when in fact it will mean the very opposite. By 2015 the promise of 0.5 per cent on the larger cake—the new GNI figures—should see an increase to \$8.9 billion rather than the previously estimated \$8 billion going to foreign aid.

That is virtually \$1 billion extra. It is the opposite of what has been asserted. I do not mind people making mistakes but when people who have the capacity to analyse budget papers say things that they know are not true then that does annoy me. But I should get used to it.

There has been some understandable confusion, but it would not confuse a former Treasurer, because the Australian government has adopted a new GNI methodology recommended by the Australian Bureau of Statistics based on the work of the United Nations Statistical Commission and the OECD. They and the IMF have worked together and the Bureau of Statistics has appropriately said it should be adopted as the measure of gross national income. It will eventually be adopted by all countries but Australia is at the head of it. But the gross figures are clear, the trajectory is clear, and there has not been a billion-dollar cut. That is the first myth dealt with.

The second is that I am concerned that we see this criticism from the opposition concerning the Australian government's commitment to Africa in the AIDS program. I am not embarrassed or ashamed about it, I am extremely proud of it. Let us get it clear: what we are talking about is that over the forward estimates period about five per cent of the aid budget will be spent providing assistance in targeted areas in Africa. The Australian people are way ahead of us on this. When you look at the figures from the non-government organisations, when Australians donate to them to fight global poverty about 30 per cent of the money Australians choose to give from their own wallets and purses goes to Africa. We are saying we should follow their lead but only to the extent of about five per cent of the budget. And business is way ahead of us too. When you travel to Africa you find Australian businesses, particularly in the mining sector but not only, actively engaged throughout Africa seeing the economic opportunities and the potential to invest successfully. Increasing this engagement made to Africa has been widely welcomed by the CEOs of all Australia's largest non-government organisations, by most of the university and independent commentators and by the Lowy Institute.

If we are serious about achieving the Millennium Development Goals, about reducing global poverty, we have to make a contribution where we can in Africa, where the problem is greatest. We also have to be realistic. Australia is not going to be the biggest aid donor in Africa, nor should we be. As I said, the Africa budget is only going to be five per cent. Our principal area of responsibility will be in Asia and the Pacific. That is where most Australians see our future and where, particularly in the Pacific, the rest of the world expects Australia to take a lead, and we should. But there are areas of real need where Australia has particular and special capacity to make a contribution in Africa and I look forward to us doing so, for example in the area of agriculture and food, in the area of water and sanitation, in maternal and child health and in building the human resources and the leadership, particularly in association with those three areas, and also in the area of mining, when the countries in question have asked Australia to give particular assistance.

The public face of Africa is a very pessimistic one. All you see reflected are the problems and the poverty—and they are stark and real. But there is great progress being made. Economic growth in Africa is strong, democracy is strengthening and we are seeing, for the first

time, some real progress. I was delighted to see, in the *Lancet* recently, indications of real progress against the challenge of infant mortality. We are seeing these global successes. Worldwide mortality in children younger than five years has dropped from 11.9 million in 1990 to 7.7 million in 2010. The figure of 7.7 million is still terrible, and we have to say we have not done enough. You can never say, 'I'm going to relax; that is fine,' when there are 7.7 million children under five dying and most of those deaths are avoidable. But we have reduced it by 4.2 million in the last 20 years. That is something to be proud of, and something to say: this investment is working. We should be proud of the successes. We should focus on the successes as well as recognising the challenges. That is the first and principal point I want to make.

I also want to respond to some of the media articles, particularly those by Steve Lewis in the News Ltd papers, followed up by the shadow minister for foreign affairs in the *Age* online today. I do not want to pretend that there is nothing going wrong in the aid budget. When you run thousands of different projects, in a terribly difficult environment, they will not all succeed. I heard Tim Costello on TV the other day, in an interview just before I went on, saying some of the projects of World Vision—which has a terrific track record—do not succeed. That is true for us too. It is true for everybody who tries to do something in a difficult environment. But we have had overwhelming success stories. Some of the projects being criticised are actually some of the best things that are happening.

There is a need to focus on the extent to which the budget is funding advisers and what is called technical assistance. We did inherit a mess in that regard from the Howard government years—technical assistance averaged nearly 42 per cent of the aid budget. We have reduced that to less than 40 per cent. In 2008-09 it was about 35 per cent. It is still arguable that that is too high, and we announced on budget night, in association with the release of the budget, a review of the use of advisers. We will pursue that rigorously to make sure we are getting value for money. So I do not, in rejecting much of the criticism, resist the idea that we should be accountable and, if we get things wrong, people should publicise it and focus on it. We are spending other people's money. We have a particular obligation to do it efficiently and effectively.

It was a bit galling to see us criticised for funding panda habitat conservation in China, when that was a decision made by Alexander Downer in 2007 before we were the government. We could have breached that—we were not legally bound to do it—but the public commitment had been made and entered into in good faith by the Australian government, and we honoured it. To be criticised for doing that—and I have some distinct reservations about it as a use of overseas aid money—when it was done by the previous government, is a bit galling. But I do want to reinforce the fact that I actually welcome even misguided criticism, because it does enable people who are passionate about the fight to make poverty history, to reduce global poverty, to make our case. You do not get a chance to get coverage about success stories in the normal course; they are not news.

I know that the particular journalist who wrote this story went around to many people and looked for advice about scandals and kept being told how well things were going—and he did not report any of that. That is the nature of journalism and the modern media. I do not complain about that; there is not point complaining—it is just the reality with which we live. So the fact that the articles are published has given me a chance to get up here, and in the media

around Australia, to talk about the successes—and I am very proud of them. There are important challenges ahead. The commitment to increase the aid budget to 0.5 from the low point reached under the Howard government of 0.23 is a commitment that I am proud to be associated with formulating, and I am proud to have the opportunity to implement it. I look forward to my successor in the next Labor government continuing the task of implementing this.

Ms O'DWYER (Higgins) (12.45 pm)—This is a typical Labor budget. At its core, it is a budget that will tax more, spend more and borrow more, and, because of this, Australians will owe more. It is another big-deficit budget—a budget that lacks vision and leadership; a budget of wasted opportunity; a budget of squibbed decisions; a budget of increased spending. This is a budget that ultimately does nothing to secure the Australian economy and Australia's future during turbulent global economic times, because this is a budget built on hope—hope that Australia's terms of trade will continue at 60-year highs; hope that China's boom will continue, along with her investment in, and reliance on, Australia's resources; hope that, despite bringing in a big new tax on the resources sector, that sector will continue to grow and invest in Australia; and hope that Australia will be immune from the global economic contagion that has engulfed much of the Western world. Designing a budget on hope is hardly the work of economic conservatives and prudent economic managers. This government has been exposed. For all its posturing and talk, this budget reveals the truth: that the government can not be trusted to take the difficult decisions required to build a strong future for all Australians.

Let's look first at the deficit. The deficit this year will be \$57.1 billion—the largest in Australia's peacetime history, eclipsing Gough Whitlam's by a country mile. Next year, we can expect a deficit of \$40.8 billion, and that is assuming that there are no cost blow-outs—a big assumption when you consider the billion-dollar blow-outs in so many of the government's programs. The net interest bill for the coming three years to 2012-13 will be over \$6 billion per year. Yet the government is still as determined as ever to borrow on an unprecedented scale. Using future generations as collateral, they are racking up over \$700 million per week to fund their reckless spending. At \$100 million a day, Australians quite rightly want to know if they are getting value for money. The answer is a resounding no.

So what are they getting? Well, for one, they are getting a whole lot more bureaucrats. Not content with a department of over 600 people, the Prime Minister needs more, spending \$12 million to add an extra 86 full-time staff. He is setting up a whole new health bureaucracy as part of his so-called health reform program, pumping \$536 million into this new scheme. And he wants to make sure that you get the right spin on all of this, setting aside \$74 million for his taxpayer funded pre-election advertising on the government's \$43 billion National Broadband Network, his focus-group tested climate change policy and changed funding split for health. In total, the government is spending an extra \$26 billion over and above what it forecast in last year's budget.

How does the government justify the continued borrowing and spending cycle that will result in a total of four budget deficits by 2011-12? It all apparently relates back to one quarter of negative growth in December 2008. Yet circumstances have changed. The government's own forecast predicts growth of 3.25 per cent in 2010-11, rising to four per cent in 2011-12. The Treasury's economic outlook states that private sector activity is expected to be the key driver of growth. Commodity prices have picked up. There is no need to continue with the big

spending program that the government put in place to counter the global financial crisis. In fact, we are seeing the fiscal policy of the government in direct competition with the monetary policy of the Reserve Bank, with the government revving the engine of the economy with its 'borrow big and spend it all' strategy and the Reserve Bank of Australia trying to put a brake on the engine by raising interest rates six times in eight months.

When in office, the coalition knew that sound fiscal management would benefit business investment and households by keeping interest rates low. We knew that it was important to build up a strong surplus to act as a buffer against potential economic hazards. This buffer has not only evaporated under the current government; we instead have a deficit of \$57.1 billion and a net debt of \$93 billion. It took the Hawke and Keating governments 13 years to accumulate this much debt. It has taken Prime Minister Rudd only three. As he himself would say, this is 'historic'. On this side of the chamber we have been critical of the government's stimulus spending because it has involved too much borrowing and spending for too long. Far from safeguarding our economy, this continued borrowing and spending has the potential to make us vulnerable, unable to withstand any shocks or changes to the global economic environment. You only have to look to overseas examples to see the danger of exposing taxpayers to large amounts of debt.

But it is not just the size of the stimulus that is such a problem; the stimulus programs are also failing to deliver value for money and in some cases have destroyed entire sectors of our economy. I am speaking, of course, of the various botched programs of the government—ill-conceived political fixes, badly implemented and with dire consequences. Exhibit A is the government's billion-dollar home insulation scheme. With a \$1 billion blow-out, it now has to spend millions of taxpayers' dollars fixing up the electrified roofs and dodgy installations. The Australian people have become almost immune to the daily examples in the media of the waste and mismanagement of the Building the Education Revolution program, with taxpayers paying in some cases triple the cost for buildings that are not fit for purpose. This is reckless spending. It is reckless waste.

But the real question is: how will the government pay for all of this? Why, new taxes, of course—\$17 billion in new taxes over the forward estimates period. After commissioning the Henry tax review, what it called the most significant and far-reaching review of the Australian taxation system in decades, at a cost to the taxpayer of \$20 million, the government has accepted just 2½ of its 138 recommendations. Far from simplifying tax, far from reducing the number of taxes, this government has shamelessly sought to plug the gaping hole in its finances by imposing an entirely new tax, without eliminating or replacing any others—and it has called this a great reform. There were 125 taxes before the Henry tax review; now there will be 126, including a great big super new tax on our resources sector.

According to the budget papers, this is a tax that will deliver to the government \$9 billion a year in revenue—revenue that will be dedicated to recurrent spending. Yes, recurrent spending. So, far from the statements by this government that the money is to provide for Australians into the future, they have not quarantined this money by putting it into a sovereign fund locked away for future generations. Every last cent will be spent. And on top of this they are using all of the accounting tricks in the book, classifying the revenue from this new tax as savings. This is simply more spin—more political trickery from a panicked government that is out of its depth.

The government says, now that it has announced this new tax, that it will consult—more spin. If the government had been interested in genuine consultation, it would have made public the Henry tax review when it was delivered in December of 2009 rather than simply making the announcement of a great new tax on 2 May without any discussion or consultation with industry and the Australian people whatsoever. We have a situation where the government have loaded the dice to get the outcome that they want. They put the Secretary to the Treasury in charge of drafting the report, then they got the Treasury to provide advice to the government on its response to the report, and now they expect the Treasury to oversee the consultation process on the new tax. It is rather like writing an exam paper, giving the answer and then marking the paper.

On 3 May Treasurer Wayne Swan said:

If you think about reforms of economy and the economic system in our lifetime, this is more significant than anything I can think of.

Obviously, the Treasurer has a very poor memory. The coalition government delivered real tax reform which took place through the introduction of a broadbased consumption tax—the GST—that eliminated a host of inefficient and distortionary taxes, including debits tax; stamp duty on marketable securities; conveyancing duties on business properties; stamp duties on credit arrangements, instalment purchase arrangements and rental/hiring agreements; stamp duties on leases; stamp duties on mortgages, bonds, debentures and other loan securities; stamp duties on cheques, bills of exchange and promissory notes; and bed taxes. That was real reform.

The measures introduced by the previous coalition government have ensured that Australia can draw upon a broad base of tax revenue without relying on any particular industry or sector to prop up the nation's accounts. The government, however, have gone in the complete opposite direction. They have eliminated no taxes, but have instead placed a great big new tax on the mining industry, making it the highest taxed mining industry in the world at 57 per cent. That is 17 per cent higher than in the United States, 19 per cent higher than in Brazil, 27 per cent higher than in China and a whopping 34 per cent higher than in Canada. These countries are our competitors. They will be the beneficiaries of investment dollars that will flow from Australia as a result of this new tax.

Since the announcement of this tax, Australia has hit the headlines in the international media for all the wrong reasons. For the first time, questions are being asked about sovereign risk. This is because the government's new tax will apply to the mining sector retrospectively—to existing projects. Retrospective application of tax will see companies think twice about investing in Australia, as can already be seen by the list of projects that have now been put on hold or canned. Billions of dollars will now not be invested in Australia.

Despite this, not only have the government gone so far as to say that the new tax would have no effect on the resources sector; they have claimed that investment will grow as a result. This is a brazen claim that flies in the face of logic and is completely at odds with the market's view. The global credit-rating agency Moody's has already said that this new tax will have a negative impact on mining companies' access to credit, as well as creating uncertainty for future investment.

Let us look at where this tax will cut in. The government says it will cut in at the long-term government bond rate, the risk-free return rate. It claims that any profit above this rate would

be a superprofit. The question has to be asked: if this is the government's definition, what other industries will be next? Will we see new taxes applied to the banking industry? Where will it end?

The government has also sought to justify this new tax as paying for increasing superannuation from nine per cent to 12 per cent. Yet again, this is more spin. This is actually being funded by business through a three per cent levy on payroll. It in fact will cost business more to do business.

What will happen to all the self-funded retirees who have shares? We have seen with the announcement of this new tax the value of their shares and retirement incomes wiped out. There are people who would like to comfort themselves by saying this is a mining tax and therefore it will have no impact on me. They are quite wrong. It will affect every single Australian. Putting a great big new tax on digging things out of the ground will increase prices for everyone. It will increase the cost of housing, the cost of infrastructure and the cost of energy. Everyone will pay.

The resource rent tax is a desperate response by a panicked government to get revenue to pay for its increased spending and cost blow-outs. There is not an economist on the planet who will tell you that the way to increase investment in an industry is to increase its tax burden without providing any reform, but that is exactly what we are being told by the Treasurer.

This new tax typifies the government's view of the economy as static and unchanging, as though it is fixed in a single point in time. They assume that the mining sector will continue to grow at the current pace in the future and that we will always be able to borrow against strong mining profits. The government does not understand that the economy is dynamic, that it changes, often very rapidly, from one year to the next. The global financial crisis has shown us that to assume that a particular set of economic arrangements will last is not wise. We have to be smarter about how we secure a stable and prosperous economy.

The coalition remain committed to running a budget surplus over the fiscal cycle. We will do this to take pressure off interest rates, stabilise federal government debt, restore flexibility to the budget and ensure Australia is again in a position to save for the future. We stand by our record on debt reduction and sound fiscal management. We believe our record speaks for itself. The end result will be lower interest rates for households and small businesses and a more sustainable economic future for all Australians.

Sitting suspended from 1.02 pm to 4.23 pm

Ms LIVERMORE (Capricornia) (4.23 pm)—Australians are right to feel proud when they look at this year's budget, proud of what we have been able to achieve as a nation in riding through one of the worst economic downturns the world has seen in the last 50 or so years. Australians can be proud of the way that our economy has weathered that storm. Australians can also feel confident when they look at what the government has put forward in this year's budget, confident about the way in which the government managed our passage through the worst of the global financial crisis and the global recession. Of course we avoided a recession in this country thanks to the stimulus measures that the government put into the economy in 2008 and 2009. People can also feel confident in the way that this budget is preparing Australia for the future, preparing our country and our economy for the upswing in growth that we know is coming. We can already see the beginnings of that in the figures in this budget. We

see that unemployment has now peaked at 5.3 per cent and is predicted to drop from that point. We are also seeing that growth is returning to the normal and even very positive levels pre the global financial crisis which came on us in 2008 and 2009.

Those opening remarks were about this year's budget, but I want to cast back to last year's budget, the 2009-10 budget. We have seen a government initiative in that budget come to pass in my electorate. We secured funding from the regional cancer centres program, which was a big part of last year's budget. When I was talking in the debate on the appropriation bills last year not in my wildest dreams could I have imagined that we would have been so successful in that program.

Just six weeks or so ago the Prime Minister was in Rockhampton announcing that we have secured \$67 million for our own regional cancer centre at the Rockhampton Base Hospital. This was something many community members and organisations, I and my state Labor colleagues hoped for, lobbied for and campaigned for for many years. We wanted to see Rockhampton or Central Queensland become more self-sufficient in the delivery of cancer services for people given that diagnosis.

Currently we have only five chemotherapy chairs at the Rockhampton Base Hospital, and this is a very fast growing region of 250,000 people. We also do not have any capacity to provide radiation therapy. This \$67 million on top of the \$76 million for the expansion of the hospital, which was also in last year's budget, will enable a great expansion of services to cancer patients in Rockhampton. Lifting the number of chemotherapy chairs from five to 16, very importantly commissioning two radiotherapy bunkers and constructing a third bunker will change things substantially for people dealing with and living with cancer in Central Queensland. People will be able to access a much wider range of services at home in Central Queensland and not have the extra stress at this extremely difficult and distressing time and expense of having to travel to Brisbane and be away from their family in order to get cancer treatment.

We hope that, with this funding for Rockhampton and similar funding for cancer centres right around Australia coming out of that program, we will see a reduction in the differential that is now there between cancer patients in metropolitan areas and cancer patients in rural and regional areas. At the moment the gap is far too wide between outcomes for people diagnosed with cancer in different parts of Australia. That was the reasoning behind the government's investment.

I am really thrilled that this government has been able to deliver that for the people of my electorate. It also illustrates that, when the government is managing our economy and looking to frame our budgets, it has an eye very firmly on the priorities that really matter for people. This budget continues in that tradition. It continues to invest in the things that are priorities for the nation and certainly for my electorate of Capricornia. Health, education, skills development and infrastructure are all central in this budget and they are priorities for my electorate.

Those priorities in the budget are set in a framework of fiscal discipline, and that is really clear from even the most basic consideration of budget figures. You can see that the government has taken the tough decisions that needed to be made. We put very tight constraints on ourselves when it came to framing the budget such that we will see it return to surplus much sooner than was anticipated in last year's budget. In last year's budget, the return to surplus

was anticipated in 2015-16; in great news for this country and a credit to the government's fiscal discipline, we will now see the budget return to surplus in 2012-13, three years earlier than was anticipated. We have done that by keeping strictly to our promise that extra spending would be funded through offsetting savings and by restricting real spending growth to two per cent per year. People can be confident that, when it was appropriate to spend money last year to provide stimulus to the economy, the government did that quickly and effectively. Now that it is time to start winding back that stimulus, setting ourselves up to achieve a surplus budget and cutting back on spending, we have taken those decisions.

You can compare that kind of discipline and forward thinking to the opposition's conduct over the last couple of weeks; their response to the budget has really been all over the place. Even as late as question time today, we were still trying to figure out what they are committed to in the area of spending promises, how those things will be funded and what will be discontinued—which is a word I think we will hear a lot more of as we dig into the opposition's commitments before the election to find what they actually stand for in taking the country into the future.

Something that takes us away from those very headline oriented figures to a much more local story is the funding increase to the Great Barrier Reef Marine Park Authority. That is not something you would see all over the headlines in the media but is something I was very pleased to see in the budget papers. I say that because the Great Barrier Reef Marine Park authority has been doing a really good job in the last five years in reaching out to communities right along the Queensland coast. For many years GBRMPA was very much associated with Townsville and, perhaps to a lesser extent, Cairns, but in the last few years it has opened offices in places like Rockhampton and Mackay. The staff in those offices have been doing a really great job of building community awareness around the fact that the reef is just as much on our doorstep in Central Queensland and that, correspondingly, we have a responsibility, just as people in North Queensland do, to take care of the reef to ensure that the things we do in our businesses, our households, our communities and our land management take account of their impact on the reef and we do everything we can to mitigate that impact.

That \$12 million goes towards a few areas of the Great Barrier Reef Marine Park Authority's duties to manage and protect the Great Barrier Reef. There are three components. The first is a \$4.2 million increase to the baseline funding of GBRMPA. That is simply to take account of the fact that declining tourist numbers on the Great Barrier Reef have led to a decline in revenue to the Great Barrier Reef Marine Park Authority. There is an environmental management charge that tourists going to the reef pay, so when you see the sorts of falls in tourist numbers that places like Cairns have suffered in recent years it shows up in the bottom line for the Great Barrier Reef Marine Park Authority. At the same time, its job in protecting the reef and increasing the resilience of the reef to deal with the challenges that the reef faces has not declined, so things like maintaining scientific research around the reef, enforcement activities and building partnerships with Indigenous groups or other stakeholders in the reef's health and future—such as tourism bodies, fishing organisations and governments up and down the coast—still have to be maintained and are part of GBRMPA's responsibilities under the relevant legislation. The increase in baseline funding is really good news. As someone who greatly supports the work of my local GBRMPA officers in Mackay and Rockhampton, I am pleased that their future is assured.

The other funding is going to what is called Improving the Outlook of the Great Barrier Reef. Last year saw the release of the *Great Barrier Reef outlook report 2009*, which is basically a bit of a check-up on the reef. It is a report to government on the health and the outlook of the reef. We know that the reef is under pressure, whether that is from climate change, greater activity on the reef—as we unfortunately saw with the grounding of the *Shen Neng 1* just a couple of months ago—or population growth on the coastline. The region is impacted on by all of those pressures.

The job that the local GBRMPA officers have been doing has raised community awareness about what we can all do in reef communities and reef catchments to increase the resilience of the reef. That is being done through the Reef Guardian school program, which has been very successful. It has mainly been geared towards schools and local government authorities until now. I visited a number of the schools in the past couple of months, including Mirani State High School and The Hall State School. Byfield State School was recently awarded recognition for its latest achievements as a Reef Guardian school. It has been a very good program, particularly in communities where the reef is on the doorstep but it is not so much a part of day-to-day consciousness, as it might be in Townsville or Cairns.

The additional money for the Reef Guardian initiative is really welcome. It will allow the Great Barrier Reef Marine Park Authority to look for opportunities to expand the program, including to the fishing industry. I encourage them to think broadly about the fishing industry, including the recreational fishing sector, and to look at ways that farmers can be recognised and rewarded for their efforts, which are substantial in the areas of modifying practices and adopting best practice in order to protect the reef and minimise impact on the health of the reef. I mention that because it is something that does not get a great deal of notice and it is not mentioned in the context of the budget, but it is important and I will see the benefits of it in my electorate as local Great Barrier Reef Marine Park officers are able to do more of their good work.

I might just quickly go to some of the other things that I think will be welcomed in my electorate. The one that really stood out to me was the funding for 425 GP clinics to receive grants to expand what they do. The reason that that caught my eye is that I know there are already GP clinics in my electorate applying to the government through what I call the regional medical infrastructure program—I know the name has changed now—to do precisely that: to expand their practices to make room for visiting allied health, to co-locate with allied health professionals and to have space for training new GPs and junior doctors. So there is already a demand out there for doctors to do that—to effectively turn and run private practices into a form of GP superclinic. So I really welcomed the announcement of that funding for 425 clinics around the country to get that help to expand their practices, expand the range of services that are available in their practices and of course thereby improve access to medical services in communities.

I was very disappointed to see that that is actually one of the areas that the opposition is planning to cut. It was identified as something that would be cut. I think that is a very short-sighted move by the opposition and it is something that I imagine GPs would be telling them about quite loudly, based on the interest that I have already seen in my electorate from doctors wanting to take the initiative and do those things.

I am also really pleased to see the expansion of the headspace program in the context of a committee inquiry into youth violence, I got to spend some time with the people running the headspace program at the Gold Coast earlier this year. I think it is a terrific program that should definitely be supported and expanded. I would love to see a headspace program coming to Central Queensland and I will certainly be talking to stakeholders in my electorate and also the health minister to see what is possible there. I think that is recognition that young people do need that additional support. The government has responded to that need.

This budget is cause for relief for the Australian community, that we have ridden out the worst of the global financial crisis and have confidence that the government has managed us through those dark days and is preparing the country so that we are well placed for growth and continuing strength in our economy.

Dr SOUTHCOTT (Boothby) (4.43 pm)—This is the third Rudd government budget, and every budget has been different. Remember the first budget? That was where we were fighting inflation. That was where the Treasurer, the finance minister and the Prime Minister were trying to build the biggest surplus they possibly could. Of course, we know what happened. This government has never delivered a surplus budget and probably never will. We have seen the direction of fiscal policy going in completely opposite directions over the course of the last 2½ years. We have had budgets where they have lost control of spending. In last year's budget they could not shovel taxpayers' money out the door quick enough in the pursuit of their reckless spending. Contrast this with the record of the Howard government and Peter Costello as Treasurer. Over 12 budgets he delivered 10 budgets in surplus. When was the last time we saw a Labor budget in surplus? You have to go back more than 20 years to see a budget in surplus delivered by a Labor government. I predict it will be a very long time before we see a Labor government deliver a budget surplus.

When it comes to reckless spending and poor policy, the government have proven time and time again that they are the experts. Malcolm Fraser, who knows a thing or two about how bad the Whitlam government was, has said that the Rudd government is worse than the Whitlam government. The Rudd government are economically irresponsible. One example that illustrates this is the insulation debacle. Had they done nothing, there are four people who would still be alive today. This debacle resulted in the tragic death of four young people. We have also witnessed outrageous cost blowouts in the building of school halls, with \$16 billion of taxpayers' money being spent on possibly \$8 billion of value.

The centrepiece of this budget is Labor's great big new tax on mining—a \$9 billion tax on mining. This will have enormous implications for my home state of South Australia. This will put the \$22 billion expansion of Olympic Dam and Prominent Hill into doubt. These projects are absolutely critical to the future prosperity of Adelaide and South Australia. With the uncertainty surrounding the great big new tax on mining, BHP Billiton have already confirmed that they will put the future expansion of Olympic Dam on hold. But it is not just about mining. In my electorate of Boothby, which is a suburban electorate, there are businesses which operate in the mining services sector. This will have a big impact on local jobs in the electorate. A supplier of drill bits in Boothby had to lay off 67 staff in December 2008 as a result of the global financial crisis. This slug on the resources sector will be just as damaging.

Mining companies will look for opportunities in other markets where governments are more willing to accommodate them. Emerging economies such as Russia, South American

countries such as Peru, and similar countries such as Canada have already seen opportunities come from this attack on our sovereign risk. These countries will reap the benefits of this government's appalling policies. This is nothing more than a shameless tax grab by the government. As a result of their reckless and wasteful spending on things such as pink batts and school halls, they have racked up a \$93 billion debt—and this debt will have to be paid back by future generations. The strong growth in the resources sector sheltered us from the worst of the economic downturn. This industry employs thousands of Australians and supports thousands more in related industries and in mining communities.

But the great big new tax is not the only poor decision to come out of this budget. The government are also intent on breaking their election promise to Australian families that they would make no changes to the private health insurance rebate. They are persisting with their attempts to claw back the private health insurance rebate. We all know that Labor have for a long time had a hatred of private health care. Labor see no role for private health care in Australia. Despite all their promises prior to the election, they are the same old Labor: say one thing before the election but do another thing after the election.

According to Australian Health Insurance Association data from 2010, there are 95,787 residents in the electorate of Boothby who are covered by private health insurance. I, like my colleagues on this side of the House, appreciate the important role private health insurance plays in reducing the strain on the public hospital system, in allowing people to access allied health services such as physio and dental and also in facilitating choice of doctor. Yet private health insurance remains in Labor's crosshairs. In each of their first two budgets they made an attack on private health insurance, and the implications of this are that they will claw back \$2 billion from families who hold private health insurance. The former coalition government introduced the 30 per cent rebate for private health insurance back in 1999. In 2005 the rebate amounts were increased for people aged 65 and over: people aged 65 to 69 became eligible to receive a 35 per cent rebate and people aged 70 and over were entitled to receive a 40 per cent rebate.

As I said before, twice already the Rudd government has introduced legislation to wind back the private health rebate, resulting in higher premiums for all private health memberships. Despite this legislation being twice rejected in the Senate, the government is planning to introduce this legislation a third time. This just shows the arrogance of a government which promised not to means-test the private health insurance rebate prior to the last election, and the people it will hurt most will be working families. What working families want from a federal government is security and stability—someone who provides financial security and economic security. They want to see an end to the spiral of increasing pressures on their cost of living, and yet the Rudd government's attempt to wind back support for the private health insurance rebate will hit these families hard.

Mental health has also been seriously ignored under this budget. The government has ignored the commitment made by Kevin Rudd at COAG just last month for a historic reshaping of mental health. By contrast, the former government delivered on a \$1.9 billion commitment to mental health in the 2006 budget. New Medicare rebates were introduced for people with mental illnesses to access improved services from appropriately trained GPs and psychiatrists and, on referral, from clinical psychologists. Yet such practical and much-needed assistance was wound back in the Rudd government's budget with the decision to exclude occupational

therapists and social workers from Medicare benefits schedule support. This was yet another ill-conceived and short-lived Labor plan. It may have survived a week after the budget but not long after that. After there was enormous community reaction to this measure, the Minister for Health and Ageing performed a gold medal standard backflip. It was a backflip which Nadia Comaneci would be proud of and reinstated their access to the Medicare benefits schedule.

On the wider issue of health and hospitals, which has been the subject of a debate running recently, one of the points that the opposition made is that a critical issue for the health sector is the lack of beds. This was the nature of many of the submissions to the NHHRC, and the commission reported that there is an acute lack of beds, especially in the subacute sector in the areas of rehabilitation and palliative care. In my own electorate of Boothby, we have a number of acute care hospitals—the Flinders Medical Centre and the Daw Park Repatriation General Hospital—but there is capacity for more subacute beds. What this means is that many patients are not ready to go home from hospital but their acute care episode has finished. We need more step-down facilities. It is an area which is underdeveloped in Australia, and that is a critical need. That is one thing that the opposition identified and it was not part of the original proposal which the Prime Minister and the health minister put forward.

Secondly, an area which the opposition identified was the area of activity based funding for every public hospital, or casemix. This is well developed in Victoria and well developed in South Australia, but it was very obvious to anyone who has any idea about activity based funding that this would have an enormous detrimental impact on small regional hospitals. I never heard from one Labor Party member from a regional area who identified this problem. They followed their minister and their Prime Minister like lemmings.

It was people like the New South Wales Premier who identified instantly that many smaller hospitals would be non-viable under activity based funding. So we went from the original proposal, which was activity based funding for all 760 public hospitals in Australia, to the position that the Prime Minister made under pressure during the health debate, where he said, 'We'll try activity based funding and if that doesn't work then we'll give them block funding,' to what emerged from COAG, which is that there will be a definition of hospitals such that some will have block funding, some will have activity based funding and some will have a mix. Again, this was an area where the Minister for Indigenous Health, Rural and Regional Health and Regional Service Delivery and the regional members of the government were completely silent on the impact that this would have had. It would have been disastrous.

On the issue of local hospital networks, I am sure many people have heard the Prime Minister say of hospitals 'funded nationally, run locally'. The centrepiece of this is the local hospital networks. Apart from Western Australia, all of the state governments signed up to this. The idea is that you have a local hospital network built around a principal referral hospital. In my own state of South Australia we had a Generational Health Review which led to three health services in metropolitan Adelaide. Then, following a merger of two of them, we had two health services in metropolitan Adelaide, Southern Adelaide Health Service and Central Northern Adelaide Health Service. One week we had our South Australian Premier, Mike Rann, and his Minister for Health, John Hill, signing up for local hospital networks. The following week they merged the health services.

So, instead of having more local say in our hospitals, we will now have every hospital in metropolitan Adelaide from Noarlunga to Flinders and all the way up to Royal Adelaide,

Modbury and Lyell McEwin in the one health service. Instead of the idea of more local say, which the opposition believe is a very good idea, we will have less local say. The health minister, John Hill, said, 'Local hospital networks were not our idea; that was very much forced upon us and was the price we had to pay as part of getting the extra money from the Commonwealth.' We have a complete contradiction between what the federal government is saying, from the same agreement, and what the state government is actually going to implement on that agreement.

I would like to touch briefly on the area of transport. One of the big local issues in my electorate is the issue of a freight line which runs through the electorate. In 2007 I arranged for the coalition to support a \$3 million feasibility study into improving the amenity for residents along this line and looking at alternatives for the freight line, including the alternative of a northern bypass route. That work has been done by GHD and the report has been sitting with the minister for transport since the end of March. Both the member for Mayo and I have written to the transport minister asking him to release the report so that the community can see what the government is proposing to do with this line.

In this budget, it is worth noting that the government put \$1 billion into the Australian Rail Track Corporation, but there is nothing there for this section of the line between Murray Bridge and Adelaide, which is the subject of the feasibility study, which was supported by both the Liberal Party and the Labor Party at the last election. Again, I would ask the transport minister to release the GHD report so that we can see what their recommendations have been, and we would like to know the government response to those recommendations.

Another election promise that was made in my electorate was that the Labor Party promised to fix the intersection of South Road and Sturt Road. It is a major intersection with a lot of traffic and a lot of logjams that build up.

Mr Georgiou—Did they keep their promise?

Dr SOUTHCOTT—No, they broke their promise. There was \$500 million put aside for the South Road, and the state government put in \$430 million. That money has all gone to Northern Adelaide and to the Superpass. So the money is simply not there to fix this intersection, promised by Kevin Rudd and his transport spokesman, Martin Ferguson, at the last election. Nothing has happened. That, again, is an area where I call on the government to deliver on its election promise to fix the South Road-Sturt Road intersection.

There have been a number of other failures under this government. The Productivity Places Program is a prime example of the failure of this government in vocational education and training. It has been such an embarrassment to the Minister for Education that I am sure she enjoyed handballing responsibility off to the states. Skills training failures do not end there. Labor abolished the Australian Technical Colleges, which offered first-class training opportunities to young Australians whilst enabling them to complete their final years of school. They replaced this gold standard program with the Trade Training Centres in Schools Program. You might remember the promise: a trade training centre in every high school. But this was another promise they did not really mean to keep. For the 2,650 high schools in Australia, there are 13 Trade Training Centres opened. That is, 0.5 per cent of what the government promised they have now got open three years later—a complete failure.

It would be remiss of me not to mention Building the Education Revolution. This program perhaps best exemplifies the jump first, think later approach of the Rudd government. It sounded great in 2007. Let us have a look at the track record. How is it that a Catholic school can build a canteen for one-fifth of the cost of a public school? And, what's more, the Catholic school's canteen is useable.

This budget fails to provide for the long-term economic and financial security of Australians. The giant tax grab from the mining companies will see them searching for investment opportunities in other countries, resulting in billions of dollars in potential investment in Australia being lost. This is a government that is very good on spin but not so good on delivering, and very good on talking but not so good on acting. The real story is that this budget is a risk. It poses a major threat to existing and future mining ventures. It is nothing more than a desperate tax grab by a government that loves tax, that has lost control of spending and that is under-delivering like no government we have seen before.

Mr PRICE (Chifley) (5.02 pm)—I speak in support of the Appropriation Bill (No. 1) 2010-2011, the Appropriation Bill (No. 2) 2010-2011 and the Appropriation (Parliamentary Departments) Bill (No. 1) 2010-2011.

Dr Southcott—What a surprise.

Mr PRICE—Indeed! I want to say to the honourable member for Kooyong that there are a lot of things in this budget that I am intensely proud of. But I first want to congratulate the Treasurer, the Prime Minister and our economics team for the wonderful job that they have done. We have forgotten too quickly, I think, just what a threat the global financial crisis posed to this country. We have, through the government's measures, come out of it exceedingly well. What is happening in Greece and what it is speculated may happen in Spain and Portugal suggests that we should be cautious—that we may even have a second wave of problems in the future. But how well placed were we as a country, through the efforts of the government and the hard work of business and workers, to see ourselves thus far through the global financial crisis? Indeed, this budget brings the budget back into surplus three years early.

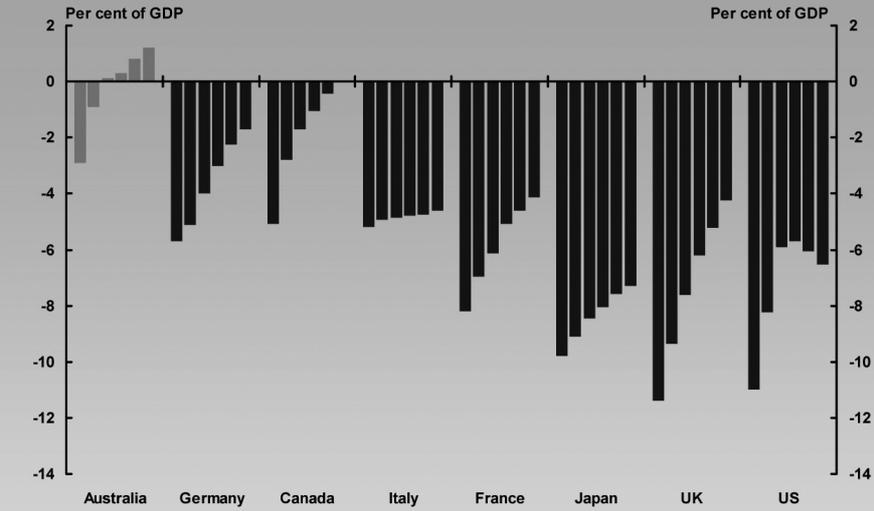
I want to show you exactly what Australia's fiscal position is compared with that of other countries. This chart shows Australia, in terms of percentage of GDP, at more than two and a half. Compare that with Germany, around six per cent; Canada, a similar amount; Italy, a similar amount; France, even worse—pretty close to eight per cent; Japan, 10 per cent; the UK, about 11 per cent; and the US, just short of that. From this graph, as I said to the honourable member for Petrie, you can see quite clearly that, as a percentage of GDP—that is, a bit over two per cent in this budget—we compare very favourably with the rest of the world. I seek leave to incorporate that particular table and at the same time seek to incorporate the table showing that the net debt peaks are dramatically lower—it is out of the budget papers.

Leave granted.

The tables read as follows—

Fiscal position the envy of the world

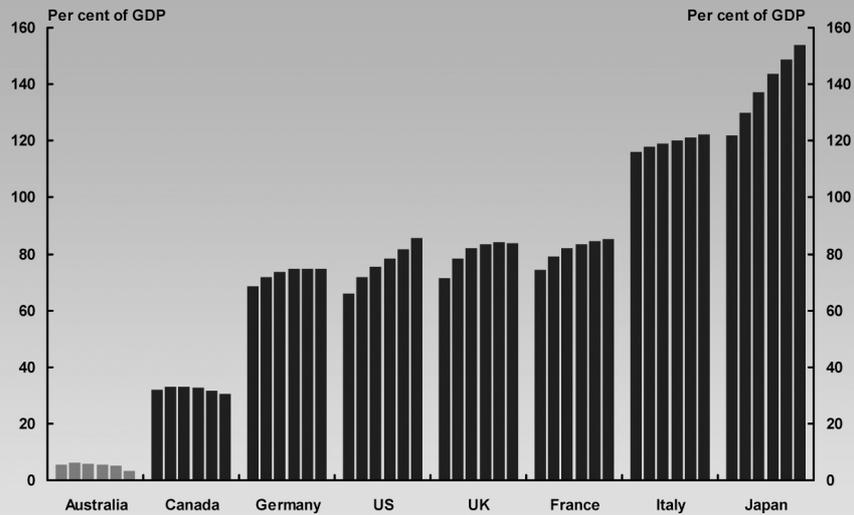
(Australia and major advanced economies, 2010-2015)



BUDGET*2010-11

Net debt peaks dramatically lower

(Australia and major advanced economies, 2010-2015)



BUDGET*2010-11

Mr PRICE—Again I say to the member for Kooyong and the member for Petrie, have a look at Australia's position compared to other economies like Canada, Germany, the US, the UK, France, Italy and Japan. As a percentage of GDP, our debt is miniscule compared with the debt in those countries. That is a credit to the Prime Minister and a credit to this budget. I shall not seek to incorporate Australia's unemployment peaks, because unfortunately to read the graph you need to track the different colours. Australia has managed to contain unemployment to its current rate of about 5.3 per cent, compared to the UK with a rate of about eight per cent, the G7 with about the same, and the US with a rate of about 10 per cent. That is a terrible thing—it is a terrible thing when people become unemployed, because it is very hard to get them back. But we have cushioned Australia through our successive budgets, including this one, and we are laying the foundation for the future.

I do want to put on record that it is my belief that the opposition is actually disappointed that unemployment did not rise higher. They would have liked to have seen unemployment rise higher. They derided the very measures that we were putting into place as unnecessary. They were so disappointed we did not go into recession and, as I said in the House, in the Senate they opposed every measure that we brought in.

I am pleased to say that this budget delivers the third round of promised tax cuts. For example, a worker in Chifley earning \$50,000 will pay about \$1,750 less in income tax in 2010-11 than they did three years ago. In my electorate, \$1,750 is not to be sneezed at. We are introducing standard tax deductions in 2012, so that many workers and many families will not have to go through the agony of keeping shoeboxes full of receipts, making claims and being disappointed at how little they receive. They will be getting a minimum standard tax deduction of \$500, and the deduction will increase to \$1,000 in 2013. In an electorate like Chifley, this will have a huge impact. These families who will benefit from the standard deduction will not have to go and spend \$100 or \$200 or \$300 on a tax agent. They will be able to complete a tax return in a simple way, competently, put their return in and get those deductions. It is good news for the residents of Chifley.

Whenever I am asked about what I thought what was the best thing that the Hawke-Keating governments did, I say that it was extending superannuation beyond the Public Service and beyond executives in private enterprise so that all workers benefited from superannuation. We are doing the same again. This budget will build on peoples' futures, through a \$2.385 billion investment over the next four years in superannuation. Low-income earners with a taxable income of \$37,000 will receive a contribution of up to \$500 in their superannuation accounts, effectively refunding the 15 per cent tax they pay on their contributions.

The other significant budget measure that has been welcomed in my electorate is the rise in the superannuation guarantee from nine per cent to 12 per cent by 2020—in very small, modest increments. This is going to have a very profound effect on our national savings and on personal savings. Of course, the opposition have indicated that they are opposing this measure. They do not want to see workers seeing their retirement incomes increase from nine per cent to 12 per cent. But what will that mean? It will mean that 8.4 million Australians will not receive an increase in their retirement incomes; 3.5 million Australians on lower incomes will continue to receive little or no concession on their compulsory superannuation contributions; 275,000 individuals who would benefit from a higher concessional contribution cap will not be able to make additional savings for their retirement when they are most able; 33,000 em-

ployees who are aged 70 to 74 will continue to miss out on superannuation guarantee contributions while they are working; an employee aged 30 today, on average full-time weekly earnings, will retire with \$108,000 less in superannuation; and a female aged 30 today, on average weekly earnings, with an interrupted work pattern, will retire with \$78,000 less in superannuation.

Not proceeding with these changes would mean that by 2035 annual private savings would be \$35 billion lower. National savings would be \$19.5 billion lower. Annual age pension outlays would be \$3.5 billion higher. The pool of superannuation savings available for investment would be \$500 billion lower. That is a very disgraceful position of the coalition. I have to say, it is consistent—it is in their DNA. They opposed the original superannuation measures introduced by Keating in the Hawke-Keating government. They do not like compulsory superannuation being provided to workers. They believe philosophically that it should be up to individuals to make provision for their own superannuation—until it comes to their wealthy mates. How can you ever forget Treasurer Costello saying you could put an extra \$1 million into your superannuation savings? I think that was in the last year that the coalition held office. How many people in the electorate of Chifley, or Petrie for that matter, may I ask, had the ability to put \$1 million into their superannuation savings in one year? Zero. Absolute zero.

I regret this because, as a country, we lack national savings. As a country, we need to come to grips with an ageing population and a need to provide for people in their retirement. I am so proud, in this budget, as the member for Chifley, to see a Labor government yet again taking up the cudgels on behalf of ordinary Australians to see that they will have enhanced superannuation. To help businesses pay for the increased superannuation, to make businesses more competitive, we are reducing the company tax rate to 29 per cent in 2013-14 and 28 per cent in 2014-15. The coalition are opposing that. The government will also bring forward small business tax cuts to 2012-13. The coalition are opposing that. We will introduce new instant write-off for assets worth up to \$5,000 for small businesses, and simplify depreciation arrangements for other assets. The coalition are opposed to these measures that would help small businesses. They claim to be the champion of small business, but their actions speak louder than their words.

We are also introducing the Resources Super Profits Tax from 1 July 2012. Why are we doing it? It is a very inefficient tax structure but, more importantly, look at what the government has been reaping from mining companies. Before the last boom the Australian people received for this non-renewable resource—once you mine it you don't get a second crack—the government used to receive one dollar in every three. And what is happening today? We are collecting one dollar in every seven. What is absolutely amazing is that the Leader of the Opposition says the mining companies are paying too much tax. He is not only opposed to the resources tax that we are proposing, which will deny Australians the benefits of the mineral boom and deny small-business tax rate cuts, but says that the mining companies are paying too much tax. This is just unbelievable. Indeed, in the Henry review, even the mining companies accepted that they need to pay more tax.

Mining profits in 2008—now remember, one dollar in every three in royalties and charges before the boom is now one dollar in every 70—were more than \$80 billion higher than 10 years earlier, but the Australian government collected an additional \$9 billion in revenue. We

want to ensure that the country as a whole is benefiting from the extraction of this non-renewable resource. The other thing is that you pay royalties to state governments whether or not the mine is profitable. Whether or not it is making super profits, you still pay royalties. Under this scheme the royalties are reimbursed. If you are making a loss on your mine, the losses are transferable and refundable. This is a far more efficient tax than the current regime. Just like the petroleum rent resource tax almost 20 years ago, under the Hawk government, this tax—just like then—is being opposed by the coalition. But it does provide certainty, it is nation building and it is a measure that mining companies can afford to bear.

Where royalty payments are higher than the Resources Super Profits Tax, firms will get a cash refund for the difference. The tax is deductible against company tax. There has been so much misinformation about the impact of this tax. We have a classic example from the member for Dickson. Just when the Leader of the Opposition is saying that this is ruinous for mining companies—that they are going to be absolutely ruined—out he goes and buys a swag of BHP shares. Well I say good luck to him. He will have found that they have already risen. It is a sensible investment.

I am delighted by the impact of this budget on my electorate. I strongly support it. I know that the Henry review was a difficult review and the Rent Resource Super Profits Tax came out of that. Perhaps in my remaining time I could mention how the opposition condemned us for not implementing more of the Henry review recommendations—there are about 135 of them. The Treasurer has indicated that we will, on a staged basis, work through those recommendations, but I want to place on record my support for the government rejecting some of those recommendations. These include the recommendation that the family home be included in the means test, that a land tax be introduced on the family home and that parents be required to work when their youngest child turns four. I support the fact that this government has rejected that recommendation.

The Henry review suggested reducing overall remuneration to members of our defence forces. I support the government rejecting that particular recommendation. It suggested reducing indexation on the age pension. I want to stand up here and say that I support the rejection of that recommendation in the Henry review. I believe that age pensioners should be entitled to see their pension increase and be indexed, and I might say that this government has made a record increase in the rate of both the married rate and single rate of the age pension. The Henry review suggested that we should index fuel tax to the CPI. This has also been rejected, and I support that rejection.

In conclusion, I did want to say that I am very proud—though not unexpectedly—in supporting these appropriations bills. I am actually delighted to in my time see a Labor government—first the Hawke-Keating government and now the Rudd government—extend superannuation for ordinary families, for workers, so that they will have a style of living in the future that they need and so that we meet the challenge of an ageing population. The country as a whole will benefit from the extra \$500 billion in national savings. It will allow a range of investments to be made in this country without drawing on overseas borrowings to fund them. I support the bills.

Mrs MOYLAN (Pearce) (5.21 pm)—It is the first opportunity I have had to congratulate you, Mr Deputy Speaker Ramsey, on being elevated to the Deputy Speakers panel.

The DEPUTY SPEAKER (Mr RE Ramsey)—Thank you.

Mrs MOYLAN—On budget night the Treasurer made a statement that stretches the boundaries of believability. He said:

Tonight we meet the highest standards of responsible economic management.

The Treasurer then outlined the government's new super tax on the mining sector, a devastating blow to the driving force of our economy. This is a sector that has done more to sustain Australia during the global financial crisis than the profligate stimulus spending of the government, which has left us with rising inflation, rising interest rates and the accumulation of a mass of national debt in the 2½ years that this government has sat on the Treasury benches—and this despite being left a \$40 billion surplus by the outgoing Howard-led government.

The government argument that the \$9 billion raised from this tax will pay for a reduction in the company tax rate, to top up superannuation and to fund infrastructure, also needs some careful analysis and clarification because the fact is that it will be the small business sector that will face additional costs of \$20 billion out of their profits to fund the increase in the superannuation guarantee levy. This will not be paid for by the government. The government will be responsible for superannuation payments in the public sector, but our government put aside the Future Fund to meet those commitments, and that has been raided by this government, so that money has been diminished as well. Seventy per cent of, or over two million, small businesses will get no benefit from the decrease in the company tax rate because they are not incorporated companies. We heard the Prime Minister in question time today, and he admitted that there are only 30 per cent of small businesses that are incorporated and that will benefit from this cash grab from the mining sector.

This is more about delivering cash to a government that needs to plug the deep hole of debt and deficit rather than delivering benefits to the community. Now, despite the fragile state of the global economy, the government believes that it is economically responsible to advocate a lethal injection to a sector worth \$61 billion last year to Western Australia alone. The Treasurer's logic is hard to fathom, and the public is confused. Why should people worry about the new tax on mining? Because the ramifications are already reverberating across the economy. This ill-conceived and ill-timed tax will affect every person in every corner of Australia. Make no mistake about it: this will have widespread impacts across this economy.

On coming to government, the Prime Minister made a strong commitment to reduce the cost of living pressures. Instead, the cost of living pressures have already risen alarmingly and this tax will further exacerbate this pressure. It will reduce the value of superannuation, it will drive up new house prices, it will drive up electricity prices, it will dampen economic development and it will stifle job growth. Such reckless measures continue to be a theme of the government, and this new mining tax should go the way of their other ill conceived, failed policies and be dumped before it does more harm to the Australian economy and the living standards of all Australians.

In just 2½ years, \$4 billion in taxpayers' funds have been squandered. The public was promised national GroceryWatch and Fuelwatch websites to take off some of the cost of living pressures, but both of these were scrapped. Both of them failed at a cost of over \$10 million to taxpayers. There have been cost blowouts of \$1.5 billion in the school building program on top of the widespread overcharging that is beginning to emerge now. Fifty million dollars will need to be spent auditing the 240,000 incorrectly insulated houses which resulted in four people losing their lives and well over 100 houses burning to the ground, including

one that I am aware of in my electorate. The actual cost of fixing the mistakes in this \$2.5 billion program we probably cannot yet fully quantify, but, if my memory serves me rightly, a billion dollars was allocated in the budget for that purpose. Green Loans have been axed after the cost overruns of \$48 million. The list of failures is long and the expenditure of public money to fix the mistakes is an outrage.

Now, to fund their profligate spending and to fix their mistakes, this government wants to introduce a new tax on mining. Despite increases in taxes, Australia's net public debt will exceed \$75 billion each year over the next four years, with the government borrowing \$700 million each week for the next three years to fund their spending. That equates to over \$69,944 a minute, or \$4.166 million an hour for the next three years. The rate of borrowing is alarming. A constituent in my electorate of Pearce is so worried about the rate of spending by the government and the way they talk in billions and splash billions around the place that he sent an email to me the other day, visualising the government's spending: I quote from his email:

I wanted to get my head around the term 'billion'. I did a bit of maths, and the results were a bit scary. Imagine watching an ATM spitting out three 10-dollar notes every second, 24 hours a day, seven days a week for one year. That would demonstrate a literal cash flow of \$1 billion.

Then I wondered what it would look like. You could line the tenners up, end to end, on the side of the road and watch them go by for 14,000 kilometres. Then I realised I had only quantified \$1 billion.

He has a great capacity for maths, and I thought that although his email was amusing it was also very serious. I understand that he has submitted it to the *West Australian* newspaper, but I did not see it get printed, so I thought that we should give it some airing in this place. It tends to focus the mind.

The budget reveals that in the financial year 2010-11 the government will pay \$4.6 billion in interest repayments. The figure will increase in 2011-12 to \$6.1 billion and then to \$6.5 billion in 2012-13. That is \$17.2 billion in interest payments in just three years. Rather than being applied for useful purposes it is simply paying the interest on government debt. To put this amount in perspective, the building of Fiona Stanley Hospital, in Western Australia, is estimated to cost \$2 billion. In total, the interest this government will pay on its debt could have built nine hospitals around Australia over three years and gone some way to fixing the nation's health system. But, unfortunately, the hard earned tax dollars of Australian workers will instead be paying for the government's debt and reckless spending. For \$78.5 billion of debt this year, \$90.5 billion next year and \$93.7 billion in 2012-13, Australians are rightly asking: 'What has been achieved? What do you have to show for this high level of debt?'

One thing is certain: governments rarely add to national prosperity through the creation of new enterprises, interventions and services. We must ultimately look to our wealth and job generators, in the private sector, to help us build a prosperous economy. It is the miners, farmers, fruit and vegetable growers, horticulturists, shopkeepers, tradespeople, service providers, manufacturers and all of those engaged in commerce and industry who provide the wealth and job creation of this country. Primarily, they are small businesses. A lot of them, the bulk of them, are small businesses.

The government's justification for imposing this new tax on miners is a paper referenced in the Henry review. The government has asserted that miners do not pay their fair share. The study looked at American domestic corporations versus multinational corporations operating

abroad. It also looked only at company tax paid. The study, on page 28, even ends with a warning not heeded by our government. The authors write:

... we close by reminding the reader of an important caveat discussed above, namely that—the average effective tax rates—

computed in this study do not use actual tax return data ... To the extent our measures suffer from differences in the role of accounting information and the rules governing financial reporting, our tests may be flawed.

It begs the question: why has the government designed a tax relying on an overseas report which does not include all taxes paid by Australian miners, and which the authors admit may be flawed? Why did the government not utilise the Australian Taxation Office's own data? Tables 8 and 9 of the corporations tax statistics, freely available on the ATO's web site—you can google them, Mr Deputy Speaker—clearly show that, without royalties included, the mining sector in Australia pays 27.81 per cent effective tax. Add in existing royalties, which of course must be paid, the actual amount the mining sector currently pays is 41.34 per cent—the highest of all the 20 sectors of the Australian Taxation Office rates. The Taxation Office's own data is completely at odds with the 13 to 17 per cent tax quoted by the government. But, incredibly, the Treasurer has accused mining companies of fundamental dishonesty. To counter such claims, BHP released an official statement on 24 May declaring the effective tax rate on Australian operations was 43 per cent in 2009, amounting to \$6.3 billion in tax revenue for the government—and, might I say, for the people of Australia.

Jennifer Hewett's words in her article 'Envy politics a risky business', published on 25 May in the *Australian*, resonate loudly. She points out:

Given the company is under legal obligation to state its tax rates correctly, it is hard to imagine why the government was so confident it had superior information from the US.

It defies belief that the government would use a study taken from the internet rather than the Australian Taxation Office's own information. BHP stressed that on top of current tax, 'earnings are almost fully reinvested into Australia, including capital for new and existing projects as well as dividends' on shares.

This is an important point to note. Many superannuation funds hold shares in blue-chip companies and other miners which will be affected by this tax. Reinvesting in further expansion usually increases a company's share price. Declared dividends are paid into superannuation accounts. Both increase the value of an individual's superannuation holdings, but this tax threatens the viability of mining projects and future dividends, potentially decreasing the amount of money available for today's working families to retire on.

Yesterday and again today I asked the Prime Minister a question about how the resource tax would impact on self-funded retirees, whether the government had done any analysis of that impact and, if so, whether they would release it. There are 778,000 self-funded retirees out there, including some in my electorate, who would like to know the answer to that, but we have not received an answer yesterday or today. It appears that the government has not done any modelling—or certainly the Prime Minister is not prepared to release it if he has done it—to determine what the impact would be.

I took the opportunity yesterday to read from a letter, and I am going to read it into this speech today. My constituent, as I said in question time, wrote to the Prime Minister. He said:

I am particularly concerned with the tax on super profits for the mining industry ...

It is not just money at stake, what about employment, housing and small business viability; they are all at risk ...

It is bad policy as it has been proposed and one which I cannot support ...

I am not involved in any way to mining industry. I am just a simple man who is trying to keep my head above water and looking forward to a happy retirement in 10 or so years.

I think that probably echoes the thoughts of many, many Australians across this country. Certainly I know from my electorate that that has been the case.

But the impact on individuals does not end with retirees. This government's policy goes no way toward promoting job creation. In fact, prospective jobs are under threat. In a statement to the Stock Exchange on 19 May, Fortescue Metals Group alone advised that three expansion projects have been placed on hold due to the financial impact of the proposed Resource Super Profits Tax. Fortescue's flagship Solomon Hub project, the Western Hub project and the proposed Pilbara port at Anketell Point have all been put on hold. These projects are worth more than \$16 billion. Combined, they would employ 10,000 personnel in operations and 22,500 in construction, and this is just one company.

The enormous damage this tax can cause was summed up by Ivor Ries, head of research at EL and C Baillieu Stockbroking, an Australian firm founded over a hundred years ago that has a strategic alliance with the global investment bank Credit Suisse. In the 7 May addition of the *Eureka Report*, Mr Ries comments:

There are 270 major resource projects in Australia undergoing feasibility studies and financing with a total capital value of \$320 billion. These projects would have employed somewhere around 120,000 people during peak construction phase. The Resource Super Profits Tax has stopped them dead in their tracks.

The impact will also be felt by homeowners, despite the government promising to keep the cost of housing low. They are introducing a tax that may increase the cost to build new homes. This is on top, of course, of six interest rate rises in eight months. One of Western Australia's biggest land developers, Nigel Satterley, believes that the tax will add \$20,000 to the cost of a new home. Mr Satterley's comments were published in the *West Australian* on 19 May. He says:

An average house costs \$200,000 to build. About \$100,000 goes on labour costs, and about \$70,000 is spent on things that come out of the ground. The tax on that could be \$15,000 to \$20,000.

How can the housing crisis be eased when the cost of building a house continues to rise? How can young families aspire to build their own home when the cost, which is already high, will be put further out of their reach?

The damage is not limited to those building new homes. Existing homeowners and renters could directly feel the impact of this tax through increased electricity prices. Grant King is the Managing Director of Origin Energy, the nation's second biggest energy retailer. Speaking to the *Australian* on 6 May, he bluntly said:

The proposed RSPT will place additional upward pressure on coal and gas prices, increasing energy costs further.

So the ramifications of this will touch every Australian in every corner of this continent. The resource tax is a short-sighted, poorly designed measure which forgets the interconnections of

the mining sector across Australia's economy. The government is also jeopardising future larger tax receipts from the projects now being placed on hold for short-term gain. People are entitled to expect action from their government, not just empty promises and misinformation.

Last night on *The 7.30 Report* Lindsay Tanner emphatically put the point: 'What this government is about is getting a fair return for Australian people.' I ask the government: is diminishing the superannuation savings of Australians a fair return? Is halting billions of dollars worth of investment and stifling hundreds of thousands of potential jobs a good return? What about the potential increase in new house prices? What about the effect on the economy? Are these really the returns that the Australian people want? Is the cost imposed on small business without the clawback of the reduction in company tax fair to the Australian small business community? I think not. I think this policy should be dumped and reconsidered in light of fairness and equity across the tax system.

Ms NEAL (Robertson) (5.41 pm)—I rise to support Appropriation Bill (No.1) and related bills. I must confess, having listened just now and throughout the day and on previous days to members of the opposition, when they suggest that doom and gloom is about to befall us, or is in fact befalling us right at the moment, I start to wonder whether they are existing in a parallel universe. When you look around the world and you see that Australia is actually the best-performing developed economy in the world, it is somewhat out of accord with the view put forward by the opposition.

There are a number of aspects of this budget that I think we can be very proud of. Even if you have a very close overview of some of the headline items, you have to say that the world that this budget creates is really a better world than existed in Australia before this budget was brought down. I am extremely proud to be part of this government. This budget is the core of good government. This year the government has delivered more than could have been achieved by either those opposite, who see themselves as the alternative government of Australia, or the government of any other advanced economy in the world. This budget returns Australia's budget position to surplus in just three years, something we were told by the opposition was impossible. The government has done this while achieving economic growth last year of two per cent, generating 225,000 jobs.

Australia is in a position, since the global economic crisis, of returning the budget to surplus in just three years, 2012-13—three years ahead of the date anticipated just one year ago. Eliminating the national debt is beneficial for the economy and the community. It keeps interest rates lower than they otherwise would be and frees savings to build infrastructure, therefore boosting productivity and real income. In the 10 years preceding this government, the opposition failed in major areas. They failed to invest in infrastructure, and productivity in Australia subsequently went down—something that could have had dire consequences except for the election of the Labor government.

What has been achieved in this budget confirms the government's credentials as an economically responsible government, with the commitment to utilising government funds to stimulate the economy in difficult times but the discipline to cut spending and return to surplus when the economy improves. This budget is economically responsible, socially enlightened and an integral part of this government's reform agenda. In the time allocated to me I will concentrate on the policy areas that have the most impact on the growth of equity in the

Australian community and the particular needs of my electorate on the Central Coast of New South Wales that are met by this budget.

One of the biggest achievements of the budget is delivering on our commitment to national health reform. Long overdue restructuring of the national health system is being addressed, with \$7.3 billion in additional funding for the National Health And Hospitals Network over the next five years. That will be funded nationally and run locally. This budget delivers an additional \$2.2 billion over four years. This provides for: better access to doctors, focusing on GPs; an unparalleled level of support and training for our nurses; and the introduction of electronic health records, controlled by each Australian individually. The budget is the culmination of the Rudd government's first-term health reform agenda, with a focus on better hospitals, improved primary care and preventative health care. This is an agenda that I am extremely proud of and which I am sure will lead to better health outcomes for all Australians and a more effective health system.

The total health package provides \$7.3 billion over five years—an additional investment to deliver more doctors, more nurses, more hospital beds and shorter waiting times for all Australians. This health and hospitals initiative, secured by the budget, will have a future funding base, with the Commonwealth government taking up the dominant funding position. The Commonwealth will also take full funding and policy responsibility for GP and primary care and aged-care services.

This budget will establish a \$290.5 million network of Medicare locals across Australia and provide a further \$126 million to deliver national after-hours care 24 hours a day, seven days a week. A national after-hours access service will mean everyone who needs to see a GP outside hours will first call their local general practitioner and, if their practice is not open, the call will be redirected to the National Health Call Centre Network. The patient will then speak to a nurse or GP about their illness and be referred to a local after-hours GP service if this is needed. These appointments will be coordinated by Medicare locals. The patient can then get the appropriate treatment they need in their local area and help take pressure off our overstretched emergency departments. Wouldn't you prefer to be able to see a doctor as soon as you are in need of one rather than having to wait until your illness becomes worse and you have to attend an emergency department and wait for many hours? Medicare locals will do the important work of organising after-hours services as well as better coordinated acute care in local hospitals and primary care provided by GPs, allied health professionals, aged-care, mental health and Indigenous health services in local communities.

This budget will also provide a further \$255 million investment in more GP superclinics and expanded GP clinics. This investment will deliver improved and expanded facilities in around 425 existing GP clinics and deliver around 23 new GP superclinics. These clinics will provide patients with easier access to allied health care providers, such as physiotherapists, nutritionists and podiatrists. Locating health professionals together in GP superclinics provides a greater focus on prevention and management of disease. This will keep more patients healthier and out of acute care.

A well-trained and supported workforce of health professionals is an essential element of an effective health system. This can only be achieved by investments in training and retraining doctors, nurses and allied health professionals. This budget provides \$1.2 billion to invest in our health workforce. The majority is provided for our nurses, with \$493 million for more

support for nurses, with aged-care nurses—a group that has often been ignored in the past—to receive \$103 million extra for their training. There is also \$40.6 million to support nurses and allied health professionals who work in rural areas. The \$103 million extra will be provided to recognise and support essential aged-care nurses. This funding will help more people train to join the sector and help those who are already there to upgrade their qualifications and stay in the industry.

Nurses are the backbone of the health system and this budget recognises the importance of their skills and the fact that they need to upgrade their skills to remain engaged and also to provide a better quality of care. Also, \$639 million is provided to deliver increased GP training places and more opportunities for young doctors to train as specialists.

The Rudd government will invest \$390 million to support around 4,600 full-time practice nurses in GP clinics. Practice nurses can reduce the level of stress on GPs, providing immunisation, writing repeat scripts, doing wound care and ensuring that those with chronic diseases properly care for their illnesses so that they do not need to receive acute care in hospital. The Rudd government is providing in particular \$449 million for the better management of patients with diabetes, a rapidly growing group in our community.

One area that I am particularly pleased to see is the investment of \$466 million to establish personally controlled electronic health records, something I have raised in both the Senate and this House for some 10 years now. This will ensure that patients who go from one health care provider to another health service provider can have their treatment based on accurate information that reflects their true health history and treatment. How many times have you tried to recall what illness you had, when it was, what treatment you received and what medication? A number of times you can speak with elderly people who take a whole array of medicines and they have no understanding of how the medicines interact or if they are really still required to take them. This will ensure that the health professional who is treating the patient knows the sort of treatment and medication they have received to date, to ensure the best possible treatment for them and ensure that there is no waste of resources, which happens so often with our health system. As a result of this budget, secure personal electronic health records will be progressively introduced from July 2012. For the first time, Australians will be able to check their medical history and they will be able to do it from the internet. So not only can you check your health records while you are seeing a health professional but you can also go to the internet from home and ensure that you are fully aware of your own health situation.

This government will invest more than \$30 billion over four years from 1 July 2010 to deal with areas of stress within our public hospitals. The funds will provide better access to hospital service and better quality care. \$750 million will be allocated to cap emergency department waiting times at four hours and expand our emergency departments. This will reduce a lot of stress and frustration suffered by patients seeking treatment at emergency departments. It is not unusual these days for people to spend some eight hours waiting for emergency care. I am sure it does not improve their health status to be waiting around in emergency departments for that period of time. A further \$800 million will fund added elective surgery procedures and expand the capacity of hospitals to provide that surgery.

A further \$1.63 billion will provide approximately 1,300 new subacute beds for the year 2013-14. It will support rehabilitation, palliative care and mental health. Certainly in my local area we are looking forward to receiving our share of those beds. This will improve local

health care and improve people's health to prevent them reaching the stage of requiring acute care in hospital. In particular the budget starts the reform process in relation to health with an additional \$175 million targeted at our young people. About 20,000 young people receive assistance, largely through headspace, a fantastic program that I am lucky to have in my local area. It ensures that young people who are at risk of developing more severe mental health issues have treatment early and ensure they are guided down the path to remain free of mental illness if possible and to continue to engage in both education and work.

The Rudd government has negotiated the fifth Community Pharmacy Agreement and further reforms to the Pharmaceutical Benefits Scheme. This is important because it ensures that money that is collected through the community through taxation is not wasted and ensures that our health expenditure is properly directed.

The need for healthcare services on the Central Coast is becoming greater by the day. I have had extensive contact with doctors in my electorate and they emphasise time and time again the urgent need to attract more GPs to the Central Coast to alleviate the pressure on local services that are working at capacity or, in reality, in excess of capacity. Dr Paul Duff, director of the Woy Woy After Hours Medical Service, tells me that, as at the 2001 census, the Woy Woy peninsula was home to 55 GPs caring for 24,000 people. By 2010 the picture had drastically changed, with only 35 GPs looking after 44,000 people. To make matters worse, the average age of the community has increased, as has the average age of our GPs. The greater demand now falls on the shoulders of an older workforce of hardworking and dedicated doctors. This increased demand is being carried by our doctors, nurses, aged-care workers and carers.

The strain on these services is being felt by the community as a whole. Being unable to access a local GP when you need one is not satisfactory, and having to wait for eight hours in an emergency department waiting room is just not good enough. That is why this government has doubled the number of GP training places and provided \$750 million to cut emergency waiting times in hospitals to four hours. That is why this government has also allocated \$126 million to create national after-hours care access services. That is why this government has established a standard national pricing and quality framework for health services to build the foundation of a system that is funded nationally but controlled locally. The government has also recognised the need to boost aged-care services, an issue of some importance for my Central Coast electorate. A \$532 million aged-care package has been provided to build a nationally consistent aged-care system. It will provide more beds, extra packages of care, more GPs and primary care services in aged-care facilities. This will mean better access to aged care for older Australians and a better standard of care once they are admitted to a facility.

The needs of an ageing population are felt nowhere more acutely than on the Central Coast, which is home to 25,000 of my constituents aged over the age of 65. This includes 4,212 pensioners on veterans allowances, 1,800 age pensioners and a great concentration of retirees, making up almost 19 per cent of the local community. The Rudd government will deliver \$530 million to build a nationally consistent aged-care system and this will certainly assist all those over the age of 65 who reside on the Central Coast, and of course some people under 65 who are unfortunate enough to need aged care. I will continue to push for a dedicated local area health network that can focus on meeting the increased need for quality health care on the Central Coast. Going by his reply to the budget, the Leader of the Opposition would

clearly like to claim that finding funds for reform for these good ideas is really just too difficult. But I am glad to see that this government has embraced the issue of health reform. The government has delivered on health for the Australian community and will continue to deliver, and this budget is an important part of that.

Youth unemployment and training is also a large issue on the Central Coast. I continue to point out the real concern of youth unemployment on the Central Coast and the need for a commitment to meet those difficulties. I have no doubt that projects such as the trade training centre located at Brisbane Waters secondary school in my electorate would not have been completed if the coalition had been in government. I am absolutely horrified by Tony Abbott's announcement that he would no longer fund trades training in our schools. I am sure there will be a strong response from our community when they become aware of the opposition's intention to remove funding for trade training.

Fortunately for the Central Coast community, and no doubt to the great delight of the 5,000 small businesses in my electorate, this budget provides support for around 22,500 new apprenticeships. This will be funded through a \$79 million extension of the successful Apprentice Kickstart program, which is aimed at medium and small businesses. Additionally, the government has made a \$250 million investment in new critical skills to create 39,000 additional training places in sectors facing high skill demand. For the Central Coast, which is facing a challenge to create local jobs for young people in areas where skills demands are placing capacity constraints on the economy, these measures are essential to the future prosperity of our region and its people.

I am particularly pleased to see contained within the budget the provision for the funding of renewable energy. Sustainability of our use of natural resources is a concern for the people of the Central Coast, and they certainly welcome the \$652 million investment in the Renewable Energy Future Fund. The fund will provide additional support for the development and deployment of large- and small-scale renewable energy projects. The fund will also enhance take-up of industrial, commercial and residential energy efficiency, helping Australian businesses and households reduce their energy consumption. The projects that will be supported by the fund will greatly contribute towards achieving the government's renewable energy target of 20 per cent by 2020.

The budget puts the government on track to return to surplus by 2013 while also addressing the critical issues in health, skills shortages, training and renewable energy. This is a budget of which all Australians can be very proud, and I am certainly proud of being part of a government that has delivered so well for my community and the whole of Australia. This is a responsible budget that returns us to surplus while delivering a fairer and more equitable community focusing on health, training and infrastructure, something I hope to see continued in future budgets. I commend these bills to the House.

Mr BILLSON (Dunkley) (6.01 pm)—It takes a lot to listen to some of these speeches. You feel like you are being drowned in saccharin-sweet but very selective accounts of what is in the budget. This is something that really is a troubling development from the Rudd Labor government. The Australian public is so tired of the spin, so tired of the talk and the backflips. They are not really sure what they are going to get. They hear the words and will no doubt be reassured by the focus-group-tested pre-chewed language and catchy phrases but they wonder what is really going to materialise at the end of the day.

This budget is a case study in all that is wrong with the Rudd government in the way it goes about administering our Commonwealth's finances and in its inability to think through and plan for the future as it goes through policy development and what seems to be a very amateurish way of governing Australia. The Rudd government seems to have a strategy to manage the media each day and the issues of the day but has no plan for Australia. You see this in a budget that is largely incoherent. There are no central themes that guide it. There is no clear conviction that shapes priorities and where resources are allocated. This budget is just cobbled together to try and present something it hopes is saleable to the electorate.

This is why you hear so little discussion about what is actually in the budget. It is one of the most remarkable things I have seen in the 14- or 15-odd budgets for which I have been privileged to represent the Dunkley community in the House of Representatives. The budget speech by the Treasurer was quite remarkable in that it said so little about the budget. It was all about what might happen three years down the track. You could almost call it the 'gonna budget': 'We're gonna do this, we're gonna do that.' But what it did not do was take aim at the things that really needed to be addressed, and that is the unsustainable budgetary position, the fiscal trajectory we are on and the spiralling debt that is going to be left with us long after people have forgotten who K Rudd was and have forgotten the period of underachievement and overstatement that will be what the Rudd government will be characterised by for years to come.

This budget is a big-spending budget. It is old-fashioned Labor. It is big spending, it is big taxing and it is big talk, but it is poor on content. When you actually look at what is in the budget you wonder why it is that we should take on its face the word of the Rudd Labor government that something may happen in three years about getting the budget miraculously back into surplus. What a joke. There is barely a program that the Commonwealth administers under the Rudd Labor government that does not run over in terms of cost. The capacity to bring into operation—to implement—big policy promises is best captured by the catalogue of expenditure overruns. Take the Home Insulation Program: what is a billion dollars here or there? We use the term 'billion-dollar' as though it just does not matter, but that is \$1,000 million. We have got an overrun and a patched job on fluff and foil in people's roofs that is going to cost \$1,000 million. That is a big ouch. That is a big mistake.

Then there is the tragedy of the lives lost, and our thoughts are with those families. Also there are the businesses lost as part of the harm and the hardship of the complete bungling of this program. In my own community I am in constant contact with somebody whose name I will not mention out of respect, who is now in the wilderness, having left a successful career to go and get involved in an insulation enterprise. They now find there is no work, no program and no opportunity to recover moneys lost. Their warehouse is full of fluff and foil they cannot do anything with.

Another provider is Balmoral Heating and Cooling, and Matt Gaylard. I have great respect for Matt. His perpetual optimism is a great lesson to everybody but testament to what is needed in the small business community. He has ridden the punches, ridden the bumps and absorbed a lot with this program. But still, as a local community member, he was concerned about whether an elderly woman's house was a safety or fire risk. Matt said, 'Hey, Bruce, I'm prepared to go and have a look, to provide comfort for that citizen.' She was not one of his

clients. He was just a guy trying to do the right thing. He has a factory and he is still paying the lease on that. He has other expenses that do not go away.

These small businesses that were insulation installers collapsed through no fault of their own. They believed the Rudd government when they said: 'Here's this program. Here's the way it's designed. Oops! We haven't thought this through. We haven't worked out how to implement this program. Let's change the rules.' The small business operators said, 'Okay.' Then disaster after disaster appeared. We had two house fires in Dunkley electorate and then all of a sudden we heard, 'We need to look at fixing this program.' Then before we knew it there was no program at all, and viable, credible, respected, experienced businesses had no customers. They have costs—leasing factories, leasing cars and trucks, in some cases hundreds of thousands of dollars of fluff, a sense of profound responsibility to their staff, financing costs. What does the Rudd government do for them? Nothing.

At the moment some are being offered 15 per cent for the floor value of the fluff they have. It is not difficult to work out: 'Well, that's 15 per cent at wholesale. If someone's actually able to sell the fluff and get it into people's roofs, the GST that it would generate from that is more than the 15 per cent.' They want to be in business. That is what they are there for. But there is no thought to the harm and the hardship that the Rudd Labor government imposes on small business time after time. Home insulation is a complete blind spot of harm and hardship for businesses and families right across the country, with a \$1,000 million patch job to fix it.

Look at the home sustainability program. Experienced, highly qualified people in many cases with careers in engineering, architectural design, surveying and the like—people right across the country—took up the invitation of the Rudd Labor government to get involved in this Green Loans Program, a debacle program that I pursued budget discussion after budget discussion, broken promise after broken promise. I asked when it was going to start, which banks were going to be involved and what its benefits were. Nothing materialised and finally at a glacial pace it got up and going. Then the decision was, 'We're going to ditch that, too.' So here are people, again, who left careers, who invested in setting up a business, who secured their accreditation through training and the cost of insurance, who thought they were doing the right thing. All of those guys had to cope with one major provider having some sweetheart deal with the government which is still yet, to this day, to be explained, while they had to sit around for four hours on the phone to book a job, then to have that program just stopped. They are waiting for money—waiting, waiting, waiting.

And the Rudd Labor government has the hide to stand up and say, 'We pay small businesses in 30 days.' Garbage. They pay some businesses in 30 days and then they go: 'Hey, you haven't got a real contract with us. You're a service provider. You don't count. The 30-day thing doesn't apply to you.' How does someone feel about that? The home sustainability assessors on the government's website were called 'contracted partners', but when it came to paying the bills on time—a Rudd Labor commitment—no, they did not count.

Even in the Home Insulation Program, to this day there are people still waiting for tens of thousands they have been owed for months and months. Where is this penalty interest rate that is supposed to apply after 30 days? Who knows? It is about as credible as the one-in one-out regulatory promise that was made, where we had 9,997 new or amended regulations in the first two years and 52 repealed. So much for one-in one-out. This is the climate that the Australian public is working in.

On the Julia Gillard Memorial Halls: how difficult it is to get the minister, her government and the government officials involved to listen to school communities on the ground? I had to raise it here in parliament and invite the minister to actually hear firsthand from the school about the problems they were having after she said they were not having problems. To the minister's credit, we have recovered that project at Langwarrin. Langwarrin Park still waits to see whether anyone is at home listening to what the local community's needs are. And the poor folks at Frankston East, who signed on for a building project to replace a school building that was a kind I went to school in, and I am over 40 now. They thought, 'We'll do the right thing; we'll park that new building, which isn't quite what we wanted but, if we're going to get strongarmed into taking it or leaving it, we'll take that building.' And they said, 'We'll put it on our basketball court; that will hurry things up. Then we'll demolish the old one and put the basketball courts back there.' What happens? 'Oh, we're over budget. We'll kind of build you what we discussed and shook hands on, that is on the plan, but we'll make some changes. So the only attractive thing that you're really keen on, we'll take off. We'll still use your basketball courts. We'll leave the old building standing'—they have a Stonehenge on the school grounds, serving no purpose whatsoever. They somehow have to maintain and secure that. It was supposed to be demolished, and there was supposed to be the basketball courts, for a key part of what binds that school community together—kids all play in a basketball comp there. So their basketball courts are now under a building that would not have been what they had wanted had they been asked. It is not what they agreed upon through the processes. It was supposed to replace classrooms that they already had. It could have been renovated—but, no, no-one wanted to hear that. That building is now standing; it is still there. If you look at it, it is like the Bermuda Triangle. They do not get any extra money to repair it, because it is over entitlement, as the jargon goes. That is what the school community is faced with. There is another \$1,700 million blow-out on the program. And there are others. I will not go over them all, because there are just so many. That is the thing: there are just so many. But I remind people who are listening and who are interested in sound public finances that \$1 billion—it just rolls off the tongue—is \$1,000 million. And that is something worth keeping an eye on.

In the small business space, we have seen example after example of the blind spot that the Rudd government have for the small business community. They are just not interested. I have talked about the harm and the financial hardship on small businesses from these bungled programs. In the budget you find this little sweetheart deal relating to small businesses involved in anti money laundering reporting obligations. Like someone who has to report their tax return, they need to report certain categories of financial transactions over \$10,000, because that is what law enforcement requires of them. But they have to pay for the privilege. They are all going to get slugged \$500 to be able to report. They are being asked to do this, but they now have to pay for the privilege. It is like being charged to lodge your tax return. It affects news-agencies that offer Western Union funds transfers, it is not for big dollars—this is not a profitable exercise; it is often done because of the service it provides for their customers. I wonder how long that is going to last. You get accountants, real estate agents, people involved in the jewellery business—a whole range of people—who are now going to be caught up in this grab of \$90 million over three years, just to pay for the privilege of doing what the law requires of them. It is just remarkable.

On another great budget announcement for the small business community: it takes a particular type of gall and front to go and rename and reannounce, as a new initiative, mediation

services that were implemented by the Howard government a dozen years ago. That is incredible. That takes a particular front. And I am not surprised the theatrical and pantomimesque minister for small business is the one who is trying to pull it off. This is extraordinary, the lack of understanding and the failure to make important decisions to support the small business community on the key issues that they identify. These have been pushed to one side so they can reannounce dispute resolution services that already exist, as one of the only two small business initiatives in the budget. This is quite remarkable. We have a budget deficit this coming year of nearly \$41 billion and all we can do is rebadge and reannounce something that already exists. What a gift.

For anybody who is pleased about the \$2.7 million that will go on ‘the introduction’—they are the words in Minister Emerson’s press release—‘of early intervention dispute resolution services for businesses operating under the Franchising Codes of Conduct and the Horticulture Code of Conduct,’ the minister disclosed that there are ‘mediation services that will continue’. So he has gone from saying they are being ‘introduced’ to being ‘existing’ services continuing around the franchising code, horticultural code, oil code and voluntary codes in the produce and grocery industries base. For those that are interested, I can provide the website addresses. All these services are there now, if people are not aware of them. If the minister is not aware of them I am happy to provide the website link to those services—an announcement of a program that already exists.

Elsewhere in the budget you will see announcements that are profoundly worrying for the small-business community. I will not go over the mining supertax, because I just did that in the other Chamber. I made the point that, while the Rudd Labor government deceives the Australian public into thinking this is only going to land on huge mining companies, and come at the expense of pinstripe-suited shareholders in faraway lands, it will actually land on the quarry maybe down the road from you, Mr Deputy Speaker, and on the sand extraction businesses in my electorate of Dunkley that go into making houses, building roads, fertilising our food and fuelling our energy systems. It has cost the land everywhere because the Rudd Labor government is so hungry for cash to fill the black hole in its budget. It did not pay enough attention to what Henry had recommended. He said, if I remember correctly, you should exempt about three dozen different minerals from this tax. Many of them are just touched on, even talc—and I mentioned talc on babies bums in the House today—not to mention granite and things that go into house tiles, bricks, electrical cabling and all these things. The proposition from Henry was to exempt those. Well the Rudd government has them in. I have spoken to small businesses from Warwick all the way down to the Mornington Peninsula, and have read accounts from others right across the country. They are saying, ‘We are going to get hit with this.’ So much for being a Rio-BHP attack. It is going to hit everybody that is involved in that kind of extractive activity, right down to the small quarry—the family-run extraction business.

There are other things too, like the idea that the small-business community is just busting to pay an extra three per cent on payroll to increase superannuation contributions. Some sectors of the economy are doing it really hard right now. Think of retail—retailers are doing it very tough right now. They have been impacted upon by the modern award system, which has affected the cost structure of their businesses. Margins are thin. The big guys are discounting heavily to keep their turnover going, and the small guys and gals are finding it pretty tough,

and they are going to have to pay extra payroll tax. No one thought about the impact that was going to have on those businesses. There is no accord version agreement that would see that contribution offset by some change in the wages and salaries of the employees. There is nothing like that. It is just a straight three per cent payroll tax, effectively, that employers will pay. There was no thought about the impact in the longer term.

The small business minister and his kin try to say that the small-business community is busting for this. Think of all the tax benefits for small-business that have been announced under the cloak of somehow being related to the mining supertax. Absolute utter nonsense, those benefits to the small-business community—like the one in eight that may pay company tax, half the number the minister tried to suggest in the House earlier today, for those businesses that need to spend money to get some accelerated depreciation. There is some appeal to that but you need the cash to make that expenditure in the first place. And there is the area of bundled depreciation arrangements. They are interesting but, according to the minister, in the government's own release, they are worth about \$3½ to \$3.9 billion over the outlook period; over four years. Yet on the \$10 billion a year—10 thousands of millions of dollars—small business employers will pay additional superannuation contributions that will give the government \$1.5 billion of extra tax. So they are making money out of that measure, and the small-business community is paying three dollars in extra tax through higher superannuation contributions for the chance to share in two dollars of potential benefits. How dare this government say that the mining tax is the key to this! How dare they try and link the two! It is completely untrue, unfair and not supported by any factual assessment.

I would like to make a couple of points in closing. The government makes much about the GP after-hours services and its new so-called GP superclinics, yet is decreasing the funding for the after-hours GP service that has been successfully operating at the Frankston Hospital for years. Here is an existing, collaborative arrangement with local GPs so that they are not all on call every night. It works well. And the support that is given to that is actually being decreased by this government, so committed are they to after-hours access to service!

I feel for my friend Mark Oswald and those who are concerned about Bill Shorten, the member for Maribyrnong, who is reported in the paper as being a wonderful advocate for the disability community. Well, they are wondering, if that is the case, how come there has been such a big cut in the continence program? The budget savings from the continence program are about \$10 million, as I understand it. These cuts are going to inconvenience those people who are not able to access their own devices and supplies, due to disability or age—where is the humanity in that?

Finally, can I urge the government to think longer-term. The debt and deficit they are accumulating will be with this nation long after we are rid of the Rudd Labor government. They should think about the legacy they are leaving because, at the moment, it is debt and deficit for as far as the eye can see. (*Time expired*)

Ms HALL (Shortland) (6.21 pm)—It really does make a difference which side of parliament you sit on. As a member of the government, I see this as a very responsible government with a responsible budget that will halve peak debt and get the budget back in the black in three years—three years earlier than was originally expected. This pre-election budget is very different from the pre-election budgets that we came to expect from the Howard government, which threw bucketloads of money at people after having taken it from them in previous

budgets. The Howard government's budgets were designed to buy votes. They were not budgets for the future. The difference between this budget, as a pre-election budget, and any Howard government budget that was ever brought down is that this one is about responsible economic management and it is about the future.

I am very proud to be a member of a government that has brought down a budget that has the potential to sustain Australia's strong economy. Last year Australia, like the rest of the world, was facing the global financial crisis. The actions taken by the Rudd government led to Australia performing better than any other country in the world. We are in a great position now, and that is not an accident. It is not just fate that has led us to this position, and that is recognised widely within the community.

Within my electorate, I speak widely with my constituents. One particular conversation I had with a constituent comes to mind. This constituent, a builder, said to me: 'How do you think it's going in Canberra? How do you think your government's performing?' I said, 'I think we're doing okay,' and he said, 'Yes, I think you're doing okay too.' He said: 'All my life I've voted for the Liberal Party. I'm a builder and, if it wasn't for the actions of the Rudd government, I know I would've gone under. And I know that all those subcontractors who rely on me for their work would have gone under too.' That is the kind of difference that the strong economic management of the Rudd government has meant to Australia. This was a long-term Liberal voter stating that he knows that the actions of the Rudd government have led to a strong economy and to him not just maintaining his building company but actually growing it and to it being very strong.

The other point I would like to make is that when we went to the election in 2007 we made some very strong commitments that we were delivered to the people of the Hunter and the people of the Shortland electorate. Those commitments have all been met, and I am particularly proud of two of those commitments. The first is the commitment to fund two stages of the Fernley track to take it through to Redhead. Those stages were opened in October in delivery of that commitment. Further to that, the Rudd government has allocated an extra \$2 million to extend the Fernley track to Belmont. It will be 20 kilometres of continuous cycleway-walkway that takes people from Belmont to Adamstown and Newcastle. That is something that is great for the health of the area, great for tourism and also great for the environment. It makes it easier for people to hop on a bike and travel from point A to point B. It is a great investment in the area and for tourism.

The other commitment I want to concentrate on is the Belmont Medicare office. In 1997 the Howard government closed the Belmont Medicare office. It was one of the strongest performing Medicare offices in the area but the problem was that it was in a Labor electorate. The Belmont Medicare office was closed whilst Medicare offices which did not perform as well as were allowed to remain open. It caused a great deal of anxiety to people who lived in this area, where there is an older population, and areas to the south. People had to travel a considerable distance to access a Medicare office. Those people now have their Medicare office back in Belmont. It was opened ahead of time, on 14 December, and it was officially opened last month.

This has been a win for the people of the Shortland electorate. But there have been many wins for the people of Shortland under the Rudd government. There have been massive improvements in health and in education, with each and every school in the electorate having

money invested through Building the Education Revolution—money that was very hard to find under the Howard government. It has always seemed very difficult to obtain investments in schools in the Shortland electorate. Money has always seemed to go to Liberal or National held electorates, as with the regional rorts program—sorry, Regional Partnerships program—that was in place under the previous government. That program directed money to non-existent projects in marginal seats. There is now such a difference in terms of openness and transparency, and money is actually going into a Labor held seat. It is wonderful.

Turning to the budget itself, listening to members of the opposition it seems to me that they are focused just on one aspect: the resources tax—a tax that I think is fair to the mining companies. It is a tax on profit, not on output, and ensures that mining companies are contributing their share to Australia. It has been the focus of most contributions I have heard to this debate. The tax will enable changes to the superannuation guarantee, which will increase from nine to 12 per cent and benefit around 8.4 million employees—90 per cent of the full-time workforce. It will particularly benefit those workers who at the moment face the prospect of not very much retirement income. For instance, for an 18-year-old entering the workforce, it will add about \$200,000 to their retirement fund. That is quite significant and, I believe, will be really welcomed by Australians.

An area that I have always focused quite a lot on is health. The \$7.3 billion boost of funding for better health and better hospitals over four years is welcomed. The \$661 million for new training places for apprentices is also welcomed. The \$6.6 million boost for infrastructure and the \$650 million investment in renewable energy—wind, solar and thermal—are both welcomed. These are things that we really have to concentrate on if we are to make a difference to our carbon footprint. As I said, health is an area that I have always been extremely interested in. I welcome, as I know the people in my area welcome, the announcement of the \$417 million to approve after hours access to GPs and primary care services. Under the Howard government there was a chronic shortage of GPs. This was identified in the blame game report that was conducted under the Howard government, when the current Leader of the Opposition was minister for health. When the report was brought down he sat on his hands and did nothing, as opposed to what the Rudd government has done. The Rudd government has increased funds for hospitals and increased the number of training places for GPs and the number of doctors and nurses we are training in Australia. That is what Australians, particularly those Australians in the Shortland electorate, are telling me. They want to be able to see a doctor when they need to. You can notice the improvements beginning already. Twenty-three new GP superclinics will certainly be welcomed, and I will be looking at whether or not a GP superclinic would be appropriate for the Shortland electorate—as I am sure many of the members of the opposition will be doing after the election if the Rudd government is returned.

At this point I have to present a contrast to the response made by the Leader of the Opposition and his shadow ministers—the people who will be responsible for steering Australia's economy if they are elected at the election later this year. What would it mean in the area of health? I have to start by saying that, when the now Leader of the Opposition was health minister, he ripped a billion dollars out of hospitals, and that was felt. That was felt in my electorate and it caused great hardship. I am sure that it led to the death of Australians because they could not get the treatment they needed in hospital simply because of the act of the Leader of the Opposition.

He is also going to defund or discontinue the e-health system which has been introduced in this year's budget, a system that he supported back on 8 December 2005, when he said, 'Without an integrated health record system, effective and efficient team care will be almost impossible.' It is incredible what a difference it makes when you are sitting on the opposition benches and looking at ways to make cuts and you think that people will not notice it, when cutting electronic records will actually have a big impact on the way our health system works. In August 2007 he said, 'Failure to establish electronic patient records within five years would be an indictment against anyone in the system.' Yet here he is saying, 'If I am elected I will not introduce that system.' It really shows the depth of the man's understanding of health issues, remembering that this is the man that did not act on *The blame game* report, this is the man that ripped a billion dollars out of public hospitals and this is the man that said e-health was good but now says he will not go ahead with it. As well, he will not deliver on the infrastructure needs of GPs and of course he will discontinue the GP superclinics. It really is a mark of the man.

The other area I would quickly like to touch on in the time I have remaining is skills and training. This budget will extend the Apprentice Kickstart program, a very successful program that will lead to training many more apprentices. Under the Howard government a chronic skills shortage arose. Since the Rudd government has been in power we have sought to address that skills shortage. Part of that includes the Apprentice Kickstart program, the training system for the future and the Foundation Skills package. I think those are very important initiatives in this budget.

That takes me to the point of looking at what the opposition has in mind for education. It is going to cancel the Computers in Schools program, something that the schools in Shortland electorate welcomed. It is going to cancel the Trade Training Centres in Schools Program. I can tell you about the trade training centres in the Shortland electorate. In the Shortland electorate on the Central Coast, Gorokan High School, Northlakes High School and Lake Munmorah High School have joined together to provide diverse apprenticeship training for the students in that area, an area that has a low retention rate and a high unemployment rate and where trade training is important. The failed Australian technical college that was to be built down in Gosford has been diversified into schools on the Central Coast. It is delivering a package to the students attending those schools so that they can get the skills they need to go on and become tradies of the future. That is widely welcomed. Those programs in those schools are delivering to the students of the Central Coast. In the Lake Macquarie part of the electorate, St Mary's College has also got part of a trade training centre, where Catholic education has come together to deliver a diverse apprenticeship experience for the students in those areas. The program cuts to the Quality Teacher program are very short-sighted. It is opposed by teachers both in the public and in the independent schools sectors. It is important that it be noted that, if elected, the Abbott government would finish those programs.

The response to this budget by the opposition has been appalling. This is a budget which has delivered to all sectors of the community, it is a budget for the future, it is a budget that has delivered to the veterans, it is a budget that has strengthened the commitments that have been made to pensioners in the past, it is a budget that will deliver health, it is a budget that will deliver schools and it is a budget that goes across the whole of the economy, making for a

stronger economy and building on the gains of the past to see that Australia is positioned well as we move forward in the 21st century.

Mr WOOD (La Trobe) (6.41 pm)—I look forward to speaking on the Appropriation Bill (No. 1) 2010-2011 and associated bills and how events have unfolded in my seat of La Trobe since the election of Kevin Rudd as Prime Minister. Sadly, it has been a tale of rip-offs, rorts and sadness. Everything that the government could probably try to inflict on the residents of La Trobe they have done.

The first thing I will look at is closed-circuit TVs in Boronia. This was an issue I went to the last election about, with a promise of \$150,000 for closed-circuit TV—something which is vital to the residents of Boronia as it is a high crime area. Sadly, during the election the then opposition did not actually match this funding. When I again raised it in March 2008 in a lead article by William Jackson in the *Knox Leader*, we spoke about the need to have cameras in Boronia. There was an urgent need, and we put some pressure on the government.

Subsequently, Will Wright from the *Knox Journal* spoke to Bob Debus's office. He then miraculously came out and actually promised \$150,000 for closed-circuit TV for Boronia. This was obviously a win for the Boronia residents. Then, lo and behold, Bob Debus's office said that there had been some 'amazing confusion'. Instead of Boronia in my electorate getting the closed-circuit TV cameras, in actual fact it would be Berwick.

At this stage Berwick residents and their council had not applied or asked for cameras, but the offer was gladly accepted. Since that time there has been a lot more crime in Berwick. I spoke with shopkeepers recently—and I congratulate Harry Hutchinson and the Berwick Chamber of Commerce—and it is really sad to hear of businesses, having their windows smashed, nearly on a weekly basis. For those who do not know, when a shop window is smashed it is not automatically covered by insurance. You find that after two or three times the expense is so great that the windows are just replaced from normal weekly earnings of the business.

I have here an article by Jade Lawton from the *Berwick-Pakenham Gazette* entitled 'Long wait for eye spy', which refers to the closed-circuit TV cameras because after the Rudd government said the cameras should have been going to Berwick, there have been no cameras, no movement and no action. If we go back to 16 June 2008 there are other articles here—one is entitled 'Traders still waiting on cameras to deter vandalism'. It is really sad that what was supposed to be some good news for the residents in Berwick and the traders has turned into very bad news. I do not know if the Rudd government has got it in for the residents of Berwick. I do not know what they have done wrong, and I am not sure how they have upset the Prime Minister and the Deputy Prime Minister. Berwick has had bad news after bad news.

Henryk Grosseck at the Berwick Lodge Primary School has taken a leading role against the rip-offs and rorts associated with the government's BER program. I recently took the Leader of the Opposition, Tony Abbott, to Berwick Lodge Primary School to meet Henryk. Henryk had all the national media with us in the school gymnasium. They have a fantastic gymnasium with wooden floors and brick walls. With the BER they were told they must spend their money on the gymnasium. They were told to demolish the gymnasium they have—this fantastic gymnasium—so they could construct what he called a Bi-Lo gymnasium. Henryk thought that that would be an absolute waste of money and fought against it.

Henryk eventually met Julia Gillard, the Deputy Prime Minister. She agreed that the situation would have to change and that he could spend any money left over on a sister project at the Berwick Lodge Primary School. That sounded fair and reasonable. To this date there has been no movement, apart from they can now build at their school a library and six classrooms.

At the same time this was going on we had the Beaconsfield Upper Primary School, which wanted a gymnasium, being told they needed to have classrooms. Berwick Primary School wanted to extend the gymnasium they currently have but were told they could not. They were not greedy; they did not apply for \$3 million in funding. They did not apply to get all the funding they should have been entitled to because of the number of students at that school. Instead, they did the right and honourable thing and applied for \$2 million.

They desperately wanted to use any leftover money to upgrade their gymnasium. Do you know what happened? They were told they could not use the leftover money and the project will cost \$2 million. I have seen what has been constructed there and it is not a \$2 million facility—I think it is a multipurpose area. It was off a template. They have had an independent person value it, and I believe they valued it at \$750,000. So \$1.25 million is going somewhere.

We must remember that the parents there pay taxes and it is their money. The state schools have never had the opportunity under this government to decide how to spend this money. That is an absolute disgrace. I really feel for the school community because of what has happened there. It is so sad to see so much money being wasted. Oatlands Primary School, which is in the Narre Warren and Berwick area, is also having problems with the BER program.

You would think Berwick has copped enough, but no, there is more. We have some lovely residents in Berwick. Like all of Australia, most of the residents in the community are great and nice people, but no more so than Jacqui and Alex Qureitem. These pensioners approached my office on 1 March. They had previously made representations to have an inspection done on their home insulation. They were a bit worried because of the way events were unfolding nationally. They thought they would get their home insulation inspected. At this stage they were greatly concerned. They approached my office and we made a number of representations to the minister's office, but at that stage it was to no avail.

I congratulate radio presenter Neil Mitchell and his program. Neil got involved and spoke to Minister Greg Combet, or his office, and they kindly arranged for an inspection. So we had an inspector go out there on 23 March 2010. He confirmed the house was a fire risk, so Alex and Jacqui's concerns were realised. Their house was a fire risk. It was also confirmed that the installers—and this is just a straight out rip-off—split the insulation in half so they obviously got double the return for the money they spent on it.

So what happened after the inspection? We were not happy at our office about the government's plan to send the same people who caused this problem out to rectify it, but that is what happened. They got down there and the firm said: 'No, there's nothing wrong here. Everything's fine. There's no fire danger. The job's been done well.' Obviously we complained to the minister's office, and we believe the boss of the company went down there and did some work and said that it was all safe and everything was fine again. So, again, we went to the minister and said, 'We want an independent inspection to make sure this house is safe.' And lo and behold, the government arranges another inspection on 24 May, last Monday, and you would not believe it: the place is again declared a fire risk. Alex and Jacqui, who are pension-

ers, have gone through so much stress. We have now had two inspections of their property done; both inspections have said it is a fire danger. How many other residents in Australia are in the same boat, where they are living under a time bomb? Our biggest concern is that it will be in winter when these fires come along. This has obviously been happening all over my electorate. I know of cases in Boronia and surrounds. I know of cases where installers have not even had a torch and residents have had to lend them one. Even in Jacqui and Alex's case, the insulators got there and they had no gloves and no face protection. Alex had to lend them some!

You might think Berwick has had a pretty tough time, but it gets worse. Before the last federal election, when the coalition was in government, I announced a commitment for \$30 million to fix the mess at Clyde Road. The other half of the money was to come from the state government. At that stage the Victorian state government would not make a commitment. The Victorian opposition, the Liberal guys, made a commitment. The situation we have at Clyde Road is a bottleneck; it is a nightmare. Clyde Road goes over the Pakenham train line. Every morning and every afternoon, traffic is stuck there. I mentioned before about the traders. I have numerous media articles here about how much they have been hampered due to residents, commuters and shoppers bypassing Berwick because of this mess.

Recently the Premier of Victoria, John Brumby, announced he will commit \$25 million to Clyde Road. I was initially pleased because I believed that on the face of it we had \$55 million to build an underpass or an overpass. But, no, Kevin Rudd and John Brumby have decided that they have really got it in for Berwick residents. I am not sure what is worse: to never have something, or to have something offered to you which is completely false and completely hopeless. There has been \$55 million committed, but it is not to build an overpass or underpass at all. It is not going to have anything to move the traffic over the train line or under the train line. Instead, that \$55 million is to duplicate one kilometre of road.

That would have to be one of the country's most expensive sections of road—\$55 million for one kilometre of road, or \$5.5 million for every 100 metres. It is a lot of money—roughly \$500,000, or half a million dollars, for every metre. The Berwick residents deserve better—in fact, all taxpayers in Australia deserve better than this. Why is this happening? You can only ask the government why they are not committing to this work and are going to give Berwick residents the worst possible outcome. In fact, the Casey council, to its credit, has voted against accepting this money as they believe it is a waste. I believe the chamber of commerce also has a resolution not to accept this money, because it is a waste of taxpayer funds.

For a different example, we just have to go up the road a bit. In 2004, when I was first elected, the Howard government promised \$10 million to build the Bryn Mawr Bridge, which is an overpass over the Pakenham train line. We were told at the time that that would not be enough money. My Labor opponent, Susan Davies, announce \$25 million for the same project. So we announced \$10 million; the Labor candidate announced \$25 million. Guess how much they built it for? Casey council built it for \$7.5 million, so there was \$2.5 million left over. So here we have an overpass on the Pakenham train line in Beaconsfield which cost \$7.5 million. You go down to Berwick and there is the Clyde Road project, which the Labor governments at state and federal level say cannot be done for less than \$55 million, and yet that is seven times the money that went into the Bryn Mawr Bridge. It is a disgraceful waste of money. I do not know who is going to be paid off; I am not sure whether it is one of those

ones where you pay 20 per cent off to union membership or to management. What is happening there is really sad.

Last election we promised \$2.5 million for a performing arts centre at the Emerald Secondary College. I congratulate Principal Wayne Burgess and Doug Cordell, the school council president, and all the parents and teachers there. Because of all the blowouts in BER, the Rudd government took so long to sign the contracts that the budget blew out by half a million dollars. What I find irritating is the Prime Minister, Kevin Rudd, going up to Emerald Secondary College and having his community cabinet meeting and milking it for all it is worth in the local community, announcing that they were going to build this performing arts centre, and spending \$80,000 of taxpayers' money, yet when the school came and said they were short half a million dollars, the government said 'On your bike, you will be right, we are not going to help you out.' It was only that the state government tipped in some funds that the mess was resolved.

The BER has been a debacle. The only reason they seem to have got some movement is that we got the local media in—we put out a media release on a Monday morning and the next minute something was going to happen. It is a crying shame that so much of the taxpayers' hard-earned wages is being wasted. There is a rip-off or a rort associated with just about every project the government is involved with in my electorate. It is hard to imagine that each week the Rudd government is borrowing \$700 million—and yet, if you look at my electorate of La Trobe, we are just not getting value for residents' hard-earned cash. That is a tragedy. The government must immediately address the issues at Berwick Primary School and Berwick Lodge Primary School. They should get every cent promised to them to complete the projects they want to build.

I congratulate the school councils at Berwick Primary School and Berwick Lodge for the fight they have taken up with the government. They realise what is happening is a rip-off and a rort. They will do their bit, and they have—they have been speaking to the national media to make their projects a reality. They want change. I saw a letter from one school council to all the parents letting them know how much the Deputy Prime Minister, Julia Gillard, has let them down. As Deputy Prime Minister she could have easily resolved this issue, but she has decided not to intervene and to just let this mess continue. The only way things can improve is with a change of government, and I can let Prime Minister Rudd know that the residents of Berwick, who seem to have been duded so badly and so savagely by this government, deserve much better.

Mr KELVIN THOMSON (Wills) (7.00 pm)—The federal budget for 2010-11 puts to the sword the coalition myths about public debt and deficit and the discredited economic theories behind them. It is obvious from their public statements that the Leader of the Opposition and other members of the coalition shadow cabinet have a less than complete understanding of economic policy. In his book *Battlelines*, the Leader of the Opposition says:

It was hard to discern any plausible rationale for tackling a debt-driven recession with yet more debt, except the political imperative could be seen to be doing something in the face of a looming crisis.

He goes on to describe action in response to the global financial crisis as succumbing to half-baked Keynesianism and criticises the effectiveness of the New Deal during the Depression in the United States, conveniently overlooking the fact that the economy tanked there when there was a premature switch to contractionary fiscal and monetary policy. Keynesianism was pre-

cisely a response to the failure of economic policy during the Depression, which made the Depression in many countries much more severe and prolonged than it needed to be.

Regrettably, the opposition takes a default ideological or politically opportunist position rather than considering effective solutions to real policy problems. In 2008 the problem was that private aggregate demand collapsed and the Labor government had to step in with stimulus to shore up demand. It was textbook countercyclical budget policy as opposed to the procyclical budget position of former Treasurer Costello, who in the boom years was throwing money at the electorate for political advantage. This was inflationary and pushed up interest rates.

The 2008 paper co-authored by the Treasury official Kirsty Laurie found that the Howard government spent 94 per cent of a \$330 billion increase in tax revenue from 2004-05 onwards. If the Labor government had taken the approach that the Leader of the Opposition implied in his comments, the impact of the global recession on the Australian economy would have been very much exacerbated, it would have led to a great loss in output and it would have led to higher unemployment. Indeed, it would have led to a higher budget deficit. The budget documents reveal that 225,000 jobs were created through the government's \$43 billion spending program.

George Megalogenis from the *Australian* commented, 'On the broad data of GDP and jobs, the stimulus worked.' In March this year Adrian Rollins from the *Australian Financial Review* reported:

While the wealth and income of families in the United States, Britain and Europe have melted away amid spiralling unemployment and a massive plunge in house prices, there has been barely a ripple here. In fact, according to the Reserve Bank of Australia, household net worth actually grew by about 11 per cent last year to reach an average of \$610,000, close to the boom high levels reached in late 2007, and disposable income is estimated to have grown at a solid 3½ per cent in real terms. Almost all of this was due to the robust action taken by the Reserve Bank of Australia and the federal government to prop up demand after the collapse of Lehman Brothers in September 2008.

The OECD found that Australia's fiscal stimulus measures were amongst the most effective in the OECD in terms of stimulating economic activity and supporting employment. The organisation said that although Australia had entered the deep global downturn in good shape, including having a healthy budget surplus, by itself this had been insufficient to protect it from the worst of the world recession. I quote:

This would not have been enough if monetary and fiscal policies had not been developed to respond to the crisis. These have in no small part shielded businesses and citizens from the initial damaging impacts of the global recession.

The coalition like to talk about the net public debt position when they left office. The irony is that what they really did was privatise debt, through their profligate fiscal policy, during an economic boom. The infamous debt truck of 1996 turned into a road train by the time they left office, with net debt growing from \$200 billion, or 38 per cent of GDP, to \$658 billion, or around 60 per cent of GDP. I think this makes their professed concern about public debt worthy of derision; it is simply not serious. In fact, in the *Australian Financial Review* on 12 May, Tony Harris said:

If the opposition carps about Commonwealth net debt again, you really ought to complain. Most countries, and every large Western economy, would welcome their central government net debt peaking in 2011-12 at 6.1 per cent of gross domestic product.

The net public debt of major economies is forecast to reach an average of 93 per cent of GDP in 2015. Shane Oliver, the Head of Investment Strategy and Chief Economist at AMP, went so far as to state that our public debt is 'trivial' compared to the OECD average. The budget papers show a public net debt forecast of 6.1 per cent, a projected budget deficit of 2.9 per cent for 2010-11 and an unemployment rate that peaked at 5.8 per cent in the middle of 2009. This represents a remarkable set of figures and Australia really is the envy of the developed world.

The Labor government will secure a budget surplus three years ahead of schedule and certainly before most major advanced economies. I am proud of the way that the people of Australia, including those in my electorate of Wills, have pulled together to keep people in jobs and help Australia avoid a recession. The Australian government's 2010 budget has delivered for the Wills electorate through significant investment in local schools, energy efficiency technology, infrastructure and health service and delivery. Eight local schools will be spending a combined total of just over \$360,000 as part of the National Solar Schools Program. That program offers grants of up to \$50,000 to install solar and other renewable power systems, solar hot water systems, rainwater tanks and a range of energy efficiency measures. The schools that have been allocated funding are Oak Park Primary School, which received over \$49,000; Brunswick North-West Primary School, which received over \$48,000; Strathmore Secondary College, which received \$50,000; Coburg North Primary School, which received \$17,000; Brunswick North Primary School, which received \$50,000; and Brunswick Secondary College, which received \$49,000. This \$360,000 is additional to the \$100 million that the Australian government has invested in local primary and secondary schools through the Nation Building Economic Stimulus Plan and Building the Education Revolution. This is an illustration that we are committed to improving education infrastructure and outcomes for local students while also reducing our carbon footprint as a community.

The budget has delivered a significant amount of funding for local infrastructure projects. The Australian government has committed \$900,000 towards the Western Ring Road upgrade, with this year's budget allocating over \$189,000. Many Wills residents use this road on a daily basis and the upgrading works are part of the biggest road and rail program in the nation's history. Malvern City Council has been allocated over \$437,000 and the Moonee Valley Council has been allocated \$325,000 under the Roads to Recovery program. This funding will greatly assist both councils to maintain and upgrade our local roads.

I am particularly pleased to see the Skills for Sustainable Growth strategy. There is \$661 million in that total investment, and that is really going to assist young people in Wills to secure jobs in critical skills shortage areas. For local business owners and employers in Wills this is also excellent news. The government is going to invest \$300 million to address skills hotspots and will also build on the success of the Kickstart apprenticeship bonus by providing \$79 million for small and medium businesses to take on young, traditional-trade apprentices in skills shortage occupations. This measure will provide greater access to training and support for around 22½ thousand apprentices, and it is an incentive for local businesses in Wills to take on a school leaver in a traditional trade apprenticeship. Members of this House know

that there simply has not been enough emphasis on trades training and on apprenticeships in years gone by.

The Labor government intends to invest over \$243 million to strengthen the quality of vocational education, to deliver higher quality training to more students. Part of this investment includes providing support to Victoria in exchange for a guaranteed entitlement to a training place for all Australians under the age of 25 years, to ensure that young people have every opportunity to gain a qualification. I think this is really important. Skills are absolutely fundamental to the life chances of our young people.

Small businesses in Wills were also beneficiaries of the federal budget, with the government significantly enhancing and expanding the existing depreciation concessions available to small business from 1 July 2012. The threshold under which depreciable assets of small businesses can be immediately written off will be increased from \$1,000 to \$5,000, allowing an immediate deduction in the costs of a significant proportion of their business assets. Small businesses will also be advantaged by an earlier introduction of the reduction in the company income tax rate to 28 per cent in 2012-13. This will facilitate the expansion and growth of their businesses as more of their profits can be reinvested into the business.

Increasing national savings is an undertaking that I believe is essential if Australia is to stabilise its foreign private sector debt. The Labor government is introducing, from 1 July 2011, a tax discount of 50 per cent for interest income up to \$1,000 earned in deposits, bonds, debentures and annuity products. This will improve incentives for Australians to save for their futures and will benefit in particular older Australians, who are more likely to put extra non-superannuation savings into interest-earning deposits.

The Australian government is seeking to deliver a fairer share of mining profits to Australians through the introduction of a resource superprofits tax. The Australian people own 100 per cent of Australia's non-renewable natural resources. These are things which have taken thousands of years to build up, to create. The Australian people are entitled to receive more of the growing profits of mining operations than is currently the case. As mining companies' profits have risen in recent years, the Australian people's share of these profits has fallen. Profits were over \$80 billion higher in 2008-09 than in 1999-2000, yet governments only collected an additional \$9 billion in revenue.

That proposed tax is the cornerstone of a broader reform that will deliver a reduction in the current company tax rate to 29 per cent for the 2013-14 income year and to 28 per cent from the 2014-15 income year. This will improve Australia's international competitiveness and enhance our reputation as an investment destination. Increased investment will not only boost the capital of existing companies, leading to higher productivity and economic growth, and therefore higher real wages, but will also encourage new industries and businesses to set up, resulting in higher employment outcomes and growing the entire economy across Australia.

The reform will facilitate an increase in the superannuation guarantee to 12 per cent. I have talked before in the parliament about the value and the importance of increasing the superannuation guarantee. This will build on the historic Keating government reform of nine per cent, which has helped to deliver superannuation savings of over \$1 trillion. There is no doubt in my mind that having that level of superannuation savings has been a benefit to Australia during the difficult financial times that we have seen recently in the shape of the global financial crisis. It is projected that the superannuation measures will increase the retirement balances

for a worker aged 30 years of age now, on full-time average weekly earnings, by \$108,000, a significant amount within the context of an ageing population. I think it is important that we build the superannuation guarantee from the nine per cent, which is more like pension replacement, to something which represents an adequate retirement income. The Labor government's federal budget and tax reforms will broaden and strengthen the economy, ensuring all sectors grow in a sustainable way that benefits all Australians.

In the time available to me, I want to touch on two more specific matters. Part of the budget—and certainly our overseas aid and climate change efforts—involves funding, in partnership with the Indonesian government, endeavours to protect tropical rainforests. Indeed, I have had the opportunity to see examples of this at work on Kalimantan, the Indonesian part of the island of Borneo. The protection of tropical rainforests is very important for carbon reasons, but it is also important for protecting the remaining habitat of the orangutan, which has become, regrettably, an endangered species. Given that, I want to draw to the attention of the House, and commend to it, the campaign by Zoos Victoria concerning palm oil labelling.

Zoos Victoria's chief executive, Jenny Gray, and other executives have come to see me about this. In partnership with other Australian zoos, they are running a national campaign called 'Don't palm us off', which aims to change current Australian food labelling laws so that it is mandatory to label palm oil in all food products. As they point out, widespread deforestation to produce palm oil is a major issue in South-East Asia. The United Nations calls the unsustainable and often illegal clearing of rainforests a 'conservation emergency'. There are significant habitat losses leading to the possible extinction of the orangutan—which the UN estimates will be gone from the wild in 15 years—and the Sumatran tiger, of which there are only 300 remaining in the wild. I think this is an absolutely disgraceful and shameful situation. It is very distressing to see how hard many people work to try to protect the orangutan, and how difficult their task is made by the loss of habitat.

Palm oil is found in roughly 40 per cent of the food products on our supermarket shelves, but it is often labelled as vegetable oil. This means that Australian consumers are unable to make an informed decision as to whether the food they buy is adding to this significant environmental issue. Since August last year, Zoos Victoria and other Australian zoos have been building a case to change federal food labelling laws regarding palm oil. They have indicated that Australians are starting to gain greater knowledge of this issue and they believe their campaign will develop further momentum. They have celebrity backing from Australian chefs, comedians and TV personalities, so I want to commend their efforts in this regard. I believe the issue of palm oil is something we need to address if we are going to properly discharge our obligations to protect those tropical rainforests.

In my final remarks I want to zero in on the issue of housing affordability. In my electorate, and I am sure this is true for many electorates around Australia, declining housing affordability has become a real problem. Australia used to be the envy of the world in its levels of home ownership. It was the place where everyone could aspire to having a home of their own, but this is a situation which has deteriorated. When I was 25 I put down a deposit and took out a loan to buy a house. Unfortunately, 25-year-olds today simply do not have the same opportunity. During 2009 housing affordability around Australia declined by over 22 per cent, due

to a massive gap between the number of dwellings being built and the number of new people wanting housing.

The Housing Industry Association has said that Australia's fast-growing population is pushing new dwelling requirements to record high levels. It predicts that around 152,000 new dwellings will be commenced in 2010—well short of the 190,000 it estimates is required to keep up with the growing population. The inevitable consequence of this gap is rising house prices and rising interest rates. We have seen the rising interest rates. We also know that Australians now owe financial institutions more than \$1 trillion in housing mortgages—almost 15 times as much as 20 years ago, according to the Reserve Bank—and that household debt, as a proportion of household income, was a very large 109 per cent in 2002, but seven years later it had risen to a whopping 152 per cent.

These things are clawing away at housing affordability and putting us deeper into debt. As I have indicated in other remarks to the House, I think that runaway population growth is the source of this problem. It is damaging our young people's chances of buying a home and, unless we take steps to address it, those chances will progressively fade away and disappear. I know it is the view of some people that rising house prices are a good thing; I do not believe that. I think housing is a necessity like food, water, clothing and petrol. People do not cheer when the prices of these things go up. I do not think we should cheer when the price of housing goes up. (*Time expired*)

Mr BROADBENT (McMillan) (7.20 pm)—Madam Deputy Speaker, the first thing I would like to do is honour your endurance through all of these speeches that members have been putting to this House today—you have endured and endured well. I would say to the previous speaker that as of today his government have done nothing about housing affordability. If they were prepared to take the very hard decisions that he is concerned about, there are things that they could do to make housing more affordable for young people.

However, I rise to speak in reply to the second reading of the Appropriation Bill (No. 1) 2010-2011, in which the Treasurer spoke of framing the budget from a position of strength. Notwithstanding the fact that the Labor debt is already at an all-time record and interest payments will amount to \$4,600 million in 2010-11 and \$6,500 million in the following year, any claims of returning to surplus at some time in the future under Labor can be put in the same category as every other Labor broken promise under Prime Minister Mr Rudd and his ministers.

This budget is wholly predicated on the prospects of a resources boom, is totally reliant on the Chinese demand for our resources and says very little about the impact of the global financial crisis engulfing the European Union in particular and the rest of the world in general. Any downturn in demand for Australia's resources puts this entire budget strategy at considerable risk. The Treasurer wishes to harness the profits of the resources boom to ensure a two-speed economy does not develop and disadvantage many Australians. Unfortunately, by his own admission, the two-speed economy is already a reality, and his strategies will not impact on the economy until 2013-14, if not later. This is an admission of failure by this government in not acting sooner to stem the development of a two-speed economy. At the same time, households in Australia—ordinary men and women and families—are struggling with the ever-increasing cost of living: local government rates, water rates, health insurance and the

cost of electricity in particular, and I could go on. All of these are impacting at levels exceeding the inadequate CPI and Reserve Bank measures of cost of living increases.

This budget proffers little support for Australians in the forthcoming financial year. It is entirely focused on the future—and a distant future at that. As Kenneth Davidson remarked in the *Age* on 24 May 2010:

The Australian budget is very deflationary—withdrawing about \$46 billion from the income-expenditure stream this financial year even though it will still be in deficit. A deflationary budget only makes sense against the Treasury forecast of accelerated growth in private spending. If this growth does not materialise, the deficit will rise ...

This was reiterated by the Treasurer at a press conference, when he said:

What you're not seeing is the money we didn't spend.

As we know, small business is feeling the pinch and retail sales are falling dramatically. Housing, as the previous speaker said, is becoming increasingly unaffordable for many Australians as interest rates rise and supply pressures drive the scarcity of available properties. Any reasonable person would have thought the budget was about the coming financial year—after all, it is the Appropriation Bill (No.1) 2010-11. Note the year; it is this year. However, the Treasurer in his second reading speech made much of the economic outlook for Australia, and in particular, his forecast of returning to a surplus in three years.

However, according to the economics editor for the *Age* Ross Gittins, it is not as simple as that. He wrote on 17 May:

The annual debate about the budget gets ever more unreal. This year it reached the height of absurdity. Budgets used to be about what the government plans to do in the coming financial year. Now they're about what supposedly will happen any time over the next four years. How unreal can you get? Who on earth knows what will happen over the next four years? No One. Certainly not Treasury ... And yet we take seriously what it says the balance will be in three or four years' time.

I could go on, and let us not forget that an election is due before very much longer—and who knows what changes that may bring. Treasury's forecasts might be even further tested. The Treasurer puts much emphasis on the resources boom, yet the resources super profits tax, if it ever comes to fruition, will not be introduced until 1 July, 2012. It will not happen in this budget year, 2010-11, which is what this bill is all about.

This new tax is being touted as the means to provide a cut in the company tax rate to 29 per cent in—wait for it—2013-14 and to 28 per cent in 2014-15, which again is not in the forthcoming budget year. Moreover, the mining tax is viewed as a catalyst for policy in all directions. The proceeds from this tax will create a new infrastructure fund. As the Treasurer noted:

The fund will grow over time, with estimated inflows over the next decade ... beginning with \$700 million in 2012-13.

Again, that is not in the forthcoming budget year. But this not the full impact of this new tax, according to the Treasurer's speech He said that the new tax—the RSPT—along with other measures, will strengthen the business case for new investment. He also said:

Independent modelling indicates economy wide investment will be boosted by 2.1 per cent in the long run.

Who is the independent modeller? In economic terms, the 'long run' is basically a series of short runs. However, in this instance there is neither any specific detail as to what the Treasurer means by the 'long run' nor what will occur in the immediate short run.

The Treasurer's optimism is certainly not shared by everyone. Max Walsh of Dixon Advisory writing in the *Australian* on 24 May about this new tax suggested that Prime Minister Rudd has a dated and/or cynical view of the politics of class and money in 21st century Australia. Citing the undignified burial of the ETS, the insensitive treatment of Telstra investors and the forced negotiations between Telstra and the National Broadband Network, Walsh says:

... is fast earning Australia the harmful reputation of posing a sovereign risk to investors. We are hugely dependent on capital inflows to finance investment. Further, the global competition for capital is intense as governments around the world are running record peacetime fiscal deficits.

On 25 May, Terry McCrann asked in the *Herald Sun*:

Apart from the money that's borrowed by our banks, where does the real investment have to take place? In the resources sector that Rudd and Co are trashing so cynically and so recklessly.

The 2008-09 budget promised \$1.9 billion over five years to increase and deepen the skills capacity of the Australian workforce through the Skilling Australia for the Future program. This was to deliver up to 630,000 additional training places to fill skills shortages. A year later, in budget 2009-10, this program had become the Jobs and Training Compact which promised thousands of job placements. In this current budget, these two programs have morphed into the new Skills for Sustainable Growth strategy. The Treasurer assured us in his budget speech that the strategy will:

... invest \$661 million in the skills of our workforce and ensure our education and training systems are flexible and responsive to our economic needs.

The newness of this program is revealed in the budget papers, which show that the strategy will be largely financed by bringing forward and redirecting funding which was previously allocated. One could question the effectiveness of the 2008-09 and 2009-10 programs. Weren't they responding to our needs also?

On a related matter, the Treasurer, in delivering the 2008-09 budget, proudly announced:

Just one year ago, from the other side of this House, we promised \$2.5 billion for Trade Training Centres in our schools.

To date, a number of budgets later, my understanding is that just two centres have been completed. It is worth noting the credentials of this government. In the 2008-09 budget, the Treasurer spoke of regional and rural Australia:

Mr Speaker, at the election we promised to be a government for all Australians. For rural and regional Australia, and for Indigenous Australia.

These are fine words, but where are rural and regional Australia in the 2010-11 Budget? Non, nada, nothing, nonexistent, not mentioned, forgotten. The Leader of the Nationals, Mr Truss, put it quite succinctly in his 11 May press release:

For the third budget in a row, the people of regional Australia have copped it tonight ... Instead of some recognition for their hard work in keeping Australia out of recession, they have been ignored or attacked.

In his 2008-09 budget speech, the Treasurer went on to say:

We will invest \$2.2 billion dollars over five years for the Caring for our Country program ...

But what has this government done—(*Time expired*)

I seek leave to continue my remarks later.

Leave granted; debate adjourned.

Main Committee adjourned at 7.32 pm